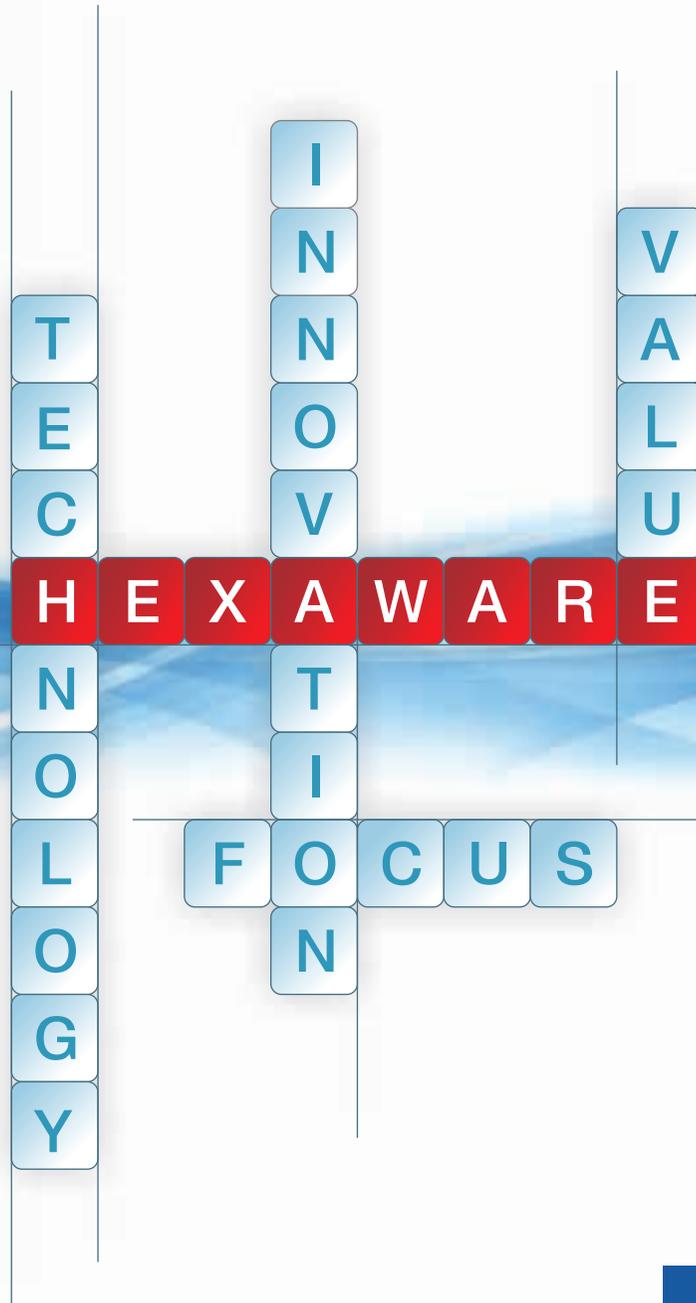


Building value
through **Focus**
& **Innovation**



CSR INITIATIVES



Blood Donation Camp at Pune



Mumbai Marathon



Pune Marathon



Hexaware Deplasticize Campaign



Mumbai Marathon

Chairman's Communique



Dear Shareholder,

We have indeed come a long way! This is our twentieth year at Hexaware. It has been an exciting journey - from a start up growing into a strong organization with global operations. Today we have over 5000 employees and more than 90,000 shareholders whom we are proud of.

Along the way, we have seen many successes and have overcome challenging periods. 2009 was a difficult year for all of us in the industry and the world at large. But today as we enter 2010, we at Hexaware have emerged stronger at the end of this period and are well poised to continue our growth trajectory. We adopted a multi-pronged and differentiated strategy to not only weather the slowdown, but to ensure a period of sustainable growth in this market.

Hexaware continues to remain a focused company. We have a sustained focus in the verticals and horizontals we operate in. Banking, Financial Services and Insurance (BFSI), Travel Transportation Hospitality and Logistics (TTHL) are our chosen verticals and Enterprise Resource Planning (ERP) services, Quality Assurance and Testing Services (QATS) and Business Intelligence and Analytics (BI&A) are the horizontals we focus on. In addition, we now also cater to the Healthcare vertical in North America and are providing Remote Infrastructure Management Services to

our existing clients. Caliber Point, our BPO subsidiary provides HR, Finance & Accounting (F & A) and core operational services support to businesses in the Healthcare, Life sciences, Market Research and other industries.

We are leveraging our unique and differentiated solutions and tools to facilitate the needs of our customers. We have been and continue to be very proactive in providing solutions to existing customers and have also furthered our IP led growth strategy.

Our client relationships have grown in many different ways:

- From one service offering or technology to multiple offerings.
- From one country relationship to multi-country relationships.

During the year our Innovation team worked on solutions that have helped improve productivity of customers.

- One such tool designed is Akiva which is a data masking tool. This is a path-breaking intellectual property initiative and it addresses the data security and privacy concerns of enterprise applications.
- We have also developed various accelerators in the testing domain; OneSource is a patent

pending application. This solution will enable Quality Assurance (QA) teams to use their functional Business Process Testing scripts to drive the creation of functional, performance, security, and application monitoring scripts from a single business process for the first time ever.

- Business Intelligence Metadata Analyzer (BIMA) is another noteworthy tool which is an accelerator that provides a comprehensive assessment of any BI environment.

We maintained a healthy utilization on the employee front through the year. Hexavarsity continued to impart training and help our employees upgrade their skills. In addition, the e-Learning Management Portal was launched by them to support distance learning for our employees as an enhanced feature.

We as a Company have always worked to build continuing value, be it to our clients, our employees and you, our shareholders.

Let me highlight to you some of the feathers in our cap in 2009.

- Hexaware was selected among the Leaders category for The 2009 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP).
- Your company was mentioned in the list for Global Services 100 - 2009. This list represents companies who have the maturity and capability to lead the next wave of services globalization. Hexaware was also listed as one of the top 100 innovative service providers of the year 2009.
- Hexaware ranked 18th in the NASSCOM Top 20 IT Software and Services Exporters from India (2008-2009).
- Your Company was selected for a "Special Commendation" by the Jury for the Golden Peacock Award for Excellence in Corporate Governance for the year 2009.
- Hexaware has ranked among the Top 20 Best IT employers in India by DQ-IDC for five years in a row. In the 2009 ratings, Hexaware was ranked

15th and was rated highly on different parameters in the survey, including a noteworthy mention on women constituting 28% of Hexaware's overall workforce.

- Hexaware was presented the CIO 100 Ingenious award by IDG at the 4th Annual CIO 100 Symposium and Awards Ceremony.

In addition to these achievements, while Hexaware has always been committed to the environmental cause, we are laying additional emphasis on Going Green. We make conscious efforts to recycle paper, we have substantially reduced power consumption with the use of sensors, and waste management and energy conservation methods are being actively deployed and followed at all our facilities. Our employees at Hexaware have voluntarily adopted a de-plasticization campaign.

Additionally, the Company continues the Corporate Social Responsibility (CSR) initiatives at Hexaware by conducting blood donation camps, participating in the Mumbai Marathon, organizing tree plantation drives, marking days like Green Day and Earth Day across locations. We have also donated computers for the benefit of under privileged students across many schools in Mumbai.

Hexaware is a financially strong Company. As of December 2009, we have cash & cash equivalents amounting to Rs. 4,262 million (\$ 91.6 million) in the bank. We are a debt free company and also own most of our infrastructure.

As I conclude, let me once again re-iterate my gratitude to you, our shareholders for supporting us and I assure you we are focused on enhancing shareholder value.

Your commitment is truly valued.

Yours Sincerely,

Atul Nishar

Chairman

Date: March 19, 2010

BOARD OF DIRECTORS

Mr. Atul K. Nishar
Chairman

Mr. P. R. Chandrasekar
Global Ceo & Vice-Chairman

Mr. Sunish Sharma
Director

Mr. Ashish Dhawan
Director

Dr. (Mrs.) Alka A. Nishar
Director

Mr. L. S. Sarma
Director

Mr. Shailesh Haribhakti
Director

Mrs. Preeti Mehta
Director

Mr. S. K. Mitra
Director

Mr. Bharat Shah
Director

Mr. S. Doreswamy
Director

REGISTERED OFFICE

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

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants,
Mumbai

REGISTRAR & SHARE TRANSFER AGENT

13 AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone Exchange,
Off: Andheri-Kurla Road,
Sakinaka, Andheri (East),
Mumbai 400 072.
Tel. Nos: 67720300 / 67720400
Fax Nos: 28591568 / 28508927

MS. GUNJAN METHI

Asst Company Secretary

MANAGEMENT TEAM

Atul K. Nishar
Founder and Chairman

P. R. Chandrasekar
Global CEO & Vice-Chairman

Ramanan R.V
Manager under Companies Act
& President – Global Delivery

Rajiv Pant
President – North America

Sunil Surya
President – Europe

Yogendra Shah
President - APAC & Middle East

Shankar Vemban
Executive Vice President &
Global Head - BFSI

Madhu Kumar
Sr. Vice President - TTHL

Anand Moorthy
Head - Quality Assurance &
Testing Services

Moorthi Chokkanathan
Executive Vice President
(Enterprise Solutions)

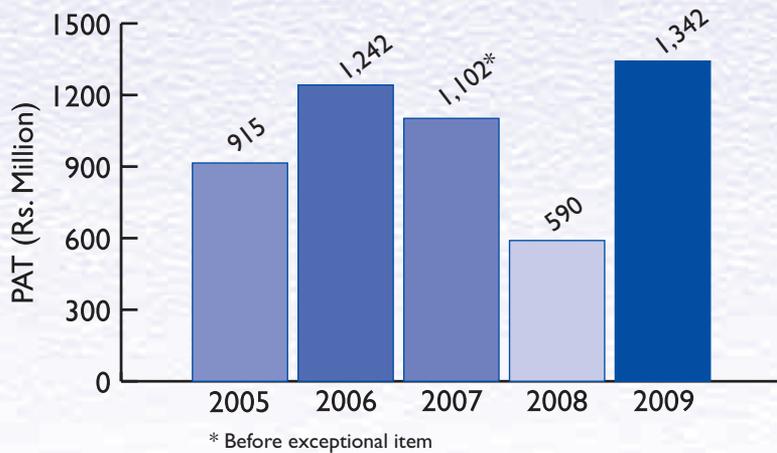
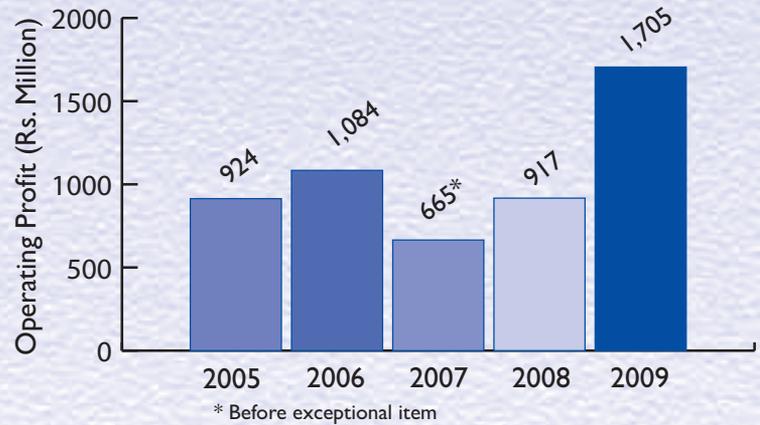
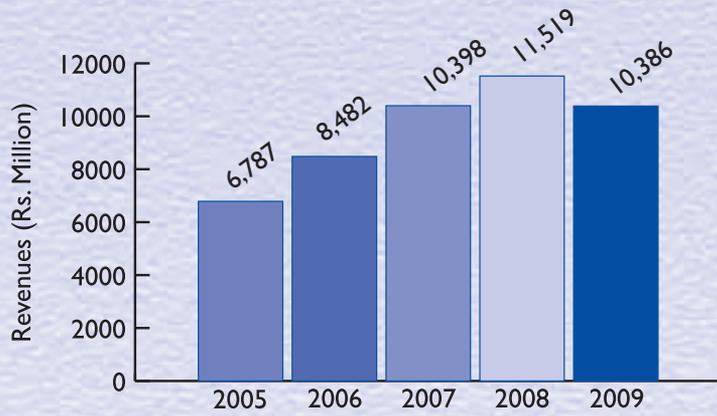
R. U. Srinivas
Chief Executive Officer -
Caliber Point

Prateek Aggarwal
Chief Finance Officer

Deependra Chumble
Chief People Officer

Nataraj N
Chief Information Officer

PERFORMANCE HIGHLIGHTS



INDIA

Registered Office

152, Sector-III,
Millennium Business Park,
'A' Block, TTC Industrial
Area, Mahape,
Navi Mumbai - 400 710
Tel.: +91-22-41599595
Fax: +91-22-41599500

Caliber Point Business
Solutions Ltd.
Bldg No. 3, Sector II,
Millennium Business Park,
TTC Industrial Area,
Mahape,
Navi Mumbai-400 710
Tel.:+91-22-27783300
Fax:+91-22-27782370

Hexaware Tower I

51/3, G.N Chetty Road,
T. Nagar,
Chennai - 600 017
Tel.: +91-44-42001600
Fax: +91-44-42044444

Pune

E Space - IT Park,
Bldg. No.A3,
Survey No. 46/1,
Vadgaon Sheri,
Nagar Road,
Pune - 411 014.
Tel: +91-20-66299595
Fax: +91-20-66299500

Mumbai

Bldg 1, Sector - III,
Millennium Business Park,
'A' Block, TTC Industrial
Area, Mahape,
Navi Mumbai - 400 710
Tel.: +91-22-41591000.
Fax: +91-22-41592322

Chennai

Caliber Point Business
Solutions Ltd.
Type-2, #11-13,
Origin Tower,
Dr.Vikram Sarahabai
Instronic Estate,
Thiruvanmiyur,
Chennai-600 041.
Tel:+91-44-6630 7000
Fax:+91-44-6630 7010

Campus

SIPCOT IT Park,
Navalur Post, Siruseri,
Chennai-603103.
Tel: +91-44-47451000
Fax:+91-44-27470111

Nagpur

Caliber Point Business
Solutions Ltd.
Survey No. (Part) 38,39,
41,42 and 43 in village
Khapri & Dahegoan,
MIHAN, SEZ - MADC
Nagpur 441 108.
Tel:+91-7104-660-800
Fax:+91-7104-660-801

AUSTRALASIA

Singapore

180 Cecil Street, #09-03,
Bangkok Bank Building,
Singapore 069546
Tel.: +65-63253020

Australia

Level 6, # 286, Sussex
Street,
Sydney, NSW 2000
Australia.
Tel. No. +61 2 8206 6534

Japan

6F Mare Kanda Bldg, 1-3-1,
Kajicho, Chiyoda-ku,
Tokyo 101-0044, Japan
Tel: +81-3-3258-5162
Fax: +81-3-3258-5163
Dubai

Dubai

PO Box No: 293808,
Dubai
Airport Free Zone,
Dubai, UAE
Tel:+97147017298

AMERICAS

Jamesburg, NJ : 1095 Cranbury South River Road, Suite 10, Jamesburg,
NJ, 08831 Main: 609.409.6950 Fax: 609.409.6910

Sales Offices

Lisle, IL

4343 Commerce Court,
Suite 608,
Lisle IL 60532
Main:+1.630.955.0912
Fax: +1.630.955.0997

Frisco, TX

2591 Dallas Parkway,
Suite 300,
Frisco Texas 75034
Main:+1.972.731.4339

Delivery Centers

Mexico

Avenida San Angel 240
Piso 3
Fraccionamiento San
Agustin
Saltillo, Coahuila, Mexico
C. P. 25210
Main+ 52 (844) 896 1180
Fax+ 52 (844) 416 0074

San Jose, CA

2880 Stevens Creek
Boulevard
Suite 101, San Jose,
CA 95128
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3900
Fax:+1-(408) 296-
3909

Washington, DC

1750 Tysons Blvd,
41h Floor
McLean, VA 22102
Main:+1.703.992.9913
Fax: +1.703.997.8814

Secaucus, NJ

400 Plaza Drive,
First Fl,
Secaucus NJ 07094
Main:+201-558-7835
Fax:+201-558-7834

Canada

2 Robert Speck
Parkway,
Suite # 750 and
Office number # 735,
Mississauga, Ontario
L4Z1H8
Tel: +1-609-409-6917
Fax: +1-609-409-6946

New York

1 Penn Plaza,
Suite # 3910
New York, N. Y 10119
Main: +1-212-912-
3900

EUROPE

United Kingdom

4th Floor, Cornwall
House,
55-57 High Street, Slough,
Berkshire SL1 1DZ, UK
Telephone: +44 (0)1753
217160
Fax:+44 (0)1753 217161

Germany

B5, Atricom,
Lyoner Strasse 15,
60528 Frankfurt am Main,
Germany
Telephone: +49 69 244
50 66 - 0
Fax: + 49 69 244 50
66 - 99

Netherlands

Holland office center,
Building No 4,
Kruisweg 813, 2132
NG, Hoofddorp,
The Netherlands
Tel: +31 23
5570962/63
Fax:+31-23 5575538

France

119 avenue Mozart
Paris
F75016
Tel:+336 07 69 40 61

Scandinavia

Stureplan 4C, 4th
Floor,
114 35 Stockholm,
Sweden
Tel:+46 8 463 1180
Fax:+46 8 463 1010

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NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Hexaware Technologies Limited will be held on Thursday, the 29th day of April, 2010 at 2.30 p.m. at M. C. Ghia Hall, 2nd floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended December 31, 2009 and the Balance Sheet as on that date, together with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare a Final Dividend on Equity Shares and to confirm the Interim Dividend.
3. To appoint a Director in place of Mr. L. S. Sarma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shailesh Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. S. K. Mitra, who retires by rotation and being eligible, offers himself for re-appointment.
6. To re-appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, to fix their remuneration and to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

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

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) thereto or any re-enactment(s) thereof for the time being in force), Mr. Ashish Dhawan, who was appointed as an Additional Director by the Board w.e.f. May 20, 2009, in terms of provisions of Section 260 of the Companies Act, 1956 and Article No. 88 of the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) thereto or any re-enactment(s) thereof for the time being in force), Mr. S. Doreswamy, who was appointed as an Additional Director by the Board w.e.f. February 17, 2010, in terms of provisions of Section 260 of the Companies Act, 1956 and Article No. 88 of the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 384 read with Section 198, 269, 309, 310, 385, 386, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the said Act") (including any statutory modification(s), enactment(s), re-enactment(s) thereof for the time being in force) consent of members be and is hereby accorded for appointment of Mr. R.V. Ramanan as Manager of the Company for a period of 3 years with effect from January 1, 2010 (January 1, 2010 to December 31, 2012) as per the terms of remuneration and increase in / revision of remuneration payable to Mr. R. V. Ramanan - Manager of the Company, as recommended by the Remuneration and Compensation Committee vide circular resolution dated January 5, 2010 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice;

RESOLVED FURTHER THAT the Board/Committee be and is hereby authorized to alter, vary and modify the said terms of his appointment and /or remuneration including salary, allowances and perquisites in such manner as may be agreed to between the Board / Committee and Mr. R.V. Ramanan - Manager and in accordance with the limits prescribed by Schedule XIII to the said Act or any amendment(s) and /or any statutory modification(s) thereto;

RESOLVED FURTHER THAT in the absence of or inadequacy of profits in any financial year, (a) subject to approval of the Central Government, the remuneration payable to Mr. R.V. Ramanan - Manager by way of Salary and Perquisites shall not be reduced and (b) if the approval of the Central Government as stated in (a) is not received, the remuneration payable to Mr. R.V. Ramanan - Manager shall be the maximum amount permitted as per Schedule XIII to the said Act or any amendment(s) and /or any statutory modification(s) thereto;

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to the above resolution."

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

"RESOLVED THAT in renewal of the resolution passed by the shareholders at the Tenth Annual General Meeting held on 21.04.2003 and pursuant to the provisions of

Section 309 and other applicable provisions, if any, of the Companies Act, 1956 ('the Act'), a sum not exceeding 1% (one per cent) per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349, 350 of the Act, be paid to and distributed amongst the Non-Wholetime Directors of the Company, for a period of five years from January 1, 2008 till December 31, 2012, in addition to sitting fees being paid to them for attending the meeting 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 the commission paid to the Non-Wholetime Directors for the year 2008 in accordance with the provisions of Sections 198, 349, 350 of the Act be and is hereby ratified."

By Order of the Board of Directors

Gunjan Methi

Asst. Company Secretary

Place : Mumbai

Date : March 19, 2010

Registered Office:

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

NOTES:

1. Explanatory Statements in respect of Item Nos. 7, 8, 9 and 10, pursuant to Section 173(2) of the Companies Act, 1956, are annexed hereto and form part of the Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Members/Proxies should bring the enclosed Attendance Slip duly filled in, for attending the Meeting.
4. All documents referred to in the Notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. up to the date of the Meeting except holidays.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 22nd day of April, 2010 to Thursday, 29th day of April 2010, both days inclusive, in terms of the provisions of Section 154 of the Companies Act, 1956 and the applicable Clauses of the Listing Agreement entered into with the Stock Exchanges.
6. Those Members who have so far not encashed their dividend warrants for the financial year ended December 31, 2003 onwards, may approach the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited, at the address mentioned elsewhere in the Notice for the payment without any further delay as the said unpaid dividends will be transferred to the Investor Education and Protection Fund of the Central Government pursuant to Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government.
7. Members are entitled to nominate a person to whom his / her shares in the Company shall vest in the event of his / her demise by filling up Form No. 2B. The shareholders are requested to avail of this facility. The duly filled in and signed nomination Form No. 2B should be sent to the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited at the address mentioned elsewhere in the Notice.
8. Members are requested to:
 - a) Intimate to the Company's Registrar and Share Transfer Agent, changes, if any, in their respective addresses along with Pin Code number at an early date.
 - b) Quote folio numbers in all their correspondence.
 - c) Consolidate holdings into one folio in case of multiplicity of folios with names in identical order.
9. 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.
10. 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.
11. The Certificate from the Auditors of the Company certifying that the Employees Stock Option Scheme of the Company is being implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended, and in accordance with the resolution of the general meeting will be available for inspection to Members at the Annual General Meeting.
12. Members seeking any information relating to the Accounts may write to the Chief Finance Officer 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 e-mail at investorinfo@hexaware.com.
13. Members are requested to bring their copies of the Annual Report for the meeting.
14. 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.
15. Re-appointment of Directors: At the ensuing Annual General Meeting, Mr. L. S. Sarma, Mr. Shailesh Haribhakti and Mr. S. K. Mitra, retire by rotation and being eligible offer themselves for re-appointment. Approval of the members is also sought for appointment of Mr. Ashish Dhawan and Mr. S. Doreswamy, Additional Directors, as Directors of the Company liable to retire by rotation. The information pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges are furnished in the Statement on Corporate Governance published in this Annual Report.

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

ITEM NO. 7.

The Board of Directors of the Company appointed Mr. Ashish Dhawan as an Additional Director with effect from May 20, 2009 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. He holds office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a Member proposing the candidature of Mr. Ashish Dhawan as a Director of the Company.

Mr. Ashish Dhawan, Senior Managing Director of Chrys Capital is the founder of Chrys Capital, a private equity firm that manages \$2.25 billion in assets. The firm has made 50 investments across a variety of sectors in India since 1999.

Mr. Ashish Dhawan previously worked in the Risk Arbitrage Group at Goldman Sachs in New York. Prior to that he also worked for the largest private equity fund in Brazil, GP Investments, and a mid-market US buyout fund, MDC Partners.

Mr. Ashish Dhawan received a MBA degree with distinction from Harvard University and a dual Bachelors degree (BS/BA) in applied mathematics and economics from Yale University.

In 2004, Mr. Ashish Dhawan received the E&Y Entrepreneur of the Year award (Startup Category). He later received the Young Super performer Award from Business Today in 2005.

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

Except Mr. Ashish Dhawan, none of the Directors is concerned or interested in the resolution.

ITEM NO. 8.

The Board of Directors of the Company appointed Mr. S. Doreswamy as an Additional Director with effect from February 17, 2010 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. He holds office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a Member proposing the candidature of Mr. S. Doreswamy as a Director of the Company.

Mr. S. Doreswamy, a fellow of the Indian Institute of Banking and Finance, post graduate in law has done his graduation in Science. He has over 35 years of productive and rewarding experience in commercial banking preceded by practice as an Advocate in the High Court for about 3 years after completing University graduation.

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

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

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

Your Directors recommend the Resolution at Item No. 8 for your approval.

Except Mr. S. Doreswamy, none of the Directors is concerned or interested in the resolution.

ITEM NO. 9

Pursuant to the recommendations from the Remuneration and Compensation Committee, Board as per its circular resolution dated January 5, 2010, subject to approval of the shareholders, has approved appointment of Mr. R.V. Ramanan as Manager of the Company for a period of 3 years with effect from January 1, 2010 (January 1, 2010 to December 31, 2012) and the increase / revision of the remuneration payable to Mr. R.V. Ramanan as Manager of the Company with effect from January 1, 2010.

Mr. Ramanan at present is working as President Global Delivery and Chief Software Architect at Hexaware Technologies. He has contributed immensely to the growth of the Company. He joined the Company as a Vice President on October 21, 2002 and has today grown to this level.

The Appointment of Mr. R.V. Ramanan as Manager is in compliance with the provisions of Section 269 of the Companies Act, 1956 which prescribes that every Public Limited Company having a paid up share Capital of more than Rupees Five (5) crores must appoint a Managing Director/ Whole Time Director/Manager.

The details of remuneration payable to Mr. R.V. Ramanan are as under:

1. Salary

- (i) Rs. 166,667/- (Rupees one lakh sixty six thousand six hundred sixty seven only) per month with effect from January 1, 2010 (with an annual increment up to 20% over the previous Basic Salary, as may be decided by the Board /or any Committee thereof).
- (ii) Personal allowance at Rs. 370, 917 /- per month.

2. Perquisites

A. In addition to salary, Mr. Ramanan shall be entitled to the following perquisites as specified below:

Medical Reimbursement:

- (i) He shall be entitled to medical expenses as per the rules of the Company which will include such expenses as shall relate to surgical, optical and dental treatment incurred by himself and his family up to Rs. 15,000/- p.a.
- (ii) He and his family shall be covered under the Mediclaim Insurance Scheme as per the rules of the Company. The Company shall pay annual premium towards personal accident insurance coverage for him as per the Rules of the Company.

Club Membership:

- (i) The Company shall pay fees of Club/s, as allowed under the Act and as per the rules of Company, subject to a maximum of Rs.12,000/- p.a. This will, however, not include admission and life membership fee.

Leave:

- (i) Subject to the exigencies of his employment, Mr. Ramanan shall be entitled to leave in a year on full pay and allowances as per rules and regulations of the Company.

Variable Pay/Performance Bonus: Mr. Ramanan shall be paid

- (i) An amount limited as may be determined by the Committee or Board thereof subject to a maximum of Rs. 3,264,700/- p.a. based on such performance parameters as may be laid down by the Committee or Board.

Other Perquisites:

- (i) Subject to overall ceiling on remuneration mentioned herein, Mr. Ramanan - Manager may be given such other benefits in accordance with the schemes and rules applicable to the members of the Company framed from time to time.

Explanation: Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

In the event of any re-enactment or modification of the Companies Act, 1956 or the Income Tax Act, 1961 or amendments thereto, this Resolution shall continue to remain in force and the reference to various provisions of the Companies Act, 1956 or the Income Tax Act, 1961 shall be deemed to be substituted by the corresponding provisions of the new Act or the amendments thereto or the Rules and notification issued there under.

- B. (i) The Company shall provide cell phone and telephone with internet facility at the residence of Mr. Ramanan. The cost of telephone with internet facility at residence shall be up to Rs.30,000 p.a. However, personal long distance telephone calls shall be billed by the Company to Mr. Ramanan.
- C. (i) The Company shall pay contribution at a percentage of salary towards Provident Fund/Pension provided that such contribution shall not exceed the limit laid down under the Income Tax Act, 1961.
- (ii) The Company shall contribute to Gratuity @ 5% of Basic for each year of service.
- (iii) Encashment of Leave at the end of the tenure as per the rules of the Company.
- D. Employees Stock Option Scheme:

Participation in the Employees Stock Option Scheme(s) as may be framed by the Company from time to time.

3. Overall Remuneration

The aggregate of salary, commission and perquisites in any one financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 ("Act") read with Schedule XIII of the said Act as may be for the time being in force.

4. Minimum Remuneration

In the absence or inadequacy of profits in any financial year, (a) subject to the approval of the Central Government, the remuneration payable to Mr. Ramanan by way of salary and perquisites shall not be reduced and (b) if the approval of

the Central Government as stated in (a) is not received, the remuneration payable to Mr. Ramanan shall be the maximum amount permitted as per Schedule XIII, as amended from time to time.

5. Other Terms

- (i) The agreement with Mr. Ramanan may be terminated by either party by giving to other party three months notice in writing of such termination or salary in lieu thereof.

Your Directors recommend the resolution at Item No. 9 for your approval.

None of the directors is concerned or interested in the said resolution.

ITEM NO. 10

Pursuant to the provisions of Section 309 (4) of the Companies Act, 1956, the shareholders had approved the payment of commission to the Non-Wholetime Directors not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Act at the Tenth Annual General Meeting held on 21.04.2003 by passing a Special Resolution. This resolution was in force till December 31, 2007.

The special resolution was to be renewed for another period of five years from January 1, 2008. Inadvertently, the special resolution authorizing the payment of commission was not renewed. The Board of Directors had approved the payment of commission to the Non-Wholetime Directors in accordance with the provisions of the Act for the financial year 2008, which was paid to the Non-Wholetime Directors. The amount of commission is presently held by the said Directors in trust for the Company.

It is now proposed to pass a special resolution ratifying the payment of commission for the financial year 2008 and also authorising the payment of commission in accordance with the provisions of the Act for the five financial years 2008 to 2012. Accordingly, a special resolution is enclosed for the consideration of the shareholders, which shall be valid for a period of five years from January 1, 2008 to December 31, 2012.

For the financial year 2009, the Board of Directors have recommended to pay to the Non-Wholetime Directors of the Company commission not exceeding 1% per annum of the net profits of the Company computed in accordance with the provisions of the Act.

The Non-Whole time Directors may be considered to be concerned or interested in this Resolution to the extent of the remuneration that may have been or will be received by them.

Your Directors recommend the resolution at Item No. 10 for your approval.

By Order of the Board of Directors

Gunjan Methi

Asst. Company Secretary

Place: Mumbai

Date: March 19, 2010

Registered Office:

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

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their Seventeenth Annual Report, on the business and operations of Hexaware Technologies Limited (hereafter referred to as 'Hexaware') together with audited accounts for the financial year ended December 31, 2009.

Financial Performance:

Global Operations:

(Rupees in Million)

Year ended December 31,	2009	2008	Y-o-Y Growth %
Income from Operations	10,385.62	11,519.14	-9.84
Profit from Operations *	1,687.64	895.32	88.50
Less: Exchange Rate Difference (net)	617.05	379.36	62.66
Add: Other Income	374.77	228.91	63.72
Profit before Taxation	1,445.36	744.87	94.04
Less: Provision for Taxation	103.58	155.04	-33.19
Profit after Tax	1,341.78	589.83	127.49

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

India Operations:

(Rupees in Million)

Year ended December 31	2009	2008	Y-o-Y Growth %
Income from Operations	4,862.74	4,981.66	(2.39)
Profit from Operations *	1,561.95	567.66	175.16
Less : Exchange Rate Difference (net)	606.93	357.78	69.64
Add : Other Income	341.07	201.94	68.90
Profit before Taxation	1,296.09	411.82	214.72
Less : Provision for Taxation	54.08	44.24	22.24
Profit after Tax	1,242.01	367.58	237.89
Add : Balance brought forward from previous year	1,445.60	1,346.08	
Balance available for appropriation	2,687.61	1,713.66	
Appropriation			
Transfer to General Reserve	200.00	100.00	
Interim Dividend	86.19	71.82	
Proposed Final Dividend	115.22	71.83	
Tax on Dividends	34.23	24.41	
Balance carried to Balance Sheet	2,251.97	1,445.60	

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

Results of Operations

a) Global operations

The year 2009 was a tough year for industries globally. The macroeconomic conditions were challenging worldwide. Most customers curtailed their budgets, the decision cycles were considerably longer and negotiations got delayed. This in turn impacted the demand environment in the IT and ITeS industry as well.

Even in this difficult environment we at Hexaware continued to make substantial investments in developing our domain expertise and strengthening our competencies. We continued to be committed to building our Intellectual property (IP) led growth strategy and as a testimony we built several tools and are now actively offering these to our clients as an integral part of our services.

In the year 2010, we are witnessing an increased tranction from our clients and while business is seeing recovery, we are geared and well poised to leverage our strengths.

Income from operations dipped by 9.8% overall to Rs. 10,385.62 million in 2009 from Rs. 11,519.14 million in 2008, driven by the global recession in the countries where our customers exist. About a quarter of this impact is explained by a shift of 3.6% in our onsite : offshore revenue mix.

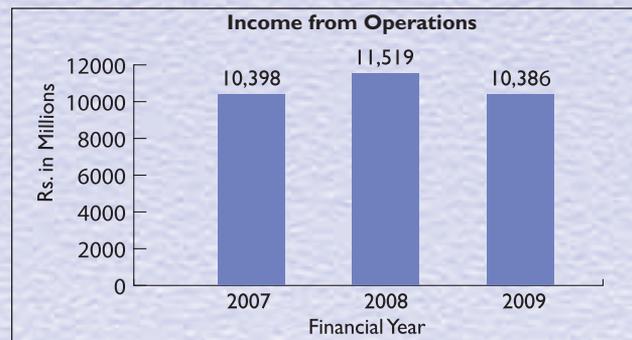
Your Company continued to focus upon Operating Profit (profit before Exchange Rate Difference, Other Income and Provision for Taxation), Operating profit grew by 88.5% to Rs. 1,687.64 million in 2009 from Rs. 895.32 million in 2008. This was driven by improvement in all business metrics such as people utilization, facilities optimization, judicious management of staffing costs, better control on travel, communication and all other costs, etc.

While the operating margin improved, the 10% depreciation of the Rupee against the Dollar led to increase in loss on forward contracts which had been taken in 2007. We were partly able to offset this impact by higher Other Income from higher cash generation.

Profit after Tax increased to Rs. 1,341.78 million in 2009 as compared to a profit of Rs. 589.83 million in 2008 an increase of 127.5%.

Some of the major achievements of your Company on the client front, in the year 2009 were:

- During the year 2009, 35 new clients were added. Hexaware now has 157 active clients.



- At the end of 2009, your Company has 47 clients billed USD 1 million dollar or more during the year. Of these, 39 clients were in the range of \$1-\$5 million, 4 clients were in the range of \$5-\$10 million and 4 clients billed more than \$10 million each on a trailing twelve month basis.

The year 2009 was marked with several firsts. Some of the key developments include:

- As a reward for its continued focus on Innovation and IP Creation, Hexaware recorded its first license sale of Akiva, an intellectual property initiative designed and developed by the Company in the field of data masking and security solutions.
- Hexaware augmented its horizontal service line by launching Remote Infrastructure Management Services (Remote IMS) in mid 2009. At the end of 2009, Remote IMS practice caters to 11 customers globally.
- In November 2009, Hexaware launched the QwikCheck Bar Coded Boarding Passes (BCBP) solution. This solution will help generate two dimensional (2D) Bar-coded boarding passes, enabling airlines to improve logistic efficiencies and enhance the web and mobile check-in facilities for passengers, who can now use their mobiles and other handheld devices for easy boarding.

b) India operations

The revenue of the standalone legal entity is Rs. 4,862.74 million in 2009 from Rs. 4,981.66 million in the previous year. The net profit after tax was Rs. 1,242.01 million as compared to a profit of Rs. 367.58 million in 2008 showing a growth of 238%, driven by the factors explained above.

Reserves

Your Company has transferred Rs. 200 million to General Reserve as compared to Rs. 100 million in the previous year. With this addition, the total General Reserve as on December 31, 2009 is at Rs. 742.87 million.

Further, the balance in the Profit & Loss Account is Rs. 2,251.97 million.

Forex Mark-To-Market: Your Company has adopted AS-30 principles of recognition and measurement for ascertaining fair value of forward exchange contracts and derivative contracts and the year end Hedging Reserve stood at loss of Rs. 403.75 million.

In summary, total reserves stood at Rs 7,341.67 million.

Dividend

During the year 2009, your Company paid an interim dividend of Rs. 0.60/- (@ 30%) per share on equity shares aggregating to Rs. 86.19 million.

The Board of Directors has recommended a payment of final dividend of Rs. 0.80 per share (40%) on an equity share of Rs. 2/- each, at its meeting held on February 17, 2010. Thus, the total dividend for the year inclusive of interim dividend amounts to Rs. 1.40 per share (70%) on equity shares, up from 50% total dividend of last year.

The total cash outflow on account of interim dividend and final dividend and tax thereon amounts to Rs. 235.64 million. The breakup of dividend is as under:

(Rs. in million)

	Interim	Final
Dividend	86.19	115.22
Tax	14.65	19.58
Total	100.84	134.80

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

Share capital

As on December 31, 2009 the paid-up Share Capital of your Company was Rs. 287.30 million comprising of 143,650,735 equity shares of Rs. 2/- each.

During the year 2009, there was no exercise of warrants / options under any Employee Stock Option Schemes.

The market capitalization of your Company as on December 31, 2009 was at Rs. 13,560.63 million (US\$ 291.43 million). The market capitalization is calculated on the basis of closing price of Rs. 94.40/- on the National Stock Exchange and the closing exchange rate of 1 USD = Rs. 46.53 as of December 31, 2009.

Investment

During the year 2009, your Company acquired the entire 15% holding of its Joint Venture Partner in the Joint Venture Company Risk Technology International Limited thus making it a wholly owned subsidiary of the Company.

Further your Company also invested in forming a new wholly owned subsidiary, Rampran Infotech Limited with its main object of providing technology consulting and Information Technology development and matters thereto.

Infrastructure

Your Company has consolidated its facilities to support its global sales and delivery operations as also to improve operational efficiencies. Through the year 2009, the Company benefited from material cost savings in the General and Administration Expenses on account of consolidation of the facilities and premises. In terms of physical infrastructure, your Company provides a world-class work environment to its employees, which in turn helps in recruiting and retaining the best of talent.

In terms of technology infrastructure, your Company is making optimum investments in latest technology to enhance services for customers. Further rationalization would continue during the road ahead. The following are the updates at its different facilities:

Mumbai:

Your Company has two offshore development centers at Millennium Business Park, Mahape, Navi Mumbai, one being the Registered Office of the Company. Your Company's wholly owned subsidiary Caliber Point Business Solutions Limited also owns another building in the same complex, providing BPO services.

Chennai :

The first phase of the Chennai Green Campus is operational now and about 1,000 professionals are working at this state-of-the-art facility. This 27 acre environment friendly and world-class facility would seat approximately 5,000 software professionals when the first phase is completely ready.

During the year 2009, your Company has set-up several dedicated offshore development centers (ODC) within the Chennai SEZ for several of its key clients. Through these dedicated ODCs, the clients are offered secure and very exclusive work areas with customized access control, CCTV coverage and a world-class work environment.

Your Company also has an offshore development centre, Hexaware Towers I at GN Chetty Road, Chennai. Caliber Point Business Solutions Limited also owns another building in Chennai, providing BPO services.

Nagpur:

Your Company and Caliber Point have together acquired 20 acres of land in Nagpur, a tier II city, at a SEZ location. A 1,000 seat facility is ready and the campus can be scaled up further to accommodate 3,000 people through multiple phases. As of December 2009, Caliber Point has occupied 300 seats at the SEZ facility.

Pune:

Your Company has consolidated its operations into one building of 37,892 sq. feet at A3 Building, E-Space, Nagar Road in Pune to seat 350 Software Professionals.

Additionally, your Company has acquired 97,010 sq. mts. of land at the Rajiv Gandhi Infotech Park in Hinjewadi SEZ.

New Jersey (USA):

Your Company has established a Global Delivery Centre (GDC) at Secaucus, New Jersey (USA) to cater specifically to its North America clients. While this proximity centre offers benefits such as the same time-zone, timely communication and enables convenient management control, it also further enables the clients to outsource mission-critical tasks and share secure information. In the current economic scenario, your Company believes that North America based clients are likely to be more receptive towards the North America based Global Delivery Centers.

Saltillo (Mexico):

Your Company has a strong presence in Mexico where Hexaware has set up a near-shore Global Delivery Center. While Mexico offers cost – competitiveness compared to the United States of America, the country also provides immense benefits in the form of same time zone, enables immediate response and access to a vast talent pool and an untapped emerging market. Your Company has consolidated the operations of the wholly owned subsidiary Focus Frame and Hexaware's own delivery center into one single facility at Saltillo. Your Company intends to leverage its near shore Global Delivery Center to cater to several global clients.

Global Cash Position

Your Company has consistently focused on cash generation. The cash generated from operations was Rs. 1,478 Million. Company also generated Rs 150 Million on receipt of advance against intended sale of land property. Receipts from Treasury operations (interest and MF dividends) were Rs. 142 Million. Company has invested Rs. 1,249 Million in Mutual Funds out of the above and Rs. 252 Million was invested in fixed assets. During the year, your Company paid dividend of Rs. 183 Million and repaid a part of the Caliber Point (Nagpur) loan, plus interest on the same, amounting to Rs. 42 Million. As of December 31, 2009 the cash position of the Company was Rs. 2,992 Million. Including the Mutual Fund investments, the total cash & cash equivalents was at Rs. 4,262 Million.

Human Resource Capital

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

- Your Company's head count was 5,137 as on December 31, 2009.
- To attract and retain people, your Company provides a judicious combination of attractive career, personal growth and a lucrative performance – based compensation structure.
- Your Company has focused towards providing better employee experience by automating processes in on boarding, payroll, attendance and leave management.

Salient Features and Compelling Value Proposition

a. Process Compliance and Quality Methodologies

Your Company has institutionalized and implemented an innovative project management tool and has developed several transition/ change management tool kits and methodologies to ensure timely and consistent delivery of superior quality technology solutions to maintain a high level of customer satisfaction.

Certifications: Your Company has received various certifications including ISO 9001: 2000, SEI-CMM Level 5, Tick IT, BS7799 and ISO 27001.

b. Right sized company

Your Company has the ability to demonstrate agility and flexibility in its operations to suit the dynamic needs of its customers. Your Company has

several strategic relationships with its customers to demonstrate the execution excellence and ability to deliver large and complex engagements. Thus your Company is in a unique position to provide management control and exhibit nimbleness to meet unique customer requirements.

Your Company has demonstrated capability in meeting human capital and physical infrastructure requirements for executing complex projects, at the same time enhance its customer relationship quotient.

c. Multi-Cultural Dimension

Your Company operates on a global platform, working with a roster of 157 active customers at the end of calendar year 2009 in North America, Europe and Asia Pacific. Your Company has global delivery centers in India, a proximity center in Secaucus (USA) and a near shore center in Saltillo (Mexico). This gives your Company a unique understanding and a wholesome perspective to our clients and access not only to global talent, best practices in business and execution but also to the culture and work-ethics of different regions globally.

d. Nurturing and retaining Talent

Your Company has been bestowed the distinction of being among India's best IT employers for several consecutive years ranking among the Top 20 in Dataquest-IDC's Annual Best Employer Survey.

The Company facilitates and supports a number of key initiatives that provide an enabling environment to enrich employee experience and stimulate employee performance. This has translated into a strong competitive advantage based on a reputation for reliable and efficient execution of business.

e. Leadership in Focus Areas

Your Company has demonstrated leadership and expertise in focus areas like attaining global leadership in PeopleSoft services. Hexaware is also a leading IT solution providers for the Asset Management and Airlines Industry and one of the fastest growing quality assurance and testing services Company. The Company is also an established IT services provider in Germany.

f. Company focused on Corporate Governance

Your Company has Deloitte Haskins & Sells as its Statutory Auditors and KPMG as its Internal Auditors.

Your Company continues to strengthen its internal systems and control mechanisms in all its departments.

Your Company was rated amongst the Top 25 for Excellence in Corporate Governance by Institute of Company Secretaries of India for 3 years in a row – 2006, 2007 and 2008.

Your Company Ranked 3rd among 30 companies for adopting best Corporate Governance Practices – study done by S. P. Jain Institute of Management & Research, Mumbai funded by National Foundation for Corporate Governance.

Your Company has been selected for a “special commendation” by the jury for the Golden Peacock Awards for Excellence in Corporate Governance for the year 2009.

Quality and Security

Your Company continues to ensure benchmarking and certification according to international standards like TickIT and ISO 27001 standards. Your Company has upgraded its ISO certification to ISO 9001:2008 for its Chennai, Mumbai and Pune delivery centers.

The implementation of the Project Management Tool (Plan Arena) has been completed and is now used enterprise-wide for real-time monitoring of projects by all relevant stakeholders. The CMMI level 5 status (Version 1.2 for development) of your Company is valid till March 2011. Your Company has initiated actions for the next CMMI Level 5 appraisal.

Your Company has been certified for PCI-DSS Compliance in April 2009. Your Company was also recommended for recertification for ISO27001:2005 for India locations. Mexico Center is included in the scope for ISO27001 and recommended for fresh certification. These certifications are valid for three years.

Other initiatives

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

- In addition, your Company is scheduled to undergo an audit for SAS 70 – Type I at an organization level in 2010.
- Your Company underwent a SAS 70 Type II audit for one of its top clients in 2009 successfully. To enhance the comfort and credibility with key customers, your Company will initiate actions to attain certifications for SAS 70 – Type II at the client organization (specific account) level.

Risk Management

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

The Banking, Investments and Operations Committee of the Board has also pro-actively reviewed the Investment Policy of your Company, which has led to a timely change in investments, ensuring safety, liquidity and returns on the surplus funds.

Further, a Risk Management Committee (RMC) has been constituted consisting of the Chief Finance Officer, Chief People Officer, Chief Information Officer and President & Global Delivery Head. The Geography Sales Heads are non-permanent members of this Committee. Other attendees at the meetings of RMC are the Contoller and the Company Secretary. The Risk Management Committee identifies, evaluates and mitigates risk exposure of the Company from all angles and take inputs into consideration for taking appropriate actions.

Internal Audit and Controls

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

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

Talent Management – Asset Development

Your Company places great importance on nurturing and retaining the best skills in the industry, moreover it is careful in aligning the needs of your Company with aspirations of the employees. Your Company has the distinction of being among India's best IT employer for five consecutive years

ranking among the top 20 in Dataquest-IDC Annual Best Employer Survey in 2005, 2006, 2007, 2008 and 2009. As an appreciation for good work and contribution to HR, the 4th Employer Branding Awards 2009 conferred us with Award for Excellence in HR through Technology, Award for Innovative Retention strategy and Award for Managing Health at Work. At the end of the year, your Company employee strength stood at 5,137. Your Company has, over the years, made consistent efforts to retain and nurture talent by providing quality work, development and a work culture of meritocracy, learning and initiative. Your Company also provides world class infrastructure and facilities to employees and offers wealth creation programs like ESOPs.

HexaVarsity

Hexavarsity, the Corporate University of Hexaware, is the backbone of training in Hexaware, providing the knowledge base which is required for its professionals to deliver quality software and services to its customers. There are a variety of training programs which have been institutionalized, including the Foundation Training Program (FTP) for Fresh Recruits from campuses, with Boot Camp providing soft skills training, Skill Development and Enhancement Program (SDEP), Technical Competency Development Program (TCDP), Behavioural Training Program and Leadership Training Program.

Your Company strongly believes that its success lies in strengthening its employees both in the technical and behavioral competencies. The Technical Competency Development Program (TCDP) has been rolled out for all the employees of Hexaware which requires its employees to follow a Technology Quotient (TQ) Framework based on their respective roles and streams of specialization. Hexavarsity has been able to provide excellent support for Just in Time (JIT) training programs as required by Delivery Units.

Hexavarsity supports employees through its online Knowledge Management (KM) portal and Learning Management System (LMS) which is essential for its employees both offshore and onsite. There are many E-learning courses made available on Technology, Domain and Behavioral skills. Hexavarsity meets the needs of training in terms of content development both for Technical and behavioral training programs with support from its practitioners.

Hexavarsity provides support for its employees to excel in their respective area of specialization by undergoing various internal and Industry Standard Assessments and Certifications. Hexavarsity has collaborated with various Universities by setting up Hexaware Academic Center of Excellence (HACE) Lab through a Memorandum of

Understanding (MoU) by which we have been able to bring industry oriented exposure to students in various campuses. This is achieved by conducting case study based workshops, soft skill training programs, workshop on Business Intelligence, full time courses at premier institutes like IIT, Faculty Development Programs and technical lectures for undergraduate and post graduate students. Hexavarsity also plays a key role in development and enhancement of computer science curriculum in various Universities across India.

Corporate Social Responsibility (CSR)

Introduction:

Corporate Social Responsibility is a sustained activity wherein an organization and its employees take up social causes with a view to serve the society. The real work in CSR extends beyond the statutory obligations and sees organizations and its people voluntarily taking up programmes and initiatives to improve the quality of life of the local community and also the society at large.

In our new approach, as above, we have regular programmes and initiatives and also specific events to provide support to needy citizens during unforeseen and unfortunate calamities.

A new Corporate Social Responsibility (CSR) initiative in Hexaware was launched in September 2008 under the name H3O (Helping Hands from Hexaware – Outreach Program).

Objectives: Inculcate the spirit of “Giving back to society” in employees. Gets sense of satisfaction by:

- Helping the lesser-privileged sections of the society.
- Supporting people affected by natural calamities and disasters.
- By supporting institutions for visually challenged people, orphanages, old age homes and hospitals etc.

Causes Supported:

- Health
- Environment
- Education

1. Mumbai Marathon

Hexaware participated in Mumbai Marathon for the years 2008, 2009 and 2010. Your Company ran to help support community development in Mumbai. Your Company has been participating in the Corporate Challenge - DREAM RUN supporting the cause of Mentally and Physically Challenged kids of Indian council of Mental Health and the visual and hearing impaired children of Helen Keller Institute of Deaf and Deafblind.

2. Give India Program (Ongoing)

Your Company along with GiveIndia has launched (in January 2008) a platform that allows employees to support a cause of their choice from about 100 NGOs that have been scrutinized by GiveIndia for transparency and credibility. Every month an employee contributes towards the cause chosen and the same is deducted from the payroll and processed towards GiveIndia programme. There are 40 employees who have registered for this programme.

3. Blood Donation Camps

Hexaware conducts Blood donation camps on regular basis.

Environment

The environment initiative at Hexaware is called the ‘Think Green’ initiative which was launched in December 2008. Your Company constantly endeavours to have and operate this initiative at all locations. Your Company seeks to change attitudes and influence positive actions towards the environment at grassroots level. The ‘Think Green’ campaign spreads environmental awareness and implements eco-friendly practices across development centers worldwide. Further, this vision is supported by voluntary groups of employees organized into eco-clubs.

Your Company being an Information Technology (IT) company is into consulting business and a service provider, which by its nature of operation has low negative impact on the environment. We have, however, taken the following steps to minimize this impact.

Awareness Campaign:

Expert Talks: Experts from NGOs working for the environment are invited periodically to Hexaware to sensitize employees on the environmental issues, and measures to be taken for conservation of the same (both at an individual and organizational level). Topics like Global Warming, Ozone Layer depletion, Carbon Credits, De-Plasticizing, Energy conservation have been discussed in this forum.

Green Day Celebrations: Seeds and saplings were distributed to all the employees on occasion of ‘Green Day’ celebrations in the organization. A tree plantation activity was also conducted on the premises. The employees participated enthusiastically in the competition on the ‘Think Green’ theme. Prizes were awarded to the best projects displayed. A group of employees also set up stalls to disseminate information on the harmful effects of plastic; this was highly appreciated by our employees and the judges.

Earth Day Celebrations: In line with the ‘Think Green, Dress Greener’ theme, many employees donned the colours of Mother Nature in vibrant greens and browns. Some were even dressed up as ‘Plastic Devils’ to depict the evils of the increased usage of plastic. Some had awareness messages pinned to their clothing!

An environmental awareness presentation was screened, and an interactive quiz was held. The signboard doubled up as a pledge wall, where employees could sign-off on an environment-friendly pledge that they intended to follow from that day on.

Switch off Lights: “Switch off lights and save energy” was one of the successful initiatives by the CSR team during the Earth Day Celebrations, and this was appreciated by many employees. This will continue to be an on going activity.

Tree Plantation Drive: Tree Plantation Drives are organized by CSR team in collaboration with Hariyali, an NGO supporting the environmental cause.

De-plasticization Campaign: Your Company successfully concluded the De-plasticization campaign which was launched with the aim to:

- a) Reduce the usage of plastic consumption in the organization in a phased manner.
- b) Educate employees on harmful effects of plastic.
- c) Encourage employees to use ceramic mugs or other alternatives to plastic cups.

Your Company distributed tea/coffee mugs to all the employees and has successfully minimized the usage of plastic cups.

The Road Ahead – Plan 2010

- Awareness Campaigns
- Tree Plantation Activities
- Support the education cause
- Expert Talks
- Collaborating with NGO’s like Hariyali and Green Peace - Supporting the various initiatives undertaken by NGO’s
- Undertaking various initiatives at the organizational level for:
 - Energy Conservation
 - De-plasticization
 - Recycling

Milestones

Hexaware was selected among the Leaders category for The 2009 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP). The Global Outsourcing 100, produced annually by the IAOP (the leading outsourcing professional association), is devoted to featuring the best of today’s leading outsourcing service providers and tomorrow’s rising stars.

Hexaware was mentioned in the Global Services 100 list for 2009. This list represents companies who have the maturity and capability to lead the next wave of services globalization. Hexaware was also listed as one of the top 100 innovative service providers of the year 2009.

Hexaware was ranked 18th in the NASSCOM Top 20 IT Software and Services Exporters from India (2008-2009).

Your Company was mentioned in the Application Testing Services of Gartner’s Hype Cycle for IT Outsourcing 2009 and Hype Cycle for Application Development 2009.

Hexaware ranked among the Top 20 Best IT employers in India by DQ-IDC for five years in a row. Hexaware was ranked 15th and was rated highly on different parameters in the survey, including a noteworthy mention on women constituting 28% of Hexaware’s overall workforce.

Hexaware was presented the CIO 100 Ingenious award by IDG at the 4th Annual CIO 100 Symposium and Awards Ceremony for HexaPower - An integrated suite of processes, applications and interfaces addressing the internal system automation using PeopleSoft as a core engine.

Hexaware Technologies was covered in Gartner’s report “The Gartner BI, PM and IM Services Vendor Guide” by Susanne Matson et al, September 10, 2009.

The Company was covered in Gartner’s report “BPO for Analytics in Banking and Investment Services” by Peter Redshaw, 18 August 2009.

Forrester Research, Inc. mentioned Hexaware as one of the new players growing in scale in their August 2009 report on ‘How Europeans Tune Global IT Service Delivery Models’.

Hexaware was covered in Gartner’s report ‘Q&A: Customer Experiences of Migrating to SAP Business Objects XI 3.0/3.1’ by James Richardson, December 11, 2009.

Forrester Research, Inc. mentioned Hexaware in their November 2009 report on ‘Looking Beyond Global

Providers for SAP Services Smaller Providers, Regional, and Industry Specialists Offer Strong Options’.

Outlook

The Year 2009 was a difficult year from the global economy perspective. As a result, your Company placed extra emphasis on shoring up its operational performance. Through 2009, the profitability metrics improved across all the levels gross margin, operating margin and PAT.

Your Company is committed to maintaining high levels of operational performance and participating in the growth opportunities as the markets open up through 2010. The current visible outsourcing trends signify higher extent of offshoring due to extensive cost pressures on the business as usual segments.

Your Company’s key revenue stream for the year 2010 will continue to come from the key service offerings in the vertical and horizontal practices. PeopleSoft and other enterprise solutions, Quality Assurance and Testing Services and BPO will provide a good stimulus for growth along with the travel and transportation and capital markets verticals. These platforms continue to be the focus of your Company, on which new verticals and horizontals will be built.

With the visibility of a formidable order book, your Company is confident of strengthening business in terms of quality, client base, geographies, verticals and horizontal services by which every stakeholder’s value is expected to be enhanced. We verticalised the organization through 2009 with an emphasis towards institutionalizing operational excellence and integration.

Your Company has identified India - Domestic Market as an engine for growth. Despite the global economic turmoil, India continued to remain steady and witnessed several large deals - particularly in the Government and Public Sector Undertakings (PSU). As a testimony to the focus on the Domestic Market, your Company has invested heavily in the Sales & Marketing activity focussed on this high-potential market. The Company has added seasoned sales professionals and identified dedicated vertical practitioners to increase the presence and the coverage in the domestic market.

Corporate Governance and Management Discussion and Analysis

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

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

Management Discussion and Analysis is also annexed.

Directors’ Responsibility Statement

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the annual accounts on a going concern basis.

Employee Stock Option Plans (ESOP)

Pursuant to the approval of the shareholders, your Company has instituted the Employee Stock Option Scheme, 1999, Employee Stock Option Plan, 2002, Employee Stock Option Plan, 2007 and Employee Stock Option Scheme, 2008 for all eligible employees, directors (excluding promoter directors) of the Company and employees of its subsidiaries. All the plans are administered by the Remuneration and Compensation Committee of the Board.

During the year 2009, there was no allotment of shares under ESOPs. Following were the movements under ESOPs in the last twelve months:

On 25.03.2009:

18,000 options were granted under EMPLOYEE STOCK OPTION SCHEME 2002 at a price of Rs. 26.60/- and there was surrender of 673,326 performance options under Employee Stock Option Scheme 2002 by employees of the Company.

On 29.04.2009:

544,821 performance options were granted under EMPLOYEE STOCK OPTION SCHEME 2007 and 140,262 performance options were granted under EMPLOYEE STOCK OPTION SCHEME 2008, at a price of Rs. 10/- to senior executives of the Company.

On 28.01.2010, your Company allotted 369,846 equity shares of Rs. 2/- each to directors and employees on exercise of Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 75,000 options were granted under Employee Stock Option Scheme 2008 at a price of Rs. 85.70.

The details of the Warrants / Options granted under the 1999, 2002, 2007 and 2008 plans are given in the annexure attached herewith which forms a part of this report.

Fixed deposits

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

Insurance

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

Errors & Omissions / General Liability

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

Directors' & Officers' Liabilities:

This 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.

Property / Casualty

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

The employees of the Company are covered under the mediclaim facility against hospitalization and certain day-care procedures.

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

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

Subsidiaries

In accordance with the provisions laid down in Section 212 of the Companies Act, 1956, your Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. As per the requirements under Section 212 (8) of the Companies Act, 1956, your Company had applied for the necessary application to the Central Government which has been conferred with the power to grant exemption from the aforesaid requirement. In this regard, your Company has received an approval from the Government of India, Ministry of Corporate Affairs; vide their Letter No. 47/709/2009-CL-III dated 12/01/2010 granting an exemption from attaching the audited accounts of the subsidiaries to this Annual Report for the financial year ended December 31, 2009. A statement, as directed by the ministry, furnishing particulars of the subsidiaries, forms part of this Annual Report. Audited Accounts of all subsidiaries of the Company are available at the Registered Office of the Company for inspection by members. The Company will make available these documents upon request by any member of the Company.

Your Company's subsidiary, Risk Technology International Limited (US), has merged with another wholly owned subsidiary viz., Hexaware Technologies Inc. based in USA w. e. f. April 8, 2009. FocusFrame Mexico S de RL De CV, a subsidiary of Hexaware Technologies Inc. has been merged with Hexaware Technologies Mexico S de RL De CV, another subsidiary of the Company w.e.f. January 1, 2010.

Directors

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

Your Directors appointed Mr. Ashish Dhawan as an Additional Director with effect from May 20, 2009 and Mr. S. Doreswamy as an Additional Director w.e.f.

February 17, 2010 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. Mr. Ashish Dhawan and Mr. S. Doreswamy hold such office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from members proposing the candidature of Mr. Ashish Dhawan and Mr. S. Doreswamy as a Director of the Company, liable to retire by rotation.

The information to shareholders as per Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of companies in which Mr. L. S. Sarma, Mr. Shailesh Haribhakti, Mr. S. K. Mitra, Mr. Ashish Dhawan and Mr. S. Doreswamy are Directors etc. is being provided separately in the Annexure on Page 44 of the Corporate Governance Report of this Annual Report. Members are requested to refer the said section of the Corporate Governance Report.

Auditors

In terms of provisions of Section 224 of the Companies Act, 1956, M/s. Deloitte Haskins & Sells retire at this Annual General Meeting and being eligible, offer themselves for re-appointment. Pursuant to the recommendation of the Audit Committee at their meeting held on February 16, 2010 recommending re-appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors of the Company, for the financial year 2010, the Board of Directors have, subject to the approval of the shareholders, at their meeting held on February 17, 2010 approved the re-appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors of the Company for the financial year 2010 and to hold office till the conclusion of the next Annual General Meeting. In

terms of provisions of Section 224(1B) of the Companies Act, 1956 M/s. Deloitte Haskins & Sells have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act.

The year 2009 saw a change in the partner in charge of your Company's audits from M/s. Deloitte Haskins & Sells.

Particulars of employees

The particulars of employees, required to be furnished under Section 217(2A) of Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto and forms part of this Report.

Acknowledgement

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

For and on behalf of the Board of Directors

Atul K. Nishar

Chairman

Place: Mumbai

Date: March 19, 2010

Disclosures in compliance with the Guidance Note on Accounting for Employee Share-based Payments

Sr. No.	Description	ESOP - 1999		ESOP - 2002		ESOP - 2007		ESOP - 2008	
1	Method used for accounting of the employee share-based payment plans	Intrinsic value method		Intrinsic value method		Intrinsic value method		Intrinsic value method	
2	If Intrinsic value method is used, impact for the accounting period had the fair value method been used on the following -								
	Net Results (In Rupees Millions)	<u>Consolidated</u>	<u>Standalone</u>	<u>Consolidated</u>	<u>Standalone</u>	<u>Consolidated</u>	<u>Standalone</u>	<u>Consolidated</u>	<u>Standalone</u>
		Nil	Nil	3.37	3.37	25.82	25.82	0.10	0.10
	Earning Per Share: Basic (In Rupees)			<u>Consolidated</u>	<u>Standalone</u>				
	As Reported			9.34	8.65				
	Adjusted Pro Forma			9.14	8.44				
	Earning Per Share: Diluted (In Rupees)								
	As Reported			9.00	8.33				
	Adjusted Pro Forma			8.80	8.14				
3	Description of each type of employee share-based payment plan that existed at any time during the period including the following -								
	Total number of options under the plan	18,000,000		11,049,145		7,179,992		2,873,014	
	Vesting Requirements	Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee. Deferred - 33.33% on each successive anniversary of the grant date or as per the discretion of the Committee. Loyalty - 100% on the successive anniversary of the grant date or as per the discretion of the Committee.		Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee except in case of grants to directors vesting is 50% on each successive anniversary of the grant date or as per the discretion of the Committee. Performance Shares: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee. Restricted Stock Units: 100% Vested on July 1, 2009		Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee except in case of special performance linked 1% stock options vesting is 50% on each successive anniversary on achieving specified performance targets. Performance Shares: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee.		Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee.	
	Maximum term of options granted	10 years		7 years		7 years		7 years	
	Method of settlement	Equity Settled		Equity Settled		Equity Settled		Equity Settled	
4	Number and weighted average exercise prices of stock options for each of the following groups of options -	Number of options	Weighted Average Exercise Price (Rs.)	Number of options	Weighted Average Exercise Price (Rs.)	Number of options	Weighted Average Exercise Price (Rs.)	Number of options	Weighted Average Exercise Price (Rs.)
	- Outstanding at the beginning of the period	23,095	9.00	2,265,342	55.22	258,500	61.40	-	-
	- Granted during the period	-	-	631,078	24.95	7,011,492	23.74	140,262	10.00
	- Forfeited during the period	4,557	9.00	1,792,496	61.56	702,000	32.73	-	-
	- Exercised during the period	-	-	-	-	-	-	-	-
	- Outstanding at the end of the period and	18,538	9.00	1,103,924	27.62	6,567,992	24.26	140,262	10.00
	- Exercisable at the end of the period	18,538	9.00	417,096	24.32	27,000	61.40	-	-
5	Number of options vested	18,538		417,096		27,000		-	
6	Total number of shares arising as a result of exercise	-		-		-		-	
7	Money realised by exercise of options (Rs.)	-		-		-		-	
8	Employee-wise details of options granted to -			Name	No. of Options	Name	No. of Options	Name	No. of Options
	- Senior management personnel	Nil		Prateek Aggarwal	168,750	P.R. Chandrasekar	2,115,499	Sunil Surya	58,333
				Deepak Rao	75,000	Rajiv Pant	430,000	Yogendra Shah	30,000
				Milind Kalurkar	25,000	R.V. Ramanan	313,000	R.V. Ramanan	35,000

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007	ESOP - 2008																												
				Sunil Surya 225,000 Moorthy Chokkanathan 190,000 Yogendra Shah 150,000 Prateek Aggarwal 136,250 Deependra Chumble 126,071 Anirban Chakraborty 115,000 Vaughn Paladin 95,000 R U Srinivas 95,000 Nataraj N 47,000 Deepak Rao 40,000 Milind Kalurkar 35,000 Sundararajan Varadarajan 35,000 V.B. Singh 25,000 Srinivasan P 24,000 Akshay Bochia 22,000 Barindrakumar Kulkarni 18,000 Uma Thomas 15,000 Anil Bonde 12,000	Deependra Chumble 16,929																												
-	Employees holding 5% or more of the total number of warrants/options granted during the year	Nil	<table border="1"> <thead> <tr> <th>Name</th> <th>No of Options</th> </tr> </thead> <tbody> <tr> <td>Prateek</td> <td></td> </tr> <tr> <td>Aggarwal</td> <td>168,750</td> </tr> <tr> <td>Deepak Rao</td> <td>75,000</td> </tr> <tr> <td>Milind Kalurkar</td> <td>25,000</td> </tr> </tbody> </table>	Name	No of Options	Prateek		Aggarwal	168,750	Deepak Rao	75,000	Milind Kalurkar	25,000	<table border="1"> <thead> <tr> <th>Name</th> <th>No of Options</th> </tr> </thead> <tbody> <tr> <td>P. R.</td> <td></td> </tr> <tr> <td>Chandrasekar</td> <td>2,115,499</td> </tr> <tr> <td>Rajiv Pant</td> <td>430,000</td> </tr> </tbody> </table>	Name	No of Options	P. R.		Chandrasekar	2,115,499	Rajiv Pant	430,000	<table border="1"> <thead> <tr> <th>Name</th> <th>No of Options</th> </tr> </thead> <tbody> <tr> <td>Sunil Surya</td> <td>58,333</td> </tr> <tr> <td>Yogendra Shah</td> <td>30,000</td> </tr> <tr> <td>R.V. Ramanan</td> <td>35,000</td> </tr> <tr> <td>Deependra Chumble</td> <td>16,929</td> </tr> </tbody> </table>	Name	No of Options	Sunil Surya	58,333	Yogendra Shah	30,000	R.V. Ramanan	35,000	Deependra Chumble	16,929
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Deependra Chumble	16,929																																
-	Identified employees who were granted warrant/option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants/options and conversions) of the Company at the time of grant.	Nil	Nil	<table border="1"> <thead> <tr> <th>Name</th> <th>No of Options</th> </tr> </thead> <tbody> <tr> <td>P. R.</td> <td></td> </tr> <tr> <td>Chandrasekar</td> <td>2,115,499</td> </tr> </tbody> </table>	Name	No of Options	P. R.		Chandrasekar	2,115,499	Nil																						
Name	No of Options																																
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Chandrasekar	2,115,499																																
9	For stock options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life (vesting period + exercise period). If the range of the exercise prices is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and cash that may be received upon exercise of those options.	The price range for ESOP 1999 is Rs. 9 and the number of outstanding options are 18538. Weighted average contractual life is 13 months.	Schemes of 2002, 2007 and 2008 provide for the exercise of the warrants / options at any time after the vesting period and hence warrants / options do not have any contractual life and accordingly the same has not been disclosed. Number of options outstanding under ESOP 2002, 2007 and 2008 falls into the following range of exercise price: <table border="1"> <thead> <tr> <th>Price range Rs.</th> <th>Nos.</th> </tr> </thead> <tbody> <tr> <td>2 – 26.6</td> <td>7,561,178</td> </tr> <tr> <td>54 – 101</td> <td>188,000</td> </tr> <tr> <td>135 – 171</td> <td>63,000</td> </tr> <tr> <td>Total</td> <td>7,812,178</td> </tr> </tbody> </table>			Price range Rs.	Nos.	2 – 26.6	7,561,178	54 – 101	188,000	135 – 171	63,000	Total	7,812,178																		
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2 – 26.6	7,561,178																																
54 – 101	188,000																																
135 – 171	63,000																																
Total	7,812,178																																
10	For stock options granted during the period, the weighted average fair value of those options at the grant date and information on how the fair value was measured including the following -	No grants made during the current year	Rs. 9.83	Rs. 10.60	Rs. 22.84																												

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007	ESOP - 2008
	<ul style="list-style-type: none"> - 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. 		Black Scholes Option Pricing Model 24.35 24.95 55.98%-80.50% 1.25- 4.25 years 1.03% 5.09% - 6.22%	Black Scholes Option Pricing Model 24.82 23.74 55.98%-76.04% 1.25-4.50 years 1.03% 5.31% - 5.92%	Black Scholes Option Pricing Model 30.95 10 55.26%-57.18% 1.25-4.50 years 1.14% 5.72% - 6.08%
	<ul style="list-style-type: none"> - Determination of expected volatility, including explanation to the extent expected volatility was based on historical volatility. 		Based on historical volatility.	Based on historical volatility.	Based on historical volatility.
	<ul style="list-style-type: none"> - Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions. 		-	-	-
11	For other instruments granted during the period (i.e., other than stock options) - <ul style="list-style-type: none"> - Number and weighted average fair value of those instruments at the grant date - Fair Value determination in case - <ul style="list-style-type: none"> (a) fair value not measured on the basis of an observable market price (b) whether and how expected dividends were incorporated (c) whether and how any other features were incorporated 	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year
12	For employee share-based payment plans that were modified during the period - <ul style="list-style-type: none"> - Explanation of those modifications - Incremental fair value granted (as a result of those modifications) - Information on how incremental fair value granted was measured, consistently with the requirements set out in points 7 and 8 above. 	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year
13	Total expense recognised for the period for employee share-based payment plans	Nil (As the intrinsic value is 0)	Rs. 2,088,192	Rs. 3,963,194	Rs. 1,020,309
14	Separate disclosure of that portion of the total expense that arises from transactions accounted for as equity-settled employee share-based payment plans	Nil (As the intrinsic value is 0)	Rs. 2,088,192	Rs. 3,963,194	Rs. 1,020,309
15	For liabilities arising from employee share-based payment plans <ul style="list-style-type: none"> - 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 (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)
16	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option. (in Rupees)		<u>Consolidated</u> 9.00	<u>Standalone</u> 8.33	

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:

In the age where conserving power has become a necessity keeping in view the shortage of power, your Company is fortunate that the operations are not energy intensive. Your Company believes that it is a part of their duty to save energy wherever possible and also install apparatus which would help in conservation of energy. Your Company's 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 developed at Siruseri has been categorized as a "Green Campus" because of the design.

TECHNOLOGY ABSORPTION:

Your Company believes that in addition to progressive thought, it is imperative to invest in research and development to ascertain future exposure and prepare for challenges. In its endeavour to obtain and deliver the best, your Company has entered into alliances / tie-ups with major global players in the IT Industry, to harness and tap the latest and the best of technology in its field, upgrade itself in line with the latest technology in the world and deploy / absorb technology wherever feasible, relevant and appropriate. At the same time, Hexaware has also attached tremendous significance to indigenous development and technology upgrades through its extensive Research and Development operations. The benefits derived from these processes are phenomenal and have improved the quality of our world-class services. It has also helped in diversifying the services portfolio while increasing cost efficiency.

RESEARCH AND DEVELOPMENT:

At your Company, Research and Development has always received high level of importance. Hexaware follows a dual-pronged approach to the Research and Development process.

At the corporate level – Hexaware has constituted an Innovation Council which is headed by a senior leader from the Executive Management Team. This team reviews all the plans and the proposals for the innovation and approves the plans with the most promise. This council performs an end-to-end function by acting as the sounding board and mentors, for the team to develop their ideas and attain the stage of market launch. The teams will develop a unique approach and strengthen our positioning with a blend of tools, frameworks and methodologies to provide value-added services to clients.

At the business unit level – your Company has established several Centers of Excellence (COEs) championed by the respective Business Unit Heads. During the difficult year 2009, your Company enhanced the importance attached with the COEs. The allocation of the employees to work in the COEs and develop solution accelerators, frameworks, etc. doubled during the course of the year. Industry solution accelerators are specific to a particular industry whereas technology solution accelerators can be used across vertical segments.

As a reward for its continued focus on Innovation and IP Creation, Hexaware recorded its first license sale of Akiva, an intellectual property initiative designed and developed by the Company in the field of data masking and security solutions.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of Foreign Exchange Earnings and Outgo are mentioned in Point No.15 Para iii, iv and v of Schedule 12(B) of Notes forming part of the Hexaware Technologies Ltd. India Accounts.

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Place: Mumbai
Date: March 19, 2010

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules) 1975 and forming part of the Director's Report for the year ended December 31, 2009

Sr. No.	Name	Age (Years)	Designation	Gross Remuneration	Qualification & Experience (Years)	Date of Joining	Last Employment & Designation
A	Employed throughout the year						
1	Atul K. Nishar	55	Executive Chairman	2,761,619	B.Com., A.C.A.	1-Jan-04	Founder
2	A. K. Paul David	47	Assistant Vice President	2,863,986	B.A., DCA, DSM, PGDHRM, 26 Years	5-Aug-98	John Crane Engg Sealing Systems Ltd., Manager Information
3	Akshay Bochia	43	Associate Vice President	2,606,479	B.Com., MBA IT, 22 Years	17-Oct-96	Reliance Consulting Services, System Manager
4	Amberin Memon	48	Vice President	3,782,175	B.A., PGDBM, 20 Years	1-Jun-99	Philips India Ltd., Project Leader
5	Anil Bonde	47	Assistant Vice President	2,423,301	B.Sc., PGD, 24 Years	3-Apr-08	Cognizant Technology Pvt. Ltd., Senior Manager.
6	Debashish Chowdhury	47	Vice President	3,583,257	B.E., PGDM, 23 Years	5-Nov-08	Wipro Technologies, General Manager
7	Deepak Rao	46	Senior Vice President	5,132,271	B.Tech., PGDM, 10 Years	13-Oct-08	Siemens Information Systems Ltd., VP and Head FS Vertical
8	Deependra L. Chumble	46	Chief Peoples Officer	7,088,124	B.Com., MBA, 20 Years	1-Sep-06	J.P. Morgan Chase - Head HR
9	K. Senthilnayagam	46	Vice President	5,554,658	B.Com., ICAI, 20 Years	26-Sep-03	Gecadital International Services, Vice President
10	Madhavi Malineni	42	Assistant Vice President	3,233,694	B.E., PGDPMHR, 18 Years	21-Jan-02	Cedar Enterprise, Engagement Manager
11	Moorthi Chokanathan	49	Executive Vice President	6,597,796	B.E., MBA, 28 Years	2-Apr-01	DSQ Software Ltd., Consultant
12	Nataraj N.	40	Chief Information Officer	3,338,474	B.Sc., DE, 18 Years	3-Nov-08	Aztecsoft Ltd., Chief Information Officer
13	Nilay Jhala	49	Assistant Vice President	2,523,183	B.Com., 28 Years	6-Jul-98	Mastek, Project Manager
14	Nirmala Gopalakrishnan	53	Assistant Vice President	2,782,382	B.Sc., MSc., 18 Years	16-Nov-98	DSQ Datasystem Ltd., Manager Quality
15	Nitin Sawant	43	Assistant Vice President	2,502,366	B.E., 20 Years	6-Dec-00	Cathay Pacific, Sr. Consultant
16	P. Srinivasan	40	Associate Vice President	3,218,696	B.Sc., PGD, 19 Years	4-Sep-06	iSoft R & D Ltd., GM Solutions
17	Prakash Ramachandran	47	Assistant Vice President	2,698,107	B.E., M Tech., 23 Years	27-May-99	TCS, Project Manager
18	Prateek Aggarwal	41	Chief Financial Officer	10,322,660	B.Com., MBA, 18 Years	2-Jun-08	HCL Technologies, Sr. Vice President
19	R.V. Ramanan	45	President	8,788,699	M.Tech., 21 Years	21-Oct-02	Orbitech Solutions India Limited, Sr. Vice President & Chief Architect
20	Rajesh Kanani	50	Vice President	2,979,591	B.Com., A.C.A., ICWAI, 24 Years	20-Dec-93	Usha Martin Industries Ltd., Dy. Manager Finance
21	Ramamoorthy Srinivasan	48	Assistant Vice President	2,684,976	B.Sc., 27 Years	1-Jul-98	ITC Ltd., Sr. System Analyst
22	Reji George	43	Vice President	3,247,967	M.Sc., PGD, B.Tech., M. Tech., 18 Years	22-Jan-07	Kale Consultants - Sr. VP Global Sales
23	Sreenivas Vijayan	29	Assistant Vice President	2,661,026	B.Tech., PGDCM, 6 Years	8-Jan-07	Irevna Research Services Ltd. - Manager
24	Sridhar Rangachari	43	Associate Vice President	3,189,483	B.E., PGDM, 22 Years	1-Dec-04	Zensar Technologies, General Manager
25	Sridharan S.	40	Assistant Vice President	2,703,395	B.E., 19 Years	22-Nov-02	Orbitech Solutions Ltd. - AVP
26	Srinivasan Kanagasbapathy	44	Assistant Vice President	2,429,405	B.E., MBA, 20 Years	3-May-02	Analysis International Corp., Senior Analyst
27	Sriram Shankaranarayanan	50	Vice President	3,514,136	B.Com., C.A., 25 Years	6-Jun-07	Polaris - Head Capital Market & Asset Mgt.
28	Sriram Vaidyanathan	42	Associate Vice President	3,304,335	B.Sc., MSW, 20 Years	28-Jun-06	iNautix Technology (I) Pvt. Ltd., Group Mgr-India HR
29	Subramaniam Ramamoorthy	57	Vice President	3,520,874	B.Sc., M.Sc., 35 Years	6-Jul-98	State Bank of Hyderabad, Head,
30	Suman Seal	41	Associate Vice President	2,902,929	B.Com., 15 Years	16-Apr-07	Wipro Technologies, Head Recruitment
31	Sundararajan M.	39	Assistant Vice President	2,421,375	B.Com., ICWAI., PGD, 16 Years	16-Nov-98	Nestle India, Accounts officer
32	Sunil Mujumdar	45	Associate Vice President	2,670,794	B.Com., MSW, 21 Years	11-Aug-06	Caggemini, India, Sr. Manager HR
33	T. M. Natarajan	51	Vice President	4,582,851	B.B.A., MBA, 27 Years	2-Jul-07	Polaris - Global Testing Head.
34	Uday Kumar Reddy	46	Vice President	5,090,868	B.A., MCA, 21 Years	3-Nov-03	Polaris Software Lab Ltd, Head- Wealth Management Group
35	Uma Thomas	44	Vice President	4,439,721	B.Tech., 22 Years	14-Apr-08	KPIT Cummins Infosystems Ltd., VP
36	V. B. Singh	55	Vice President	3,812,271	B.Tech., 27 Years	1-Nov-00	Datamatics Ltd., Vice President
37	V. Ramakrishnan	52	Associate Vice President	3,011,684	MBA, M.Tech., 28 Years	2-Apr-01	CPU Software Consultants, Director
38	V. Sundararajan	43	Vice President	3,078,571	B.Tech., M.S., 22 Years	19-Nov-03	Electronic Data Systems, Sr. Consultant
B	Employed for part of the year						
1	Anand Hariharan	41	Associate Vice President	952,796	B.Sc., MCA, 19 Years	17-Mar-08	Yodlee Infotech Pvt. Ltd., Sr. Director
2	Baalasundaram K.	59	Senior Vice President	295,946	B.A., 37 Years	1-Apr-01	Hexaware Technologies Limited
3	Jayaraman Thiyagarajan	47	Associate Vice President	2,332,186	B.Sc., PGD., 22 Years	2-Sep-02	Infosys Technologies, Group Project Manager
4	K. N. Ananth	51	Vice President	358,004	B.A., CQA, 27 Years	1-Apr-07	Polaris Software Lab Ltd., Head of Quality
5	Karthik S. Noornie	39	Associate Vice President	1,217,596	B.Tech., PGDM, 16 Years	15-Jul-09	SAP Labs India Pvt. Ltd. - Vice President.
6	Madhusudan Keskar	46	Assistant Vice President	1,240,392	B.Sc., MDBA, 25 Years	1-Jul-02	Syntel India Ltd., Principal Consultant
7	Nitin Rajee	40	Assistant Vice President	2,309,363	B.Com., C.A., MBA, 15 Years	6-Dec-00	Intel - MBA Consulting Project
8	Sadhukhan Pradip	50	Associate Vice President	1,809,857	B.E., M Tech., PGD, 25 Years	3-Apr-00	Exide Industries, Sr. Manager IT
9	Tattamangalam P. Aswath	54	Assistant Vice President	239,049	B.A., Diploma, 33 Years	15-Feb-07	Patni Comp Systems Ltd. - Senior Manager.
10	Ganesan R. S.	48	Associate Vice President	616,537	BA, PGD - 26 Years	18-Aug-09	Covansys India Pvt. Ltd. - GM.

Notes:

- Remuneration Includes Salary, Company's Contribution to Provident and Superannuation Fund and taxable Value of Perquisites and allowances as per Income Tax Act, 1961 and rules made thereunder.
- All appointments are non-contractual and terminable by notice on either side.
- None of the above employee is related to any Director of the Company except Mr. Atul K. Nishar who is Director of the Company during the Year.
- Project Directors are not part of the Board of Directors.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai

Date : 19th March, 2010

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

(Rupees in Millions)

1. Name of the Subsidiary	Hexaware Technologies Inc., USA	Hexaware Technologies GmbH, Germany	Hexaware Technologies UK Limited, UK	Hexaware Technologies Asia Pacific Pre. Limited, Singapore	Hexaware Technologies Canada Limited, Canada	Hexaware Technologies Mexico S de RL De CV, Mexico	Risk Technology International Limited, India	Risk Technologies (UK) Limited, UK	Caliber Point Business Solutions Limited, India	FocusFrame Mexico S de RL De CV, Mexico	FocusFrame UK Limited, UK	FocusFrame Europe BV, Netherland	Ranpran Infotech Limited
2. The Financial Year of the Company ended on	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009	31st December, 2009
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	Risk Technology International Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Inc., USA	Hexaware Technologies Inc., USA	Hexaware Technologies Inc., USA	Hexaware Technologies Limited, India
4. Holding Company's Interest	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
5. Shares held by the holding Company in the Subsidiary	30,076 Common Stock at no par value	3,618 equity shares of Euro 50 each	30,67,000 equity shares of GBP 1 each	5,00,000 equity shares of S\$ 1 each	1 Common Stock of no par value	2 Participation Shares of 3000 Pesos	1,000,000 equity shares of Rs. 10 each	1 ordinary share of GBP 1 each	11,780,000 equity shares of Rs. 10 each	2 Participation Shares of 3000 Pesos	1 Ordinary Share of GBP 1 each	1800 Common Stock of Euro 10 each	Share Application money received Rs. 500,000/-
6. Reporting Currency	USD	EURO	GBP	SD	CAD	MXN	INR	GBP	INR	MXN	GBP	EURO	INR
7. Exchange Rate	46.53	67.01	75.06	33.19	44.34	3.55	-	75.06	-	3.55	75.06	67.01	-
8. Capital	373.71	12.12	230.22	16.60	1.04	0.01	10.00	-	117.80	0.01	-	1.21	0.50
9. Reserves	217.73	102.96	23.81	58.43	25.47	(53.11)	(26.01)	-	454.95	47.15	-	85.17	(0.04)
10. Total Assets	1,521.45	283.33	370.53	187.41	33.63	40.43	15.50	-	860.05	71.62	-	154.28	0.46
11. Total Liabilities	1,521.45	283.33	370.53	187.41	33.63	40.43	15.50	-	860.05	71.62	-	154.28	0.46
12. Details of Investments	0.92	-	-	-	-	-	-	-	29.28	-	-	-	-
13. Turnover	4,738.96	1,427.58	445.20	255.68	64.55	64.17	26.03	6.06	803.68	198.18	86.54	251.19	-
14. Profit / (Loss) Before Taxation	12.13	33.31	11.46	18.58	4.90	(16.41)	4.71	2.59	123.55	14.81	21.20	(32.84)	(0.04)
15. Provisions for Taxation	15.40	9.72	-	5.26	1.56	-	0.45	-	24.83	7.29	0.90	(7.28)	-
16. Profit / (Loss) After Taxation	(3.27)	23.59	11.46	13.32	3.34	(16.41)	4.26	2.59	98.72	7.52	20.30	(25.56)	(0.04)
17. Proposed Dividend, if any	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
18. Material Change between the end of the Financial Year of the subsidiary Company and the Company's Financial year ended December 31, 2009	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Money Lent	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Money borrowed other than those for meeting Current Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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.
- During the year Hexaware technologies Limited acquired 15% shares from Pemtrud International Limited thus Risk Technology International Limited, India, became 100% subsidiary of Hexaware technologies Limited.
- Focus Frame Inc., USA and Risk Technology International Limited, USA merged with Hexaware Technologies Inc., USA w.e.f. February 1, 2009 and April 8, 2009 respectively.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai

Date : 17th February, 2010

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the Financial year January 1, 2009 to December 31, 2009 as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on Code of Corporate Governance

Hexaware Technologies Limited's Corporate Governance philosophy encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders. An example of this, is the separation of the role of Chairman of the Board and the Chief Executive Officer; a practice recommended by the Cadbury Committee on Corporate Governance (UK) and has been in place for the last 9 years in your Company. Another example is the detailed information on cash & bank balances given by your Company every quarter to transparently show where the funds are invested / held in a safe manner.

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

2. Board of Directors:

2.1 Composition and category of Directors:

The Board of Directors of your Company comprises of Ten (10) Directors as on December 31, 2009 representing the optimum combination of professionalism, knowledge and experience. Of these, nine directors are Non-Executive and five are Independent Directors. Mr. Atul K. Nishar is Chairman of the Board. He was Executive Chairman till December 31, 2009; effective January 1, 2010 he continues as a non-Executive Chairman and your Company has appointed Mr. R.V. Ramanan as a Manager, as required by Section 269 of the Companies Act, 1956. Dr. Bakul Dholakia ceased to be Director w. e. f. May 05, 2009. Mr. S. Doreswamy was appointed as an Additional Director w. e. f. February 17, 2010.

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

The composition of the Board of Directors of the Company as on December 31, 2009 is given below, all being Non Executive Directors except Mr. Atul K. Nishar:

Name	Designation	Independent / Non - Independent	Shareholding in the Company (No. of Shares)
Mr. Atul K. Nishar *	Executive Chairman	Non-Independent	Nil
Mr. P. R. Chandrasekar	Vice-Chairman and Global CEO	Non-Independent	Nil\$
Mr. L.S. Sarma	Director	Independent	Nil\$
Dr. (Mrs.) Alka Atul Nishar	Director	Non-Independent	227,135
Mr. Bharat Shah	Director	Independent	Nil
Mr. Sunish Sharma	Director	Non-Independent	Nil
Mr. Shailesh V. Haribhakti	Director	Independent	10,100@\$
Ms. Preeti Mehta	Director	Independent	Nil\$
Mr. Subrata Kumar Mitra	Director	Independent	Nil\$
Mr. Ashish Dhawan#	Director	Non-Independent	Nil

* Mr. Atul K. Nishar was Executive Chairman till 31.12.2009. From 01.01.2010 he is Non-Executive Chairman.

Mr. Ashish Dhawan was appointed as an Additional Director w.e.f. May 20, 2009.

@ 30,000 shares were bought by his HUF in March 2010.

\$ On 28.01.2010 the following allotment was made to Directors under ESOP:

P. R. Chandrasekar	329,846 shares
L. S. Sarma	10,000 shares
S. K. Mitra	10,000 shares
Preeti Mehta	10,000 shares
Shailesh Haribhakti	10,000 shares

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

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

During the year, six Board Meetings were held respectively on February 16, 2009, February 19, 2009, March 25, 2009, April 28, 2009, July 29, 2009 and October 28, 2009.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2009 was as follows:

Directors	Board Meetings Attended during the year	Whether attended last AGM	Other Directorships / Board Committees (Numbers)	
			Directorship of other Indian Public Companies	Board Committee Membership / (Chairmanship)
Mr. Atul K. Nishar	6	Yes	-	-
Mr. P. R. Chandrasekar	6	Yes	2	-
Mr. L. S. Sarma	6	Yes	2	2 (1)
Dr. (Mrs.) Alka Atul Nishar	6	Yes	-	-
Mr. Bharat Shah	5	Yes	3	2 (1)
Dr. Bakul Dholakia	1	N.A.	-	-
Mr. Shailesh V. Haribhakti	6	Yes	13	8 (4)
Mr. Sunish Sharma	5	Yes	-	-
Ms. Preeti Mehta	6	Yes	1	1
Mr. Subrata Kumar Mitra	4	Yes	3	-
Mr. Ashish Dhawan	2	N.A.	1	-

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, 2009 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 Shareholders/Investors Grievance 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 are given below:

Mr. Atul K. Nishar	NIL
Dr. (Mrs.) Alka Atul Nishar	NIL
Mr. P. R. Chandrasekar	Risk Technology International Limited, Caliber Point Business Solutions Limited (both 100% subsidiaries of your Company)
Mr. L.S. Sarma	Granules India Limited, Caliber Point Business Solutions Limited
Mr. Shailesh V. Haribhakti #	Pantaloon Retail (India) Limited, Future Capital Holdings Limited, Akruti City Limited, ACC Limited, Ambuja Cements Limited, Mahindra Lifespace Developers Limited, Blue Star Limited, The Dhanalakshmi Bank Limited, Raymond Limited, J K Paper Limited, Kotak Mahindra Trusteeship Services Limited, Hercules Hoists Limited, Everest Kanto Cylinder Limited
Ms. Preeti Mehta	Bagalkot Cement & Industries Limited
Mr. Subrata Kumar Mitra	SKP Securities Limited, Mangal Keshav Securities Limited, Mangal Keshav Holdings Limited
Mr. Bharat Shah	HDFC Securities Limited, IDFC Pension Fund Management Company Limited, Hathway Cable & Datacom Limited
Mr. Sunish Sharma##	NIL
Mr. Ashish Dhawan	Suzlon Energy Limited

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

Mr. Sunish Sharma is an Alternate Director in Infotech Enterprises Limited. As mentioned above, this is excluded while calculating the number of Directorship under Section 275 of the Companies Act, 1956.

2.4 Information provided to the Board:

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

1. Annual operating plans of businesses, capital budgets and any updates.
2. Quarterly results of the Company and its operating divisions or business segments.
3. Minutes of the Audit Committee and other Committees.
4. Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
5. Materially important litigations, show cause, demand, prosecution and penalty notices.
6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
7. Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
8. Details of any joint venture or collaboration agreement.
9. Any issue, which involves possible public liability claims of substantial nature, including any 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. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.

11. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
12. Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
13. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
14. Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholder services as non-payment of dividend and delays in share transfer.

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

1. **Mr. L. S. Sarma** has been the Director of Hexaware Technologies Limited since March 2000. He has had distinguished career in banking and finance industry and has worked for Punjab National Bank, Reserve Bank of India and IDBI (One of the India's largest financial institution). Mr. Sarma is an expert in International Finance and Trade. He was General Manager of IDBI. IDBI was pioneer in Project Finance in India. Mr. Sarma was a member of various committees on Export Finance and Construction Contracts. He represented IDBI on the committee for setting up the Export Import Bank of India. After his retirement from IDBI he has been a director and consultant for various Banks and Export bodies.
2. **Mr. Shailesh V. Haribhakti** has been the Director of Hexaware Technologies Limited since May 2006. He is a leading Chartered Accountant and fellow of the Institute of Chartered Accountants of India, Certified Internal Auditor, Certified Financial Planner, Graduate Cost Accountant and Certified Fraud Examiner. He contributed to shaping of India's economic policy through his association as the Chairman of Corporate Governance Committee of ASSOCHAM. He was the chairman of WIRC of ICAI, President of BMA and President of IIA, Bombay. Presently Mr. Shailesh V. Haribhakti is Director on the Board of several companies including ACC Limited, Blue Star Ltd., Ambuja Cement Limited, Pantaloon Retail (India) Ltd. etc.
3. **Mr. S. K. Mitra** has been the Director of Hexaware Technologies Limited since November 30, 2007. Belonging to one of the early batches of investment bankers in India, Mr. Mitra was instrumental in setting up the Merchant Banking Divisions of two banks - Bank of India and Standard Chartered Bank. He has also headed Corporate Banking and Investment Banking at American Express Bank. At a time when asset management was in the early stage of development in the country, he set up the GIC Mutual Fund in India.

In June 1994, when he joined the Aditya Birla Group as Director, Financial Services he was responsible for establishing the financial services activities for the Group. At the Aditya Birla group, he managed the financial services businesses as CEO - he was a member of the Board and several committees. With effect from August 1, 2007 he stepped down from active role to an advisory role. He has been associated with several reputed companies as an independent Director and Advisor.

The information required to be forwarded to the shareholders of the Company pursuant to Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of Companies in which he is a Director etc. is being provided separately in Annexure on page No. 44 of the Corporate Governance Report section. Members are requested to refer to the said section of the Corporate Governance Report.

3. Audit Committee

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

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

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

3.1 Broad terms of reference:

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

- (a) To oversee the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible.
- (b) To recommend the appointment/ re-appointment/ removal of external auditors, fixing audit fees and to approve payments for any other services.
- (c) To review with the Management the annual financial statements before submission to the Board, focusing primarily on:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in the draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with the accounting standards.
 - Compliance with Stock Exchanges and legal requirements concerning financial statements.
 - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- (d) To review, with the Management, the quarterly financial statements before submission to the Board for approval.
- (e) To review and approve annual accounts of the Company and recommend to the Board for consideration or otherwise.
- (f) To review with Management, performance of external and internal Auditors and review the adequacy/ efficacy of internal control systems.
- (g) To review the adequacy of internal audit function, including coverage and frequency of internal audit.
- (h) To discuss with internal auditors about any significant findings and follow-up thereon.
- (i) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (j) To discuss with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- (k) To review the Company's financial and risk management policies.
- (l) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (m) Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc).

3.2 Composition, Name of Members and Chairman:

The Audit Committee of the Company during the year comprised of the following members: Mr. Shailesh V. Haribhakti (Chairman), Mr. L. S. Sarma, Mr. S. K. Mitra, Mr. Bharat Shah (till February 16, 2009), and Mr. Sunish Sharma, all being Non-Executive Directors.

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

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

During the year, the Audit Committee met 8 (Eight) times respectively on February 16, 2009, February 19, 2009, April 28, 2009, July 02, 2009, July 28, 2009, October 10, 2009, October 28, 2009 and November 24, 2009 and the necessary quorum was present at the meetings.

Mr. Shailesh Haribhakti, Chairman of the Audit Committee had attended the Annual General Meeting (AGM) of the Company held on May 5, 2009 to answer the Queries raised by the shareholders.

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

3.3 Meetings and Attendance during the Year 2009:

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. Shailesh V. Haribhakti - Chairman	Independent	8	8
Mr. L. S. Sarma	Independent	8	8
Mr. S. K. Mitra	Independent	8	4
Mr. Sunish Sharma	Non-Independent	8	8
Mr. Bharat Shah*	Independent	8	1

* Ceased to be Member of Audit Committee w.e.f. February 16, 2009.

4. Remuneration and Compensation Committee

4.1 Brief description and terms of reference:

The Remuneration and Compensation Committee (“Committee”) of the Company comprised of the following members: Mr. L. S. Sarma (Chairman), Mr. S. K. Mitra and Mr. Sunish Sharma, all being Non-Executive Directors. The scope of this Committee is to determine the compensation of Executive Directors and senior management personnel. The Committee also approves, allocates and administers the Employee Stock Option Schemes and other matters as prescribed by the Listing Agreement from time to time.

4.2 Remuneration Policy

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

4.3 Meetings and Attendance during the Year 2009:

During the year, Remuneration and Compensation Committee met 4 (four) times respectively on February 25, 2009, March 04, 2009, March 25, 2009 and April 29, 2009 and necessary quorum was present at the meetings.

The attendance record is as per the table given below.

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. L. S. Sarma - Chairman	Independent	4	4
Mr. S. K. Mitra	Independent	4	3
Mr. Sunish Sharma	Non-Independent	4	3

4.4 Details of Remuneration paid or payable to Directors during the year 2009:

Name of Director	Mr. Atul K. Nishar – Chairman (Executive Chairman till 31.12.2009) Amount in Million (Rs.)
Salary and Allowances	2.59
Perquisites	Nil
Contribution to Provident Fund and Other Funds	0.17
Total	2.76

Independent Directors

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

This year the Board of Directors has decided to pay commission to the Independent Directors upto Rs. 0.7 million per person, aggregating to Rs. 3.5 million based on the period of their association with the Company during the year. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

Commission for the year 2008 of Rs. 3.26 million was paid during the year. Renewal of shareholders approval for payment of commission to Non-Executive directors from the year 2008 onwards is being sought at the ensuing Annual General Meeting.

The total number of stock options held by the Directors as at 31.12.2009 is as mentioned in the table 4.5.

4.5 Employee Stock Option Plan/ Sitting Fees/ Notice Period

Name of the Director	ESOP		Sitting Fees for attending Board / Committee Meeting Amount in (Rs.)	Notice Period
	No. of Options Granted during the year ESOP 2007	Total No. of Options held as at 31.12.2009		
Mr. Atul K. Nishar	Nil	Nil	N.A.	N.A.
Dr. (Mrs.) Alka Nishar	Nil	Nil	N.A.	N.A.
Mr. P. R. Chandrasekar	1,415,499 options 300,000 Spl. options 400,000 Performance options	3,29,846- RSUs 1,415,499 options 225,000 Spl. options 400,000 Performance options	N.A.	90 days
Mr. L. S. Sarma	Nil	20,000	4,20,000/-	N.A.
Mr. Shailesh V. Haribhakti	Nil	20,000	3,20,000/-	N.A.
Mr. Bakul Dholakia*	Nil	Nil	20,000/-	N.A.
Ms. Preeti Mehta	Nil	20,000	1,60,000/-	N.A.
Mr. S. K. Mitra	Nil	20,000	2,60,000/-	N.A.
Mr. Bharat Shah	Nil	Nil	1,60,000/-	N.A.
Mr. Sunish Sharma	Nil	Nil	N.A.	N.A.
Mr. Ashish Dhawan	Nil	Nil	N.A.	N.A.
Mr. S. Doreswamy#	Nil	Nil	N.A.	N.A.

* Ceased to be Director w.e.f. May 5, 2009.

Appointed as Additional Director w.e.f. February 17, 2010.

During the year, Kanga & Co. a legal firm, where Ms. Preeti Mehta, a Independent Director is a partner has been paid Rs 100,000/- as professional fees for legal services. The professional fees paid to the firm are not considered material to impinge on the independence of Ms. Preeti Mehta.

Notes regarding ESOP numbers mentioned in table above:

ESOP - 2007

Each Option entitles the holder to apply for and seek allotment of one Equity Share of Rs. 2/- each at price of Rs. 24.90 per share, which is determined as per the SEBI guidelines in force as on the date of grant. The Options shall vest on specified dates in four equal installments beginning March 04, 2010 onwards in every Calendar Year. The holder can exercise the options at any time after the date of vesting till March 04, 2016, subject to the conditions laid down in the ESOP scheme.

Special Performance Linked 1% Stock Options: - Each Option entitles the holder to apply for and seek allotment of one Equity Share of Rs. 2/- each at price of Rs. 24.90 per share, which is determined as per the SEBI guidelines in force as on the date of grant. The Options shall vest over a period of two years, first 50% vesting at the end of first year, on March 4, 2010 subject to the fulfillment of following conditions, that is 25% on achievement of Revenue Target and 25% on achievement of target of Profit after Tax as may be decided by the Board for the year 2009. The remaining 50% vesting at the end of the second year that is on March 4, 2011 subject to the fulfillment of following conditions, that is 25% on achievement of Revenue Target and 25% on achievement of target of Profit after Tax as may be decided by the Board for the year 2010. The holder can exercise the options at any time after the date of vesting till March 04, 2016 subject to the conditions laid down in the ESOP scheme.

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

ESOP – 2002

Restricted Stock Units (RSU) entitles the holder to apply for and seek allotment of one Equity Share of Rs. 2/- each at a discounted price of Rs. 2/- per share. RSUs are issued to Mr. P. R. Chandrasekar, Vice-Chairman and Global CEO, on June 30, 2008. All these RSUs are exercised by Mr. P. R. Chandrasekar and shares are allotted to him on January 28, 2010.

Each Stock Option granted to the Independent Directors entitles the holder to apply for and seek allotment of one Equity Share of Rs. 2/- each at a price of Rs. 54/- per share. The Options shall vest on specified dates in two equal installments beginning July 1, 2009. Exercise price is as per SEBI guidelines in force as on the date of grant. Mr. L. S. Sarma, Mr. Shailesh Haribhakti, Ms. Preeti Mehta and Mr. S. K. Mitra, Independent Directors, have exercised 10000 Options each and company has allotted 10000 Equity Shares of Rs. 2/- each on January 28, 2010 to each one of them. The holder can exercise the balance options after the date of second vesting, June 29, 2010 till June 29, 2013 subject to the conditions laid down in the ESOP scheme.

5. Shareholders/Investors Grievance Committee

5.1 Scope of Shareholders Grievances Committee's activities:

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

Shareholders Services:

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

- a) Procedure for Dematerialization of shares;
- b) Procedure for transfer of shares;
- c) Procedure for transmission of shares;
- d) Change of address;
- e) Dividend;
- f) Nomination Facility;
- g) Loss of Share Certificates;
- h) Rights as a shareholder;
- i) Result of Postal Ballot, if any;
- j) Facility of online Shareholders'/ Investors' Satisfaction Survey on a continuous basis.

5.2 Composition, Meetings and Attendance of Committee:

The composition of the Committee during the year is given below, all being Non-Executive Directors:

Name of the Director	Category
Mr. L. S. Sarma (Chairman)	Independent
Dr. (Mrs.) Alka Nishar	Non-Independent

There was no Shareholders / Investors Grievance Committee Meeting held during the year.

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

Nature of Complaints	Received	Year 2009 Cleared	Pending
Transfer, Transmission etc.	0	0	0
Dividend, Interest and Redemption	1	1	0
Annual Report	9	9	0
TOTAL	10	10	0

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

Pending Transfers: There are no pending transfers as on 31.12.2009

5.4 Company Secretary and Compliance officer As on 31.12.2009:

Name of the Company Secretary and the Compliance Officer	Mr. Bhagwant P. Bhargawe
Address	152, Millennium Business Park, Sector- 3, "A" Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.
Contact telephone	+91 22 4159 9595
E-mail	Investorinfo@hexaware.com
Fax	+91 22 4159 9578

6. Risk Management

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

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

7. Details of Annual General Meeting

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

Financial Year	General Meeting	Location	Date	Time
2008	16th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Tuesday, May 5, 2009	3.00 p.m
2007	15th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Monday, June 30, 2008	4.00 p.m
2006	14th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Tuesday, April 24, 2007	3.00 p.m

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

Financial Year	General Meeting	Sr. No.	Particulars of Special Resolutions Passed
2008	16th Annual General Meeting	1.	Appointment of Ms. Priyanka A Nishar, relative of Mr. Atul K. Nishar, Executive Chairman and Dr. (Mrs.) Alka A. Nishar, Director of the Company, as Account Manager in Hexaware Technologies Inc. USA, a wholly owned subsidiary of the Company and the payment of remuneration by Hexaware Technologies Inc, USA which results in holding an office or place of profit in the subsidiary.
		2.	Ratification of one time payment of Joining Bonus paid to Mr.P.R.Chandrasekar by Hexaware Technologies Inc. a wholly owned subsidiary of the Company.
2007	15th Annual General Meeting	1.	Holding of an Office or Place of Profit by Mr. P. R. Chandrasekar, a director of the Company as a Director of Hexaware Technologies Inc., USA and the payment of remuneration by Hexaware Technologies Inc, USA
		2.	To Approve the Employee Stock Options Scheme – 2008 (ESOP Scheme 2008) for the Employees of Hexaware Technologies Ltd.
		3.	To Approve the Employee Stock Options Scheme – 2008 (ESOP Scheme 2008) for the Employees of the Subsidiaries of Hexaware Technologies Ltd.
		4.	To Grant/Offer, Issue and Allot Equity linked instruments including options / warrants / RSUs / PSUs exercisable into equity shares of the Company to Mr. P. R. Chandrasekar under the Employees Stock Options Scheme 2002, 2007 or 2008 in any one year exceeding 1% of the Issued Equity Share Capital of the Company.
2006	14th Annual General Meeting	1.	Re-appointment of Mr. Atul K. Nishar as Executive Chairman for an additional period of three years w.e.f. January 1, 2007 to December 31, 2009 and increase in/revision of remuneration payable to him w.e.f. April 1, 2007.
		2.	Re-appointment of Mr. P.K. Sridharan as President and Executive Director for an additional period of three years w.e.f. January 7, 2007 to January 6, 2010 and increase in/revision of remuneration payable to him w.e.f. April 1, 2007.
		3.	Authorising Board of Directors to appoint Branch Auditors for its branches whether existing / to be opened in India/abroad, in consultation with Company's Auditors and fix their remuneration.

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

Financial Year	General Meeting	Location	Date	Time
2007	Extra Ordinary General Meeting	Patkar Hall, New Marine Lines, Mumbai – 400 020.	Tuesday, September 11, 2007	03.00 P.M.
2006	Extra Ordinary General Meeting	Patkar Hall, New Marine Lines, Mumbai – 400 020.	Thursday, April 13, 2006	11.00 A..M.
2004	Extra Ordinary General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Tuesday, October 19, 2004	11.30 A.M.

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

Financial Year	Sr. No.	Particulars of Special Resolutions
2007	1.	Issue of Securities to permanent employees of the Company not exceeding 5% of the aggregate of the number of issued equity shares of the Company on the date of the grant under the “Hexaware Technologies Ltd. - Employee Stock Option Scheme – 2007”.
	2.	Issue of Securities to permanent employees of the subsidiary companies under the “Hexaware Technologies Ltd. - Employee Stock Option Scheme – 2007” within the aforesaid limit of not exceeding 5% of the aggregate of the number of issued equity shares of the Company on the date of the grant.
2006	1.	Alteration of Article 3 of Articles of Association consequent to increase of Authorised Share Capital of the Company from Rs. 65/- crores to Rs. 221.31 crores.
	2.	Approval of Preferential Allotment of shares to FII - GA Global Investments Ltd.
2004	1.	Enhancing the investment limit by Foreign Institutional Investors from 40% to 74% subject to the condition that the equity shareholding of each FII / SEBI approved sub-account of FII in the Company shall not at any time exceed 10% of its total paid up share capital.

7.3 POSTAL BALLOT

No Postal Ballot was conducted during the year.

8. Disclosures

- (a) There are no transactions with related parties i.e. with the Promoters, Directors, Management, subsidiaries or relatives that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in Note No. 5 of schedule I2B to the Standalone Accounts of the Company in the Annual Report.
- (b) There has been no instance of non compliance by the Company, no penalties or strictures being imposed on the Company by the Stock Exchanges or SEBI or any statutory authority or any matter related to capital market during the last three years.
- (c) In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, on prevention of Insider Trading, the Company has a comprehensive code of conduct and the same is being strictly adhered 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 quiet periods (closure of trading window) prior to the publication of price sensitive information. During the quiet period, the Company has set up a mechanism where the directors, management and relevant staff a business associates of the Company are informed about the same and are advised not to trade in Company's securities.

- (d) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure I D to clause 49 of the Listing Agreement with the Stock Exchanges:
- (i) Remuneration Committee: The Company has set up a Remuneration & Compensation Committee. Please see the para on Remuneration and Compensation Committee for details.
 - (ii) Auditors qualification: Nil
- (e) Details for utilization of proceeds, during the Financial Year 2009, from preferential issue in 2006:

	(Rs. in million)
i) Investment in Chennai Siruseri campus project	47.65

9. Means of Communication

- (a) The quarterly and half yearly results were published in Free Press Journal and the Navshakti in Marathi.
- (b) The Company's audited and un-audited periodical financial results, press releases and the presentations made to institutional investors and analysts are posted on the Company's web site - www.hexaware.com and websites of BSE and NSE viz. www.bseindia.com and www.nseindia.com.
- (c) The Management Discussion and Analysis (MD&A) report has been included in this Annual Report.
- (d) The Company has also posted information relating to its financial results on Electronic Data Information Filing and Retrieval System (EDIFAR) at www.sebiedifar.nic.in as required by the Stock Exchange, Mumbai

10. General Shareholder Information

10.1 Seventeenth Annual General Meeting

Day/Date	Thursday, April 29, 2010
Time	2.30 p.m.
Venue	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.

10.2 Financial Calendar for the Year 2009

Financial Year	January 1, 2009 to December 31, 2009
Dividend Payment	Interim Dividend paid on August 20, 2009 @ Rs. 0.60 per share (30%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. The Board of Directors have recommended final dividend @ Rs. 0.80 per share (40%) which may be approved by shareholders at the ensuing Annual General Meeting.
Book Closure	Thursday, April 22, 2010 to Thursday, April 29, 2010 (both days inclusive).
Listing on Stock Exchanges	<ol style="list-style-type: none"> 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. Global Depository Receipts listed on 3) London Stock Exchange Plc. 10 Paternoster Square, London EC4M 7LS

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

March 31, 2010	By April 30, 2010
June 30, 2010	By July 31, 2010
September 30, 2010	By October 31, 2010
December 31, 2010	By February 28, 2011
Annual General Meeting for the year ending December 31, 2010	On or before June 30, 2011

10.3 Registered Office

The Registered Office of the Company is situated at:
 I52, Sector-III, Millennium Business Park, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.

10.4 Scrip Information:

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

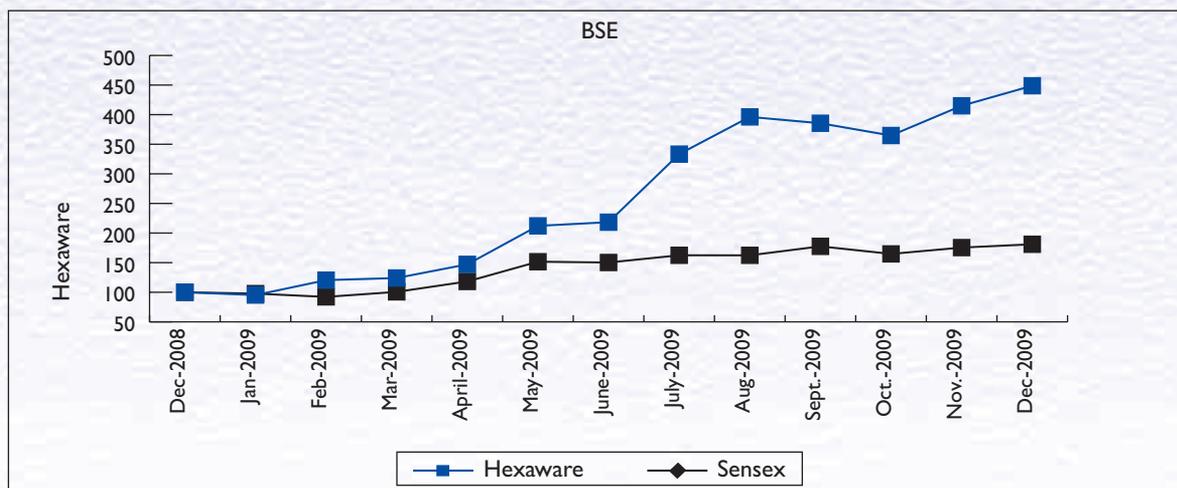
10.5 Stock Market Data:

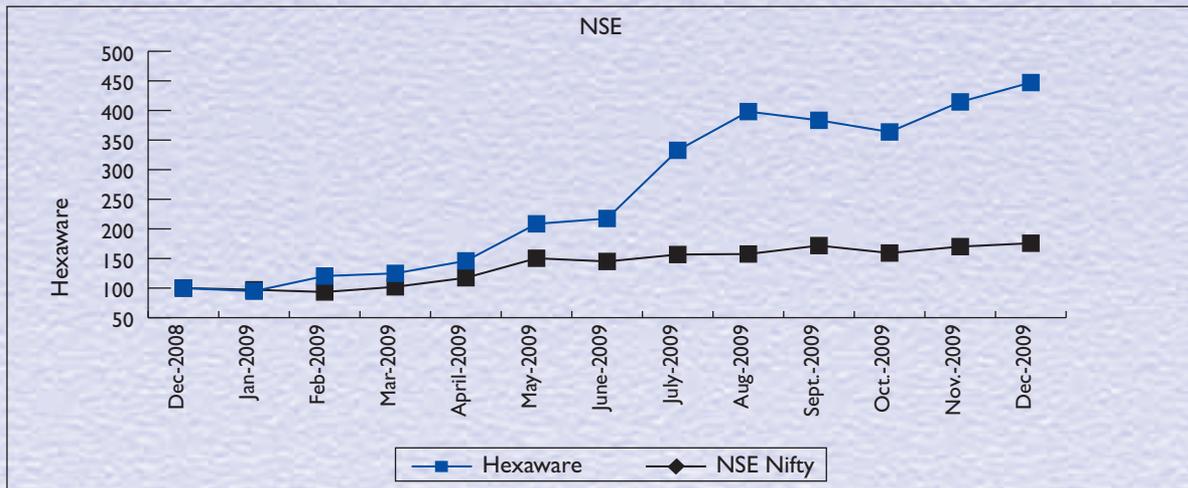
The high / low of the shares of the Company from January 2009 to December 2009 is given below :

Month	Bombay Stock Exchange (Rs.)		National Stock Exchange (Rs.)	
	High	Low	High	Low
January'09	23.80	18.75	23.70	18.00
February'09	42.00	19.05	40.20	19.05
March'09	32.00	20.60	32.70	20.50
April'09	38.40	25.70	37.90	25.50
May'09	48.65	30.55	48.75	30.60
June'09	54.90	44.10	55.00	44.10
July'09	70.75	36.75	70.95	36.50
August'09	89.70	65.35	89.85	60.70
September'09	86.00	71.05	86.25	65.60
October'09	94.50	69.40	94.40	73.00
November'09	95.10	69.05	95.30	69.00
December'09	102.80	87.95	102.75	87.10

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

10.6 Stock Performance : (Indexed)





10.7 Registrar and Share Transfer Agents:

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

M/s. Sharepro Services (India) Private Limited

Unit: Hexaware Technologies Limited

13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange,

Off: Andheri-Kurla Road, Sakinaka, Andheri (East), Mumbai 400 072

Tel. Nos : 67720300 / 67720400

Fax. Nos: 28591568 / 28508927

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

10.8 Share Transfer system:

The trading in Equity Shares of the Company is permitted only in dematerialized form.

Share Transfers in physical form are registered and returned between 15 to 30 days from the date of receipt, if documents are in order in all respects.

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

10.9 Distribution of Shareholding:

As on December 31, 2009

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 – 500	82,038	94.74	9,388,360	6.54
501 – 1000	2,611	3.02	2,012,343	1.40
1001 – 2000	950	1.10	1,435,973	1.00
2001 – 3000	281	0.32	715,438	0.50
3001 – 4000	157	0.18	561,119	0.39
4001 – 5000	121	0.14	566,796	0.39
5001 – 10000	198	0.23	1,454,858	1.01
10001 and above	236	0.27	127,515,848	88.77
Total	86,592	100.00	143,650,735	100.00

Categories of Shareholding (as on December 31, 2009)

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters Holdings	41,158,102	28.65
2.	Mutual funds / UTI	5,072,865	3.53
3.	Banks / Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non-Govt. Institutions)	5,261,109	3.66
4.	FII's / GDR	64,883,498	45.17
5.	Others:		
	- Private Corporate Bodies	8,019,810	5.58
	- Indian Public	17,463,138	12.17
	- NRIs / OCBs	1,756,913	1.22
	- Trust	35,300	0.02
	Sub Total	27,275,161	18.99
	TOTAL	143,650,735	100.00

Pledge of Shares: - None of the promoters have pledged their shares as on December 31, 2009.

Top 10 Shareholders as on December 31, 2009: -

Sr. No.	Name of the Shareholder	No. of Shares	% of Shareholding
1.	Elder Hides And Leather Pvt. Ltd.	40,601,262	28.26
2.	Dali Limited	14,313,647	9.96
3.	FID Funds (Mauritius) Limited	12,980,834	9.04
4.	GA Global Investments Ltd.	10,569,790	7.36
5.	J P Morgan Chase Bank	10,555,700	7.35
6.	Life Insurance Corporation of India	5,248,199	3.65
7.	Sonata Investments Limited	4,000,000	2.79
8.	Citigroup Global Markets Mauritius Private Limited	3,482,070	2.42
9.	Daivi Ventures	2,675,635	1.86
10.	New Vernon India Limited	2,476,505	1.72
	Total	106,903,642	74.41

10.10 Dematerialization of Shares and liquidity:

Procedure for dematerialization / rematerialization of shares:

Shareholders seeking demat/remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificate to Registrars 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.

98.18% of the issued capital of your Company has been dematerialized up to December 31, 2009.

10.11 Dividend payment date: The Board has declared and paid the interim dividend on August 20, 2009 @ Rs. 0.60 per share (30%) and the same dividend may be confirmed by shareholders at the ensuing Annual General Meeting. The Board has proposed final dividend @ Rs. 0.80 per share (40%) to the shareholders for their approval.

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

1. Global Depository Receipts (GDR)

The outstanding GDR as on December 31, 2009 is 89,780.

The outstanding unregistered ADR as on December 31, 2009 is 10,555,700.

Both do not have impact on equity.

2. Warrants / Options:

1. 18,538 Warrants outstanding under ESOP Scheme 1999 entitles the holder to get allotted one equity share of Rs. 2/- each in the Company for every block of 3 warrants at a price of Rs. 9/- per Equity share within a period of ten years commencing from February 1, 2001 (exercise period) and any proportionate entitlement arising out of any corporate actions in accordance with the said Scheme.
2. 1,103,924 Options outstanding under ESOP Scheme 2002 entitles the holder to get allotted one Equity share of Rs. 2/- each in the Company at an exercise price being as per the SEBI guidelines in force on the date of the grant or such price that was determined by the Remuneration and Compensation Committee ('Committee'). The options shall vest in four equal installments or as determined at the discretion of the Committee.
3. 6,567,992 Options outstanding under ESOP Scheme 2007 entitles the holder to get allotted one Equity share of Rs. 2/- each in the Company at an exercise price being the latest available closing price of the shares on the Stock Exchange, which recorded the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Board / Remuneration Committee at which the Securities were granted or at such price as the Board / Remuneration Committee may determine. The options shall vest in four equal installments or as determined at the discretion of the Committee.
4. 140,262 Options outstanding under ESOP Scheme 2008 entitles the holder to get allotted one Equity share of Rs. 2/- each in the Company at an exercise price being the latest available closing price of the shares on the Stock Exchange, which recorded the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Board / Remuneration Committee at which the Securities were granted or at such price as the Board / Remuneration Committee may determine. The options shall vest in four equal installments or as determined at the discretion of the Committee.

Assuming all the Warrants / Options, granted, under all the four 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 7,818,357 of Rs. 2/- each.

10.13 Plant Locations: (Hexaware Technologies Limited, India)

Registered Office & Offshore Development Center	152, Sector III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710	Mumbai
Offshore Development Center	I, Sector – III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Mumbai
Offshore Development Center	Hexaware Towers, (HT-I), 51/3, G. N. Chetty Road, T. Nagar, Chennai – 600 017	Chennai
Offshore Development Center	SIPCOT IT Park, Navalur Post, Siruseri - 603 103.	Chennai
Offshore Development Center	E Space - IT Park, Bldg. No. A3, 4th and 5th Floor, Survey No. 46/1, Vadgaon Sheri, Nagar Road, Pune – 411 014.	Pune

10.14 Transfer of unclaimed dividend to Investor Education and Protection Fund

Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of Section 205C of the Companies Act, 1956. Shareholders are advised to claim the un-encashed dividend lying in the unpaid dividend account of the company before the due date. Given below are the dates of declaration of dividend and corresponding dates when unclaimed dividends are due for transfer to IEPF.

Date of declaration / payment of dividend	Dividend for the year	Due date for transfer to IEPF
June 9, 2004	2003	August 14, 2011
April 4, 2005	2004	June 9, 2012
October 27, 2005 (Interim)	2005	January 01, 2013
June 29, 2006	2005	September 03, 2013
July 18, 2006 (Interim)	2006	September 22, 2013
April 24, 2007 (Final)	2006	June 29, 2014
August 08, 2008 (Interim)	2008	October 14, 2015
May 5, 2009 (Final)	2008	July 10, 2016
July 29, 2009 (Interim)	2009	October 3, 2016

10.15 Investor Correspondence

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

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

Shareholders can contact the following Officials for financial matters:

Name	E-Mail ID	Telephone Number	Fax No.
Prateek Aggarwal	prateeka@hexaware.com	+ 91 22 4159 9595	+91 22 4159 9578
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 Mahape, Navi Mumbai – 400 710.
 E-mail: investorinfo@hexaware.com

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

At the ensuing Annual General Meeting, Mr. L. S. Sarma, Mr. Shailesh V. Haribhakti and Mr. S. K. Mitra, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Mr. Ashish Dhawan and Mr. S. Doreswamy have been appointed on the Board as Additional Directors of the company w.e.f. May 20, 2009 and February 17, 2010 respectively. 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, 5, 7 and 8 of the Notice of 17th Annual General Meeting, as per the revised Corporate Governance code defined under Clause 49 of the Listing Agreement are furnished below :

Name of the Director	Mr. L. S. Sarma	Mr. Shailesh V. Haribhakti	Mr. Subrata Kumar Mitra	Mr. Ashish Dhawan	Mr. S. Doreswamy
Date of Birth	October 11, 1928	March 12, 1956	January 16, 1948	March 11, 1969	September 30, 1937
Date of first Appointment	March 11, 2000	May 25, 2006	November 30, 2007	May 20, 2009	February 17, 2010
Experience in specific functional area	Banking and Financial Services over more than three and half decades.	Accomplished Chartered Accountant and Chairman, BDO Consulting Pvt. Ltd.	Banking and Financial Services over more than three decades.	Experience in handling Private Equity Firm managing 2.25 Billion Dollar Assets	Banking and Financial Services over more than three and half decades.
No. of Shares held in the Company as on 31.12.2009	Nil	10100*	Nil	Nil	Nil
Qualification	Masters Degree in Commerce (First Class), CAIIB	Fellow Member of ICAI, Certified Internal Auditor, Certified Financial Planner, Graduate Cost Accountant and Certified Fraud Examiner.	M Sc and Masters of Business Administration from USA	MBA with distinction from Harvard University and Dual Bachelors Degree (BS/BA) in Applied Mathematics and Economics from Yale University.	B. Sc and Post Graduate in Law (B.L)
List of Companies in which directorship held as on 31.12.2009	Granules India Limited, Caliber Point Business Solutions Limited	Pantaloon Retail (India) Limited, Future Capital Holdings Limited, Ackruti City Limited, ACC Limited, Ambuja Cements Limited, Mahindra Life Space Developers Limited, Blue Star Limited, The Dhanalakshmi Bank Limited, Raymond Limited, J. K. Paper Limited, Kotak Mahindra Trusteeship Services Limited, Hercules Hoists Limited, Everest Kanto Cylinder Limited, Fortune Finance Services (India) Limited, Morarjee Textiles Limited, BDO Haribhakti Consulting Private Limited, Advantage Moti India Private Limited, Quadrum Solutions Private Limited, Milestone Ecofirst Advisory Services (India) Private Limited, J M Financial Asset Reconstruction Co. Private Limited	QSK Advisory Services Pvt. Ltd., Bharti Axa Investment Managers Private Limited, SKP Securities Limited, Reach (Cargo Movers) Private Limited, Agile Financial Advisors (P) Limited, Mangal Keshav Securities Limited, Mangal Keshav Holdings Ltd., Century Real Estate Holdings (P) Limited, Avigo Capital Partners Pvt. Ltd., BDO Haribhakti Consulting Pvt. Ltd.	Suzlon Energy Limited, Chryscapital Investment Advisors (India) Private Limited, Chryscapital II LLC, Chryscapital III LLC, Chryscapital IV LLC, Chryscapital V LLC	Caliber Point Solutions Limited, Ceat Limited, Pantaloon Retail India Limited, Shakti Sugars Limited, DSP Merrill Lynch Trustee Co. Ltd., Rama Newsprint and Paper Limited.
Chairman / Members of the Committee of the Board of Companies in which he is Director as on 31.12.2009#	Granules India Limited [Audit Committee - Chairman], Caliber Point Business Solutions Limited [Audit Committee - Member]	Future Capital Holdings Limited [Audit Committee - Chairman], Ackruti City Limited [Audit Committee - Chairman], ACC Limited [Audit Committee - Chairman], Ambuja Cements Limited [Audit Committee - Member], Mahindra Lifespace Developers Limited [Audit Committee - Member], Blue Star Limited [Audit Committee - Member], The Dhanalakshmi Bank Limited [Audit Committee - Member], Raymond Limited [Audit Committee - Chairman]	Nil	Nil	Caliber Point Business Solutions Limited [Audit Committee] Ceat Limited [Audit Committee and Investor Grievance Committee] Pantaloon Retail India Limited [Member Audit Committee and Chairman - Investor Grievance Committee] Shakti Sugars Limited [Audit Committee] Rama Newsprint and Paper Limited [Chairman - Audit Committee]

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

* 30,000 shares bought by his HUF in March 2010 and 10,000 shares allotted to him under ESOP on January 28, 2010.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai
Date : March 19, 2010

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, 2009 and that to the best of our knowledge and belief:
 - (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these financial statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein; if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

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

Mr. Prateek Aggarwal
Chief Finance Officer

Date: February 17, 2010

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 31st December 2009, 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 the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For Deloitte Haskins & Sells

Chartered Accountants
(Firm Registration No. 117366W)
Mumbai, March 19, 2010

R. D. Kamat
Partner
Membership No. 36822

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

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

As Vice-Chairman and Global Chief Executive Officer of Hexaware Technologies Limited and as required by Clause 49 (I) (D) (ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company as identified by the Company considering the requirements in this respect under Clause 49 (I)(D), of Corporate Governance, have affirmed compliance with the Code of Conduct for the financial year 2009.

P. R. Chandrasekar
Vice-Chairman and Global CEO
Place : Mumbai
Date : February 17, 2010

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. Business Overview

Differentiation holds the key

Hexaware is at the forefront of IT service providers that offer differentiated services using a unique network of global delivery models. Your Company is adept in delivering specific business technology solutions. Your Company's strength lies in its innate ability to understand the requirements of its clients and to continuously build the competencies and strengthen the domain capabilities to provide integrated IT, BPO and consulting solutions customized to client's business-specific needs. Your Company's position as a leader in its chosen focused segments gives it the strength to invest in domains and technology capabilities ahead of the demand curve; to differentiate through flexible business models and offer value added services.

Your Company focuses on delivering business impact to its clients by maximizing returns on their investments in IT and through Business Process Outsourcing solutions. Your Company's unique capabilities allow it to leverage strong partnerships, latest technology innovations and human capital to deliver excellence through its global delivery model.

Hexaware has achieved market leadership in the domain areas of Capital Markets, Airlines and HR IT as well as possesses strong capabilities in the Enterprise Solutions and Quality Assurance services which are high growth business areas in the outsourcing space. Your Company leverages strategic partnerships with global leaders in technology and business solutions and provides clients with end-to-end business solutions.

Recognizing the need for scale and capacity in competing for large contracts against top-tier competitors, your Company has been making substantial investments in expanding its front-end capabilities, its human capital base and leveraging its world-class infrastructure facilities.

2. Market Developments

The year 2009 was a difficult year for the entire world. Not only did this have an impact on the demand environment in the IT and ITES industry, it also had

a huge impact on economic metrics like foreign exchange rates, economic growth expectations and the cost structures globally.

Rapidly changing global economic and business conditions are creating an increasingly competitive environment that is driving companies to transform their operations globally. While the expectations of the customers have increased manifold; your Company is committed to satisfy clients with improved quality of service, and accelerated delivery schedules with a focus on strengthening strategic partnerships even more during tough times.

When the demand scenario in the world is under pressure, there is a far greater need for global companies to look for specialists with experience in their areas of business, technology and operations to drive their company's strategic goals and objectives. During this year, your Company focused in strengthening its service offerings and enhancing the solutions and capabilities to address the business requirements of its customers.

3. Organization structured by Vertical

During the year 2009, your Company adopted a transformation approach and organized the Company under select verticals. Your Company is more focused on growing the existing customer base by offering them various service lines we operate in, thereby becoming a strategic partner to customers.

Apart from our specialization in the horizontals, the focus is now also on developing the vertical competencies and domain capabilities. This helps us further understand the business of our customers and hence position ourselves to serve them across a variety of projects.

The verticals that have been selected for this focus are:

- i. Banking, Financial Services and Insurance (BFSI),
- ii. Travel, Transportation, Hospitality and Logistics (TTHL) and
- iii. Emerging Verticals
 1. Life Sciences and Healthcare,
 2. Manufacturing and

3. Professional Services.

Even within these select verticals, your Company strength is recognised in the area of capital markets in the BFSI space and in the field of Airlines (Travel) in the TTHL space. During the year 2009, your Company took the first steps in establishing the Life Sciences and Healthcare practice. The plans for the year 2010 include seeding the new vertical called Manufacturing to enhance the synergies with the core areas of strength – viz. Enterprise Solutions and Quality Assurance.

4. Key Service Lines (Horizontal)

Your Company provides end-to-end business solutions, leveraging domain expertise from the verticals mentioned above and latest technologies, thereby enabling its customers to enhance business performance at the optimum cost model.

- **Enterprise Solutions:**

- PeopleSoft Services

One of your Company's primary focuses is on PeopleSoft that includes Human Resource Management System and Human Capital Management, Financial and Supply Chain Management, Customer Relationship Management and Enterprise Performance Management solutions. Your Company has several successful project experiences in the field of PeopleSoft and is staffed with a large number of experienced and competent professionals, functional experts and technical experts who bring a rich and wide plethora of experience in a variety of industries including Banking, Financial Services, Insurance (BFSI), Manufacturing, Airlines and Education.

Your Company has developed several solution toolkits and frameworks that enable the clients to update from an earlier PeopleSoft version to the next version with material reduction in the project timelines and with minimal errors during the course of version upgrades.

- SAP Services

While your Company is an acknowledged leader in the area of PeopleSoft Services, your Company offers a range of end-to-end SAP services, anchored around process driven solutions and in keeping with the changing market conditions, for major industry segments such

as Banking and Financial services, Manufacturing and Others.

Your Company helps enterprises leverage SAP Solutions to efficiently manage Enterprise Resource Planning (ERP), proactively handle Supply Chain Management (SCM) and build sales and marketing efficiency through Customer Relationship Management (CRM).

Your Company has built solution accelerators around ERP packages like SAP that ensure a material reduction in project time lines and correspondingly benefits in cost for its customers.

- Oracle Services

Hexaware is a worldwide PLATINUM partner of Oracle. Apart from delivering services in all standard Oracle applications, your Company has specialized offerings in Oracle e-Business Suite, Siebel, etc., and has gained prominence in certain specialized domain areas like campus solutions, etc.

Additionally, in order to further leverage the capabilities built around PeopleSoft (part of Oracle Corp), your Company pursues a vision of providing focused solutions in Fusion, an ERP being developed by Oracle with best features of both Oracle and PeopleSoft.

As a result, your Company is focused on strengthening the presence in the Oracle Services space. Currently, our solutions include HRMS, financials, manufacturing, supply chain and distribution and CRM.

- Microsoft Dynamics Services

Your Company has a dedicated practice to provide end to end solutions to its customers using Microsoft Dynamics in the areas of consulting, implementation, support and maintenance, upgrade, consolidation and integration, independent verification and validation services.

Your Company has a pool of talented, certified functional and technical consultants who have rich experience and in-depth knowledge on Microsoft Dynamics to provide solution across various business domains.

- **Business Intelligence and Analytics (BI & A)**

Your Company offers Business Intelligence Solutions that can provide the right information to everyone in the enterprise - including

in-depth analysis and reporting capabilities that are required to understand business, make the right decisions, gain competitive edge and increase profitability.

Your Company adopts a product agnostic approach and has focused resources in order to build different solution accelerators and tool-kits to enable smooth and swift implementation. BI & A has been the leading horizontal practice in terms of the annual growth rate in 2009, notwithstanding the market conditions prevalent in the global economy.

Your Company's wholly owned subsidiary Risk Technology International Limited (RiskTech) focuses exclusively on offering a comprehensive suite of technology-intensive solutions in the domain of enterprise risk and compliance management, primarily for financial institutions worldwide. RiskTech has been in existence since July 2007 and caters to several large banks globally.

- **HR IT Services**

Your Company has focused on the HR-IT space for several years now and has built leadership position based on successful experiences in the Human Resource Management Systems (HRMS) in the IT domain and in Human Resources Outsourcing (HRO) in the BPO domain.

Your Company has enabled the automation of all the HR systems and HR processes that support employee management from "Recruit to Retire" functions within the organization. Covering "Recruit to Retire" HR functions, your Company's service range is designed to serve as a bridge between HR strategy, processes and technologies - thereby enabling HR to better align with an ever increasing business role. Payroll Application, HR Application Outsourcing, Enterprise Learning Management, Portal Implementation / Integration and HR Analytics are key components of your Company's solution set providing a single-front to the unified IT and BPO solutions.

Recently, your Company has launched shared services in both, the IT domain (Software as a Service) and the BPO domain (Oracle powered BPO). These new delivery models are likely to accelerate, going forward, in preference to the models currently in vogue.

- **Quality Assurance and Testing Services**

Your Company helps customers leverage its best practices, reusable assets, comprehensive test repository, global delivery centers and execution models and provides 24 x 7 support to deliver reliable and quality software. Your Company focuses on Quality Assurance and Testing Services (QATS) to provide enhanced value addition to customers.

Your Company synergizes with the automated testing expertise gained from FocusFrame to provide a Unified Service Offering (USO) which effectively uses Approach, People and Technology (APT) for better performance and enhanced customer satisfaction.

Your Company has built several service offerings based on test strategy consulting, automated test solutions, manual testing, test COEs, performance testing, etc. In addition, the Company has leveraged its near-shore global delivery center at Mexico, to offer quality assurance and testing services to its clients based in North America.

- **Application Development and Management**

Your Company's Application Development and Management (ADM) Services steer business processes and promote business growth by focusing on impacting operational efficiency.

Your Company has integrated legacy modernization service offerings that include application re-engineering, application optimization and migration from mainframe systems and for providing web services.

Your Company is an ideal partner to manage its customers' legacy renewal risks whilst they concentrate on their 'core' business & other 'strategic' initiatives.

- **Technology Consulting Services**

Your Company assesses different technology strategies for its customers. These strategies are then structured - through strategic, architectural, operational and implementation roadmaps - to complement business goals and objectives.

Your Company has demonstrated capabilities in delivering business transformations through multiple legacy modernization and BPO engagements with leading global customers in the areas of offshore

advisory, application portfolio management services and architecture technology consulting services.

- **BPO Services**

Your Company offers comprehensive Business Processing Outsourcing (BPO) to global organizations. Specializing in IT led Transformational BPO services, your Company's wholly owned subsidiary Caliber Point covers the Healthcare, Human Resources and Finance and Accounting Domains.

Your Company is primarily focused on a few service offerings as a part of the corporate growth strategy. The Company is a leader in the space of Human Resources Outsourcing (HRO) where your Company offers end-to-end services in the field of Human Resources – commencing with Recruitment and culminating in Retirement or Relocation to the next employment.

In addition to HRO, your Company is focused in the field of Finance Outsourcing. Your Company has invested heavily in establishing large business in the area of Finance and Accounts Outsourcing (FAO). In the same spectrum, your Company is focused on Financial Services Outsourcing (FSO). Activities in this arena include financial analytics including research activities in the equity research, fixed income markets research and analysis of several financial markets including commodity and other classes of investment assets.

5 Opportunities and Strengths

A. Opportunities

Your Company continues to focus on its strategy of being a specialist player with different niches identified and gaining significant market share of the opportunities available in the chosen market segments. These strengths in the chosen business segments were built by your Company through concerted efforts and from the vast knowledge pool and key learnings from various client engagements, over the years. It is these past experiences that place your Company in good stead to succeed in its niches.

In the years to come, your Company will remain focussed by aligning its service delivery along the following lines:

- Hexaware believes in **broadening the canvas** of technical services delivered by it. From being a PeopleSoft oriented company, the Company has successfully built competencies in other ERP packages like SAP, Oracle and Microsoft Dynamics, thereby developing itself into a comprehensive Enterprise Solutions provider. This strategy of adding related service areas to its chosen niche provide two benefits for your Company:
 - An option to de-risk away from PeopleSoft and
 - Open new vistas of growth for your Company.
- Your Company has also worked over the years in developing **new service areas**. The FocusFrame acquisition in the year 2006 enabled your Company to add automated testing and test strategy consulting to its bouquet of service offerings. Another instance of a new service offering is through your Company's wholly owned subsidiary RiskTech which enables your Company to provide a new service in the form of Enterprise Risk Management for its clients. Another new offering introduced in 2009 is Remote Infrastructure Management Services (Remote IMS), which by the end of the year has already succeeded in attracting I I customers!
- Your Company works in actively pursuing the opportunities in its existing geographies and at the same time tries to build a **foothold in new geographies**. Your Company has enhanced its sales presence in India and in Australia – from the Asia Pacific Geography perspective. In addition, we have grown our presence in Canada and Mexico during the last year. Your Company shall continue to focus on venturing into new geographies where we find scalable and meaningful business opportunities for our service offerings.
- Your Company's growing focus on providing services to its clients **from various geographies**, which provide the benefit of multiple time zones and availability of multinational talent pool augurs well for the Company.

The Company currently operates from its offshore delivery centers spread across four cities – Chennai, Mumbai, Pune and Nagpur in India and near shore delivery centers – Mexico and United States of America.

- Your Company has observed an increasing demand for its services being packaged as a **bundled offering**, from various customers. Such combined customized service offerings have helped your Company win multiple large opportunities in the past. The ability of your Company to create new service offerings around such combination of its multiple niches should future open a world of new opportunities.

The combination of these strategies put together shall pave the path for your Company to grow the existing accounts that have a potential to grow large as well as to acquire new customers.

B. Strengths:

a. Innovative and Flexible Approach to Client Needs

Your Company has an enviable track record in building, operating and delivering solutions using innovative and flexible cost and delivery models. The models provide a framework for outsourcing large application development and management services and provide the customer with economies of scale and meet the unique customers' requirements. For certain customers, your Company has leveraged its multiple global delivery centers to execute the projects and deliver maximum value to its clients.

b. Long-term and strong customer relationships

Your Company has a good track record for forging long-term mutually rewarding relationships with large multi-national corporations built on successful prior engagements with them. 30% of the active customers contribute more than USD 1 million per client on a trailing twelve month basis. In addition, 30% of the active customers appear on Fortune 500 / Global 500 listing.

Your Company's track record of delivering high quality solutions across the entire software life cycle and the strong domain expertise helps to strengthen these relationships, leading to repeat business and high customer retention. For the year 2009, your Company had repeat-business of approximately 96.90% emphasizing the extent of client relationships.

c. In-depth industry knowledge

Your Company has identified select market places and has attained leadership positions in the areas of focus. From a vertical perspective, your Company has a strong position in the Capital Markets domain, in the Airlines domain and continue to focus on the BFSI and TTHL verticals.

Your Company continues to build and demonstrate specialized industry expertise in the banking, insurance and transportation industries. Your Company's customer centric approach enables its to gain an in depth understanding of client needs and technologies, to develop its capabilities in the chosen niche areas.

d. Robust Operations and Execution Excellence

Your Company's strength lies in its consultative, pro-active and result-oriented approach to achieve optimum results for clients through delivery excellence. Your Company is dedicated to attaining world-class delivery standards through a resolute focus on continuous improvements.

Given the difficult macro-economic scenario, your Company has maintained its focus and has enhanced the technical utilization to 75% towards the second-half of 2009. Your Company shall strive to maintain a high level of technical utilization.

It has attained high standards of process maturity measured through PCI Index, which have helped to deliver a strong business performance in 2009.

e. Preferred Employer

Your Company has high quality talent in the Indian technology services industry and is committed to remain an employer of choice. Your Company has been ranked amongst the top 20 "Best IT Employers" in the DQ IDC Survey for several years consecutively.

Towards the latter half of 2009, your Company inducted 330 fresh graduate engineers from different campuses. These fresh campus recruits are undergoing training programs through boot-camps

and are being gradually inducted in to the billable technical pool in a phase-wise manner. Your Company is committed to recruiting additional fresh graduate engineers as the business environment continues to improve.

6. Business Outlook

The Year 2009 was a difficult year from the global economy perspective. As a result, your Company placed additional emphasis on shoring up its operational performance. Through 2009, the profitability metrics enhanced across all the levels – from gross margin, to operating margin and passing down to PAT.

As the year 2010 begins, your Company is committed to maintaining high levels of operational performance while looking to participate in the growth opportunities as the markets open up through 2010. The current visible outsourcing trends signify higher extent of offshoring due to extensive cost pressures on the Business As Usual parts.

Your Company's key revenue stream for the year 2010 will continue to come from the key service offerings in the vertical and horizontal practices. BPO, Quality Assurance and Testing Services will provide a good stimulus for growth along with the enterprise solutions. These platforms continue to be the focus of your Company, on which future new verticals and horizontals will be built.

With the visibility of a formidable order book, your Company is confident of strengthening business in terms of quality, client base, geographies, verticals and horizontal services by which every stakeholder's value is expected to be enhanced. We verticalised the organization through 2009 with an emphasis towards institutionalizing operational excellence and integration.

7. Risks and Risk Management:

India is now being increasingly looked as the hub for rendering IT / ITeS services. While your Company focuses on bringing in more business and continually satisfying its customers and investing towards its long-term relationship, it is of utmost importance that a risk mitigation process is embedded in the policy and procedures followed which will insulate the Company from the risk that may arise out of business propositions.

Risk Management

Your Directors contribute to framing policies and procedures to be implemented for mitigating potential risks involved. The Vice-Chairman & Global CEO and the Chief Finance Officer of your Company affirm the compliance to the policies and procedures framed by your Company. The affirmation is based on the certification received from every Department / Function Head.

The risks analyzed are discussed below:-

(i) Revenue Concentration Risks

Domain Concentration

Your Company's organization is structured along focus in select verticals. During the last 18 months, your Company has enhanced its presence in Banking, Financial Services and Insurance (BFSI) and in the Travel, Transportation, Hospitality and Logistics (TTHL) space. During the same period, your Company has taken the first steps towards establishing presence in the Healthcare Vertical.

On the vertical front, the revenues aggregate globally as follows:

Verticals	2009	2008
	(%)	(%)
BFSI	41.5	41.1
Travel & Transportation (TTHL)	17.5	16.5
Emerging Segments	29.5	28.8
Others	11.5	13.6
Total	100.0	100.0

Service Concentration

Your Company focuses on Enterprise Application Services (EAS, primarily ERP services), Quality Assurance and Testing Services, Business Intelligence and Analytics (BI & A) and Business Process Outsourcing (BPO). In addition, there is the generic horizontal service offering titled Application Development and Maintenance.

Your Company has undertaken efforts that the revenue mix should be from the entire gamut of service offerings. While the performance from EAS and from Testing Services was hampered by global economic pressures, due to a large component of discretionary services in those services, the performance of Business Intelligence and Analytics (BI & A) and Business Process Outsourcing (BPO) segment was promising.

On the technological services front, the revenues aggregate globally as follows:

Services	2009	2008
	(%)	(%)
Application Development and Maintenance (ADM)	45.9	39.2
Enterprise Application Services (EAS)	26.8	32.4
Testing Services	12.1	15.9
BPO	6.8	5.3
Business Intelligence and Analytics	7.0	5.8
Others	1.4	1.4
Total	100.0	100.0

Client Concentration

Your Company focuses on strengthening the relationship with the impressive client roster. The key focus is to enrich the quality of customers and continue to further the depth of strategic partnership with existing customers. This enables your Company to acquire customers with large IT budgets and win highly referenceable customers. Additionally it also enables your Company to engage effectively to offer multiple services and increase the revenues from every customer.

As a testimony to these attributes, your Company generated about 96.9% of revenues from existing clients through repeat business in the most recent quarter (Q4 2009).

Some of the key client-related metrics are detailed below:

Description	2009	2008
Billed Clients	157	178
Clients added during the year	35	37
% of revenues from the largest client	11.6	12.6
% of revenues from the top 5 clients	34.1	32.1
% of revenues from the top 10 clients	49.6	47.9
Number of US\$ 1 million clients	47	56
Number of US\$ 1-5 million clients	39	43
Number of US\$ 5-10 million clients	4	9
Number of clients over US\$ 10 million	4	4

Your Company will continue to focus on adding new clients to reduce client dependencies and manage the risks associated with a particular sector or a specific set of clients.

Geographic Concentration

During the year 2009, the challenges posed by the economic pressures were visible and evident globally. Higher concentration of business in a particular geographical region limits the growth prospects of your Company to the level of economic activity in that region. While regions like Americas have begun to show the first signs of recovery towards the end of 2009, Europe continues to be sluggish and the business environment tepid.

Your Company continues to explore new markets, which also act as a trigger to enhance the growth prospects. While your Company is focusing on entering new geographical areas, North America is the major source of revenue. Your Company continues to leverage its strong presence in Germany and in Belgium – Netherlands – Luxembourg (Benelux) region; albeit the contribution from Europe has fallen during the year.

The geographical distribution of your Company's global revenue is shown below (%):

Geography	2009	2008
	(%)	(%)
North America	66.0	64.8
Europe	27.2	29.0
Rest of the world	6.8	6.2
Total	100.0	100.0

(ii) Financial Risks

a) Foreign Currency Fluctuations

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

Furthermore, the contracts we enter into, with our customers tend to run across several years, wherein it becomes

very difficult to ask for a rate increase due to rupee appreciation in the middle of the contract. Hence, to safeguard our profitability, we need to hedge our future forecast inflows so that we are not negatively affected in case the Rupee appreciates.

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

At the end of December 2009, your Company has hedges worth USD 70.5 million at an average rate of Rs. 40.58 spread over the next three quarters (from January 2010 till September 2010). For the subsequent nine quarters (from October 2010 till December 2012), your Company has taken hedges worth USD 60 million at an average rate of Rs. 47.45 and hedges worth EUR 17 million at an average rate of Rs. 70.75.

There are operational risks in managing Foreign Exchange. These risks have been effectively addressed by the processes and controls laid out in the Forex Policy. While we have diligently followed the processes and controls laid down, given the risk perception, your Company has prudently adopted a practice of getting Foreign Exchange operations audited every year by KPMG, our internal auditor. The last audit was done during the quarter ended September'09 and controls were found to be operating satisfactorily.

Your Company has been pro-active in addressing the Rupee appreciation risks, a case in point being the timely decision taken to hedge the Euro exposures through Euro-Rupee hedges. As regards the US Dollar, the Company currently has sufficient level of Hedges to effectively manage the Rupee appreciation risk.

b) Liquidity

By adopting effective receivable management system, liquidity of your Company has improved every year. The Days' Sales Outstanding (DSO) of your Company has continuously improved in every quarter of 2009 and stands at 56 days as on December 31, 2009. This compares favorably with most other companies in the IT industry. The cash and cash equivalent balances accounted 26% of your Company's assets at the end of the year.

(iii) Legal and Contractual Compliance

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

(iv) Disaster risk

In the event of force majeure, work may get hampered or the potential loss of information from computers is a risk and may affect the client. To mitigate this, your Company has well defined Business Continuity Plan (BCP) and has achieved milestones in Information Security with successful completion of the certification audit and recommendation for certification against ISO 27001 standards for all its development centers by Det Norske Veritas (DNV). The objectives of adhering to these standards are to ensure business continuity and mitigate the damage by preventing and minimizing the impact of security incidence.

7. Internal Control Systems

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

The Audit Committee comprising Independent Directors of the Company, has decided to renew

KPMG as Internal Auditor for another year w.e.f. January 1, 2010. The Internal Audit will help to ensure that the systems and processes are implemented with adequate internal controls and assets are safeguarded.

Financial Highlights – Consolidated Financial Statements

8. Balance Sheet movements

a) Share Capital

The paid-up Share Capital of your Company as on December 31, 2009 was Rs. 287.30 million comprising of 143,650,735 Equity Shares of Rs. 2/- each. There was no allotment of shares under ESOP during the year.

b) Reserves and Surplus

Your Company's global reserves (excluding hedging reserve account) increased by 13.75% to Rs. 8,613.08 million from Rs. 7,571.61 million in the previous year largely on account of the operating profit generated during the year.

Since your Company adopted the principles set out in the Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", your Company has created hedging reserve, which amounted to Rs. 405.40 million (Previous year Rs. 1,234.05 million) for effective hedge transactions.

c) Fixed Assets

During the year, the additions to fixed assets were at Rs. 541.69 million. The primary reasons for addition to fixed assets are (i) SEZ Campus at Siruseri in Chennai and SEZ Campus at Nagpur commissioned during the year amounting to Rs. 462.90 million (ii) Mexico centre Rs. 11.67 million (iii) and the balance for computer and other capital assets for current operations.

Capital work-in-progress (CWIP) has decreased to Rs. 1,257.64 million from Rs. 1,597.15 million mainly on account of capitalization of assets in SEZ at Siruseri in Chennai and SEZ at Nagpur.

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 Rs. 154.87 million as on December 31, 2009 (Rs. 722.52 million as on December 31, 2008).

d) Investments

During the year, the Company has invested Rs. 1,269.11 million in Mutual Funds, Rs. 20 million was received out of maturity of REC bond and the balance out of generation of cash flow from operations.

e) Sundry Debtors

During the year, sundry debtors reduced to Rs. 1,525.94 million as against Rs. 2,065.24 million in the previous year. As at the year ended December 31, 2009, your Company has provisioning of Rs. 107.70 million for the doubtful debtors. The Days' Sales Outstanding (DSO) of your Company has continuously improved in every quarter of 2009 and stands at 56 days as on December 31, 2009. This compares favourably with most other companies in the IT industry.

f) Cash and Cash Equivalents

The company had cash and bank balance of Rs. 2,992.42 million as on December 31, 2009 (Rs. 2,849.12 million as on December 31, 2008). The balances with scheduled banks in India aggregated Rs. 2,814.92 million (Rs. 2,511.18 million as on December 31, 2008). The balances with banks abroad were Rs. 177.46 million (Rs. 337.87 million as on December 31, 2008). The cash and bank balance have increased during the year, driven by the higher operating and net profit.

g) Deferred Tax Assets and Deferred Tax Liability

Your Company accounts for deferred tax in compliance with the Accounting Standard issued by the Institute of Chartered Accountants of India. Your Company has recognized the deferred tax asset of Rs. 120.64 million (Rs. 83.96 million in 2008) and your Company recognized Rs. 10.26 million as deferred tax liability (Nil deferred tax liability in 2008).

h) Current Liabilities and Provisions

During the year, the current liability and provisions have decreased to Rs. 2,708.86 million as against Rs. 3,711.12 million in 2008. There is a decrease of Rs. 1,002.26 million, out of which Rs. 823.23 million is on account of reduction in liability for derivative contracts (partly due to appreciation in INR and partly due to payout of liability) and rest mainly on account of decrease in creditors.

The balance of liability for Derivative transactions on adoption of Accounting Standard 30 for fair value of foreign exchange forward contracts stands at Rs. 445.57 as against Rs. 1,268.80 million in the year 2008.

9. Results of Global Operation (P&L)

a) Income from operations

During the year, the revenue from operations came down to Rs. 10,385.62 million from Rs. 11,519.14 million in 2008, driven by recession in the countries where our customers exist and shift of 3.6% in onsite: offshore ratio of revenue mix.

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

(in percentage)

Revenue by location	2009	2008
Onsite	59.8	63.4
Offshore	40.2	36.6
Total	100	100

During the year, the onsite billing rate was US\$ 68.65 per hour and offshore rate was US\$ 23.21 per hour. The blended utilization was at 74.5%.

(in percentage)

Income by Geography		
Location	2009	2008
North America	66.0	64.8
Europe	27.2	29.0
Rest of world	6.8	6.2
Total	100	100

The Company's major revenue comes from North America & Europe; North America and rest of the world (APAC) contribution has grown better than last year.

b) Other income

During the year, global other income was reported at Rs. 374.77 million as compared to Rs. 228.91 million in the previous year, driven by the extra corpus of cash generated by the business.

Dividend income from Mutual Fund investment was Rs. 18.70 million as compared to Rs. 65.32

million in previous year. This reduced from last year due to our moving a large part of investible surplus to fixed deposits during 2009.

Increase in interest income to Rs. 221.60 million from Rs. 64.16 million was mainly on account of interest on fixed deposit during the year.

Increase in rental income to Rs. 77.62 million from Rs. 49.41 million was mainly on account of leasing Chennai premises during the year.

c) Expenses

Software Development expenses

During the year, your Company's Software Development expenses decreased to Rs. 1,197.36 million compared to Rs. 1,545.01 million in 2008, a saving of 22.50 %. The saving was attributed largely on account of reduction in outsourcing and subcontracting charges and controlled onsite travel and related expenses.

Employment expenses

Your Company's Employment expenses decreased to Rs. 5,710.74 million in 2009 from Rs. 6,881.77 million in 2008, a decrease of 17.02%. As a percentage of income from operations, employment expenses decreased to 54.99% for the year 2009 from 59.74% for the year 2008. The reduction in cost is mainly on account of a decrease in employee head count from 5622 at the beginning of the year to 5137 as on 31.12.2009, effectively increasing the people utilization as well as judicious management of staffing costs.

Administration and other expenses

Your Company's Administration expenses decreased to Rs. 1,501.48 million in 2009 from Rs. 1,891.65 million in 2008, a saving of 20.62%. As a percentage of income, administrative and other expenses decreased to 14.46% for the year 2009 from 16.42% in the year 2008. This is largely driven by consolidation of facilities in all operating centres.

10. Operating Profit

Global Operating profit (EBIT) before foreign exchange gain/loss increased to Rs. 1,705.10 million in 2009 from Rs. 916.50 million in the year 2008, an increase of 86.04 % over the previous year.

Global Operating profit (EBIT) after foreign exchange gain/loss increased to Rs. 1,088.05 million in 2009 from Rs. 537.14 million in the year 2008, an increase of 102.56 % over the previous year.

11. Interest

Interest cost has decreased during the year to Rs. 17.46 million from Rs. 21.18 million mainly on account of part repayment of loan taken by a wholly owned subsidiary from a bank.

12. Depreciation

During the year, the depreciation has decreased to Rs. 270.94 million from Rs. 284.21 million in the year 2008 due to reduction in fixed assets pursuant to closure of certain facilities.

13. Profit before Tax

The Profit before Tax in the current year almost doubled to Rs. 1,445.36 million from Rs. 744.87 million in the previous year.

14. Provision for Taxation

During the year, the provision for taxation was at Rs. 103.58 million compared to Rs. 155.04 million in the previous year. The tax reduction is mainly on account of subsidiary mergers in USA and revised transfer pricing study.

15. Profit after Tax

The net profit for the year 2009 more than doubled to Rs. 1,341.78 million as against Rs. 589.83 million for the year 2008.

16. Dividend

During the year 2009, your Company paid an interim dividend of Rs. 0.60/- per share (30%) on equity shares aggregating to Rs. 86.19 million.

The Board of Directors has recommended a payment of final dividend of Re. 0.80 per share (40%) on an equity share of Rs. 2/- each, at its meeting held on February 17, 2010. Thus, the total dividend for the year inclusive of interim dividend amounts to Rs. 1.40 per share (70%) on equity shares.

The total cash outgo on account of interim dividend and final dividend & tax thereon amounts to Rs. 235.64 million. The break up of dividend is as under:

(Rs. in million)

	Interim	Final
Dividend	86.19	115.22
Tax	14.65	19.58
Total	100.84	134.80

17. Transaction in which the management is interested in their personal capacity

During the year 2009, there are no materially significant related party transactions entered into with the management that may have potential conflict with the interest of your Company. For detailed discussion, refer Note No. 5 of Part 12B in Notes to Hexaware Technologies Limited India Accounts on page 101.

18. Material development in HR / Industrial Relation front, including number of employees

In year 2009 HR focus was on improving utilization, HR automation and operational efficiency. In HR automation, on-boarding, attendance and leave management, employee movement and off boarding were automated successfully. HR Business partners facilitated confidence in the employees by conducting various employee engagement activities like Mentoring Program for Trainees, Employee Welfare Programs, Recognition programs, Career Management and helping employees achieve a work life balance. The organization development team implemented the fast tracker program and conducted leadership development program for the Management team. As on December 31, 2009, your Company's employee strength stood at 5,137.

Cautionary Statement

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

For and on behalf of the Board

Atul K. Nishar

Chairman

Place: Mumbai

Date: March 19, 2010

AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF HEXAWARE TECHNOLOGIES LIMITED ON CONSOLIDATED FINANCIAL STATEMENTS OF HEXAWARE TECHNOLOGIES LIMITED AND ITS SUBSIDIARIES.

1. We have audited the attached consolidated balance sheet of Hexaware Technologies Limited ("the Company") and its subsidiaries ("the Group"), as at December 31, 2009 and the consolidated profit and loss account and the consolidated cash flow statement of the Group for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. They have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standard generally accepted in India. This standard requires that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect the total assets of Rs. 792.02 million as at December 31, 2009, total revenues of Rs. 2,415.48 million and net cash inflows amounting to Rs. 770.08 million for the year then ended as considered in the Consolidated Accounts. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements'.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at December 31, 2009;
 - b) in the case of the consolidated profit and loss account, of the consolidated profit of the Group for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, February 17, 2010

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2009

Particulars	Schedule	(Rupees in Millions)	
		As at 31st December 2009	As at 31st December 2008
SOURCES OF FUNDS			
Share Holders' Funds:			
a) Share Capital	"1"	287.30	287.30
b) Share Warrants (Refer Note No. 7(I)a of Schedule 13 B)		0.38	0.38
c) Share Application Money		1.88	0.14
d) Reserves and Surplus	"2"	8,207.68	6,337.56
		8,497.24	6,625.38
Loan Funds:			
Secured Loans	"3"	162.86	194.80
Deferred Tax Liability (Refer Note No. 5(c) of Schedule 13 B)		10.26	-
Total		8,670.36	6,820.18
APPLICATION OF FUNDS			
Fixed Assets:			
a) Gross Block	"4"	4,504.62	4,102.65
b) Less: Depreciation, Amortization and Impairment		1,404.31	1,202.24
c) Net Block		3,100.31	2,900.41
d) Capital Work-in-Progress		1,257.64	1,597.15
		4,357.95	4,497.56
Investments:			
Deferred Tax Asset (Refer Note No. 5(c) of Schedule 13 B)	"5"	1,269.11	0.01
		120.64	83.96
Current Assets, Loans and Advances :			
a) Sundry Debtors	"6"	1,525.94	2,065.24
b) Cash and Bank Balances		2,992.42	2,849.12
c) Loans and Advances		931.02	877.91
d) Other Current Assets		182.14	157.50
		5,631.52	5,949.77
Less:			
Current Liabilities and Provisions:			
a) Current Liabilities	"7"	1,998.49	3,007.50
b) Provisions		710.37	703.62
		2,708.86	3,711.12
Net Current Assets		2,922.66	2,238.65
Total		8,670.36	6,820.18

Significant Accounting Policies & Notes forming part of Accounts "13"

Schedules I to 13 form an integral part of the accounts

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

R. D. Kamat
Partner

Atul K. Nishar
(Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

Preeti Mehta
(Director)

Bharat Shah
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

L. S. Sarma
(Director)

S.K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 17th February, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2009

Particulars	Schedule	(Rupees in Millions)	
		For the year ended 31st December 2009	For the year ended 31st December 2008
INCOME			
Software and Consultancy		10,385.62	11,519.14
Other Income	"8"	374.77	228.91
		10,760.39	11,748.05
EXPENDITURE			
Software and Development Expenses	"9"	1,197.36	1,545.01
Employment Expenses	"10"	5,710.74	6,881.77
Administration and Other Expenses	"11"	1,501.48	1,891.65
Exchange Rate Difference (net)		617.05	379.36
Interest	"12"	17.46	21.18
Depreciation, Amortization and Impairment	"4"	270.94	284.21
		9,315.03	11,003.18
Profit Before Tax		1,445.36	744.87
Less : Provision for Taxation:			
- Income Tax - Current Taxes (Includes Prior Year Rs. 49.58 Million (Rs. 5.72 Million))		303.33	177.35
- Deferred		(46.68)	(34.26)
- MAT Credit Entitlement (Refer Note No. 5(b) of Schedule 13B)		(155.30)	(14.40)
- Fringe Benefit Tax		2.11	26.11
- Wealth Tax		0.12	0.24
		103.58	155.04
Profit After Tax		1,341.78	589.83
Add : Balance brought forward from previous year		2,033.88	1,762.11
Balance available for Appropriation		3,375.66	2,351.94
Appropriations:			
Interim Dividend on Equity shares		86.19	71.82
Proposed Dividend on Equity shares		115.22	71.83
Dividend Tax		34.23	24.41
Transfer to General Reserve		250.00	150.00
		485.64	318.06
Balance Carried to Balance Sheet		2,890.02	2,033.88
Earnings Per Share (in Rupees) (Refer Note No. 10 of Schedule 13B)			
Basic		9.34	4.11
Diluted		9.00	4.07
Face value of Equity Share (in Rupees)		2.00	2.00
Significant Accounting Policies and Notes forming part of Accounts	"13"		

Schedules 1 to 13 form an integral part of the accounts

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

R. D. Kamat
Partner

Atul K. Nishar
(Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

Preeti Mehta
(Director)

Bharat Shah
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

L. S. Sarma
(Director)

S.K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 17th February, 2010

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2009

	(Rupees in Millions)	
	<u>For the year</u>	<u>Previous year</u>
A. Cash Flow from operating activities		
Net Profit before tax	1,445.36	744.87
Adjustments for:		
Depreciation, amortization and Impairment	270.94	284.21
Employees share based payment cost	7.07	15.06
Interest Income	(221.60)	(64.16)
Dividend from current investments	(18.70)	(65.32)
Profit on sale of Investments	-	(1.99)
Preliminary Expenses written off	0.04	-
Loss on sale of fixed assets (Net) / Assets scrapped	2.88	7.02
Exchange Rate Difference	(2.22)	(18.96)
Interest Expense	17.46	21.18
Operating profit before working capital changes	1,501.23	921.91
Adjustments for:		
Trade and other receivables	546.32	705.57
Trade and other payables	(344.98)	195.40
Cash generated from operations	1,702.57	1,822.88
Direct Taxes Paid	(224.46)	(236.93)
Net Cash from operating activity before exceptional item	1,478.11	1,585.95
Outflow on account of exceptional loss on Foreign Currency transactions incurred during 2007	-	(900.91)
Net cash from operating activities after exceptional item	1,478.11	685.04
B. Cash flow from investing activities		
Purchase of fixed assets	(252.01)	(1,154.35)
Proceeds from sale of fixed assets	170.41	5.48
Interest received	122.90	22.37
Purchase of Current Investments	(9,322.10)	(4,149.33)
Proceeds from Sale of Investments	8,072.99	6,440.98
Dividend from current investments	18.70	65.32
Additional Business Purchase consideration	-	(120.75)
Net cash from investing activities	(1,189.11)	1,109.72
C. Cash flow from financing activities		
Proceeds from issue of share capital	-	0.36
Share Application money	1.74	(0.88)
Interest and other finance charges paid	(17.46)	(13.76)
Proceeds from Short term borrowings from bank	-	71.81
Repayment of Short term borrowing from bank	-	(71.81)
Dividend paid (including corporate dividend tax) (Repayments) / Proceeds of long-term and other borrowings	(182.80)	(85.19)
	(24.35)	168.68
Net cash (used) in / from financing activities	(222.87)	69.21
Net Increase in cash and cash equivalents (Net of exceptional item)	66.13	1,863.97
Cash and cash equivalents at the beginning of the year	2,767.31	903.34
Cash and cash equivalents at the end of the year	2,833.44	2,767.31

Notes:

- Cash and Cash equivalents included in the Cashflow statement comprise the following:

Cash and Bank Balances (including EEFC account balances)	2,992.42	2,849.12
Add / (Less): Effect of changes in Exchange rate in cash and cash equivalents	3.32	(18.54)
Less: Fixed Deposits under lien with Banks	(17.85)	(17.52)
Less: Interest accrued but not due	(144.45)	(45.75)
Total Cash and Cash equivalents	2,833.44	2,767.31
- Components of cash and cash equivalents include cash and bank balances as stated in Schedule 6 of the Balance sheet.
- Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.
- The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" (AS 3) issued by the Institute of Chartered Accountants of India.
- The Previous year's figures have been regrouped wherever necessary.

Schedules 1 to 13 form an integral part of the accounts

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

R. D. Kamat

Partner

Atul K. Nishar

(Chairman)

Dr. Alka A. Nishar

(Director)

Shailesh Haribhakti

(Director)

Prateek Aggarwal

(Chief Financial Officer)

For and on behalf of the Board

P. R. Chandrasekar

(Vice Chairman & Global CEO)

Preeti Mehta

(Director)

Bharat Shah

(Director)

Bhagwant Bhargawe

(Company Secretary & Head Legal)

L. S. Sarma

(Director)

S.K. Mitra

(Director)

Ashish Dhawan

(Director)

Place : Mumbai

Date : 17th February, 2010

SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "1" SHARE CAPITAL		
Authorised		
175,000,000 Equity Shares of Rs. 2/- each	350.00	350.00
3,000,000 Preference Shares of Rs. 100/- each *	300.00	300.00
1,100,000 Series "A" Preference Shares of Rs. 1421/- each *	1,563.10	1,563.10
* (Refer Note II Below)		
	<u>2,213.10</u>	<u>2,213.10</u>
Issued, Subscribed and Paid-Up Capital		
Equity:		
143,650,735 (143,650,735) Equity Shares of Rs. 2/- each fully paid.	287.30	287.30
Notes:		
I) Of the above equity Shares:-		
1) 11,134,625 Equity Shares of Rs. 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
2) 36,188,870 Equity Shares of Rs. 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/ Securities Premium Account.		
3) 10,452,965 Equity Shares of Rs. 2/- each fully paid up have been allotted against Global Depository receipts issued by the Company.		
4) 50,000,000 Equity Shares of Rs.2/- each fully paid up issued to the Shareholders of erstwhile Hexaware Technologies Limited ('HTL') without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
5) 3,863,060 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 1999.		
6) 8,170,725 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2002.		
7) 10,555,700 Equity Shares of Rs.2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/or optionally convertible Preference Shares at a premium of Rs. 140.10 each as per the terms of issue.		
Particulars of options on unissued share capital (Refer Note No. 7 of the Schedule 13B)		
II) Authorised Preference share capital can be either cumulative or non-cumulative with a power to the Company to convert the same into equity shares at any time.		
Total	<u>287.30</u>	<u>287.30</u>
SCHEDULE "2" RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	4,725.56	4,725.28
Add : Received during the year	-	0.28
	<u>4,725.56</u>	<u>4,725.56</u>
Employee Stock Options Outstanding		
Employee Stock Options Outstanding	31.51	45.29
Less : Deferred Employee Compensation Expense	9.37	30.23
	<u>22.14</u>	<u>15.06</u>
General Reserve		
As per last Balance Sheet	640.46	490.46
Add : Transfer from Profit and Loss Account	250.00	150.00
(In respect of Subsidiary Company Rs. 50 Million (Rs. 50 Million))		
	<u>890.46</u>	<u>640.46</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
Hedging Reserve Account (Refer Note No. 12 of the Schedule 13B)	(405.40)	(1,234.05)
Amalgamation Reserve As per Last Balance Sheet	2.88	2.88
Currency Translation Reserve As per Last Balance Sheet	153.77	(209.87)
Addition / (Deduction) during the year (net)	(71.75)	363.64
	82.02	153.77
Surplus in Profit and Loss Account	2,890.02	2,033.88
Total	8,207.68	6,337.56
SCHEDULE "3" LOAN FUNDS		
Secured Loans		
Term Loan from a Bank	162.86	194.80
Foreign Currency Term Loan from a Bank (Loan is secured by the first exclusive charge by way of hypothecation of moveable properties and mortgage of land and building located at Nagpur and Corporate Guarantee given by the holding company)		
Total	162.86	194.80

SCHEDULE "4" FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION / IMPAIRMENT				NET BLOCK		
		As at 01.01.2009	Additions	Deductions/ Adjustments	As at 31.12.2009	As At 01.01.2009	For the Year	Deductions / Adjustments	Impairment Loss For the Year	As At 31.12.2009	As At 31.12.2009	As At 31.12.2008
A.	Goodwill On Consolidation	1,263.32	-	56.20	1,207.12	-	-	-	-	-	1,207.12	1,263.32
B.	Tangible Assets											
1.	Land - Freehold	0.15	-	-	0.15	-	-	-	-	-	0.15	0.15
	Land - Leasehold (Refer Note No.1)	529.05	4.09	5.98	527.16	12.06	5.46	-	-	17.52	509.64	516.99
2.	Building (Refer Note No. 2)	618.89	339.90	-	958.79	44.18	14.62	-	-	58.80	899.99	574.71
3.	Plant And Machinery (Includes Computer Systems)	1,196.49	106.13	50.80	1,251.82	869.11	164.30	48.39	-	985.02	266.80	327.38
4.	Furniture and Fixtures	356.76	61.68	6.87	411.57	202.01	48.31	5.39	-	244.93	166.64	154.75
5.	Improvements to Leasehold Premises	15.89	10.64	1.20	25.33	8.45	11.56	1.26	-	18.75	6.58	7.44
6.	Vehicles	52.07	0.90	17.45	35.52	29.31	7.65	12.65	-	24.31	11.21	22.76
C.	Intangible Assets											
	Softwares	70.03	18.35	1.22	87.16	37.12	19.04	1.18	-	54.98	32.18	32.91
	Current Year	4,102.65	541.69	139.72	4,504.62	1,202.24	270.94	68.87	-	1,404.31	3,100.31	2,900.41
	Previous Year	3,346.94	604.14	(151.57)	4,102.65	997.32	269.87	79.29	14.34	1,202.24	2,900.41	-
	Capital Work-in-Progress (In respect of building under construction/capital advances.)										1,257.64	1,597.15
	Total										4,357.95	4,497.56

Notes:

- Includes Rs.285.32 Million (Previous Year Rs.457.98 Million) and Rs.8.09 Million (Previous Year Rs. 10.02 Million) being Lease Premium and accumulated amortization in respect of leasehold land allotted to the Company at Pune and Nagpur for which final lease Agreement is being executed.
 - Includes Leasehold Land (Net Book Value Rs. 164.11 Million) held For Sale
- Includes Gross Block of Rs. 164.01 Million (Previous Year Rs. 168.70 Million) and Accumulated Depreciation of Rs. 23.47 Million (Previous Year Rs. 20.80 Million), which the Company acquired along with Land from MIDC, at Navi Mumbai, entered in to necessary agreements and took possession of the building in an earlier year. The Final Agreement is being executed.
- 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	56.20	-
Tangible Assets		
Plant and Machinery	3.63	3.27
Furniture And Fixtures	0.91	0.34
Improvements to Leasehold Premises	0.04	0.10
Vehicles	0.33	0.19
Intangible Assets		
Computer Softwares	1.14	1.10
Current Year	62.25	5.00
Previous Year	270.23	26.87

SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "5" INVESTMENTS		
Long Term		
Trade Investments - Unquoted (At Cost Less Provision for Diminution in Value of Investment)		
118 (118) No. 2 series 'A' Preferred Shares of 500,000/- Yen each in ROA International Company Limited	21.73	21.73
Less : Provision for diminution in value of investment	<u>(21.73)</u>	<u>(21.73)</u>
Current Investments		
Non Trade Investment (Unquoted)		
(At cost or fair value whichever is lower)		
Investment in Mutual Funds		
(unit of Rs. 10/- each unless otherwise stated).		
Name of Mutual Fund Scheme	Units	Units
Canara Robeco Treasury Advantage Super Inst Daily Dividend Reinvest Fund	3,025,940	-
HDFC Cash Management Fund-Treasury Advance Plan-Wholesale-Daily Dividend	26,771,419	-
IDFC Money Manager Fund-Investment Plan - Installment Plan B - Daily Dividend	60,594,877	-
Kotak Floater - Long Term - Daily Dividend	34,975,028	-
HDFC Cash Management Fund-Treasury Advance Plan-Retail - Daily Dividend	359,964	-
ICICI Prudential Flexible Income Plan	-	46
	1,269.11	0.01
Total	1,269.11	0.01
(i) Aggregate cost / fair value of quoted investments.	-	-
(ii) Aggregate value of unquoted investments. (At Cost / Fair value)	1,269.11	0.01
	1,269.11	0.01
SCHEDULE "6" CURRENT ASSETS		
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months	92.64	139.65
Other Debts	<u>1,541.00</u>	<u>2,069.95</u>
	1,633.64	2,209.60
Less: Provision For Doubtful Accounts	<u>107.70</u>	<u>144.36</u>
	1,525.94	2,065.24
Sundry Debtors		
Considered Good	1,525.94	2,065.24
Considered Doubtful	<u>107.70</u>	<u>144.36</u>
	1,633.64	2,209.60
Cash and Bank Balances		
Cash in Hand	0.04	0.07
Remittance in Transit	1.67	24.42
I. Bank Balances with Scheduled Banks		
In Fixed Deposit Accounts	2,543.15	1,989.17
[Includes Interest accrued of Rs. 144.35 Million (Rs. 45.75 Million)]		
[Includes Deposits of Rs. 10.65 Million (Rs. 10.41 Million) under lien with banks for guarantees given by bank to various Government authorities]		
In Exchange Earner's Foreign Currency Account	7.83	44.44
In Current Accounts	262.27	453.15

SCHEDULES TO CONSOLIDATED BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "6" CURRENT ASSETS (Contd.)		
II. Balances With Non-Scheduled Banks		
In Fixed Deposit Accounts	55.82	7.11
[Includes Interest accrued of Rs. 0.10 Million (Rs. Nil)]		
[Includes Deposits of Rs. 7.20 Million (Rs. 7.11 Million) under lien with banks for guarantees given by bank for leased premises]		
In Current Accounts	121.64	330.76
	2,992.42	2,849.12
Loans and Advances (Unsecured)		
Advances Recoverable in cash or in kind or for value to be received.	323.95	347.28
Deposits	269.21	313.71
Advance Income Tax (Net of Provision)	199.74	200.45
Advance Fringe Benefit Tax (Net of Provision for tax)	7.48	10.10
MAT Credit Entitlement (Refer Note No. 5(b) of Schedule 13B)	172.23	16.93
	972.61	888.47
Less: Provision for Doubtful Advances	41.59	10.55
	931.02	877.91
Loans and Advances		
Considered Good	931.02	877.91
Considered Doubtful	41.59	10.55
	972.61	888.46
Other Current Assets		
Unbilled Services	182.14	157.50
Total	5,631.52	5,949.77
SCHEDULE "7" CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
i) Total Outstanding dues of micro enterprises and small enterprises	-	-
ii) Total Outstanding dues of Creditors other than micro enterprises and small enterprises	264.61	571.99
Unearned Revenues	42.91	29.96
Other Liabilities	1,192.73	1,085.07
Unclaimed Dividend *	10.08	8.01
Liability for Derivative Transactions	445.57	1,268.80
Deposits received for leased premises	42.59	43.67
*This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.	1,998.49	3,007.50
Provisions		
Provision for Compensated Absences	299.74	282.92
Proposed Dividend	115.22	71.83
Corporate Tax on Dividend	19.58	12.21
Provision for Gratuity and Other Benefits	96.88	174.82
Provision Others (Refer Note No. 13 of Schedule 13B)	31.03	66.52
Provision for Taxation (Net of Advance Tax)	147.40	91.64
Provision for Fringe Benefit Tax (Net of Advance Tax)	0.52	3.68
	710.37	703.62
Total	2,708.86	3,711.12

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

Particulars	(Rupees in Millions)	
	For the year ended 31st December 2009	For the year ended 31st December 2008
SCHEDULE "8" OTHER INCOME		
Dividend from Current Investments	18.70	65.32
Profit on sale of Current Investments (Net)	-	1.99
Interest Income		
From Long Term Investments	-	3.33
From Others (Tax Deducted at Source Rs.24.53 Million (Rs.2.05 Million))	221.60	60.83
(Includes Interest on Bank fixed deposits Rs. 209.60 Million (Rs. 50.07 Million))	221.60	64.16
Profit / (Loss) on sale of Fixed Assets (Net)	6.79	(7.02)
Rental Income (Tax deducted at source Rs.15.42 Million (Rs. 11.29 Million))	77.62	49.41
Miscellaneous Income	50.06	55.05
Total	374.77	228.91
SCHEDULE "9" SOFTWARE AND DEVELOPMENT EXPENSES		
Consultant Travel and related expenses	521.96	803.98
Software expenses (Includes subcontracting charges Rs. 493.21 Million (Rs. 606.29 Million))	675.40	741.03
Total	1,197.36	1,545.01
SCHEDULE "10" EMPLOYMENT EXPENSES		
Salary and Other Allowances	5,055.80	5,997.79
Contribution to Provident and Other Funds	550.70	687.38
Staff Welfare Expenses	104.23	196.60
Total	5,710.74	6,881.77
SCHEDULE "11" ADMINISTRATION AND OTHER EXPENSES		
Rent	336.76	424.85
Rates and Taxes	15.00	12.63
Travelling and Conveyance Expenses	275.87	337.99
Electricity Charges	96.22	115.88
Communication Expenses	156.85	197.51
Repairs and Maintenance		
Buildings	14.00	11.38
Plant and Machinery	20.38	34.48
Others	40.92	44.58
	75.30	90.44
Printing and Stationery	16.53	25.81
Auditors Remuneration		
Audit Fees	12.74	11.56
Tax Audit Fees	2.16	1.73
Limited Reviews, Certification Work, Taxation and Other Matters	4.05	3.76
Out of Pocket Expenses	0.06	0.02
	19.01	17.07

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

Particulars	(Rupees in Millions)	
	For the year ended 31st December 2009	For the year ended 31st December 2008
SCHEDULE "11" ADMINISTRATION AND OTHER EXPENSES (Contd.)		
Legal and Professional Fees	145.13	201.11
Advertisement and Publicity	33.86	38.76
Seminar and Conference Expenses	31.51	44.06
Bank and Other Charges	8.72	10.39
Director's Sitting Fees	1.96	2.46
Insurance Premium	34.37	43.48
Donation	0.28	0.35
Debts and Advances written off (Net of Recoveries Rs. Nil (Rs. 6.10 Million))	76.98	58.04
Provision for Doubtful Accounts (net off write back Rs.91.66 Million (Rs. 57.51 Million))	34.25	6.49
Staff Recruitment Expenses	23.79	74.11
Service Charges	55.66	75.37
Preliminary Expenses Written off	0.04	-
Miscellaneous Expenses	63.39	114.85
Note: Miscellaneous Expenses includes Stamp Duty and Filing fees, Hiring charges, Registrar and Share Transfer expenses, Membership and Subscription, liquidated damages etc.		
Total	1,501.48	1,891.65
SCHEDULE "12" INTEREST EXPENSES		
On term Loans *	12.44	2.56
Others (includes interest on delayed payment)	5.02	18.62
* Net of Interest Capitalised Rs. 1.13 Million (Rs. 7.90 Million)		
Total	17.46	21.18

SCHEDULE “13” SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

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

The financial statements of subsidiaries used in the consolidation are drawn upto the same reporting date as that of the holding company, viz. December 31, 2009

2. Principles of Consolidation

- a) The financial statements of the holding company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra- group balances, intra-group transactions and any unrealized gain or losses on balances remaining within the group in accordance with the Accounting Standard (AS 21) “Consolidated Financial Statements”.
- b) The financial statements of the holding company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.
- c) The excess of the cost to the holding company of its investments in each of the subsidiaries over and above the share of equity in the respective subsidiary, on the acquisition date, is recognized in the financial statements as goodwill which is tested for impairment on an annual basis.
- d) Minority interest in the net assets of consolidated subsidiaries consists of:
 - i) The amount of equity attributable to minorities at the date on which investment in the subsidiary is made and
 - ii) the minorities’ share of movements in equity since the date the parent-subsidiary relationship comes into existence

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

3. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Difference between actual results and estimates are recognized in the period in which the results are known/materialize.

4. Revenue Recognition

- i) Revenues from software solutions and consulting services are recognized on specified terms of contract in case of contract on time basis and in case of fixed price contracts revenue is recognized using percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as unearned revenue. Unbilled services included in loans and advances represents amount recognized based on services performed in advance of billing in accordance with contract terms.
- ii) Revenue from business process outsourcing arises from unit – priced contracts and engagement services. Such revenue is recognised on completion of the related services and is billed in accordance with the specific terms of the contract with the client. Revenue from per incident services is based on the performance of specific criteria at contracted rates.
- iii) Dividend income is recognised when right to receive is established.
- iv) Interest Income is recognised on time proportion basis.

5. Fixed Assets

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

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

6. Depreciation and Amortisation

Depreciation and amortisation on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as determined by the management.

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

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

7. Investments

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

8. Foreign Currency Transaction / Translation

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

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

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

Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses (except depreciation) during the year are reported at average rate prevailing during the period. Monetary assets and liabilities are restated at the year-end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on the date of the transaction. Balance in 'head office' account whether debit or credit is translated at the amount of the balance in the 'foreign branch' account in the books of the head office. Net gain / loss on foreign currency translation are recognised in the Profit and Loss Account.

9. Translation and Accounting of Financial Statements of Foreign subsidiaries

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

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

10. Derivative instruments and hedge accounting

The Company enters into foreign currency forward contracts and currency options contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions and loan liabilities. The Company designates these instruments as hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 “Financial Instruments: Recognition and Measurement”. Accordingly, the Company records the gain or loss on fair valuation of effective cash flow hedges in the Hedging Reserve account until the forecasted transaction materializes. Gain or loss on fair valuation of ineffective cash flow hedges is recognized in the profit and loss account. (Refer Note No. 12 of Schedule 13 B).

11. Employee Benefits

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

Payments to defined contribution retirement schemes and other similar funds are expensed as incurred.

For defined benefit schemes and other long-term benefit plans, (compensated absences) the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and reduction in future contributions to the scheme.

b) Short-term employee benefits:

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

12. Borrowing Cost

Borrowing cost attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

13. Leases

Finance Lease

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

Operating Leases

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

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

14. Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard 22 (AS 22) on “Accounting for Taxes on Income”. Tax expense comprises of current tax, deferred tax and fringe benefits tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred taxes are recognised for future tax consequence attributable to timing difference between taxable income and accounting income, measured at relevant enacted tax rates and in the case of deferred tax assets, on consideration of prudence, are recognized and carried forward to the extent of reasonable certainty/virtual certainty, as the case maybe. Fringe benefits tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by The Institute of Chartered Accountants of India (ICAI).

Minimum Alternate Tax (MAT) credit entitlement is recognized in accordance with the Guidance Note on “Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961” issued by ICAI. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. At each balance sheet date the Company reassesses MAT credit assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be and adjusts the same accordingly.

15. Impairment of assets

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

16. Grants

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

17. Share based compensation

The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e. difference between the market price / fair value 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 uniformly over the vesting period of the options.

18. Provisions, Contingent Liabilities and Contingent assets

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

B) NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

1. Description of Business

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

2. Subsidiaries to consolidation

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

Name of the Subsidiary company	Country of Incorporation	Extent of Holding (%) as on 31.12.2009
Hexaware Technologies Inc.	United States of America	100%
FocusFrame Inc.*	United States of America	100%
FocusFrame Mexico S. De. R.L. De CV	Mexico	100%
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	100%
Hexaware Technologies UK Ltd.	United Kingdom	100%
FocusFrame UK Limited	United Kingdom	100%
FocusFrame Europe BV	Netherland	100%
Hexaware Technologies Asia Pacific Pte Limited	Singapore	100%
Hexaware Technologies GmbH	Germany	100%
Hexaware Technologies Canada Limited	Canada	100%
Caliber Point Business Solutions Ltd	India	100%

Risk Technology International Limited #	India	100%
Specsoft Technologies India Limited ***	India	100%
Risk Technology International Ltd.** #	United States of America	100%
Risk Technologies (UK) Ltd. #	United Kingdom	100%
Rampran Infotech Ltd. ****	India	100%

Notes: * Merged with Hexaware Technologies Inc. w.e.f. 1st February, 2009

** Merged with Hexaware Technologies Inc w.e.f. 8th April, 2009

*** Company name struck off from Registrar of Company w.e.f. from 16th January, 2010

**** Incorporated on 14th July, 2009.

15% minority interest bought over during the year by the Company.

3. Contingent Liabilities

(Rupees in Millions)

	Particulars	As at 31-12-2009	As at 31-12-2008
A	Claims against the Company not acknowledged as Debts	49.95	44.41
B	Income tax disputed in appeal and pending decision, Company is hopeful of getting a favourable decision	30.62	26.37

4. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) Rs.154.87 Million (Previous year Rs. 722.52 Million).

5. Income Taxes

- a) Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In respect of certain entities in the group, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year. Tax expense relating to overseas operation is determined in accordance with the tax laws applicable in countries where such operations are domiciled.
- b) Considering the expected future profitability and taxable positions in the subsequent years, the Company has recognized the 'MAT Credit entitlement' as an asset by crediting the Profit and Loss Account for an amount aggregating Rs. 155.30 Million (Previous Year Rs.14.40 Million) and disclosed under 'Loans and advances'.
- c) The breakup of the deferred tax assets and deferred tax liability is as under:

(Rupees in Millions)

Particulars	As at 31.12.2009	As at 31.12.2008
Deferred Tax Assets		
Provision for doubtful debts and advances	18.98	15.86
Depreciation	-	3.83
Employee Benefits	96.13	50.38
Net Operating Losses Carry Forward	-	27.20
Others	6.32	5.40
Less : Deferred Tax Liabilities		
Depreciation	0.79	3.38
Items offered to tax on cash basis	-	15.33
Deferred Tax Assets (Net) *	120.64	83.96
Deferred Tax Liabilities		
Depreciation	16.02	-
Less: Deferred Tax Asset		
Employee benefits	5.76	-
Deferred Tax (Assets) / Liabilities (Net)	10.26	-

* Rupees 37.97 Million pertaining to prior years

6. The Company takes on lease offices space, accommodation and vehicles for its employees under various operating leases. The lease rentals towards non cancellable agreement recognised in the Profit and Loss Account for the year are Rs. 238.13 Million (Previous year Rs. 291.63 Million). Sublease rentals recognised in the profit and loss account on account of subleasing of the leased premises is Rs 40.89 Million (Previous year Rs. 22.54 Million). The future minimum lease payments and payment profile of the said leases are as follows:

(Rupees in Millions)

	As at 31.12.2009	As at 31.12.2008
Not later than one year	114.44	215.96
Later than one year but not later than five years	267.15	299.18
Later than five years	8.42	13.48
Total	390.01	528.62

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

(Rupees in Millions)

	As at 31.12.2009	As at 31.12.2008
Not later than one year	44.98	40.89
Later than one year but not later than five years	32.34	77.32
Total	77.32	118.21

7. Share Based Compensation (ESOP)

(I) In respect of holding Company:

- a) 18,538 (23,095) warrants under Employee Stock Option Scheme – 1999 (ESOP 1999) of Rs. 0.06 each is the balance outstanding as at December 31, 2009 and 2008 respectively. Each block of 3 warrants, granted at Rs. 0.18 entitles the holder to get one equity share of Rs. 2/- each at a price of Rs. 9/- per share within a period of ten years commencing from February 1, 2001 (exercise period) in accordance with the said Scheme. The particulars of warrants granted and lapsed under the Scheme are tabulated below under (e).
- b) 1,103,924 (2,265,342) Options is the balance outstanding as at December 31, 2009 and 2008 respectively under Hexaware Technologies Limited – Employee Stock Option ('ESOP – 2002') ('the Plan') at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The Options shall vest in four equal instalments or as determined at the discretion of the Committee. The particulars of options granted and lapsed under the Scheme are tabulated below under (e)

Details of options granted during the year under the said scheme are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting period
March 4, 2009	613,078	Rs 24.9	Until March 4, 2013
March 25, 2009	18,000	Rs 26.6	Until March 25, 2013

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

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

Grant Date	Category	No. of Options granted	Exercise Price	Vesting period
March 4, 2009	ESOP	5,166,671	Rs. 24.90	Until March 4, 2013
March 4, 2009	Special Performance Linked 1% Stock options	1,300,000	Rs. 24.90	Until March 4, 2011
April 29, 2009	Performance Options	544,821	Rs. 10	Until April 29, 2013

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

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

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

Grant Date	No. of Performance Options granted	Exercise Price	Vesting Period
April 29, 2009	140,262	Rs. 10	Until April 29, 2013

The options are granted at a price determined by the Committee. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The options shall vest in four equal instalments or as determined at the discretion of the Committee. No options shall be granted under the scheme after October 23, 2015 (Closing date).

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

	ESOP- 1999		ESOP-2002		ESOP-2007		ESOP-2008	
	Warrants (Nos.)	Weighted Avg. Ex. price per share (Rs.)	Option (Nos.)	Weighted Avg. Ex. price per share (Rs.)	Option (nos.)	Weighted Avg. Ex. price per share (Rs.)	Option (Nos.)	Weighted Avg. Ex. price per share (Rs.)
Outstanding as at the beginning of the year	23,095 (23,095)	9.00 (9.00)	2,265,342 (1,377,110)	55.22 (93.89)	258,500 (4,040,000)	61.40 (109.00)	- (-)	- (-)
Granted during the year	- (-)	- (-)	631,078 (1,103,172)	24.95 (11.60)	7,011,492 (6,120,749)	23.74 (61.40)	140,262 (-)	10.00 (-)
Exercised during the year	- (-)	- (-)	- (34,250)	- (10.34)	- (-)	- (-)	- (-)	- (-)
Lapsed during the year	4,557 (-)	9.00 (-)	1,792,496 (180,690)	61.56 (96.13)	702,000 (9,902,249)	32.73 (80.82)	- (-)	- (-)
Outstanding as at the year end	18,538 (23,095)	9.00 (9.00)	1,103,924 (2,265,342)	27.62 (55.22)	6,567,992 (258,500)	24.26 (61.40)	140,262 (-)	10.00 (-)
Exercisable as at the year end	18,538 (23,095)	9.00 (9.00)	417,096 (1,003,295)	24.32 (88.66)	27,000 (-)	61.40 (-)	- (-)	- (-)

Figures for the previous year are given in brackets.

Notes :

- i) The aforesaid Schemes of the Company provide for the exercise of the warrants / options at any time after the vesting and hence the warrants / options do not have any contractual life and accordingly the same has not been disclosed.
- ii) Number of options outstanding under ESOP 2002, 2007 and 2008 scheme falls into following range of exercise prices

Price range Rs.	Current Year (Nos.)	Previous year (Nos.)
2 – 26.6	7,561,178	1,281,692
54 – 101	188,000	683,225
135 – 171	63,000	558,925
Total	7,812,178	2,523,842

(II) In respect of subsidiary Company:

a) Details of Options granted under the “Employee Stock Option Scheme (ESOP) 2007” are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting period
September 11, 2007	353,400	Rs.50	Until September 11, 2011

Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 10/- each. The options have vesting period as stated above in accordance with the vesting schedule as per the said plans with an exercise period of 7 years from the grant date.

b) The particulars of number of options granted, lapsed, weighted average exercise price and weighted average remaining contractual life (Months) under the aforementioned scheme is tabulated below.

	Number of Shares arising out of Options	Weighted Average exercise price (Rs.)	Weighted Average remaining contractual life (Months)
Opening Balance	88,350	50	-
	(353,400)	(-)	(-)
Granted during the year	-	-	-
	(353,400)	(50)	(-)
Exercised during the year	-	-	-
	(-)	(-)	(-)
Cancelled / Lapsed during the year	88,350	50	-
	(265,050)	(-)	(-)
Closing Balance	-	-	-
	(88,350)	(50)	(80)
Options exercisable at the year end	-	-	-
	(88,350)	(-)	(-)

Note: Figures for the previous year are given in brackets.

(III) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by Rs 29.29 Million (previous year higher by Rs.10.29 Million) and earnings as per share as reported would be lower as indicated below:

Particulars	Year-2009	Year-2008
Basic Earning per share		
- As reported (in Rs)	9.34	4.11
- Adjusted (in Rs)	9.14	4.18
Diluted Earnings per share		
- As reported (in Rs)	9.00	4.07
- Adjusted (in Rs)	8.80	4.15

The fair value of each option is estimated on the date of grant based on the following assumptions:

For Parent Company

Particulars	ESOP 2002					ESOP 2007				ESOP 2008
	Stock Options			Restricted Stock Units	Performance Share	Stock Options			Performance Share	Stock Options
	Grant dated June 30, 2008	Grant dated March 4, 2009	Grant dated March 25, 2009	Grant dated June 30, 2008	Grant dated June 30, 2008	Grant dated June 2, 2008	Grant dated March 4, 2009	Grant dated March 4, 2009	Grant dated April 29, 2009	Grant dated April 29, 2009
Dividend yield (%)	0.84%	1.03%	1.03%	0.84%	0.84%	0.84%	1.03%	1.03%	1.14%	1.14%
Expected life (years)	2.25 years	4.25 years	4.25 years	1 year	4 years	4.25 years	4.25 years	2.25 years	4.5 years	4.5 years
Risk free interest rate (%)	8.65-8.92%	5.31%-5.92%	5.09%-6.22%	8.57%	8.72%-9.31%	7.75%-7.91%	5.31%-5.92%	5.31%-5.49%	5.46%-5.84%	5.72%-6.08%
Volatility (%)	46.53%-52.58%	55.98%-76.04%	56.95%-80.50%	56.26%	46.12%-51.01%	45.33%-52.54%	55.98%-76.04%	64.59%-76.04%	56.59%-60.78%	55.26%-57.18%

For Subsidiary Company

The fair value per option of the ESOP-2007 estimated on the grant date is Rs. 13.21 using the Black Scholes Options Pricing Model considering the following parameters -

(i) Fair value of share as at grant date	ESOP-2007
(ii) Exercise price	Rs. 35
(iii) Expected volatility*	Rs. 50
(iv) Option life	51.68%
(v) Dividend Yield	4 years
(vi) Risk-free interest rate	0%
	7.62%

* The measure of volatility used in the Black-Scholes option-pricing model is the annualized standard deviation of the continuously compounded rates of return.

8. Related Parties:

Names of related parties and description of relationship:

Key Management Personnel

Mr. Atul K. Nishar – Executive Chairman

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

Dr. (Mrs.) Alka A. Nishar – Director

Mr. Sunil Surya – Whole Time Director (Hexaware Technologies UK Ltd.)

Mr Yogendra Shah – Whole Time Director (Hexaware Technologies Asia Pacific Pte Ltd.)

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

Mr. Vaughn Paladin - Whole Time Director (FocusFrame Inc.) (upto February 1, 2009)

Mr. Surinder Chawla – Whole Time Director (FocusFrame Inc.) (upto February 1, 2009)

Mr. Albert Vissar – Whole Time Director (FocusFrame Europe BV) (upto October 25, 2009)

Others (entities in which key management personnel have control and / or significant influence)

Hexaware Technologies Employee Stock Option Trust

Ms. Priyanka Atul Nishar – Relative of key management personnel

I. Receiving of Services:

	Remuneration (Rupees in Millions)	Employee Stock Option / Performance Shares Granted (Nos.)	Restricted Stock Units Granted (Nos.)	Units / Options including Restricted Stock Units Outstandings as on 31-12-2009 (Nos.)
Mr. Atul K. Nishar	11.31 (17.30)	- (-)	- (-)	- (-)
Mr. P R Chandrasekar	65.40 (55.61)	2,115,499 (1,814,742)	- (329,846)	2,370,345 (729,089)
Dr. (Mrs.) Alka A. Nishar	6.46 (10.26)	- (-)	- (-)	- (-)
Mr. Sunil Surya	14.45 (14.94)	283,333 (233,333)	- (-)	583,718 (371,218)
Mr. Yogendra Shah	12.95 (10.79)	180,000 (150,000)	- (-)	172,500 (30,000)
Mr. R.U. Srinivas	9.28 (-)	95,000 (-)	- (-)	86,250 (-)
Mr Vaughn Paladin	0.98 (10.54)	95,000 (-)	- (-)	86,250 (-)
Mr. Surinder Chawla	0.98 (10.38)	95,000 (-)	- (-)	86,250 (-)
Mr. Albert Vissar	- (-)	33,000 (18,000)	- (-)	- (-)
Mr. Rusi Brij	- (26.18)	- (450,000)	- (-)	- (112,500)
Mr. P. K. Sridharan	- (7.44)	- (-)	- (-)	- (-)
Mr. Ashok Bildikar	- (11.25)	- (-)	- (-)	- (88,350)
Ms. Priyanka Nishar	4.28 (-)	- (-)	- (-)	- (-)

2. Loans given

(Rupees in Millions)

	Sunil Surya	Others
Opening balance as on January 1, 2009	3.75 (4.64)	0.41 (0.41)
Add: Given during the year	- (-)	- (-)
Less: Repaid / Adjusted during the year	0.02 (0.89)	- (-)
Closing balance as on December 31, 2009	3.73 (3.75)	0.41 (0.41)

Figures for the previous year given in brackets.

9. Segments:

(Rupees in Millions)

Primary Segment : Business Segments					
	Travel, Transportation, Hospitality and Logistics	Banking Financial Services & Insurance	Healthcare, Manufacturing, Services	Others (including BPO)	Total
Segment Revenue	1,680.37 (1,676.06)	4,037.09 (4,401.02)	2,831.83 (3,155.06)	1,836.33 (2,287.00)	10,385.62 (11,519.14)
Segment Results	344.71 (93.55)	525.75 (402.94)	709.01 (598.06)	403.93 (144.69)	1,983.40 (1,239.24)
Less: Unallocable expenses					895.35 (702.10)
Add: Other Income					374.77 (228.91)
Less: Interest					17.46 (21.18)
Profit before tax					1,445.36 (744.87)
Less: Provision for taxation					103.58 (155.04)
Profit after tax					1,341.78 (589.83)
Other Information - Segment Assets					
Goodwill	- (-)	- (-)	- (-)	1,207.12 (1,263.32)	1,207.12 (1,263.32)
Secondary Segment – Geographic Segment					
	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	6,850.53 (7,419.39)	2,821.52 (3,377.32)	136.53 (142.25)	577.04 (580.18)	10,385.62 (11,519.14)
Segment assets based on their locations	1,232.02 (1,353.33)	703.59 (806.76)	8,145.32 (6,735.49)	91.17 (70.66)	10,172.10 (8,966.24)
Additions to fixed assets (including capital work in progress)	37.38 (31.45)	0.43 (8.54)	164.28 (1,228.99)	0.09 (0.05)	202.18 (1,269.03)
Goodwill	1,100.77 (1,152.02)	106.35 (111.30)	- (-)	- (-)	1,207.12 (1,263.32)

Notes:

1. The Company has identified business segment as the primary segment. Segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational structure and the internal reporting system.
2. 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.
3. Figures for the previous year are given in brackets.

10. Earnings Per Share (EPS):

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

(Rupees in Millions)

Particulars	Current Year	Previous year
	2009	2008
Net Profit after tax	1,341.78	589.83
Weighted average outstanding equity shares considered for basic EPS (Nos.)	143,650,735	143,628,484
Basic Earning per share	9.34	4.11
Net Profit available to equity shareholders for basic EPS	1,341.78	589.83
Less: Impact of dilutive option of subsidiary company	-	0.71
Net Profit after tax for diluted EPS	1,341.78	589.12
Weighted average outstanding equity shares considered for basic EPS (Nos.)	143,650,735	143,628,484
Add: Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	5,423,135	970,582
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	149,073,870	144,599,066
Diluted Earnings Per Share	9.00	4.07

11. Employee benefit plans:
(i) Defined contribution plans viz. Provident Fund, Superannuation Fund and other similar funds.
a) In respect of holding company and its subsidiary Company in India:

Eligible employees receive benefits from a Provident Fund Trust which is a defined contribution plan. Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. The holding Company pays a part of the contributions to Hexaware Technologies Limited Employees Provident Fund Trust (the 'Trust'). The remaining portion by the holding Company and entire contribution by its subsidiary Companies is contributed to the Government administered Employees Pension Fund. The interest rate payable by the Trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate.

The Guidance on Implementing AS 15, Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefit plans involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company is unable to exhibit the related information.

Certain employees of the holding Company and its subsidiary Company in India are entitled to benefits under superannuation, a defined contribution plan. The Company makes quarterly voluntary contributions under the superannuation plan to LIC based on a specified percentage of each covered employees salary and recognised such contributions as an expense when incurred and have no further obligation to the plan beyond their contributions.

The amounts recognised as expense towards contributions to provident fund, other funds and superannuation fund Rs. 104.38 Million (Previous Year Rs 112.80 Million) and Rs 6.24 Million (Previous year Rs. 3.92 Million) respectively during the year ended December 31, 2009.

- b) The Company contributed Rs. 235.86 Million (Previous year Rs. 218.40 Million) towards various other defined contributions plans of subsidiaries located outside India during year ended December 31, 2009 as per laws of the respective country.

ii) Defined benefit plans:

In respect of holding Company and its subsidiaries in India:

Gratuity Plan: The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following table sets out the status of the funded / unfunded gratuity plan for the year ended December 31, 2009 as required under AS 15 (Revised)

(Rupees in Millions)

	Current Year	Previous Year
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	207.47	133.52
Current Service Cost	52.00	39.71
Interest Cost	14.86	12.88
Actuarial (gain) / (Loss)	(55.66)	30.07
Benefits Paid	(14.42)	(8.71)
Closing Defined Benefit Obligation	204.25	207.47
Change in the Fair Value of Assets		
Opening in Fair value of assets	60.51	44.16
Expected Return on Plan Assets	5.88	3.37
Actuarial Gain	0.36	1.52
Contribution by Employer	58.76	20.17
Benefits Paid	(14.42)	(8.71)
Closing Fair Value of Plan Assets	111.09	60.51
Net Liability as per Actuarial Valuation	93.16	146.96
Additional provision made for resigned employees	1.17	5.84
Liability	94.33	152.80

Expense for the year

	Current Year	Previous Year
Current Service Cost	52.00	39.71
Interest on Defined Benefit Obligation	14.86	12.88
Expected Return on Plan Assets	(5.88)	(3.37)
Net Actuarial (Gain) / (Loss)	(56.02)	28.55
Total Included in Employment Expenses	4.96	77.77

Actual Return on Plan Assets	6.24	4.90
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Category of Assets as on December 31, 2009	111.09	60.50
Insurer Managed Fund		

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

	2009 Parent Company	2009 Subsidiary Company	2008 Parent Company	2008 Subsidiary Company
Discount rate	7.60%	7.30%	5.90%	5.40%
Rate of increase in compensation levels of covered employees	10% for first year and 7.5% thereafter	0% for first year & 6% for thereafter	7.5%	6.00%
Expected Rate of return on plan assets (*)	7.25%	7.50%	7.25%	7.50%

*Expected rate of return on plan assets is based on expectation of the average long-term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC, since the fund is managed by LIC.

The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotions and other relevant factors.

Asset allocations

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

- iii) A Subsidiary Company, during the year, pursuant to 'Caliber Point Phantom Unit Scheme (Phantom) 2007' (the 'Scheme'), has reversed excess provision of Rs. 0.62 Million (Previous Year expense provided of Rs. 11.80 Million). The provision reversal is made based on the factors as laid down in the said scheme viz. a) Growth in sales, and b) Increase in earning per share, over the vesting / exercise periods, which have been estimated by the management considering the Company's business plans for the next year as approved by its Board of Directors and the expected trend of future sales / EPS growth thereafter. Considering the estimation involved as above, the same has been grouped under provisions and previous year amounts have been regrouped :

(Rupees in Millions)

	2009	2008
Opening balance	15.60	3.80
Additions	-	12.09
Exercise / Lapsed	11.36	0.29
Closing balance	4.24	15.60

Actual outflow is expected in the next three years.

12. Derivative Instruments:

- a) The Company has following outstanding derivatives instruments:
- Forward exchange contracts to Sell US Dollar 137.11 Million, Sell Euro 16.935 Million, Sell JPY 366.80 (Previous Year Sell US Dollar 151 Million, Sell Euro 5.60 Million, Sell GBP 2.65 Million and Sell JPY 419.20 Million) are outstanding as of December 31, 2009.
 - There are no Currency Options outstanding as of December 31, 2009. (Previous year Sell US Dollar 17 Million)
 - Fair value (net loss) of the derivative instruments identified as cash flow hedges is Rs.451.07 Million (Previous Year Rs. 1,364.83 Million) as at December 31, 2009 including Rs.405.40 Million (Previous Year 1,234.05 Million) recognized as effective portion of Hedging Reserve as at December 31, 2009 which is expected to be reclassified to the profit and loss account over three years.

13. 'Provision Others' includes provisions for claims relating to property including interest on delayed payments, liquidated damages, the outflow of which would depend on the settlement / outcome of the matters under negotiation / arbitration

(Rupees in Millions)

	Year-2009	Year-2008
Opening provision	66.52	-
Provision made during the year	-	74.06
Adjusted during the year	35.49	7.54
Closing provision	31.03	66.52

14. The Ministry of Company Affairs, Government of India vide its Order No. 47/709/2009-CL-III dated January 12, 2010 issued under section 212(8) of the Companies Act, 1956, has exempted the Company from attaching the Balance Sheet and Profit and Loss Account of all subsidiaries under Section 212(1) of the Companies Act, 1956.
15. Figures for the previous year have been regrouped / rearranged wherever necessary to correspond with the figures of current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current years financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signature to Schedules I to I3
As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Atul K. Nishar
(Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

Preeti Mehta
(Director)

Bharat Shah
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

L. S. Sarma
(Director)

S.K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 17th February, 2010

AUDITOR'S REPORT

To the shareholders of Hexaware Technologies Limited

1. We have audited the attached Balance Sheet of Hexaware Technologies Limited as at 31st December 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors as on 31st December, 2009 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st December 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 2009;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended as on that date.

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

R. D. Kamat
Partner

Membership No. 36822

Mumbai, 17th February, 2010

ANNEXURE TO THE AUDITOR'S REPORT

Re: Hexaware Technologies Limited

Referred to in Paragraph 3 of our report of even date

- i) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As per information and explanation given to us, physical verification of fixed assets was carried out by the management during the year and discrepancies noticed during verification have been appropriately accounted for. In our opinion, the frequency of verification is reasonable.
 - 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 is not applicable.
- iii) The Company has not granted or taken any loan secured/unsecured, to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) of the Companies (Auditor's Report) Order is not applicable to the Company.
- iv) In our opinion, and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) In respect of contracts and arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act 1956:
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register maintained under the said section have been so entered.
 - b) According to information and explanations given to us, where the transactions made in pursuance of such contracts or arrangements during the year are in excess of Rs. 500,000, they have been made at prices, which are, prima facie, reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve bank of India and the provisions of Sec 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.
- vii) A firm of Chartered Accountants appointed by the management carried out internal audit during the year. The firm of Chartered Accountants have submitted their draft report for the last quarter which is under discussion. In our opinion, the internal audit system of the Company is commensurate with its size and nature of business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Therefore the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order are not applicable to the Company.
- ix) a) The Company has generally been regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess, investor education and protection fund and any other material statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st December, 2009 for a period of more than six months from the date they became payable.

- b) According to information and explanations given to us there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited with the appropriate authorities on account of any dispute, except as follows:

Name of statute	Nature of the dues	Amount Rupees in Millions	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demands	0.57	Assessment Year 2001-02	Income Tax Appellate Tribunal

- x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in such financial year and in the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not borrowed any amounts from banks and financial institutions or by issue of debentures and hence the question of default in repayment of dues does not arise.
- xii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence the question of maintenance of adequate records for this purpose does not arise.
- xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by a subsidiary company from a bank are not prejudicial to the interest of the Company.
- xvi) The Company has not taken any term loan during the year and hence the question of applying term loans for the purpose for which they were obtained does not arise.
- xvii) According to information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima-facie, not been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year, hence the question of creation of security or charge in respect of debentures issued does not arise.
- xx) The Company has not raised any money by way of public issues during the year.
- xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

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

R. D. Kamat
 Partner

Mumbai, 17th February, 2010

Membership No. 36822

BALANCE SHEET AS AT 31ST DECEMBER 2009

Particulars	Schedule	(Rupees in Millions)	
		As at 31st December 2009	As at 31st December 2008
SOURCES OF FUNDS			
Share Holders' Funds:			
a) Share Capital	"1"	287.30	287.30
b) Share Warrants (Refer Note No. 3(a) of Schedule 12B)		0.38	0.38
c) Share Application Money		1.88	0.14
d) Reserves and Surplus	"2"	7,341.67	5,497.92
Total		7,631.23	5,785.74
APPLICATION OF FUNDS			
Fixed Assets:			
a) Gross Block	"3"	2,444.92	2,213.31
b) Less: Depreciation and amortization		1,082.60	939.04
c) Net Block		1,362.32	1,274.27
d) Capital Work-in-Progress		1,257.37	1,430.62
		2,619.69	2,704.89
Investments:			
	"4"	3,280.09	2,039.76
Current Assets, Loans and Advances :			
a) Sundry Debtors	"5"	646.63	866.60
b) Cash and Bank Balances		2,283.70	2,190.00
c) Loans and Advances		753.15	668.58
d) Other Current Assets		59.17	11.34
		3,742.65	3,736.52
Less:			
Current Liabilities and Provisions:			
a) Current Liabilities	"6"	1,572.71	2,294.69
b) Provisions		438.49	400.74
		2,011.20	2,695.43
Net Current Assets		1,731.45	1,041.09
Total		7,631.23	5,785.74
Significant Accounting Policies and Notes Forming Part of Accounts	"12"		

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

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Atul K. Nishar
(Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

Preeti Mehta
(Director)

Bharat Shah
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

L. S. Sarma
(Director)

S.K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 17th February, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2009

(Rupees in Millions)

Particulars	Schedule	For the year ended	
		31st December 2009	31st December 2008
INCOME			
Software and Consultancy		4,862.74	4,981.66
Other Income	"7"	341.07	201.94
		5,203.81	5,183.60
EXPENDITURE			
Software and Development Expenses	"8"	620.43	885.23
Employment Expenses	"9"	1,798.87	2,388.22
Administration and Other Expenses	"10"	694.84	925.29
Exchange Rate difference (Net)		606.93	357.78
Interest	"11"	0.50	17.65
Depreciation and amortization		186.15	197.61
		3,907.72	4,771.78
Profit Before Tax		1,296.09	411.82
Less : Provision For Taxation			
Income Tax-Current		207.27	38.81
(including for prior years Rs. 6.77 million (Rs. 4.78 million))			
MAT Credit Entitlement		(155.30)	(16.93)
Fringe Benefit Tax		2.00	22.13
Wealth Tax		0.11	0.23
		54.08	44.24
Profit After Tax		1,242.01	367.58
Add: Balance brought forward from Previous Year		1,445.60	1,346.08
Balance Available for Appropriation		2,687.61	1,713.66
Appropriations:			
Interim Dividend on Equity shares		86.19	71.82
Proposed Dividend on Equity shares		115.22	71.83
Dividend Tax		34.23	24.41
Transfer to General Reserve		200.00	100.00
		435.64	268.06
Balance carried to Balance Sheet		2,251.97	1,445.60
Earnings Per Share (in Rupees) (Refer Note No. 8 of Schedule 12B)			
Basic		8.65	2.56
Diluted		8.33	2.54
Face value of Equity Shares (in Rupees)		2	2
Significant Accounting Policies and Notes Forming Part of Accounts	"12"		

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

For Deloitte Haskins & Sells
 Chartered Accountants

R. D. Kamat
 Partner

Atul K. Nishar
 (Chairman)

Dr. Alka A. Nishar
 (Director)

Shailesh Haribhakti
 (Director)

Prateek Aggarwal
 (Chief Financial Officer)

For and on behalf of the Board

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

Preeti Mehta
 (Director)

Bharat Shah
 (Director)

Bhagwant Bhargawe
 (Company Secretary & Head Legal)

L. S. Sarma
 (Director)

S.K. Mitra
 (Director)

Ashish Dhawan
 (Director)

Place : Mumbai
 Date : 17th February, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2009

(Rupees in Millions)

	For the year	Previous year
A. Cash flow from operating activities		
Net Profit before tax	1,296.09	411.82
Adjustments for:		
Depreciation and amortization	186.15	197.61
Employees share based payment cost	7.07	15.06
Dividend from current investments	(18.06)	(62.48)
Interest income	(213.17)	(58.38)
Profit on sale of investments (net)	-	(1.97)
Loss on sale of fixed assets (net)	4.23	7.10
Interest expense	0.50	17.65
Exchange rate difference (Refer Note I below)	2.09	(0.92)
Operating Profit before working capital changes	1,264.90	525.49
Adjustments for:		
Trade and other receivables	220.74	565.69
Trade and other payables	(111.56)	223.22
Cash generated from operations	1,374.08	1,314.40
Direct taxes paid	(117.90)	(71.18)
Net Cash from operating activity before exceptional item	1,256.18	1,243.22
Outflow on account of Exceptional Loss on foreign currency transactions	-	(900.91)
Net cash from operating activities after exceptional item	1,256.18	342.31
B. Cash flow from investing activities		
Purchase of fixed assets	(154.72)	(851.70)
Purchase of trade investments	(0.50)	(120.74)
Purchase of other investments	(9,109.79)	(3,961.46)
Interest received	120.67	17.67
Proceeds from sale / redemption of investments	7,889.96	6,253.09
Dividend from current investments	18.06	62.48
Proceeds from sale of fixed assets	165.93	5.60
Net cash (used in) / from investing activities	(1,070.39)	1,404.94
C. Cash flow from financing activities		
Proceeds from issue of shares	-	0.36
Share application money received / (adjusted)	1.74	(0.88)
Interest paid	(0.50)	(0.42)
Dividend paid (including corporate dividend tax)	(182.80)	(85.19)
Net cash used in financing activities	(181.56)	(86.13)
Net (Decrease) / Increase in cash and cash equivalents	4.23	1,661.12
Cash and cash equivalents at the beginning of the year	2,134.43	473.31
Cash and cash equivalents at the end of the year	2,138.66	2,134.43

(Refer Note No. I below)

Notes:

- Components of cash and cash equivalents comprise the following :

Cash and Bank Balances (Refer Schedule 5 of the Balance Sheet)	2,283.70	2,190.00
Less: Unrealised (loss) / gain on foreign currency cash and cash equivalents	(0.59)	1.50
Less: Fixed Deposits under lien with Banks	8.47	9.41
Less: Fixed Deposits Interest added to Fixed Deposit	137.16	44.66
Total Cash and Cash equivalents	2,138.66	2,134.43
- Purchase of Fixed Assets (including movements in Capital work-in-progress) are considered as a part of investing activities.
- The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 (AS 3) "Cash Flow Statement".
- The Previous year's figures have been regrouped wherever necessary.

Schedules I to 12 form an integral part of the accounts

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

R. D. Kamat
Partner

Atul K. Nishar
(Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

Preeti Mehta
(Director)

Bharat Shah
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

L. S. Sarma
(Director)

S.K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 17th February, 2010

SCHEDULES TO BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "I" – SHARE CAPITAL		
Authorised		
175,000,000 Equity Shares of Rs. 2/- each	350.00	350.00
3,000,000 Preference Shares of Rs. 100/- each	300.00	300.00
1,100,000 Series "A" Preference Shares of Rs. 1421/- each *	1,563.10	1,563.10
* (See Note No. II below)		
	2,213.10	2,213.10
Issued, Subscribed and Paid-up Capital		
Equity:		
143,650,735 (143,650,735) Equity Shares of Rs. 2/- each Fully Paid.	287.30	287.30
Notes:		
I) Of the above Equity Shares:-		
1. 11,134,625 Equity Shares of Rs. 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
2. 36,188,870 Equity Shares of Rs. 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/Securities Premium Account.		
3. 10,452,965 Equity Shares of Rs. 2/- each fully paid up have been allotted against Global Depository receipts issued by the Company.		
4. 50,000,000 Equity Shares of Rs.2/- each fully paid up issued to the shareholders of erstwhile Hexaware Technologies Limited ('HTL') without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
5. 3,863,060 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 1999.		
6. 8,170,725 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2002.		
7. 10,555,700 Equity Shares of Rs.2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/or optionally convertible Preference Shares at a premium of Rs. 140.10 each as per the terms of issue.		
Particulars of options on unissued share capital (Refer Note No. 3 of the Schedule I2B)		
II) Authorised Preference Share Capital can be either cumulative or non-cumulative with a power to the Company to convert the same into equity shares at any time.		
Total	287.30	287.30

SCHEDULES TO BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "2" – RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	4,725.56	4,725.27
Add: Received during the year	-	0.29
	4,725.56	4,725.56
Employee Stock Options Outstanding		
Employee Stock Options Outstanding	31.51	45.29
Less: Deferred Employee Compensation Expense	9.37	30.23
	22.14	15.06
General Reserve		
As per last Balance Sheet	542.87	442.87
Add: Transferred from Profit and Loss Account	200.00	100.00
	742.87	542.87
Amalgamation Reserve		
As per last Balance Sheet	2.88	2.88
Hedging Reserve (Refer Note No. 13 of Schedule 12B)		
	(403.75)	(1,234.05)
Surplus in Profit and Loss Account		
	2,251.97	1,445.60
Total	7,341.67	5,497.92

SCHEDULE "3" - FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		As at 01.01.2009	Additions	Deductions / Adjustments	As at 31.12.2009	As at 01.01.2009	For the Year	Deductions / Adjustments	As at 31.12.2009	As at 31.12.2009	As at 31.12.2008
Tangible Assets											
1	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
2	Land - Leasehold (Refer Note No. 1 below)	497.34	4.09	5.98	495.45	11.80	5.14	-	16.94	478.51	485.54
3	Building (Refer Note No. 2 below)	438.75	152.96	-	591.71	38.36	8.98	-	47.34	544.37	400.39
4	Plant & Machinery (Includes Computer Systems)	922.35	75.68	35.34	962.69	686.38	114.02	33.92	766.48	196.21	235.97
5	Furniture & Fixtures	269.95	35.96	2.02	303.89	167.12	34.47	1.08	200.51	103.38	102.83
6	Vehicles	39.90	0.01	9.74	30.17	22.46	6.37	7.59	21.24	8.93	17.44
7	Improvement to Leased Premises	2.67	-	-	2.67	0.47	0.53	-	1.00	1.67	2.20
Intangible Assets											
1	Software	42.20	15.99	-	58.19	12.45	16.64	-	29.09	29.10	29.75
Current Year		2,213.31	284.69	53.08	2,444.92	939.04	186.15	42.59	1,082.60	1,362.32	1,274.27
Previous Year		1,875.15	403.90	65.74	2,213.31	794.47	197.61	53.04	939.04	1,274.27	
Capital Work-In-Progress (In respect of building under construction/capital advances).										1,257.37	1,430.62
										2,619.69	2,704.89

Notes:

- Includes Rs. 285.32 million (previous year Rs. 457.98 million) and Rs. 8.09 million (previous year Rs. 10.02 million) being lease premium and accumulated amortization in respect of leasehold land allotted to the Company at Pune and Nagpur for which final lease agreement is being executed.
 - Includes leasehold land (net book value Rs. 164.11 million) held for sale.
- Includes gross block of Rs. 164.01 million (previous year Rs. 168.70 million) and accumulated depreciation of Rs. 23.47 million (previous year Rs. 20.08 million), which the Company acquired along with land from MIDC, at Navi Mumbai, entered in to necessary agreements and took possession of the building in an earlier year. The final agreement is being executed.

SCHEDULES TO BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "4" - INVESTMENTS		
A) Long Term		
(i) Investment in Subsidiaries (unquoted) (at cost)		
30,026 (23,026) common stock at no par value in Hexaware Technologies Inc., U.S.A. (Refer Note No. 12 of Schedule 12B)	1,632.68	345.28
3,067,000 (3,067,000) shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	218.87	218.87
5,00,000 (5,00,000) shares of Singapore \$ 1/- each fully paid up in Hexaware Technologies Asia - Pacific Pte Ltd., Singapore	12.48	12.48
3,618 (3,618) shares of face value 50 Euro each fully paid up in Hexaware Technologies GmbH, Germany	7.57	7.57
1 (1) common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
11,780,000 (11,780,000) shares of Rs. 10/- each fully paid up in Caliber Point Business Solutions Limited	158.92	158.92
Nil (1000) common stock at no par value in Focus Frame Inc., U.S.A. (Refer Note No. 12 of Schedule 12B)	-	1,287.40
1,000,000 (850,000) shares of Rs. 10/- each fully paid up in Risk Technology International Limited	8.50	8.50
1 (1) participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.	0.01	0.01
Share application money in Rampran Infotech Limited	0.50	-
	2,040.26	2,039.76
(ii) Others (at cost less provision for diminution in value of investment) (Unquoted)		
118 (118) No. 2 Series A Preferred Shares of 500,000/- Yen each in ROA International Co., Ltd.	21.73	21.73
Less: Provision for diminution in value of Investment	21.73	21.73
B) Current Investments		
Non Trade Investments (Unquoted)		
Investment in Mutual Funds		
(At cost or fair value, whichever is lower)		
(Unit of Rs. 10/- each, unless otherwise stated).		
Name of Mutual Fund Scheme	Units	
Canara Robeco Treasury Advantage Super Inst. Daily Dividend Reinvest Fund	3025940	37.54
HDFC Cash Mgmt. Fund-Treasury Advance Plan-Wholesale-Daily Dividend	24212992	242.89
IDFC Money Manager Fund- Investment Plan-Inst Plan B - Daily Dividend	60594877	606.86
Kotak Floater - Long Term - Daily Dividend	34975028	352.54
		1,239.83
Total		3,280.09

SCHEDULES TO BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "4" - INVESTMENTS (Contd.)		
(i) Aggregate cost of quoted investments	-	-
Aggregate market value of quoted investments	-	-
(ii) Aggregate value of unquoted investments	3,280.09	2,039.76
	<u>3,280.09</u>	<u>2,039.76</u>

(iii) Details of investments purchased and sold during the year
(Face Value of Rs. 10/- each, unless otherwise stated).

Name of Mutual Fund Scheme	Units	Cost
Reliance Medium Term Fund - Daily Dividend Plan	58846147	1,006.01
Reliance Liquid Fund - Treasury Plan - Inst. - Daily Dividend	54955647	840.12
Reliance Floating Rate Fund - Daily Dividend Reinvest	51027158	513.83
Reliance Money Manager Fund - Institutional - Daily Dividend (face value Rs. 1000/-)	588101	588.77
ICICI Prudential Floating Rate Plan C - Daily Dividend	8002961	80.06
ICICI Prudential Floating Rate Plan D - Daily Dividend	7012097	70.14
ICICI Prudential Institutional Liquid Plan - Super Inst. Div.	42246893	422.55
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	32812170	328.18
Reliance Liquid Fund - Growth Option	1877004	25.00
Fortis Short Term Income Fund - Inst. Plus - Daily Div.	15801712	158.06
Fortis Short Term Income Fund - Institutional Daily Dividend	6602235	66.04
Fortis Overnight Fund - Institutional Dividend	12597287	126.01
Tata Super High Investment Fund - Daily Dividend (face value Rs. 1000/-)	98706	110.01
Tata Treasury Manager SHIP Daily Dividend (face value Rs. 1000/-)	24805	25.06
Tata Floater Fund - Daily Dividend	10471710	105.09
Kotak Liquid (Institutional Premium) - Daily Dividend	70950774	867.59
Kotak Floater - Long Term - Daily Dividend	50868132	512.74
Kotak Quarterly (Institutional Premium) - Daily Dividend	7598917	75.99
IDFC Cash Fund - Super Inst Plan C - Daily Dividend	60240087	602.55
HDFC Cash Management Fund - Saving Plan - Daily Dividend Reinvest	37139918	395.04
HDFC Cash Mgmt. Fund - Treasury Advance Plan - Wholesale - Daily Dividend	17002924	170.56
Birla Sun Life Cash Plus - Inst. Prem. Daily Dividend	7985140	80.01
Birla Sun Life saving Fund Inst. Daily Dividend	8001639	80.07
Kotak Flexi Debt Scheme Institutional - Daily Dividend	29894786	300.37
HDFC Floating rate Income Fund - Short Term Plan-Wholesale Option-Dividend Reinvest	11168414	112.59
HDFC Liquid Fund Premium Plan - Daily Dividend Reinvest	10604713	130.01
Canara Robeco Liquid Super Inst. Daily Dividend Reinvest Fund	5727033	57.51
Canara Robeco Treasury Advantage Super Inst. Daily Dividend Reinvest Fund	1611980	20.00

SCHEDULES TO BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months	65.26	61.87
Other debts	656.18	860.39
	721.44	922.26
Less: Provision for doubtful accounts	74.81	55.66
	646.63	866.60
Sundry Debtors		
Considered good	646.63	866.60
Considered doubtful	74.81	55.66
	721.44	922.26
Cash and Bank Balances		
Remittance in Transit	1.67	24.35
(i) Bank Balances with Scheduled Banks		
In Fixed Deposit Accounts	2,192.97	1,909.63
[Includes interest accrued of Rs. 137.16 million (Rs. 44.66 million)] [Includes deposits of Rs. 8.47 million (Rs. 9.41 million) under lien with banks for guarantees given by bank to various government authorities]		
In Exchange Earner's Foreign Currency Account	1.33	31.13
In Current Accounts	56.29	188.44
(ii) Bank Balances with others		
In Current Accounts - in Foreign Currency		
a) Mizohu Bank Limited - Japan	3.85	2.78
[Maximum balance outstanding during the year Rs. 5.44 million (Rs. 12.31 million)]		
b) Union Bank of Switzerland - Switzerland	1.56	2.11
[Maximum balance outstanding during the year Rs. 2.66 million (Rs. 12.40 million)]		
c) Royal Bank of Scotland - United Kingdom	0.69	0.65
[Maximum balance outstanding during the year Rs. 0.73 million (Rs. 0.72 million)]		
d) National Australia Bank - Australia	3.21	13.90
[Maximum balance outstanding during the year Rs. 29.99 million (Rs. 29.47 million)]		

SCHEDULES TO BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES (Contd.)		
e) Rabo Bank - Netherland [Maximum balance outstanding during the year Rs. 23.06 million (Rs. 43.87 million)]	3.31	5.52
f) Handelsbanken Bank - Sweden [Maximum balance outstanding during the year Rs. 16.57 million (Rs. 25.17 million)]	3.55	2.23
g) Metropolitan Bank and Trust Company - Manila [Maximum balance outstanding during the year Rs. 9.52 million (Rs. 9.26 million)]	8.90	9.26
In Fixed Deposit Accounts - in Foreign Currency		
National Australia Bank - Australia [Includes interest accrued of Rs. 0.10 million (Rs. Nil)]	6.37	-
	2,283.70	2,190.00
Loans and Advances (Unsecured)		
Loans and Advances to subsidiaries	57.26	81.29
Advances recoverable in cash or in kind or for value to be received	242.61	208.42
Deposits	240.48	282.00
Advance Income Tax (net of provision for tax)	74.56	80.93
Advance Fringe Benefit Tax (net of provision for tax)	7.06	3.76
Mat Credit Entitlement	172.23	16.93
	794.20	673.33
Less: Provision for doubtful deposits / advances	41.05	4.75
	753.15	668.58
Loans and Advances		
Considered good	753.15	668.58
Considered doubtful	41.05	4.75
	794.20	673.33
Other Current Assets		
Unbilled services	59.17	11.34
Total	3,742.65	3,736.52

SCHEDULES TO BALANCE SHEET

Particulars	(Rupees in Millions)	
	As at 31st December 2009	As at 31st December 2008
SCHEDULE "6" - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
i) Total Outstanding dues to micro enterprises and small enterprises	-	-
ii) Total Outstanding dues to Creditors other than micro enterprises and small enterprises	141.52	407.84
Due to Subsidiaries	298.62	113.31
Deposit received for Leased Premises	42.59	43.67
Unearned Revenues	10.03	14.97
Unclaimed Dividend *	10.08	8.01
Other Liabilities	625.95	463.94
Liability for derivative contracts	443.92	1,242.95
	1,572.71	2,294.69
Provisions		
Provision for compensated absences	95.43	102.53
Provision for gratuity	87.92	146.75
Proposed dividend	115.22	71.83
Corporate tax on dividend	19.58	12.21
Provisions others (Refer Note No. 14 of Schedule 12B)	31.04	66.52
Provision for fringe benefit tax (net of advance tax)	0.52	0.90
Provision for taxation (net of advance tax)	88.78	-
	438.49	400.74
Total	2,011.20	2,695.43

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

SCHEDULES TO PROFIT AND LOSS ACCOUNT

Particulars	(Rupees in Millions)	
	For the year ended 31st December 2009	For the year ended 31st December 2008
SCHEDULE "7" - OTHER INCOME		
Dividend from current investments	18.06	62.48
Profit on sale of current investments (Net)	-	1.97
Interest income		
from long term investments	-	3.30
from others	213.17	55.08
(Tax deducted at source Rs. 23.89 million (Rs.2.54 million)) (Includes interest on bank fixed deposits Rs. 209.60 million (Rs. 50.07 million))	213.17	58.38
Profit/(Loss) on Sale of Assets	5.44	(7.10)
Rental income (tax deducted at source Rs. 15.63 million (Rs. 11.52 million))	78.56	50.35
Miscellaneous income	25.84	35.86
Total	341.07	201.94
SCHEDULE "8" - SOFTWARE AND DEVELOPMENT EXPENSES		
Consultant travel and related expenses	205.33	255.84
Software expenses	415.10	629.39
(Includes subcontracting charges Rs. 300.05 million (Rs. 522.20 million))		
Total	620.43	885.23
SCHEDULE "9" - EMPLOYMENT EXPENSES		
Salary and other allowances	1,661.25	2,091.40
Contribution to provident and other funds	99.89	184.45
Staff welfare expenses	37.73	112.37
Total	1,798.87	2,388.22

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	For the year ended 31st December 2009	For the year ended 31st December 2008
SCHEDULE "10" - ADMINISTRATION AND OTHER EXPENSES		
Rent	179.68	258.64
Rates and taxes	7.82	5.96
Travelling and conveyance expenses	94.52	104.61
Electricity charges	70.04	94.15
Communication expenses	65.27	103.62
Repairs and maintenance		
Buildings	8.53	8.74
Plant and machinery	19.25	29.77
Others	29.08	31.85
	56.86	70.36
Printing and stationery	8.32	13.79
Auditors remuneration		
Audit fees	2.00	2.00
Tax audit fees	0.95	1.13
Limited reviews, certification work etc.	3.50	3.52
Out of pocket expenses	0.04	0.01
	6.49	6.66
Legal and professional fees	43.91	57.54
Advertisement and publicity	0.70	1.84
Seminar, conference and business promotion	10.30	11.30
Bank charges	2.12	2.87
Directors' sitting fees	1.34	1.60
Insurance premium	11.18	16.38
Donation	0.01	-
Bad debts / advances written off (net off recoveries Rs. Nil (Rs. 6.10 million))	0.30	3.68
Provision for doubtful accounts (net off write back Rs. 5.24 million (Rs. 6.50 million))	72.12	26.78
Staff recruitment expenses	5.80	21.80
Service charges	37.76	56.81
Miscellaneous expenses	20.30	66.90
Note: Miscellaneous expenses includes Stamp duty and filing fees, Registrar and share transfer expenses, Membership and subscription, Liquidated damages etc.		
Total	694.84	925.29
SCHEDULE "11" - INTEREST		
Others	0.50	17.65
Total	0.50	17.65

SCHEDULE “12” SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention and Concepts

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

2. Use of Estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known / materialise.

3. Revenue Recognition

- a) Revenues from software solutions and consulting services are recognized on specified terms of contract in case of contract on time basis and in case of fixed price contracts revenue is recognized using percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as unearned revenue. Unbilled services included in loans and advances represents amount recognized based on services performed in advance of billing in accordance with contract terms.
- b) Dividend income is recognised when right to receive is established.
- c) Interest Income is recognised on time proportion basis

4. Fixed Assets

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

5. Depreciation and Amortisation

Depreciation and amortisation on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as determined by the management.

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

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

6. Investments

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

7. Foreign Currency Transaction / Translation

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

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

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

Foreign Branches

In respect of the foreign branches, being integral foreign operations, all revenues and expenses (except depreciation) during the year are reported at average rate prevailing during the period. Monetary assets and liabilities are restated at the year end exchange rate. Non-monetary assets and liabilities are stated at the rate prevailing on the date of the transaction. Balance in 'head office' account whether debit or credit is translated at the amount of the balance in the 'foreign branch' account in the books of the head office. Net gain / loss on foreign currency translation is recognized in the Profit and Loss Account.

8. Derivative instruments and hedge accounting

The Company enters into foreign currency forward contracts and currency options contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these instruments as hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". Accordingly, the Company records the gain or loss on fair valuation of effective cash flow hedges in the Hedging Reserve account until the forecasted transaction materializes. Gain or loss on fair valuation of ineffective cash flow hedges is recognized in the profit and loss account. (Refer Note No. 13 of Schedule 12 B).

9. Employee Benefits

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

Payments to defined contribution retirement schemes are expensed as incurred. For defined benefit schemes and other long term benefit plans, (compensated absences) the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and reduction in future contributions to the scheme.

b) Short term employee benefits:

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

10. Borrowing Cost

Borrowing cost attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

11. Leases

Finance Lease

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

Operating Leases

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

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

12. Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard 22 (AS 22) on “Accounting for Taxes on Income”. Tax expense comprises of current tax, deferred tax and fringe benefits tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred taxes are recognised for future tax consequence attributable to timing difference between taxable income and accounting income, measured at relevant enacted tax rates and in the case of deferred tax assets, on consideration of prudence, are recognized and carried forward to the extent of reasonable certainty/virtual certainty, as the case maybe. Fringe benefits tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by The Institute of Chartered Accountants of India (ICAI).

Minimum Alternate Tax (MAT) credit entitlement is recognized in accordance with the Guidance Note on “Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961” issued by ICAI. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. At each balance sheet date the Company reassesses MAT credit assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be and adjusts the same accordingly.

13. Impairment of assets

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

14. Share based compensation

The compensation cost of stock options granted to employees is measured by the intrinsic value method, i.e. difference between the market price of the Company’s shares on the date of grant of options and the exercise price to be paid by the option holders. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

15. Provisions, Contingent Liabilities and Contingent assets

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

B) NOTES FORMING PART OF ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 152.43 Million (Previous Rs 680.38 million).
2. **Contingent Liabilities in respect of**
 - a) Claims not acknowledged as debt to Rs. 49.95 million (Previous year Rs 44.41 million).
 - b) Income tax disputed in appeal and pending decision Rs. 2.74 million (Previous Year Rs. 6.48 million), Company is hopeful of getting a favourable decision.
 - c) Guarantee given by the Company to a bank on behalf of the Company’s wholly-owned subsidiary Rs. 240 million (Previous Year Rs 285 million).
3. **Share Based Compensation (ESOP)**
 - a) 18,538 (23,095) warrants under Employee Stock Option Scheme – 1999 (ESOP 1999) of Re. 0.06 each is the balance outstanding as at December 31, 2009 and 2008 respectively. Each block of 3 warrants, granted at Rs. 0.18 entitles the holder to get one equity share of Rs. 2/- each at a price of Rs. 9/- per share within a period of ten years commencing from February 1, 2001 (exercise period) in accordance with the said Scheme. The particulars of warrants granted and lapsed under the Scheme are tabulated below under (e).
 - b) 1,103,924 (2,265,342) Options is the balance outstanding as at December 31, 2009 and 2008 respectively under Hexaware Technologies Limited – Employee Stock Option (‘ESOP – 2002’) (‘the Plan’) at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher or such price that may be determined by the Remuneration and Compensation Committee (‘Committee’). Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The Options shall vest in four equal instalments or as determined at the discretion of the Committee. The particulars of options granted and lapsed under the Scheme are tabulated below under (e).

Details of options granted during the year under the said scheme are as under:

Grant Date	No. of Options granted	Exercise Price	Vesting period
March 4, 2009	613,078	Rs. 24.9	Until March 4, 2013
March 25, 2009	18,000	Rs. 26.6	Until March 25, 2013

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

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

Grant Date	Category	No. of Options granted	Exercise Price	Vesting period
March 4, 2009	ESOP	5,166,671	Rs. 24.90	Until March 4, 2013
March 4, 2009	Special Performance Linked 1% Stock options	1,300,000	Rs. 24.90	Until March 4, 2011
April 29, 2009	Performance Options	544,821	Rs. 10	Until April 29, 2013

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

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

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

Grant Date	No. of Performance Options granted	Exercise Price	Vesting Period
April 29, 2009	140,262	Rs. 10	Until April 29, 2013

The options are granted at a price determined by the Committee. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The options shall vest in four equal instalments or as determined at the discretion of the Committee. No options shall be granted under the scheme after October 23, 2015 (Closing date).

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

	ESOP-1999		ESOP-2002		ESOP-2007		ESOP-2008	
	Warrants (Nos.)	Weighted Avg. Ex. Price per share (Rs.)	Option (Nos.)	Weighted Avg. Ex. Price per share (Rs.)	Option (Nos.)	Weighted Avg. Ex. Price per share (Rs.)	Option (Nos.)	Weighted Avg. Ex. Price per share (Rs.)
Outstanding as at the beginning of the year	23,095 (23,095)	9.00 (9.00)	2,265,342 (1,377,110)	55.22 (93.89)	258,500 (4,040,000)	61.40 (109.00)	- (-)	- (-)
Granted during the year	- (-)	- (-)	631,078 (1,103,172)	24.95 (11.60)	7,011,492 (6,120,749)	23.74 (61.40)	140,262 (-)	10.00 (-)
Exercised during the year	- (-)	- (-)	- (34,250)	- (10.34)	- (-)	- (-)	- (-)	- (-)
Lapsed during the year	4,557 (-)	9.00 (-)	1,792,496 (180,690)	61.56 (96.13)	702,000 (9,902,249)	32.73 (80.82)	- (-)	- (-)
Outstanding as at the year end	18,538 (23,095)	9.00 (9.00)	1,103,924 (2,265,342)	27.62 (55.22)	6,567,992 (258,500)	24.26 (61.40)	140,262 (-)	10.00 (-)
Exercisable as at the year end	18,538 (23,095)	9.00 (9.00)	417,096 (1,003,295)	24.32 (88.66)	27,000 (-)	61.40 (-)	- (-)	- (-)

Figures for the previous year are given in brackets.

Notes:

- i) The aforesaid Schemes of the Company provide for the exercise of the warrants / options at any time after the vesting and hence the warrants / options do not have any contractual life and accordingly the same has not been disclosed.
- ii) Number of options outstanding under ESOP 2002, 2007 and 2008 scheme falls into following range of exercise prices.

Price range Rs.	Current Year (Nos.)	Previous year (Nos.)
2 – 26.6	7,561,178	1,281,692
54 – 101	188,000	683,225
135 – 171	63,000	558,925
Total	7,812,178	2,523,842

- f) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by Rs. 29.29 million (previous year higher by Rs. 11.10 million) and earnings as per share as reported would be lower as indicated below:

Particulars	Year-2009	Year-2008
Basic Earning per share		
- As reported (in Rs.)	8.65	2.56
- Adjusted (in Rs.)	8.44	2.64
Diluted Earnings per share		
- As reported (in Rs.)	8.33	2.54
- Adjusted (in Rs.)	8.14	2.62

The fair value of each option is estimated on the date of grant based on the following assumptions:

Particulars	ESOP-2002					ESOP-2007				ESOP-2008
	Stock Options			Restricted Stock Units	Performance Share	Stock Options			Performance Share	Stock Options
	Grant dated June 30, 2008	Grant dated March 4, 2009	Grant dated March 25, 2009	Grant dated June 30, 2008	Grant dated June 30, 2008	Grant dated June 2, 2008	Grant dated March 4, 2009	Grant dated March 4, 2009	Grant dated April 29, 2009	Grant dated April 29, 2009
Dividend yield (%)	0.84%	1.03%	1.03%	0.84%	0.84%	0.84%	1.03%	1.03%	1.14%	1.14%
Expected life (years)	2.25 years	4.25 years	4.25 years	1 year	4 years	4.25 years	4.25 years	2.25 years	4.5 years	4.5 years
Risk free interest rate (%)	8.65-8.92%	5.31%-5.92%	5.09%-6.22%	8.57%	8.72%-9.31%	7.75%-7.91%	5.31%-5.92%	5.31%-5.49%	5.46%-5.84%	5.72%-6.08%
Volatility (%)	46.53%-52.58%	55.98%-76.04%	56.95%-80.50%	56.26%	46.12%-51.01%	45.33%-52.54%	55.98%-76.04%	64.59%-76.04%	56.59%-60.78%	55.26%-57.18%

4. a) The Provision for current income tax is aggregate of the balance tax for three months ended March 31, 2009 based on the returned income for the year ended March 31, 2009 and the provision based on the taxable income for the remaining nine months up to December 31, 2009, the actual tax liability, for which, will be determined on the basis of the results for the year ending March 31, 2010.
- b) Net deferred tax asset has not been recognised considering the requirement of AS 22 relating to reasonable / virtual certainty.
- c) Considering the future profitability and taxable positions in the subsequent years, the Company has recognised the 'MAT Credit entitlement' of Rs 155.30 million (Previous year Rs 16.93 million) as an asset by crediting the profit and loss account for an equivalent amount and disclosed under 'Loans and advances' (Schedule 5) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by ICAI.

5. a) Related Parties

The Company has entered into transactions with following related parties

Sr. No.	Name of the Related Parties	Country
	Subsidiaries	
1	Hexaware Technologies Inc.	United States of America
2	FocusFrame Inc. *	United States of America
3	Hexaware Technologies UK Ltd.	United Kingdom
4	FocusFrame UK Limited	United Kingdom
5	Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
6	Hexaware Technologies GmbH.	Germany
7	Hexaware Technologies Canada Ltd.	Canada
8	Caliber Point Business Solutions Ltd.	India
9	FocusFrame Europe BV	Netherland
10	FocusFrame Mexico S. De. R.L. De. C.V.	Mexico
11	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
12	Risk Technology International Limited	India
13	Risk Technology International Ltd. **	United States of America
14	Risk Technologies (UK) Ltd.	United Kingdom
15	Specsoft Technologies India Ltd. ***	India
16	Rampran Infotech Ltd.	India
	Key Management Personnel (KMP)	
17	Mr. Atul K. Nishar – Executive Chairman	
18	Mr. P. R. Chandrasekar – Vice-Chairman and CEO	
	Others	
19	Hexaware Technologies Employee Stock Option Trust	
20	Priyanka Atul Nishar	Relative of KMP
21	Devangi Atul Nishar	Relative of KMP

Notes: * Merged with Hexaware Technologies Inc. w.e.f. February 1, 2009

** Merged with Hexaware Technologies Inc. w.e.f. April 8, 2009

*** Company name struck off from Registrar of Company w.e.f. January 16, 2010

Transactions with parties are :

(Rupees in Millions)

Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
1) Finance (Including loans and equity contributions) in cash or in kind				
a) Loans Given				
Balance as at January 1, 2009	39.60	-	0.41	40.01
	(-)	(-)	(0.41)	(0.41)
Fresh loans during the year	1.20	-	-	1.20
	(79.60)	(-)	(-)	(79.60)
Repaid /adjusted during the year	24.50	-	-	24.50
	(40.00)	(-)	(-)	(40.00)
Balance as at December 31, 2009	16.30	-	0.41	16.71
	(39.60)	(-)	(0.41)	(40.01)
b) Investment in Equity (including share application money)				
Balance as at January 1, 2009	2039.76	-	-	2039.76
	(2035.00)	(-)	(-)	(2035.00)
Add: Purchased during the year	0.50	-	-	0.50
	(4.76)	(-)	(-)	(4.76)

Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
Balance as at December 31, 2009	2040.26 (2039.76)	- (-)	- (-)	2040.26 (2039.76)
c) Guarantee and Collateral – Caliber Point Business Solutions Ltd	240.00 (285.00)	- (-)	- (-)	240.00 (285.00)
2) Software and consultancy income	2316.14 (2332.81)	- (-)	- (-)	2316.14 (2332.81)
3) Software and development expenses – subcontracting charges	272.53 (522.21)	- (-)	- (-)	272.53 (522.21)
4) Interest and other Income	4.35 (4.55)	- (-)	- (-)	4.35 (4.55)
5) Reimbursement of cost to	76.14 (50.58)	- (-)	- (-)	76.14 (50.58)
6) Receiving of services	- (2.38)	2.76 (13.12)	- (-)	2.76 (15.50)
7) Recovery of cost / advances from	198.44 (343.36)	- (-)	- (-)	198.44 (343.36)
8) Others	- (-)	- (-)	0.74 (0.26)	0.74 (0.26)
9) Closing Balances as on December 31, 2009				
Receivable towards software and consultancy income	291.79 (296.62)	- (-)	- (-)	291.79 (296.62)
Advances	40.96 (41.69)	- (-)	- (-)	40.96 (41.69)
Payable towards services and reimbursement of cost	298.62 (113.31)	- (-)	- (-)	298.62 (113.31)
10) Employee Stock Options (Nos.)				
a) Employee Stock Options Granted during the year (Nos.)				
- P. R. Chandrasekar	- (-)	1,715,499 (1,415,499)	- (-)	1,715,499 (1,415,499)
b) Restricted Stock Options Granted during the year (Nos.)				
- P. R. Chandrasekar	- (-)	- (329,846)	- (-)	- (329,846)
c) Performance Stock Options Granted during the year (Nos.)				
- P. R. Chandrasekar	- (-)	400,000 (399,243)	- (-)	400,000 (399,243)

Note: Previous year figures are given in brackets.

Out of the above items transactions with subsidiaries and Key Management Personnel in excess of 10% of the total related party transactions are as under:

(Rupees in Millions)

Transaction	Current Year Amount		Previous Year Amount
a) Loans given			
Subsidiaries			
Granted during the year			
- Risk Technology International Limited	1.20		79.60
		1.20	79.60
Repaid / adjusted during the year			
- Risk Technology International Limited	24.50		40.00
		24.50	40.00
b) Software and Consultancy Income			
Subsidiaries			
- Hexaware Technologies Inc.	1429.15		1215.15
- Hexaware Technologies UK Ltd.	87.12		347.26
- Hexaware Technologies GmbH.	644.16		651.09
		2160.43	2213.50
c) Expenditure			
- Software and development expenses - subcontracting charges			
- Hexaware Technologies Inc.	251.19		440.16
- Reimbursement of Cost			
- Hexaware Technologies Inc.	8.17		13.41
- Hexaware Technologies UK Ltd.	54.94		23.34
- Hexaware Technologies Asia Pacific Pte Ltd.	5.85		5.64
- Receiving of Services			
- Risk Technology International Limited	-		1.25
- Caliber Point Business Solutions Ltd.	-		1.13
		320.15	484.93
Remuneration			
Key Management Personnel			
- Atul K. Nishar	2.76		5.68
- P. K. Sridharan	-		7.44
		2.76	13.12
d) Income			
Interest and Other Income			
Subsidiaries			
- Risk Technology International Limited	4.35		4.55
		4.35	4.55
e) Recovery of cost / Advances during the year			
Subsidiaries			
- Hexaware Technologies Inc.	137.67		194.20
- Hexaware Technologies UK Ltd.	20.21		101.29
		157.88	295.49
f) Investment in Equity (including share application Money)			
Addition during the year			
Subsidiaries			
- FocusFrame Inc.	-		4.76
- Rampran Infotech Ltd.	0.50		-
		0.50	4.76

6. a) Details of loans and advances in the nature of loans (As required by Clause 32 of the listing agreement with the stock exchanges):

(Rupees in Millions)

Name of party	Relationship	Amount outstanding as at 31-12-2009	Maximum amount outstanding during the year
Risk Technology International Ltd.	Wholly Owned Subsidiary	16.30 (39.60)	39.60 (54.60)

Notes:

1. Interest @ 12% per annum is charged on the above loan (the loan is repayable on demand).
 2. Loans to employees as per the Company's policy are not considered.
 3. There are no investments by the loanee in the shares of the Company.
 4. Recoverable cost / Recoverable advances not included above.
 5. Figures for the previous year are given in brackets.
- b) The Ministry of Company Affairs, Government of India vide its Order No. 47/709/2009-CL-III dated January 12, 2010 issued under Section 212(8) of the Companies Act, 1956, has exempted the Company from attaching the Balance Sheet and Profit and Loss Account of all subsidiaries under Section 212(1) of the Companies Act, 1956.

7. Segments:

The Company has presented data relating to its segments based on its consolidated financial statements, which are presented in the same annual report. Accordingly, in terms of the provisions of Accounting Standard (AS 17) "Segment Reporting", no disclosures related to segments are presented in its standalone financial statements.

8. Earnings Per Share (EPS)

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

(Rupees in Millions)

Particulars	Year 2009	Year 2008
Net profit after tax	1242.01	367.58
Net Income available to equity shareholders for basic EPS	1242.01	367.58
Weighted average outstanding equity shares considered for basic EPS (Nos.)	143,650,735	143,628,484
Basic Earnings per share	8.65	2.56
Net Income available to equity shareholders for basic EPS	1242.01	367.58
Net profit after tax for diluted EPS	1242.01	367.58
Weighted average outstanding equity shares considered for basic EPS (Nos.)	143,650,735	143,628,484
Add: Effect of dilutive issue of stock options (including share application money received on exercise of options) (Nos.)	5,423,135	970,582
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	149,073,870	144,599,066
Diluted Earnings per share	8.33	2.54

9. a) Managerial Remuneration:

(Rupees in Million)

	For the year ended 31-12-2009	For the year ended 31-12-2008
Executive Directors		
- Salaries and allowances	2.59	11.84
- Contribution to Provident and Other funds	0.17	0.52
- Perquisites	-	0.75
Total	2.76	13.11
Non-Executive Directors		
- Commission*	3.50	3.26

* Renewal of shareholders approval is sought at the Annual General Meeting.

Notes:

1. The above does not include value of gratuity benefit and benefit towards leave balances since the same is actuarially valued for the Company as whole.
 2. Above amount does not include remuneration paid by subsidiary company to the directors aggregating to Rs. 80.40 million (Previous year Rs. 103.67 million) and stock based compensation expense recognized in employment expenses aggregating to Rs 7.61 million (Previous year Rs 12.45 million)
- b) Computation of net profit in accordance with Section 198 read with section 309 (5) of the Companies Act, 1956 and calculation of commission payable to non-wholetime directors.

(Rupees in Millions)

Particulars	For the Year ended 31-12-2009		For the Year ended 31-12-2008	
Net Profit after tax from ordinary activities		1,242.01		367.58
Add:				
Remuneration to wholetime director	2.76		13.11	
Directors Sitting Fees	1.34		1 .60	
Provision for doubtful debts	72.12		26.78	
Depreciation as per books of Accounts	186.15		197.61	
Provision for Taxation	54.08		44.24	
Loss on sale of fixed Assets	-		7 .10	
Commission to Non-wholetime Directors	3.50		3 .26	
		319.95		293.70
Less:				
Profit on sale of Investment (Net)	-		1 .97	
Profit on sale of Asset	5.44		-	
Depreciation as envisaged under Section 350 of the Companies Act	186.15		197.61	
Expenditure over income under Section 349 (4) (L)	-		59.21	
		191.59		258.79
Net Profit on which commission is payable		1,370.37		402.49
Maximum allowed as per Companies Act, 1956 at 1%		13.70		4.02
Commission provided for		3.50		3.26

10. Employee benefit plans:
i) Defined contribution plans viz. Provident Fund and Superannuation Fund:

Eligible employees receive benefits from a Provident Fund Trust which is a defined contribution plan. Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. The Company pays a part of the contributions to Hexaware Technologies Limited Employees Provident Fund Trust (the 'Trust'). The remaining portion of Company's contribution is contributed to the Government administered Employees Pension Fund. The interest rate payable by the Trust to the beneficiaries every year is being notified by the government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate.

The Guidance on Implementing AS 15, Employee benefits (revised 2005) issued by Accounting Standards Board (ASB) states that benefit plans involving employer established provident funds, which require interest shortfalls to be recompensed are to be considered as defined benefit plans. Pending the issuance of the guidance note from the Actuarial Society of India, the Company's actuary has expressed an inability to reliably measure provident fund liabilities. Accordingly, the Company is unable to exhibit the related information.

Certain employees of the Company are entitled to benefits under superannuation, a defined contribution plan. The Company makes quarterly voluntary contributions under the superannuation plan to LIC based on a specified percentage of each covered employees salary and recognised such contributions as an expense when incurred and have no further obligation to the plan beyond their contributions.

Amounts recognized as expenses towards contributions to provident fund and other funds, superannuation funds by the Company are Rs. 94 million (Previous year Rs. 101.30 million) and Rs 4.72 million (Previous year Rs. 2.45 million) respectively for the year ended December 31, 2009.

ii) Post employment defined benefit plans:

Gratuity Plan: The Company makes annual contribution to the Employee's Group Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

The following table sets out the status of the gratuity plan for the year ended December 31, 2009 as required under AS 15 (Revised).

(Rupees in Millions)

	2009	2008
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	197.85	129.91
Current Service Cost	48.90	38.20
Interest Cost	14.19	12.48
Actuarial (gain) / Loss	(53.76)	25.94
Benefits Paid	(12.10)	(8.68)
Closing Defined Benefit Obligation	195.08	197.85
Change in the Fair value of Assets		
Opening in Fair value of assets	56.42	41.15
Expected Return on Plan Assets	5.45	3.13
Actuarial Gain	0.80	1.66
Contribution by Employer	57.76	19.16
Benefits Paid	(12.10)	(8.68)
Closing Fair value of Plan Assets	108.33	56.42
Net Liability	86.75	141.43
Additional provision made for resigned employees	1.17	5.32
Liability as per Balance Sheet (Refer Schedule 6)	87.92	146.75

Expense for the year:

	2009	2008
Current Service Cost	48.90	38.21
Interest on Defined Benefit Obligation	14.19	12.48
Expected Return on Plan Assets	(5.45)	(3.13)
Net Actuarial Losses / (Gain)	(54.56)	24.28
Total Included in Employment Expenses	3.08	71.84

Actual Return on Plan Assets	6.25	4.80
------------------------------	------	------

Category of Assets as on December 31, 2009 Insurer Managed Fund	108.34	56.42
--	--------	-------

Financial Assumptions at the Valuation Date:

	2009	2008
Discount rate	7.60%	5.90%
Rate of increase in compensation levels of covered employees	10% for first year and 7.5% thereafter	7.5%
Expected Rate of return on plan assets (*)	7.25%	7.25%

* Expected rate of return on plan assets is based on expectation of the average long-term rate of return expected to prevail over the estimated term of the obligation on the type of the investments assumed to be held by LIC, since the fund is managed by LIC.

The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotions and other relevant factors.

Asset allocations

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

11. The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals recognised in the Profit and Loss Account under various non-cancellable operating leases is Rs.105.93 million (Previous year Rs. 179.77 million). Sublease rentals recognised in the profit and loss account on account of subleasing of the leased premises is Rs. 40.89 million (Previous year Rs. 22.54 million). The future minimum lease payments and payment profile of the said leases are as follows:

(Rupees in Millions)

	As at 31.12.2009	As at 31.12.2008
Not later than one year	18.45	115.59
Later than one year but not later than five years	97.88	94.99
Later than five years	6.37	13.48
	122.70	224.06

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

(Rupees in Millions)

	As at 31.12.2009	As at 31.12.2008
Not later than one year	44.98	40.89
Later than one year but not later than five years	32.34	77.32
	77.32	118.21

12. The Company's wholly owned subsidiary, FocusFrame Inc., USA has merged with another wholly owned subsidiary viz. Hexaware Technologies Inc. as on February 1, 2009, such merger being expected to provide synergies in operations and result in improved profitability of the merged entity. Accordingly the Company has received 7000 (Nos.) equity shares of Hexaware Technologies Inc., USA on such merger.

13. Derivative Instruments:

- a) The Company has following outstanding derivatives instruments:
- (i) Forward exchange contracts to Sell US Dollar 127.10 million, Sell Euro 16.935 million (Previous Year Sell US Dollar 148 million, Sell Euro 5.60 million and Sell GBP 2.65 million) are outstanding as of December 31, 2009.
 - (ii) There are no Currency Options outstanding as of December 31, 2009. (Previous year Sell US Dollar 17 million)
 - (iii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is Rs.449.38 million (Previous year Rs 1364.83 million) as at December 31, 2009 including Rs.403.75 million (Previous year Rs. 1234.05 million) recognized as effective portion of Hedging Reserve as at December 31, 2009 which is expected to be reclassified to the profit and loss account over three years.
- b) As of the balance sheet date the Company has the net receivable foreign currency exposure that is not hedged by a derivative instrument or otherwise amounting to Rs. 317.65 million (Previous year Rs. 366.74 million).

14. 'Provision Others' includes provisions for claims relating to property including interest on delayed payments, liquidated damages, the outflow of which would depend on the settlement / outcome of the matters under negotiation / arbitration

(Rupees in Millions)

	Year-2009	Year-2008
Opening provision	66.52	-
Provision made during the year	-	74.06
Adjusted during the year	35.48	7.54
Closing provision	31.04	66.52

15. Additional information pursuant to the provisions of Paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 (to the extent applicable).

- I. The Company is engaged in providing software solutions and consultancy services. The production procurement and sale of such software cannot be expressed in any generic unit. Hence, it is not possible to give the quantitative details as required under paragraphs 3 and 4C of part II of schedule VI of the Companies Act, 1956.

(Rupees in Millions)

	For the year ended 31.12.2009	For the year ended 31.12.2008
II. CIF value of Imports:		
a) Capital Goods	2.73	180.98
III. Expenditure in Foreign Currency:		
a) Foreign travelling expenses*	9.19	6.13
b) Software Development Expenses*	493.96	732.30
c) Employment Expenses*	197.55	137.40
d) Rent*	9.64	4.28
e) Business promotion, seminar and conference expenses	2.40	2.47
f) Legal and professional charges	22.31	14.62
g) Communication expenses*	2.24	2.84
h) Miscellaneous*	16.39	32.01

* Includes expenses in foreign branches.

- IV. Remittance in Foreign currency on account of dividend

The Company has paid dividend in respect of shares held by non-residents on repatriation basis. This inter-alia includes portfolio investment and direct Investment, where the amount is also credited to non-resident external Account (NRE A/c). The exact amount of dividend remitted in foreign currency cannot be ascertained. The total amount remittable in foreign currency in this respect is given herein below:

Particulars	Final Dividend-2008 (Final Dividend-2007)	Interim Dividend-2009 (Interim Dividend-2008)
Net amount remitted (Rs. in Millions)	0.42 (-)	0.47 (0.39)
Number of shares held by non-resident shareholders	843,001 (-)	779,076 (796,627)
Year to which dividend relates	2008 (-)	2009 (2008)
Number of Non-resident Shareholders	727 (-)	668 (701)

Figures for the previous year are given in brackets.

V. Earnings in foreign currency:

(Rupees in Millions)

		For the year ended 31-12-2009	For the year ended 31-12-2008
a)	Income from software solutions and consulting services	4707.85	4805.75

- 16)** The figure for the previous accounting year have been regrouped / rearranged wherever necessary to correspond with the figures of the current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

Signature to Schedule I to I2
 As per our attached report of even date

For Deloitte Haskins & Sells
 Chartered Accountants

R. D. Kamat
 Partner

Atul K. Nishar
 (Chairman)

Dr. Alka A. Nishar
 (Director)

Shailesh Haribhakti
 (Director)

Prateek Aggarwal
 (Chief Financial Officer)

For and on behalf of the Board

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

Preeti Mehta
 (Director)

Bharat Shah
 (Director)

Bhagwant Bhargawe
 (Company Secretary & Head Legal)

L. S. Sarma
 (Director)

S.K. Mitra
 (Director)

Ashish Dhawan
 (Director)

Place : Mumbai
 Date : 17th February, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.

1	1	-	6	9	6	6	2
---	---	---	---	---	---	---	---

 Balance Sheet Date

3	1	1	2	2	0	0	9
---	---	---	---	---	---	---	---

State Code

1	1
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II. CAPITAL RAISED DURING THE YEAR (RUPEES IN MILLIONS)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

 Rights Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement

					N	I	L
--	--	--	--	--	---	---	---

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RUPEES IN MILLIONS)

Total Liabilities

				9	6	4	2
--	--	--	--	---	---	---	---

 Total Assets

				9	6	4	2
--	--	--	--	---	---	---	---

SOURCES OF FUNDS

Subscribed & Paid-up Capital

				2	8	7
--	--	--	--	---	---	---

 Share Application Money & Warrants

							2
--	--	--	--	--	--	--	---

Reserves and Surplus

				7	3	4	2
--	--	--	--	---	---	---	---

 Secured Loans

					N	I	L
--	--	--	--	--	---	---	---

Unsecured Loans

					N	I	L
--	--	--	--	--	---	---	---

APPLICATION OF FUNDS

Net Fixed Assets

				2	6	2	0
--	--	--	--	---	---	---	---

 Investments

				3	2	8	0
--	--	--	--	---	---	---	---

Net Current Assets

				1	7	3	1
--	--	--	--	---	---	---	---

 Miscellaneous Expenditure

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

IV. PERFORMANCE OF THE COMPANY (RUPEES IN MILLIONS)

Turnover and Other Income

				5	2	0	4
--	--	--	--	---	---	---	---

 Total Expenditure

				3	9	0	8
--	--	--	--	---	---	---	---

Profit Before Tax

				1	2	9	6
--	--	--	--	---	---	---	---

 Profit After Tax

				1	2	4	2
--	--	--	--	---	---	---	---

Earnings Per Share in Rs. - Basic & Diluted

B	A	S	I	C		8	.	6	5
---	---	---	---	---	--	---	---	---	---

 Dividend Rate(%)

						7	0
--	--	--	--	--	--	---	---

D	I	L	U	T	E	D		8	.	3	3
---	---	---	---	---	---	---	--	---	---	---	---

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No. (ITC Code)

8	5	2	4	9	0
---	---	---	---	---	---

Product Description

S	O	F	T	W	A	R	E
---	---	---	---	---	---	---	---

D	E	V	E	L	O	P	M	E	N	T
---	---	---	---	---	---	---	---	---	---	---

Atul K. Nishar
(Chairman)

Dr. Alka A. Nishar
(Director)

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(Director)

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For and on behalf of the Board

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

Preeti Mehta
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(Director)

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(Company Secretary & Head Legal)

L. S. Sarma
(Director)

S.K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 17th February, 2010



HEXAWARE TECHNOLOGIES LIMITED

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

PROXY FORM

For Shares in Dematerialised form

DP ID
CLIENT ID

For Shares in Physical mode

REGD. FOLIO NO.
NO. OF SHARES HELD

I/We _____ s/o, w/o, d/o _____ residing at _____

_____ being member/member(s) of Hexaware Technologies Limited hereby appoint Mr./Ms. _____ residing at _____

_____ or failing him/her Mr./Ms. _____ residing at _____

_____ as my/our proxy to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held on Thursday, the 29th day of April, 2010 at 2.30 p.m. at M.C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum, Kala Ghoda, Mumbai – 400 001, and at any adjournment thereof.

Signed this _____ day of _____, 2010

Affix
Re. 1.00
Revenue
Stamp

Signature

(Please sign across the Stamp)

Note: This form in order to be valid should be duly stamped, completed and signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



HEXAWARE TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

For Shares in Dematerialised form

DP ID
CLIENT ID

For Shares in Physical mode

REGD. FOLIO NO.
NO. OF SHARES HELD

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Seventeenth Annual General Meeting of the Company held on Thursday, the 29th day of April, 2010 at 2.30 p.m. at M.C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum, Kala Ghoda, Mumbai – 400 001. and at any adjournment thereof.

Member's / proxy's name in BLOCK letters

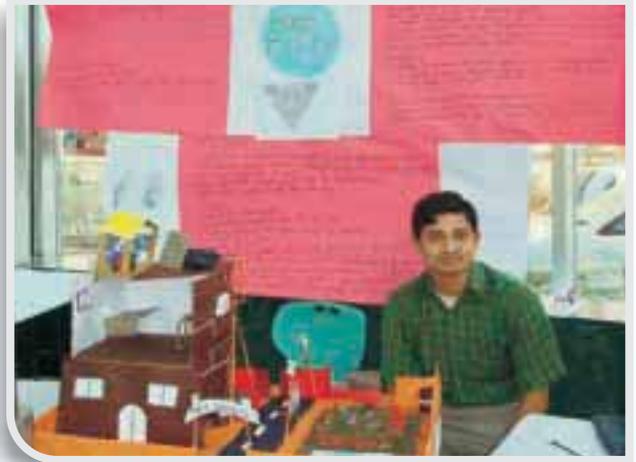
Member's / proxy's Signature

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over the same at the entrance of the meeting Hall.)

CSR INITIATIVES



Tree Plantation Drive



Hexaware Green Day



Hexa Kids Day



Mumbai Marathon



Earth Day Celebration



152, Millennium Business Park, Sector-3, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710, India.
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