20 YEARS OF SUCCESS

A FOCUS ON PERFORMANCE

Hexaware
TECHNOLOGIES
YOUR SUCCESS IS OUR FOCUS

ANNUAL REPORT 2010

Board of Directors

Hexaware's Board of Directors comprises of individuals who have rich experience and deep expertise in various industries. They safe guard the interests of the shareholders.

Mr. S. K. Mitra
Director

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

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

Mr. Bharat Shah
Director

Mr. Shailesh V. Haribhakti
Director

Ms. Preeti Mehta
Director


Mr. Atul. K. Nishar
Founder & Chairman
Mr. Sunish Sharma
Director
Mr. Ashish Dhawan
Director
Dr. (Mrs.) Alka Nishar
Director
Mr. L. S. Sarma
Director
Mr. S. Doreswamy
Director

a focus on progress

Dear Shareholder,

It is my privilege to share a significant milestone in the journey of our company as we complete 20 wonderful years of creating value for all our Clients, Employees and Shareholders. Through the 20 years, we have remained steadfast on the corporate ideology of being a specialist firm focused on multiple niches and creating value for all our stakeholders.

In order to celebrate our 20 glorious years, we announced a special reward in the form of 1:1 bonus share issue, i.e. one additional equity share for every existing equity share and a 50% special interim dividend. On the back of a strong financial performance, we also recommended a final dividend of ₹1.40 per share (70%), which brings the total dividend for the year 2010 to ₹3.00 per share (150%) up from ₹1.40 per share (70%) for the year 2009.

It gives us immense pleasure to present to you Hexaware's momentous achievements during the fiscal year of 2010. Our revenues from operations increased to $ 231.2 mn (₹10,546 mn) up from $ 214.7 mn (₹10,386 mn) in 2009. More importantly, Hexaware reported a sequential revenue growth of 13%, 11% and 9% over the last three quarters of 2010, cementing our position at the start of 2011.

Through the year 2010, we inducted 544 fresh graduate engineers into our fold. Hexaware had 6,511 associates based all over the world at the end of 2010, an increase of 1,374 compared to December 2009. We also invested ₹340 mn towards Capital Expenditure for physical infrastructure, mainly in our Chennai campus and for Technical/IT infrastructure.

At Hexaware, clients are of paramount importance for our overall company growth. We understand their strategic needs and are committed to providing high quality services. Therefore, about 95% of our revenues originate from our existing customers. We at Hexaware have a high quality client roster comprising 174 clients, of which 50+ are Fortune 500/Global 500 names. A key reason for Hexaware's accomplishment remains our focused approach built on specialisation and differentiation to grow the business; as a result, we won the largest deal in the history of the company worth $110 mn and signed another large extension of $60 mn in the fiscal year of 2010.

We added 45 new clients across all three geographies in our major focus areas. We now have 2 clients who generate revenues amounting to more than $20 mn per annum. We service 50 clients who contribute more than $1 mn in revenues on a trailing twelve month basis. In our attempt to strengthen the company's foundation and have consistent growth, we continued to make investments in strengthening our vertical capabilities and enhancing our technology abilities, which resulted in achieving remarkable growth in key focus areas of Enterprise Solutions predominantly PeopleSoft, Travel & Transportation, Testing and Capital Markets. We have now established a perfect platform to deliver above industry performance in 2011.

Over the last three quarters, we have grown at 11% CQGR. To meet our growth plan, we intend to add over 1,500 employees during 2011; of which 700 comprise of fresh campus recruits. The share of revenue from new customers is around 5% and we expect that to improve in our journey ahead.

We have always believed in defining long-term strategies and establishing the platform to deliver outstanding results. Hexaware has delivered 5 times its revenue growth from 2002-2007, growing to $252 mn and as we move further we expect Annual Revenue Growth of a minimum 25% in 2011.

I would like to thank you all our shareholders, for your unwavering support. I hope you will continue to support our endeavours.

Yours Sincerely,

Atul K. Nishar

Atul Nishar
Chairman

contents

a focus on teamwork

Atul K. Nishar
Founder and Chairman

P. R. Chandrasekar
Global CEO & Vice-Chairman

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

Rajiv Pant
President - North America

Ramanan Seshadri
Senior Vice President,
Head - Europe

Yogendra Shah
President - APAC &
Middle East

Shankar Vemban
Executive Vice President &
Global Head - BFSI

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

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

a focus on commitment

vision

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

mission

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

a focus on productivity

overview

Hexaware is a global provider of IT, Consulting and Business Process Outsourcing services. We focus exclusively on maximising client returns through outsourcing and offshoring. We also have extensive experience in managing large IT applications in real time, as well as in providing high value services around packaged enterprise applications such as SAP and PeopleSoft.

Our experience in the Business Process Outsourcing arena fully complements and strengthens our service spectrum, allowing us to operate as an enterprise-class solution delivery company.

Hexaware has a client base comprising several Fortune 500 and Global 1000 organisations. Our 'partner-in-business' approach generates high business value for customers and rich dividends to Hexaware in the form of a continual stream of repeat business.

Hexaware's domain capability and technological expertise enables significant compression in time-to-market our value-added deliverables. Our customer-centric philosophy is further strengthened by a robust Key Account Management process to find more ways to delight our key customers and grow our wallet shares with them.

The company's global onsite/offshore/nearshore delivery model provides significant cost savings. Our development centres are assessed at SEI CMMI-Level 5, and are also ISO 9001:2000 and TickIT certified. These help us to continually provide high value, high quality deliverables to our clients. We have consistently delivered to exceed client expectations and have established long-lasting relationships with them.

Hexaware's global operations are located in the Americas, Europe and several countries in the Asia Pacific region.

a focus on excellence

Hexaware is a leading global provider of IT, BPO and Consulting services, focusing on delivering real business results from Technology Solutions and branching out into Industry Solutions. We also enjoy a position of leadership in domains such as HR and Business Analytics.

Hexaware has extensive experience in modernising large IT applications and providing high value services around business applications such as SAP, Oracle-PeopleSoft and Business Intelligence Applications. This combination allows us to operate as an enterprise-class solutions company.

In 2006, Hexaware acquired FocusFrame, a US-based specialised testing consulting firm, in an all cash deal. FocusFrame is a California-based firm specialising in automated testing of Enterprise Resource Planning and custom applications. Their business revolves around Systems Verification, Quality Strategy and IT Governance solutions, and various functional, performance, and system stress verification exercises. The Company completed the integration of operations of FocusFrame with Hexaware in 2009 resulting in global Quality Assurance and Testing Services (QATS) organisation.

Our focused approach generates high business value for our clients and the continual stream of repeat business stands testimony to our ability to deliver high quality business solutions. Hexaware focuses on building deep domain expertise strengthening through innovation and intellectual property creation and thereby is able to deliver substantial value through our client engagements.

a focus on growth

Caliber Point, our wholly-owned BPO subsidiary, was set up in 2004 to cater to a growing global need for outsourcing business services, apart from IT. Today it is a recognised leader providing end-to-end business process solutions globally in the area of Human Resources, Finance and Accounting, and supporting the core operations of customers in Healthcare, Market Research, Financial Services, Engineering Construction, Utilities, Education, Logistics, and several other industries.

It delivers its services primarily out of state-of-the-art delivery centres at Mumbai, Chennai and Nagpur; and of late it has also started delivering services from onsite locations in the United States and the Middle East.

The company gets over two-third of its revenues from North America, about one-fifth from Europe, and the balance from the rest of the world. Over the last one year, India has emerged as a promising market. The company has invested in acquiring valuable talent and focused on ramping up its delivery capabilities, while leveraging its own sales teams, the Hexaware sales teams, as well as a judicious selection of partners.

Caliber Point today has a credible reputation with customers and employees for being a very process and metric driven organisation, even winning an Award for Excellence and Quality in February 2011 from the prestigious Stars of the Industry forum. Caliber Point maintains its focus on creating value through high Caliber Business Process Solutions and hopes to achieve optimum future growth.

a focus on achievement

Our highlights on the path to success have been several and varied. However, this is just the beginning; Hexaware Technologies is already on the next step of our illustrious journey forward.

1990
- The Company is formed in India

1995
- Begins operations in North America and Europe

1997
- Establishes Airlines Practice

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

1999
- Establishes the Insurance Practice
- Achieves SEI CMM - Level 4 assessment for ODC's

2000
- ODC's assessed at SEI CMM - Level 5

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

2002
- Sets up Design Lab for Embedded Systems Practice in July 2002
- Launches BPO practice in late 2002

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

2004
- Hexaware opens new office and proximity centre in Germany
- Achieved BS 7799 certification for Information Security

2005
- Ranked 11th in NASSCOM Top 20
- Ranked among the best employer's by DQ-IDC

2006
- Hexaware completes successful closing of acquisition of FocusFrame

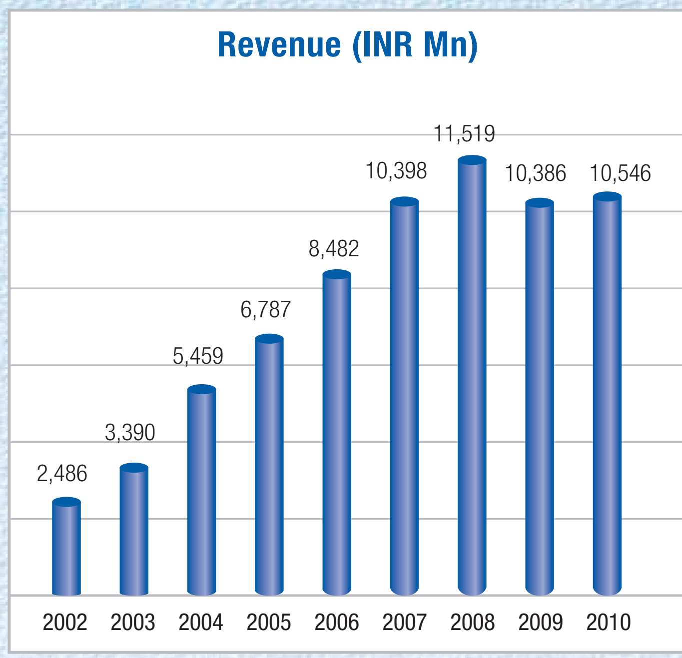
2007
- 4th Development Centre opened in Gurgaon, India
- Positioned in the Gartner Magic Quadrant for North American Offshore Application Services

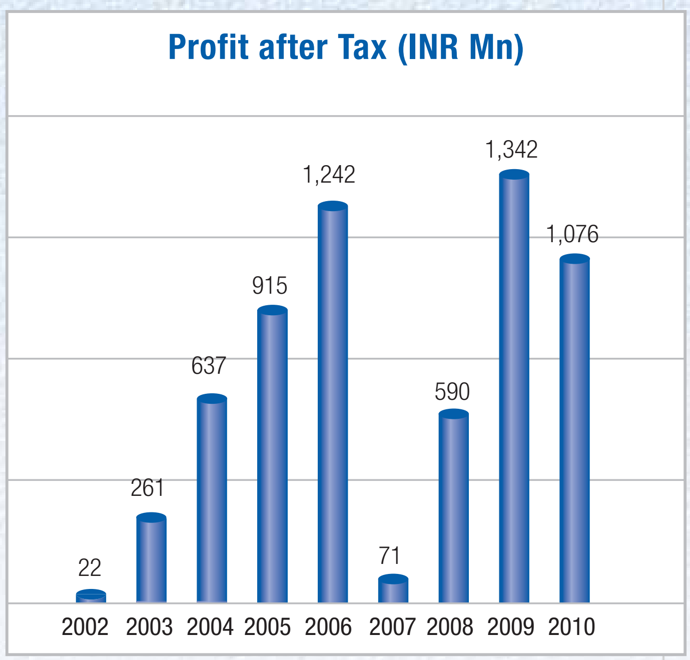
2008
- Hexaware's Green Campus at Siruseri goes live
- Ranked 15th in the NASSCOM Top 20 IT Software and Services Exporters from India

2009
- Selected for a "Special Commendation" by the Jury for the Golden Peacock Award for Excellence in Corporate Governance for the year 2009
- Presented the CIO 100 Ingenious award by IDG at the 4th Annual CIO 100 Symposium and Awards

2010
- Global Platinum Partnership with Oracle

a focus on results





a focus on automation

Hexaware has developed an advanced platform labelled "HexaGreen" which leverages the virtues of Virtualisation, involving operating applications off a Cloud and conserves the ecosystem by saving space, power and helps maintain the carbon foot-print. As recognition for these initiatives, Hexaware was presented the CIO 100 Ingenious award and the Green Edge award by IDG at the 5th Annual CIO 100 Symposium and Awards Ceremony.

Hexaware has recently launched Rainmaker®, its private cloud service. This platform while being flexible and providing an easy-to-manage, secure, multi-tenant storage environment today also enables the Company to build a scalable and efficient shared IT Infrastructure for future growth. Rainmaker® can be used to deliver Infrastructure-as-a-Service (IaaS), Platform-as-a-Service (PaaS) and Storage-as-a-Service (SaaS) coupled with high levels of Security in Multi-Tenancy mode. Further, the cloud also provides integrated data protection and an outstanding user experience.

a focus on expansion

Hexaware's expanding global footprints are a ringing validation of our success over the last 2 decades. From offices in Mexico and Germany to operations across the Americas, Asia Pacific and Europe, our international appeal extends to all corners of the globe.


Japan
Qatar
Dubai
Mumbai
Nagpur
Pune
Bengaluru
Chennai
Malaysia
Singapore
Australia
New Zealand

a focus on partnership

Hexaware has built strong relationships with Industry Leaders to help strengthen our position. Some such shining examples include: HP, IBM, Microsoft, Oracle, SOASTA and SAP to name a few.

Major Highlights

- Global Platinum Partnership signed with Oracle
- Global Managed Service Provider (MSP) agreement signed with HP Software
- Hexaware BI Migration Tool (BIMA) validated by SAP Global Portfolio Group

Hexaware was one of the select partners that achieved Platinum Partner status globally in the Oracle Partner Network (OPN) in 2010. The achievement of Platinum membership means that Hexaware can distinguish its competencies and refine its solutions within specialisation categories around Oracle applications and technology.

HP Software and Hexaware significantly enhanced their partnership in 2010 by signing Global MSP agreement which allows customers to buy HP Software licenses directly from Hexaware without signing End User License agreement with HP. The agreement also allows Hexaware to host the HP Software licenses on its servers and provide services for any of its customers worldwide.

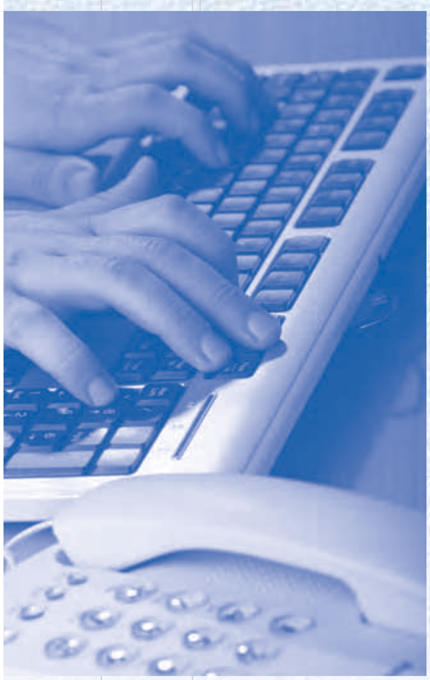
SAP Global Portfolio group periodically assesses unique IP/Solutions from its portfolio of partners managed by their Global Ecosystem and Partner Group (GEPG). Hexaware presented its unique BI Migration solution called BIMA to SAP Global Portfolio group. This was extensively tested and validated over 6 months by their multi-person Business Objects technical team and was approved for a Go To Market with their Field organisation in 2010.

technology solutions

a focus on innovation

The right IT solution doesn't simply support your business, it helps drive it. Hexaware's suite of IT offerings has enabled Fortune 500 companies across the globe to maximise their returns through outsourcing. Whether you're looking for an onshore, offshore or a nearshore option, we will craft a value-based solution that will optimise your return by reducing the cost of your technology investment. Our suite of complete enterprise-class IT and BPO solutions include:

- **Enterprise Applications**
- **Business Intelligence & Analytics**
- **Quality Assurance & Testing Services (QATS)**
- **Application Development & Management (ADM)**
- **Technology Solutions in Microsoft Technologies, Web Technologies & Emerging Technologies**
- **Infrastructure Management Services (IMS)**
- **Business Process Outsourcing (BPO)**



Enterprise Applications

If you need application support in Human Capital Management, Payroll, Financials, Supply Chain Operations, CRM or Sales and Distribution Analytics, Hexaware can help you make significant business impact, while gaining ROI from your ERP investments. We offer one of the industry's most comprehensive Enterprise Application service portfolios, which includes successful implementation of technologies such as SAP, Oracle Applications & E-Business Suites, PeopleSoft, Microsoft Dynamics and Siebel. Hexaware is a platinum partner at global scale in Oracle PartnerNetwork.

Business Intelligence & Analytics

Our Business Intelligence & Analytics solutions help you transform into a dynamic enterprise through actionable intelligence. We have more than 50 patent pending innovations which help you with faster & efficient deployment and over 75 plus satisfied customers across diverse industries. From consulting, articulation and development, to deployment and support, Hexaware employs solution accelerators, process frameworks and jumpstart analytical kits, for any part of your business process.

Quality Assurance & Testing Services (QATS)

Hexaware's Quality Assurance and Testing Services (QATS) division specialises in end-to-end enterprise systems verification and validation in the Financial Services, Travel and Transportation, Manufacturing, Retail, CPG and Health Care Domain cutting across a host of technologies including ERP, CRM, Legacy, Client Server and Web-based applications. Hexaware delivers end-to-end Testing Services that can significantly lower your total cost of ownership, reduce time to market and improve application quality.

Application Development & Management (ADM)

Hexaware has built a reliable reputation on Application Development and Management (ADM). Our best practices and our global delivery model leveraging onsite, offshore and nearshore centres typically result in maximum cost savings for our clients. Our mission is to make any endeavour the natural extension of your IT organisation.

Emerging Technologies

Hexaware has set up Centres of Excellence in Technology areas include Java and a host of Microsoft Technologies. In addition, the company is building core capabilities in emerging platform like Mobility Solutions. The Company stays up to date on the latest trends in technology thereby enabling clients to stay focused on their core business and driving their strategic initiatives. The Company ensures the benefits of the latest technological enhancements reaches its clients through architecture consulting, regular upgrades and modernising their existing platforms.

Infrastructure Management Services (IMS)

Hexaware's rich experience has enabled global organisations to trust their IT Infrastructure Operations to a reliable and flexible partner. The ever changing business environment has brought about multitudes of challenges to managing hybrid environments. Hexaware's IMS division brings about that "Thought Leadership" in deploying the right kind of People, Process, Tools and in-depth knowledge of technologies.

Business Process Outsourcing (BPO)

We have successfully attained leadership positioning in Human Resource Outsourcing (HRO) solutions and have since forayed into numerous service lines, including Finance and Accounting, Healthcare Outsourcing, Enterprise Data Management, Legal Process Outsourcing and Knowledge Process Outsourcing. Through Caliber Point, the BPO arm of Hexaware, we have become key partners for several Fortune 1000 companies. Best of all, we're the right-sized company to manage any HRO solution — large enough to provide size and scale, yet small enough to offer focus and flexibility.

a focus on accomplishment

Awards & Recognition

Hexaware has been recognised across newer and ever expanding areas of services, from BPO to Business Intelligence, from Testing to today's SaaS offerings across newer niche verticals. Hexaware has successfully institutionalised and integrated the feedback and this manifests itself in newer and cutting edge offerings.

Here are a few feathers that the company added in its cap during the year of 2010:

- Hexaware was awarded the Leadership Excellence Award at Asia's Best Employer Brand Awards 2010.
- Hexaware was ranked 18th in the NASSCOM Top 20 IT Software and Services Exporters from India (2009-2010).
- Hexaware was presented with The Green Edge Award 2010 for using IT and maximising its business impact.
- Hexaware has been recognised by Inc. India for its outstanding ingenuity and determination shown during the toughest of the economic times. The company has been ranked amongst the 500 best performing Mid-sized Companies in India.
- The Company was selected among the Leaders category for The 2010 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP).

a focus on specialisation

In alignment with our focus on select areas, Hexaware has branched out into in-depth industry solutions. Our investment and focus is dedicated on growing to attain leadership in each sector. This has helped us to compete and win in these areas against much larger and more established vendors. Some of the key areas of focus in this field are:

- **Banking, Financial Services and Insurance**
  - Capital Markets and Asset Management
- **Travel and Transportation**
- **Healthcare and Life Sciences**

Banking, Financial Services & Insurance

Listed among Top 100 Global Providers of Financial Technology services at the 2010 FinTech 100, Hexaware offers end-to-end IT - BPO, Risk management (www.risk-technology.com) and Compliance solutions dedicated solely to service Banks, Asset managers, Investment banks, Financial services, and Insurance companies worldwide. We achieve higher customer satisfaction with Hexaware's cost effective solutions in the areas of Core Banking, Payments, and Leasing. Our deep domain knowledge and superior technology expertise has helped several world class investment management firms with their Data Management strategy and also in achieving faster time-to-market for their products. Hexaware is a preferred vendor providing specialised offerings in Business Intelligence, Testing and portal solutions for Insurance companies.

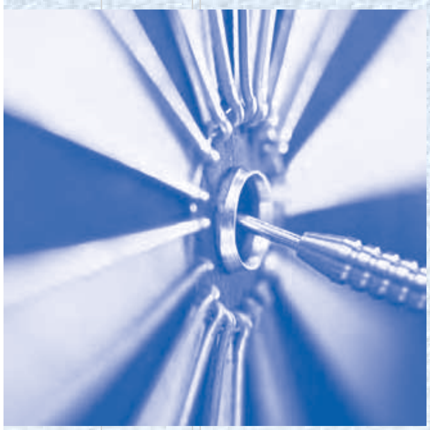
Travel and Transportation

Travel and Transportation is one of the most dynamic industries, questioned with high operating costs and low bottom lines along with other socio-economic challenges related to service excellence. Hexaware today with its perfect blend of IT Solution and Business Process Outsourcing, not only helps automate process but also provides advance process intelligence to support business decisions, complimented by our call centre arm be rest assured that your passengers/customers would always experience not only high technology but higher service experience. It's no wonder why 8 of the top global carriers prefer Hexaware as their technology partner.

Healthcare & Life Sciences

Hexaware offers high end consulting and innovative automated solutions/services in the Healthcare and Life Sciences domain with specialisation in regulatory compliance solutions (HIPAA, ICD) and testing. For Payers, we offer solutions to increase operational effectiveness through integrated systems, efficient data warehouses and business intelligence gathering. Our solutions enable clients to meet regulatory deadlines such as the upcoming HIPAA 5010 conversion. Our healthcare BPO solutions, such as Claims reconciliation, enable cost-effective transaction processing. For Providers, our specific service offerings include Supply Chain Management, Patient Accounting, Revenue Cycle Management, HR and Finance applications, testing and integrated BPO services for the billing and revenue cycle and Electronic Health Records Management (EMR).

a focus on talent



Human Capital

In the year 2010, the HR department's focus was on improving utilisation, HR automation and operational efficiency. HR Business Partners facilitated confidence in the employees by conducting various employee engagement activities like Mentoring Programs for Trainees, Employee Welfare Programs, Recognition Programs, Career Management and helping employees achieve a work life balance.

Mission

- To build and nurture a learning organisation
- To make Hexaware an " Employer of Choice"
- To be a business partner in achieving the organisation's objective
- To build performance-oriented work culture

Our Philosophy

- Talent is our key asset that we constantly enhance and develop by harnessing the full potential of our people
- Our Human Resource Capital is our source of competitive advantage
- Employees First

People Initiatives

- Communication
- Focused dip stick studies
- Employee satisfaction survey
- Recognition Programs (Star Awards, Ace Awards etc.)
- Training and Development

Our Employee Engagement

- Beyond Compensation
- Two way feedback
- Roadmap for career development
- Employee work life Balance
- Engaging employees in social cause

Hexavarsity

Hexaware is a congregation of 6,511 employees with varied skills, professional experiences and educational backgrounds. During the year 2010, the company had recruited 544 fresh graduate engineers from engineering campuses. Given the diversity of the professionals, we impart different training programs to ensure harmonisation of knowledge levels and consistency in standards and processes.

For the year 2011, Hexaware expects to recruit in excess of 1,500 employees of which 700 are comprised of fresh graduate engineers. Hexavarsity is well-equipped to provide extensive foundation training programs and support continuous learning and development programs.

Talent Management

We place great importance on nurturing and retaining the best skills in the industry. Moreover, it is careful in aligning the needs of the company with the aspirations of the employees. Hexaware has the distinction of being amongst India's best IT employers ranking in the top 20 in the Dataquest-IDC Annual Best Employer Survey for five consecutive years. Over the years, Hexaware has made consistent efforts to retain and nurture talent by providing quality work, development and a work culture of meritocracy, learning and initiative. At the end of the fiscal year 2010, our employee strength stood at 6,511.

a focus on society

H^{3}O – Helping Hands from Hexaware is the name of our CSR initiative which inculcates the spirit of 'giving back to the society' and has been consistently taking up social responsibility projects. Employees take time out of their busy schedule and periodically participate in these initiatives organised by H^{3}O group. H^{3}O provides the much needed flexibility for employees to contribute in such initiatives and achieve a sense of satisfaction and pride by being part of such philanthropic initiatives.

Initiatives undertaken during the year 2010:

Standard Chartered Mumbai Marathon

Ever since 2004, Hexaware has been devotedly participating in Standard Chartered Mumbai Marathon for supporting NGO's like Helen Keller Institute for deaf and deaf blind, Umang Foundation promoting education and Health care, AIDS Charity run etc. On 17th January 2010, more than 50 Hexawarians participated in the Dream Run and the company's contribution towards Mumbai Marathon.

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

Hexaware regularly organises a stationary donation campaign for sponsoring school stationary kits to underprivileged children going to school. The CSR team last year in association with 'Seva Sahayog Foundation' undertook an initiative of distributing a school kits to needy children in rural and tribal areas in and around Mumbai. A handsome amount of ₹42,900 was collected during this drive. Hexaware participated in 'school kit packing session' organised by the foundation and distributed the kits to 200 children.

Blood Donation Camp

CSR team organised blood donation camps in co-ordination with Umang foundation and the Blood Bank, J. J. Mahanagar Raktapedhi (JJMR), run by State Blood Transfusion Council (Govt. of Maharashtra). The last blood donation camp was organised in May 2010 where 128 employees donated blood during this camp.

Give India Program

In January 2008, Hexaware along with Give India launched a platform that allows employees to support a cause of their choice from about 100 NGOs that have been scrutinised by Give India for transparency and credibility.

Anti-terrorism – CSR event

Hexawarians participated in the making of an “Anti-terrorism campaign film” organised by NASSCOM in collaboration with Hexaware’s CSR team. The storyline depicted religious harmony, the power of education bridging the digital divide and highlighting the contribution of the IT industry in the fight against terrorism.

Village Outreach Program

Hexaware organised the “Village Outreach Program” at Salokhe, a tribal village at Karjat, near Mumbai. Around 500 tribal people of the Salokhe village were benefitted through this program. The following activities were conducted in the “Village Outreach Program”:

- A General Health check up camp
- Cancer awareness sessions and eye check up camp
- Health and Hygiene awareness sessions for women and distribution of first-aid kits
- Drawing competition for children of all age groups and distribution of stationery kits
- Screening of children’s movie and distribution of toys and gifts for children
- Distribution of clothes amongst the villagers

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Hexaware Technologies Limited will be held on Wednesday, the 27th day of April, 2011 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai - 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended December 31, 2010 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 Dividends.
3. To appoint a Director in place of Mr. P. R. Chandrasekar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. (Mrs.) Alka Nishar, who retires by rotation, and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mrs. Preeti Mehta, who retires by rotation, and being eligible, offers herself for re-appointment.
6. To appoint a Director in place of Mr. Bharat Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
7. To re-appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

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

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** pursuant to the provisions of Section 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) and in modification of the resolution passed by the shareholders at the Seventeenth Annual General Meeting of the Company held on April 29, 2010, consent of members be and is hereby accorded for ratification of the increase in / revision of remuneration (Personal allowance & Variable/Performance pay) paid to Mr. R.V. Ramanan, Executive Director & President - Global Delivery, during his tenure as Manager of the Company under the Companies Act, 1956, from July 1, 2010 to October 27, 2010, as recommended by the Remuneration and Compensation Committee ("the Committee") at its meeting held on July 28, 2010, the terms of which are set out in the Explanatory Statement annexed to the Notice;

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

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

   "**RESOLVED THAT** pursuant to the provisions of clause 49 of the listing agreement, the limits for the maximum number of Stock Options including equity linked instruments, Restricted Stock Units, Performance Options/shares etc. as defined under the Employee Stock Option Scheme that can be granted to the Non–Executive Directors, including Independent Directors at any point of time, under the Employee Stock Option Scheme 2007, 2008 and under any other scheme to come into force in future is 1,000,000 Options in any financial year and 1,000,000 Options in aggregate, excluding the options granted/to be granted to Mr. P. R. Chandrasekar, Vice-Chairman & Global CEO;

   RESOLVED FURTHER THAT the grant of Options to the following directors as approved by the Remuneration & Compensation Committee ("the Committee") at its meeting held on June 30, 2008 under the Employee Stock Option Scheme 2002 which has been exercised by them and converted into equity shares of the Company be and is hereby ratified:

Directors	Options granted / number of shares held after exercise of Options (pre-bonus)	Options granted / number of shares held after exercise of Options (post-bonus)
Mr. L S Sarma	20,000	40,000
Mr. Shailesh Haribhakti	20,000	40,000
Mr. S K Mitra	20,000	40,000
Mrs. Preeti Mehta	20,000	40,000

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

By Order of the Board of Directors

Gunjan Methi
Asst Company Secretary

Place : Mumbai
Date : March 12, 2011

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. 8 and 9, 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 Saturday, April 23, 2011 to Wednesday, April 27, 2011 both days inclusive, in terms of the provisions of Section 154 of the Companies Act, 1956 and the applicable Clauses of the Listing Agreement entered into with the Stock Exchanges. The record date for the purpose of ascertainment of shareholders entitled for payment of final dividend is February 25, 2011.
6. Those Members who have so far not encashed their dividend warrants for the financial year ended 31st December, 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 email 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. P. R. Chandrasekar, Dr. (Mrs.) Alka Nishar, Mrs. Preeti Mehta and Mr. Bharat Shah retire by rotation and being eligible offer themselves for re-appointment. The information pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges are furnished in the Statement on Corporate Governance published in this Annual Report.

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

ITEM No. 8.

The shareholders appointed Mr. R V Ramanan, President – Global Delivery as the Manager of the Company under the Companies Act, 1956 at the Seventeenth Annual General Meeting of the Company held on April 29, 2010 and approved the remuneration to be paid to him as the Manager of the Company.

The Remuneration & Compensation Committee ("the Committee") at its meeting held on July 28, 2010 approved the revision in salary to be paid to Mr. Ramanan effective July 1, 2010, subject to the approval of the shareholders. This annual revision in salary resulted in the increase in personal allowance and variable pay payable to Mr. R V Ramanan in excess of the limits as approved by the shareholders at the Seventeenth Annual General Meeting.

In terms of this revised remuneration approved by the Committee, the personal allowance paid to Mr. Ramanan was Rs. 4,08,469/- per month as compared to Rs. 3,70,917/- per month approved by the shareholders at the Seventeenth Annual General Meeting.

Also, the limit of Variable / Performance Pay to be paid to Mr. Ramanan was fixed up to a maximum of Rs. 35,58,400/- p.a as compared to Rs. 32,64,700/- p.a. approved by the shareholders at the Seventeenth Annual General Meeting.

Mr. Ramanan was appointed as the Whole-time Director of the Company w.e.f October 28, 2010 and his appointment and terms of remuneration have been approved by the shareholders at the Extra-ordinary General Meeting held on February 15, 2011.

Members approval is sought for ratification of payment of the increased salary (personal allowance and variable/performance pay in excess of the limits approved by the shareholders at the Seventeenth Annual General Meeting) paid to Mr. Ramanan from July 1, 2010 to October 27, 2010 i.e. till his appointment as the Whole-time Director on October 28, 2010.

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

Except Mr. R V Ramanan, none of the Directors is concerned or interested in the resolution.

ITEM No. 9.

Pursuant to the provisions of Clause 49 of the Listing Agreement, the shareholders resolution shall specify the limits for the maximum number of Stock Options that can be granted to Non – Executive Directors, including Independent Directors, in any financial year and in aggregate.

The Company maintains three schemes under which Stock Options/Warrants including equity linked instruments, Restricted Stock Units, Performance Options/Shares etc as defined under the scheme, were granted/can be granted to the Directors viz. Employee Stock Option Scheme 2002, 2007 and 2008.

Pursuant to the provisions of Clause 49 of the Listing Agreement, the proposed limit for which members approval is sought for the maximum number of Stock Options that can be granted to the Non–Executive Directors, including Independent Directors at any point of time under any Employee Stock Option Scheme is 1,000,000 Options in any financial year and 1,000,000 Options in aggregate excluding the options granted/to be granted to Mr. P. R. Chandrasekar, Vice-Chairman & Global CEO.

Members approval is also sought for ratification of the grant of Options under Employee Stock Option Scheme 2002 to the following Directors which has been exercised by them and converted into equity shares of the Company:

Directors	Options granted / number of shares held after exercise of Options (pre-bonus)	Options granted / number of shares held after exercise of Options (post-bonus)
Mr. L. S. Sarma	20,000	40,000
Mr. Shailesh Haribhakti	20,000	40,000
Mr. S. K. Mitra	20,000	40,000
Mrs. Preeti Mehta	20,000	40,000

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

The non – Executive Directors, including Independent Directors of the Company may be deemed to be concerned or interested in this resolution to the extent of their shareholding in the Company on exercise of earlier Options / Options to be granted by the Company.

By Order of the Board of Directors

Gunjan Methi
Asst Company Secretary

Place : Mumbai
Date : March 12, 2011

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 Eighteenth 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, 2010.

Financial Performance:

The year 2010 started off on the weaker side with a slow Q1. From Q2 onwards, your Company grew at an industry-leading growth rate of 13.2%, 11.2% and 9.0% sequentially in Dollar terms (13.2%, 12.2% and 6.3% sequentially in Rupee terms). With growth returning to the industry, direct costs were an issue throughout the year, which have impacted Operating Margins (EBIT), the year ended with Q4 EBIT at 9.3%.

Global Operations: (US$ Millions)

Year ended December 31	2010	2009	Y-o-Y Growth %
Income from Operations	231.16	214.68	7.68%
Profit from Operations *	15.22	36.24	-58.00%
Profit before Tax and exceptional item	20.68	30.03	-31.50%
Profit before Tax	25.07	30.03	-16.53%
Profit after Tax	23.04	27.89	-17.41%

(Rupees in Millions)

Year ended December 31	2010	2009	Y-o-Y Growth %
Income from Operations	10,545.64	10,385.62	1.54%
Profit from Operations *	663.17	1705.10	-61.11%
Less: Exchange Rate Difference (net)	247.55	617.05	-59.88%
Less: Interest	26.04	17.46	49.14%
Add: Other Income	554.56	374.77	47.97%
Profit before Tax and exceptional items	944.14	1,445.36	-34.68%
Add: Exceptional items	224.08	-	-
Profit before Tax	1,168.22	1,445.36	-19.17%
Less: Provision for Taxation	92.33	103.58	-10.86%
Profit after Tax	1,075.89	1,341.78	-19.82%

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

India Operations:

Year ended December 31	2010	2009	Y-o-Y Growth %
Income From Operations	4,236.51	4,862.74	-12.88%
Profit from Operations *	404.95	1562.45	-74.08%
Less: Exchange Rate Difference (net)	258.61	606.93	-57.39%
Less: Interest	14.41	0.50	
Add: Other Income	519.07	341.07	52.19%
Profit before Tax and exceptional items	651.00	1,296.09	-49.77%
Add: Exceptional items	366.40	-	
Profit before Tax	1,017.40	1,296.09	-21.50%
Less: Provision for Taxation	89.13	54.08	64.81%
Profit after Tax	928.27	1,242.01	-25.26%
Add : Balance brought forward from previous year	2,251.97	1,445.60	
Balance available for appropriation	3,180.24	2,687.61	
Appropriation			
Transfer to General Reserve	200.00	200.00	
Interim Dividend	232.50	86.19	
Proposed Final Dividend	203.99	115.22	
Tax on Dividends	72.06	34.23	
Balance carried to Balance Sheet	2,471.69	2,251.97	

Results of Operations

a) Global operations:

Income from operations increased to Rs. 10,545.64 million in 2010 from Rs. 10,385.62 million in 2009. The growth in Dollar terms was 7.7%, reaching $231.2 Mn.

Profit from operations (profit before Exceptional items, Exchange Rate Difference, Interest, Other Income and Provision for Taxation) was at Rs. 663.17 million in 2010 as against Rs. 1,705.10 million in 2009. This was due to a number of factors, e.g. lower technical utilization, exchange rate impact of Rupee appreciation and the transition costs of the large deal signed in Q2.

We were partly able to offset this impact by higher Other Income.

Profit after Tax stood at Rs. 1075.89 million in 2010 as compared to a profit of Rs. 1,341.78 million in 2009, PAT margins at 10.2% in Rupee terms.

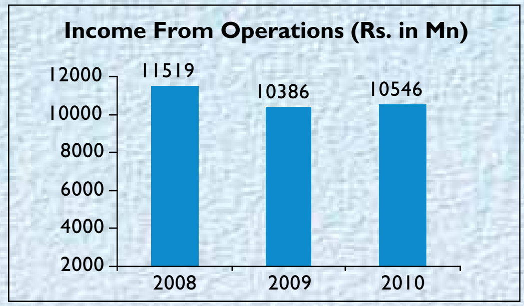
Some of the major achievements of your Company in the year 2010 were:

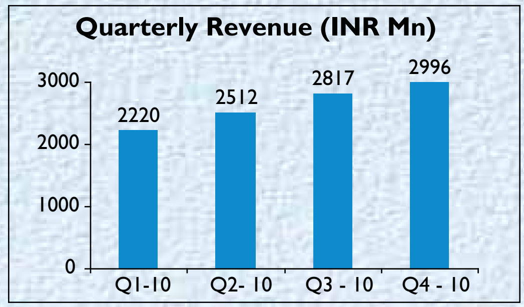
- During the year 2010, 45 new clients were added. This took the total number of active clients to 174.
- At the end of 2010, your Company has 50 clients billed USD 1 million dollar or more during the year. Of these, 39 clients were in the range of $1-$5 million, 7 clients were in the range of $5-$10 million, 2 clients were in the range of $10-$20 million and 2 clients billed more than $20 million each on a trailing twelve month basis.

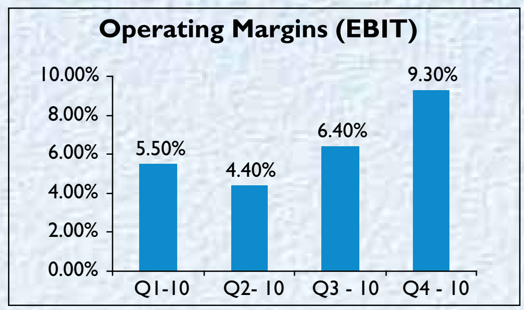
The year 2010 was marked with several firsts. Some of the key developments include:

In Q2 2010, your Company secured its single largest contract till date, worth in excess of $ 110 mn. As a part of the deal, your Company supports the IT systems of a Fortune 500 US corporation. The order extends over a 5 year period and the work encompasses 13 countries covering North America, South America, UK, Continental Europe and certain countries in the Asia Pacific region. The scope of the work includes Application Development & Maintenance of IT Applications, Business Intelligence & Analytics, Quality Assurance & Testing Services, Remote Infrastructure Management Services (RIMS) and extending support and maintenance to several core applications, primarily different Enterprise Resource Planning (ERP) modules, on a 24 X 7 basis.

During the year, your Company signed a contract extension worth $ 60 mn. with a multi-billion dollar enterprise. The extension was for a three year period. Your company has been offering services cutting across the following horizontals – Enterprise Resource Planning (ERP), Business Intelligence/Business Analytics (BI/BA), and Quality Assurance and Testing Services (QATS) to this existing strategic customer.







Your Company has achieved Platinum Partner status in the Oracle Partner Network (OPN). This Platinum level partnership recognizes Hexaware as a System Integrator for its in-depth expertise in showcasing capabilities across the entire suite of Oracle Applications including Oracles People Soft Enterprise, the Oracle E-Business Suite, Oracles Siebel CRM and solutions such as Oracle Business Intelligence Enterprise Edition and Oracle's Hyperion performance management applications on a global scale.

Your Company has recently launched Rainmaker®, its private cloud service. This platform while being flexible and providing an easy-to-manage, secure, multi-tenant storage environment today also enables your Company to build a scalable and efficient shared IT Infrastructure for future growth. Rainmaker® can be used to deliver Infrastructure as a Service (IaaS), Platform as a Service

(PaaS) and Storage-as-a-Service (SaaS) coupled with high levels of Security in Multi Tenancy mode. Further, the cloud also provides integrated data protection and an outstanding user experience.

Caliber Point, the wholly-owned BPO subsidiary of your Company launched "Republic", a multi-tenant HR services delivery solution. Built on the Oracle E-Business Suite Release 12, this ready-to-use platform will cater to multiple clients under a secure and shared environment. The launch of "Republic" marked the identity of Caliber Point as one of the first BPO service providers in India and one of the few in the world to provide a complete platform-based BPO service offering.

As a testimony to the commitments made to the Innovation and IP-building Centers of Excellence (COE) at Hexaware, the Innovation team achieved a critical milestone with the 'Probe' tool on SAP platform. As a tool, 'Probe' can analyze any SAP environment and determine the potential impact of any upgrade. During the last 12 months, your Company has successfully deployed the tool for 3 different clients.

b) **India operations:**

The revenue of the standalone legal entity dipped by 12.88 % to Rs. 4,236.51 million in 2010 from Rs. 4,862.74 million in the previous year. The net profit after tax was Rs. 928.27 million as compared to a profit of Rs. 1,242.01 million in 2009 a degrowth of 25.26%.

Reserves

Your company has transferred Rs. 200 million to General Reserve similar to Rs. 200 million transferred in the previous year. With this addition, the total General Reserve as on 31st December 2010 is at Rs. 942.87 million.

Further, the balance in the P&L Account is Rs. 2,471.69 million.

Forex Mark-To-Market: Your Company has adopted AS-30 principles of recognition and measurement for ascertaining fair value of forward exchange contracts and derivative contracts and the year-end Hedging Reserve stood at a profit of Rs. 249.79 Million, as compared to a loss of Rs. 403.75 million in the previous year.

In summary, total reserves stood at Rs. 8,451.62 million, including Rs. 4773.61 Million of Securities Premium account.

Dividend

During the year 2010, your Company paid an interim dividend of Re. 0.60/- per share (30%) on equity shares aggregating to Rs. 87.30 million.

Your Company also paid a special interim dividend of Re. 1/- per share (50%) on equity shares aggregating to Rs. 145.49 million to celebrate the 20th anniversary of the company.

The Board of Directors has recommended a payment of final dividend of Rs. 1.40 per share (70%) on an equity share of Rs. 2/- each, at its meeting held on 16th February 2011. Thus, the total dividend for the year inclusive of interim dividend and the special interim dividend amounts to Rs. 3.00 per share (150%) on equity shares.

The total cash outgo on account of interim dividend and final dividend & tax thereon amounts to Rs. 508.97 million. The break-up of dividend is as under:

(Rs. in million)

	Interim	Special Interim Dividend	Final
Dividend	87.30	145.49	203.69
Tax	14.49	24.17	33.83
Total	**101.79**	**169.66**	**237.52**

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

Share capital

The paid-up Share Capital of your Company as on December 31, 2010 was Rs. 290.40 million comprising of 145,200,980 Equity Shares of Rs. 2/- each.

During the year 2010 1,550,245 shares were allotted under ESOP under different schemes.

The market capitalization of your Company as on December 31, 2010 was at Rs. 16,901.39 million (US$ 378.02 million). The market capitalization is calculated on the basis of closing price of Rs. 116.40/- on the National Stock Exchange and the closing exchange rate of 1 USD = Rs. 44.71 as of December 31, 2010.

Your Company allotted 145,545,781 bonus shares on March 2, 2011 as approved by you at the Extra-Ordinary General Meeting held on February 15, 2011 in the ratio of 1:1 based on the record date of February 25, 2011.

The paid-up Share Capital of your Company after the bonus issue is Rs. 582.18 million comprising of 291,091,562 Equity Shares of Rs. 2/- each.

Promoter and Promoter Group

As referred in Clause 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 persons constituting "group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969)), that exercise or are established to be in a position to exercise, control directly or indirectly, over a Company are given below and forms part of this Annual Report:

The following persons constitute group coming within the definition of "group" as defined in the Monopolies and Restrictive Trade Practices Act, 1969 (54 of 1969) for the purpose of Regulation 3(1) (e) (i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, that exercise or are established to be in a position to exercise, control directly or indirectly, over a Company:

- Atul Kantilal Nishar
- Alka Atul Nishar
- Devangi Atul Nishar
- Priyanka Atul Nishar
- Atul Kantilal Nishar - HUF
- Elder Hides and Leather Private Limited
- Aza Fashions Private Limited
- Elder Venture LLP
- Techpro Consulting Engineers Private Limited
- Caterina Consultants Private Limited

Investment

A) Subsidiaries and Branches:

During the year 2010, two new wholly owned subsidiaries were formed abroad, one in Brazil and the other in Argentina.

Your company also established new branches in Spain, Austria and Italy during 2010.

B) Infrastructure:

During the year 2010, your Company added 1,374 employees. For the year ahead, your Company expects to add 1,500+ employees. This expansion plan requires the Company to be well-prepared from a physical infrastructure perspective. Over the last couple of years, your Company has consolidated its facilities to support its global sales and delivery operations as also to improve operational efficiencies.

To enable further business growth, your Company has also established an additional delivery center in Bengaluru. In terms of infrastructure, your Company provides a world class work environment to all its employees that in turn help in recruiting and retaining the best of talent.

The specific update on some of the locations are provided below:

India based Global Delivery Centers

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 operates out of another building in the same complex, providing BPO services to its global clients.

Chennai:

In line with the corporate road-map, your Company has been expanding its presence in its state-of-the-art Green Campus expanding over 27 acres in Chennai SEZ (Siruseri). During the course of the year 2010, the workforce operating out of these SEZ facilities has increased from 900 in December 2009 to 1,450 in December 2010. This world-class facility would seat approximately 5,000 software professionals when the first phase is completely ready.

Further, at Siruseri, your Company has started utilizing the facilities established for Hexavarsity, the in-house learning and development corporate university. Your Company has constructed a separate block that would be used for imparting training programs and organizing boot camps in an undisturbed environment. This facility was extensively utilized as your Company hired in excess of 500 fresh graduate engineers during 2010.

During the year 2010, your Company has set-up several new 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 designated entry/exit points; customized access control and a world-class work environment.

Your company also has an offshore development center, Hexaware Towers I at T Nagar in Chennai. The wholly owned BPO subsidiary, Caliber Point Business Solutions Limited also operates out of another building in Chennai.

Pune:

Your Company has all its operations in one building of 37,892 sq. feet at E-Space, Pune. The premise has been set up to accommodate up to 350 Professionals.

Additionally, your company has acquired 97,010 sq. meters of land at the Rajiv Gandhi Info Tech Park in Hinjewadi SEZ. This real estate asset could come in handy when your Company expands further and wants additional capacity to seat its employees.

Nagpur:

Your Company and Caliber Point together have acquired 20 acres of land in Nagpur, a tier II city, at a SEZ location. At present, a facility with 1,000-seat capacity has been constructed and is currently operational. For starters, your Company has commenced BPO operations through Caliber Point at Nagpur with an initial occupancy of 300 employees.

Bangalore:

During the year 2010, your company has set up its latest global delivery center in the city of Bengaluru, India. In the first phase, this facility can seat 250 employees. Having an operational base in this southern metropolis further enhances Hexaware's ability to cater especially to those global customers who have their India operations based in Bengaluru. It also acts as a new source of talent pool.

Overseas Global Delivery Centers

New Jersey (USA):

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

Saltillo (Mexico):

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

Global Cash Position

The cash generated from operations was Rs 122 Million. Company also generated Rs. 883 Million on sale of surplus assets net of taxes. Receipts from Treasury operations (interest and MF dividends) were Rs. 1140 Million. Company has invested Rs. 340 Million in fixed assets. During the year, your Company paid dividend of Rs. 233 Million and repaid a part of the loan taken by Caliber Point (Nagpur), plus interest on the same, amounting to Rs 46 Million. As of 31st December, the cash position of the company was Rs. 4356 Million, equivalent in US$ 97.43 Million. Including the Mutual Fund investments, the total cash & cash equivalents was at Rs. 4,753 Million equivalent US$ 106.30 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 6,511 as on December 31, 2010.
- To attract and retain people, your Company provides a judicious combination of attractive career, personal growth and a lucrative performance-based compensation structure.
- Your Company has focused towards providing better employee experience by automating processes in on-boarding, payroll, attendance and leave management.

Salient Features and Compelling Value Proposition

Your company focuses extensively on rewarding all its stakeholders. From a corporate perspective – shareholders come first. From business perspective – clients are the cornerstone. From execution perspective – employees are extremely critical.

From business and operations perspective, your Company is focused on strengthening different aspects of the Company to help drive business growth. These steps enable the Company to position well in the market place enabling entry into new logos.

a. **Quality Processes:**

Your company has institutionalized and implemented an organization-wide project management tool and has developed several transition/change management tool kits and methodologies. These well-defined processes enable minimal errors and as a result keep any re-work to a minimum. These advancements 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 IS 9001:2000, SEI – CMM Level 5, Tick IT, BS7799 and ISO 27001. During the year 2010, your Company was also awarded SAS 70 – Type I certification at an organization level. The wholly owned BPO subsidiary was awarded SAS 70 – Type II certification during 2010.

b. **Focus Areas:**

Your company has demonstrated leadership and incredible expertise in focus areas such as Enterprise Solutions, specifically in Peoplesoft, and in automated testing. The Company has further strengthened its field presence in these focus areas to increase the reach to cover more prospective customers and enhance access to reach senior executives at all clients. Your company is also a leading IT solutions provider with extensive domain knowledge for the Asset Management, Capital Markets and multiple reference-able customers in the Travel & Transportation Industry.

c. **Agile & Nimble:**

The top 10 customers at your company generate 50% of the revenues on a trailing twelve month basis. This further demonstrates that your company has strategic relationships with its customers and execution excellence and capability to deliver large and complex engagements.

With the right size; your Company is in a unique position to provide appropriate management access and exhibit nimbleness to meet unique customer requirements. Such flexibility proves to be a unique differentiator while establishing strong relationship with CXO-level executive at the Client Organizations.

d. Multi-cultural dimension:

Your company has presence in 20 countries directly and has employees stationed in 32 countries globally. Your company has global delivery centers in India, in proximity center in Secaucus (USA) and a near shore center in Saltillo (Mexico). With a rich client roster of 174 marquee names, your Company possesses a unique understanding and access to not only the business practices but also the cultural and work-ethics in different regions globally.

e. Company focused on Corporate Governance:

Your company has two "Big 4" firms as auditors - Deloitte Haskins & Sells as its statutory Auditors and KPMG as its internal auditors. All the major committees of the Board are headed by Independent Directors. Your Company has followed Cadbury's recommendation in having two different individuals as Chairman & CEO.

Your company was rated amongst the Top 25 for Excellence in Corporate Governance by Institute of Company Secretaries of India for several years at a stretch.

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 ISO, TickIT and SEI-CMMI. Mexico center has been brought under ISO 9001:2008 in March 2010.

The CMMI level 5 status (Version 1.2 for development) of your company is valid till March 2011. Your company is currently going through an appraisal for CMMI (SCAMPI-A) by KPMG.

Your company has been certified for PCI-DSS Compliance in April 2010. 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. ISO27001:2005 is valid till Dec 2012. Your company was assessed with SAS70 Type-I Assessment in 2010.

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 has undergone audit for SAS 70 – Type II at an organization level in 2010 and waiting for the Assessment Report.
- Your company underwent a SAS 70 Type II audit for one of its top clients in 2009 successfully.

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 & 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 members of this Committee. 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 & 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 safe guarding the assets of your Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas.

Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an 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 from 2005 to 2009. As an appreciation for good work and contribution to the society, the 5th Employer Branding Awards 2010 conferred upon your Company the Award for "Best in Corporate Social Responsibility Practice".

At the end of the year, your Company employee strength stood at 6,511. Your Company has, over the years, made consistent efforts to retain and nurture talent by providing quality work, development and a work culture of meritocracy, learning and initiative. Your Company also provides world class infrastructure and facilities to employees and offers wealth creation programs like ESOPs.

HexaVarsity

Learning and Development

Your Company is a congregation with 6,511 employees with varied skills, professional experiences and educational backgrounds. During the year 2010, your Company had recruited 544 fresh graduate engineers from engineering campuses. Your Company had inducted net addition of 1,374 employees through 2010. Given the diversity of the professionals, your Company imparts different training programs to ensure harmonization of knowledge levels and consistency in standards and processes.

Hexavarsity, the in-house Corporate University, provides the knowledge base which is required for all the employees to deliver software of consistent quality and comply with all institution-wide processes & practices. There are a variety of training programs including Foundation Training Program (FTP) for fresh graduate engineers recruited from campuses. The induction program includes boot-camp program providing soft skills training, skills development program. Before being formally inducted into delivery stream, the freshers are provided on-the-job training to get live first-hand experience.

For professionals with work experience, Hexavarsity offers programs that include Skill Development and Enhancement Program and Behavioral Training Programs too. As an organization-wide initiative, your Company has deployed Technical Competency Development Program (TCDP) for all its employees, which requires all employees to follow a Technology Quotient (TQ) framework based on their roles, levels of expertise and streams of specialization. The progress made on the TQ framework is tracked at every employee level and is an integral component of the annual Performance Management System. Hexavarsity is also well equipped to provide support for conducting any relevant training programs as required by the Execution Units (Delivery Units).

To cater to overseas employees and professionals deployed at client locations; Hexavarsity supports employees through an online Learning Management System which provides the employees with the flexibility and provision to undergo the e-Learning courses at timings of their convenience. Further, Hexavarsity meets the needs for content development for both Technical and Behavioral training programs.

For the year 2011, your Company expects to recruit in excess of 1,500 employees of which fresh graduate engineers comprise 700 personnel. Hexavarsity is well equipped to provide extensive foundation training programs and support continuous learning and development programs.

Corporate Governance and Management Discussion and Analysis

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

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

Management Discussion and Analysis is also annexed.

Directors' Responsibility Statement

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

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

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

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

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

Employee Stock Option Plans (ESOP)

Pursuant to the approval of the shareholders, your Company has instituted the Employee Stock Option 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 & Compensation Committee of the Board.

During the year 2010, following were the movements under ESOPs:

i) 1,550,245 options were exercised and your Company allotted 1,550,245 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.

ii) 712,000 options were granted under different schemes as follows:

75,000 options were granted under ESOP 2008 scheme on 28.01.2010 at a price of Rs. 85.70/-

200,000 options were granted under ESOP 2008 scheme on 28.04.2010 at a price of Rs. 73.30/-

437,000 options were granted under ESOP 2007 scheme on 28.07.2010 at a price of Rs. 80.55/-

iii) 49,000 options were surrendered under ESOP 2002 scheme.

On 10.01.2011, 89,500 options were exercised by employees under ESOP 2002 and 2007 Scheme and your Company allotted 89,500 equity shares of Rs. 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 665,000 options were granted under Employee Stock Option Scheme 2007 at a price of Rs.. 118.50.

On 12.01.2011, 202,551 options were exercised by employees under ESOP 2007 Scheme and your Company allotted 202,551 equity shares of Rs. 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 80,000 options were granted under Employee Stock Option Scheme 2007 at a price of Rs.. 118.15.

On 15.02.2011, 52,750 options were exercised by employees under ESOP 2002 and 2007 Scheme and your Company allotted 52,750 equity shares of Rs. 2/- each to the employees on exercise of these Stock Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. On the same day, 109,000 options were granted under Employee Stock Option Scheme 2007 at a price of Rs. 103.95.

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 & Omission (Professional Indemnity) and Commercial General Liability. We have taken appropriate insurance covers with reputed insurers & re-insurers to protect the company from any third party liability claims that may arise at any point of time.

Director's & Officer's 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 & facilities against the risk of fire, theft etc. so that financials are not impacted in the unfortunate event of such events.

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

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. 47/720/2010-CL-III dated 12/01/2011granting an exemption from attaching the audited accounts of the subsidiaries to this Annual Report for the financial year ended December 31, 2010. 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.

Focus Frame Mexico S de RL De CV, Mexico merged with Hexaware Technologies Mexico S de RL De CV, Mexico w.e.f. January 1, 2010.

Focus Frame UK Limited, name of the Company was struck off from the registrar of companies in U.K. w.e.f. 25th May, 2010.

Risk Technologies (UK) Limited, name of the Company was struck off from the registrar of companies in U.K. w.e.f. 1st June, 2010.

Two new step down subsidiaries were incorporated during the year namely, Hexaware Technologies SRL, Argentina and Hexaware Technologies DO Brazil Limited, Brazil, shares held by nominees of Hexaware Technologies Limited.

Directors

In accordance with the Articles of Association of the Company, Mr. P. R. Chandrasekar, Dr. (Mrs.) Alka Nishar, Mrs. Preeti Mehta and Mr. Bharat Shah, Directors of the Company, retire by rotation at this Annual General Meeting and, being eligible,offer themselves for re-appointment at the ensuing Annual General Meeting.

The information to shareholders as per Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of companies in which Mr. P. R. Chandrasekar, Dr. (Mrs.) Alka Nishar, Mrs. Preeti Mehta and Mr. Bharat Shah are Directors etc. is being provided separately in the Annexure on Page No. 61 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 15, 2011recommending re-appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors of the Company, for the financial year 2011,the Board of Directors have, subject to the approval of the shareholders, at their meeting held on February 16, 2011approved the re-appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors of the Company for the financial year 2011and to hold office till the conclusion of the next Annual General Meeting. In terms of provisions of section 224(1B) of the Companies Act, 1956 M/s. Deloitte Haskins & Sells have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act.

Particulars of employees

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

Acknowledgment

Your Directors place on record their sincere appreciation of the customers, bankers, Government 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 12, 2011

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 an obsession keeping in view the shortage of power, your Company is fortunate that the operations are not energy intensive. Your Company believes that it forms part of the duty to save energy 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 endeavor to obtain and deliver the best, your Company has entered into alliances / tie-ups with major global players in the I.T. 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 upgrade technology 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 & 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 idea 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 year 2010, your company enhanced the importance attached with the COEs. Industry solution accelerators are specific to a particular industry whereas technology solution accelerators can be used across vertical segments.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Place : Mumbai
Date : March 12, 2011

ESOP Disclosures

Sr. No.	Description	ESOP - 1999		ESOP - 2002		ESOP - 2007		ESOP - 2008	
1	Method used for accounting of the employee share-based payment plans	Intrinsic value method		Intrinsic value method		Intrinsic value method		Intrinsic value method	
2	If Intrinsic value method is used, impact for the accounting period had the fair value method been used on the following -	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
	Net Results (In Rupees Millions)	Nil	Nil	(1.87)	(1.87)	12.70	12.70	4.87	4.87
	Earning Per Share: Basic (In Rupees)			Consolidated	Standalone				
	As Reported			7.44	6.42				
	Adjusted Pro Forma			7.33	6.31				
	Earning Per Share: Diluted (In Rupees)								
	As Reported			7.24	6.25				
	Adjusted Pro Forma			7.14	6.14				
3	Description of each type of employee share-based payment plan that existed at any time during the year 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.		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 Options: Vesting 25% on each successive anniversary of the grant date on achieving specified performance targets or as per the discretion of the Committee.		Options: Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee. Performance Options: Vesting 25% on each successive anniversary of the grant date on achieving specified performance targets or as per the discretion of the Committee.	
	Maximum term of options granted	10 years		7 years		7 years		7 years	
	Method of settlement	Equity Settled		Equity Settled		Equity Settled		Equity Settled	
4	Number and weighted average exercise prices of stock options for each of the following groups of options -	Number of options	Weighted Average Exercise Price (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 year	18,538	9.00	1,103,924	27.62	6,567,992	24.26	140,262	10.00
	- Granted during the year	-	-	-	-	437,000	80.55	275,000	76.68
	- Forfeited / lapsed during the year	2,000	9.00	137,750	81.20	1,273,397	27.53	45,251	10.00
	- Exercised during the year	-	-	540,615	15.24	984,441	24.69	25,189	10.00
	- Outstanding at the end of the year and	16,538	9.00	425,559	26.00	4,747,154	28.48	344,822	63.18
	- Exercisable at the end of the year	16,538	9.00	31,000	39.22	793,136	23.15	18,616	10.00
5	Number of options vested	16,538		31,000		793,136		18,616	
6	Total number of shares arising as a result of exercise	-		540,615		984,441		25,189	
7	Money realised by exercise of options (Rs. In Mn)	-		8.24		24.31		0.25	

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007		ESOP - 2008	
8	Employeewise details of options granted to -						
	- Senior management personnel	Nil	Nil	Name	No. of Options	Name	No. of Options
				VP Mathukumar	40,000	Anand Moorthy	75,000
				Sreenivas Vijayan	16,000	Vemban Shankar	200,000
				Nataraj N	18,000		
				Seshadri Venkata Ramanan	48,000		
				Anil Bonde	13,000		
				Uday Kumar Reddy	`10,000		
				Ravi Vaidyanathan	28,000		
	- Employees holding 5% or more of the total number of warrants/options granted during the year	Nil	Nil	Name	No of Options	Name	No of Options
				Seshadri Venkata Ramanan	48,000	Anand Moorthy	75,000
				Ravi Vaidyanathan	28,000	Vemban Shankar	200,000
				Vimal Kewalramani	22,000		
				Ravi Varadachari	35,000		
				V.P. Mathu Kumar	40,000		
	- Identified employees who were granted warrant/ option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants/options and conversions) of the Company at the time of grant.	Nil	Nil	Nil		Nil	
9	For stock options outstanding at the end of the year, 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 16538. Weighted average contractual life is 1 month.	Details for ESOP 2002, 2007 and 2008 Scheme:				
			Price range Rs.	Shares	Weighted average remaining life (months)		
			2 – 26.6	4,766,535	63		
			54 – 101	747,000	76		
			135 – 171	4,000	1		
			Total	5,517,535			
10	For stock options granted during the year, the weighted average fair value of those options at the grant date and information on how the fair value was measured including the following -	No grants made during the current year	No grants made during the current year	Rs. 40.89		Rs 44.81	
	- Option pricing model used			Black Scholes Option Pricing Model		Black Scholes Option Pricing Model	
	- Inputs to that model including -						
	weighted average share price (Rs)			84.70		74.13	
	exercise price (Rs)			80.55		76.68	
	expected volatility			57.91% - 62.54%		58.98% - 92.41%	
	option life (comprising vesting period + exercise period)			4 - 5.50 years		4 - 5.50 years	
	expected dividends			1.42%		1.14%	
	risk-free interest rate			5.00% - 7.37%		6.8% - 7.55%	
	any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.						

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007	ESOP - 2008
	- Determination of expected volatility, including explanation to the extent expected volatility was based on historical 'volatility.			Based on historical volatility.	Based on historical volatility.
	- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.			-	-
11	For other instruments granted during the year (i.e., other than stock options) - - Number and weighted average fair value of those instruments at the grant date - Fair Value determination in case - (a) fair value not measured on the basis of an observable market price (b) whether and how expected dividends were incorporated (c) whether and how any other features were incorporated	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year
12	For employee share-based payment plans that were modified / varied during the period - - Explanation of those modifications/variations - Incremental fair value granted (as a result of those modifications/variations) - Information on how those incremental fair value granted was measured, consistently with the requirements set out in points 7 and 8 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 except accelerated vesting for one employee (43,750 options), duly approved by the Remuneration & Compensation Committee in terms of the ESOP Scheme 2007.	No modifications were made to the schemes during the year
13	Total expense recognised for the period for employee share-based payment plans (Rs in Mn)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	Rs.3.98	Rs.2.64
14	Separate disclosure of that portion of the total expense that arises from transactions accounted for as equity-settled employee share-based payment plans (Rs. In Mn)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	Rs.3.98	Rs.2.64
15	For liabilities arising from employee share-based payment plans - Total carrying amount at the end of the period - Total intrinsic value at the end to the period for which the right of the employee to cash or other assets had vested by the end of the period.	Nil (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 options (EPS) pursuant to issue of shares on exercise of option. (in Rupees)		Consolidated 7.24	Standalone 6.25	

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 Pte. Limited, Singapore	Hexaware Technologies Canada Limited, Canada	Hexaware Technologies Mexico S de RL De CV, Mexico	Risk Technology International Limited, India	Caliber Point Business Solutions Limited, India	FocusFrame Europe BV, Netherland	Rampran Infotech Limited, India	Hexaware Technologies SRL, Argentina	Hexaware Technologies DO Brazil Limited, Brazil
2. The Financial Year of the Company ended on	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010	31st December, 2010
3. Holding Company	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Inc., USA	Hexaware Technologies Limited, India	Hexaware Technologies UK Limited, UK *	Hexaware Technologies UK Limited, UK *
4. Holding Company's Interest	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
5. Shares held by the holding Company in the Subsidiary	30,026 Common Stock at no par value	3,618 equity shares of Euro 50 each	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 8087502 Pesos	1,000,000 equity shares of Rs. 10 each	11,780,000 equity shares of Rs. 10 each	1800 Common Stock of Euro 10 each	50,000 equity shares of Rs. 10 each	394 Quotas (shares) of ARD 10 each	1588 Shares of BRL 1 each
6. Reporting Currency	USD	EURO	GBP	SD	CAD	MXN	INR	INR	EURO	INR	ARD	BRL
7. Exchange Rate	44.705	59.749	69.397	34.850	44.780	3.611	-	-	59.749	-	11.257	26.942
8. Capital	359.06	10.81	212.84	17.43	1.05	29.21	10.00	117.80	1.08	0.50	0.04	0.04
9. Reserves	224.78	105.48	30.96	65.33	30.77	7.01	(21.12)	553.89	65.34	(0.04)	(0.56)	-
10. Total Assets	2,225.10	248.48	367.60	131.30	46.05	144.04	6.02	892.46	96.63	0.50	1.01	0.04
11. Total Liabilities	1,642.14	132.19	123.80	48.54	14.23	107.82	17.14	246.29	30.21	0.04	1.53	-
12. Details of Investments	0.88	-	-	-	-	-	-	25.52	-	-	-	-
13. Turnover	6,143.17	885.45	535.88	272.24	86.01	225.83	12.27	834.24	100.49	-	0.27	-
14. Profit/(Loss) Before Taxation	1.41	20.57	13.75	4.94	7.27	0.65	7.18	103.65	(13.06)	-	(0.86)	-
15. Provisions for Taxation	(14.18)	6.88	4.81	0.95	2.22	(12.43)	2.28	16.35	(2.47)	-	(0.30)	-
16. Profit/(Loss) After Taxation	15.59	13.69	8.94	3.99	5.05	13.08	4.90	87.30	(10.59)	-	(0.56)	-
17. Proposed Dividend, if any	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, 2010												
a. Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c. Money Lent	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d. Money borrowed other than those for meeting Current Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes :

1) There has been no change in holding Company's interest in the subsidiaries between the end of financial year or the last of the financial years of subsidiary and the end of the holding Company's financial year.
2) Focus Frame Mexico S de RL De CV, Mexico merged with Hexaware Technologies Mexico S de RL De CV, Mexico w.e.f. January 1, 2010.
3) *Shares held by nominees of Hexaware Technologies Limited.
4) Focus Frame UK Limited, U.K., name of the Company was struck off from the registrar of companies in U.K. w.e.f. 25th May, 2010.
5) Risk Technologies (UK) Limited, U.K., name of the Company was struck off from the registrar of companies in U.K. w.e.f. 1st June, 2010.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai
Date : 16th February, 2011

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the Financial year January 1, 2010 to December 31, 2010 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 10 years in your Company. Another example is the detailed information on cash & bank balances given by your Company every quarter to transparently show where the funds are invested / held in a safe manner. The Corporate Governance -Voluntary Guidelines 2009 is substantially followed by the Company.

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 Twelve (12) Directors as on December 31, 2010 representing the optimum combination of professionalism, knowledge and experience. Of these, eleven directors are Non-Executive and six are Independent Directors. Mr. Atul K. Nishar is Non - Executive Chairman of the Board.

The Code of Conduct for all Directors and the Senior Management of the Company has been posted on the website of the Company at www.hexaware.com. All Directors and 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, 2010 is given below, all being Non Executive Directors except Mr. R. V. Ramanan :

Name	Designation	Independent / Non - Independent	Shareholding as on 31st Dec'10 (No. of Shares Pre-Bonus)
Mr. Atul K. Nishar	Chairman	Non-Independent	## Nil
Mr. P. R. Chandrasekar	Vice-Chairman and Global CEO	Non-Independent	$758,720
Mr. R.V. Ramanan*	Whole Time Director	Non-Independent	78,250
Mr. L.S. Sarma	Director	Independent	20,000
Dr. (Mrs.) Alka Atul Nishar	Director	Non-Independent	227,135
Mr. Bharat Shah	Director	Independent	@ 50,000
Mr. Sunish Sharma	Director	Non-Independent	Nil
Mr. Shailesh V. Haribhakti	Director	Independent	# 117,600
Ms. Preeti Mehta	Director	Independent	20,000
Mr. Subrata Kumar Mitra	Director	Independent	20,000
Mr. Ashish Dhawan	Director	Non-Independent	Nil
Mr. S. Doreswamy**	Director	Independent	Nil

* Mr. R. V. Ramanan was appointed as Whole – Time Director w.e.f. October 28, 2010, now deisgnated as Executive Director & President - Global Delivery.

** Mr. S. Doreswamy was appointed as Director w.e.f. February 17, 2010.

@ 25,000 shares are held in the name of Mrs. Anita Bharat Shah, wife of Mr. Bharat Shah.

24,500 shares are held in the name of Mrs. Amita Shailesh Haribhakti, wife of Mr. Shailesh Haribhakti and 46,500 shares are held in the name of his HUF.

$ On 13.01.2011 Company allotted additional 95,720 Shares under ESOPs to Mr. P R Chandrasekar.

Mr. Atul K. Nishar, Chairman has bought 80,000 (post bons) shares in March 2011.

The Company has allotted Bonus Shares in the ratio of 1:1 on 2nd March, 2011. Post Bonus Allotment, Directors Shareholding stands as follows : -

Mr. Atul K. Nishar	80,000 Shares
Mr. P. R. Chandrasekar	1,708,880 Shares
Mr. R.V. Ramanan	156,500 Shares
Dr. (Mrs.) Alka Atul Nishar	454,270 Shares
Mr. Bharat Shah	100,000 Shares
Mr. Shailesh Haribhakti	235,200 Shares
Mr. L. S. Sarma	40,000 Shares
Mr. S. K. Mitra	40,000 Shares
Ms. Preeti Mehta	40,000 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 five Board Meetings were held respectively on February 17, 2010, March 19, 2010, April 29, 2010, July 29, 2010 and October 28, 2010.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2010 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	5	Yes	-	-
Mr. P. R. Chandrasekar	4	Yes	2	-
Mr. R.V. Ramanan (wef 28.10)	1	Yes	2	-
Mr. L. S. Sarma	5	Yes	2	2(2)
Dr. (Mrs.) Alka Atul Nishar	4	Yes	-	-
Mr. Bharat Shah	4	Yes	3	3(1)
Mr. Shailesh V. Haribhakti	5	Yes	14	9(4)
Mr. Sunish Sharma	4	Yes	-	-
Ms. Preeti Mehta	5	Yes	1	1
Mr. Subrata Kumar Mitra	5	Yes	7	1(1)
Mr. Ashish Dhawan	4	Yes	1	-
Mr. S. Doreswamy	5	Yes	6	7(3)

Notes :

1. None of the Directors of the Company hold membership of more than ten Committees nor is a Chairperson of more than five committees (as specified in Clause 49), across all companies of which he/she is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at December 31, 2010 have been made by the Directors.
2. The committees considered for the above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders/Investors Grievance Committee.
3. Information placed before the Board for consideration is specified in Clause 2.4.

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

Mr. Atul K. Nishar	NIL
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. R.V. Ramanan	Risk Technology International Limited, Rampran Infotech Limited (both 100% subsidiaries of your Company)
Mr. L.S. Sarma	Granules India Limited, Caliber Point Business Solutions Limited
Mr. Shailesh V. Haribhakti #	Pantaloon Retail (India) Limited, Future Capital Holdings Limited, Ackruti City Limited, ACC Limited, Ambuja Cements Limited, Mahindra Lifespace Developers Limited, Blue Star Limited, The Dhanalakshmi Bank Limited, Raymond Limited, J K Paper Limited, Everest Kanto Cylinder Limited, L & T Finance Holdings Limited, Torrent Pharmaceuticals Limited, Future Value Retails Limited.
Ms. Preeti Mehta	Bagalkot Cement & Industries Limited
Mr. Subrata Kumar Mitra	SKP Securities Limited, Mangal Keshav Securities Limited, Mangal Keshav Holdings Limited, LIC Mutual Fund AMC Limited, Usha Martin Education & Solutions Limited, Techpro Systems Limited, LMJ International 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. S. Doreswamy	Caliber Point Business Solutions Limited, Ceat Limited, Pantaloon Retails India Limited, Shakti Sugars Limited, DSP Merill Lynch Trustee Co. Ltd., Rama Newsprint and Paper Limited.

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

2.4 Information provided to the Board:

The Board of the Company is presented with all information under the following heads, whenever applicable and materially significant. These are 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 judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
11. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
12. Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.

13. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
14. Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholder services as non-payment of dividend and delays in share transfer.

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

1. **Mr. P.R.Chandrasekar** is the Vice-Chairman and Global CEO of your company. He has a successful track record of driving revenue growth including experience in mergers and acquisitions, business development, channel development and strategic initiatives. Prior to joining Hexaware, he was President Americas and Europe at Wipro and was responsible for the strategic development of these geographies. Chandrasekar joined Wipro in May 2000 from GE India where he was Director, Business Development. He has a degree in Engineering from the Indian Institute of Technology, Madras (IIT-M) and has done his MBA from the Jamnalal Bajaj Institute of Management Studies, Mumbai University.
2. **Dr. (Mrs.) Alka Atul Nishar** is a Founder Director of the company and has been on the Hexaware board since inception. She has extensive experience in Strategic Planning, Information and Infrastructure Planning, Logistics, Control Systems and Marketing. Dr Nishar is an MBBS from the Grant Medical College, Mumbai and is a Master of Management Studies, Sydenham Institute of Management Studies, Mumbai.
3. **Mrs. Preeti Mehta** is a Partner of Messrs Kanga & Co., a leading firm of Advocates and Solicitors in Mumbai, established in 1890. She qualified as a solicitor from both Mumbai and England. Ms. Mehta has been practicing for over 25 years and has vast experience in matters relating to foreign investments and collaborations, mergers & acquisitions, private equity, corporate laws and banking. As an offshoot of her main field of specialisation, Foreign Investment in India, Preeti has also covered the area of Franchising and has advised on setting up franchises in the Hotel and Restaurant, recreation, amusement and education sectors.
4. **Mr. Bharat Shah** joined Hexaware Board on 29th July, 2008. He is the Chairman of HDFC Securities Limited. He has been one of the founder members of HDFC bank and joined HDFC Bank in December 1994 as an Executive Director on its Board. Mr. Bharat Shah is Head - Infrastructure and Merchant Services at present.

   Mr. Shah with his rich knowledge & experience also acts as an Advisor for Yatra Art Fund, Vanita Vishram Trust, RBK International Academy and Foundation for Liberal & Management Education.

   Mr. Shah has received his Bachelors in Science (B. Sc.) degree from the University of Mumbai in the year 1967. He also holds a Degree in Applied Chemistry with special reference to Metal Finishing from Borough Polytechnic, London.

   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. 61 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 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 Asst. Company Secretary of the Company acts as the secretary to the Committee.

During the year, the Audit Committee met 5 (Five) times respectively on February 16, 2010, March 19, 2010, April 28, 2010, July 28, 2010, October 27, 2010, 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 April 29, 2010 and answered the Queries raised by the shareholders.

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

3.3 Meetings and Attendance during the Year 2010:

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. Shailesh V. Haribhakti - Chairman	Independent	5	5
Mr. L. S. Sarma	Independent	5	5
Mr. S. K. Mitra	Independent	5	5
Mr. Sunish Sharma	Non-Independent	5	4

4. Remuneration and Compensation Committee

4.1 Brief description and terms of reference:

The Remuneration and Compensation Committee of the Company comprised of the following members: 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 Remuneration and Compensation Committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the remuneration of Whole-time Directors and to deal with all elements of remuneration package of all such Directors. This includes details of fixed components and performance–linked incentives including stock options.

4.3 Meetings and Attendance during the Year 2010:

During the year, Remuneration and Compensation Committee met 6 (Six) times respectively on January 28, 2010, March 19, 2010, April 28, 2010, June 10, 2010, July 28, 2010, and October 27, 2010 and necessary quorum was present at the meetings.

The attendance record is as per the table given below.

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. L. S. Sarma - Chairman	Independent	6	6
Mr. S. K. Mitra	Independent	6	6
Mr. Sunish Sharma	Non-Independent	6	4

4.4 Details of Remuneration paid or payable to Directors during the year 2010:

Name of Director	Mr. R.V. Ramanan – Whole Time Director (Rs. in Millions) w.e.f. October 28, 2010
Salary and Allowances	1.20
Perquisites	0.04
Contribution to Provident Fund and Other Funds	0.06
Total	**1.30**

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 up to Rs. 0.8 million per person, aggregating to Rs. 4.70 million based on the period of their association with the Company during the year. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

The total number of stock options held by the Directors as at 31.12.2010 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	Notice Period
	No. of Options Granted during the year	Total No. of Options held (pre bonus) as at 31.12.2010	Amount in (Rs.)	
Mr. Atul K. Nishar	Nil	Nil	N.A.	N.A.
Dr. (Mrs.) Alka Nishar	Nil	Nil	N.A.	N.A.
Mr. P. R. Chandrasekar	Nil	1,061,625 options under 2007 scheme 395,720 Performance options	N.A.	90 days
Mr. R.V. Ramanan#	Nil	167,250 options under 2007 scheme 34,625 Performance options	N.A.	90 days
Mr. L. S. Sarma	Nil	Nil	360,000/-	N.A.
Mr. Shailesh V. Haribhakti	Nil	Nil	200,000/-	N.A.
Ms. Preeti Mehta	Nil	Nil	140,000/-	N.A.
Mr. S. K. Mitra	Nil	Nil	360,000/-	N.A.
Mr. Bharat Shah	Nil	Nil	120,000/-	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	100,000/-	N.A.

Appointed as Whole Time Director w.e.f. October 28, 2010.

During the year, Kanga & Co. a legal firm, where Ms. Preeti Mehta, a Independent Director is a partner has been paid Rs 1,461,475/- 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. Post-Bonus, the number of options has doubled and the grant price halved as per 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. Post-Bonus, the number of options has doubled and the grant price halved as per the ESOP Scheme.

5. Shareholders/Investors Grievance Committee

5.1 Scope of Shareholders Grievances Committee's activities:

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

Shareholders Services:

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

a) Procedure for Dematerialization of shares;
b) Procedure for transfer of shares;
c) Procedure for transmission of shares;
d) Change of address;

e) Dividend;
f) Nomination Facility;
g) Loss of Share Certificates;
h) Rights as a shareholder;
i) Result of Postal Ballot, if any;
j) Facility of online Shareholders'/ Investors' Satisfaction Survey on a continuous basis.

5.2 Composition, Meetings and Attendance of Committee:

The composition of the Committee 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. All the shareholders grievances were resolved and there were no grievances at the end of the year 2010.

5.3 Details of shareholders complaints received, cleared and pending, during the year 2010:

Nature of Complaints	Received	Cleared	Pending
Transfer, Transmission etc.	0	0	0
Dividend, Interest and Redemption	0	0	0
Annual Report	4	4	0
Others/Miscellaneous	3	3	0
TOTAL	**7**	**7**	**0**

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

Pending Transfers: There are no pending transfers as on 31.12.2010

5.4 Company Secretary and Compliance officer As on 31.12.2010:

Name of the Asst. Company Secretary and the Compliance Officer	Mrs. Gunjan Methi
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
2009	17th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Thursday, April 29, 2010	2.30 p.m
2008	16th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Tuesday, May 5, 2009	3.00 p.m
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

- 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
2009	17th Annual General Meeting	1.	Renewal of shareholders resolution for payment of commission to Non-Wholetime Directors not exceeding 1% of net profits of the company for a period of 5 years from 2008 to 2012 and ratification of commission paid for the year 2008.
2008	16th Annual General Meeting	1.	Appointment of Ms. Priyanka A Nishar, relative of Mr. Atul K. Nishar, Executive Chairman and Dr. (Mrs.) Alka A. Nishar, Director of the Company, as Account Manager in Hexaware Technologies Inc. USA, a wholly owned subsidiary of the Company and the payment of remuneration by Hexaware Technologies Inc, USA which results in holding an office or place of profit in the subsidiary.
		2.	Ratification of one time payment of Joining Bonus paid to Mr. P. R. Chandrasekar by Hexaware Technologies Inc. a wholly owned subsidiary of the Company.
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.

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, 19th October, 2004	11.30 A.M.

On Tuesday, February 15, 2011, an Extra-Ordinary General Meeting was held at 4.00 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 approve issue of bonue shares, reclasification of shares and consider other items of business.

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

Financial Year	Sr. No.	Particulars of Special Resolutions Passed
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 12B to the Standalone Accounts of the Company in the Annual Report.

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

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

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

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

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

(ii) Auditors qualification: Nil

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

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 analyst 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.

10. General Shareholder Information

10.1 Eighteenth Annual General Meeting:

Date	April 27, 2011
Time	4.00 p.m.
Venue	M. C. Ghia Hall, 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 2010:

Financial Year	January 1, 2010 to December 31, 2010	
Dividend Payment	Interim Dividend paid on August 20, 2010 @ Rs. 0.60 per share (30%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. Special Interim Dividend paid on January 28, 2011 @ Re. 1 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. The Board of Directors have recommended final dividend @ Rs. 1.40 per share (70%) which may be approved by shareholders at the ensuing Annual General Meeting.	
Book Closure	Saturday, April 23, 2011 to Wednesday, April 27, 2011(both days inclusive).	
Listing on Stock Exchanges	1.	Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023.
	2.	National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
	3.	Global Depository Receipts listed on London Stock Exchange Plc. 10 Paternoster Square, London EC4M 7LS

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

March 31, 2011	By April 30, 2011
June 30, 2011	By July 31, 2011
September 30, 2011	By November 10, 2011
December 31, 2011	By February 28, 2012
Annual General Meeting forthe year ending December 31, 2011	On or before June 30, 2012

10.3 Registered Office:

The Registered Office of the Company is situated at:

152, 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		

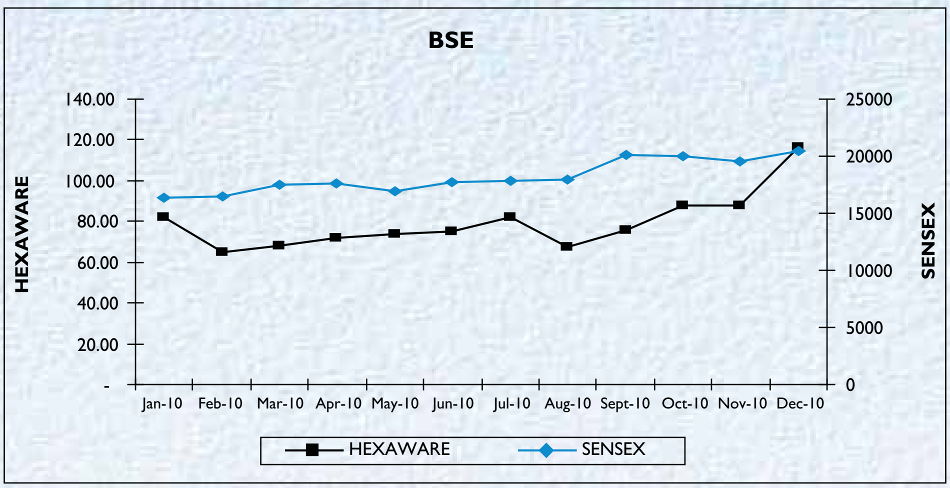
10.5 Stock Market Data:

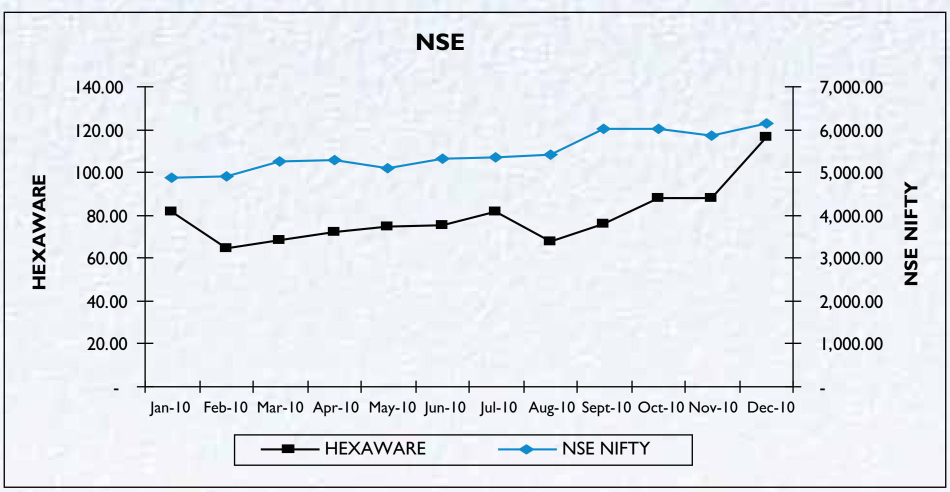
The high / low of the shares of the Company from January 2010 to December 2010 is given below :

Month	Bombay Stock Exchange (Rs.)		National Stock Exchange (Rs.)	
	High	Low	High	Low
January'10	97.00	78.50	97.00	75.15
February'10	83.50	64.00	83.40	64.05
March'10	75.30	65.25	75.25	65.00
April'10	80.90	65.00	80.85	65.50
May'10	89.40	71.10	89.20	71.40
June'10	79.40	70.05	79.35	70.20
July'10	88.80	74.30	88.85	74.20
August'10	84.15	67.25	84.15	67.05
September'10	81.60	67.70	81.65	67.55
October'10	91.95	75.00	92.00	75.25
November'10	95.00	75.55	95.00	75.20
December'10	119.20	86.55	121.50	86.65

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 400072.
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, 2010

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 - 500	75206	94.79	8330517	5.74
501 - 1000	2309	2.91	1770447	1.22
1001 - 2000	832	1.05	1252865	0.86
2001 - 3000	281	0.35	710039	0.49
3001 - 4000	158	0.20	567449	0.39
4001 - 5000	96	0.12	450106	0.31
5001 - 10000	186	0.24	1344286	0.93
10001 & above	268	0.34	130775271	90.06
TOTAL	**79336**	**100.00**	**145200980**	**100.00**

Categories of Shareholding (as on December 31, 2010):

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters Holdings	41,259,068	28.42
2.	Mutual funds / UTI	7,576,127	5.22
3.	Banks / Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non-Govt. Institutions)	5,269,939	3.63
4.	FIIs / GDR	64,674,186	44.54
5.	Others:		
	- Private Corporate Bodies	8,212,928	5.66
	- Indian Public	16,209,427	11.16
	- NRIs / OCBs	1,974,161	1.36
	- Trust	25,144	0.02
	Sub Total	**26,421,660**	**18.20**
	TOTAL	**145,200,980**	**100.00**

Pledge of Shares: - None of the promoters have pledged their shares as on December 31, 2010.

Top 10 Shareholders as on December 31, 2010: -

Sr. No.	Name of the Shareholder	No. of Shares	% of Shareholding
1.	Elder Hides And Leather Pvt. Ltd.	40,702,228	28.03
2.	Dali Limited	14,313,647	9.86
3.	FID Funds (Mauritius) Limited	12,980,834	8.94
4.	GA Global Investments Ltd.	10,569,790	7.28
5.	J P Morgan Chase Bank	10,555,700	7.27
6.	Life Insurance Corporation of India	5,248,199	3.61
7.	Cresta Fund Ltd.	3,970,649	2.74
8.	IDFC Small And Midcap Equity (SME) Fund	3,546,044	2.44
9.	Sonata Investments Limited	3,000,000	2.07
10.	SBI Tax Advantage Fund – Series I	1,730,626	1.19
	Total	**106,617,717**	**73.43**

10.10 Dematerialization of Shares and liquidity:

Procedure for dematerialization / rematerialization of shares:

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

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

98.32% of the issued capital of your Company has been dematerialized up to December 31, 2010.

10.11 Dividend payment date: The Board has declared and paid the interim dividend on August 20, 2010 @ Rs. 0.60 per share (30%) and Special Interim Dividend on January 28, 2011 @ Rs.1 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. The Board has proposed final dividend @ Rs. 1.40 per share (70%) to the shareholders for their approval.

10.12Outstanding 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, 2010 is 89,780.

   The outstanding unregistered ADR as on December 31, 2010 is 10,555,700.

   Both do not have impact on equity.

2. **Warrants / Options:**

   1. 16,538 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. This scheme has got over on 31st Jan, 2011.
   2. 425,559 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. 4,747,154 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. 344,822 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 5,523,048 of Rs. 2/- each. Post-Bonus, the number of options has doubled and the grant price halved as per the ESOP Scheme.

10.13 Plant Locations (Hexaware Technologies Limited, India):

Registered Office & Offshore Development Center	152, Sector III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710	Mumbai
Offshore Development Center	1, Sector – III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Mumbai
Offshore Development Center	Hexaware Towers, (HT-1),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
Offshore Development Center	3rd Floor, Embassy Icon, 2/1 Infantry Road, Bangalore 560001	Bangalore

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
April, 29, 2010 (Final)	2009	July 4, 2017
July 29, 2010 (Interim)	2010	October 3, 2017
January 11, 2011 (Special Interim)	2010	March 18, 2018

10.15 Investor Correspondence:

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

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

Shareholders can contact the following Officials for financial matters:

Name	E-Mail ID	Telephone Number	Fax No.
Prateek Aggarwal Chief Finance Officer	investorinfo@hexaware.com	+ 91 22 4159 9595	+91 22 4159 9578
Rajesh Kanani V. P., Corporate Finance	investorinfo@hexaware.com	+ 91 22 4159 9595	+91 22 4159 9623

Following is the address for correspondence:

152, Millennium Business Park, Sector III,
'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710.
E-mail: investorinfo@hexaware.com

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

At the ensuing Annual General Meeting, Mr. P. R. Chandrasekar, Dr. (Mrs.) Alka Atul Nishar, Mrs. Preeti Mehta and Mr. Bharat Shah, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. The brief resume, experience and functional expertise and the membership on various Boards and Committees of the Directors proposed to be re-appointed at serial no. 3, 4, 5 and 6 of the Notice convening 18th Annual General Meeting, as per the Corporate Governance code defined under clause 49 of the Listing Agreement are furnished below :

Name of the diector	**Mr. P. R. Chandrasekar**	**Dr. (Mrs.) Alka Atul Nishar**	**Mrs. Preeti Mehta**	**Mr. Bharat Shah**
Date of Birth	September 28, 1955	January 06, 1956	October 01, 1959	February 18, 1947
Age	55	55	51	64
Date of first Appointment	June 02, 2008	November 20, 1992	March 23, 2007	July 29, 2008
Experience in specific functional area	Wide Experience in Information Technology Services.	Experience in Strategic Planning, Information and Infrastructure Planning, Logistics, Control System and Marketing	Vast Experience in matters relating to Foreign Collaborations, Private Equity, Corporate Laws, Banking & Financing, Merger and Acquisitions.	Experience in Custody & Depository, Retail, HR, Private Banking, Infrastructure and Merchant Services in Banking Sector.
No. of Shares held in the Company as on 31.12.2010 (pre-bonus)	758,720*	227,135	20,000	50,000
Qualification	Mechanical Engineering from Indian Institute of Technology, Madras (IITM), MBA from University of Bombay.	MBBS from the Grant Medical College, Mumbai and is a Master of Management Studies, Sydenham Institute of Management Studies, Mumbai.	Degree in Law from Mumbai University and a qualified solicitor from both Mumbai and England. Has undergone an intensive course on Franchising at the Middlesex University, London.	Bachelors in Science (B.Sc.) degree from the University of Mumbai. Degree in Applied Chemistry with special reference to Metal Finishing from Borough Polytechnic, London.
List of Companies in which directorship held	Risk Technology International Limited, Caliber Point Business Solutions Limited (both 100% subsidiaries of your Company)	Nil	Bagalkot Cement & Industries Limited	HDFC Securities Limited, IDFC Pension Fund Management Company Limited, Hathway Cable & Datacom Limited
Chairman / Member of the Committee of the Board of Companies in which Director #	Nil	Nil	Bagalkot Cement & Industries Limited - Audit Committee (Member)	HDFC Securities Ltd. - Audit Committee - Member, Share Transfer & Allotment Committee - Member, Hathway Cable & Datacom Ltd. -Audit Committee - Chairman

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.

* 95,720 Equity Shares Allotted to him under ESOP on January 13, 2011.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai
Date : March 12, 2011

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, 2010 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 16, 2011

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 2010, as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchanges.

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

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

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

For Deloitte Haskins & Sells
Chartered Accountants
(Firm registration no : 117366W)
Mumbai, March 12, 2011

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 2010.

P. R. Chandrasekar
Vice-Chairman and Global CEO

Place : Mumbai
Date : February 16, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. Business Overview

It is all about Focus

Over the last twenty years, Hexaware has consistently built its global footprint on the back of Focus. This choice has defined the characteristics of your Company – what is our market place, what are the business needs we cater to, what are our key service offerings, what type of customers do we cater to, and where do we execute from. As a result, your Company is at the forefront of IT Service Providers that offers well differentiated services in a crisply defined market using global delivery model. Your Company is well equipped to offer business technology solutions that address the specific pain points of clients. Your Company strives to continuously build on the domain capabilities from a vertical perspective; strengthen the technology capabilities from a horizontal service line angle to provide comprehensive solutions encompassing IT, BPO and consulting offerings. While the market has larger players, your Company has attained leadership position in its chosen business segments and has attained scale in these pockets of excellence. This approach has enabled your Company to further invest ahead of the curve to grow further and focus on flexible business models; offer value-added services and institutionalize innovation.

Hexaware has attained leadership positions in the domain areas of Capital Markets, Travel & Transportation, Enterprise Solutions (ERP), Quality Assurance & Testing Services (QATS) and the Company is in the process of building similar scale in the Business Intelligence/ Business Analytics (BI/BA), Business Process Outsourcing (BPO) and in the Remote Infrastructure Management Services (Remote IMS). To further enhance capabilities in these business segments, your Company leverages strategic partnerships with global majors in technology and business solutions to provides clients with customized offerings.

To leverage the growth potential visible on the demand-side in the market, your Company continues to make substantial investment in expanding its human capital base, its training infrastructure and world-class physical facilities and cutting edge technical infrastructure.

2. Market Developments

The growth returns

The year 2010 continued to improve through the year and the year-end seemed to confirm the widely held belief – the Growth is back. Looking at the bigger picture, the global economy began to grow out of trouble albeit gradually while some pockets exhibiting more resilience than others. While Americas as a region showed initial signs of a recovery, Europe was mired in difficulties for a longer period of time. Looking at the sector, while the demand side provided higher confidence, the pressures on the supply side became visible.

Through the year, your Company reported sequential revenue growth rates of 13% in Q2 2010, 11% in Q3 2010 and 9% in Q4 2010 in Dollar terms. Your company also added 1,374 employees to the global headcount; thereby, strengthening the execution unit to cater to the increasing demands from its clients. Your Company is committed to delivering to an increasing number of clients in its roster and is taking all steps to be able to deliver more. Most of the investments made by your Company in enhancing its field presence at overseas locations appear to have commenced delivering the desired outcomes when the demand scenario begins to pick up in the world.

3. Organization Developments

While your Company had been structured under Verticals in 2009, the year saw changes to the Organization Structure. While the Vertical-focused approach continues, your Company opted to leverage its strong horizontals more. For instance, your Company increased the potency of Enterprise Solutions Horizontal by the addition of several specialist sales professionals in Americas; Technical and Functional Consultants and Practitioners in client-facing positions and strengthened the delivery team in India. This approach was at the same time when Oracle Corporation launched its latest offering PeopleSoft v9.1 in the market and your Company was able to win several new projects and deliver multiple upgrades within time and on cost. This similar approach was implemented for the key Horizontals in Enterprise Solutions and Quality Assurances & Testing Services.

4. Opportunities and Strengths

A. Opportunities

Your Company has built position of clear, demonstrable leadership position in the chosen business segments on the back of extensive talent and wealth of experience from many client engagements. It is this successful strategy of being focused player that has helped your Company differentiate itself from competition and thrive during demand resurgence as widely anticipated in 2011.

Large Deals

With the economy showing signs of revival in 2011, there could be more instances of participating in longer term engagements and larger deals with clients globally.

During 2010, your Company signed a single order worth $ 110 million spanning five years. This specific deal was the largest deal signed by Hexaware. In addition, your Company signed a deal extension worth in excess of $ 60 million over a three year period. The successful closure of two such large deals position your Company favorably while pursuing large deals in the market place.

Client Orientation

At the end of 2010, your Company has two clients that generate annual revenues in excess of 20 million on a trailing twelve month basis. Your Company has access to the senior management members of the clients and as a result is well positioned to further pursue growth with its 174 existing clients.

During the year 2010, your Company added 45 new clients. Your Company has invested in building a new client logo "hunting" team in both Americas and Europe. The existing sales organization has been re-aligned to well defined Hunting Team and Account Management Team. This team has greater bandwidth to pursue the corporate objectives and with the signs of uptick in the demand scenario; this approach would enable your Company to be well positioned in the client pursuits.

Economic Climate & Business Mix

As we enter into 2011, the business environment has improved. The initial signs indicate the IT Budgets at the clients are likely to increase. There are increased signs of a recovery in Europe too. The levels of activity have increased in many pockets of Asia Pacific Region too. During the year 2010, most of the business growth originated from Americas. With the expected demand uptick expected in Europe, your Company is well positioned to grow faster than it did in 2010. While the leading Horizontal Enterprise Solutions grew in 2010; businesses which are complementary to ERP Services will also grow during 2011. These businesses include Quality Assurance &Testing Services and Business Intelligence & Analytics that would positively contribute to the growth in 2011.

New Regions

Your Company continually evaluates newer regions to expand into in the quest for greater growth. For the year 2011, the focus is on three such regions

1) Your company had made certain investments in Mexico in 2010. Your Company expects to see a stronger performance from Mexico during 2011.
2) While your Company has been present in the United Kingdom for several years now, your Company would focus on winning several new logos in the region. The primary focus involved leveraging the extensive physical presence of the European Geography Leadership team at London.
3) While your Company has established footprint across several countries in the Asia Pacific region, the focus for the year 2011 will be on India and on Australia. There are initial indicative signs of higher IT spends in both these nations and the amount of traction with prospective clients has made that choice simpler.

While your Company has business plans for all the geographies, the management team will focus the investments more on these regions to deliver higher growth while establishing a solid foundation for your Company for the years to come.

New Initiatives to drive growth

The management team has developed a Strategic Plan to drive your Company forward. The plan charts out the future direction of the Company and the key initiatives your Company must pursue in the years ahead.

For instance, the decision to start Remote Infrastructure Management Services as a horizontal service line originated from this Strategic Plan. Similarly, the current focus is on incubating new practices in-house till they are ready to be launched in the market place. Your Company is focused on developing industry-specific; domain-intensive service offering in the Life Sciences and Healthcare space. At present, your Company is focused heavily on developing solutions that cater to the clients in the Americas. Similarly, your Company would focus and invest in strengthening some of the nascent practices like Finance & Accounts Outsourcing in the BPO space, in the Remote Infrastructure Management Services business, Cloud computing, Mobile computing, etc.

These new initiatives will spur growth not only in 2011 but also set a robust foundation for the years ahead as your Company can broad-base the revenues across different service lines and across different verticals instead of being heavily concentrated on small pockets.

B. Strengths

Impressive Client Roster

Your Company has a high quality client roster with several marquee names. While the roster has 174 active clients at the end of 2010, your Company boasts of 50+ Fortune 500 / Global 500 corporations. Similarly, your Company generates more than $ 1 million revenues on a trailing twelve month basis from 50 clients. With the improvement seen in the over-all economic environment globally, your Company can leverage their strong and deep client relationships to drive healthy growth in 2011.

Strength in the Focus Areas

While there are larger IT Service Providers in the market, your Company has demonstrated strong capability in the chosen areas; attained recognition from Industry analysts and has several top-notch clients who are reference-able.

If the business territory is defined as the focus areas, your Company can hold its own against most global IT Service vendors.

Robust Operations

Your Company has established global delivery centers across 7 cities across the world. Your Company employs in excess of 6,500 professionals. Your Company has inducted 544 fresh graduate engineers from different engineering colleges. Your company has field presence in 20 countries and is expanding further. The technical utilization has been maintained in the narrow range of 68% - 70% throughout the year 2010. These metrics position the Company to participate in the growth drive and continue with the margin expansion theme during 2011.

Your Company is dedicated to continuing with world-class delivery standards through a resolute focus on continuous improvements. The execution team has attained high standards of process maturity and compliance measured through PCI index which would further help deliver strong business performance in 2011.

Preferred Employers

During the year 2010, your Company added 1,374 employees to its global work force. This addition has a healthy mix of freshers & laterals. For the year 2011 ahead, your Company expects to add at least 1,500 employees. With the return of the business growth, your Company is recruiting a healthy mix of fresh graduate engineers. Over the last couple of years, the number of fresh graduate engineers inducted has been trending upwards steadily.

While the attrition trend has increased across most of the companies across the industry, your Company has been maintaining attrition in 2010 around 20%. While the attrition levels are elevated across the industry, your Company is working tirelessly to retain the work-force and attract the best talent available in the industry. Your Company has been ranked amongst the top 20 "Best IT Employers" in the DQ IDC Survey for several years.

Innovative Delivery Model

While your Company works on various engagement models with the Clients; your Company has taken serious strides on executing projects through Shared Services Delivery Model. This execution model started as a pilot for Oracle E-Business Services for a set of clients seeking similar services. Driven by the success of the initial pilot engagement, this approach has been strengthened significantly and can now cater to a much wider technology platform. For instance, your Company now executes more projects on the entire Enterprise Solutions (ERP Services) on the Shared Services Platform. Although the practice is still nascent, your Company has also enabled many of the projects in the Remote Infrastructure Management Services to be executed through the same concepts of Shared Services Model.

While the ability to execute projects using Shared Services Delivery model speaks volumes of the Company's maturity and confidence in the execution team; it also provides benefits to the clients. This execution model derives maximum productivity and efficiency from the team. The Client does not have to pay a fixed amount regardless of the volume of work but pays in line with the work volumes. Also, the productivity levels of the Execution team are optimized as this innovative execution model does away with dedicated allocation of team members to designated projects.

5. Business Outlook

Qualitative

Looking back, the year 2010 saw the return of growth after troubled times. Your Company was well positioned to make the most of the opportunities and perform well over the last 9-months of the year 2010.

As the year 2011 begins, there is an increased amount of optimism on the sustenance of the revenue growth. The current visibility in the market place seems to signal stronger push towards offshoring due to extensive cost pressures on the Business As Usual (BAU) operations. Further, there are early indications that clients are focused on growth too – which would call for higher investments in systems, technologies and processes further enhancing the prospects of incremental business in the IT & BPO business streams.

From a strategy and approach stand point: your Company believes the Organization Structure is in place and the leadership team is in a strong position to deliver another year of healthy performance during 2011. Your Company's key revenue streams will originate from its existing clients, 174 active clients in all, and higher IT budgets will act as a good growth stimulus.

Quantitative

At the outset, your Company has indicated the annual revenues for the year 2011 are expected to be at least $ 290 million; an annual revenue growth rate of at least 25% year-on-year. Further, your Company has re-iterated confidence in attaining double-digit Operating Margins (EBIT Margins) for the year 2011. This compares to Operating Margin of 6.6% in 2010.

With the current business demand visibility of a healthy order book and quantum of high quality deal pipeline, your Company is confident of strengthening business metrics in terms of client base, geography mix, revenue shares of verticals and horizontals and several profitability related operational metrics.

6. Risks and Risk Management

While the current outlook for 2011 looks promising from the revenue growth and from the profitability margin expansion, it is of utmost importance to have a robust process that identifies the imminent risks and lay down a risk mitigation process with elaborate procedures laid out that could be followed to insulate your Company from the risks that may arise.

Risk Management Framework

Your Directors help frame policies and lay down procedures to be implemented for potential risks involved. Global CEO, Global Delivery Head, Chief People Officer and Chief Financial Officer of your Company review the risks at the operations level and continue to keep a close eye on the developments. From operations perspective, Global CEO and Chief Financial Officer affirm the compliance to the policies and procedures framed by your Company. This affirmation is based on the certification received from every Department / Function Head.

Some of the business risks items are detailed below:

(i) Revenue Concentration Risks

(a) Geographic Concentration Risk

In line with the IT Services Industry trend, Americas as a region continues to be the largest source of revenue for your Company. For the year 2010, your Company benefitted from the economic revival in the Americas region. With the expansion in GDP, the clients began to grow and incrementally spent more on IT initiatives enabling your Company to grow well. That said, the economic climate in Europe continues to be grim. The business demand climate is still soft and the deal pipeline continues to be weaker than Americas in comparison.

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

	2010	2009
Revenue Share by Geography	**In % Terms**	**In % terms**
Americas	67.9	65.8
Europe	26.6	27.5
Asia Pacific	5.5	6.7
Global Total	**100.0**	**100.0**

As we step into 2011, we expect the revenue share to be a healthy mix across the three Geographies. We expect the business from Europe to improve and growth across all the three Geographies based on the current visibility across the existing clients and pursuits of new logos.

(b) Vertical Business Concentration

Over the last couple of years, your Company has been re-organized along the vertical axis approach. Your Company has invested heavily in strengthening its leading Vertical – Banking, Financial Services and Insurance (BFSI) and in the Travel & Transportation space. In 2010, Travel & Transportation demonstrated strong performance on a year-on-year basis.

Your Company has commenced operations in establishing new verticals which could drive the next wave of growth. For instance, your Company is currently working on Life Sciences and Healthcare Vertical. The vertical is currently focused on the US market to be in a position to establish some presence before spreading across the globe. Also, the Company is evaluating the prospects in Manufacturing Vertical. These verticals could take shape over the medium term.

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

	2010	2009
Revenue Share by Geography	**In % Terms**	**In % terms**
BFSI	37.1	41.5
Travel & Transportation	22.7	17.5
Emerging Segments	40.2	41.0
Global Total	**100.0**	**100.0**

(c) Service Line Concentration

The year 2010 was a healthy year from a Horizontal Service Line perspective for select Horizontals. For instance, on the back of PeopleSoft v9.1 Launch in the market, the Enterprise Solutions (ERP) business at Hexaware registered impressive revenue growth numbers on a sequential q-o-q basis. Complementary to the growth in the ERP Services, Business Intelligence & Business Analytics also registered impressive growth in the year 2010.

In an attempt to offer more offshore (India) based services, your Company had earlier launched Remote Infrastructure Management Services (RIMS). During the year 2010, your Company completed the first full year of Operations in RIMS. In a short span of time, the horizontal service line has grown to a headcount in excess of 250+ professionals. Further, this nascent practice now caters to 15 clients too. This practice is expected to register healthy growth in 2011 also.

In addition, there is an all-encompassing horizontal service line identified as Application Development and Maintenance which includes technology platforms including Java, Microsoft Technologies, Web Technologies and certain instances of Legacy technologies too.

The revenue split of the horizontal service lines for the year 2010 are:

	2010	2009
Revenue Share by Verticals	**In % Terms**	**In % terms**
Enterprise Solutions	27.8	26.8
Quality Assurance and Testing Services	8.8	12.1
Business Intelligence & Business Analytics	7.9	7.0
Business Process Outsourcing	6.7	6.8
Application Development and Maintenance	45.5	45.9
Others	3.3	1.4
Global Total	**100.0**	**100.0**

(d) Client Concentration

Your Company boasts of 174 active clients at the end of 2010. Of these, 50 clients contribute $1 million revenues on a trailing twelve month basis. Further, your Company has 50+ Fortune 500 / Global 500 clients too. During the year 2010, your Company added 45 new clients to its clients list. The key focus is to enrich the quality of customers and continue to further the depth of strategic partnership with existing customers. Additionally, it also enables your Company to engage effectively to offer multiple services and increase the revenues from every client.

As a testimony to the strong client relationships and exemplary execution, your Company generated about 94.5% of revenues from its existing clients. Further, your Company now has two clients that generate revenues greater than $ 20 million per annum on a trailing twelve month basis.

	2010	2009
Active Clients	174	157
Clients added during the year	45	35
% revenues from #1 client	9.0%	11.6%
% revenues from top 5 clients	35.1%	34.1%
% revenues from top 10 clients	48.0%	49.6%
Clients that generate greater than $ 1 million	50	47
Clients that generate greater than $ 5 millions	11	8
Clients that generate greater than $ 10 millions	4	4
Clients that generate greater than $ 20 millions	2	1

(ii) <u>Financial Risks</u>

a) Foreign Currency Fluctuations

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

Furthermore, the contracts we enter into tend to run across several years, wherein it becomes very difficult to approach a customer in the middle of the contract to ask for a rate increase due to Rupee appreciation. Hence, to safeguard our profitability, we need to hedge our future 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 ratio assigned to the exposures depend on the time horizon in which they 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.

The Company has hedges worth $ 130.0 Mn at an average rate of 48.25 and hedges worth € 15.8 Mn at an average exchange rate of 72.13 maturing over the course of the next eight quarters (from January 2011 till December 2012). Your company has been pro-active in addressing the Rupee appreciation risks and currently it has sufficient level of Hedges to effectively manage the Rupee appreciation risk.

There are risks in operationally managing the Foreign Exchange. These risks have been effectively addressed by the processes and controls laid out in the Forex Policy. While we have diligently followed the processes & controls laid down, given the risk perception, your company has prudently adopted a practice of getting Foreign Exchange operations audited every year by KPMG, our internal auditor. The last audit was done for the period July 2009 to June 2010 and the controls were found to be operating satisfactorily.

b) Liquidity

By adopting effective receivable management system, liquidity of your Company has improved every year. The Days' Sales Outstanding (DSO) of your company stands at 59 days as on 31st December 2010. This compares favorably with most other companies in the IT industry. The cash and cash equivalent balances accounted 34.66% 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, the work may get hampered or the potential loss of information from the computers is a risk and may affect the client. To mitigate this, your company has well defined Business Continuity Plan (BCP) and has achieved milestones in Information Security with successful completion of the certification audit and recommendation for certification against ISO 27001 standards for 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 and with proper policies & procedures and checks & balances to bring in discipline in day to day functions and to determine the accuracy and reliability of data.

The Audit Committee has appointed KPMG as the Internal Auditors of the Company. The Internal Audit helps to ensure that the systems and processes are implemented with adequate internal controls and assets are safeguarded.

Financial Highlights-Consolidated Financial Statements

8. Balance Sheet movements

a) Share Capital

The paid-up Share Capital of your Company as on December 31, 2010 was Rs. 290.40 million comprising of 145,200,980 Equity Shares of Rs. 2/- each.

During the year 1,550,245 shares were allotted under ESOP under different schemes.

b) Reserves and Surplus

Your Company's global reserves (excluding hedging reserve account) increased by 5.69% to Rs. 9,103.44 million from Rs. 8,613.08 million in the previous year on account of the profit generated during the year.

Since your company adopted the principles set out in the Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", your company has created hedging reserve, which amounted to profit of Rs 259.77 million (Previous year loss of Rs 405.40 million) for hedge transactions.

c) Fixed Assets

During the year, the additions to fixed assets were at Rs. 566.71 million. The primary reasons for addition to fixed assets are (i) Making new unit operational at SEZ Campus at Siruseri in Chennai during the year amounting to Rs. 484.25 million (ii) and the balance for computer and other capital assets for current operations.

Capital work in progress (CWIP) has decreased to Rs. 968.95 million from Rs. 1,257.64 million mainly on account of operationalisation of new unit at SEZ at Siruseri in Chennai. The company has made contractual commitment to vendors who are executing various infrastructure projects. The estimated amount of such contracts remaining to be executed on capital account and not provided for (net of advances) was Rs. 198.94 million as on 31st December 2010 (Rs.154.87 million as on 31st December 2009).

d) Investments

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

e) Sundry Debtors

During the year, sundry debtors have increased to Rs. 1919.04 million as against Rs. 1525.94 million in the previous year. As at the year ended December 2010, your Company has provisioning of Rs. 59.77 million for the doubtful debtors as against Rs. 107.70 million of the previous year. The Days' Sales Outstanding (DSO) of your Company has more or less been range bound and stands at 59 days as on 31st December 2010. This compares favorably with most other companies in the IT industry.

f) Cash and Cash Equivalents

The company had cash and bank balance of Rs. 4355.74 million as on 31st December 2010 (Rs. 2848.74 million as on 31st December 2009). The balances with scheduled banks aggregated Rs. 3955.58 million (Rs. 2669.66 million as on 31st December 2009). The balances with banks abroad were Rs. 399.93 million (Rs. 177.37 million as on 31st December 2009). The cash and bank balance have increased during the year, driven by the profit and also because substantial portion of the investment from Mutual funds were withdrawn and invested in Fixed Deposit with banks.

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. 181.79 million (Rs. 120.64 million in 2009) and your Company recognized Rs. 13.23 million as deferred tax liability (Rs. 10.26 million in 2009).

h) Current Liabilities and Provisions

During the year, the current liability and provisions have increased to Rs. 2,784.52 million as against Rs. 2,708.86 million in 2009. There is a marginal increase of Rs. 75.66 million, after reduction in liability for derivative contracts amounting to Rs. 445.57 million, on account of proposed dividend and special interim dividend and provision for liability for employee benefit obligation on contract acquisition.

9. Results of Global Operation (P&L)

a. Income from operations

During the year, the revenue from operations grew by 1.54% to Rs. 10,545.64 from Rs. 10,385.62 million in 2009, with a marginal shift in onsite: offshore ratio.The growth in Dollar terms was 7.7%, reaching $231.2 Mn.

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

(in percentage)

Revenue by location	Yr-2010	Yr-2009
Onsite	60.3	59.8
Offshore	39.7	40.2
Total	**100**	**100**

During the year, the billing rate for onsite was at US$ 70.77 per hour and offshore rate was at US$ 21.92 per hour. The blended utilization was at 68.5%.

Income by Geography

(in percentage)

Location	Yr-2010	Yr-2009
North America	67.9%	65.8%
Europe	26.6%	27.5%
Rest of world	5.5%	6.7%
Total	**100.00%**	**100.00%**

Company's major revenue has been coming from North America & Europe; North America's contribution has grown better than last year.

b. Other income

During the year, global other income was reported at Rs. 554.56 million as compared to Rs. 374.77 million in the previous year, the increase largely driven by the profit on sale of surplus asset.

Dividend income from Mutual Fund investment was Rs 37.15 million as compared to Rs 18.70 million in previous year, as in the last year, investment in Mutual Fund was started only from the middle of the year.

Increase in interest income to Rs 242.81 million from Rs 221.60 million mainly on account of interest on fixed deposit during the year.

c. Expenses

Software Development expenses

During the year, your Company's Software Development expenses increased to Rs. 1,530.58 million compared to Rs. 1,197.36 million in 2009, an increase of 27.83%. The increase was attributed largely on account of increase in outsourcing and subcontracting charges and marginal increase in onsite travel and related expenses.

Employment expenses

Your Company's Employment expenses increased to Rs. 6754.88 million in 2010 from Rs. 5710.74 million in 2009, an increase of 18.28%. As a percentage of income from operations, employment expenses increased to 64.05% for the year 2010 from 54.99% for the year 2009. Increase in cost is mainly on account of increase in employee count to 6511 nos. as on 31.12.2010 from 5137 nos. at the beginning of the year, a net addition of 1374 employees and increment during the year comparable with most in IT industry.

Administration and other expenses

Your Company's Administration expenses decreased to Rs. 1,354.69 million in 2010 from Rs. 1,501.48 million in 2009, a saving of 9.78%. As a percentage of income, administrative and other expenses decreased to 12.85% for the year 2010 from 14.46% in the year 2009. This is largely driven by, consolidation of facilities in some of our operating centers and some of the provisions made in the earlier year have been written back.

10. Operating margin

Global Operating profit (EBIT) before foreign exchange gain/loss stood at Rs. 663.17million in 2010 as against Rs. 1705.10 million in the year 2009.

11. Interest

Interest cost has increased during the year to Rs 26.04

million from Rs 17.46 million mainly on account of a short term borrowing which was taken and repaid during the year.

12. Depreciation

During the year, the depreciation has decreased to Rs. 242.32 million from Rs. 270.94 million in the year 2009 due to reduction in fixed assets pursuant to sale/closure of certain facilities.

13. Exceptional item

It includes profit on sale of surplus assets Rs. 636.94 million, reduced by cost of obligations of employee amounting to Rs. 412.86 million based on crystallized restructuring plan on acquisition of large service contract over a period of five years.

14. Profit before Tax

The Profit before Tax in the current year (including Exceptional item) was Rs. 1168.22 million, down from Rs. 1445.36 million in the previous year.

15. Provision for Taxation

During the year, the provision for taxation is at Rs. 92.33 million compared to Rs. 103.58 million in the previous year. The tax reduction is mainly on account of subsidiary mergers in USA and Mexico.

16. Profit after Tax

The net profit for the year 2010 is at Rs. 1075.89 million as against Rs. 1341.78 million for the year 2009.

17. Dividend

During the year 2010, your Company paid an interim dividend of Re. 0.60/- per share (30%) on equity shares aggregating to Rs. 87.30 million.

Your Company also paid a special interim dividend of Re. 1/- per share (50%) on equity shares aggregating to Rs. 145.49 million to celebratethe 20th anniversary of the company.

The Board of Directors has recommended a payment of final dividend of Rs. 1.40 per share (70%) on an equity share of Rs. 2/- each, at its meeting held on 16th February 2011. Thus, the total dividend for the year inclusive of interim dividend and the special interim dividend amounts to Rs. 3.00 per share (150%) on equity shares.

The total cash outgo on account of interim dividend and final dividend & tax thereon amounts to Rs. 508.97 million. The break up of dividend is as under:

(Rs. in million)

	Interim	Special Interim Dividend	Final
Dividend	87.30	145.49	203.69
Tax	14.49	24.17	33.83
Total	**101.79**	**169.66**	**237.52**

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

During the year 2010, there are no materially significant related party transactions entered into with the management that may have potential conflict with the interest of your Company. For detailed discussion, refer note No. 5 of Part 12B in Notes to Hexaware Technologies Limited India Accounts on Page No. 118.

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

In the year 2010, HR's 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, 2010, your Company's employee strength stood at 6,511.

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 12, 2011

AUDITORS' 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, 2010, the consolidated profit and loss account and the consolidated cash flow statement of the Group for the year ended on that date, both annexed thereto. These consolidated financial statements are the responsibility of the Company's management and have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect the total assets of Rs. 749.21 million as at December 31, 2010, total revenues of Rs. 1,830.38 million and net cash inflows amounting to Rs. 508.39 million for the year ended on that date, as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21,'Consolidated Financial Statements', as notified under the Companies (Accounting Standard) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   a) in the case of the Consolidated Balance Sheet, of the of the state of affairs of the Group as at December 31, 2010;
   b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
   c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, February 16, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 2010

(Rupees in Millions)

Particulars	Schedule	As at 31st December 2010		As at 31st December 2009	
SOURCES OF FUNDS					
Share Holders' Funds :					
a) Share Capital	"1"	**290.40**		287.30	
b) Share Warrants (Refer Note No.7(a) of Schedule 13B)		**0.00**		0.38	
c) Share Application Money		**1.09**		1.88	
d) Reserves and Surplus	"2"	**9,363.21**		8,207.68	
			9,654.70		8,497.24
2 **Loan Funds :**	"3"				
Secured Loans			**111.76**		162.86
3 **Deferred Tax Liability** (Refer Note No. 5(c) of Schedule 13B)			**13.23**		10.26
Total			**9,779. 69**		8,670.36
APPLICATION OF FUNDS					
1 **Fixed Assets :**	"4"				
a) Gross Block		**4,628.94**		4,504.62	
b) Less: Depreciation, Amortization and Impairment		**1,519.49**		1,404.31	
c) Net Block		**3,109.45**		3,100.31	
d) Capital Work-in-Progress		**968.95**		1,257.64	
			4,078.40		4,357.95
2 **Investments :**	"5"		**397.07**		1,269.11
3 **Deferred Tax Asset** (Refer Note No. 5(c) of Schedule 13B)			**181.79**		120.64
4 **Current Assets, Loans And Advances :**	"6"				
a) Sundry Debtors		**1,919.04**		1,525.94	
b) Cash and Bank Balances		**4,355.74**		2,848.74	
c) Loans and Advances		**975.54**		930.16	
d) Other Current Assets		**656.63**		326.68	
		7,906.95		5,631.52	
Less:					
Current Liabilities and Provisions :	"7"				
a) Current Liabilities		**1,475.16**		1,998.49	
b) Provisions		**1,309.36**		710.37	
		2,784.52		2,708.86	
Net Current Assets			**5,122.43**		2,922.66
Total			**9,779.69**		8,670.36
Significant Accounting Policies and Notes Forming Part of Accounts	"13"				

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

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : 16th February, 2011

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

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

Dr. Alka A. Nishar
(Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

Sunish Sharma
(Director)

Bharat Shah
(Director)

S K. Mitra
(Director)

Ashish Dhawan
(Director)

S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2010

(Rupees in Millions)

Particulars	Schedule	For the year ended 31st December 2010		For the year ended 31st December 2009	
INCOME					
Software and Consultancy		**10,545.64**		10,385.62	
Other Income	"8"	**554.56**		374.77	
			11,100.20		10,760.39
EXPENDITURE					
Software and Development Expenses	"9"	**1,530.58**		1,197.36	
Employment Expenses	"10"	**6,754.88**		5,710.74	
Administration and Other Expenses	"11"	**1,354.69**		1,501.48	
Exchange rate difference (net)		**247.55**		617.05	
Interest	"12"	**26.04**		17.46	
Depreciation, amortization and impairment	"4"	**242.32**		270.94	
			10,156.06		9,315.03
Profit Before Tax and Exceptional Items			**944.14**		1,445.36
Add : Exceptional Item (Refer Note No. 14 of Schedule 13B)			**224.08**		-
Profit Before Tax			**1,168.22**		1,445.36
Less : Provision For Taxation:					
Income Tax		**234.24**		303.33	
Current Taxes (including for prior years Rs. Nil (Rs. 49.58 million))					
Deferred Taxes		**(62.94)**		(46.68)	
Mat Credit Entitlement (Refer Note No. 5(b) of Schedule 13B)		**(84.71)**		(155.30)	
Fringe Benefit Tax		**(1.12)**		2.11	
Wealth Tax (including for prior years Rs. 1.96 million (Rs. Nil))		**6.86**		0.12	
			92.33		103.58
Profit After Tax			**1,075.89**		1,341.78
Add : Balance brought forward from previous year			**2,890.02**		2,033.88
Balance Available For Appropriation			**3,965.91**		3,375.66
Appropriations :					
Interim Dividend - Equity (including proposed Rs. 145.49 million)		**232.50**		86.19	
Proposed Dividend - Equity		**203.99**		115.22	
Dividend Tax		**72.06**		34.23	
Transfer to General Reserve		**250.00**		250.00	
			758.55		485.64
Balance Carried to Balance Sheet			**3,207.36**		2,890.02
Earnings Per Share (before exceptional item) (in Rupees) (Refer Note No. 10 of Schedule 13B)					
Basic			**5.89**		9.34
Diluted			**5.73**		9.00
Earnings Per Share (after exceptional item) (in Rupees) (Refer Note No. 10 of Schedule 13B)					
Basic			**7.44**		9.34
Diluted			**7.24**		9.00
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
In terms of our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

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

Dr. Alka A. Nishar
(Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

Sunish Sharma
(Director)

Bharat Shah
(Director)

S K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 16th February, 2011

S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

Hexaware TECHNOLOGIES
YOUR SUCCESS IS OUR FOCUS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2010

(Rupees in Millions)

Particulars		For the year		Previous year
A	**Cash Flow from operating activities**			
	Net Profit before tax	**1,168.22**		1,445.36
	Adjustments for:			
	Depreciation, amortization and Impairment	**242.32**		270.94
	Employees share based payment cost	**6.61**		7.07
	Interest Income	**(242.81)**		(221.60)
	Dividend from current investments	**(37.15)**		(18.70)
	Preliminary Expenses written off	**-**		0.04
	(Profit) / Loss on sale of fixed assets (Net)	**(189.90)**		2.88
	Exceptional item (Refer note no. 4 below)	**(248.38)**		-
	Deferred cancellation gains relating to roll-over cash flow hedges	**107.21**		-
	Exchange Rate Difference	**(12.25)**		(2.22)
	Interest Expense	**26.04**		17.46
	Operating profit before working capital changes	**819.91**		1,501.23
	Adjustments for:			
	Trade and other receivables	**(706.35)**		546.32
	Trade and other payables	**143.74**		(344.98)
	Cash generated from operations	**257.30**		1,702.57
	Direct Taxes Paid	**(135.02)**		(191.76)
	Net cash from operating activities		**122.28**	1,510.81
B	**Cash flow from investing activities**			
	Purchase of fixed assets	**(340.34)**		(252.01)
	Proceeds from sale of fixed assets (net of tax Rs. 61.35 million) (Refer note no. 4 below)	**882.56**		170.41
	Interest received (Net of tax Rs. 47.00 million (Rs. 32.71 million)	**230.32**		90.20
	Purchase of Current Investments	**(20,019.94)**		(9,322.10)
	Proceeds from Sale of Investments	**20,891.99**		8,072.99
	Dividend from current investments	**37.15**		18.70
	Net cash from / (used in) investing activities		**1,681.74**	(1,221.81)
C	**Cash flow from financing activities**			
	Proceeds from issue of share capital	**32.80**		-
	Share Application money (Adjusted) / received	**(0.79)**		1.74
	Interest and other finance charges paid	**(26.19)**		(17.46)
	Proceeds from Short term borrowings from bank	**890.05**		-
	Repayment of Short term borrowing from bank	**(892.19)**		-
	Dividend paid (including corporate dividend tax)	**(232.86)**		(182.80)
	(Repayments) of long term and other borrowings	**(45.86)**		(24.35)
	Net cash used in financing activities		**(275.04)**	(222.87)
	Net Increase in cash and cash equivalents (Net of exceptional item)		**1,528.98**	66.13
	Cash and cash equivalents at the beginning of the year		**2,833.44**	2,767.31
	Cash and cash equivalents at the end of the year		**4,362.42**	2,833.44

Notes:

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

	For the year	Previous year
Cash and Bank Balances (including EEFC account balances)	**4,355.74**	2,848.74
Add: Effect of changes in Exchange rate in cash and cash equivalents	**25.71**	2.55
Less: Fixed Deposits under lien with Banks	**(19.03)**	(17.85)
Total Cash and Cash equivalents	**4,362.42**	2,833.44

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

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

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : 16th February, 2011

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

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

Dr. Alka A. Nishar
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(Director)

S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2010	As at 31st December 2009
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
* (see note II below)		
	2,213.10	2,213.10
Issued, Subscribed and Paid-Up Capital		
Equity :		
145,200,980 (143,650,735) Equity Shares of Rs. 2/- each fully paid.	**290.40**	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) 8,711,340 (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.

8) 984,441 Equity Shares of Rs.2/- each fully paid up have been alloted to employees under ESOP 2007.

9) 25,189 Equity Shares of Rs.2/- each fully paid up have been alloted to employees under ESOP 2008.

Particulars of options on unissued share capital
(Refer Note No. 7 of 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	**290.40**	287.30

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2010		As at 31st December 2009	
SCHEDULE "2" - RESERVE AND SURPLUS				
Securities Premium Account				
As Per Last Balance Sheet	**4,725.56**		**4,725.56**	
Add : Received during the year	**30.08**		**-**	
Add : Transfer from Employee Stock Option outstanding	**17.97**		-	
		4,773.61		4,725.56
Employee Stock Options				
As Per Last Balance Sheet	**31.51**		**45.30**	
Add: Options Granted during the year	**2.25**		**14.35**	
Less : Reversal on forfeiture of Stock Options Granted	**-**		**28.14**	
Less : Transfer to Securities Premium Account on exercise of Stock Options	**17.97**		-	
	15.79		**31.51**	
Less: Deferred Employee Compensation	**5.01**		9.37	
(Refer Note No 8(A) Of Schedule 13 Part B)		**10.78**		22.14
General Reserve				
As per Last Balance Sheet	**890.46**		**640.46**	
Add : Transfer from Profit and Loss Account	**250.00**		250.00	
(In respect of Subsidiary Company Rs. 50 million (Rs. 50 million))		**1,140.46**		890.46
Hedging Reserve Account		**259.77**		**(405.40)**
(Refer Note No. 12 of Schedule 13B)				
Amalgamation Reserve				
As per last Balance Sheet		**2.88**		**2.88**
Currency Translation Reserve				
As per last Balance Sheet	**82.02**		**153.77**	
Deduction during the year (Net)	**(113.67)**		(71.75)	
		(31.65)		82.02
Surplus in Profit and Loss Account		**3,207.36**		**2,890.02**
Total		**9,363.21**		**8,207.68**
SCHEDULE "3" - LOAN FUNDS				
A Secured Loans				
Term Loan from a Bank		**111.76**		**162.86**
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		**111.76**		**162.86**

SCHEDULES TO CONSOLIDATED BALANCE SHEET

SCHEDULE "4" - FIXED ASSETS

(Rupees in Millions)

		GROSS BLOCK				DEPRECIATION / AMORTIZATION / IMPAIRMENT				NET BLOCK	
Sr. No.	Particulars	As at 01.01.2010	Additions	Deductions / Adjustments	**As at 31.12.2010**	**As at 01.01.2010**	For the year	Deductions / Adjustments	**As at 31.12.2010**	**As at 31.12.2010**	As at 31.12.2009
A	**Goodwill On Consolidation**	1,207.12	-	47.26	**1,159.86**	**-**	-	-	**-**	**1,159.86**	1,207.12
B	**Tangible Assets**										
1	Land - Freehold	0.15	-	-	**0.15**	**-**	-	-	**-**	**0.15**	0.15
	Land - Leasehold (Refer Note No.1)	527.16	5.76	170.78	**362.14**	**17.52**	4.64	7.71	**14.45**	**347.69**	509.64
2	Building (Refer Note No. 2)	958.79	332.05	105.92	**1,184.92**	**58.80**	16.02	14.00	**60.82**	**1,124.10**	899.99
3	Plant And Machinery	1,251.82	161.94	62.58	**1,351.18**	**985.02**	129.35	59.45	**1,054.92**	**296.26**	266.80
	(Includes Computer Systems)										
4	Furniture And Fixtures	411.57	38.90	50.45	**400.02**	**244.93**	58.48	40.90	**262.51**	**137.51**	166.64
5	Improvements To Leasehold Premises	25.33	1.91	0.31	**26.93**	**18.75**	3.93	0.30	**22.38**	**4.55**	6.58
6	Vehicles	35.52	1.87	3.42	**33.97**	**24.31**	6.47	3.40	**27.38**	**6.59**	11.21
C	**Intangible Assets**										
	Softwares	87.16	24.28	1.67	**109.77**	**54.98**	23.43	1.38	**77.03**	**32.74**	32.18
	Current Year	**4,504.62**	**566.71**	**442.39**	**4,628.94**	**1,404.31**	**242.32**	**127.14**	**1,519.49**	**3,109.45**	**3,100.31**
	Previous Year	4,102.65	541.69	139.72	4,504.62	1,202.24	270.94	68.87	1,404.31	3,100.31	-
	Capital Work In Progress									**968.95**	1,257.64
	((In respect of buildings under construction and includes Capital Advances of Rs. 11.80 million (Rs. 15.70 million))										
	Total									**4,078.40**	4,357.95

Notes:

1 Includes Rs. 285.32 million and Rs. 11.06 million (Previous Year Rs. 8.09 million) being lease premium and accumulated amortization in respect of leasehold land alloted to the Company at Pune and at Nagpur for which final lease agreement is being executed.

2 Includes gross block of Rs. 164.01 million and accumulated depreciation of Rs. 26.14 million (Previous year Rs. 23.47 million), which the Company acquired along with land from MIDC, at Navi Mumbai, entered in to necessary agreements and took possession of the building in an earlier year. The final agreement is being executed.

3 Exchange difference (Net) on account of translation of fixed assets into INR included under deductions is as follows:

Particulars	**Gross Block**	**Depreciation**
Goodwill On Consolidation	47.26	-
Tangible Assets		
Plant and Machinery	3.36	3.27
Furniture and Fixtures	1.10	0.68
Improvements to Leasehold Premises	0.31	0.43
Vehicles	0.05	0.03
Intangible Assets		
Computer Softwares	1.26	1.06
Current Year	**53.34**	**5.47**
Previous year	62.25	5.00

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	Units	Cost	As at 31st December 2010	Units	Cost	As at 31st December 2009
SCHEDULE "5" - INVESTMENTS						
A 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		**(21.73)**			(21.73)	
			-			-
B 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**	**Cost**		Units	Cost	
DWS Treasury Fund - Cash - Institutional Plan - Daily Dividend Reinvest	2782772	**27.97**		-	-	
Fidelity Ultra Short Term Debt Fund - Super IP - Daily Dividend	10047496	**100.52**		-	-	
IDFC Money Manager Fund - TP Super Inst Plan C - Daily Dividend Reinvestment	10998350	**110.00**		-	-	
Reliance Liquid Fund - Cash Plan - Daily Dividend	3374060	**37.59**		-	-	
Reliance Liquid Fund - Treasury Institutional Plan - Daily Dividend	655213	**10.02**		-	-	
Reliance Money Manager Fund - Institutional Plan - Daily Dividend (Face value Rs. 1000/-)	15479	**15.50**		-	-	
Canara Robeco Treasury Advantage Super Inst Daily Dividend Reinvest Fund	7694641	**95.47**		3025940	37.54	
HDFC Cash Management Fund-Treasury Advance Plan - Wholesale-Daily Dividend	-	**-**		26771419	268.56	
IDFC Money Manager Fund - Investment Plan - Installment Plan B - Daily Dividend	-	**-**		60594877	606.86	
Kotak Floater - Long Term - Daily Dividend	-	**-**		34975028	352.54	
HDFC Cash Management Fund-Treasury Advance Plan - Retail-Daily Dividend	-	**-**		359964	3.61	
			397.07			1,269.11
Total			**397.07**			1,269.11
(i) Aggregate cost / fair value of quoted investments.			**-**			-
(ii) Aggregate value of unquoted investments (At cost / Fair value)			**397.07**			1,269.11
			397.07			1,269.11

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2010		As at 31st December 2009	
SCHEDULE "6" - CURRENT ASSETS, LOANS AND ADVANCES				
Current Assets				
Sundry Debtors (Unsecured)				
Debts Outstanding for a period exceeding six months	56.16		92.64	
Other Debts	1,922.65		1,541.00	
	1,978.81		1,633.64	
Less: Provision for Doubtful Debts	59.77		107.70	
		1,919.04		1,525.94
Sundry Debtors				
Considered Good	1,919.04		1,525.94	
Considered Doubtful	59.77		107.70	
	1,978.81		1,633.64	
Cash and Bank Balances				
Cash in hand	0.01		0.04	
Remittance in transit	0.22		1.67	
I. Bank Balances with Scheduled Banks				
In Fixed Deposit Accounts	3,743.74		2,399.56	
[Includes Deposits of Rs. 18.53 million (Rs. 10.65 million) under lien with banks for guarantees given by bank to various Government authorities]				
In Exchange Earner's Foreign Currency Account	5.35		7.83	
In Current Accounts	206.49		262.27	
Balances with Non-Scheduled Banks				
In Fixed Deposit Accounts	281.69		55.73	
[Includes Deposits of Rs. 0.50 million (Rs. 7.20 million) under lien with banks for guarantees given by bank for leased premises]				
In Current Accounts	118.24		121.64	
		4,355.74		2,848.74
Loans And Advances (Unsecured)				
Advances recoverable in cash or in kind or for value to be received	335.30		323.09	
Deposits	253.86		269.21	
Advance Income Tax (net of provision for tax)	162.22		199.74	
Advance Fringe Benefit Tax (net of provision for tax)	11.50		7.48	
Mat Credit Entitlement (Refer Note No. 5(b) of Schedule 13B)	256.94		172.23	
	1,019.82		971.75	
Less: Provision for Doubtful Deposits / Advances	44.28		41.59	
		975.54		930.16
Loans and Advances				
Considered Good	975.54		930.16	
Considered Doubtful	44.28		41.59	
	1,019.82		971.75	
Other Current Assets				
Interest Accrued on Investments	110.03		144.54	
Unbilled Services	334.07		182.14	
On Account of Derivative Contracts	212.53		-	
		656.63		326.68
Total		7,906.95		5,631.52

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2010		As at 31st December 2009	
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	316.68		264.61	
Unearned Revenues	85.01		42.91	
Other Liabilities	1,040.76		1,192.73	
Unclaimed Dividend *	13.39		10.08	
Liability for Derivative Transactions	-		445.57	
Deposits Received for Leased Premises	19.32		42.59	
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		1,475.16		1,998.49
Provisions				
Provision for Compensated Absences	320.91		299.74	
Proposed Dividend	349.18		115.22	
Corporate Tax on Dividend	57.99		19.58	
Provision for Gratuity and Other Benefits	91.69		96.88	
Provision Others (Refer Note No. 13 of Schedule 13B)	374.40		31.03	
Provision for Taxation (Net of advance tax)	115.19		147.40	
Provision for Fringe Benefit Tax (Net of advance tax)	-		0.52	
		1,309.36		710.37
Total		2,784.52		2,708.86

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars		For the year ended 31st December 2010		For the year ended 31st December 2009
SCHEDULE "8" - OTHER INCOME				
Dividend From Current Investments		**37.15**		18.70
Interest Income (Tax Deducted At Source Rs. 24.27 million (Rs 24.53 million))		**242.81**		221.60
(Includes Interest On Bank Fixed Deposits Rs. 239.92 million (Rs. 209.60 million))				
Profit on Sale of Fixed Assets (Net)		**190.72**		6.79
Rental Income (Tax Deducted at Source Rs. 5.72 million (Rs. 15.42 million))		**57.42**		77.62
Miscellaneous Income		**26.46**		50.06
Total		**554.56**		374.77
SCHEDULE "9" - SOFTWARE AND DEVELOPMENT EXPENSES				
Consultant Travel and related expenses		**600.34**		521.96
Software Expenses (Includes Subcontracting Charges Rs. 759.03 million (Rs. 493.21 million))		**930.24**		675.40
Total		**1,530.58**		1,197.36
SCHEDULE "10" - EMPLOYMENT EXPENSES				
Salary and other allowances		**5,964.94**		5,055.81
Contribution to Provident and other funds		**664.70**		550.70
Staff welfare expenses		**125.24**		104.23
Total		**6,754.88**		5,710.74
SCHEDULE "11" - ADMINISTRATION AND OTHER EXPENSES				
Rent		**255.72**		336.76
Rates and taxes		**35.90**		15.00
Travelling and Conveyance Expenses		**302.92**		275.87
Electricity charges		**103.96**		96.22
Communication expenses		**150.15**		156.85
Repairs and maintenance				
Buildings	**9.38**		14.00	
Plant and machinery	**26.79**		20.38	
Others	**42.14**		40.92	
		78.31		75.30
Printing and stationery		**17.80**		16.53
Auditors Remuneration				
Audit fees	**12.09**		12.74	
Tax audit fees	**2.14**		2.16	
Limited reviews, certification work, taxation and other matters	**4.06**		4.05	
Out of pocket expenses	**0.08**		0.06	
		18.37		19.01

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	**For the year ended 31st December 2010**	For the year ended 31st December 2009
SCHEDULE "11" - ADMINISTRATION AND OTHER EXPENSES *(Contd.)*		
Legal and professional fees	**140.45**	145.13
Advertisement and Publicity	**29.20**	33.86
Seminar and conference expenses	**59.19**	31.51
Bank and other charges	**6.25**	8.72
Director's sitting fees	**1.84**	1.96
Insurance premium	**24.52**	34.37
Donation	**0.13**	0.28
Fixed assets written off	**0.82**	-
Debts and Advances Written Off	**21.55**	76.98
Provision for doubtful accounts (net off write back Rs. 80.43 million (Rs. 91.66 million))	**(73.22)**	34.25
Staff recruitment expenses	**61.02**	23.79
Service charges	**63.17**	55.66
Preliminary expenses written off	**-**	0.04
Miscellaneous Expenses	**56.64**	63.39
Note : Miscellaneous Expenses includes Stamp Duty & Filing fees, Hiring charges, Registrar and Share Transfer expenses, Membership and Subscription, etc.		
Total	**1,354.69**	1,501.48
SCHEDULE "12" - INTEREST		
On term loans *	**9.84**	12.44
Others (includes working capital loan)	**16.20**	5.02
* Net of interest capitalised Rs. Nil (Rs. 1.13 million)		
Total	**26.04**	17.46

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, 2010

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 other current assets represents amount recognized based on services performed in advance of billing in accordance with contract terms.

ii. Revenue from business process outsourcing arises from unit – priced contracts and engagement services. Such revenue is recognised on completion of the related services and is billed in accordance with the specific terms of the contract with the client. Revenue from per incident services is based on the performance of specific criteria at contracted rates.

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

iv. Interest Income is recognised on time proportion basis

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, which ever is lower.

8. Foreign Currency Transaction / Translation

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

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

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

Foreign Branches

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

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

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

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

10. Derivative instruments and hedge accounting

The Company enters into foreign currency forward contracts and currency options contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions and loan liabilities. The Company designates these instruments as hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". Accordingly, the Company records the gain or loss on effective cash flow hedges in the Hedging Reserve account until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the profit and loss account. (Refer note no. 12 of schedule 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 and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred taxes are recognised for future tax consequence attributable to timing difference between taxable income and accounting income, measured at relevant enacted tax rates and in the case of deferred tax assets, on consideration of prudence, are recognized and carried forward to the extent of reasonable certainty/ virtual certainty, as the case maybe.

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

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 31.12.2010
Hexaware Technologies 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%
Risk Technologies (UK) Ltd ***	United Kingdom	100%
Hexaware Technologies SRL, Argentina # (w.e.f. 16th June 2010)	Argentina	100%
Hexaware Technologies DO Brazil Ltd , Brazil # (w.e.f. 14th May 2010)	Brazil	100%
Rampran Infotech Ltd	India	100%

Note * Merged with Hexaware Mexico S.De.R.L.De.C.V w.e.f. 1st January 2010.

** Company name struck off from Registrar of Company in UK w.e.f. 25th May 2010.

*** Company name struck off from Registrar of Company in UK w.e.f 1st June 2010.

Held by nominees of Hexaware Technologies UK Ltd.

3. Contingent Liabilities

(Rupees in Millions)

	Particulars	As at 31-12-2010	As at 31-12-2009
A	Claims against the Company not acknowledged as Debts	99.67	49.95
B	Income tax disputed in appeal and pending decision, Company is hopeful of getting a favourable decision	28.27	30.62

4. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) Rs. 198.94 million (Previous year Rs. 154.87million).

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. 84.71 million (Previous Year Rs.155.30 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 31-12-2010	As at 31-12-2009
Deferred Tax Assets		
Provision for doubtful debts and advances	4.38	18.98
Depreciation	3.57	-
Employee Benefits	109.39	96.13
Net Operating Losses Carry Forward	14.35	-
Provision others (Refer Note No.13 of schedule 13B)	48.14	-
Others	2.99	6.32
Less : Deferred Tax Liabilities		
Depreciation	1.03	0.79
Deferred Tax Assets (Net)	181.79	120.64
Deferred Tax Liabilities		
Depreciation	19.89	16.02
Less: Deferred Tax Asset		
Employee benefits	6.66	5.76
Deferred Tax Liabilities (Net)	13.23	10.26

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. 126.42 million (Previous year Rs. 238.13 million). Non cancellable sublease rentals recognised in the profit and loss account on account of subleasing of the leased premises is Rs 42.77 million (Previous year Rs 40.89 million). The future minimum lease payments and payment profile of the said leases are as follows:

(Rupees in Millions)

Particulars	As at 31-12-2010	As at 31-12-2009
Not later than one year	107.47	114.44
Later than one year but not later than five years	54.13	267.15
Later than five years	-	8.42
Total	161.60	390.01

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

(Rupees in Millions)

Particulars	As at 31-12-2010	As at 31-12-2009
Not later than one year	31.17	44.98
Later than one year but not later than five years	-	32.34
Total	31.17	77.32

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

a) 16,538 (18,538) warrants under Employee Stock Option Scheme – 1999 (ESOP 1999) of Rs. 0.06 each is the balance outstanding as at December 31, 2010 and 2009 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) 425,559 (1,103,924) Options is the balance outstanding as at December 31, 2010 and 2009 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).

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
July 28, 2010	ESOP	437,000	Rs. 80.55	Until July 28, 2014

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	Category	No. of Options granted	Exercise Price	Vesting period
January 28, 2010	ESOP	75,000	Rs. 85.70	Until January 28, 2014
April 28, 2010	ESOP	200,000	Rs. 73.30	Until April 28, 2014

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.

Particulars	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	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 (-)
Granted during the year	- (-)	- (-)	- (631,078)	- (24.95)	437,000 (7,011,492)	80.55 (23.74)	275,000 (140,262)	76.68 (10.00)
Exercised during the year	- (-)	- (-)	540,615 (-)	15.24 (-)	984,441 (-)	24.69 (-)	25,189 (-)	10.00 (-)
Lapsed during the year	2,000 (4,557)	9.00 (9.00)	137,750 (1,792,496)	81.20 (61.56)	1,273,397 (702,000)	27.53 (32.73)	45,251 (-)	10.00 (-)
Outstanding as at the year end	16,538 (18,538)	9.00 (9.00)	425,559 (1,103,924)	26.00 (27.62)	4,747,154 (6,567,992)	28.48 (24.26)	344,822 (140,262)	63.18 (10.00)
Exercisable as at the year end	16,538 (18,538)	9.00 (9.00)	31,000 (417,096)	39.22 (24.32)	793,136 (27,000)	23.15 (61.40)	18,616 (-)	10.00 (-)

Figures for the previous year are given in brackets.

Notes :

i) The following table provides details in respect of range of exercise price and weighted average remaining contractual life (in months) for the options outstanding under ESOP 2002, 2007 and 2008 scheme as at December 31, 2010:

	Year-2010		Year-2009	
Range of exercise price	Shares	Weighted average remaining life	Shares	Weighted average remaining life
2 – 26.6	4,766,535	63	7,561,178	74
54 – 101	747,000	76	188,000	38
135 – 171	4,000	1	63,000	13
Total	5,517,535		7,812,178	

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

(Rupees in Millions)

Particulars	Year-2010	Year-2009
Balance at the beginning of the year	9.37	30.23
Add: Recognised during the year	2.25	14.35
Less: Amortisation expense	6.61	13.44
Less: Reversal due to forfeiture	-	21.77
Balance carried forward	5.01	9.37

For the year ended December 31, 2010 the Company has recorded stock compensation expense of Rs. 6.61 Million (previous year Rs. 7.07 Million).

f) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by Rs 15.70 million (previous year lower by Rs. 29.29 million) and earnings as per share as reported would be lower as indicated below:

Particulars	**Year-2010**	**Year-2009**
Basic Earning per share		
- As reported after exceptional item (in Rupees)	7.44	9.34
- Adjusted (in Rupees)	7.33	9.14
Diluted Earnings per share		
- As reported after exceptional item (in Rupees)	7.24	9.00
- Adjusted (in Rupees)	7.14	8.80

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		Stock Options			Stock Options		
	Grant dated March 4, 2009	Grant dated March 25, 2009	Grant dated March 4, 2009	Grant dated March 4, 2009	Grant dated July 28, 2010	Grant dated April 29, 2009	Grant dated January 28, 2010	Grant dated April 28, 2010
Dividend yield (%)	1.03%	1.03%	1.03%	1.03%	1.42%	1.14%	1.14%	1.14%
Expected life (years)	4.25 years	4.25 years	4.25 years	2.25 years	4-5.50 years	4.5 years	4-5.50 years	4-5.50 years
Risk free interest rate (%)	5.31% - 5.92%	5.09% - 6.22%	5.31% - 5.92%	5.31% - 5.49%	5.00% - 7.37%	5.72% - 6.08%	6.80% - 7.26%	7.06% - 7.55%
Volatility (%)	55.98% - 76.04%	56.95% - 80.50%	55.98% - 76.04%	64.59% - 76.04%	57.91% - 62.54%	55.26% - 57.18%	60.43% - 92.17%	58.98% - 92.41%

8. Related Parties:

Names of related parties and description of relationship:

Key Management Personnel

Mr. Atul K. Nishar – Chairman

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

Dr. (Mrs.) Alka A Nishar - Director

Mr R. V. Ramanan – Executive Director and President Global Delivery (Manager w.e.f. 1st January 2010 and appointed as Whole time Director w.e.f. 28th October 2010)

Mr. Sunil Surya – Whole Time Director (Hexaware Technologies UK Ltd) upto 7th September 2010

Mr Ramanan Seshadri - Whole Time Director (Hexaware Technologies UK Ltd) we.f. 1st July 2010

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)

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

a. Receiving of Services:

	Remuneration (Rupeess in Millions)	Employee Stock Option / Performance Shares Granted (Nos)	Restricted Stock Units Granted (Nos)	Units / Options including Restricted Stock Units Outstandings as on 31-12-2010 (Nos)
Mr. Atul K. Nishar	11.62 (11.31)	- (-)	- (-)	- (-)
Mr P R Chandrasekar	52.48 (65.40)	- (2,115,499)	- (-)	1,457,345 (2,370,345)
Mr R V Ramanan	13.68 (-)	- (-)	- (-)	201,875 (-)
Dr. (Mrs.) Alka A. Nishar	- (6.46)	- (-)	- (-)	- (-)
Mr. Sunil Surya	24.80 (14.45)	- (283,333)	- (-)	43,750 (583,718)
Mr Yogendra Shah	14.16 (12.95)	- (180,000)	- (-)	112,500 (172,500)
Mr R U Srinivas	11.33 (9.28)	- (95,000)	- (-)	45,000 (86,250)
Mr. Ramanan Seshadri	4.85 (-)	48,000 (-)	- (-)	112,500 (-)
Ms. Priyanka Nishar	5.49 (4.28)	- (-)	- (-)	- (-)

b. Loans given

(Rupees in Millions)

Particulars	Sunil Surya	Ramanan Seshadri	Others
Opening balance as on January 1, 2010	3.73 (3.75)	- (-)	0.41 (0.41)
Add: Given during the year	- (-)	0.69 (-)	- (-)
Less: Repaid / Adjusted during the year	3.73 (0.02)	- (-)	0.41 (-)
Closing balance as on December 31, 2010	- (3.73)	0.69 (-)	- (0.41)

Figures for the previous year given in brackets.

9. Segments:

(Rupees in Millions)

Particulars	Travel, Transportation, Hospitality and Logistics	Banking Financial Services & Insurance	Healthcare, Manufacturing, Services	Others (including BPO)	Total
Segment Revenue	2,202.64 (1,680.37)	3,618.88 (4,037.09)	3,056.84 (2,831.83)	1,667.28 (1,836.33)	10,545.64 (10,385.62)
Segment Results	111.92 (344.71)	183.04 (525.75)	338.46 (709.01)	296.84 (403.93)	930.26 (1,983.40)
Less: Unallocable expenses					290.56 (895.35)
Add: Other Income					554.56 (374.77)
Less: Interest					26.04 (17.46)
Profit before tax					1,168.22 (1,445.36)
Less: Provision for taxation					92.34 (103.58)
Profit after tax					1,075.88 (1,341.78)
Other Information - Segment Assets					
Goodwill	- (-)	- (-)	- (-)	1,159.86 (1,207.12)	1,159.86 (1,207.12)
Secondary Segment – Geographic Segment	**North America**	**Europe**	**India**	**Rest of the World**	**Total**
Revenue attributable to location of customers	7,159.32 (6,850.53)	2,797.43 (2,821.52)	140.92 (136.53)	447.97 (577.04)	10,545.64 (10,385.62)
Segment assets based on their locations	1,780.55 (1,232.02)	598.73 (703.59)	8,928.62 (8,145.32)	83.23 (91.17)	11,391.13 (10,172.10)
Additions to fixed assets (including capital work in progress)	6.79 (37.38)	2.86 (0.43)	268.38 (164.28)	- (0.09)	278.03 (202.18)
Goodwill	1,057.70 (1,100.77)	102.16 (106.35)	- (-)	- (-)	1,159.86 (1,207.12)

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. Revenues and expenses directly attributable to segments are reported under each reportable segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.
3. Assets and liabilities contracted have not been identified to any of the reportable segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.
4. Figures for the previous year are given in brackets.

10. Earnings Per Share (EPS):

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

Particulars	Year-2010	Year-2009
Net profit after tax and before Exceptional Item	851.81	1,341.78
Add : Exceptional Item	224.08	-
Net Profit after Exceptional Item	1,075.89	1,341.78
Net Income available to equity shareholders	1,075.89	1,341.78
Weighted average outstanding equity shares considered for basic EPS (Nos.)	144,666,909	143,650,735
Basic Earnings per share :		
Before exceptional item	5.89	9.34
After exceptional item	7.44	9.34
Weighted average outstanding equity shares considered for basic EPS (Nos.)	144,666,909	143,650,735
Add : Effect of dilutive issue of stock options and preference shares (including share application money received on exercise of options) (Nos.)	3,908,659	5,423,135
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	148,575,568	149,073,870
Diluted Earnings per share :		
Before exceptional item	5.73	9.00
After exceptional item	7.24	9.00

Subsequent to the balance sheet, the Company approved issue of bonus shares in the ratio of 1 equity share of Rs. 2/- each for every equity share of the Company. The record date for determining the number of bonus shares to be issued is Feb 25, 2011. Consequently, the Company has not considered such bonus shares issued for the purpose of computing "Earnings per share".

11. Employee benefit plans:

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

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

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

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.126.81 million (Previous Year Rs 104.38 million) and Rs 5.35 million (Previous year Rs. 6.24 million) respectively during the year ended December 31, 2010.

b) The Company contributed Rs. 247.77 million (Previous year Rs 235.86 million) towards various other defined contributions plans of subsidiaries located outside India during year ended December 31, 2010 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, 2010 as required under AS 15 (Revised)

(Rupees in Millions)

Particulars	Current Year	Previous Year
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	204.25	207.47
Current Service Cost	43.54	52.00
Interest Cost	18.19	14.86
Actuarial gains	(20.01)	(55.66)
Benefits paid	(12.65)	(14.42)
Liabilities assumed on acquisition	3.86	-
Closing Defined Benefit Obligation	237.18	204.25
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	111.09	60.51
Expected Return on Plan Assets	9.26	5.88
Actuarial gains	2.56	0.36
Contribution by Employer	38.22	58.76
Benefits paid	(12.65)	(14.42)
Closing Fair Value of Plan Assets	148.48	111.09
Net Liability as per Actuarial Valuation	88.70	93.16

Expense for the year:

Particulars	Current Year	Previous Year
Current Service Cost	43.54	52.00
Interest on Defined Benefit Obligation	18.19	14.86
Expected Return on Plan Assets	(9.26)	(5.88)
Actuarial gains	(22.57)	(56.02)
Total Included in Employment Expenses	29.90	4.96

Actual Return on Plan Assets	11.82	6.24

Category of Assets as on December 31, 2010 Insurer Managed Fund	148.48	111.09

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

	2010 Parent Company	**2010 Subsidiary Company**	**2009 Parent Company**	**2009 Subsidiary Company**
Discount rate	7.95%	7.75%	7.60%	7.30%
Rate of increase in compensation levels of covered employees	10% for first year and 7.5% thereafter	6%	10% for first year and 7.5% thereafter	0% for first year & 6% for thereafter
Expected Rate of return on plan assets (*)	8.00%	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 manage by LIC. The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotions and other relevant factors.

Asset allocations:

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

iii) A Subsidiary Company, had introduced the 'Caliber Point Phantom Unit Scheme (Phantom) 2007' (the 'Scheme') during 2007 and was making provision towards such scheme. The provision was 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 were 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 was grouped under provisions. However, as at the year ended December 31st 2010, the liability is crystalised and the same is grouped under other liabilitites.:

(Rupees in Millions)

Particulars	**Year-2010**	**Year-2009**
Opening balance	4.24	15.60
Additions	-	-
Exercise / Lapsed / Adjusted during the year	4.24	11.36
Closing balance	-	4.24

12. Derivative Instruments:

a) The Company has following outstanding derivatives instruments:

(i) Forward exchange contracts to Sell US Dollar 129.98 Million, Sell Euro 15.84 Million and Sell JPY 262 Million (Previous Year Sell US Dollar 137.11 Million, Sell Euro 16.935 Million and Sell JPY 366.80 Million) are outstanding as of December 31, 2010. Fair value (net gain) of the derivative instruments identified as cash flow hedges is Rs. 212.53 million (previous year net loss of Rs. 451.07 million) as at December 31, 2010.

(ii) The movement in Hedging Reserve Account during year ended December 31, 2010 for derivatives designated as Cash flow Hedges is as follows:

(Rupees in Millions)

Particulars	**Year-2010**	**Year-2009**
Balance at the beginning of the year	(405.40)	(1,234.05)
Losses transferred to income statement on occurrence of forecasted hedge transaction	277.92	569.08
Changes in the value of effective portion of cash flow derivative	350.89	213.10
Net derivative losses related to a discontinued Cash Flow Hedge	36.36	46.47
Balance at the end of the year	259.77	(405.40)

Net gain of Rs. 259.77 million recognised in Hedging Reserve as of December 31, 2010 is expected to be classified to Profit and loss Account by December 31, 2012.

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

(Rupees in Millions)

Particulars	**Year-2010**	**Year-2009**
Opening provision	31.03	66.52
Provision made during the year	374.40	-
Adjusted during the year	31.03	35.49
Closing provision	374.40	31.03

14. Exceptional item represents

a) Profit on sale of surplus assets Rs 636.94 million

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

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.

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

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

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

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(Director)

Sunish Sharma
(Director)

Bharat Shah
(Director)

S K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 16th February, 2011

S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

AUDITOR'S REPORT

To the Members of Hexaware Technologies Limited

1. We have audited the attached Balance Sheet of Hexaware Technologies Limited ("the Company') as at 31st December 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

    a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

    c) The Balance Sheet, the Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

    d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

    e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

        i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 2010;

        ii) in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date and

        iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended as on that date.

5. On the basis of the written representations received from the directors as on 31st December, 2010 and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31st December 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, 16th February, 2011

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. 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, 2010 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 demand	7.4	Assessment Year 2004-05	Commissioner of Income Tax (Appeals)

x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in such financial year and in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in payment of dues in respect of amounts borrowed from bank. The Company has not borrowed any amounts from financial institutions or by issue of debentures.

xii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence the question of maintenance of adequate records for this purpose does not arise.

xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

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

xv) In our opinion, the terms and conditions on which the Company has given guarantees for loans taken by a subsidiary company from a bank are not prejudicial to the interest of the Company.

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

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

xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

xix) The Company has not issued any debentures during the year, hence the question of creation of security or charge in respect of debentures issued does not arise.

xx) The Company has not raised any money by way of public issues during the year.

xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year.

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

R. D. Kamat
Partner
Membership No. 36822

Mumbai, 16th February, 2011

BALANCE SHEET AS AT 31ST DECEMBER 2010

(Rupees in Millions)

Particulars	Schedule	As at 31st December 2010		As at 31st December 2009	
SOURCES OF FUNDS					
Share Holders' Funds :					
a) Share Capital	"1"		**290.40**		287.30
b) Share Warrants (Refer Note No. 3(a) of Schedule 12B)			**0.00**		0.38
c) Share Application Money			**1.09**		1.88
d) Reserves and Surplus	"2"		**8,451.62**		7,341.67
Total			**8,743.11**		7,631.23
APPLICATION OF FUNDS					
Fixed Assets :	"3"				
a) Gross Block		**2,597.09**		2,444.92	
b) Less: Depreciation and amortization		**1,142.85**		1,082.60	
c) Net Block		**1,454.24**		1,362.32	
d) Capital Work-in-Progress		**968.43**		1,257.37	
			2,422.67		2,619.69
Investments :	"4"		**2,441.22**		3,280.09
Current Assets, Loans and Advances :	"5"				
a) Sundry Debtors		**1,077.15**		646.63	
b) Cash and Bank Balances		**3,668.07**		2,146.54	
c) Loans and Advances		**904.10**		753.15	
d) Other Current Assets		**389.01**		196.33	
		6,038.33		3,742.65	
Less :					
Current Liabilities and Provisions :	"6"				
a) Current Liabilities		**1,236.44**		1,572.71	
b) Provisions		**922.67**		438.49	
		2,159.11		2,011.20	
Net Current Assets			**3,879.22**		1,731.45
Total			**8,743.11**		7,631.23
Significant Accounting Policies and Notes Forming Part of Accounts	"12"				

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

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : 16th February, 2011

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

R.V. Ramanan
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S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2010

(Rupees in Millions)

Particulars	Schedule	For the year ended 31st December 2010		For the year ended 31st December 2009	
INCOME					
Software and Consultancy		**4,236.51**		4,862.74	
Other Income	"7"	**519.07**		341.07	
			4,755.58		5,203.81
EXPENDITURE					
Software and Development Expenses	"8"	**568.08**		620.43	
Employment Expenses	"9"	**2,460.87**		1,798.87	
Administration and Other Expenses	"10"	**626.41**		694.84	
Exchange Rate difference (net)		**258.61**		606.93	
Interest	"11"	**14.41**		0.50	
Depreciation and amortization	"3"	**176.20**		186.15	
			4,104.58		3,907.72
Profit Before Tax and Exceptional Item			**651.00**		1,296.09
Add : Exceptional Item (Refer Note No.13 of Schedule 12B)			**366.40**		-
Profit Before Tax			**1,017.40**		1,296.09
Less : Provision For Taxation					
Income Tax-Current (including for prior years Rs. NIL (Rs. 6.77 million)		**168.09**		207.27	
MAT Credit Entitlement		**(84.71)**		(155.30)	
Fringe Benefit Tax		**(1.11)**		2.00	
Wealth Tax (including for prior years Rs. 1.96 million (Rs. NIL))		**6.86**		0.11	
			89.13		54.08
Profit After Tax			**928.27**		1,242.01
Add : Balance brought forward from previous year			**2,251.97**		1,445.60
Balance Available For Appropriation			**3,180.24**		2,687.61
Appropriations :					
Interim Dividend - Equity (including proposed Rs. 145.49 million)		**232.50**		86.19	
Proposed Dividend - Equity (includes Rs. 0.30 million (Rs. Nil) of previous year)		**203.99**		115.22	
Dividend Tax		**72.06**		34.23	
Transfer to General Reserve		**200.00**		200.00	
			708.55		435.64
Balance Carried to Balance Sheet			**2,471.69**		2,251.97
Earnings Per Share (before exceptional items (in Rupees) (Refer Note No. 8 of Schedule 12B)					
Basic			**3.88**		8.65
Diluted			**3.78**		8.33
Earnings Per Share (after exceptional items (in Rupees) (Refer Note No. 8 of Schedule 12B)					
Basic			**6.42**		8.65
Diluted			**6.25**		8.33
Face value of Equity Shares (in Rupees)			**2.00**		2.00
Significant Accounting Policies and Notes Forming Part of Accounts	"12"				

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

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

For and on behalf of the Board

Atul K. Nishar
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Ashish Dhawan
(Director)

Place : Mumbai
Date : 16th February, 2011

S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

Hexaware TECHNOLOGIES
YOUR SUCCESS IS OUR FOCUS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2010

(Rupees in Millions)

Particulars	For the year		Previous year
A Cash flow from operating activities			
Net Profit before tax and after exceptional items	**1,017.40**		1,296.09
Adjustments for :			
Depreciation and amortization	**176.20**		186.15
Employees share based payment cost	**6.61**		7.07
Dividend from current investments	**(36.36)**		(18.06)
Interest income	**(224.50)**		(213.17)
Profit on sale of investments (net)	**0.00**		0.00
Deferred cancellation gains relating to roll-over cash flow hedges	**104.91**		-
(Profit) / Loss on sale of fixed assets (net)	**(190.48)**		4.23
Interest expense	**14.41**		0.50
Exchange rate difference on loan repayment	**2.15**		-
Exchange rate difference (Refer Note 1 below)	**(0.28)**		2.09
Exceptional item	**(366.40)**		-
Operating Profit before working capital changes	**503.66**		1,264.90
Adjustments for :			
Trade and other receivables	**(551.01)**		220.74
Trade and other payables	**234.42**		(111.56)
Cash generated from operations	**187.07**		1,374.08
Direct taxes paid	**(112.29)**		(85.19)
Net Cash from operating activities		**74.78**	1,288.89
B Cash flow from investing activities			
Purchase of fixed assets	**(307.31)**		(154.72)
Purchase of trade investments	**(29.41)**		(0.50)
Purchase of other investments	**(19,694.22)**		(9,109.79)
Interest received (net of tax Rs. 43.23 million (Rs. 32.71 million))	**214.55**		87.96
Proceeds from sale / redemption of investments	**20,562.50**		7,889.96
Dividend from current investments	**36.36**		18.06
Proceeds from sale of fixed assets (net of tax Rs. 61.35 million) (refer note no. 3 below)	**882.09**		165.93
Net cash from / (used in) investing activities		**1,664.56**	(1,103.10)
C Cash flow from financing activities			
Proceeds from issue of shares	**32.80**		-
Share application money received / (adjusted)	**(0.79)**		1.74
Interest paid	**(14.41)**		(0.50)
Dividend paid (including corporate dividend tax)	**(232.85)**		(182.80)
Proceeds from loan - short term	**810.16**		-
Repayment of loan - short term	**(812.30)**		-
Net cash used in financing activities		**(217.39)**	(181.56)
Net Increase in cash and cash equivalents		**1,521.95**	4.23
Cash and cash equivalents at the beginning of the year		**2,138.66**	2,134.43
Cash and cash equivalents at the end of the year (Refer Note No. 1 below)		**3,660.61**	2,138.66

Notes:

1. Components of cash and cash equivalents comprise the following :

	For the year	Previous year
Cash and Bank Balances (Refer Schedule 5 of the Balance Sheet)	3,668.07	2,146.54
Less : Unrealised loss on foreign currency cash and cash equivalents	(0.31)	(0.59)
Less : Fixed Deposits under lien with Banks	7.77	8.47
Total Cash and Cash equivalents	**3,660.61**	2,138.66

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

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

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

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

Dr. Alka A. Nishar
(Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

Sunish Sharma
(Director)

Bharat Shah
(Director)

S K. Mitra
(Director)

Ashish Dhawan
(Director)

Place : Mumbai
Date : 16th February, 2011

S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2010	As at 31st December 2009
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
* (see note II below)		
	2,213.10	2,213.10
Issued, Subscribed and Paid-up Capital		
Equity :		
145,200,980 (143,650,735) Equity Shares of Rs. 2/- each Fully Paid.	**290.40**	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) 8,711,340 (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.

8) 984,441 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2007.

9) 25,189 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2008.

Particulars of options on unissued share capital

(Refer Note No. 3 of Schedule 12B)

II) Authorised Preference Share Capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.

Total	**290.40**	287.30

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2010		As at 31st December 2009	
SCHEDULE "2" - RESERVES AND SURPLUS				
Securities Premium Account				
As Per Last Balance Sheet	**4,725.56**		4,725.56	
Add : Received during the year	**30.08**		-	
Add : Transfer from Employee Stock Option outstanding	**17.97**		-	
		4,773.61		4,725.56
Employee Stock Options Outstanding				
Balance at the beginning of the year	**31.51**		45.30	
Add: Options granted during the year	**2.25**		14.35	
Less: Reversal on forfeiture of stock options granted	**-**		28.14	
Less : Transferred to Securities Premium Account on exercise of stock option	**17.97**		-	
	15.79		31.51	
Less : Deferred Employee Compensation Expense	**5.01**		9.37	
		10.78		22.14
General Reserve				
As Per Last Balance Sheet	**742.87**		542.87	
Add : Transferred from Profit and Loss Account	**200.00**		200.00	
		942.87		742.87
Amalgamation Reserve				
As Per Last Balance Sheet		**2.88**		2.88
Hedging Reserve (Refer Note No.14 of Schedule 12B)		**249.79**		(403.75)
Surplus in Profit and Loss Account		**2,471.69**		2,251.97
Total		**8,451.62**		7,341.67

SCHEDULE "3" - FIXED ASSETS

(Rupees in Millions)

		GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
Sr. No.	Particulars	As at 01.01.2010	Additions	Deductions / Adjustments	As at 31.12.2010	As at 01.01.2010	For The Year	Deductions / Adjustments	As at 31.12.2010	As at 31.12.2010	As at 31.12.2009
	Tangible Assets										
1	Land - Freehold	0.15	-	-	**0.15**	-	-	-	**-**	**0.15**	0.15
2	Land - Leasehold (Refer Note No.1 below)	495.45	5.76	170.77	**330.44**	16.94	4.42	7.71	**13.65**	**316.79**	478.51
3	Building (Refer Note No.2 below)	591.71	332.02	105.92	**817.81**	47.34	9.85	14.00	**43.19**	**774.62**	544.37
4	Plant & Machinery (Includes Computer Systems)	962.69	133.91	57.62	**1,038.98**	766.48	95.89	54.86	**807.51**	**231.47**	196.21
5	Furniture & Fixtures	303.89	36.95	45.33	**295.51**	200.51	37.80	37.05	**201.26**	**94.25**	103.38
6	Vehicles	30.17	1.22	2.33	**29.06**	21.24	5.59	2.33	**24.50**	**4.56**	8.93
7	Improvement to Leased Premises	2.67	-	-	**2.67**	1.00	0.53	-	**1.53**	**1.14**	1.67
	Intangible Assets										
1	Software	58.19	24.28	-	**82.47**	29.09	22.12	-	**51.21**	**31.26**	29.10
	Current Year	**2,444.92**	**534.14**	**381.97**	**2,597.09**	**1,082.60**	**176.20**	**115.95**	**1,142.85**	**1,454.24**	**1,362.32**
	Previous Year	2,213.31	284.69	53.08	2,444.92	939.04	186.15	42.59	1,082.60	1,362.32	
	Capital Work In Progress (In respect of buildings under construction and includes capital advances Rs. 11.80 million (Rs. 15.70 million).									**968.43**	1,257.37
										2,422.67	2,619.69

Notes:

1 Includes Rs. 285.32 million and Rs. 11.06 million (Previous Year Rs. 8.09 million) being lease premium and accumulated amortization in respect of leasehold land alloted to the Company at Pune and Nagpur for which final lease agreement is being executed.

2 Includes one building having gross block of Rs. 164.01 million and accumulated depreciation of Rs. 26.14 million (Previous year Rs. 23.47 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

(Rupees in Millions)

Particulars	As at 31st December 2010		As at 31st December 2009	
SCHEDULE "4" - INVESTMENTS				
A Long Term :				
(i) **Investment In Subsidiaries (unquoted) (at cost)**				
30,026 (30,026) common stock at no par value in Hexaware Technologies Inc., U.S.A.	**1,632.68**		1,632.68	
3,067,000 (3,067,000) shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	**218.87**		218.87	
500,000 (500,000) shares of singapore $ 1/- each fully paid up in Hexaware Technologies Asia - Pacific Pte. Ltd. Singapore	**12.48**		12.48	
3,618 (3,618) shares of face value 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	
1,000,000 (1,000,000) 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.	**29.42**		0.01	
50,000 (Nil) shares of Rs. 10/- each fully paid up in Rampran Infotech Limited	**0.50**		-	
Share Application money in Rampran Infotech Limited	**-**		0.50	
		2,069.67		2,040.26
(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	Cost		Units	Cost	
HDFC Cash Mgnt. 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	
Canara Robeco Treasury Advantage Super Inst Daily Dividend Reinvest Fund	7694641	**95.47**		3025940	37.54	
DWS Treasury Fund - Cash - Institutional Plan - Daily Dividend Reinvest	2782772	**27.97**		-	-	
Fidelity Ultra Short Term Debt Fund - Super IP - Dly Dividend	10047496	**100.52**		-	-	
IDFC Money Manager Fund - TP Super Inst Plan C - Daily Dividend Reinvestment	10998350	**110.00**		-	-	
Reliance Liquid Fund - Cash Plan - Daily Dividend	3374060	**37.59**		-	-	
			371.55			1,239.83
Total			**2,441.22**			3,280.09

SCHEDULES TO BALANCE SHEET

SCHEDULE "4" - INVESTMENTS (Contd.)

(Rupees in Millions)

Particulars			As at 31st December 2010	As at 31st December 2009
(i) Aggregate cost of quoted investments			-	-
Aggregate market value of quoted investments			-	-
(ii) Aggregate value of unquoted investments.			2,441.22	3,280.09
			2,441.22	3,280.09
(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**		
Birla Sun Life Cash Manager- IP Daily Dividend Reinvest	56886677	**569.05**		
Birla Sun Life Cash Plus- Institutional Premium Daily Dividend Reinvest	67876173	**680.10**		
Birla Sun Life Savings Fund - Institutional Daily Dividend Reinvest	44279370	**443.10**		
Canara Robeco Liquid Super Inst Daily Dividend Reinvest	4973386	**50.02**		
Canara Robeco Treasury Advantage Super Inst Daily Dividend Reinvest Fund	3381	**0.04**		
DSP BlackRock Floating Rate Fund-Institutional Plan-Daily Dividend (face value Rs.1000/-)	853368	**853.83**		
DSP BlackRock Liquidity Fund- Institutional Plan - Daily Dividend (face value Rs.1000/-)	1174892	**1,175.13**		
DSP Blackrock Money Manger Fund-Institutional Plan Daily Dividend (face value Rs.1000/-)	285194	**285.42**		
DWS Cash Opportunities Fund - Institutional Plan Daily Dividend	2003253	**20.08**		
DWS Insta Cash Fund - Super Institutional Plan Daily Dividend - Reinvest	162311820	**1,628.05**		
DWS Insta Cash Plus Fund - Institutional Plan Daily Dividend	4725977	**47.50**		
DWS Treasury Fund - Cash - Institutional Plan - Daily Dividend Reinvest	62253387	**625.63**		
DWS Ultra Short Term Fund -Institutional Daily Dividend reinvest	70499401	**706.26**		
Fidelity Cash Fund (Super InstitutionL) - Daily Dividend	9773747	**100.01**		
HDFC Cash Management Fund - Saving Plan - Daily Dividend Rinevest	7992221	**85.01**		
HDFC Cash Mgnt. Fund-Treasury Advance Plan - Wholesale-Daily Dividend	8513373	**85.40**		
HSBC Cash Fund - Institutional Plus - Daily Dividend	29486993	**295.04**		
HSBC Ultra Short Term Bond Fund - Inst. Pus-Daily Dividend	29170119	**295.36**		
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	15769125	**157.72**		
ICICI Prudential Liquid Super Institutional Plan - Div- Daily	15748113	**157.52**		
IDFC Cash Fund - Super Inst Plan C- Daily Dividend	28995228	**290.02**		
IDFC Money Manager Fund - Investment Plan - Inst Plan B - Daily Dividend	30038715	**300.84**		
Kotak Flexi Debt Scheme Institutional - Daily Dividend	76827328	**771.92**		
Kotak Floater - Long Term - Daily Dividend	106323515	**1,071.72**		
Kotak Floater Short Term - Daily Dividend	30402263	**307.56**		
Kotak Liquid (Institutional Premium)- Daily Dividend	117159998	**1,432.64**		

SCHEDULES TO BALANCE SHEET

SCHEDULE "4" - INVESTMENTS (Contd.)

(Rupees in Millions)

Particulars		As at 31st December 2010	As at 31st December 2009
Kotak Quarterly Interval Plan Series 7 - Dividend	16701336	**167.01**	
Kotak Quarterly Interval Plan Series 8 - Dividend	2000189	**20.00**	
LIC Income Plus Fund - Daily Dividend Plan	29016153	**290.16**	
LIC MF Liquid Fund - Dividend Plan	41897475	**460.04**	
LICMF Floating Rate Fund - Short Term Plan - Daily Dividend	34337384	**343.37**	
LICMF Savings Plus Fund - Daily Dividend Plan	46066397	**460.66**	
Reliance Floating Rate Fund - Daily Dividend Reinvest	70267084	**707.57**	
Reliance Liquid Fund - Cash Plan - Daily Dividend	9874802	**110.02**	
Reliance Liquidity Fund - Daily Dividend Reinvestment	9995998	**100.01**	
Reliance Medium Term Fund - Daily Dividend Plan	43406007	**742.05**	
Reliance Money Manager Fund - Institutional - Daily Dividend (face value Rs.1000/-)	237948	**238.27**	
Reliance Monthly Interval Fund - Series I - Institutonal Dividend	10040654	**100.43**	
SBNPP Money Fund Super Institutional Daily Dividend Reinvestment	25262607	**255.03**	
SBNPP Ultra S Fund Super Institutional Daily Dividend Reinvestment	25413193	**255.07**	
Tata Liquid Super High Investment Fund- Daily Dividend (face value Rs.1000/-)	269196	**300.02**	
Tata Treasury Manager SHIP Daily Dividend (face value Rs.1000/-)	297387	**300.46**	
Templeton India Treasury Management Account Institutional Plan - Daily Dividend Reinvestment (face value Rs.1000/-)	372303	**372.55**	
Templeton India Ultra Short Bond Fund Institutional Plan - Daily Dividend Reinvestment	37362729	**374.06**	
UTI Fixed Income Interval Fund - Monthly Interval Plan II - Institutional Dividend	2510295	**25.10**	
UTI Fixed Income Interval Fund - Monthly Interval Plan Series - I Institutional Dividend Plan Re-Invest	16555022	**165.55**	
UTI Fixed Income Interval Fund - Quarterly Plan Series III-Inst Dividend Plan-Re-Invest	15181997	**151.82**	
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan Re-Invest (face value Rs.1000/-)	315285	**315.53**	
UTI Liquid Cash Plan Institutional-Daily Income Option-Re-Investment (face value Rs.1000/-)	103009	**105.01**	
UTI Liquid Fund - Cash Plan - Daily Dividend Reinvest (face value Rs.1000/-)	14716	**15.00**	
UTI Money Market Mutual Fund-Institutonal Daily Dividend-Re-Invest (face value Rs.1000/-)	381256	**382.54**	
UTI Treasury Advantage Fund-Insitituinal Plan-Daily Dividend Reinvest (face value Rs.1000/-)	130347	**130.37**	

Hexaware TECHNOLOGIES YOUR SUCCESS IS OUR FOCUS

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2010		As at 31st December 2009	
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES				
Current Assets				
Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months	**45.46**		65.26	
Other debts	**1,077.15**		656.18	
	1,122.61		721.44	
Less: Provision for doubtful accounts	**45.46**		74.81	
		1,077.15		646.63
Sundry Debtors				
Considered good	**1,077.15**		646.63	
Considered doubtful	**45.46**		74.81	
	1,122.61		721.44	
Cash and Bank Balances				
Remittance in transit	**0.22**		1.67	
(i) Bank Balances with Scheduled Banks				
In Fixed Deposit Accounts	**3,540.29**		2,055.91	
(Includes deposits of Rs. 7.77 million (Rs. 8.47 million) under lien with banks for guarantees given by bank to various government authorities)				
In Exchange Earner's Foreign Currency Account	**0.83**		1.33	
In Current Accounts	**82.28**		56.29	
(ii) Bank Balances with others In Current Accounts - in Foreign Currency				
a) Mizohu Bank Limited - Japan [Maximum balance outstanding during the year Rs. 12.21 million (Rs. 5.44 million)]	**1.15**		3.85	
b) Union Bank of Switzerland - Switzerland [Maximum balance outstanding during the year Rs. 1.56 million (Rs. 2.66 million)]	**1.53**		1.56	
c) Royal Bank of Scotland - United Kingdom [Maximum balance outstanding during the year Rs. 0.69 million (Rs. 0.73 million)]	**-**		0.69	
d) National Australia Bank - Australia [Maximum balance outstanding during the year Rs. 12.85 million (Rs. 29.99 million)]	**3.47**		3.21	
e) Rabo Bank - Netherland [Maximum balance outstanding during the year Rs. 10.14 million (Rs. 23.06 million)]	**3.13**		3.31	
f) Handelsbanken Bank - Sweden [Maximum balance outstanding during the year Rs. 5.70 million (Rs. 16.57 million)]	**3.92**		3.55	
g) Metropolitan Bank and Trust Company - Manila [Maximum balance outstanding during the year Rs. 9.06 million (Rs. 9.52 million)]	**9.06**		8.90	

SCHEDULES TO BALANCE SHEET

SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

(Rupees in Millions)

Particulars	As at 31st December 2010		As at 31st December 2009	
h) Banco Satander S.A. Bank - Spain	**0.65**		-	
[Maximum balance outstanding during the year Rs. 1.19 million (Rs. NIL)]				
i) Bawag P.S.K. Bank - Austria	**1.07**		-	
[Maximum balance outstanding during the year Rs. 2.09 million (Rs. NIL)]				
In Fixed Deposit Accounts - in Foreign Currency				
National Australia Bank - Australia	**20.47**		6.27	
		3,668.07		2,146.54
Loans and Advances (Unsecured)				
Loans and Advances to subsidiaries	**96.66**		57.26	
Advances recoverable in cash or in kind or for value to be received	**260.95**		242.61	
Deposits	**225.13**		240.48	
Advance Income Tax (net of provision for tax)	**103.38**		74.56	
Advance Fringe Benefit Tax (net of provision for tax)	**4.36**		7.06	
Mat Credit Entitlement	**256.94**		172.23	
	947.42		794.20	
Less : Provision for doubtful deposits / advances	**43.32**		41.05	
		904.10		753.15
Loans and Advances				
Considered good	**904.10**		753.15	
Considered doubtful	**43.32**		41.05	
	947.42		794.20	
Other Current Assets				
Unbilled services	**91.11**		59.17	
On account of Derivative contracts	**194.02**		-	
Interest accrued on deposits	**103.88**		137.16	
		389.01		196.33
Total		**6,038.33**		3,742.65

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2010		As at 31st December 2009	
SCHEDULE "6" - CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors				
i) Total dues to micro enterprises and small enterprises	-		-	
ii) Total dues to Creditors other than micro enterprises and small enterprises	152.26		141.52	
Due to Subsidiaries	639.23		298.62	
Deposit received for Leased Premises	19.32		42.59	
Unearned Revenues	12.48		10.03	
Unclaimed Dividend *	13.39		10.08	
Other Liabilities	399.76		625.95	
Liability for derivative contracts	-		443.92	
		1,236.44		1,572.71
Provisions				
Provision for compensated absences	103.87		95.43	
Provision for gratuity	80.00		87.92	
Proposed dividend	349.18		115.22	
Corporate tax on dividend	57.99		19.58	
Provisions others (Refer Note No.15 of Schedule 12B)	259.22		31.04	
Provision for fringe benefit tax (net of advance tax)	-		0.52	
Provision for taxation (net of advance tax)	72.41		88.78	
		922.67		438.49
Total		2,159.11		2,011.20

* 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

(Rupees in Millions)

Particulars	For the year ended 31st December 2010	For the year ended 31st December 2009
SCHEDULE "7" - OTHER INCOME		
Dividend from current investments	**36.36**	18.06
Profit on sale of current investments (net)	**0.00**	0.00
Interest income (tax deducted at source Rs. 22.31 million (Rs.23.89 million))	**224.50**	213.17
(includes Interest on bank fixed deposits Rs. 221.81 million (Rs. 209.60 million))		
Profit on Sale of Assets	**190.48**	5.44
Rental income (tax deducted at source Rs. 5.74 million (Rs. 15.63 million))	**57.58**	78.56
Miscellaneous income	**10.15**	25.84
Total	**519.07**	341.07
SCHEDULE "8" - SOFTWARE AND DEVELOPMENT EXPENSES		
Consultant travel and related expenses	**194.48**	205.33
Software expenses	**373.60**	415.10
(includes subcontracting charges Rs. 279.41 million (Rs. 300.05 million))		
Total	**568.08**	620.43
SCHEDULE "9" - EMPLOYMENT EXPENSES		
Salary and other allowances	**2,240.87**	1,661.25
Contribution to provident and other funds	**154.06**	99.89
Staff welfare expenses	**65.94**	37.73
Total	**2,460.87**	1,798.87

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	For the year ended 31st December 2010		For the year ended 31st December 2009	
SCHEDULE "10" - ADMINISTRATION AND OTHER EXPENSES				
Rent		**118.78**		179.68
Rates and taxes		**30.28**		7.82
Travelling and conveyance expenses		**103.07**		94.52
Electricity charges		**75.41**		70.04
Communication expenses		**68.32**		65.27
Repairs and maintenance				
Buildings	**5.16**		8.53	
Plant and machinery	**24.65**		19.25	
Others	**25.43**		29.08	
		55.24		56.86
Printing and stationery		**10.46**		8.32
Auditors remuneration				
Audit fees	**2.00**		2.00	
Tax audit fees	**0.90**		0.90	
Limited reviews, certification work etc.	**3.91**		3.55	
Out of pocket expenses	**0.08**		0.04	
		6.89		6.49
Legal and professional fees		**60.71**		43.91
Advertisement and publicity		**0.40**		0.70
Seminar, conference and business promotion		**12.69**		10.30
Bank charges		**2.01**		2.12
Directors' sitting fees		**1.28**		1.34
Insurance premium		**9.45**		11.18
Donation		**0.00**		0.01
Bad debts / advances written off		**16.71**		0.30
Provision for doubtful accounts (net off write back Rs. 39.73 million (Rs. 5.24 million)		**(39.60)**		72.12
Staff recruitment expenses		**38.03**		5.80
Service charges		**46.21**		37.76
Miscellaneous expenses		**10.07**		20.30
Note : Miscellaneous expenses includes Stamp duty and filing fees, Registrar and share transfer expenses, Membership and subscription, Customs Duty, Brokerage, Carriage and Forwarding, Board meeting expenses and AGM expenses etc.				
Total		**626.41**		694.84
SCHEDULE "11" - INTEREST				
Others (including working capital loan)		**14.41**		0.50
Total		**14.41**		0.50

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

A) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention and Concepts

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

2. Use of Estimates

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

3. Revenue Recognition

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

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

c) Interest Income is recognised on time proportion basis.

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

6. Investments

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

7. Foreign Currency Transaction / Translation

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

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

In respect of forward contracts entered into to hedge foreign currency exposure in respect of recognized monetary items, the premium or discount on such contracts is 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 effective cash flow hedges in the Hedging Reserve account until the forecasted transaction materializes. Gain or loss on ineffective cash flow hedges is recognized in the profit and loss account. (Refer Note No. 14 of schedule 12B).

9. Employee Benefits

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

Payments to defined contribution retirement schemes are expensed as incurred. For defined benefit schemes and other long term benefit plans, (compensated absences) the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is 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 and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred taxes are recognised for future tax consequence attributable to timing difference between taxable income and accounting income, measured at relevant enacted tax rates and in the case of deferred tax assets, on consideration of prudence, are recognized and carried forward to the extent of reasonable certainty/virtual certainty, as the case maybe.

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

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. 197.74 million (Previous Year Rs 152.43 million).

2) Contingent Liabilities in respect of

a) Claims not acknowledged as debt to Rs. 28.14 million (Previous year Rs 49.95 million).

b) Income tax disputed in appeal and pending decision Rs. 7.40 million (Previous Year Rs. 2.74 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 240 million).

3) Share Based Compensation (ESOP)

a) 16,538 (18,538) warrants under Employee Stock Option Scheme – 1999 (ESOP 1999) of Rs. 0.06 each is the balance outstanding as at December 31, 2010 and 2009 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) 425,559 (1,103,924) Options is the balance outstanding as at December 31, 2010 and 2009 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).

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
July 28, 2010	ESOP	437,000	Rs. 80.55	Until July 28, 2014

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	Category	No. of Options granted	Exercise Price	Vesting period
January 28, 2010	ESOP	75,000	Rs. 85.70	Until January 28, 2014
April 28, 2010	ESOP	200,000	Rs. 73.30	Until April 28, 2014

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	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 (-)
Granted during the year	- (-)	- (-)	- (631,078)	- (24.95)	437,000 (7,011,492)	80.55 (23.74)	275,000 (140,262)	76.68 (10.00)
Exercised during the year	- (-)	- (-)	540,615 (-)	15.24 (-)	984,441 (-)	24.69 (-)	25,189 (-)	10.00 (-)
Lapsed during the year	2,000 (4,557)	9.00 (9.00)	137,750 (1,792,496)	81.20 (61.56)	1,273,397 (702,000)	27.53 (32.73)	45,251 (-)	10.00 (-)
Outstanding as at the year end	16,538 (18,538)	9.00 (9.00)	425,559 (1,103,924)	26.00 (27.62)	4,747,154 (6,567,992)	28.48 (24.26)	344,822 (140,262)	63.18 (10.00)
Exercisable as at the year end	16,538 (18,538)	9.00 (9.00)	31,000 (417,096)	39.22 (24.32)	793,136 (27,000)	23.15 (61.40)	18,616 (-)	10.00 (-)

Figures for the previous year are given in brackets.

Notes :

i) The following table provides details in respect of range of exercise price and weighted average remaining contractual life (in months) for the options outstanding under ESOP 2002, 2007 and 2008 scheme as at December 31, 2010:

	Year-2010		Year-2009	
Range of exercise price	Shares	Weighted average remaining life	Shares	Weighted average remaining life
2 – 26.6	4,766,535	63	7,561,178	74
54 – 101	747,000	76	188,000	38
135 – 171	4,000	1	63,000	13
Total	5,517,535		7,812,178	

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

(Rupees in Millions)

Particulars	Year-2010	Year-2009
Balance at the beginning of the year	9.37	30.23
Add: Recognised during the year	2.25	14.35
Less: Amortisation expense	6.61	13.44
Less: Reversal due to forfeiture	-	21.77
Balance carried forward	5.01	9.37

For the year ended December 31, 2010 the Company has recorded stock compensation expense of Rs. 6.61 Million (previous year Rs. 7.07 Million).

f) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by Rs 15.70 Million (previous year lower by Rs. 29.29 million) and earnings as per share as reported would be lower as indicated below:

Particulars	Year-2010	Year-2009
Basic Earning per share		
- As reported after exceptional item (in Rupees)	6.42	8.65
- Adjusted (in Rupees)	6.31	8.44
Diluted Earnings per share		
- As reported after exceptional item (in Rupees)	6.25	8.33
- Adjusted (in Rupees)	6.14	8.14

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		Stock Options			Stock Options		
	Grant dated March 4, 2009	Grant dated March 25, 2009	Grant dated March 4, 2009	Grant dated March 4, 2009	Grant dated July 28, 2010	Grant dated April 29, 2009	Grant dated January 28, 2010	Grant dated April 28, 2010
Dividend yield (%)	1.03%	1.03%	1.03%	1.03%	1.42%	1.14%	1.14%	1.14%
Expected life (years)	4.25 years	4.25 years	4.25 years	2.25 years	4-5.50 years	4.5 years	4-5.50 years	4-5.50 years
Risk free interest rate (%)	5.31% - 5.92%	5.09% - 6.22%	5.31% - 5.92%	5.31% - 5.49%	5.00% - 7.37%	5.72% - 6.08%	6.80% - 7.26%	7.06% - 7.55%
Volatility (%)	55.98% - 76.04%	56.95% - 80.50%	55.98%-76.04%	64.59%-76.04%	57.91%-62.54%	55.26%-57.18%	60.43%-92.17%	58.98%-92.41%

4) a) The Provision for current income tax is aggregate of the balance tax for three months ended March 31, 2010 based on the returned income for the year ended March 31, 2010 and the provision based on the taxable income for the remaining nine months up to December 31, 2010, the actual tax liability, for which, will be determined on the basis of the results for the year ending March 31, 2011.

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 84.71 million (Previous year Rs 155.30 million) as an asset by crediting the profit and loss account for an equivalent amount and disclosed under 'Loans and advances' (Schedule 5) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by ICAI.

5) Related Parties

The Company has entered into transactions with following related parties

Sr. No.	Name of the Related Parties	Country
	Subsidiaries	
1	Hexaware Technologies Inc.	United States of America
2	Hexaware Technologies UK Ltd.	United Kingdom
3	FocusFrame UK Limited **	United Kingdom
4	Risk Technologies (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	Hexaware Technologies SRL, Argentina # (w.e.f. 16th June 2010)	Argentina
14	Hexaware Technologies DO Brazil Ltd , Brazil # (w.e.f. 14th May 2010)	Brazil
15	Rampran Infotech Ltd	India
	Key Management Personnel (KMP)	
16	Mr. Atul K Nishar-Chairman	
17	Mr. R. V. Ramanan – Executive Director and President Global Delivery (Manager w.e.f. 1st January 2010 and appointed as Whole time Director w.e.f. 28th October 2010)	
18	Mr. P R Chandrasekar – Vice Chairman and CEO	
	Others	
19	Hexaware Technologies Employee Stock Option Trust	

Note * Merged with Hexaware Mexico S.De.R.L.De.C.V w.e.f. 1st January 2010.

** Company name struck off from registrar of Company in UK w.e.f. 25th May 2010.

*** Company name struck off from Registrar of Company in UK w.e.f 1st June 2010.

Held by nominees of Hexaware Technologies UK Ltd.

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, 2010	16.30 (39.60)	- (-)	0.41 (0.41)	16.71 (40.01)
	Fresh loans during the year	- (1.20)	- (-)	- (-)	- (1.20)
	Repaid /adjusted during the year	12.30 (24.50)	- (-)	0.41 (-)	12.71 (24.50)
	Balance as at December 31, 2010	4.00 (16.30)	- (-)	- (0.41)	4.00 (16.71)

	Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
	b) Investment in Equity (including share application money)				
	Balance as at January 1,2010	2,040.26 (2,039.76)	- (-)	- (-)	2,040.26 (2,039.76)
	Add : Purchased during the year	29.41 (0.50)	- (-)	- (-)	29.41 (0.50)
	Balance as at December 31, 2010	2,069.67 (2,040.26)	- (-)	- (-)	2,069.67 (2,040.26)
	c) Guarantee and Collateral – Caliber Point Business Solutions Limited	240.00 (240.00)	- (-)	- (-)	240.00 (240.00)
2)	Software and consultancy income	2,238.81 (2,316.14)	- (-)	- (-)	2,238.81 (2,316.14)
3)	Software and development expenses – subcontracting charges	295.87 (272.53)	- (-)	- (-)	295.87 (272.53)
4)	Interest and other Income	1.48 (4.35)	- (-)	- (-)	1.48 (4.35)
5)	Reimbursement of cost to	66.25 (76.14)	- (-)	- (-)	66.25 (76.14)
6)	Receiving of services	0.74 (-)	13.68 (2.76)	- (-)	14.42 (2.76)
7)	Recovery of cost/advances from	327.82 (198.44)	- (-)	- (-)	327.82 (198.44)
8)	Purchase of Assets	0.22 (-)	- (-)	- (-)	0.22 (-)
9)	Others	- (-)	- (-)	- (0.74)	- (0.74)
10)	Closing Balances as on December 31, 2010				
	Receivable towards software and consultancy income	701.96 (291.79)	- (-)	- (-)	701.96 (291.79)
	Advances	92.66 (40.96)	- (-)	- (-)	92.66 (40.96)
	Payable towards services and reimbursement of cost	639.22 (298.62)	- (-)	- (-)	639.22 (298.62)
11)	Employee Stock Options (Nos)				
	a) Employee Stock Options Granted during the year (Nos) - P R Chandrasekar	- (-)	- (1,715,499)	- (-)	- (1,715,499)
	b) Performance Stock Options Granted during the year (Nos) - P R Chandrasekar	- (-)	- (400,000)	- (-)	- (400,000)

Note: Previous year figures are given in brackets.

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

(Rupees in Millions)

Transaction	Current Year		Previous Year
a) Loans given			
Subsidiaries			
Granted during the year			
- Risk Technology International Limited	-		1.20
	-		1.20
Repaid / adjusted during the year			
- Risk Technology International Limited	12.30		24.50
		12.30	24.50
b) Software & Consultancy Income			
Subsidiaries			
- Hexaware Technologies Inc.	1,700.76		1,429.15
- Hexaware Technologies UK Ltd.	-		87.12
- Hexaware Technologies GmbH.	303.20		644.16
		2,003.96	2,160.43
c) Expenditure			
- Software and development expenses – subcontracting charges			
- Hexaware Technologies Inc.	267.42		251.19
- Reimbursement of Cost			
- Hexaware Technologies Inc.	4.28		8.17
- Hexaware Technologies UK Ltd	33.06		54.94
- Hexaware Technologies Asia Pacific Pte Ltd	26.79		5.85
- Receiving of Services			
- Caliber Point Business Solutions Ltd	0.74		-
		332.29	320.15
Remuneration			
Key Management Personnel			
- Atul K. Nishar	-		2.76
- R V Ramanan	13.68		-
		13.68	2.76
d) Income			
Interest & Other Income			
Subsidiaries			
- Risk Technology International Limited	1.48		4.35
		1.48	4.35
e) Recovery of cost / Advances during the year			
Subsidiaries			
- Hexaware Technologies Inc.	265.40		137.67
- Hexaware Technologies UK Ltd.	-		20.21
		265.40	157.88
f) Purchase of Assets - Risk Technology International Limited	0.22		-
		0.22	-
g)) Investment in Equity (including share application Money)			
Addition during the year			
Subsidiaries			
- Hexaware Technologies, Mexico S. De. R.L. De. C.V.	29.41		-
- Rampran Infotech Ltd	-		0.50
		29.41	0.50

6) 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 31-12-2010	Maximum amount outstanding during the year
Risk Technology International Ltd	Wholly Owned Subsidiary	4.00 (16.30)	16.30 (39.60)

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.

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 these stand-alone financial statements.

8) Earnings Per Share (EPS)

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

(Rupees in Millions)

Particulars	Year-2010	Year-2009
Net profit after tax and before Exceptional Item	561.87	1,242.01
Add : Exceptional Item	366.40	-
Net Profit after Exceptional Item	928.27	1,242.01
Net Income available to equity shareholders	928.27	1,242.01
Weighted average outstanding equity shares considered for basic EPS (Nos.)	144,666,909	143,650,735
Basic Earnings per share :		
Before exceptional item	3.88	8.65
After exceptional item	6.42	8.65
Weighted average outstanding equity shares considered for basic EPS (Nos.)	144,666,909	143,650,735
Add : Effect of dilutive issue of stock options and preference shares (including share application money received on exercise of options) (Nos.)	3,908,659	5,423,135
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	148,575,568	149,073,870
Diluted Earnings per share :		
Before exceptional item	3.78	8.33
After exceptional item	6.25	8.33

Subsequent to the balance sheet date, the Company approved issue of bonus shares in the ratio of 1 equity share of Rs. 2/- each for every equity share of the Company. The record date for determining the number of bonus shares to be issued is Feb 25, 2011. Consequently, the Company has not considered such bonus shares issued for the purpose of computing "Earnings per share".

9) a) Managerial Remuneration:

(Rupees in Millions)

	For the year ended 31-12-2010	**For the year ended 31-12-2009**
Whole time Director		
- Salaries and allowances	9.08	2.59
- Contribution to Provident and Other funds	0.33	0.17
- Perquisites	4.27	-
Total	13.68	2.76
Non Executive Directors		
- Commission	4.70	3.50

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. 64.11 million (Previous year Rs. 80.40 million) and stock based compensation expense recognized in employment expenses aggregating to Rs 3.06 million (Previous Year Rs 7.61 million)

b) Computation of net profit in accordance with Section 198 read with section 309 (5) of the Companies Act 1956, and calculation of commission payable to non-whole time directors.

(Rupees in millions)

Particulars	**For the Year ended 31-12-2010**	**For the Year ended 31-12-2010**	**For the Year ended 31-12-2009**	**For the Year ended 31-12-2009**
Net Profit after tax and after exceptional item as per profit and loss account		928.27		1,242.01
Add :				
Remuneration to whole time director	13.68		2.76	
Directors Sitting Fees	1.28		1.34	
Provision for doubtful debts	(39.60)		72.12	
Depreciation as per books of Accounts	176.20		186.15	
Provision for Taxation	89.13		54.08	
Commission to Non whole time Directors	4.70		3.50	
		245.39		319.95
Less :				
Profit on sale of Asset	190.48		5.44	
Depreciation as envisaged under Section 350 of the Companies Act	176.20		186.15	
		366.68		191.59
Net Profit on which commission is payable		806.98		1,370.37
Maximum allowed as per Companies Act, 1956 at 1%		8.07		13.70
Commission provided for		4.70		3.50

10) Employee benefit plans:

i) Defined contribution plans viz Provident Fund and Superannuation Fund

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

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 114.29 million (Previous year Rs. 94 million) and Rs 3.79 million (Previous year Rs. 4.72 million) respectively for the year ended December 31, 2010.

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, 2010 as required under AS 15 (Revised).

(Rupees in Millions)

Particulars	**Current Year**	**Previous Year**
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	195.08	197.85
Current Service Cost	41.02	48.90
Interest Cost	17.36	14.19
Actuarial gains	(21.40)	(53.76)
Benefits paid	(11.95)	(12.10)
Liabilities assumed on acquisition	3.84	-
Closing Defined Benefit Obligation	223.95	195.08
Change in the Fair Value of Assets		
Opening Fair Value of Plan Assets	108.33	56.42
Expected Return on Plan Assets	8.93	5.45
Actuarial gains	2.61	0.80
Contribution by Employer	36.03	57.76
Benefits paid	(11.95)	(12.10)
Closing Fair Value of Plan Assets	143.95	108.33
Net Liability as per Actuarial Valuation	80.00	86.75

Expense for the year

Particulars	Current Year	Previous Year
Current Service Cost	41.02	48.90
Interest on Defined Benefit Obligation	17.36	14.19
Expected Return on Plan Assets	(8.93)	(5.45)
Actuarial gains	(24.01)	(54.56)
Total Included in Employment Expenses	25.44	3.08

Actual Return on Plan Assets	11.54	6.25

Category of Assets as on December 31, 2010 (Insurer Managed Fund)	143.95	108.33

Financial Assumptions at the Valuation Date:

Particulars	Year-2010	Year-2009
Discount rate	7.95%	7.60%
Rate of increase in compensation levels of covered employees	10% for first year and 7.5% thereafter	10% for first year and 7.5% thereafter
Expected Rate of return on plan assets (*)	8.00%	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 manage by LIC.

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

Asset allocations

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

11) The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals recognised in the Profit and Loss Account under various non-cancellable operating leases is Rs. 27.32 million (Previous Year Rs. 105.93 million). Non cancellable sublease rentals recognised in the profit and loss account on account of subleasing of the leased premises is Rs 42.77 million (Previous year Rs. 40.89 million). The future minimum lease payments and payment profile of the said leases are as follows:

(Rupees in Millions)

Particulars	As at 31.12.2010	As at 31.12.2009
Not later than one year	41.89	18.45
Later than one year but not later than five years	14.03	97.88
Later than five years	-	6.37
Total	55.92	122.70

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

(Rupees in Millions)

Particulars	As at 31.12.2010	As at 31.12.2009
Not later than one year	31.17	44.98
Later than one year but not later than five years	-	32.34
Total	31.17	77.32

12) As on 1st January 2010, FocusFrame Mexico S.De. R.L. De.C.V. wholly owned subsidiary of Hexaware Technologies Inc, has merged with another wholly owned subsidiary Hexaware Technologies, Mexico S.De. R.L.De. C.V. Such merger is expected to provide synergies in operations and result in improved profitability of the merged entity.

13) Exceptional item represents

a) Profit on sale of surplus assets Rs 636.94 million

b) The Company has entered into a large IT service contract over a period of five years, this contract includes absorbing certain identified employees of the customer, along with related employee obligations. The Company has accounted for obligations of employees amounting to Rs 270.54 million based on crystallized restructuring plan.

14) Derivative Instruments:

a) The Company has the following outstanding derivatives instruments:

(i) Forward exchange contracts to Sell US Dollar 103.65 Million and Sell Euro 15.84 Million (Previous Year Sell US Dollar 127.10 Million and Sell Euro 16.935 Million) are outstanding as of December 31, 2010.

(ii) Fair value (net gain) of the derivative instruments identified as cash flow hedges is Rs. 194.02 million (previous year net loss of Rs. 449.38 million) as at December 31, 2010

(iii) The movement in Hedging Reserve Account during year ended December 31, 2010 for derivatives designated as Cash flow Hedges is as follows:

Particulars	**Year-2010**	**Year-2009**
Balance at the beginning of the year	(403.75)	(1,234.05)
Losses transferred to income statement on occurrence of forecasted hedge transaction	290.84	569.08
Changes in the value of effective portion of cash flow derivative	326.34	214.75
Net derivative losses related to a discontinued Cash Flow Hedge	36.36	46.47
Balance at the end of the year	249.79	(403.75)

Net gain of Rs. 249.79 recognised in Hedging Reserve as of Dec 31, 2010 is expected to be classified to Profit and loss Account by December 31, 2012.

b) As of the balance sheet date the Company has the net payable foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to Rs 258.20 million (Previous year net receivable Rs. 317.65 million)

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

(Rupees in Millions)

Particulars	**Year-2010**	**Year-2009**
Opening provision	31.04	66.52
Provision made during the year	259.22	-
Adjusted during the year	31.04	35.48
Closing provision	259.22	31.04

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

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

II. CIF value of Imports:

(Rupees in Millions)

	Particulars	For the year ended31.12.2010	For the year ended 31.12.2009
a)	Capital Goods	11.30	2.73

III. Expenditure in Foreign Currency:

(Rupees in Millions)

	Particulars	For the year ended 31.12.2010	For the year ended 31.12.2009
a)	Foreign travelling expenses*	11.80	9.19
b)	Software Development Expenses*	488.33	493.96
c)	Employment Expenses*	170.50	197.55
d)	Rent*	6.42	9.64
e)	Business promotion, seminar and conference expenses	4.08	2.40
f)	Legal and professional charges	25.71	22.31
g)	Communication expenses*	0.87	2.24
h)	Foreign Taxes*	5.04	37.31
i)	Miscellaneous*	4.42	14.81

* 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-2009 (Final Dividend-2008)	Interim Dividend-2010 (Interim Dividend-2009)
Net amount remitted (Rs. In Millions)	0.62 (0.42)	0.45 (0.47)
Number of shares held by non-resident share-holders	773,632 (843,001)	747,691 (779,076)
Year to which dividend relates	2009 (2008)	2010 (2009)
Number of Non resident Shareholders	671 (727)	624 (668)

Figures for the previous year are given in brackets.

V. Earnings in foreign currency:

(Rupees in Millions)

	Particulars	For the year ended 31-12-2010	For the year ended 31-12-2009
a)	Income from software solutions and consulting services	4,080.99	4,740.85
b)	Interest Income	0.26	0.33

17) The Ministry of Company Affairs, Government of India vide its order no. 47/720/2010-CL-III dated 12th January, 2011 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.

18) 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.

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

For Deloitte Haskins & Sells
Chartered Accountants

R. D. Kamat
Partner

Place : Mumbai
Date : 16th February, 2011

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

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

Dr. Alka A. Nishar
(Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

Sunish Sharma
(Director)

Bharat Shah
(Director)

S K. Mitra
(Director)

Ashish Dhawan
(Director)

S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

Hexaware TECHNOLOGIES
YOUR SUCCESS IS OUR FOCUS

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	11-69662	Balance Sheet Date	31122010
State Code	11		

II. Capital raised during the year (Rs. in Millions)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private placement	NIL

III. Position of Mobilisation and Deployment of Funds (Rs. in Millions)

Total Liabilities	10902	Total Assets	10902
Source of Funds			
Subscribed & Paid-up Capital	290	Reserve & Surplus	8452
Unsecured Loans	NIL	Secured Loans	NIL
Share Application Money & Warrants	1		
Application of Funds			
Net Fixed Assets	2423	Investments	2441
Net Current Assets	3879	Misc. Expenses	NIL
Accumulated Losses	NIL		

IV. Performance of Company (Rs. in Millions)

Turnover and Other Income	5122	Total Expenditure	4105
Profit Before Tax	1017	Profit After Tax	928
Earnings Per Share			
Basic	6.42	Dividend %	150
Diluted	6.25		

V. Generic Names of Principal Product of the Company

Item Code No. (ITC Code)	852490
Product Description	SOFTWARE DEVELOPMENT

For and on behalf of the Board

Atul K. Nishar
(Chairman)

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

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

Dr. Alka A. Nishar
(Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

Sunish Sharma
(Director)

Bharat Shah
(Director)

S K. Mitra
(Director)

Ashish Dhawan
(Director)

S Doreswamy
(Director)

Prateek Aggarwal
(Chief Financial Officer)

Gunjan Methi
(Assistant Company Secretary)

Place : Mumbai
Date : 16th February, 2011

HEXAWARE TECHNOLOGIES
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HEXAWARE TECHNOLOGIES LIMITED

Registered Office : 152, Millenium Buisness 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

DP ID	
CLIENT ID	

I/We ____ s/o, w/o, d/o ____
residing at ____
____ being member/member(s) of
Hexaware Technologies Limited herebt appoint Mr./Mrs. ____ 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 Eighteenth Annual General Meeting of the Members of Hexaware Technologies Limited to be held on Wednesday, the 27th day of April, 2011 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai - 400 001 and at any adjournment thereof.

Signed this ____________ day of _____________________ 2011.

Affix
Re. 1/-
Revenue
Stamp

Signature
(Please sign across the Stamp)

Note : This form in order to be valid should be duly stamped, completed and signed and must reach the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

HEXAWARE TECHNOLOGIES LIMITED

Registered Office : 152, Millenium Buisness 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

DP ID	
CLIENT ID	

I Certify that I am a Registered Shareholder / proxy for the registered shareholder of the Company. I hereby record my presence at the Eighteenth Annual General Meeting of the Members of Hexaware Technologies Limited on Wednesday, the 27th day of April, 2011 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai - 400 001 and at any adjournment thereof.

________________________________ ____________________________

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)

Contact Us

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Mumbai

INTERNAL AUDITORS
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MS. GUNJAN METHI
Asst. Company Secretary

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Concept and Design by quadrum
www.quadrumltd.com