

Date: 31<sup>st</sup> August, 2016

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

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

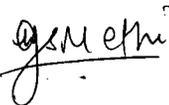
Subject: Annual Report for the financial year ended December 31, 2015 pursuant to regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir / Madam,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"), enclosed herewith please find Annual Report for the financial year ended December 31, 2015 approved and adopted by the members at the 23<sup>rd</sup> Annual General Meeting held on August 30, 2016 at 3.00 pm at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400 001.

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

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

  
**Gunjan Methi**  
Company Secretary



ANNUAL REPORT 2015

➤ SHRINK IT ◀  
**GROW DIGITAL** ➤➤



 **Hexaware**  
TECHNOLOGIES  
YOUR SUCCESS IS OUR **FOCUS**



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Hexaware Technologies Limited is a global leader and one of India's fastest growing outsourcing providers of IT, BPO, Consulting and Next-Generation Services.

The Company's long-standing competence in the industry is evident from the fact that it reported 12% revenue CAGR in USD terms and 21% CAGR in INR terms in the five years leading to 2015 and delivered profitable growth during a challenging year.



# Shrink IT, Grow Digital



## ➤ SHRINK IT ◀

Hexaware's overarching theme is of Shrink IT, Grow Digital that allows clients to significantly shrink commodity IT spend while partnering with them to deliver their digital initiatives.

### Shrink IT

Based on its decades of experience and current trends in the IT industry, Hexaware believes that most clients' spend on an average much more than they should on commodity IT services, such as Application Support and Maintenance (ASM), Testing, Infrastructure Management Services (IMS) and Business Process Services (BPS). The Company intends to position itself as the go-to service provider to help its clients reduce their commodity IT expenditure through its "Shrink IT" proposition, with the focus on reduction of quantity through intelligence driven automation.

Hexaware has identified certain specific set of levers to enable reduction of quantity by investing significantly in creating a platform centric approach to deliver ITO Services for both Application and Infrastructure Management services. It has launched RAISE IT Platform with pre-built automation components for IMS and ASM such as discovery, monitoring, analyzing and self-healing in addition to predictive analytics for proactive problem management. It leverages cutting edge Artificial Intelligence, Cognitive Analytical Engine, Big Data platform for IT Operations coupled with Robotic Incident Management to disrupt the current state of IT Services delivery.

Hexaware has also entered into strategic partnerships with multiple vendors of Robotic Process Automation (RPA) software, to enable rapid and intelligent automation of human intensive and rule-based back office administrative processes in the BPS space.

By embracing rather than avoiding these concepts, the Company expects to receive a higher share of the customer's overall IT services expenditure as they reallocate their budgets towards other products, thereby gaining market

share. Hexaware is well-placed to achieve this with its nimble footedness, anti-pyramid engagement approach and focus on partnering with innovative technologies for platforms.

### Grow Digital

There is rapid change underway where industries are adapting new business models, driven by the disruptive force of digital technology. Clients are increasingly seeking leaner service models, enhanced CRM platforms and varied mobility offerings, while demanding more cloud-enabled services, less legacy technology and access to real-time insights for managers internally. Hexaware is at the forefront in enabling its clients to embrace digitization by changing the way they interact with their end customers, employees and supply chain, and help them gain a competitive advantage in the marketplace.

Hexaware's digital strategy is focused on transforming consumer experiences by reimagining the customer journey and improving the efficiency of business processes. Hexaware intends to continue investing in its digital offering and provide value to its clients by harnessing the power of data to derive real-time actionable insights, re-engineering business processes, modernizing application and infrastructure landscapes and building systems of engagement.

Hexaware's "Grow Digital" strategy will create better engagement with clients and lead to contract wins against more mature and established competitors and keep the Company's offerings relevant in a fast changing industry.

## CHAIRMAN'S MESSAGE



### Dear shareholders,

As corporates around the world cope with talent shortage, regulatory constraints and geopolitical challenges, three words have assumed unprecedented importance - 'pace of change'.

An inability to deal with 'pace of change' can effectively shrink market share leading to eventual extinction.

The need of the hour is of a service provider competent enough to address the demands of customers in 'real-time'.

What does this sweeping reality mean for customers and service providers like us?

One, most players across diverse industry verticals are seeking outsourcing partners who possess the competence to draw on the latest digital technologies, combined with their deep business understanding of customers.

Two, merely providing business-enhancing solutions may no longer be the answer; customers need business impact across defined metrics, which are being increasingly expressed in returns on employed capital and incremental profitability that their service providers now need to deliver.

Three, service providers like Hexaware do not just need to provide solutions for stated requirements; they need to second-guess clients to think of ways of how to take the customer's business ahead even before the customer can express such a need, evolving from a reactive vendor into a proactive consultant.

### The Hexaware play

Hexaware is a distinctive solution provider.

We provide solutions in line with client needs; we assess the markets the customers operate in, the sweeping sectoral trends and financial performance.

We offer comprehensive solutions across varied sectors like asset management, asset servicing, capital markets, retail banking, corporate banking and leasing, among others.

We offer niche domain products and services across airlines and airports, travel and hospitality, transportation and logistics.

We provide a suite of strategic solutions to address the major discontinuities in the healthcare and insurance industry, including healthcare providers, life science companies and insurance providers.

We are also experienced in discrete manufacturing, hi-tech, engineering and construction, retail, education and telecom verticals.

Hexaware's combination of 'right size' and automation represents our biggest asset, enriching the brand, strengthening the customer's business and differentiating us in a competitive marketplace.

Hexaware has developed respect as a solutions-focused partner; the word 'partner' is operative because it immediately reinforces our brand as an enterprise committed to achieve a positive business outcome for our customer to the point that we are seen as a responsible extension of the customer's personality.

### The digital opportunity

We believe Hexaware is at the cusp of an exciting inflection for a good reason.

At Hexaware, we have identified a specific set of levers to enable the development of a platform-centric approach to deliver ITO services for application and infrastructure management services and capitalise on the attractive unfolding prospects.

We leverage cutting-edge artificial intelligence, cognitive analytical engines and big data platforms for IT operations, coupled with robotic incident management to disrupt the current state of IT service delivery.

Our approach to automation is to look at opportunities that reduce the cost of management by enhancing automation versus traditional people-led service delivery models.

Case in point: Our 'RAISE IT' platform powers our managed services framework, delivers significant automation, enhances cognitive capabilities and does not just reduce cost but also optimises the entire infrastructural landscape.

We also entered into strategic partnerships with multiple vendors of RPA software to enable rapid and intelligent automation of labour-intensive and rule-based back office administrative processes in the BPS space. By embracing, rather than avoiding these concepts, we expect to carve out a larger chunk of the customer's overall IT services expenditure as they reallocate their budgets towards other products, thereby gaining market share.

Our goal is to transform how customers interact with their customers, employees and suppliers – a completely new way of running their business. Our approach is reflected in the ability to harmonize all types of data to derive real-time insights, modernize application and infrastructure landscape through the creation of a 'Composable Enterprise', drive process harmonization and re-engineer and use systems of differentiation to engage differently with customers, employees and suppliers.

At Hexaware, we do not address automation as just another new piece on the board. We believe this is a paradigm-changer; it can potentially eliminate 30-40% activities of a typical outsourcing partner, including manual interventions made by inexperienced professionals at the bottom of the service delivery pyramid.

The reality then is that with a number of services (and hence, revenues) being extinguished, the one-time scale advantage of the largest outsourcing vendors could well turn into a liability. As these large outsourcing vendors struggle to move with the nimbleness required, the additional expenses will be picked up by customers who continue to pay 30-40% higher than what the emerging reality would warrant.

## The Hexaware differentiator

So what is the secret behind Hexaware's success?

It is the fact that we always act as if we are on the verge of losing a customer.

This is reflected in our responsiveness, turning projects around with speed, fusing the competencies we may have acquired in one vertical with the established competence required in another.

This is reflected in our commitment to allocate resources compatible with the challenges faced by the customer, putting the customer's interest over ours.

This is reflected in our anti-pyramid approach, wherein our consultants work with an ongoing client account for at least four years, strengthening domain understanding, customer relationship and the ability to evolve from a vendor to a consulting partner.

This is reflected in our innovation renewal, where employees are encouraged to innovate, not as an enforced afterthought but as an ongoing part of organizational DNA.

This is reflected in the functionality ethic woven onto our account teams, invested as they are with the freedom to make prompt on-the-ground decisions, strengthening our customer-leading culture.

## Hexaware's strategy

Hexaware is at the right place at the right time with the right skills. Hexaware added USD 120 million in fresh business signed in 2015, among the largest order inflows in any financial year. Much of this growth in revenues and order book are the result of the attractive growth of our automation offering.

We intend to acquire a manageable quantum of customers each quarter, prudently allocating resources, establishing perceptible value while generating new customers or enhancing incremental business from each.

We will continue to report robust growth through our multi-pronged world-class customer experience strategy: understanding the customer's business, design, measurement, governance and culture. Besides, when these drivers are applied to the bottom 80% of our largest outsourcing customers, the result could be game-changing – for the customer and company.

Regards,

**Atul Nishar**  
*Chairman*

**Hexaware's combination of 'right size' and automation represents our biggest asset, enriching the brand, strengthening the customer's business and differentiating us in a competitive marketplace.**



## CEO's communiqué

In 2015, our primary objective was to outperform our industry average and reinforce a cycle of growth and profitability.

We outgrew a NASSCOM sectoral revenue guidance of 12-14% with reported currency revenue growth of around 15% to US\$ 485.5 million in 2015.

These are some of the highlights of our 2015 performance:

- Revenues grew 14.9% to US\$ 485.5 million
- EBITDA before ESOP grew 10.9% to US\$ 86.6 million
- EBITDA after ESOP grew 6.7% to US\$ 83.3 million
- Net profit grew 15.8% to US\$ 60.6 million
- Earnings per share (basic) after exceptional items stood at ₹13.05, up 22% over the previous year

The heartening feature is that this improvement came

notwithstanding a soft last quarter (Q4CY15). More than the year's performance, we are pleased to have created a foundation for sustainable growth. We reported new client bookings exceeding \$120 million. This order inflow provides us with attractive multi-year revenue visibility.

Our net profit outgrew revenue growth, indicating profitable growth. Our EPS (post-ESOP dilution) grew over 22%. Despite investments in long-term growth (which muted EBITDA growth), we continued to maximise utilization around 71.4%, with adequate headroom to scale growth at negligible costs when our investment impact begins to materialize.

Our performance would have been better but for a soft fourth quarter because of estimated furloughs, Chennai floods and clients rebalancing their budgets. Almost 45% of our global employees are located in Chennai. This reality was aggravated by a remuneration increment.

### Two approaches

Hexaware reported attractive growth by eliminating the 'Watermelon effect' that has been challenging the industry. By cannibalizing our revenue, we have ensured a long-lasting, fruitful relationship with our clients.

We have been revolutionizing the IT landscape using our Shrink IT - Grow Digital approach. This unique approach helps in transforming digital business using distinctive blends of interlinked elements like Robotic Process Automation, Hyperconverged technology, Design Thinking and systems of differentiation.

'Shrink IT' is really about helping customers knock off 30% of their spend on commodity IT services, such as Application Support and Maintenance (ASM), Testing, Infrastructure Management Services (IMS) and Business Process Services (BPS). We have identified a specific set of levers to enable the reduction of quantity by investing significantly in creating a platform-centric approach to deliver ITO services for ASM and IMS. By partnering with various Robotic Process Automation vendors, we have enabled rapid and intelligent automation of human-intensive and rule-based back office administrative processes in the BPS space.

'Grow Digital' is focused on transforming consumer experiences by reimagining the customer journey and

**The number of clients in the 'USD 30 million to USD 50 million' bracket increased from one to three, strengthening our pyramid apex.**

improving the efficiency of business processes. We continue to invest in our digital offering and provide value to clients by harnessing the power of data to derive real-time actionable insights, re-engineering business processes, modernizing application and infrastructure landscapes and building systems of engagement.

### Strengthening relationships

In 2015, Hexaware not only scaled its business but enriched business quality as well.

The number of clients in the 'USD 30 million to USD 50 million' bracket increased from one to three, strengthening our pyramid apex. Besides, we graduated clients over 'USD 20 million to USD 30 million' bucket, strengthening revenue visibility and profitability. Even as the last quarter of 2015 was not spectacular for our top five clients, the growth of business from them outgrew the company's growth annualized average.

Our people management best practices helped control attrition at 16.9% in 2015, well below the industry average of 19.9% (Source: Deloitte). In Q4 2015, our capacity utilization was below the optimal 70%-plus on account of furloughs and Chennai floods, a reality we expect to correct across the first two quarters of 2016.

Going ahead, we intend to work with customers in emerging areas like process reengineering, IT modernization and data power. We believe that this would help in generating meaningful and enduring changes in the way our customers engage with their customers.

Besides, we hand-picked niche areas within each vertical for prospective partnership or –investing in platforms that can enhance our access to straight-through processing. So while straight-through processing IT modernization represents a broad strategy for any industry on a custom work basis, we intend to bring platforms that can do the

STP work. We intend to offer this as a Business Process-as-a-Service offering delivering detailed services.

I urge you to stay invested in our enterprise, which is really the story of India's emergence in the digital technology domain, graduating us well beyond cost arbitrage towards genuine business-enhancing value.

With best regards,

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



### 3 things our customers need to do to enhance their digital strategy effectiveness

- One, harness the power of all forms of data: structured, unstructured, sensor and IoT
- Two, modernize their IT landscape for key processes to get close to straight-through processes
- Three, engage in a process orientation first followed by IT modernization



## The Board of Directors



- |                          |                           |
|--------------------------|---------------------------|
| 1. Mr. R. Srikrishna     | 6. Mr. Basab Pradhan      |
| 2. Mr. Christian Oecking | 7. Mr. P. R. Chandrasekar |
| 3. Mr. Atul K. Nishar    | 8. Mrs. Meera Shankar     |
| 4. Mr. Jimmy Mahtani     | 9. Mr. Kosmas Kalliarekos |
| 5. Mr. Dileep C. Choksi  | 10. Mr. Bharat Shah       |

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

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

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

Mr. Srikrishna, also known as Keech, is the Chief Executive Officer and Executive Director of Hexaware Technologies Limited. An extraordinary leader with a proven track record of building high performance teams, he has been named as Young Global Leader of the Year in 2010 by the World Economic Forum. He is a specialist in the IT Operations with two decades' experience. Mr. Srikrishna is an electrical engineer from IIT Madras and MBA from IIM Calcutta.

**Mr. Kosmas Kalliarekos, Director**

Mr. Kalliarekos, Managing Director, Baring Private Equity Asia, heading the Firm's Portfolio Management Committee, has advised Baring Private Equity since 2004 and fully joined the firm in 2008. Mr. Kalliarekos has completed a B.S. in Economics from the Wharton School of the University of Pennsylvania and a M.B.A. from Harvard Business School where he was a Baker Scholar.

**Mr. Jimmy Mahtani, Director**

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

**Mr. P. R. Chandrasekar, Director**

Mr. Chandrasekar has vast experience in business development, channel development, merger and acquisitions and other strategic initiatives. He served as CEO of the Company from 2008 to 2014. Mr. Chandrasekar holds a degree in Engineering from IIT Madras and has MBA from the Jamnalal Bajaj Institute of Management Studies, Mumbai University.

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

Mr. Choksi, a Chartered Accountant by profession, has over 35 years of experience, his areas of expertise include tax planning and structuring for domestic and international clients, finalizing joint ventures, executive advisory and decision support, turnaround and change management strategies and analysing tax impact of various instruments. Mr. Choksi is a Fellow Member of the Institute of Chartered Accountants of India, Bachelor of Law and Member of the Institute of the Cost and Works Accountants of India.

**Mr. Bharat Shah, Independent Director**

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

**Mr. Basab Pradhan, Independent Director**

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

**Mr. Christian Oecking, Independent Director**

Mr. Oecking, from Germany, was CEO/Chairman of the global Outsourcing Business of Siemens IT Solutions that he joined in 1998 and became Member of the Board of Siemens AG in 2009. Mr. Oecking holds an Engineering Degree from the University of Dortmund.

**Mrs. Meera Shankar, Independent Director**

Mrs. Shankar joined the Indian Foreign Service in 1973. From the early stages in her career, she held critical responsibilities. She joined the Prime Minister's Office in 1985 and served there till 1991, dealing with foreign policy and security issues. She was India's Ambassador to Germany and USA. Mrs. Shankar has been a very successful Diplomat, having managed some sensitive issues win in her ambassadorial roles. Mrs. Shankar is Master in Arts and English Literature.

## 1990

- Hexaware was formed in India

## 1995

- Commenced operations in North America and Europe

## 1997

- Established airlines practice
- Won first client for airlines practice

# From stepping stones to milestones – our timeline

## 2001

- Merged with the software division of Aptech; simultaneously, the training arm of Aptech was demerged
- The Company was renamed Hexaware Technologies Limited

## 2004

- Launched Caliber Point as an independent BPO arm
- Opens new office and proximity centre in Germany
- Launched SAP Practice, wins first major SAP implementation contract
- Assessed at Level 5 of the SEI CMMI

## 2012

- Signed a multi-million dollar, multi-year deal with a new customer in the financial services domain in Europe
- Expanded facilities in all the major GDCs located at Chennai, Mumbai, Pune and Bengaluru
- Launched several offerings through SaaS model, leveraging Cloud Solutions and Mobile Testing Solutions as a new service offering in Enterprise Mobility
- Ranked in International Association of Outsourcing Providers® (IAOP®) Global Outsourcing 100® list

## 2011

- Won a prestigious USD 250 mn contract (largest for the Company)
- Signed a USD 177 mn contract
- Won the Golden Peacock Award for Excellence in Corporate Governance

## 2013

- Opened delivery centre in Singapore
- Won large IT+BPO multi-million dollar deal from a logistics major in the APAC
- Won the 'Application Partner of the Year 2013' award from HCM Cloud (Asia Pacific)
- Won 'Top-100' CISO award
- Listed among Asia's '200 Best Under a Billion' by Forbes
- Won the first client in the OTM sector
- Won the Golden Peacock Award for Excellence in Corporate Governance

## 2010

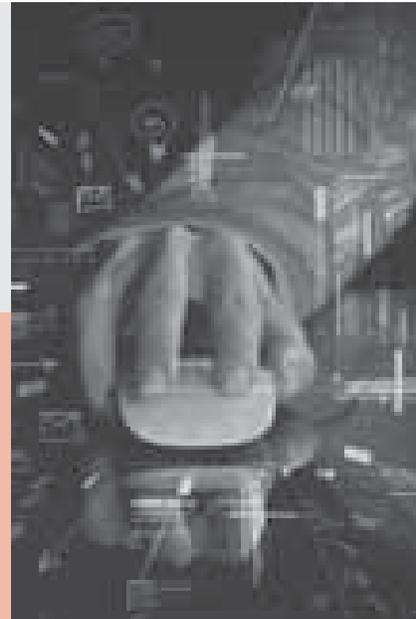
- Expanded reach to 20 countries
- Signed the first USD 100+ mn contract
- Established Global Delivery Centre in Bengaluru, India
- Entered into a Global Platinum Partnership with Oracle





## 1998

- Established new development centres at Mumbai and Chennai with an overseas branch at Princeton, USA



## 1999

- Achieved SEI CMM – Level 4 assessment for ODCs



## 2005

- Ranked 11th in 'NASSCOM Top-20', ranked among the best employers by DQ-IDC

## 2006

- Completed successful acquisition of Focus Frame in testing services

## 2007

- Positioned in the Gartner Magic Quadrant for North American offshore application services

## 2009

- Presented the CIO 100 Ingenious award by IDG at the fourth annual CIO 100 Symposium

## 2008

- Launched of Remote Infrastructure Management Services
- Hexaware's Green Campus at Siruseri goes live
- Ranked 15th in the 'NASSCOM Top-20' IT software and services exporters from India

## 2014

- Achieved SEI CMMI – Level 5 for DEV 1.3 and SVC 1.3
- Silver winner of PeopleSoft Category at UK Oracle User Group Partner of the Year Awards 2014-2015
- Inducted new CEO – Mr. R Srikrishna

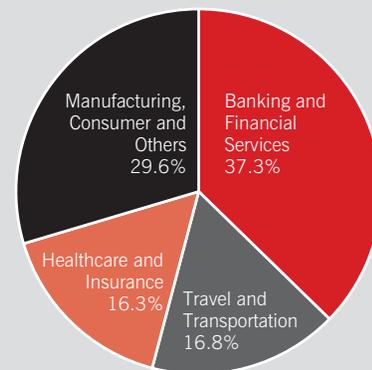


## 2015

- Launched the manufacturing and consumer vertical
- Won Golden Peacock Award for Excellence in Corporate Governance for the year 2015

## Our coverage

Hexaware has selected to grow its presence in select industry segments marked by distinctive realities.



**Banking and financial services:** The banking and financial services sector has undergone unprecedented transformation. Most legacy face-to-face services have become virtual and smartphone-driven with anytime accessibility. The result is that banks seek to restructure and rejuvenate; they need to evolve technologically to address modern-day consumer needs, moderate costs while balancing transformation and digitization.

Hexaware offers relevant solutions that make smart banking a reality for global banks and financial institutions. The company's streamlined approach, coupled with analytical and data management, enhances bank's efficiency.

**Travel and transportation:** The modern-day travel and transportation sector is one of the most exciting the world over. Digitization has transformed customer experience; consumers have been empowered with the direct and instantaneous booking of tickets; besides services have exploded (personalized messages, customized promotions or online ticketing). The result is that players in this sector need to constantly invent ways to remain efficient while enhancing customer service.

Hexaware's expertise helps clients manage multiple

information streams integrated and concurrently interpreted. The result is that the company's clients are generating increased efficiency and revenues.

**Healthcare and insurance:** The healthcare and insurance players need to invest in cutting-edge technology to address business, consumer and compliance requirements. Technology has improved claims processing and policy assessments. There is a greater need to leverage technology and enhance patient focus, affordability and outcomes.

Hexaware provides effective operational and digital transformation while maintaining patient-centricity and affordability for healthcare providers and life sciences. For the insurance sectors, Hexaware is focussed on enabling core system modernisation by building *composable enterprise* to transform the underlying architecture.

**Manufacturing and consumer:** Manufacturing innovation has influenced society. Manufacturers need to engage with multiple levels of supply chain partners, invest in operational intelligence, meet stringent compliances and explore micro-logistic networks.

Hexaware streamlines the processes of prominent players and enhances their competitiveness.

## Grow digital

### Transform Customer Experiences



Customers



Employees



Suppliers

Focus on Reimagining Customer Journeys  
Rethinking the User Experience  
Omni Channel Digital Process Redesign



Process Automation



Simplify Rationalize  
App & Infra through  
Composable  
Enterprise



Harness the Power  
of Data to Drive real-  
time Insights

Hexaware is at the forefront of digital offerings

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

Business segments

### Banking & Financial Services

#### Through Innovative Service Offerings

Shrink IT Offering	Robotic process automation enabled digital managed services
	Integrated solutions for Front, Middle and Back Office systems
Grow Digital Offering	Client onboarding solution for wealth & hedge Funds
	Data platform for banks to cater to BCBS 239 regulation
	Digital equity research on big data platform
	Enterprise data management for asset finance providers
	Customer centric information delivery and lease management portal

Differentiated IT solutions player in capital markets, especially in asset management and secondary mortgage

### Travel & Transportation

#### Through Innovative Service Offerings

Shrink IT Offering	Integrated run offering addressing end-to-end RTB of airlines & airports
	Bi Modal ASM for airlines
	Robotic process automation in apps, order to cash process
Grow Digital Offering	Digital MRO suite leverages new technologies like augmented reality, cloud and big data solutions
	Tablet based crew empowerment guest service tool
	A plug and play H-Tag solution allowing printed home baggage tags for airline customers
	New gen mobile applications ensuring seamless passenger off-board and on-boarding experience
	Accurate, paperless and timely electronic exchange for partners in air cargo supply with e-Freight Kit

Sustainable competitive advantage through niche offerings / capabilities in the airline industry

Travel & Transportation: Creating niche domain products and services across airlines and airports, travel and hospitality, transportation and logistics and rail IT



## Healthcare & Insurance

Through Innovative Service Offerings	
Shrink IT Offering	Lean warehouse management solution for pharma companies
Grow Digital Offering	Population health management with IoT integration and patient engagement
	Building composable enterprises to maximize agility
	End to end data management solution
	CRM for healthcare & life insurance
	Revenue cycle management to optimize revenue and obtain efficiencies through analytics component

Enhancing market share by helping customers manage complex digital transformations

## Manufacturing and Consumer

Through Innovative Service Offerings	
Shrink IT Offering	Back & front office transformation through application modernization
	Infrastructure maintenance for telecom industry
Grow Digital Offering	Manufacturing BI with pre-built data models, KPI repository, reports and dashboards
	Enhancing overall asset effectiveness through sensor data and analytics
	Store digitalization to improve customer intimacy through target marketing and merchandising intelligence for Retail customers
	Digital learner suite covering the complete student lifecycle: from enquiry to being alumnus to enhance student experience

Experience in discrete manufacturing, high-tech, engineering and construction, retail, education and telecom



Manufacturing and Consumer:  
Enhancing overall asset  
effectiveness through sensor  
data and analytics

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

Service segments

### Application Development & Maintenance

#### Through Innovative Service Offerings

Shrink IT Offering	<b>NextGen ASM:</b> Leveraging native monitoring tools of Infra and App using pre-built big data analytical tools, creating self-healing BOTs to help in reduction of manual work, incidents and saving in ASM cost
Grow Digital Offering	<b>High Performance Enterprise:</b> Increasing business value through agility, engineering effectiveness, improving productivity and accelerate time to market
	<b>Agile Tool Suite:</b> Hexaware boasts of a suite of agile tools in areas of requirement management, application life cycle management, provisioning, version control, monitoring, to name a few
	<b>Application Modernization:</b> Transformation of legacy applications to COTS and SaaS, enhance the process through automation & tools

Customer centricity focus driving higher revenues

### Digital Assurance/ Testing

#### Through Innovative Service Offerings

Shrink IT Offering	<b>Integrated Design to Execution (iD2E) Automation:</b> Design & execution automation, 100% automated test documentation resulting in 50% reduction in maintenance
	<b>Managed Testing Services:</b> One-stop shop for E2E application lifecycle from inception to retirement, providing up to 40% savings by operationalizing testing services
Grow Digital Offering	<b>Digi-Test:</b> Digital testing solutions (DevOps, Agile, Mobility, UX) enable omni-channel usability with pervasiveness of mobile devices, the cloud, big data, social media

Providing assurance in a digital world; acts as an effective entry point for the company

Digital Assurance/ Testing: Assuring experience through digital usability assurance lab (DUAL)

25+ in-house accelerators across testing lifecycle



## Enterprise Solutions

### Through Innovative Service Offerings

Grow Digital Offering	<b>Digital Employee:</b> Platform based employee experience, engagement, branding , innovation in HR
	<b>HR-IT Takeout &amp; Digitalization:</b> L1 to L3 support for the entire end-to-end HR-IT landscape- Hybrid, On-Premise and Cloud; automation-leveraging cognitive technologies; focussed on transforming HR IT by leveraging digital systems of engagement- social, mobility and analytics
	<b>Workday Services:</b> First Workday application management services partner with focus on business process configuration & re-engineering

Expertise in cloud-based human capital management products

## Business Intelligence & Analytics

### Through Innovative Service Offerings

Grow Digital Offering	<b>Enterprise Data Management:</b> Extending EDW to an agile data management platform, with meta-data driven data processing framework, and launching integrated offering with application modernization
	<b>Big Leap/ Next Steps:</b> Big leap accelerates entry into Big Data & Next Step rapidly moves existing implementations to the next level, focus on: <ul style="list-style-type: none"> <li>✓ Multi-modal analytics- text analytics, image analytics</li> <li>✓ Big Data for IoT</li> </ul>

Harnessing the power of data to drive real-time insights



Business Intelligence & Analytics: Extending EDW to an agile data management platform, with meta-data driven data processing framework, and launching integrated offering with application modernization

## Service segments

## Infrastructure Management Services

### Through Innovative Service Offerings

Shrink IT Offering	<b>RAISE IT:</b> Built-in integration adaptors to achieve automation using the available knowledge
	<b>H2O Service Mgmt.:</b> Reduce extensive customizations required for any integration
	<b>Orchestrate IT:</b> Cloud brokerage, workload orchestration
	<b>Integrated RUN:</b> Enabling operations excellence through application down monitoring, continuous integration
Grow Digital Offering	<b>Dock IT:</b> Redefining end-user experience; one-stop shop for all IT needs
	<b>Digital Workplace:</b> End-to-end workplace technology, offering device-independent access to application and data on any device, anytime and anywhere
	<b>Platform Operations:</b> Enhancing application experience through automation and service integration, Internet Of Things, enterprise mobility

Disrupting how ITO services are currently delivered

## Business Process Services

### Through Innovative Service Offerings

Shrink IT Offering	Reference data BOT & reconciliation automation based middle office and enterprise data ops
	Auto matching, auto posting in finance & accounting functions like procure to pay, payment processing, order to cash, accounting
Grow Digital Offering	<b>Banking &amp; Financial Services:</b> Client on-boarding using in-house tools like AIM, BELVA
	<b>Healthcare &amp; Insurance:</b> E2E claims digitization; digital revenue cycle using accelerators
	<b>Customer Experience:</b> Shift left customer experience & virtual relationship management using unified communication and enabling omni-channel experience

Fastest growing service line through continuous automation with no fear of revenue cannibalization

## Sustainable competitive advantages

### Niche Sector Leadership coupled with a Strong Domain Knowledge

- Dominance in niche sectors like Asset Management, Leasing and Airlines; as evident by the strong relationship with top customers sectors
- Deep insight, strong domain knowledge, and demonstrated leadership in key focus areas – ability to offer diverse services leading to greater cross sell opportunities

### Agile Delivery – Consistently Exceeded Delivery Promises

- Progressing towards delivering service in every time zone, language zone and regulatory zone
- Ensures executive attention to every relationship – demonstrated by creation of account focused teams
- Anti-Pyramid Resourcing Model: 5 years average consultant tenure with account to retain customer institutional knowledge

Customized service offerings and effective delivery model

### Shrink IT, Grow Digital Strategy

- Only IT company in the world which conveys the message, “Shrink IT” - promise to help customers knock 20-30% off in commodity IT spending leading to cannibalization of top IT players’ revenues and value addition to the client
- “Grow Digital” - Positioned to transform customer experiences by harnessing power of data and rethinking user experiences – Hexaware intends to be at the forefront of Digital offerings

### Exclusively Focused on Each Relationship

- Average relationship tenor of 11 years with top 20 clients including blue chip names, indicating client confidence / satisfaction
- Demonstrated track record of cross selling services to clients, using one product as an entry point and growing the relationship
- Adaptability and flexibility demonstrated by Hexaware to suit dynamic needs of customers – Customer satisfaction improved to 66 in 2015, higher than industry average of mid 40s

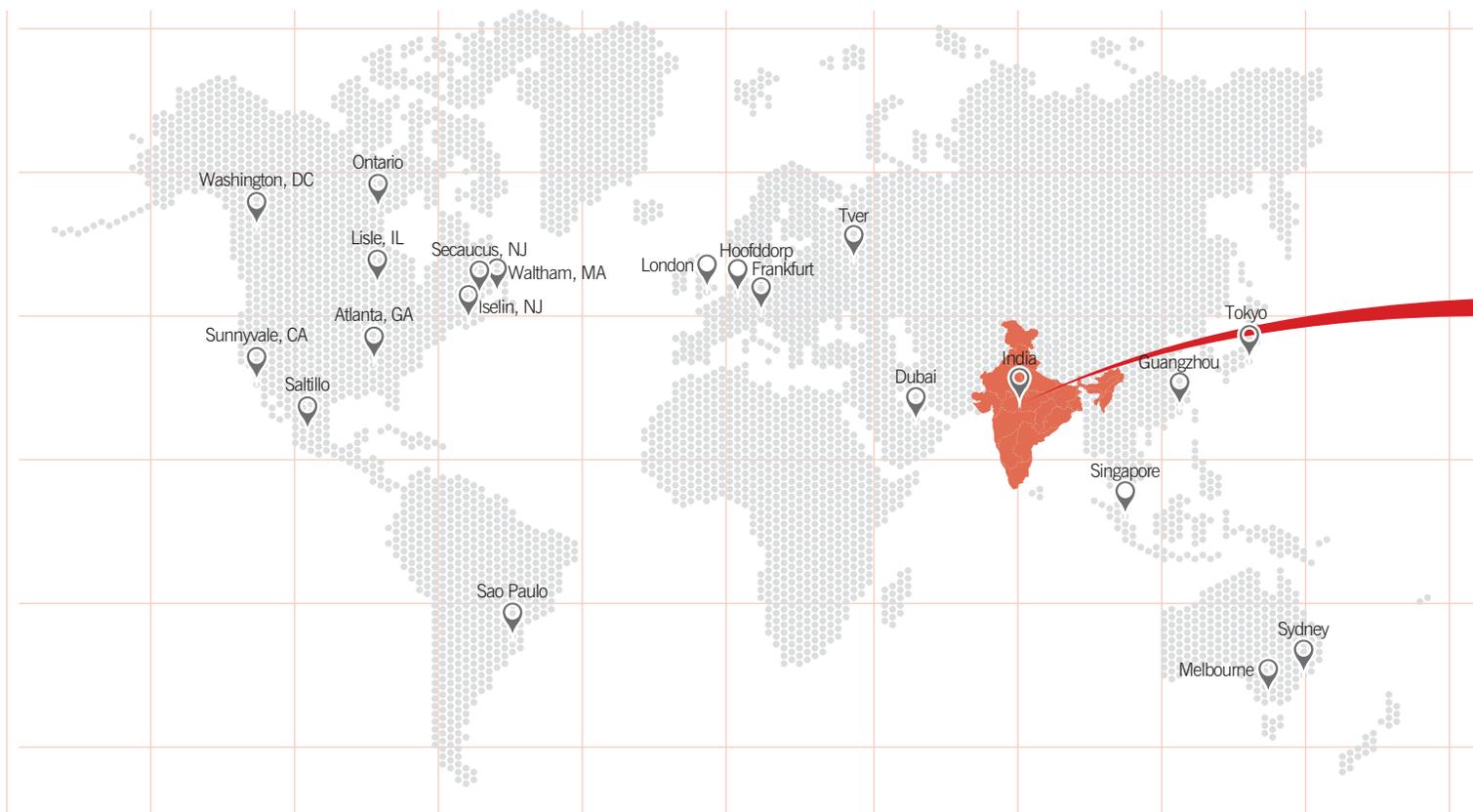
### Co-Innovate

- Practices design thinking for creative problem-solving, rapid prototyping and solution development – evident in its innovative and customised service offerings
- Emphasis on Crowdsourcing (bottom-up innovation) for each customer – empower people working on the ground
- Innovation Lab: Built 160+ proprietary tools & accelerators on advanced technologies across verticals



### Our service offerings

- Business intelligence and analytics
- Infrastructure management services
- User experience services
- Mobility
- Cloud
- Business process services
- Application development and maintenance
- Digital assurance and testing services
- Enterprise solutions
- Human capital management



## Hexaware's competencies

- Domain expertise
- Short learning curve
- Customer-centricity
- Our certifications

## Our certifications

- ISO 9001-2008 & Tick ITplus
- ISO 27001:2013
- ISO 20000-1:2011
- CMMI – DEV & SVC Version 1.3 – Level 5
- ISAE3402 and SSAE16 SOC-1 Type II

## Quick facts:

Established  
1990

2015  
Revenues  
USD 485.47  
million

Employees  
11,300+

Global offices  
31

USD  
1 million+  
clients  
69

Active clients  
226



## Our offices and delivery centers

- **USA** • Iselin, NJ • Sunnyvale, CA • Waltham, MA • Secaucus, NJ • Lisle, IL • Washington, DC • Atlanta, GA
- **India** • Mumbai • Chennai • Coimbatore • Nagpur • Bangalore • Noida • Pune
- **Russia** • Tver
- **Brazil** • Sao Paulo
- **Mexico** • Saltillo
- **Canada** • Ontario
- **Australia** • Sydney • Melbourne
- **Singapore** • Singapore
- **Japan** • Tokyo
- **China** • Guangzhou
- **United Arab Emirates** • Dubai
- **United Kingdom** • London
- **Germany** • Frankfurt
- **Netherlands** • Hoofddorp

Our people management practices at Hexaware



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Hexaware is always looking forward to achieve growth in an environment where technology changes are inevitable. The organization values knowledge and technology and is ready to adopt the changes from time to time.

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At Hexaware, we believe that people are our biggest asset. We have in place structured policies and practices that help us manage human resources with prudence, sensitivity and care. Our robust HR policies and practices are reflected in the fact that attrition has been controlled at 16.9% during the year under report. This is way below the industry average of 19.9% (Source: Deloitte).

Some of our key HR practices initiated during the year include the following:

### Shiksha program

Hexaware is always looking forward to achieve growth in an environment where technology changes are inevitable. The organization values knowledge and technology and is ready to adopt the changes from time to time. Keeping this aspect in mind, the organization is always ready to invest in enriching the knowledge and skills of its young and energetic consultants. The organization is interested in retaining technically-qualified and result-oriented consultants who can sustain the challenges in the fast-growing global market environment. Hexaware is hence committed to invest in the future growth of its employees by providing higher education to them through a learning platform to enhance their skills, knowledge and also provide an opportunity to learn while they earn. The Company has tied-up with BITS, Pilani, to provide MTech degree to the employees. This is a purely virtual program wherein employees can attend the classes from anywhere they are located. The program is sponsored by the Company. The first batch of the program commenced in September 2015.

### Blood donation camp

Blood donation is a service to humankind. Hexaware believes in the philosophy of giving back to the society and towards this extent, a blood donation camp was organized through its CSR platform. We had a great response to this initiative from our employees.

**Employee Assistance Program (EAP):** Hexaware believes that the emotional health and mental well-being is as important as physical health and well-being of an individual. Hence, the Company launched the employee assistance program for the India employees in association with 1to1help.net Counselling Services. This counselling center assists people in identifying the challenges and resolves them confidentially and effectively through personalised counselling services. The comprehensive services are provided by qualified and experienced counsellors at 1to1help. We offer this service as a complement to the well-being of our employees. The counselling details remain confidential.

At Hexaware, our total headcount increased by 1,359 to 11,375 as on 31 December 2015. Out of these additions, 866 were freshers while the rest were experienced professionals.

## Corporate social responsibility at Hexaware



*Our employees volunteered to spend their personal time with the less fortunate sections of society as a part of the 25th Year Celebration.*

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

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

- Education
- Environment
- Health and sanitation
- Sports, arts and culture
- Natural calamities and disaster
- Rural development
- Supporting large-scale causes such as disaster relief or any other cause as determined by Hexaware's CSR Committee

As a part of our CSR effort, we have undertaken and implemented projects with best of our intentions to contribute to the greater good of the society. We have also instituted a robust monitoring mechanisms to ensure maximum efficacy and accountability of the projects.

Moreover, our employees volunteered to spend their personal time with the less fortunate sections of society as a part of the 25th Year Celebration.

### Initiatives in 2015

**Udaan:** Empowerment of children of sex workers in the red light area

Hexaware has undertaken the program- 'Udaan' to prevent



*Empowerment of children of sex workers in the red light area*

the intergenerational cycle of prostitution among the daughters of women in brothel-based prostitution (ages 5-18 years), through its implementation partner - Apne Aap Women's Collective (AAWC).

The program includes a day care and night shelter - Udaan centre - for the daughters of women in prostitution to provide a safe and secure place from physical, sexual and/or verbal abuse.

The key components of the program are towards ensuring education for the Udaan girls, empowering through regular life skills trainings, professional skills certifications, fitness programs, financial literacy trainings, providing nutritional meals and vitamin supplements, regular medical checkups and health camps and other recreational activities throughout their stay at Udaan.

#### Evolution: Municipal School Empowerment Program

Hexaware helped promote education by improving infrastructure of 5 municipal schools in Vapi, Gujarat through the implementing agency Manav Sadhna as part of its program 'Evolution'.

The key components of the program are baseline assessment of sanitation, access to water, campus facilities and classroom facilities in each of the 5 schools selected. On assessment, renovation was undertaken at each of the schools, followed by support in maintenance of the renovation.

#### Support holistic development of underprivileged children:

Hexaware promoted education and reduced social inequalities for 9 children through India Sponsorship Committee's Antar Bharti Balgram Yojna by supporting its Sadan in Lonavala.



*Support holistic development of underprivileged children*

The key components of the program are 1) supporting a sadan on education of its residents, their health (nutrition and medical care), salaries of the mother and day to day maintenance of the sadan. 2) up- lifting quality of living through full overhaul of sadan (sanitation and safety, specifically) and upgrading internal campus road.



*Marathon*

#### Marathon:

Like every year, Hexaware participated in the Standard Chartered Marathon 2016 to support Helen Keller Institute for the Deaf & Blind, the Research society, Teach to Lead and Save the Children.

The contribution was used for promoting education through projects that enabled children and youths from the underprivileged section of the society gain meaningful education and lead a better life.

Support to improve the quality of life of marginalized patients with life threatening diseases at community based palliative centre:

Hexaware supported E- Borges Memorial of Tata Memorial Center in Mumbai to establish a 20 bedded palliative medicine unit, an education center for training in both adult and pediatric palliative medicine and a training center for psycho – oncology.

The establishment of the freestanding in-patient specialist palliative medicine unit helped cater the needs of patients with advanced life limiting diseases such as cancer. The education center helped to educate healthcare providers on specialist palliative care and to promote research in palliative medicine and undertake advocacy

Support towards Chennai flood relief:

Heavy rainfall struck Chennai in November of 2015 resulting in inundation of the entire city and its outskirts.



*Chennai flood relief work in progress*

The day to day activities were interrupted, food supplies were hit, drinking water was scarce and general hygiene was a big concern. To help Chennai restore normalcy, Hexaware along with its implementing partners: Oxfam Foundation, Habitat for Humanity and Akshaya Patra reached out to people effected by the flood and supported them by providing food, drinking water and day to day necessary materials to promote hygiene and sanitation.



*Clean and safe neighbourhood, Chennai*



## Awards & recognition

The Company won the following awards / recognition in 2015:

- Hexaware has been declared as the Winner of ‘Golden Peacock Award for Excellence in Corporate Governance’ for the year 2015, by the Golden Peacock Awards Secretariat – Institute of Directors
- Hexaware was recognized as the “100 MOST TALENTED GLOBAL HR LEADERS” during World HRD Congress held by CHROASIA.

- Hexaware received the NASSCOM Recognition for ‘Innovative Application of Analytics for Business Solutions’, 2015.
- Hexaware awarded the Yuva Gratitude Award, 2015 for contribution towards CSR activities.
- Hexaware was also mentioned in various Gartner reports during 2015.

## The management team



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



**Mr. Ashok Harris**  
*President – Global Delivery*



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



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



**Mr. Vijay Iyer**  
*Chief Sales Officer – Americas*



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



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



**Mr. Ravi Vaidyanathan**  
*Executive Vice President & Global Head – Banking and Financial Services*



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



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



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



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



**Mr. Srinivasan Panchapakesan**  
*SVP & Global Head - Strategic Delivery*



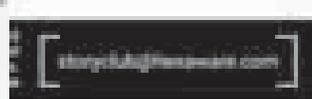
## years at Hexaware

Passion Survey, enabled the employees to share their views and suggestions about the work environment in Hexaware and had the highest participation in the industry! While the **'V For Victory'** - Project Wins campaign was an initiative that showcased the champion teams in Hexaware every fortnight, the Sales team starred in the **Winning Way** - Sales Group (on Yammer) campaign. **'The Hexxies'** was launched for the first time in Hexaware to recognize and honour excellence across all fields.

With the path of healthy living through the **Hexaware Healthy Habit** Campaign, the launch of the New Genie+ proved to be yet another feather in the cap of Service Management by creating a platform for better resolution of tickets with higher transparency and detailed SLAs, leading to improved productivity. The **Hexaware Gentleman's Guide** Campaign was launched by the leaders of Hexaware as an example, to practice the simple lessons to respect women. **The Brainbox** - CVA Launch Campaign - was a game changer initiative of Hexaware and an important initiative to add value to the customers. This journey continued with the IPL Campaign - Appreciation for the Top Performers - an opportunity to appreciate great performers by inviting them to attend the awesome IPL games. The toppers enjoyed themselves and this showed that Hexaware is truly a Great Place to Work.

**25 Interesting Facts of Hexaware**, The year Hexaware was born, Hexaware | 1990s Posters and **The Hexaware Story Club** chronicled the journey, through stories ; it paid a rich tribute to the wonderful organization for successfully completing 25 years of continued excellence.

The past year was a good year - employees worked hard, enjoyed every opportunity, embraced every challenge and also stood together during a crisis. There was one thing that stood strong amidst all this: **The mighty spirit of Hexawarians!**



## Ten-year consolidated financial highlights

₹ in million

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenue</b>	31,235	25,817	22,853	19,482	14,505	10,546	10,386	11,519	10,398	8,482
EBITDA before ESOP/RSU cost	5,569	4,776	5,122	4,041	2,615	912	1,989	1,216	900	1,283
EBITDA after ESOP/RSU cost	5,358	4,776	5,122	4,040	2,613	905	1,976	1,201	900	1,283
EBIT	4,876	4,336	4,736	3,716	2,366	663	1,705	917	665	1,084
Profit before tax	5,046	4,247 <sup>#</sup>	4,795	4,040	3,075	1,168	1,445	745	1,233 <sup>#</sup>	1,363
Profit after tax	3,932	3,202 <sup>**</sup>	3,791	3,276	2,670	1,076	1,342	590	71 <sup>**</sup>	1,242
Net worth	14,332	12,906	11,992	12,038	10,162	9,655	8,497	6,625	7,059	7,395
Loan funds	-	-	-	-	-	112	163	195	-	0
Capital expenditure	1,367	604	411	744	633	340	252	1,154	1,005	722
Cash and bank balance (including restricted balance & mutual funds)	4,428	4,939	6,564	4,472	4,606	4,753	4,118	2,849	3,147	3,350
<b>Growth ratios</b>										
Revenue (%)	21	13	17	34	38	2	(10)	11	23	25
EBITDA (%)	12	(7)	27	55	189	(54)	65	33	(30)	13
EBIT (%)	12	(8)	27	57	257	(61)	86	38	(39)	17
Profit before tax (%)	19	(11)	19	31	163	(19)	94	(40)	(9)	35
Profit after tax (%)	23	(16)	16	23	148	(20)	128	733	(94)	36
<b>Performance ratios</b>										
EBITDA margin before ESOP/RSU cost (%)	18	18	22	21	18	9	19	11	9	15
EBITDA margin after ESOP/RSU cost (%)	17	18	22	21	18	9	19	10	9	15
EBIT margin (%)	16	17	21	19	16	6	16	8	6	13
Net profit margin (%)	13	12	17	17	18	10	13	5	1	15
Tax /Total revenue (%)	4	4	4	4	3	1	1	1	1	1
Effective tax rate (%)	22	23	21	19	13	8	7	21	11	9
<b>Balance sheet ratios</b>										
Return on average net worth (%)	29	26	32	30	27	12	18	9	1	23
Debt equity ratio (%)	-	-	-	-	-	1	2	3	-	-
<b>Per Share Ratio</b>										
Dividend payout ratio (%)	80	105	103	57	51	47	18	28	219	23
Earnings per share – Basic (₹)	13.05	10.87	12.70	11.09	9.13	3.72*	4.67*	2.06*	0.17*	4.73*
Cash earnings per share (₹)	13.04	13.68	11.15	7.31	4.72	0.41	4.96	2.37	3.26	4.26

\* Retrospectively adjusted for the bonus shares issued in 2011

# Before exceptional item

\*\* After exceptional item

# Notice

**Notice** is hereby given to all the members of Hexaware Technologies Limited (“the Company”) that the Twenty Third Annual General Meeting of the Members of the Company will be held on Tuesday, August 30, 2016 at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400 001 to transact the following business:

## **ORDINARY BUSINESS:**

### **Item no 1 – Adoption of accounts**

To receive, consider and adopt the Audited Balance Sheet as at December 31, 2015 and the Audited Profit and Loss Account for the financial year ended as on that date together with the Reports of the Board of Directors and the Auditors thereon.

### **Item no 2 – Confirmation of dividend**

To confirm the Interim Dividend aggregating to INR 8.65/- per equity share of INR 2/- each, already paid for the financial year ended December 31, 2015.

### **Item no 3 - Re-appointment of Mr. Jimmy Mahtani**

To appoint a Director in place of Mr. Jimmy Mahtani, (DIN: 00996110), who retires by rotation, and being eligible, seeks re-appointment.

### **Item no 4 - Re-appointment of Mr. Kosmas Kalliarekos**

To appoint a Director in place of Mr. Kosmas Kalliarekos (DIN: 03642933), who retires by rotation, and being eligible, seeks re-appointment.

### **Item no 5 - Re-appointment of Statutory Auditors**

To appoint the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, (including any re-enactment or modification thereto), and such other applicable provisions, if any, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai with Registration Number 117366W / W - 100018 be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration as may be mutually agreed to, between the Board of Directors and M/s. Deloitte Haskins & Sells LLP, plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them.”

## **SPECIAL BUSINESS:**

### **6. SPECIAL RESOLUTION**

#### **Re-appointment of Mr. Basab Pradhan as a Non-Executive Independent Director**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Basab Pradhan (holding DIN 00892181), a non-executive Director of the Company, who is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company to hold office for three consecutive years w.e.f. June 9, 2016 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

### **7. SPECIAL RESOLUTION**

#### **Re-appointment of Mr. Christian Oecking as a Non-Executive Independent Director**

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014

## Notice

(including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Christian Oecking (holding DIN 03090264), a non-executive Director of the Company, who is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby re-appointed as an Independent Director of the Company to hold office for three consecutive years w.e.f. June 26, 2016 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

### 8. ORDINARY RESOLUTION

#### Appointment of Mrs. Meera Shankar as a Non-Executive Independent Director

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

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Meera Shankar (holding DIN 06374957), a non-executive Director of the Company, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for two consecutive years w.e.f. April 11, 2016 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

### 9. SPECIAL RESOLUTION

#### Change in Place of keeping the Register of Members, Index of Members etc.

“**RESOLVED THAT** in supersession of the resolution passed earlier by the shareholders at the Third Annual General Meeting and pursuant to provisions of section 94 of the Companies Act, 2013 (the Act) and the Companies (Management and Administration) Rules, 2014 and any other law applicable for the time being in force (if any) (including any statutory modification or re-enactment thereof for the time being in force), consent of the members be accorded to the Board of Directors of the Company for keeping the Register of Members together with the Index of Members, Register of Debenture Holders and other security holders, if any, together with the Index of Debenture Holders and other security holders, if any, under section 88 of the Act, and copies of the Annual Returns under section 92 of the Act at the office premises of the Company’s new Registrar & Share Transfer Agents viz. Karvy Computershare Private Limited (R&T Agents) at 24 B, Rajabhadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai, Maharashtra 400023 and/or at such other place in Mumbai where the R & T Agents may shift its office from time to time or such other place as may be decided by the Board of Directors from time to time;

**RESOLVED FURTHER THAT** the Board of Directors (including a Committee thereof, if any, constituted by the Board) be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this Resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution and to delegate all or any of the powers or authorities herein conferred by this resolution, to any Director(s) or any other Officer(s) / Authorized Representative(s) of the Company or to engage any advisor, consultant, agent or intermediary”.

By Order of the Board of Directors  
For Hexaware Technologies Limited

Sd/-  
**Gunjan Methi**  
Company Secretary

Date: June 23, 2016  
Place: Mumbai

**Registered Office:**  
152, Millennium Business Park, Sector-III, 'A' Block,  
TTC Industrial Area, Mahape, Navi Mumbai - 400 710.  
CIN : L72900MH1992PLC069662  
Email : [Investori@hexaware.com](mailto:Investori@hexaware.com)  
Website: [www.hexaware.com](http://www.hexaware.com)  
Tel : 022 - 41599595  
Fax : 022 - 67919578

**NOTES:**

1. The Explanatory Statement, for item nos. 3, 4 & 6 to 9, pursuant to Section 102 of the Companies Act, 2013, is annexed hereto and forms part of this notice. The relevant details as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard for General Meeting, of persons seeking appointment / re-appointment as Directors under Item No. 3 & 4, 6 to 8 of the Notice, are also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A FORM OF PROXY IS ENCLOSED, AND IF INTENDED TO BE USED, SHOULD BE RETURNED TO THE COMPANY DULY COMPLETED NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE AFORESAID MEETING.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. Member/proxies shall bring the enclosed attendance slip duly filled in, for attending the meeting. All documents referred to in the notice and in the accompanying explanatory statement are open for inspection at the registered office of the Company between 10:00 am to 1:00 pm on all working days (Monday to Friday), except Saturdays, Sundays and holidays, up to the date of the Annual General Meeting.
4. Shareholders are requested to intimate the change in their address, if any, quoting the folio number to the Company. Members are requested to register their e-mail address and changes therein with the Depositories / Registrar and Share Transfer Agent.
5. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL, on all resolutions set forth in this Notice. The facility of electronic voting system shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through electronic voting system. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on August 23, 2016 are entitled for remote e-voting on the Resolutions set forth in this Notice.
6. The process and manner for e-voting and other details are also sent with the annual report and forms part of the Notice.
7. The Register of Directors Shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
8. The Register of Members and Share Transfer Books of the Company shall be closed on Tuesday, August 30, 2016, in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
9. Those Members who have so far not encashed their dividend warrants for the financial year 2009 onwards, may approach the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, for making their claim without any further delay as the said unpaid dividends will be transferred to the Investor Education and Protection Fund of the Central Government pursuant to the provisions of Companies Act.
10. Shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government.
11. A sum of ₹ 8,62,416/- has been transferred to the Investor Education and Protection Fund in the year 2015 towards unclaimed / unpaid dividend for the financial year 2008.
12. Members are entitled to nominate a person to whom his/her shares in the Company shall vest in the event of his/her demise, by filling up Form No. SH-13. The shareholders are requested to avail of this facility. The duly filled in and signed nomination Form No. SH-13 should be sent to the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited at the address mentioned elsewhere in the Notice.
13. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, NECS/ECS mandates, nominations, power of attorney, change of address/name, etc., to their Depository Participant only and not to the Company's Registrars and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar and Transfer Agents to provide efficient and better service to the Members. Members holding shares in physical form are requested to advise such changes to the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited.

## Notice

14. Members are requested to:
  - a. Intimate to the Company's Registrar and Share Transfer Agent/Depository Participant, changes, if any, in their respective addresses along with Pin Code number at an early date.
  - b. Quote folio numbers/DP ID – Client ID in all their correspondence.
  - c. Consolidate holdings into one folio in case of multiplicity of folios with names in identical order.
  - d. Update Bank details with the Registrar and Share Transfer Agent / Depository Participant to avail receipt of dividend by ECS/NECS facility.
15. Non-Resident Shareholders are requested to inform the Company immediately about:
  - a. The change in the Residential Status on return to India for permanent settlement;
  - b. The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
16. Corporate Members are requested to send a duly certified copy of the board resolution authorizing their representative to attend and vote at the Annual General Meeting.
17. The Certificate from the Auditors of the Company certifying that the Employees Stock Option Scheme of the Company is being implemented in accordance with the applicable SEBI guidelines and in accordance with the resolutions of the general meeting passed earlier, will be available for inspection to Members at the Annual General Meeting. Members seeking any information relating to the Accounts may write to the Finance Department of the Company at its registered office at 152, Millennium Business Park, Sector -III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710 or send an email at [investori@hexaware.com](mailto:investori@hexaware.com).
18. Members are requested to bring their copies of the Annual Report for the meeting.
19. As communicated earlier, members holding shares in physical form are requested to get them dematerialized, as the shares of the Company are under compulsory demat system.
20. As a part of 'Green Initiative in Corporate Governance,' Ministry of Corporate Affairs (MCA) is allowing companies to send various documents to their shareholders electronically. Hence your Company will be sending all documents such as the Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc. and other communication to the members in electronic form at the email address provided by the members and made available to us by the Depository/ Registrar & Share Transfer Agents (RTA). It is encouraged that members support this green initiative and update their email address registered with RTA / Depository and any changes to ensure that all communication sent by the Company are received at the desired email address. Please let us know in case you wish to receive the above documents in paper mode. For members who have not registered their email addresses with the Depositories, physical copies are being sent by the permitted modes. The Notice of the Meeting is also posted on the website of the Company at [www.hexaware.com](http://www.hexaware.com).
21. Appointment / Re-appointment of Directors: At the ensuing Annual General Meeting, Mr. Jimmy Mahtani and Mr. Kosmas Kalliarekos, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Mr. Basab Pradhan and Mr. Christian Oecking are being reappointed for a period of three years as Independent Directors of the Company. Mrs. Meera Shankar is being appointed for a period of two years as an Independent Director of the Company. They are not related to any of the Directors of the Company. The information pertaining to the Directors retiring by rotation/appointed/re-appointed to be provided in terms of regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard for General Meeting, is furnished in the Statement on Corporate Governance published in this Annual Report.
22. The route map and prominent landmark of the venue of the meeting is given in the Notice.

**EXPLANATORY STATEMENT FOR ITEM NOS. 3, 4, 6 TO 9 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item no. 3 & 4**

Directors, Mr. Kosmas Kalliarekos (DIN: 03642933) and Mr. Jimmy Mahtani, (DIN: 00996110), retire by rotation, and being eligible, seek re-appointment. Kindly refer report on Corporate Governance for information in respect of appointment of Mr. Kosmas Kalliarekos and Mr. Jimmy Mahtani, pursuant to the Secretarial Standard on General Meetings.

Except Mr. Kosmas Kalliarekos and Mr. Jimmy Mahtani and except to the extent of their shareholding, if any, in the Company, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed Item no. 3 & 4 in the Notice.

**Item no. 6, 7 & 8:**

The Company had, pursuant to the provisions of Section 161 of the Act and applicable rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 appointed Mr. Basab Pradhan (DIN 00892181), Mr. Christian Oecking (DIN 03090264) and Mrs. Meera Shankar (DIN 06374957) as Additional Directors (Independent Directors) holding office upto the date of the ensuing Annual General Meeting.

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

The reappointment of Directors is made as a result of performance evaluation of Directors approved by Nomination & Remuneration Committee and by Board of Directors.

The Nomination & Remuneration Committee has recommended and the Board has approved the re-appointment of Mr. Basab Pradhan and Mr. Christian Oecking as Independent Directors as per their letters of appointment for a period of three years from June 9, 2016 and June 26, 2016 respectively and the appointment of Mrs. Meera Shankar from April 11, 2016 for a period of two years.

Mr. Basab Pradhan, Mr. Christian Oecking and Mrs. Meera Shankar, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of them fulfill the conditions specified in the Act and the rules framed thereunder for appointment/reappointment as Independent Directors and they are Independent of the management.

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

All the relevant documents, contracts, the terms and conditions of the appointment of Mr. Basab Pradhan, Mr. Christian Oecking and Mrs. Meera Shanker as Independent Directors of the Company shall be open for inspection by the Members at the Registered Office of the Company between 10:00 am to 1:00 pm on all working days (Monday to Friday), except Saturdays, Sundays and holidays up to the date of the Annual General Meeting.

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

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

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

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

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

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

Mr. Pradhan has a Bachelor of Technology from the Indian Institute of Technology, Kanpur and an MBA from the Indian Institute of Management, Ahmedabad. He lives in the San Francisco Bay Area. He also holds Directorship in Citius Tech HealthCare Technology Private Limited.

3. **Mrs. Meera Shankar** is Master in Arts and English Literature. She had joined the Indian Foreign Service in 1973. From the early stages in her career, she held critical responsibilities. She joined the Prime Minister's Office in 1985 and served there till 1991, dealing with foreign policy and security issues. In addition she handled work relating to other Ministries including HRD, Environment and Forests, Tourism, Women and Child Development at different periods. She led the Commercial Wing in the Indian Embassy in Washington as Minister (Commerce) till 1995, where she projected the economic transformation in India, laying the foundations for the remarkable

## Notice

growth in trade and investment ties between India and the United States. She was closely associated with the negotiations for a new textile agreement with the US which led to a substantial increase in India's quotas amounting to about \$500 million in additional Indian exports to the US.

From 2005 to 2009, she was India's Ambassador to Germany, a period of intense engagement and strengthening of Indo German ties. Mrs. Meera Shankar's last assignment before retirement was as India's Ambassador to the US, when Indo US ties became much closer with the relationship being seen as one of the defining partnerships of the twenty first century.

Mrs. Meera Shankar has been a very successful Diplomat, having managed some sensitive issues win in her ambassadorial roles. She has held key responsibilities covering the full range of diplomacy; from being the Director General of the Indian Council for Cultural Relations (ICCR), to being Coordinator for Counter Terrorism, to dealing bilaterally with the neighbors; Nepal, Bhutan, Bangladesh and Sri Lanka, to promoting regional cooperation through SAARC, to being Additional Secretary responsible for the UN and International Security. She holds Directorship in Adani Transmission Limited, ITC Limited, Pidilite Industries Limited.

Vast experience of Mr. Christian Oecking, Mr. Basab Pradhan and Mrs. Meera Shankar in various areas, will help the Company to decide future business strategies for growth of the Company.

For other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other Directors and key managerial personnel in respect of Mr. Basab Pradhan, Mr. Christian Oecking and Mrs. Meera Shanker, please refer to the Corporate Governance Report.

The Board recommends the Special Resolution set out at Item No. 6 & 7 and Ordinary Resolution set out at Item no.8 of the Notice for approval by the Members.

Except Mr. Basab Pradhan, Mr. Christian Oecking and Mrs. Meera Shankar, and except to the extent of their shareholding, if any, in the Company, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed Resolution as set out as Item no. 6,7 & 8 in the Notice.

### Item no. 9:

Securities and Exchange Board of India (SEBI) vide its Ex-Parte Ad Interim Order No. WTM/RKA/MIRSD2/41/2016 dated March 22, 2016 advised all the clients of M/s. Sharepro Services (India) Private Limited ("Sharepro") to carry out/switchover their activities related to registrar to an issue and share transfer agent, either in-house or through another registrar to an issue and share transfer agent registered with SEBI.

Accordingly the Board of Directors on April 29, 2016 have appointed M/s. Karvy Computershare Private Limited as Registrar and Share Transfer Agent of the Company in place of Sharepro.

Section 94 of the Companies Act, 2013 (the Act) provides that for keeping the Register of Members with Index of Members, Register of Debenture Holders and other security holders, if any, together with Index of Debenture Holders and other security holders, if any, and copies of the Annual Return at a place in India other than the registered office of the Company, in which more than one-tenth of the total number of members entered in the Register of Members reside, approval of Members by way of Special Resolution is required.

Accordingly approval of the Members is sought for keeping the Register of Members with the Index of Members, the Register of Debenture Holders and other security holders, if any, together with the Index of Debenture Holders and other security holders, if any, under section 88 of the Act, and copies of the Annual Return under section 92 of the Act at the Office of the Company's new R&T Agents viz. Karvy Computershare Private Limited (R&T Agents) at 24 B, Rajabhadur Mansion, Ground Floor, Ambalal Doshi Marg, Fort, Mumbai, Maharashtra 400023 and/or at such other place in Mumbai where the Registrar and Transfer Agent may shift its office from time to time or such other place as may be decided by the Board from time to time. The members may inspect the Register of members at the address mentioned above and can take extract of the same as per the provisions of applicable law.

The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed Special Resolution as set out as Item no. 9 of the Notice, except to the extent of their shareholding, if any, in the Company.

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

Sd/-  
**Gunjan Methi**  
Company Secretary

Date: June 23, 2016  
Place: Mumbai

### Registered Office:

152, Millennium Business Park, Sector-III, 'A' Block,  
TTC Industrial Area, Mahape, Navi Mumbai - 400 710.  
CIN : L72900MH1992PLC069662  
Email : [Investori@hexaware.com](mailto:Investori@hexaware.com)  
Website : [www.hexaware.com](http://www.hexaware.com)  
Tel : 022 - 41599595  
Fax : 022 - 67919578

## Route Map for the venue of the meeting



### VENUE:

M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400 001  
Prominent Land Mark: Opposite Jehangir Art Gallery, Kala Ghoda.

# Directors' Report

## To THE MEMBERS,

The Directors are pleased to present their Twenty- third Annual Report, on the business and operations of Hexaware Technologies Limited (hereafter referred to as 'The Company') together with audited financial statements for the financial year ended December 31, 2015.

### Financial Performance

#### Global Operations:

	(USD million)	
	FY 2015	FY 2014
Income from Operations	485.47	422.40
EBITDA before Employee stock option compensations cost	86.59	78.09
EBITDA after Employee stock option compensations cost	83.32	78.09
Profit from Operations *	75.82	70.89
Profit before Tax and exceptional item	77.96	69.49
Profit before Tax	77.96	68.43
Profit after Tax	60.65	52.38

	(₹ million)	
	FY 2015	FY 2014
Income from Operations	31,235.23	25,816.77
EBITDA before Employee stock option compensations cost	5,569.31	4,775.60
EBITDA after Employee stock option compensations cost	5,358.21	4,775.60
Profit from Operations *	4,875.74	4,335.88
Add: Exchange Rate Gain / (Loss) (net)	81.40	(307.84)
Less: Interest	1.19	8.98
Add: Other Income	90.17	227.76
Profit before Tax and exceptional items	5,046.12	4,246.82
Less: Exceptional items	-	65.63
Profit before Tax	5,046.12	4,181.19
Less: Provision for Taxation	1,114.02	979.67
Profit after Tax	3,932.10	3,201.52

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

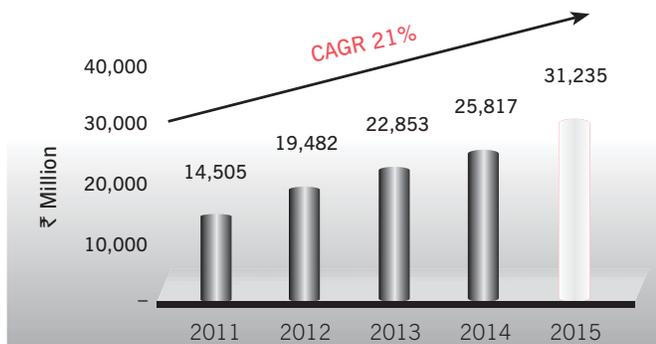
	(₹ million)	
	FY 2015	FY 2014
<b>India Operations:</b>		
Income from Operations	12,935.97	11,545.56
EBITDA	<b>4,312.32</b>	<b>3,918.89</b>
Profit from Operations *	<b>3,903.96</b>	<b>3,527.20</b>
Less: Exchange Rate (Gain) / Loss (Net)	(73.53)	295.89
Less: Interest	0.29	8.35
Add: Other Income	103.36	594.80
Profit before Tax	<b>4,080.56</b>	<b>3,817.76</b>
Less: Provision for Taxation	750.85	633.80
Profit after Tax	<b>3,329.71</b>	<b>3,183.96</b>
Add : Balance brought forward from previous year	2,862.59	2,703.83
Add: On merger of Caliber Point Business Solutions Limited	-	352.91
Add: Transfer from Special Economic Zone Reinvestment Reserve	124.62	118.93
Balance available for appropriation	<b>6,316.92</b>	<b>6,359.63</b>
<b>Appropriation</b>		
Interim Dividend	2,608.16	2,840.97
Tax on Dividends	528.76	479.69
Transfer to Special Economic Zone Reinvestment Reserve	172.75	176.38
Balance carried to Balance Sheet	<b>3,007.25</b>	<b>2,862.59</b>

## Results of Operations

### a) Global operations:

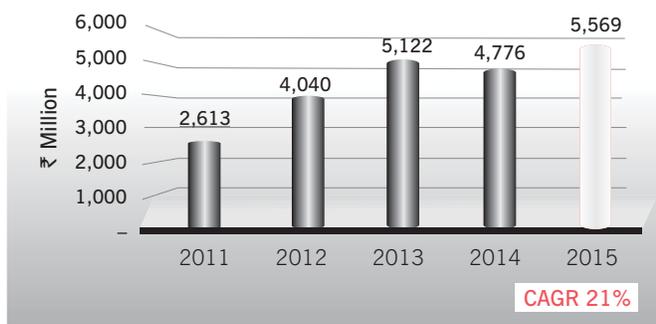
Income from operations increased to ₹ 31,235.23 million in 2015 from ₹ 25,816.77 million in 2014, growth of 21.0%. The growth in Dollar terms was 14.9%, reaching USD 485.47 million. Revenue in constant currency was USD 496.8 million, growth of 17.6%. Growth was driven largely by volume increase, aided by increased realized bill rates and onsite mix, however there was an adverse impact of cross currency. Profit from Operations (profit before Exchange rate difference, Interest, Other income and Provision for taxation) was at ₹ 4,875.74 million in 2015 as against ₹ 4,335.88 million in 2014, growth of 12.5%. The growth in profit from operations without considering Employee stock option compensations cost under long term incentive plan was 17.3%. During the year, the Profit after tax stood at ₹ 3,932.10 million in 2015 as compared to a profit of ₹ 3,201.52 million in 2014, growth of 22.8%. PAT margins in Rupee terms were at 12.6% in 2015 compared to 12.4% in 2014.

### Income from operations



### EBITDA

#### EBITDA before Employee stock option compensations cost



### PAT



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

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

### Company's major achievements in 2015

Over the last year the primary objective was to establish momentum in growth. The Company was able to beat the 12 to 14% growth Guidance of NASSCOM. The growth in revenue was 21% in Rupee terms and 14.9% in USD terms compared to 2014.

The Company has also established good momentum for next year with new booking from new clients at \$120 million TCv for the year and that would give us confidence about growth for 2016 and beyond.

In USD terms, EBITDA before ESOP cost grew by 10.9%, after ESOP by 6.7% and PAT grew by 15.8% surpassing revenue growth.

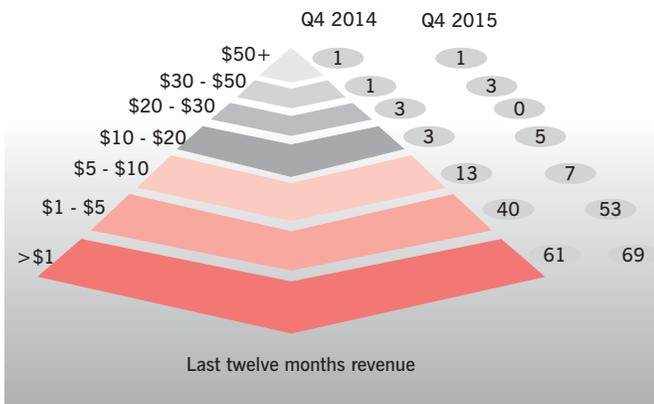
EPS after the ESOP dilution grew at little over 22%.

#### CLIENT CONTRIBUTION TO REVENUE

	ANNUAL GROWTH
Top 5	31.5%
Top 10	23.5%
Top 20	16.2%

## Directors' Report

### Improved Depth of Customer Relationships



During the year 2015, 37 new clients were added. We continued to improve on depth of customer relationships. From Q4-2014 last year to Q4-2015, the top of the pyramid has bulked up. The number of clients in the \$30 million to \$50 million bucket has gone from one to three. Essentially clients have moved from the \$20 million to \$30 million bucket up, at least two of them hopped into the \$30 million to \$50 million bucket.

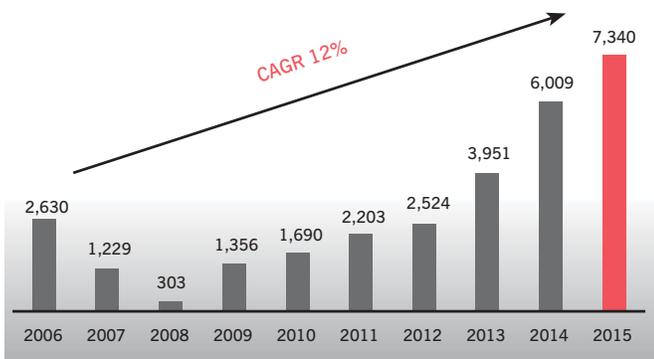
#### b) India operations:

In the year 2015, the revenue of the standalone legal entity increased by 12% to ₹ 12,935.97 million in comparison with revenue of ₹ 11,545.56 million in the previous year. The net profit after tax was ₹ 3,329.71 million as compared to ₹ 3,183.96 million in 2014.

#### Share capital

The paid-up Share Capital of the Company as on December 31 2015 was ₹ 603.13 million comprising of 301,562,897 Equity Shares of ₹ 2/- each. During the year 639,425 shares were issued under different ESOP schemes. The market capitalization of the Company as on December, 31, 2015 was at ₹ 73,400 million (USD 1,110 million). The market capitalization is calculated on the basis of closing price of ₹ 243.40 on The National Stock Exchange and the closing exchange rate of 1 USD = ₹ 66.15 as of December 31, 2015.

### Market capitalisation ₹ crore



#### Reserve

The balance in the Statement of Profit and Loss after adjusting the appropriations for the year is ₹ 3,007.25 million.

**Forex Mark-To-Market:** The year-end Hedging Reserve stood at gain of ₹ 15.96 million, as compared to loss of ₹ 253.01 million in the previous year. This is in accordance with the recognition and measurement principles of accounting of forward exchange contracts and derivative contracts of Accounting Standard (AS)-30.

The Company recorded ₹ 232.66 Mn in Employee stock options outstanding a reserve being amortisation of compensation cost of RSU's granted.

There was no transfer to General reserve during the year.

In summary, total reserves stood at ₹ 10,496.39 million, including ₹ 4,772.37 million of Securities Premium account.

#### Dividend

During the year 2015, the Company paid four interim dividends on equity shares, Q1 – ₹ 2.00 (100%), Q2 – ₹ 2.00 (100%), Q3 – ₹ 2.25 (112.5%) and Q4 – ₹ 2.40 (120%). This brings the interim dividends for the four quarters of 2015 to ₹ 8.65 per share (432.5%).

The Board of Directors have not recommended payment of any final dividend and interim dividends as aforesaid be considered as final. The total cash outgo for dividend declared in 2015 on account of interim dividend & tax thereon amounts to ₹ 3,136.34 million.

#### The break-up of dividend is as under:

(₹ million)

	Q1	Q2	Q3	Q4	Total
Dividend	602.77	602.76	678.39	723.75	2,607.67
Tax	120.52	122.71	138.10	147.34	528.67
<b>Total</b>	<b>723.29</b>	<b>725.47</b>	<b>816.49</b>	<b>871.09</b>	<b>3,136.34</b>

#### Particulars of loan, guarantee or investments

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

#### Subsidiaries and Associates

During the year 2015 Company has formed two new subsidiary companies, one in China and the other in Russia. The total amount of initial investment in these two subsidiaries are given below:

Sr. No.	Name of Subsidiary	₹ Million
1	Guangzhou Hexaware Information Technologies Company Limited, China	1.66
2	Hexaware Technologies LLC, Russia	80.01

During the year FocusFrame Europe BV, Netherlands, a step down subsidiary was closed w.e.f. March 31, 2015

Further, the Company has also granted additional loan aggregating ₹ 154.50 million to wholly owned subsidiary Risk Technologies International Limited for the development of SEZ at Hinjewadi, Pune during the year.

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

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

### Business Strategy

Hexaware's overarching theme is of Shrink IT, Grow Digital that allows clients to significantly shrink commodity IT spend while partnering with them for their digital transformation journey.

#### Shrink IT

As per industry predictions, most clients' spend much more than they should on commodity IT services. Hexaware has positioned itself as the go-to service provider to help clients reduce their commodity IT expenditure through the "Shrink IT" proposition, with the focus on reduction of quantity through intelligence driven automation.

The Company has identified certain specific set of levers to enable reduction of quantity by investing significantly in creating a platform centric approach to deliver ITO Services for both Application and Infrastructure Management services, and embracing Robotic Process Automation.

#### Grow Digital

Client decisions are increasingly being driven by the disruptive force of digital technology. Hexaware is at the forefront in enabling clients to embrace digitization by changing the way they interact with their end customers, employees and supply chain, transforming consumer experiences and improving efficiency of business processes.

The Company intends to continue to invest in digital offering and provide value to its clients by harnessing the power of data to derive real-time actionable insights, re-engineering business processes, modernizing application and infrastructure landscapes and building systems of engagement.

### Infrastructure

A tangible signature of the Company's growth aspirations is its investment in infrastructure. The Company invested ₹ 1,366.69 million in 2015 for expanding its physical and technical (IT) infrastructure globally. Primarily the investment is in SEZ development i.e. Phase 2 of facility in Siruseri, Chennai and phase 1 of facility in Hinjewadi, Pune. The investments

are made with an intent to serve the long term need and to provide quality support for its global delivery operations and global sales.

### Delivery Centers

India based Global Delivery Centers

#### Mumbai:

The Company has three Offshore Development Centers (ODCs) at Millennium Business Park in Mahape, Navi Mumbai. One of these is the registered office of the Company. There are 1,630 employees working from these centers having capacity of 1,650 employees. The Company's BPS arm operates out of another building in the same complex, with 877 employees - providing BPS services to its global clients.

#### Chennai:

There are around 4,295 employees working from the Company's 27 acre campus in Chennai. This campus houses all employee-friendly amenities like recreation center, library and gymnasium facilities – offering plenty of avenues for relaxation and rejuvenation as well as knowledge enhancement through Hexaversity – the Company's in-house Learning and Development University. The Company's Chennai "green campus" conforms to eco-friendly norms and regulations, like optimal use of solar energy, use of eco-friendly building materials and a judicious spread of landscaped spaces around seating facilities across various levels. Currently seating capacity is expanded to 6,000 seats in Phase.

The Company has started with construction for Phase 2 with approximately 3,300 seats.

The BPS arm also operates out of another facility in Chennai with around 777 employees working from the facility.

#### Pune:

In Pune, the Company has 2 ODC's on lease in Hinjewadi, Pune one being an SEZ in Rajiv Gandhi InfoTech Park. On a combined basis 495 employees operate from these ODC's. The Company commenced construction of new facility – SEZ development centre through its wholly owned subsidiary – Risk Technology International Limited. The first phase with seating capacity of 1,900 is expected to be completed in later half of 2016.

#### Nagpur:

The Company owns 20 acres of land in MIHAN SEZ, Nagpur, a tier II city. This facility is currently operational with around 221 professionals and has seating capacity to accommodate 900 professionals.

#### Bengaluru:

This facility is in the India's IT capital of Bengaluru has capacity of 400 seats & the number of employees seated at office is around 302. This facility mainly houses the delivery operations for a major global client and is now being staffed with senior managerial roles in line with our increasing focus in solving their business-critical challenges.

#### Coimbatore:

Hexaware BPS arm has a facility in Coimbatore with 272 employees working from the facility.

Overseas Global Delivery Centers

#### New Jersey (USA):

The Company has an established Global Delivery Centre (GDC) at Secaucus, New Jersey (USA) for a few years now to cater

## Directors' Report

specifically to its American clients. While this proximity centre offers benefits such as the same time zone, direct communication and enables convenient management oversight, it also further enables the clients to outsource mission-critical tasks and share secure information that would have otherwise not been shipped beyond the shores.

### Alpharetta, GA (USA):

The Company has Global Delivery Centre (GDC) at Alpharetta and Sandy Springs in the state of Georgia, USA with employees strength of around 280.

### Herndon, VA (USA):

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

### Saltillo (Mexico):

The Company has a strong presence in Mexico with a near-shore Delivery Centre at Saltillo with employee's strength of around 308. While Mexico offers cost competitiveness compared to the United States of America, the country also provides immense benefits in the form of same time zone, enables immediate response and access to a vast talent pool and an untapped emerging market.

The Company intends to leverage its near shore Delivery Centre to cater to several global clients as an addition to the other existing options of continuing operations in the USA or in the Company's locations in India.

### Russia:

The Company has center in Russia for its BPS operation which has 25 employees.

### Cash Flow

The cash generated from operations in 2015 was ₹ 3,931.96 million. The Company has redeemed money from Mutual Fund amounting to ₹ 1,441.63 million (net). The Company has invested ₹ 1,366.69 million in fixed assets mainly for new development centre in Chennai and Pune. During the year, the Company paid dividend including dividend tax of ₹ 3,172.17 million. The Company has received ₹ 31.27 million from issue of shares. As of December 31, the cash position of the Company was ₹ 4,018.55 million, equivalent in USD 60.74 million. Including the Mutual Fund investments (cash equivalent), the total cash & bank balance was at ₹ 4,427.88 million equivalent USD 66.93 million.

### Human Resource Capital

The Company recognizes that "Human Capital" is the most valuable asset and its focus is to have more passionate employees. To ensure good human resources management at Hexaware, the Company focuses on all aspects of the employee lifecycle. The Company has a robust and inclusive ecosystem in place which encourages meritocracy, innovation and excellence.

The Company continues to grow its footprints globally with diverse talent base of 11,375 employees. The net headcount has increased by adding 1,359 new professionals as of December 31, 2015, the Company is focused towards attracting and retaining high caliber employees through sound and resilient human resource management process. The Company consciously

enhanced gender diversity with 28% of the employees being women.

Recognising the fact that the workforce lives your brand, the HR team has embarked on a major branding exercise to build an engaging organization. For Making Hexaware a Great Place to work the Company has launched Employee Assistance Program for employees, the Company has tied up with 1to1help.net counseling service provider to provide professional counseling services to the employees.

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

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

The Company has embarked on a journey to create a passionate environment towards work and make Hexaware a great place to work. The Company worked with a leading agency to conduct a survey and intend to work closely with the delivery leaders to work on identified areas which would go a long way to bring employee satisfaction and enhance work passion.

### Talent Management – Asset Development

The Company believes that its employees are the heart of the organization; hence a large part of the management focus is to care and support its employees. The Company is future focused and is fully aware about what it needs from its talent. A significant portion of senior management focus is invested in engaging with the employees. The Company strengthens its talent pool by providing employees with growth and talent enhancement opportunities. The Internal Job Postings are getting published on our internal portal, Hexplore thereby providing the view of all the open positions in the Company. It believes that performance needs to be quantified and hence the Performance Management System is revamped to be more metrics driven. Also, the deserving & capable employees need faster career growth and to fulfil this Company has introduced Potential Appraisal as well in the current Performance Management System. The Company also believes that employees stick to the organisation to build career. Hexaware's new Career Management framework will help in defining career pillars, tracks and bands for employees to identify their role and the expectation from the new CMS System. The new CMS system will also help to define entrant criteria's for a role and job description to help individuals perform at their best. The New CMS system will also help individuals to make long term career plan and the organisation would enable them to achieve their career objective by various training program.

Hexaware is always looking forward to grow in an environment where technology changes are inevitable. The organization values knowledge & technology and is ready to adopt the changes from time to time. Keeping this aspect in mind, the organization is always ready to invest in enriching the knowledge and skills of its young & energetic consultants. The organization is also interested in retaining strong technically qualified and result oriented consultants who can sustain the challenges in the fast growing global market environment.

Hexaware is hence committed to invest in the future growth of its employees by providing higher education to its employees through a learning platform to enhance their skills, knowledge and also provide an opportunity to “Learn while Earn”. The Company has partnered with BITS, Pilani to provide the M.Tech (Software Engineer) course to its employees.

The Company is future focused and is fully aware about what it needs from its talent. It has a systematic structured approach of attracting, identifying, developing, engaging/retaining and deploying of those individuals with high potential who are of particular value to an organization, either in view of their high potential for the future or because they are fulfilling business/operation critical roles.

The Company has a pipelined approach of identifying future talent needed by the organization, also with the Planned Development Programs nurturing them for future top positions. The HR/Learning and Development team provides clarity about expectations and the differentiated capabilities required at different levels also helping them to work on the identified skill gap with some prominent development programs at each level.

The Company continued its focus on employee motivation through revamping the Rewards and recognition system incorporating more categories to encourage talent. Most importantly this is devised along with delivery managers to make it relevant and appropriate. The Company focuses on talent management through interventions like smooth process (from Hiring to retention), managing the programs as per diversity of the work force, and supporting high performers with an effective talent management system.

### Hexaware Edge

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

#### Outsourcing models

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

#### Leadership in niche areas

Hexaware has demonstrated leadership and expertise in focus areas.

- The Company is pioneer in managing/ servicing asset management companies.
- The Company is amongst the leading IT solution providers for the Airlines Industry.
- The Company is also fast emerging among the top Indian IT services provider in Germany.

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

#### Focus versus generic strategy

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

#### Domain expertise

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

#### Our size-the right size

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

#### Effective delivery

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

#### Innovative & Flexible Contract Mechanism

As a mid-size vendor, Hexaware provides a great deal of flexibility in both the contractual and delivery models. This includes using innovative pricing and payment models that meet the unique expectations of its clients, as also optimizing its SEI CMMI Level 5 processes to meet specific customer requirements. Working relationships stretch from fixed time/ fixed fee to time and material.

#### Multi-Cultural Dimension

Hexaware operates on a global platform, working with 25+ Fortune 500 customers in North America, Europe and Asia Pacific. This gives a unique understanding and access to not only the business practices but also the cultural and work-ethics in different regions and industry sectors.

#### Process and Methodologies

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

#### Quality Initiatives

Adoption of International Standards

Hexaware has adopted and implemented the following

## Directors' Report

international Standards and frameworks across its global development centers:

- ISO 9001-2008 & Tick ITplus
- ISO 27001:2013
- ISO 20000-1:2011
- CMMI – DEV & SVC Version 1.3 – Level 5
- ISAE3402 and SSAE16 SOC-1 Type II

### Information Security

Hexaware's information security management system preserves the confidentiality, integrity and availability of information. We perform risk management to identify, manage and reduce a range of threats to which information is subjected. Stringent information security measures are in place in the Company to ensure business continuity and to reduce business damage by preventing and minimizing the impact of security incidents. Security controls are regularly monitored and improved up on, thereby giving confidence to our customers to do business with us.

### Quality Assurance

The Company has introduced and improved upon best-of-breed industry practices and standards, thus improving our delivery capability. The quality team is aligned to the business verticals and takes accountability for optimizing the processes in that vertical, which results in improving efficiency and effectiveness of delivery. We capture and augment the knowledge about the customers' business needs which helps in knowledge retention and to develop a deep understanding of customer environment. This has resulted in high levels of customer delight and repeat business. We integrate various tools developed in-house seamlessly with our standardized delivery processes. The Company has a framework for crowd-sourcing of ideas which promotes innovation in the Company and provides a direct business benefit to the customer.

### Client Satisfaction Survey

We believe that client satisfaction is a key driver and indicator of future revenue of the Company. According to a Company-commissioned study conducted by Feedback Consulting, an Independent market research firm, the Company achieved a composite client satisfaction score, on a scale of -100 to 100, of 66.4 in fiscal 2015, as compared to 53.0 in fiscal 2014 and an industry average of 57-60 in fiscal 2015.

### Benefits:

The customers/clients have benefited as a result of fewer defects, reduction in cycle time and improved delivery capabilities. Hexaware has provided value-additions through improvement in the performance of the systems that have been outsourced, a reduction in the problems and failures, and improved stability. This has resulted in high levels of customer satisfaction and repeat business. Implementing the processes has trained the organization and people to be methodical and process-driven. The Company has introduced and improved upon best-of-breed industry practices and standards and thereby improved our delivery capability. Focus on quality has led to lower costs and improved efficiency within the organization.

### Company focused on Corporate Governance

The Company is committed to the high standards of transparency, openness, probity and accountability. In working

to ensure compliance with corporate governance laws, regulations and policies, Company is focusing on building business processes and infrastructures that not only ensure compliance but also increase company's capacity for efficiency, agility and responsive management. The push today is towards putting into place a combination of internal controls, explicit business processes and systems for corporate governance that can also build business value.

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

The Company has two "Big 4" firms as auditors - Deloitte Haskins & Sells LLP as its Statutory Auditors and KPMG as its Internal Auditors. Ernst & Young are the tax advisors of the Company. The Company's Board of Directors comprises eminent professionals in their respective fields with rich experience in policy-making and strategy formulation. All the major committees of the Board are headed by Independent Directors, and the Company has followed Cadbury Committee's recommendation of having two different individuals as Chairman & CEO for several years. The Company was the winner of the prestigious Golden Peacock Award for excellence in Corporate Governance for the year 2011 and 2015 and won the Special Commendation in the year 2009 and 2013.

### Awards & Recognition:

- The Company won the following awards / recognition in 2015:
- Hexaware has been declared as the Winner of 'Golden Peacock Award for Excellence in Corporate Governance' for the year 2015, by the Golden Peacock Awards Secretariat -Institute of Directors.
- Hexaware was recognized as the "100 MOST TALENTED GLOBAL HR LEADERS " during World HRD Congress held by CHROASIA.
- Hexaware received the NASSCOM Recognition for 'Innovative Application of Analytics for Business Solutions', 2015.
- Hexaware awarded the Yuva Gratitude Award, 2015 for contribution towards CSR activities.
- Hexaware has been mentioned in different Gartner reports during 2015. These reports are titled:
  1. "Market Trends: SAP Service Provider Opportunities in a Post modern ERP World"
  2. "Market Guide for Midmarket SAP Service Providers"
  3. "The Gartner CRM Vendor Guide, 2015"
  4. "Market Guide for Higher Education Student Information Systems"
  5. "Market Share: IT Services, 2014"
  6. Market Trends: Digital Business Awakens Optimism as New Growth Opportunities Arise in Western European Application Service Market"
  7. "IT Services Contracts Monthly Round up, March 2015"

8. "Market Guide for Business Intelligence Service Providers, Asia / Pacific and Japan"
  9. "IT Services Contracts Monthly Round up, April 2015"
  10. "Hype Cycle for Application Services, 2015", dated July 16, 2015
  11. "Hype Cycle for Business Process Services and Outsourcing, 2015", dated July 29, 2015
  12. "Market Guide for BI and Analytics Service Providers", dated August 06, 2015
  13. "Innovation Insight for Digital Insurance Services in the P&C and Life Insurance Market", dated August 27, 2015
- An advanced analytics solution from the Company has been recognized among Top 50 Solutions in Analytics Excellence by NASSCOM (National Association of Software and Services Companies).
  - Hexaware has been mentioned as one of the notable application development deals due to expire in the next 6 months in the Ovum report titled "IT Services Contracts Monthly Roundup, March 2015" dated May 05, 2015 by analyst Mohammed Habeebuddin.
  - Hexaware has been mentioned as one of the India's centric service provider of Digital Business in the Gartner report titled "Market Trends: Digital Business Awakens Optimism as New Growth Opportunities Arise in Western European Application Service Market" dated May 06, 2015 by analysts Susanne Matson, Gilbert van der Heiden.
  - Hexaware has been mentioned as one of the India-based Business Intelligence service providers in the Gartner report titled, "Market Guide for Business Intelligence Service Providers, Asia/Pacific and Japan" dated May 27, 2015 by analysts Twiggy Lo and Daniel Yuen.
  - Hexaware has been mentioned in the Ovum report titled, "India IT Services Vendor Quarterly, 2Q15" dated August 31, 2015, by analyst Hansa Iyengar.
  - Hexaware has been mentioned as one of the major contenders in the Everest Report titled "Multi-Process Human Resource Outsourcing (MPHRO) –Service Providers' Assessment", by analysts Rajesh Ranjan, Arkadev Basakand Harsh K.
  - Hexaware's revenue has been mentioned to have recorded a 14% jump Year-on-Year in the Ovum report titled "India IT Services Vendor Quarterly, 3Q15", dated December 08, 2015, by analyst Hansa Iyengar.
  - Hexaware has been mentioned as one of the IT service providers having Critical Capabilities for SAP Application Management Services, Worldwide, dated October 15, 2015 by analysts Gilbert van der Heiden, Kris Doering, Frances Karamouzis.
  - Hexaware has been mentioned as one of the IT service providers having Critical Capabilities for Oracle Application Management Services, Worldwide, dated October 15, 2015 by analysts Gilbert van der Heiden, Kris Doering, Frances Karamouzis.
  - Hexaware has been mentioned as one of the three Application-management-service-centric providers of

Workday in the Gartner report titled "Market Guide for Workday Service Providers", dated November 19, 2015, by analysts Susan Tan, Frances Karamouz is and Dean Blackmore.

### Risk Management

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

The Board of Directors and Senior Management team recurrently assess the operations and operating environment to identify potential risks and take necessary mitigation actions. The Banking, Investments & Operations and Forex Committee oversees activities related to Foreign Exchange matters and the Banking, Investments & Operations respectively.

### Key elements of risks:

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

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

### Insurance

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

### Errors & Omissions / General Liability:

In a global services business, customers insist on taking suitable Insurance covers including Errors & Omission (Professional Indemnity) and Commercial General Liability. The Company has taken appropriate insurance covers with

## Directors' Report

reputed insurers & re- insurers to protect the Company from any third party liability claims that may arise at any point of time.

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

D&O policy covers the Directors & Officers of the Company against the risk of third party actions arising out of their actions / decisions, which may have resulted in financial loss to any third party. The Company has appropriately insured itself to mitigate such risks coming from any third party.

EPLI Insurance protects the Company from claims from employees or third parties on account of any actual or alleged Employment Practice Violation.

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

### Property / Casualty:

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

### Internal Financial Control Systems

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

In addition to this Company continues to engage KPMG as its Internal Auditor. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, adequacy and effectiveness of systems, processes, and internal finance controls.

Internal Auditors findings are discussed with the process owners and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations. During the year, the Company continued to implement suggestions and recommendations of the Internal auditor and audit committee to improve the control environment.

The further details regarding internal financial Control are included in the Management Discussion and Analysis, which form part of this report.

### HexaVarsity

Hexaware's Learning and Development Team

### New Initiatives

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

We launched the Organizational Development (OD) initiative, Ignite, in 2015. The purpose of this OD initiative was to equip our leaders to succeed in their roles. With the organizational growth and realignment of the organization structure and process, our leaders needed to be equipped to succeed in their roles as well as exploit the potential of employees.

The philosophy of the initiative is to 'Ignite the Genius Within!' The objective of Ignite is to design and deliver a leadership development program that:

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

In 2015, our focus was to ensure that the initiative was perceived as truly developmental, with special focus on knowledge acquisition and retention. The Company has covered 68% of our target audience by the end of 2015.

#### Ignite programs:

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

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

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

### CTaDel - Customer Centric Talent Development Program

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

In 2015, we chose the top 20 accounts of Hexaware to cater to their learning and development needs.

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

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

Figure 1 provides an overview of the expected outcomes of the initiative:-

## Outcomes

ASDMs  
Best Practices in Execution  
Top 2 CVAs

Practice Teams  
Solution Roadmaps Re-use of  
Solutions

AMs  
Win themes / Loss reasons  
Proactive Proposals

Competency Teams  
Challenges faced in building new  
Skills / Competencies & how they  
were overcome



Overlay Sales  
Cross-Selling a new service line  
in an existing account

Hunters  
How a new account was opened  
Why we won / lost

### Fresher Training

The Fresher Training Program (FTP) is a HexaVarsity initiated program designed and delivered exclusively for fresh graduate recruits, management trainees (MT) and senior management trainees (SMT). The program includes a series of technical and behavioural trainings and assessments for Engineering, Management and B.Sc. / B.Com / B.A. graduates to enable them to be work ready and deployable.

In 2015, a total of 702 fresh graduates completed the FTP and were successfully deployed in their new roles. The program underwent a major overhaul in approach and assessment including introduction of 'gamification' into the training and behavioural assessments in addition to technical assessments. Furthermore, all the lab sessions (Foundation / Java / BI / Testing) are now conducted in a state-of-the art cloud environment.

Additional information and changes in the FTP can be found on the new and dynamic FTP portal.

### Technical Competency Development Program (TCDP)

The Technical Competency Development Program (TCDP) is a HexaVarsity initiative aimed at developing the technical competencies of the Hexaware workforce. The competencies mapped to each role are documented in the Technical Quotient (TQ) frameworks and are uniquely defined for each unit. The TCD Program has been completely restructured and revamped in 2015 to align with the Competency Management System (CMS). Along with the TQ framework for all units, the course material and content including the Instructor Led Training (ILT), self-learning course (eLearning) courses and Seminar on Demands (SODs) are being created afresh.

The revamped TCDP will go live shortly in 2016.

### Professional Certification and Incentives

- Currently 2,130 employees have been certified in the system.
- 641 certifications added in 2015 by 551 unique employees.
- 12 in-house certification drives were organised in 2015 and 302 employees participated from across locations.
- 650 hours have been spent on developing internal e-contents and hosting on the knowledge management portal.

### Varsity Cloud

A new initiative was launched in 2015 to migrate all the technical training programs to the cloud which was called "VarsityCloud".

In 2015, the Company have successfully conducted technical programs for freshers and laterals in the VarsityCloud.

The units have extended full support to move the software to VarsityCloud.

The training programs were conducted for the following units – BI, ES, DA, and ADM.

The participants continued with the hands-on training, even after the training hours.

- Duration – 11,000 hrs (approx.)
- Man hours / person hours – 14,000 hrs (approx.)
- 600 employees underwent the training using cloud, across locations.

Once this initiative is introduced, the Company could find the benefits such as less time for installation, less troubleshooting, etc.

The major stakeholders, – the units and unit 'Single Point of Contacts' are able to schedule the trainings in a more efficient way by utilizing the images already available and save time spent on the software installations / infrastructure related aspects.

The onsite employees have also benefited from the much needed access to the software.

The core enabling team, the STG cloud team ensured that the programs were successfully completed without any software access issues in.

The Company expect to migrate the entire technical training to VarsityCloud in 2016 and also expand the utilization of Virtual Desktops (VDs) in phase 2.

### LearnToGrow

HexaVarsity has launched its 'LearnToGrow' initiative, a campaign to promote a learning culture and improve the learning quotient of the organization. The eLearning platform HexaGuru+ has tremendously helped to increase the eLearning hours.

Having started the campaign in 2015, the Company have executed the campaign for awareness on the videos and e-books usage.

The following events were completed throughout the year:

- 1) Two HexaGuru+ marathon events on completing the e-learning courses with more numbers of hours.
- 2) Promotional mailers on capability of HexaGuru+ for e-learning courses, video, ebooks, simulation, test preparation and mentoring for offshore as well as onsite consultants.
- 3) Promotional mailers on capability of HexaGuru+ for eLearning courses, videos and ebooks for units such as M&C, DA, ATM, GTT, and Capital Markets.
- 4) Completed events such as 5@5, 10@10 and 2@2 on short videos courses.
- 5) Separate mailers on Agile, SharePoint, Node JS, Big Data and niche technologies.

### Varsity Point

VarsityPoint is the internal HexaVarsity portal for the employees that acts as a one stop shop for all of the L & D activities. Released in August 2015, VarsityPoint is an in-house portal created using SharePoint and is a hub for all HexaVarsity related portals.

### Corporate Governance and Management Discussion and Analysis

The Company endeavors to maximize the wealth of the shareholders by managing the affairs of the Company with a pre-eminent level of accountability, transparency and integrity. A report on Corporate Governance including Management Discussion and Analysis and the relevant Auditors' Certificate regarding compliance with the conditions of Corporate Governance as stipulated in Clause 49 of the erstwhile listing agreement and Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.

## Directors' Report

### Employee Stock Option Plans (ESOP)

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

During the year 2015, the shareholders approved the Hexaware Technologies Limited Employee Stock Options Plan 2015 ("ESOP 2015"/ "Plan"). Maximum number of Options/RSUs to be granted under ESOP 2015, in one or more tranches, shall be 10,765,025 exercisable into 10,765,025 shares in the Company of face value of ₹ 2/- each fully paid-up.

During the year 2015, following were the exercises made by employees and grant made to employees/Director under ESOPs: 639,425 options were exercised and the Company allotted 639,425 equity shares of ₹ 2/- each to Director and employees on such exercise. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. 9,192,738 RSUs were granted under 2008 and 2015 schemes during the year 2015 as explained below:

On January 21, 2015, 231,214 Restricted Stock Units (RSUs) were granted to Mr. R Srikrishna, CEO & Executive Director at a price of ₹ 2/- under the Employee Stock Option Scheme 2008 convertible into equal number of equity shares of the Company.

On May 8, 2015, 79,44,680 Restricted Stock Units (RSUs) were granted at a price of ₹ 2/- to the employees of the Company / subsidiary Companies under the Employee Stock Option Plan 2008 / 2015 convertible into equal number of equity shares of the Company.

On June 10, 2015, 281,220 Restricted Stock Units (RSUs) were granted at a price of ₹ 2/- to the employees under the Employee Stock Option Plan 2008 / 2015 convertible into equal number of equity shares of the Company.

On July 29, 2015, 190,024 Restricted Stock Units (RSUs) were granted to Mr. R Srikrishna, CEO & Executive Director at a price of ₹ 2/- under the Employee Stock Option Scheme 2015 convertible into equal number of equity shares of the Company.

On November 3, 2015, 5,45,600 Restricted Stock Units (RSUs) were granted at a price of ₹ 2/- to the employees of the Company / subsidiary Companies under the Employee Stock Option Plan 2015 convertible into equal number of equity shares of the Company.

On February 3, 2016, 2,95,120 Restricted Stock Units (RSUs) were granted at a price of ₹ 2/- to the employees of the Company / subsidiary Companies under the Employee Stock Option Plan 2015 convertible into equal number of equity shares of the Company.

Details of the shares issued under Employee Stock Option Plan (ESOP), and also the disclosures in compliance with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are set out in the Annexure 2 to this report and same is also available on the website of the Company at <http://hexaware.com/investors/> No employee was

issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

### Fixed deposits

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

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

The information relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 134(3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 is annexed and forms part of the report.

### Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis; and
- the Directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### Directors and Key Managerial Personnel

Dr. Punita Kumar- Sinha, Independent Director, having DIN 05229262 was appointed as an Additional Independent Director w.e.f March 26, 2015 and resigned as a Director w.e.f January 12, 2016.

Mr. P R Chandrasekar having DIN 02251080 was reappointed as Non Executive Director of the Company for one year w.e.f January 1, 2016 on the existing terms and conditions including remuneration.

Mr. Jack Hennessy, Director of the Company having DIN 06990208 vacated the office of Director w.e.f February 9, 2016.

Mrs. Meera Shanker having DIN 06374957 was appointed as an Independent Director w.e.f April 11, 2016 for a period of two years.

Mr. Basab Pradhan having DIN number 00892181 and Mr. Christian Oecking having DIN 03090264 were reappointed for a period of three years w.e.f June 9, 2016 and June 26, 2016 respectively.

### Re-appointments

In accordance with the provisions of Companies Act, 2013, Mr. Jimmy Mahtani and Mr. Kosmas Kalliarekos, Directors of the Company, retire by rotation at this Annual General Meeting and, being eligible; offers themselves for re-appointment at the Annual General Meeting.

The information of Directors seeking appointment / re-appointment at the Annual General Meeting to be given to the shareholders as per regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being provided separately on Page No. 86 & 87 of this Annual Report. Members are requested to refer the said section of the Corporate Governance Report.

### Number of Meetings of the Board

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

### Declaration by Independent Directors

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

### Board Evaluation

The board of Directors has carried out an annual evaluation of its own performance, Board committees and individual Directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed under the Listing Agreement/Regulations.

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

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

The performance evaluation of Independent Directors has been done by the entire Board of Directors, excluding the Director being evaluated.

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

In a separate meeting of Independent Directors held on December 15, 2015, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated.

### Training of Independent Directors

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

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

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

### Committees of the Board

The Board of Directors have constituted the following Committees:

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

The details of the composition of the committee and attendance of the members at the Audit, Governance & Compliance Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee of the Board are provided in the Corporate Governance report.

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

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

### Whistle blower policy

The Company has established a vigil mechanism/framed a whistle blower policy. The policy enables the employees and other stakeholders to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This policy is reviewed annually by the Audit Committee to check the effectiveness of the policy. No personnel has been denied access to the Audit Committee. The provisions of this policy are in line with the provisions of Section 177 (9) of Companies Act, 2013. The policy is available on the website of the company at : <http://hexaware.com/investors/>

### Statutory Auditor

M/s. Deloitte Haskins & Sells LLP retire at this Annual General Meeting and being eligible, offer themselves for re appointment. Pursuant to the recommendation of the Audit Committee at its meeting held on February 3, 2016, the Board of Directors have, subject to the approval of the shareholders, at their meeting held

## Directors' Report

on February 03, 2016 approved the re-appointment of Deloitte Haskins & Sells LLP as the Statutory Auditors of the Company for the financial year 2016 and to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the next Annual General Meeting. In terms of provisions of section 139 of the Companies Act, 2013 M/s. Deloitte Haskins & Sells LLP have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act. As required under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Statutory Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their audit reports on the financial statements for the year ended December 31, 2015.

### Internal Auditor

Internal Audit for the year ended December 31, 2015 was done by KPMG and Internal Audit report for every quarter was placed before the Audit Committee. The Board of Directors at its meeting held on February 3, 2016 have re-appointed KPMG as Internal Auditor for the year ended December 31, 2016.

### Secretarial Auditor

M/s. Makarand M Joshi & Co., Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the year ended December 31, 2015 as per the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder. The Secretarial Audit report for the year ended December 31, 2015 is annexed to Board's report as Annexure 3. There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in his report.

### Related party transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The details as required to be provided under Section 134(3)(h) of the Companies Act, 2013 are disclosed in Form AOC-2 as Annexure 4 and forms part of this Annual Report.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Policy on dealing with related party transaction is available on the website of the Company. <http://hexaware.com/investors/>

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

### Appointment of M/s. Karvy Computershare Private Limited as Registrar & Transfer agent of your Company

Securities and Exchange Board of India vide its Ex Parte - AD - Interim Order No. WTM/RKA/MIRSD2/41/2016 dated March

22, 2016 (Order), directed all the clients of Sharepro Services (India) Private Limited (Sharepro) to carry out/switchover their activities related to a Registrar to an Issue and Share Transfer Agent, either in-house or through another Registrar to an Issue and Share Transfer Agent registered with SEBI and also directed to conduct a thorough audit of the records and systems of Sharepro for the past ten years, concerning dividend payments and transfer of securities to determine whether dividends have been paid to actual/beneficial holders and whether securities have been transferred as per the provisions of law.

Accordingly, the Company has terminated the services of Sharepro Services (India) Private Limited and have appointed Karvy Computershare Private Limited as Registrar and Share Transfer Agent of the Company.

Further the Company has also appointed Auditors for conducting the audit for past 10 years concerning dividend payments and transfer of securities as per SEBI direction.

### Extension of time for holding Annual General Meeting

To ensure the smooth transfer of data from Sharepro Services (India) Private Limited to Karvy Computershare Private Limited it was decided to extend the date of the Annual General Meeting of the members for the financial year ended December 31, 2015, the due date for which was June 30, 2016. Accordingly approval from Registrar of Companies, Mumbai vide approval letter dated June 1, 2016 was received by the Company for extension of time for holding Annual General Meeting for the financial year ended December 31, 2015 upto September 30, 2016.

### Significant/Material Orders Passed by the Regulators

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

### Corporate Social Responsibility

Pursuant to the provisions of section 135 of the Companies Act, 2013, the Company spent ₹ 25.34 Million towards CSR activities for the year ended December 31 2015. The composition of the CSR committee and contents of the CSR policy and initiatives taken by the Company on Corporate Social Responsibility during year ended on December 31, 2015 as per the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as Annexure 5 to this Report and CSR policy of the Company is available on our website at <http://hexaware.com/investors/> The Composition of CSR Committee is given in the Corporate Governance Report.

These CSR projects are currently at their initial stages of Implementation and Company will be required to spent further funds in the days to come.

The Company being a foreign source, every person who receives contribution shall have separate bank Account for receipt for contribution (FCRA). While incurring CSR expenditure the Company found many implementing agencies do not have the said FCRA bank account and hence there was a delay in incurring CSR expenditure for few of the implementing agencies.

The company is also in process of further identifying impactful projects for CSR expenditure which can have a qualitative longer term impact on societal issues.

### Extract of annual return

As provided under Section 92(3) of the Act, the extract of annual return in the prescribed Form MGT-9, forms part of this report as Annexure 6.

### Financial year

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

### Particulars of Directors and Employees

The table containing information as per rule 5 (i) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is enclosed as Annexure 7 to the Board Report.

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

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

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

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

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

The following is the summary of the complaints received and disposed off during the financial year 2015:

- No. of complaints received in the year: 03
- No. of complaints disposed off: 03
- No. of complaints pending : NIL

### Green initiatives

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

Electronic copies of the Annual Report 2015 and Notice of the 23rd Annual General Meeting are being sent to all members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2015 and the Notice of the 23rd Annual General Meeting are being sent in the permitted mode. Members requiring physical copies can send a request to the Company.

The Company provides e-voting facility to all its members to enable them to cast their votes electronically on all resolutions set forth in the Notice. This is pursuant to the Section 108 of the Companies Act 2013 and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015.

### Acknowledgment

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

For and on behalf of the Board of Directors

Atul K. Nishar  
Chairman

Date: June 23, 2016

Place: Mumbai

## Directors' Report

### 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 134 (3) (m) OF THE COMPANIES ACT, 2013, AND RULES MADE THEREUNDER.

#### Conservation of Energy

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

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

The Company has installed 90KW Rooftop solar system in its Siruseri Campus in the year 2014 with a capacity of producing 1.3 L units of power in a year. Power generated in 2015 from this system is 130222 units. This results in avoiding of Green House Gas emission of 77.5 tons of CO<sub>2</sub>.

"Aerators" are installed in wash basin taps at pantry, food court and rest rooms to minimize water usage. 30KL per day and 7920KL per annum (22 working days/month) is saved in year 2015.

3 lakh units power is saved in year 2015 by installing energy efficient LED & CFL light fittings in garden area, Timers for street lighting & Air Handling Units.

Wind energy to the tune of 50 lakh units is availed in year 2015 through 3rd party Private power agency.

STP water is treated and used for gardening @160KL per day (working day) in year 2015. 42240KL STP treated water is recycled and reused.

The Company undertakes several green campaigns throughout its locations.

#### Technology Absorption:

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

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

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

#### Research & Development:

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

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

The Company has several innovation labs attached to individual practices and verticals for fostering innovation channeled to a particular area of interest. Under ample guidance from the Practice Head, the Company has dedicated long-time resources, as well as employees by rotation on short stints working here to exchange ideas and produce the desired results. The Company's list of Intellectual Property rollouts is impressive and spans across almost all its focus verticals and practices as also emerging areas of interest. The dedicated 'Innovation Infrastructure' 'Innovation Council' and 'Innovation Labs' framework, co-ordinates closely with focus practice groups to pilot and continuously test these incubated ideas.

#### Some tools, accelerators and other IP produced by the innovative minds this year would include:

1. UMI – The Company has built a unique model for quantifying the usability of an application by creating the Usability Measurement Index (UMI) that is generated using a crowdsourced usability test approach.
2. iD2E (Integrated Design to Execution) automation platform – The Company has built a platform called iD2E which integrates the test design automation with Test execution automation, service virtualization for shifting testing left and a portal based online reporting dashboard which can bring in cost savings in end to end testing.
3. ALM BPT wrapper – The company has built a custom wrapper over HP ALM which allows users to implement the business component model (BPT) for creating test automation scripts using multiple test automation tools besides HP UFT, also enabling the execution of these test scripts from HP ALM irrespective of the underlying test automation tool set.

#### Foreign Exchange Earnings and Outgo:

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

For and on behalf of the Board of Directors

Atul K. Nishar  
Chairman

Date: June 23, 2016

Place: Mumbai

**ANNEXURE-1  
FORM - AOC 1**

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

(₹ in Million)

Sr. No.	1	2	3	4	5	6	7	8	9	10
Name of the Subsidiary	Hexaware Technologies Inc- USA	Hexaware Technologies UK Ltd	Hexaware Technologies GMBH	Hexaware Technologies Asia Pacific Pte Ltd	Hexaware Technologies Ltd - Mexico, R.L. De.C.V.	Hexaware Technologies Canada Ltd	Risk Technology International Ltd	Hexaware Technologies DO Brazil Ltd, Brazil	Guangzhou Hexaware Information Technology Company Limited-China	Hexaware Technologies LLC - Russia
Reporting currency and exchange rate as on the date of the relevant financial year in case of foreign subsidiaries	USD 66.1550	GBP 98.0650	Euro 72.1125	SGD 46.8250	MXN 3.8105	CAD 47.6650	₹	BRL 16.7088	CNY 10.1901	RUB 0.8995
Share Capital	531.33	212.51	13.05	23.41	30.82	1.11	95.00	0.03	1.62	72.24
Reserve and Surplus	1,777.21	180.10	230.17	150.92	191.36	64.36	(18.04)	1.15	(1.21)	(5.10)
Total Assets	8,053.82	945.90	346.61	257.19	325.79	83.13	483.35	12.03	0.42	138.50
Total Liabilities	5,745.27	553.29	103.40	82.86	103.61	17.65	406.38	10.85	-	71.37
Investments	0.02	0.06	-	-	-	-	-	-	-	-
Turnover	21,706.96	2,436.93	986.58	526.18	872.77	121.10	-	31.08	0.00	0.83
Profit / ( Loss) before taxation	781.76	81.49	32.50	(18.06)	104.84	10.10	(5.17)	2.00	(1.21)	(5.10)
Provision for taxation	315.46	7.69	11.08	(0.76)	33.61	2.68	0.12	0.48	-	-
Profit / ( Loss) after taxation	466.30	73.80	21.42	(17.30)	71.23	7.42	(5.29)	1.52	(1.21)	(5.10)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Note :

There are no subsidiaries which are yet to commence operations

Focus Frame Europe BV (Subsidiary of Hexaware Technologies Inc.) closed w.e.f. March 31, 2015.

**For and on behalf of the Board of Directors**

**Atul K. Nishar**  
(Chairman)

**Place:** Mumbai

**Date:** February 3, 2016

## Directors' Report

## ANNEXURE-2

## ESOP Disclosures

DISCLOSURES IN COMPLIANCE WITH REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND RULE 12 OF COMPANIES (SHARE CAPITAL AND DEBENTURES) RULES, 2014 ARE SET OUT BELOW:

Sr. No.	Description	ESOP 2002		ESOP 2007		ESOP 2008		ESOP 2015	
1	<b>Name of the Scheme</b>								
2	Total No. of Options/ RSU's approved under the Plan	11,049,145 options		13,042,992 options		5,720,839 options/ RSU's		10,765,025 options/ RSU's	
3	Shareholders Approval Date	June 3, 2002		September 11, 2007		June 30, 2008		May 7, 2015	
4	Maximum term of options granted	7 years		7 years		7 years		7 years	
5	Source of Shares	Primary		Primary		Primary		Primary	
6	Method of settlement	Equity Settled		Equity Settled		Equity Settled		Equity Settled	
7	Vesting Requirements	<p><b>Options :</b> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee except in case of grants to Directors vesting is 50% on each successive anniversary of the grant date or as per the discretion of the Committee.</p>		<p><b>Options:</b> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee except in case of grants to Directors, vesting is 50% on each successive anniversary of grant date and in case of special performance linked 1% stock options vesting is 50% on each successive anniversary on achieving specified performance targets.</p> <p><b>Performance Options:</b> Vesting 25% on each successive anniversary of the grant date on achieving specified performance targets or as per the discretion of the committee.</p>		<p><b>Options :</b> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee.</p> <p><b>Performance Options/ RSU's:</b> Vesting 25% on each successive anniversary of the grant date on achieving specified performance targets or as per the discretion of the Committee.</p>		<p><b>Performance Options/ RSU's:</b> The options/ RSU's shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company. The Nomination and Remuneration Committee may, at its discretion, lay down certain performance metrics on the achievement / non-achievement of which such Options/ RSU's would vest, subject to the minimum vesting period of 1 year &amp; maximum of 4 years from the date of grant of options/ RSU's.</p>	
8	Number and weighted average exercise prices of stock options for each of the following groups of options -	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
	- Outstanding at the beginning of the year	51,000	12.45	1,525,500	50.23	-	-	-	-
	- Granted during the year	-	-	-	-	4,188,934	2.00	5,003,804	2.00
	- Forfeited / lapsed during the year	-	-	74,500	58.74	93,000	2.00	117,800	2.00
	- Exercised during the year	28,000	12.45	611,425	51.31	-	-	-	-
	- Outstanding at the end of the year	23,000	12.45	839,575	48.69	4,095,934	2.00	4,886,004	2.00
	- Exercisable at the end of the year	23,000	12.45	839,575	48.69	-	-	-	-
	- Number of options vested	23,000	-	839,575	-	-	-	-	-
	- Total number of shares arising as a result of exercise	28,000	-	611,425	-	-	-	-	-
	- Money realised by exercise of options (₹ In Mn)	0.35	-	31.37	-	-	-	-	-

Sr. No.	Description				
1	Name of the Scheme	ESOP 2002	ESOP 2007	ESOP 2008	ESOP 2015
9	<p>Employee wise details of options/RSU's granted to - - Senior managerial personnel;</p> <p>- Employees holding 5% or more of the total number of options/RSU's granted during the year.</p> <p>- Identified employees who were granted options/RSU's, during anyone year equal to or exceeding 1% of the issued capital (excluding outstanding options/RSU's of the Company at the time of grant).</p>	Nil	Nil	<p>Mr. R Srikrishna, CEO - 2,31,214, Mr. Ashok Harris, President - Global Delivery - 1,24,000, Mr. Rajesh Kanani, CFO - 62,000, Mrs. Amberin Memon, CPO - 62,000, Mr. Senthil Nayagam Kalyanasundaram, SR. VP, M &amp; C - 93,000, at exercise price of ₹ 2/-.</p>	Mr. R Srikrishna, CEO - 190,024, at exercise price of ₹ 2/-.
		Nil	Nil	Nil	Nil
		Nil	Nil	Nil	Nil
10	For stock options/RSU's outstanding at the end of the year, the period, the range of exercise prices and weighted average remaining contractual life (vesting period + exercise period). If the range of the exercise prices is wide, the outstanding options/RSU's 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/RSU's	Details for ESOP 2002, 2007, 2008 & 2015 Scheme:			
		Price range ₹	Nos.	Weighted average remaining life (months)	
		2 - 12.45	9,263,738	55	
		30.70 - 40.28	57,000	19	
		51.98 - 79.85	523,775	27	
		Total	9,844,513		
11	Method used for accounting of the employee share-based payment plans	The Company has followed the Intrinsic Value-based method of accounting for grants made before April 1, 2015. For the grants made after April 1, 2015, the Company has recognised compensation cost using fair value method			
12	For the grants made before April 1, 2015 been recognised using intrinsic method, impact for the accounting period had the fair value method been used on the following -	Consolidated	Standalone		
	Net Results increases by (In ₹ Millions)	7.51	7.51		
	Earning Per Share: Basic (In ₹)	Consolidated	Standalone		
	As Reported	13.05	11.05		
	Adjusted Pro Forma	13.07	11.08		
	Earning Per Share: Diluted (In ₹)				
	As Reported	12.94	10.96		
	Adjusted Pro Forma	12.97	10.99		
13	For stock options/RSU's granted during the year, information on how the fair value was measured including the following -				
	Weighted average fair value of those options at the grant date (In ₹)	205.80			
	- Option pricing model used	Black Scholes Option			
	- Inputs to that model including				

## Directors' Report

Sr. No.	Description	ESOP 2002	ESOP 2007	ESOP 2008	ESOP 2015
1	<b>Name of the Scheme</b> - weighted average share price (₹) - exercise price (₹) - expected volatility - option life (comprising vesting period+ exercise period) <sup>ii</sup> - expected dividend yields - risk-free interest rate - any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise. - Determination of expected volatility, including explanation to the extent expected volatility was based on historical volatility. - Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.	244.20			
		2.00			
		38.49%- 42.16%			
		1.13 - 5.31 years			
		3.42%- 4.03%			
		7.18% - 8.79%			
		NA			
		Based on historical volatility data			
		NA			
14	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			
15	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 point 7 of SEBI (Share based employee benefits) Regulations, 2014.	No modifications were made to the schemes during the year			

**ANNEXURE-3**  
**FORM NO. MR.3**  
**SECRETARIAL AUDIT REPORT**

For The Financial Year Ended 31st December, 2015  
[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on December 31, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment (External Commercial Borrowings are not Applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 & the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not Applicable to the Company during the Audit Period);
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with stock exchanges.

And

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

## Directors' Report

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

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

### We further report that

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

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

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

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

We further report that during the audit period the Company has

#### A. Allotted

6,39,425 Equity Shares pursuant to Exercise of the Option granted under Employee Stock Option Plan 2002 & 2007 of Company.

#### B. Approved

1. Amendment to Articles of Association of the Company
2. Payment to Non-Whole time Director
3. Hexaware Technologies Limited Employee Stock Options Plan 2015 and grant of Employee Stock Options to the employees of the Company thereunder
4. Grant of Employee Stock Options to the Employees of the subsidiary Company(ies) of the Company under Hexaware Technologies Limited Employee Stock Options Plan 2015.

For Makarand M. Joshi & Co.

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

Place: Mumbai  
 Date: 29.04.2016

## ANNEXURE-4

FORM NO. AOC-2

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

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

1	Details of contracts or arrangements or transactions not at arm's length basis	There are no contracts or arrangements or transactions with related parties which are not at arm's length
2	Details of material contracts or arrangements or transactions at arm's length basis	
(a)	Name(s) of the related party and nature of relationship:	Hexaware Technologies Inc, USA ("HTInc"), Wholly owned Subsidiary Hexaware Technologies UK Limited, UK ("HTUK"), Wholly owned Subsidiary
(b)	Nature of contracts/arrangements/transactions:	Software and consultancy services
(c)	Duration of the contracts / arrangements/transactions:	Ongoing.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	The Company shall provide IT/ITES Offshore Services (generally services are performed in India) to HTI and HTUK's. During the year, the total income earned from HTInc and HTUK is Rs. 5,596.28 million and Rs. 715.52 million respectively.
(e)	Date(s) of approval by the Board, if any:	Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.
(f)	Amount paid as advances, if any:	NIL

## ANNEXURE-5

## CSR Report – 2015

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

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

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

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

The CSR Policy adopted by Hexaware is available in the given web link: <http://hexaware.com/investors/>

2. The Composition of the CSR Committee.

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

The members of the CSR committee:

Name	Designation
Mr. Bharat Shah	Chairman
Mr. Atul Nishar	Member
Mr. Jimmy Mahtani	Member
Mr. Christian Oecking	Member
Mr. Basab Pradhan	Member

3. Average net profit of the company for last three financial years

Particulars (as per Section 198)	₹ million		
	2012	2013	2014
Net profit for the year	3,783.10	4,141.00	3,246.18

4. Prescribed CSR Expenditure

Particulars (as per Section 198)	₹ million			
	2012	2013	2014	
Net profit for the year	3,783.10	4,141.00	3,246.18	
Average 3 yrs Adjusted Profits				3,723.43
Estimated CSR contribution @ 2% of average profits				74.47

## Directors' Report

### CSR Report

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

- (a) Total amount to be spent for the financial year;  
 (b) Amount unspent, if any;  
 (c) Manner in which the amount spent during the financial year is detailed below:

S.No	CSR Project or activity identified	Sector in which project is covered	Projects or Programs	Amount Outlay (budget) on Project or Programs	Amount spent on the projects or programs (in ₹)	Cumulative expenditure up to the reporting period (in ₹)	Amount Spent: Direct or through implementing agency
			1. Local area or other		1. Direct Expenditure		
			2. Specified Location		2. Overheads		
1	Udaan: Empowerment of children of sex workers in the red light area	Eradicating hunger, poverty and malnutrition, promoting education	1. Local	3,360,000	3,028,000	3,028,000	Through implementing agency: Apne Aap Women's Collective
			2. Mumbai, Maharashtra				
2	Evolution: Municipal School Empowerment Program	Promoting education, promoting preventive healthcare and sanitation	1. Others	2,500,000	1,750,000	1,750,000	Through implementing agency: Manav Sadhna
			2. Vapi, Gujarat				
3	Palliative care to marginalized patients	Promoting Healthcare	1. Local	5,000,000	5,000,000	5,000,000	Through implementing agency: Tata Memorial Centre
			2. Mumbai, Maharashtra				
4	Family Home Program- Support holistic development of underprivileged children	Eradicating hunger, poverty and malnutrition, promoting education, setting up homes and hostels for orphans	1. Local	2,500,000	2,500,000	2,500,000	Through implementing agency: India Sponsorship Committee
			2. Lonavala, Maharashtra				
5	Chennai flood relief effort	Promoting preventive healthcare and sanitation and making available safe drinking water	1. Local	10,000,000	10,000,000	10,000,000	Through implementing agency: 1. Akshaya Patra Foundation 2. Oxfam Foundation 3. Habitat for Humanity
			2. Chennai, TamilNadu				
6	Education to underserved children	Promoting education	1. Local	1,785,000	1,785,000	1,785,000	Through implementing agency: 1. Teach to Lead- ₹ 595,000 2. Save the Children- ₹ 595,000 3. Research Society- ₹ 297,500 4. Helen Keller Foundation- ₹ 297,000
			2. Mumbai, Maharashtra				
7	Activity to promote education and awareness at SOS Children's Village	Promoting education	1. Local	35,010	35,010	35,010	Direct
			2. Alibaug, Maharashtra				
8	Administrative Expenses	-	-	1,246,092		1,246,092	-
			-		1,246,092		
<b>Total</b>						<b>25,344,102</b>	

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

HEXAWARE has spent ₹ 25.34 Million during the financial year that end on December 31, 2015 on various projects. These projects are currently at their initial stages of implementation and the company will be required to spend further in the days to come.

The Company being Foreign Source, every person who receives contribution from foreign source shall have separate FCRA bank Account for receipt for contribution from foreign source. While incurring CSR expenditure we found many implementing agencies do not have the said FCRA bank Account and hence there was a delay in incurring CSR expenditure for few of the implementing Agencies.

The company is also in process of further identifying impactful projects for CSR expenditure which can have a qualitative longterm impact on societal issues.

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

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

**R. Srikrishna**

Chief Executive Officer and  
Executive Director

**Bharat Shah**

Chairman CSR Committee

Place: Mumbai

Date: June 23, 2016

## Directors' Report

## ANNEXURE-6

FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.12.2015

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

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)			
Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Computer Programming, Consultancy and Related Activities	620	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	HT Global IT Solutions Holdings Limited 3rd Floor, 335 NeXTeracon Tower 1, Cybercity, Ebene, Mauritius.	Foreign Company	Holding	71.31	2(46)
2	Risk Technology International Limited, Building No. 1, Millennium Business Park, Sector III, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	U72900MH2007 PLC172645	Subsidiary	100	2(87)
3	Hexaware Technologies Inc. 101 Wood Avenue South, Suite 600, Iselin, New Jersey 08830 USA	Foreign Company	Subsidiary	100	2(87)
4	Hexaware Technologies GmbH, Germany B5 Atricom, Lyonerstrasse 15, D-60528 Frankfurt am Main Germany	Foreign Company	Subsidiary	100	2(87)
5	Hexaware Technologies UK Limited Level 19, 40 Bank Street, Canary Wharf, London – E14 5NR	Foreign Company	Subsidiary	100	2(87)
6	Hexaware Technologies Asia Pacific Pte. Limited 180, Cecil Street, # 09-03, Bangkok Bank Building, SINGAPORE 69546	Foreign Company	Subsidiary	100	2(87)
7	Hexaware Technologies Canada Limited 2 Robert Speck Parkway, Suite 735, Mississauga, ON L4Z 1H8.	Foreign Company	Subsidiary	100	2(87)
8	Hexaware Technologies Mexico S de RL De CV Blvd. Luis Donaldo Colosio #8475, Valle Real, Saltillo, Coahuila, Mexico, C.P. 25205	Foreign Company	Subsidiary	100	2(87)
9	Hexaware Technologies Do Brazil Limited Rua Vergueiro 1.421, Conjunto 1102, Vila Mariana - Sao Paulo - SP, CEP 04.101-000	Foreign Company	Subsidiary	100	2(87)

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

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
10	Guangzhou Hexaware Information Technologies Company Limited Room 711, 7/F, Main Tower, Guangdong International Building, No.339 Huanshi Road East, Yuexiu District, Guangzhou	Foreign Company	Subsidiary	100	2(87)
11	Hexaware Technologies LLC Building 7, Industrialnaya Street, Tver Skaya obl, Tver, Russian Federation, 170 100.	Foreign Company	Subsidiary	100	2(87)

## IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

## (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-01-2015]				No. of Shares held at the end of the year [As on 31-12-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	215,047,193	-	215,047,193	71.46%	215,047,193	-	215,047,193	71.31%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	215,047,193	-	215,047,193	71.46%	215,047,193	-	215,047,193	71.31%	0.00%
TOTAL (A)	215,047,193	-	215,047,193	71.46%	215,047,193	-	215,047,193	71.31%	0.00%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	8,089,723	6,525	8,096,248	2.69%	23,084,938	6,525	23,091,463	7.66%	185.21%
b) Banks / FI	277,960	4,430	282,390	0.09%	113,211	4,430	117,641	0.04%	-58.34%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	460,591	-	460,591	0.15%	224,845	-	224,845	0.07%	-51.18%
g) FIs	42,320,702	1,700	42,322,402	14.06%	29,475,315	1,700	29,477,015	9.77%	-30.35%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	51,148,976	12,655	51,161,631	17.00%	52,898,309	12,655	52,910,964	17.55%	3.42%
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	4,576,391	24,192	4,600,583	1.53%	4052862	24192	4,077,054	1.35%	-11.38%
ii) Overseas	10	-	10	0.00%	10	0	10	0.00%	0.00%
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,404,654	3,703,069	24,107,723	8.01%	20418553	3580049	23,998,602	7.96%	-0.45%

## Directors' Report

### Extract of Annual Return

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-01-2015]				No. of Shares held at the end of the year [As on 31-12-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3,744,654		3,744,654	1.24%	3152659	0	3,152,659	1.05%	-15.81%
<b>c) Others (specify)</b>							-		
Non Resident Indians	1,622,333	433,885	2,056,218	0.68%	1775110	422445	2,197,555	0.73%	6.87%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	7,500	-	7,500	0.00%	8000	0	8,000	0.00%	6.67%
Clearing Members	-	-	-	0.00%	0	0	-	0.00%	0.00%
Trusts	18,400		18,400	0.01%	31300	0	31,300	0.01%	70.11%
Foreign Bodies - D R				0.00%				0.00%	0.00%
<b>Sub-total (B)(2):-</b>	<b>30,373,942</b>	<b>4,161,146</b>	<b>34,535,088</b>	<b>11.48%</b>	<b>29,438,494</b>	<b>4,026,686</b>	<b>33,465,180</b>	<b>11.10%</b>	<b>-3.10%</b>
<b>Total Public (B)</b>	<b>81,522,918</b>	<b>4,173,801</b>	<b>85,696,719</b>	<b>28.48%</b>	<b>82,336,803</b>	<b>4,039,341</b>	<b>86,376,144</b>	<b>28.64%</b>	<b>0.79%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>179,560</b>	<b>-</b>	<b>179,560</b>	<b>0.06%</b>	<b>139,560</b>	<b>-</b>	<b>139,560</b>	<b>0.05%</b>	<b>-22.28%</b>
<b>Grand Total (A+B+C)</b>	<b>296,749,671</b>	<b>4,173,801</b>	<b>300,923,472</b>	<b>100.00%</b>	<b>297,523,556</b>	<b>4,039,341</b>	<b>301,562,897</b>	<b>100.00%</b>	<b>-21.48%</b>

#### (ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	HT GLOBAL IT SOLUTIONS HOLDINGS LIMITED	215,047,193	71.46%	0	215,047,193	71.31%	0	0.00%

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

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1.	At the beginning of the year						
2.	Changes during the year			There is no change in Promoters' Shareholding between			
3.	At the end of the year			01.01.2015 to 31.12.2015			

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

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

Sr. No	For each of the Top Ten Shareholders Shareholder's Name	Shareholding at the beginning of the year (01-01-15)		Cumulative Shareholding during the year (31-12-15)	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	GOVERNMENT PENSION FUND GLOBAL	4,662,289	1.55	3,871,542	1.28
2	UNION INVESTMENT LUXEMBOURG S.A. A/C QUONIAM FUNDS SELECTION SICAV - EMERGING MARKETS EQUITIES MINRI	1,990,499	0.66	1,990,499	0.66
3	STICHTING PENSIOENFONDS ABP	1,893,952	0.63	0	0.00
4	UTI-OPPORTUNITIES FUND	1,800,000	0.60	1,363,000	0.45
5	GOLDMAN SACHS (SINGAPORE) PTE	1,785,948	0.59	331,161	0.11
6	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	1,680,000	0.56	22,000	0.01
7	WISDOMTREE TRUST A/C WISDOMTREE INDIA INVESTMENT PORTFOLIO, INC.	1,521,609	0.51	533,767	0.18
8	RELIANCE CAPITAL TRUSTEE CO LTD A/C-RELIANCE REGULAR SAVINGS FUND-EQUITY OPTION	1,500,000	0.50	2,000,000	0.66
9	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY	1,467,575	0.49	1,734,722	0.58
10	MV SCIF MAURITIUS	1,454,260	0.48	0	0.00

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

## Shareholding of Directors and Key Managerial Personnel:

(₹ Million)

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Increase/Decrease in shareholding	Cumulative Shareholding during the year	
				No. of shares	% of total shares		No. of shares	% of total shares
1	<b>BHARAT DHIRAJLAL SHAH</b>							
	At the beginning of the year	01.01.2015		20,000	0.01%		20,000	0.01%
	Changes during the year				0.00%	0		0.00%
	At the end of the year	31.12.2015			0.00%		20,000	0.01%
2	<b>ATUL KANTILAL NISHAR</b>							
	At the beginning of the year	01.01.2015		1,000	0.00%		1,000	0.00%
	Changes during the year				0.00%	0		0.00%
	At the end of the year	31.12.2015			0.00%		1,000	0.00%
2	<b>BASAB PRADHAN</b>							
	At the beginning of the year	01.01.2015		15,000	0.00%		15,000	0.00%
	Changes during the year				0.00%	0		0.00%
	At the end of the year	31.12.2015			0.00%		15,000	0.00%

## Key Managerial Personnel

1	<b>RAJESH N KANANI</b>							
	At the beginning of the year	01.01.2015		16,984	0.01%			0.00%
	Changes during the year		Allotment under ESOP		0.00%	10,000	26,984	0.01%
	At the end of the year	31.12.2015			0.00%		26,984	0.01%
2	<b>GUNJAN SUMIT METHI</b>							
	At the beginning of the year	01.01.2015		1	0.00%		1	0.00%
	Changes during the year		Allotment under ESOP		0.00%	2,500	2,501	0.00%
	At the end of the year	31.12.2015			0.00%		2,501	0.00%

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

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ Million)

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ Million)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	R Srikrishna	
	Designation	CEO & Executive Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		4.44
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-
2	Stock Option <sup>ii</sup>		47.73

## Directors' Report

### Extract of Annual Return

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

(₹ Million)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
3	Sweat Equity		-
4	Commission		-
	- as % of profit		-
	- others, specify		-
5	Others, please specify		-
	Total (A)	52.17	52.17
	Ceiling as per the Act [u/s. 197 (1)]		207.11

i Above does not include remuneration of ₹ 83.65 million paid by the overseas subsidiary of the Company.

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

#### B. Remuneration to other Directors

(₹ Million)

Sr. No.	Particulars of Remuneration	Fee for attending Board/ Committee Meetings	Commission	Others, please specify	Total Amount
	<b>Independent Directors</b>				
1	Bharat D Shah	0.32	6.62		6.94
	Dileep C Choksi	0.22	6.62		6.84
	Basab Pradhan	0.26	6.62		6.88
	Christian T Oecking	0.26	6.62		6.88
	Dr. Punitakumar Sinha (resigned w.e.f 12.01.2016)	0.10	5.03		5.13
	<b>Total (1)</b>	<b>1.16</b>	<b>31.51</b>		<b>32.67</b>
2	<b>Other Non-Executive Directors</b>				
	Kosmas Kalliarekos	-	-		
	Jimmy L Mahtani	-	-		
	Atul Kantilal Nishar	-	-		
	P R Chandrashekar	-	6.62		6.62
	<b>Total (2)</b>	-	6.62		6.62
	Total (B)=(1+2)	1.16	38.13		39.29
	Total Managerial Remuneration				90.30
	<b>Overall Ceiling as per the Act [u/s. 197 (1)(i)]</b>				<b>455.65</b>

#### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ Million)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
		Rajesh N Kanani	Gunjan Methi	
	<b>Name</b>	<b>CFO</b>	<b>CS</b>	
	<b>Designation</b>			
1	<b>Gross salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.73	1.70	7.43
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.04	0.64	0.68
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	<b>Total</b>	<b>5.77</b>	<b>2.34</b>	<b>8.10</b>

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

There were no penalties or punishments levied on the Company during the year. Also, no compounding of any offence was done during the year.

## ANNEXURE-7

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

		(₹ Million)	
(i) the ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year	Based on annualised cost to company basis excluding ESOP costs		
R Srikrishna - Chief Executive Officer and Executive Director (excluding remuneration paid by subsidiary company)		6.35	
Non-executive Directors - Commission			
Bharat D Shah		9.46	
Dileep C Choksi		9.46	
Basab Pradhan		9.46	
Christian T Oecking		9.46	
Dr. Punitakumar Sinha		9.46	
P R Chandrasekar		9.46	
(ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Based on annualised cost to company basis excluding ESOP costs		
R Srikrishna - Chief Executive Officer and Executive Director		0%	
Non-executive Directors - Commission			
Bharat D Shah		150%	
Dileep C Choksi		150%	
Basab Pradhan		0%	
Christian T Oecking		0%	
Dr. Punitakumar Sinha (appointed on March 26, 2015)		NA	
P R Chandrasekar		NA	
Rajesh Kanani, Chief Financial Officer		6%	
Gunjan Methi, Company Secretary		7%	
(iii) the percentage increase in the median remuneration of employees in the financial year		4%	
(iv) the number of permanent employees on the rolls of company;		6,307	
(v) the explanation on the relationship between average increase in remuneration and company performance	The Company revenue increased by 12% and also Profit before tax without considering ESOP/RSU cost increased by 12% compared to previous year. Average increment percentage of the continuing employees in India was 7.5%.		
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company	Total remuneration of the KMP excluding ESOP/RSU cost was less than 1% of Revenue and Profit before tax of the Company. The total remuneration including paid over by a subsidiary company is less than 2% of Consolidated Revenue and Profit before tax of group.		
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;			
Market capitalisation	Market cap has increased to ₹ 7,340 crore as at December 31, 2015 from ₹ 6,009 crore as at December 31, 2014, an increase of 22%.		
Price earnings ratio	PE ration has improved to 19 in 2015 from 18 in 2014, an increase of 6% computed at market price as on Decemebr 31.		

## Directors' Report

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

Change in market price	The market price of the Company's share increased to ₹ 243.4 as at December 31, 2015 from ₹ 199.7 as at December 31, 2014, an increase of 22%. The Company did not have any public offer in past 10 years as well Company has undergone changes such as Merger / Demerger / Bonus / Split hence comparison of public offer to current market price is not considered meaningful.		
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentile increase in salaries (excluding ESOP cost) of employees other than KMP's was 7.5% whereas increase in remuneration to KMP was less than 7%		
(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;	for the year 2015, the revenue of the Company was ₹ 12,936.97 million and Profit before tax (PBT) was ₹ 4,080.56 million		
<b>KMP</b>	<b>Remuneration u/s 17(1) to (2) of Income-tax Act, 1961 (excluding ESOP cost) ₹ Million</b>	<b>% of Revenue</b>	<b>% of PBT</b>
R. Srikrishna, Chief Executive Officer and Executive Director (excluding remuneration paid by subsidiary company)	3.46	0.03%	0.08%
Rajesh Kanani, Chief Financial Officer	5.77	0.04%	0.14%
Gunjan Methi, Company Secretary	1.70	0.01%	0.04%
(x) the key parameters for any variable component of remuneration availed by the Directors	For the CEO and executive Director, variable payment is determined based on the individual and Group performance evaluated by the Nomination and Remuneration committee of the board. Remuneration of non-executive / independent Director is subject to the ceiling under the Companies Act, 2013.		
(xi) the ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	No other employee of the Group received remuneration in excess of total remuneration drawn by Director from the the Group.		
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per policy of the Company		

# Report on Corporate Governance

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

Corporate Governance for Hexaware is a passion, motto and culture. Believing in Corporate Governance not only in letter but also in spirit, the company endeavors to maximize the wealth of its shareholders by managing the affairs of the company with superior levels of accountability, transparency and integrity. The company has affirmed its belief in accurate and timely disclosures to improve public understanding of its activities which has enabled it to attract investors. Going a step forward, Hexaware's aim is to adopt best practices in International Corporate Governance and is quite confident of achieving the highest standards. At Hexaware, management by professionals has been given strategic importance as it constitutes the most important aspect of the changing profile of Corporate Governance.

The company believes that quality of Governance is influenced by integrity of its management, ability of its Board to carry out its fiduciary responsibilities, adequacy of its management processes, quality of corporate reporting, commitment levels of individual board members and participation of stakeholders in management. In keeping with this philosophy the Executive Management at Hexaware assists the Board in achieving its objectives by providing timely and accurate information regarding financial performance, ownership and governance in the best possible way.

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

There is a separation of the role of Chairman of the Board and the Chief Executive Officer; a practice that has been in place for more than 13 years in the Company. The Company has adopted the Code of Conduct for Board of Directors, Senior Management Personnel, Prevention of Insider Trading and whistle blower policy. Further, the Company provides detailed disclosures in quarterly financial statements to show where the funds are invested/ held in a safe manner. With the focus on the core corporate governance principles of accountability, transparency and integrity and adoption of suitable global, local and industry best practices, the Company is moving ahead in its pursuit of excellence in corporate governance. The Code of conduct of Board of Director and senior management personnel are available on the website of the Company at <http://hexaware.com/investors/>

## 2. Board of Directors:

### 2.1 Composition and category of Directors:

The composition of the Board of Directors of the Company represents an optimum combination of professionalism, knowledge and experience. The Board comprises of eleven (11) Directors as on December 31, 2015, of these ten Directors are Non-Executive and five amongst them are Independent Directors. Mr. Atul K. Nishar is Non-Executive Chairman of the Board. Dr. Punita Kumar Sinha (DIN: 05229262) Independent Director of the Company has resigned from the Board w.e.f January 12, 2016, Mr. Jack Hennessy (DIN: 06990208) Non – Executive Director has vacated the office of Director w.e.f February 9, 2016, Mrs. Meera Shankar (DIN: 06374957) was appointed as an Independent Director w.e.f April 11, 2016 for a period of two years and Mr. Basab Pradhan (DIN: 00892181) & Mr. Christian Oecking (DIN: 03090264) were reappointed for a period of three years w.e.f June 9, 2016 and June 26, 2016 respectively. As on June 23, 2016 the number of Directors are 10 (Ten).

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

The composition of the Board of Directors of the Company as on December 31, 2015 is given below:

Name	Designation	Category	Shareholding as on December 31, 2015
Mr. Atul K Nishar* (DIN 00307229)	Chairman	Non-Independent / Non-Executive	1,000
Mr. R. Srikrishna (DIN 03160121)	CEO & Executive Director	Non-Independent	Nil
Mr. Jimmy Mahtani (DIN 00996110)	Director	Non-Independent / Non-Executive	Nil
Mr. Kosmas Kalliarekos (DIN 03642933)	Director	Non-Independent / Non-Executive	Nil

## Report on Corporate Governance

Name	Designation	Category	Shareholding as on December 31, 2015
Mr. P. R. Chandrasekar** (DIN 02251080)	Director	Non-Independent / Non-Executive	Nil
Mr. Jack Hennessy# (DIN 06990208)	Director	Non-Independent / Non-Executive	Nil
Mr. Bharat Shah*** (DIN 00136969)	Director	Independent / Non-Executive	20,000
Mr. Dileep Choksi (DIN 00016322)	Director	Independent / Non-Executive	Nil
Mr. Basab Pradhan (DIN 00892181)	Director	Independent / Non-Executive	15,000
Mr. Christian Oecking (DIN 03090264)	Director	Independent / Non-Executive	Nil
Dr. Punita Kumar – Sinha## (DIN 05229262)	Director	Independent / Non-Executive	Nil

- \* Shares held by Mr. Atul Nishar's family members are as follows : Dr. (Mrs.) Alka Atul Nishar - Wife 1,000 shares, Ms. Devangi Atul Nishar – Daughter 3,43,720 Shares and Ms. Priyanka Atul Nishar - Daughter 3,15,690 Shares.
- \*\* Mr. P R Chandrasekar was Vice Chairman till 31st December 2015 and from January 1, 2016 he continues as a Non – Executive Director on the Board.
- \*\*\* Mr. Bharat Shah is holding 30,000 Shares and Bharat Shah HUF is holding 50,000 Shares as on June 23, 2016.
- # Mr. Jack Hennessy has vacated the office of Director w.e.f. February 9, 2016.
- ## Dr. Punita Kumar – Sinha has resigned as Director w.e.f. January 12, 2016.

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

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2015 was as follows:

Directors	Board Meetings Held During the Tenure of Director	Board Meetings attended during the year	Whether attended last AGM	Directorship of other Indian Public Companies	Board Committee Membership/ (Chairmanship)
Mr. Atul K. Nishar	6	6	Yes	NIL	1(1)
Mr. R. Srikrishna	6	5	Yes	NIL	NIL
Mr. Jimmy Mahtani	6	4	No	3	2
Mr. Kosmas Kalliarekos	6	3	No	NIL	NIL
Mr. P. R. Chandrasekar	6	4	Yes	1	NIL
Mr. Bharat Shah	6	5	Yes	7	7
Mr. Dileep Choksi	6	6	Yes	8	8(5)
Mr. Basab Pradhan	6	4	No	NIL	1
Mr. Christian Oecking	6	4	Yes	NIL	1
Mr. Jack Hennessy	6	0	No	NIL	NIL
Dr. Punita Kumar - Sinha	5	4	Yes	9	5(1)

#### Notes:

- None of the Directors of the Company hold membership of more than ten Committees nor is a Chairperson of more than five committees (as specified in regulation 26), across all companies of which he/ she is a Director. Necessary disclosures regarding Committee positions in other Indian public companies as at December 31, 2015 have been made by the Directors.

2. The committees considered for the above purpose are those as specified in regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. Audit Committee and Stakeholders Relationship Committee.
3. Video / tele-conferencing facilities are also used to facilitate Directors travelling / residing abroad or at other locations to participate in the meetings.

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

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

During the year six Board Meetings were held respectively on February 10, 2015, April 2, 2015, April 29, 2015, June 10, 2015, August 4, 2015 and November 3, 2015.

The necessary quorum was present for all the meetings.

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

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

During the year a separate meeting of the independent Directors was held on December 15, 2015 to review the performance of non-independent Directors, Chairperson and the board as a whole.

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

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

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

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

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

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

In order to familiarise the Directors, comprehensive presentations are made on various business opportunities, business models, risk minimization procedures and new initiatives of the Company. Changes in domestic/overseas corporate and industry scenario including their effect on the Company, statutory matters are also presented to the Directors. The details of familiarization programme of independent Director of the Company is available on the website of the Company at the following link <http://hexaware.com/investors/>

## 3. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement read with Section 177 of the Companies Act, 2013 and is in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

## Report on Corporate Governance

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

The Audit Committee of the Company comprised of the following members as on December 31, 2015: Mr. Dileep Choksi (Chairman), Mr. Bharat Shah, Mr. Jimmy Mahtani, Mr. Christian Oecking, Mr. Basab Pradhan, all being Non – Executive Directors and four of them being Independent Directors.

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

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

During the year, the Audit Committee met four times respectively on February 9, 2015, April 29, 2015, August 4, 2015, November 03, 2015 and the necessary quorum was present at the meetings.

Mr. Dileep Choksi, Chairman of Audit Committee had attended the Annual General Meeting held on May 7, 2015 and answered the queries raised by the shareholders.

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

### 3.2 Broad terms of reference:

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

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board of Directors for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. modified opinion (s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of Chief Financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### 3.3 Meetings and Attendance during the year 2015:

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

## 4. Nomination and Remuneration Committee:

### 4.1 Brief description and terms of reference:

The scope of the Committee is to identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance. The committee identifies, screens and reviews individuals qualified to serve as Directors as per the criteria approved by the Board and recommends, for approval by the Board.

The Company has framed the mandate and working procedures of the committee as required under clause 49 of the listing agreement and Section 178 of Companies Act, 2013 defining therein the Role, Membership, meeting procedures etc. and the same is in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

The Nomination and Remuneration Committee also manages and administers various ESOP schemes framed by the Company.

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

The Nomination and Remuneration Committee of the Company as at December 31, 2015 comprised of the following members : Mr. Bharat Shah (Chairman), Mr. Kosmas Kalliarekos, Mr. Jimmy Mahtani, Mr. Atul Nishar, Mr. Christian Oecking and Mr. Basab Pradhan all being Non-Executive Directors.

## Report on Corporate Governance

### 4.3 Meeting and attendance during the year 2015:

During the year, the Nomination & Remuneration Committee met 5 (five) times that is on February 9, 2015, April 29, 2015, May 7, 2015, May 8, 2015 (adjourned meeting), June 10, 2015 and November 3, 2015. Necessary quorum was present at the meeting.

The attendance record is as per the table given below:

Name of the Director	Category	No. of meetings held during the year / During the Tenure of Director	Meetings Attended
Mr. Bharat Shah – Chairman	Independent	5	5
Mr. Kosmas Kalliarekos	Non-Independent	5	2
Mr. Jimmy Mahtani	Non-Independent	5	4
Mr. Atul Nishar	Non-Independent	5	5
Mr. Christian Oecking	Independent	5	4
Mr. Basab Pradhan	Independent	5	3

### 4.4 Performance evaluation criteria:

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

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

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

The Board / the Nomination and Remuneration Committee (“NRC”) reviewed the performance of the individual Directors on the basis of the criteria approved by the Board.

In a separate meeting of Independent Directors held on December 15, 2015, performance of non-independent Directors, performance of the board as a whole and performance of the Chairman was evaluated.

## 5. Remuneration of Directors

### 5.1 Remuneration Policy:

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

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

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

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

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

## 5.2 Details of pecuniary relationship or transactions of the Non- Executive Directors with the Company during year 2015:

Sr. No.	Name of Director	Commission (in ₹)	Sitting Fees (in ₹)	ESOP
1.	Mr. Atul Nishar	NIL	NIL	NIL
2.	Mr. Jimmy Mahtani	NIL	NIL	NIL
3.	Mr. Kosmas Kalliarekos	NIL	NIL	NIL
4.	Mr. Jack Hennessy	NIL	NIL	NIL
5.	Mr. P. R. Chandrasekar	6,615,500	NIL	NIL
6.	Mr. Dileep Choksi	6,615,500	220,000	NIL
7.	Mr. Bharat Shah	6,615,500	320,000	NIL
8.	Mr. Basab Pradhan	6,615,500	260,000	NIL
9.	Mr. Christian Oecking	6,615,500	260,000	NIL
10.	Dr. Punita Kumar Sinha	5,034,124	100,000	NIL

## 5.3 Criteria of making payments to Non-Executive Directors:

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

For the year 2015, the Board of Directors approved payment of commission to the Independent Directors Mr. Bharat Shah, Mr. Dileep Choksi, Mr. Basab Pradhan, Mr. Christian Oecking and Dr. Punita Kumar-Sinha based on their duration of association and terms of appointment aggregating to USD 476,096 and USD 100,000 to Mr. P R Chandrasekar, Non – Executive Director. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

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

## 5.4 Disclosure with respect to remuneration:

	₹ million
	Mr. R Srikrishna
Salary and allowance	2.80
Benefits <sup>ii</sup>	47.73
Bonus	-----
Provident and Pension fund	0.10
Fixed Components	-----
Performance linked incentives	1.54
Severance fees	-----
Total	52.17
Notice Period	90 days

i Above does not include remuneration of ₹ 83.65 million paid by the overseas subsidiary of the Company.

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

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

231,214 Restricted Stock Units were granted to Mr. R Srikrishna, CEO & Executive Director in January 2015, under EMPLOYEE STOCK OPTION SCHEME 2008 at a price of ₹ 2/- which has vested after one year.

190,024 Restricted Stock Units were granted to Mr. R Srikrishna, CEO & Executive Director in July 2015, under EMPLOYEE STOCK OPTION SCHEME, 2015 at a price of ₹ 2/- which shall vest after one year.

## Report on Corporate Governance

### Criteria of making payments to Executive Director:

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

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

### 6. Stakeholders Relationship Committee:

This Committee is constituted in compliance with Section 178 of the Companies Act, 2013, the clause 49 of Listing Agreement and the same is in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Stakeholders Relationship Committee is responsible for resolving investor's complaints pertaining to share transfers, non-receipt of annual reports, Dividend payments, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints etc.

#### Shareholders Services:

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

- a) Procedure for Dematerialization of shares;
- b) Procedure for transfer of shares;
- c) Procedure for transmission of shares;
- d) Change of address;
- e) Dividend;
- f) Nomination Facility;
- g) Loss of Share Certificates;
- h) Rights as a Shareholder;
- i) Loss of Share Certificate
- j) Registrar / Share Transfer Agent
- k) Details of Compliance officer / Designated official responsible for assisting and handling investor grievances
- l) Contact details of Key Managerial Personnel authorize to determining the materiality of an event or information
- m) Investor Education Protection Fund details

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

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

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

Name of the Director	Category
Mr. Atul K. Nishar – Chairman	Non – Independent
Mr. Jimmy Mahtani	Non – Independent

During the year, no meeting of Stakeholders grievance committee was held as all the shareholders complaints were resolved to the satisfaction of the shareholders.

### 6.3 Name and designation of Compliance officer:

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

#### 6.4 Summary of Shareholders Complaints:

Number of Complaints received in 2015	12
Number of Complaints not solved to the satisfaction of Shareholders	NIL
Number of Pending Complaints	NIL

### 7. CSR Committee

#### 7.1 CSR committee of Directors as required under Section 135 of the Act comprises of the following Directors:

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

The scope of the committee is to :

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

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

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

#### 7.2 Meeting and attendance during the year 2015:

During the year, the Corporate Social Responsibility Committee met 2 (Two) times that is on April 29, 2015 and November 3, 2015. Necessary quorum was present at the meeting.

The attendance record is as per the table given below :

Name of the Director	Category	No. of meetings held during the year / During the Tenure of Director	Meetings Attended
Mr. Bharat Shah – Chairman	Independent	2	2
Mr. Jimmy Mahtani	Non-Independent	2	2
Mr. Atul Nishar	Non-Independent	2	2
Mr. Christian Oecking	Independent	2	2
Mr. Basab Pradhan	Independent	2	2

### 8. Other Committees:

#### i) Banking, Investments, Operations and Forex Committee:

This Committee of the Board pro-actively reviews the Investment Policy of the Company, which has led to a timely change in investments, ensuring safety, liquidity and returns on the surplus funds. The Committee also oversees activities related to Foreign Exchange matters. A Foreign Exchange Risk Management Policy is in place to mitigate the key operational risks and risks of adverse exchange rates.

## Report on Corporate Governance

Following are the members of the Banking, Investments, Operations and Forex Committee:

- Mr. Bharat Shah (Independent) - Chairman
- Mr. Dileep Choksi (Independent) - Member
- Mr. Jimmy Mahtani (Non Independent) - Member
- Mr. Kosmas Kalliarekos (Non Independent) - Member

During the year, no meeting was held of Banking, Investments, Operations and Forex Committee. Circular resolutions were passed as and when required.

### ii) Capital Issue Committee:

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

Following are the members of the Capital Issue Committee:

- Mr. Bharat Shah (Independent) - Chairman
- Mr. Kosmas Kalliarekos (Non Independent) - Member
- Mr. Atul Nishar (Non Independent) - Member
- Mr. P R Chandrasekar (Non Independent) - Member

During the year, no meeting was held of Capital Issue Committee. Circular resolutions were passed as and when required.

### iii) Infrastructure Committee:

This committee was constituted broadly to oversee the company's physical assets: its land, buildings, equipments and technology infrastructure, more specifically, to maintain the adequacy and condition of capital assets, to develop and periodically review policies, to advocate for new structures and rehabilitate or remove older structures, to decide on the matters related to infrastructure of the campus, selection of architects, decide on the expenditure to be incurred etc.

Following are the members of the Infrastructure Committee:

- Mr. Bharat Shah (Independent) - Chairman
- Mr. Kosmas Kalliarekos (Non Independent) - Member
- Mr. Jimmy Mahtani (Non Independent) - Member

During the year, no meeting was held of Infrastructure Committee.

## 9. Risk Management

Risk Management at Hexaware is considered as very important function. It is backed by qualified team of experts in the industry. The Company has 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 and in Directors report.

## 10. General Body Meetings

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

Financial year	General Meeting	Location	Date	Time	Particulars of special resolution passed
2014	22nd Annual General Meeting	M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001.	Thursday, May 7, 2015	4.00 p.m	<ol style="list-style-type: none"> <li>1. Amendment to Articles of Association of the Company.</li> <li>2. Payment to Non Whole Time Directors.</li> <li>3. Approval of Hexaware Technologies Limited Employee Stock Option Plan 2015 and grant of Employee Stock Options to employees of the Company thereunder.</li> <li>4. Grant of Employee Stock Options to the employees of the subsidiary Company (ies) of the Company under Hexaware Technologies Limited Employee Stock Options Plan 2015.</li> </ol>

Financial year	General Meeting	Location	Date	Time	Particulars of special resolution passed
2013	21st Annual General Meeting	M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001.	Friday, April 25, 2014	3.30 p.m.	NA
2012	20th Annual General Meeting	Walchand Hirachand Hall (4th Floor), LNM IMC Building Trust, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020.	Tuesday, April 30, 2013	4.00 p.m.	Renewal of Special Resolution passed for the Payment of Commission not exceeding 1% p.a. of the net profits of the Company calculated in accordance with the provisions of Section 198, 349, 350 of the Companies Act, 1956 to Non-Whole-time Directors of the Company for a period of Five years from January 01, 2013 to December 31, 2017.

## 10.2 Postal Ballot

No Postal Ballot was conducted during the year.

## 11. Means of Communication

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

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

## 12. General Shareholder information

### 12.1 Twenty third Annual General Meeting:

Date	Tuesday, August 30, 2016
Time	3.00 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

### 12.2 Financial Calendar for the year 2015:

Financial year	January 1, 2015 to December 31, 2015
Dividend Payment	1st Interim Dividend was paid on May 12, 2015 @ ₹ 2.00 per share (100%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 2nd Interim Dividend was paid on August 20, 2015 @ ₹ 2.00 per share (100%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 3rd Interim Dividend was paid on November 20, 2015 @ ₹ 2.25/- per share (112.50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 4th Interim Dividend was paid on February 18, 2016 @ ₹ 2.40/- per share (120%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.
Book Closure	August 30, 2016
Listing on Stock Exchanges	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023. 2. National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

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

## Report on Corporate Governance

Financial reporting for the quarter ending

March 31, 2016	May 4, 2016
June 30, 2016	July 28, 2016
September 30, 2016	By November 14, 2016 (tentative and subject to change)
December 31, 2016	By February 28, 2017 (tentative and subject to change)
Annual General Meeting for the year ending December 31, 2016	On or before June 30, 2017

### 12.3 Scrip Information:

Name of the Exchange	Reuters	Bloomberg	Code
BSE Limited	HEXT.BO	HEXW:IN	532129
National Stock Exchange of India Limited	HEXT.NS		"HEXAWARE"
ISIN Demat	INE093A01033		

Corporate Identification number of the Company (CIN): L72900MH1992PLC069662

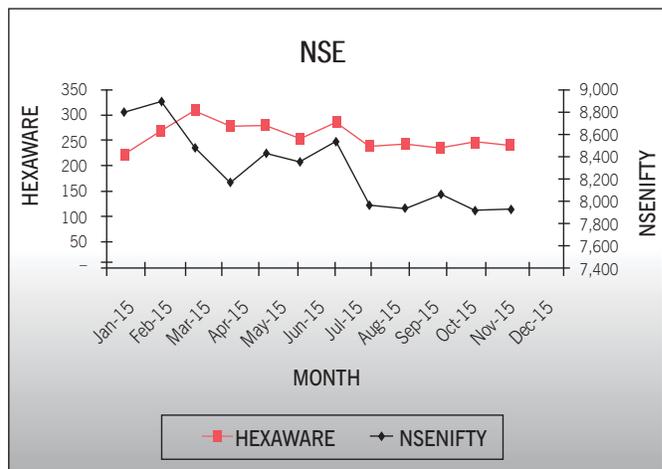
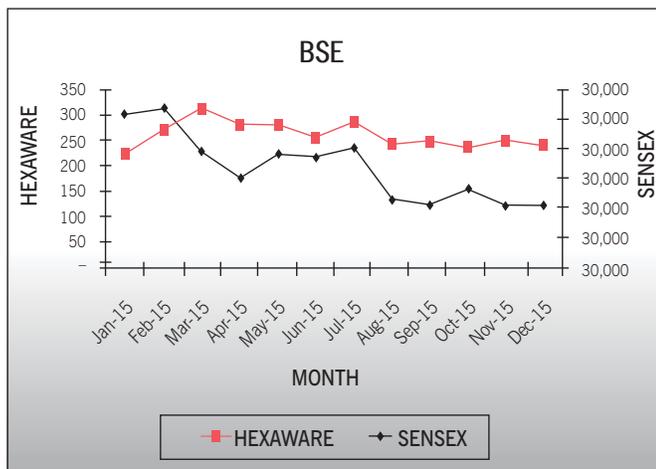
### 12.4 Stock Market Data:

The high / low of the shares of the Company from January 2015 to December 2015 is given below:

Month	Bombay Stock Exchange (₹)		National Stock Exchange (₹)	
	High	Low	High	Low
January'15	227.50	192.75	227.45	192.65
February'15	275.00	225.60	275.00	225.80
March'15	317.25	261.40	316.75	250.00
April'15	335.45	276.40	335.75	272.85
May'15	288.90	240.25	290.00	240.00
June'15	295.40	248.00	295.40	247.90
July'15	287.90	245.40	287.85	246.05
August'15	298.00	202.90	298.50	201.50
September'15	256.60	229.00	256.50	228.25
October'15	262.00	236.90	261.50	236.80
November'15	268.90	226.50	269.00	226.70
December'15	260.45	233.75	260.90	233.00

During the year, Company has delisted its GDR's from London Stock Exchange.

### 12.5 Stock Performance:



## 12.6 Registrar and Share Transfer Agents:

SEBI vide its Ex Parte - AD - Interim Order No. WTM/RKA/MIRSD2/41/2016 dated March 22, 2016 (Order), directed all the clients of Sharepro Services (India) Private Limited (Sharepro) to carry out/switchover their activities related to a Registrar to an Issue and Share Transfer Agent, either in-house or through another Registrar to an Issue and Share Transfer Agent registered with SEBI. Accordingly the Board has appointed M/s. Karvy Computershare Private Limited as the Registrar and Share Transfer Agents of the Company. Their complete postal address is as follows:

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

## 12.7 Share Transfer system

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

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

## 12.8 Distribution of Shareholding:

As on December 31, 2015

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 – 500	81781	90.56	11488948	3.81
501 – 1000	4983	5.52	3746237	1.24
1001 – 2000	1915	2.12	2871260	0.95
2001 – 3000	508	0.56	1295202	0.43
3001 – 4000	278	0.31	1006708	0.33
4001 – 5000	153	0.17	717348	0.24
5001 – 10000	294	0.33	2184805	0.72
10001 & above	387	0.43	278252389	92.28
<b>TOTAL</b>	<b>90299</b>	<b>100</b>	<b>301562897</b>	<b>100.00</b>

### Categories of Shareholding (as on December 31, 2015):

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters Holdings	21,50,47,193	71.31
2.	Mutual funds/ UTI	2,30,91,463	7.66
3.	Banks/ Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions)	3,42,486	0.11
4.	FII's/ GDR	1,79,64,233	5.96
5.	Others:		
	- Private Corporate Bodies	40,77,054	1.35
	- Indian Public	2,71,51,261	9.00
	- NRIs/ OCBs	1,38,57,907	4.60
	- Trust	31,300	0.01
	<b>Sub Total</b>	<b>4,51,17,522</b>	<b>14.96</b>
	<b>TOTAL</b>	<b>30,15,62,897</b>	<b>100.00</b>

Pledge of Shares: None of the promoters have pledged shares of the Company as on December 31, 2015.

## Report on Corporate Governance

### 12.9 Dematerialization of Shares and liquidity:

Procedure for dematerialization/ rematerialization of shares:

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

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

98.66 % of the issued capital of your Company has been dematerialized up to December 31, 2015.

### Go Green initiative:

In order to protect the environment and as a Go Green initiative, the Company has taken an initiative of sending documents like Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, dividend intimations etc by e-mail. Physical copies are sent only to those shareholders whose e-mail addresses are not registered with the Company and for the bounced e-mail cases. Shareholders are requested to register their e-mail id with RTA/ Depository to enable the Company to send the documents in electronic form or inform the Company in case they wish to receive the above documents in paper mode.

### 12.10 Dividend payment date:

The Board has declared and paid the 1st interim dividend on May 12, 2015 @ ₹ 2.00 per share (100%), 2nd Interim dividend on August 20, 2015 @ ₹ 2.00 per share (100%), 3rd Interim Dividend on November 20, 2015 @ ₹ 2.25 per share (112.50%) and 4th Interim Dividend on February 18, 2016 @ ₹ 2.40/- per share (120%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.

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

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

The outstanding GDR as on December 31, 2015 is 279,120.

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

#### 2. Warrants/ Options:

1. 23,000 Options outstanding under ESOP Scheme 2002 entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price as per the SEBI guidelines in force on the date of the grant or such price that was determined by the Remuneration and Compensation Committee ('Committee'). The options shall vest in four equal instalments or as determined at the discretion of the Committee.
2. 839,575 Options outstanding under ESOP Scheme 2007 entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price being the latest available closing price of the shares on the Stock Exchange, which recorded the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Board/ Remuneration Committee at which the Securities were granted or at such price as the Board/ Remuneration Committee may determine. The options shall vest in four equal instalments or as determined at the discretion of the Committee.
3. 4,095,934 Restricted Stock Units outstanding under the ESOP 2008 Scheme entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price of ₹ 2/-. The RSUs shall vest based on performance parameters as decided by the Committee.
4. 4,886,004 Restricted Stock Units outstanding under the ESOP 2015 Scheme entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price of ₹ 2/-. The RSUs shall vest based on performance parameters as decided by the Committee.

Assuming all the Options granted, under all the three ESOP Schemes of the Company, which, would vest, be exercised and converted into Equity shares of the Company, the total number of Equity shares would increase by 9,844,513 of ₹ 2/- each.

**12.12 Commodity price risk or Foreign exchange risk and hedging activities:**

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

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

Registered Office & Offshore Development Center	152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Navi Mumbai
Offshore Development Center	1, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Navi Mumbai
Offshore Development Center	157, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Navi Mumbai
Offshore Development Center	SIPCOT IT Park, Navalur Post, Siruseri – 603 103.	Chennai
Offshore Development Center	4th Floor & 5th Floor, Block 1.5 SEZ, Embassy Techzone, Plot no. 3, Rajiv Gandhi IT Park , Phase II , Village Murunji, Taluk Mulsi, Hinjewadi – 411 057 (SEZ) Pune.	Pune
Offshore Development Center	Pesh Infotech, 2nd & 3rd floor, Plot No. P - 46, Phase - I, Rajiv Gandhi Infotech Park, Hinjewadi, Pune - 411 057.	Pune
Offshore Development Center	Prestige Pegasus, No. 14 & 19, Next to Total Mall, Sarjapura Road, Bengaluru – 560 035.	Bengaluru
Hexaware BPS :	Bldg. No 3, Sector - II, Millennium Business Park, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710, Maharashtra India	Navi Mumbai
Hexaware BPS :	Prince Infocity II, 2nd floor, No.283/3A, 283/4A & 283 / 4B, No.141, Kottivakkam Village, Kandanchavadi, Chennai 600096, Tamilnadu.	Chennai
Hexaware BPS :	Survey no (Part) 38, 39,41,42 and 43 in village Khapri & Dahegoan, MIHAN, SEZ - MADC Nagpur – 441108, Maharashtra.	Nagpur
Hexaware BPS :	A-3, Elysium Central, Puliyakulam Road, Ramanathapuram, Coimbatore – 641045, Tamilnadu	Coimbatore
Hexaware BPS :	Khykha Castle, 4th Floor, #25, Castle Street, Ashok Nagar, Bangalore – 560025, Karnataka	Bengaluru

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

Pursuant to the provisions of Companies Act, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of the Companies Act. Shareholders are advised to claim the un-encashed dividend lying in the unpaid dividend account of the Company before the due date. A sum of ₹ 862,416/- has been transferred to the Investor Education and Protection Fund in the year 2015 towards unclaimed/unpaid dividend for the year 2008.

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

Date of declaration of dividend	Dividend for the year	Last date for Claiming unpaid Dividend
July 29, 2009 (Interim)	2009	September 3, 2016
April 29, 2010 (Final)	2009	June 4, 2017
July 29, 2010 (Interim)	2010	September 3, 2017
January 11, 2011 (Special Interim)	2010	February 16, 2018
April 27, 2011 (Final)	2010	June 2, 2018
May 6, 2011 (Interim)	2011	June 11, 2018
July 27, 2011 (Interim)	2011	September 1, 2018
October 20, 2011 (Interim)	2011	November 25, 2018

## Report on Corporate Governance

Date of declaration of dividend	Dividend for the year	Last date for Claiming unpaid Dividend
April 27, 2012 (Final )	2011	June 3, 2019
April 27, 2012 (Q-1 Interim)	2012	June 3, 2019
July 31, 2012 (Q-2 Interim)	2012	September 6, 2019
November 1, 2012 (Q-3 Interim)	2012	December 08, 2019
April 29, 2013 (Q-1 Interim)	2013	June 4, 2020
April 30, 2013 (Final)	2012	June 5, 2020
July 19, 2013 (Q-2 Interim)	2013	August 24, 2020
February 7, 2014 (Q-4 Interim)	2013	March 15, 2021
April 25, 2014 (Final - 2013)	2013	May 31, 2021
April 29, 2014 (Q1 Interim - 2014)	2014	June 04, 2021
July 22, 2014 (Q2 Interim - 2014)	2014	August 27, 2021
Nov. 05, 2014 (Q3 Interim - 2014)	2014	December 11, 2021
February 10, 2015 (Q4 Interim - 2014)	2014	March 18, 2022
April 29, 2015 (Q1 Interim – 2015)	2015	June 4, 2022
August 4, 2015 (Q2 Interim – 2015)	2015	September 9, 2022
November 3, 2015 (Q3 Interim – 2015)	2015	December 9, 2022
February 3, 2016 (Q4 Interim – 2015)	2015	March 11, 2023
May 4, 2016 (Q1 Interim – 2016)	2016	June 10, 2023

### 12.15 Investor Correspondence:

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

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

Shareholders can contact the following Officials for financial matters:

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

Following is the address for correspondence with the Company:

#### Hexaware Technologies Limited

Building No. 152, Millennium Business Park, Sector III,

'A' Block, TTC Industrial Area,

Mahape, Navi Mumbai – 400 710.

E-mail: investori@hexaware.com

### 12.16 Website:

The Company's website [www.hexaware.com](http://www.hexaware.com) contains a separate dedicated section "Investors" where information sought by shareholders is available. The Annual report of the Company, press releases, quarterly reports, transcript of the analyst call of the Company apart from the details about the Company, Board of Directors and Management, are also available on the website in a user friendly manner.

**13. Other Disclosures:**

- (a) There are no materially significant transactions with related parties i.e. with the Promoters, Directors, Management, subsidiaries or relatives that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in Note No. 27 to the Standalone Accounts of the Company in the Annual Report.
- (b) There has been no instance of non-compliance by the Company, no penalties or strictures being imposed on the Company by the Stock Exchanges or SEBI or any statutory authority or any matter related to capital market during the last three years.
- (c) The Company has framed a whistle blower policy. The policy enables the employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This policy is reviewed annually by the Audit Committee to check the effectiveness of the policy. No personnel has been denied access to the Audit Committee.
- (d) The company has complied with the mandatory requirements under clause 49 of the listing agreement and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (i) The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure XIII to Clause 49 of the Listing Agreement and part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
    - (ii) Auditors qualification: Nil
    - (iii) Separate posts of Chairman and CEO  
The company has appointed separate persons to the post of Chairman and CEO.
    - (iv) Reporting of Internal Auditor: The Internal auditors, KPMG report directly to the Audit Committee.
  - (e) The company has formulated a policy for determining 'material' subsidiaries which has been put up on the website of the company and available at the web link: <http://hexaware.com/investors/>
  - (f) The company has formulated the policy on dealing with Related Party Transactions and has been put on its website and available at the link <http://hexaware.com/investors/>
  - (g) The Company is not involved in commodity price and commodity hedging activities.

14. The Company has complied with the corporate governance requirements specified in regulation 17 to 27, clause (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

15. The Company does not have demat suspense account / unclaimed suspense account.

For and on behalf of the Board

**Atul K. Nishar**  
(Chairman)

Place: Mumbai

Date: June 23, 2016

## Report on Corporate Governance

Details required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Directors seeking appointment / reappointment are given below:

Name of the Director	Mr. Kosmas Kalliarekos	Mr. Jimmy Mahtani	Mr. Basab Pradhan	Mr. Christian Oecking	Mrs. Meera Shankar
<b>Brief Resume</b>	Mr. Kosmas Kalliarekos, Managing Director, Baring Private Equity Asia and member of the Portfolio Management Committee, has advised Baring Private Equity since 2004 and fully joined in 2008. Mr. Kalliarekos was founding member and Senior Partner of The Parthenon Group, a strategic advisory firm with offices in Boston, London, San Francisco and Mumbai.	Mr. Jimmy Mahtani is a Managing Director with Baring Private Equity Asia and is primarily responsible for Baring Private Equity's investments in India and South East Asia.	Kindly refer page no. 35 for the brief resume of Mr. Basab Pradhan	Kindly refer page no. 35 for the brief resume of Mr. Christian Oecking	Kindly refer page no. 35 & 36 for the brief resume of Mrs.Meera Shankar
<b>Experience / Expertise</b>	For over 20 years Mr. Kosmas Kalliarekos has advised clients on issues related to operational excellence, strategy development and growth. Previously, Mr. Kalliarekos was Consultant with Bain and Company.	Mr. Jimmy Mahtani has been with Baring since 2006 and has led investments in infrastructure, education, financial services and consumer goods companies. He was previously a Vice President with General Atlantic Partners ("GAP") in Mumbai, and he was responsible for India investments with a focus on the technology and financial services sectors.	Mr. Basab Pradhan has worked with Infosys Ltd. where he spent 13 years over two stints. For 5 of these 13 years at Infosys, Mr. Pradhan was Head of Global Sales & Marketing for the Company. From 2002 to 2005 he led the Company's sales organization as it grew from \$ 400 million to \$ 2 billion in revenues with industry leading margins.	Mr. Christian Oecking supports several companies with board memberships / independent directorate positions or advisory roles. Parallel to his business activities, he was co-founder of the Cloud / Outsourcing Group at BitKom in 2001, that he lead as a president for many years. Mr. Christian Oecking published several books about Application and Infrastructure Outsourcing.	Mrs.Meera Shankar had joined the Indian Foreign Service in 1973. She joined the Prime Minister's Office in 1985 and served there till 1991. Mrs. Shankar has been a very successful Diplomat, having managed some sensitive issues win in her ambassadorial roles. She has held key responsibilities covering the full range of diplomacy; from being the Director General of the Indian Council for Cultural Relations (ICCR), to being Coordinator for Counter Terrorism, to dealing bilaterally with the neighbours; Nepal, Bhutan, Bangladesh and Sri Lanka, to promoting regional cooperation through SAARC, to being Additional Secretary responsible for the UN and International Security. From 2005 to 2009, she was India's Ambassador to Germany. Mrs. Shankar's last assignment before retirement was as India's Ambassador to the US.
<b>Age</b>	51	39	51	54	65
<b>Date of Birth</b>	January 1, 1965	October 27, 1976	June 18, 1965	January 23, 1962	October 9, 1950
<b>Date of first Appointment</b>	October 11, 2013	October 11, 2013	June 9, 2014	June 26, 2014	April 11, 2016

Name of the Director	Mr. Kosmas Kalliarekos	Mr. Jimmy Mahtani	Mr. Basab Pradhan	Mr. Christian Oecking	Mrs. Meera Shankar
Qualification	B.S. in Economics from the Wharton School of the University of Pennsylvania and was a Baker Scholar, M.B.A. from Harvard Business School	Graduated with honors from Georgetown University, where he received a B.Sc. in Business Administration with a triple major in Finance, International Business and Marketing	Bachelor of Technology from the Indian Institute of Technology, Kanpur and an MBA from the Indian Institute of Management, Ahmedabad.	Engineer from the University of Dortmund.	Master in Arts and English Literature.
Relationship between Directors inter-se and with Manager and other KMPs	Mr. Kosmas Kalliarekos is representative of Holding Company i.e HT Global IT Solutions Holdings Limited.	Mr. Jimmy Mahtani is representative of Holding Company i.e HT Global IT Solutions Holdings Limited.	Mr. Basab Pradhan is not related to any other Director, Manager and other KMPs of the Company.	Mr. Christian Oecking is not related to any other Director, Manager and other KMPs of the Company.	Mrs. Meera Shankar is not related to any other Director, Manager and other KMPs of the Company.
Name of companies in which he/she is Director and the membership of Committees of the Board	Mr. Kosmas Kalliarekos is holding Directorship in RSP Design Consultants (INDIA) Private Limited and Hexaware Technologies Limited. Mr. Kosmas Kalliarekos is holding membership in the following committees of Hexaware: 1. Nomination and Remuneration Committee. 2. Capital Issue Committee. 3. Banking, Investment operations and Forex Committee. 4. Infrastructure Committee.	Mr. Jimmy Mahtani is holding Directorship in JSM Corporation Private Limited, H R Cafe India Private Limited, Sharekhan Limited, RSP Design Consultants (India) Private Limited, CMS Info Systems Limited and Hexaware Technologies Limited. Mr. Jimmy Mahtani is holding membership in the following committees of Hexaware: 1. Nomination and Remuneration Committee. 2. Audit Committee. 3. Stakeholders Relationship Committee. 4. Banking, Investment operations and Forex Committee. 5. Corporate Social Responsibility Committee. 6. Infrastructure Committee.	Mr. Basab Pradhan is holding Directorship in Citius Tech Healthcare Technology Private Limited and Hexaware Technologies Limited Mr. Basab Pradhan is holding membership in the following committees of the Hexaware: 1. Nomination and Remuneration Committee. 2. Audit Committee 3. Corporate Social Responsibility Committee.	Mr. Christian Oecking is not holding Directorship in any other Company except Hexaware Technologies Limited Mr. Christian Oecking is holding membership in following committees of the Hexaware: 1. Nomination and Remuneration Committee 2. Audit Committee 3. Corporate Social Responsibility Committee.	Mrs. Meera Shankar is holding Directorship in Hexaware Technologies Limited, Adani Transmission Limited, ITC Limited and Pidilite Industries Limited Mrs. Meera Shankar is holding membership in the following committees: ITC Limited: 1. Nomination and Remuneration Committee, 2. Corporate Social Responsibility Committee Pidilite Industries Limited 1. Corporate Social Responsibility Committee Adani Transmission Limited 1. Audit Committee 2. Nomination and Remuneration Committee.
Shareholding	NIL	NIL	15,000	NIL	NIL

For and on behalf of the board of Directors

Atul K. Nishar  
(Chairman)

Place: Mumbai

Date: June 23, 2016

## Report on Corporate Governance

# Independent Auditor's Certificate

### TO THE MEMBERS OF HEXAWARE TECHNOLOGIES LIMITED

1. We have examined the compliance of conditions of Corporate Governance by HEXAWARE TECHNOLOGIES LIMITED ("the Company"), for the year ended on December 31, 2015, as stipulated in:
  - Clause 49 (excluding clause 49(VII) (E)) of the Listing Agreements of the Company with stock exchanges for the period from January 1, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchanges for the period from January 1, 2015 to September 1, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") for the period from September 2, 2015 to December 31, 2015 and
  - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 1, 2015 to December 31, 2015.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and 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 Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended December 31, 2015.
5. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

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

Date: June 23, 2016  
Place: Mumbai

# Certifications

## CEO AND CFO CERTIFICATION

We hereby certify that:-

- A. We have reviewed financial statements and the cash flow statement for the quarter and year ended December 31, 2015 and that to the best of our knowledge and belief:
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the quarter/year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
1. significant changes in internal control over financial reporting during the quarter / year;
  2. significant changes in accounting policies during the quarter/year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

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

**Mr. Rajesh Kanani**  
Chief Finance Officer

Date: February 3, 2016

Place: Mumbai

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

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

As Chief Executive Officer and Executive Director of Hexaware Technologies Limited and as required by Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board members and senior management personnel of the Company as identified by the Company considering the requirements in this respect, have affirmed compliance with the Code of Conduct for the financial year 2015.

**R Srikrishna**  
CEO & Executive Director

Date: February 3, 2016

Place: Mumbai

# Management's discussion and analysis

## ECONOMIC OVERVIEW

### Global economic scenario

The weakness in the economy in 2014 carried forward into 2015 with global growth slowing from 2.6% in 2014 to 2.4% in 2015. Key reasons for this included poor global trade and activity, declining commodity prices and weakened capital flows. The Chinese economy continued its downward trend as the economy re-adjusts with a consumption-oriented focus.

Looking ahead, the outlook is slightly positive with global growth projections at 2.9% for 2016 and 3.1% for 2017. Easing pressures on commodity prices should encourage new investments and help sustain growth in economies which depend on commodities. Besides, rising interest rates are also expected to motivate firms to front-load investments in the short term. Overall, the recovery, while modest, is expected to recover trade and investment and lead the global economy back on track. (Sources: IMF, World Bank)

### Indian overview

India's economy grew 7.6% in 2015-16 compared to 7.3% in 2014-15. This improvement by 30 bps was achieved in the face of two successively weak monsoons and a sluggish global environment, indicating that the country's consumption-driven fundamentals remained robust.

In Q4 FY16, the country posted a growth of 7.9%, which was the highest across four quarters, reinforcing the country's position as the fastest growing in the world. The growth in the final quarter was driven by an increase in farm output, increase in mining activity and electricity, gas and water generation (which grew 9.3% in Q4 compared with 5.6% in Q3). Infrastructure output grew 8.5% over FY16, the highest in 17 months.

### Outlook

The outlook appears to be optimistic for some good reasons. There is a forecast of better-than-average rains after two consecutive weak years, which could drive the country's agricultural sector and rural economy. The upcoming 7th Pay Commission hike is likely to enhance disposable incomes and consumption. (Source: CSO)

## IT INDUSTRY OVERVIEW

### Global IT industry

Technology has an incredible power to improve lives, foster economic growth and create opportunities for individuals, companies and nations around the globe.

A NASSCOM Perspective 2025 report states that significant headroom for growth exists with global enterprise spends on technology and business services will increase from USD 2.8 trillion in 2014 to USD 4 trillion in 2025. Moreover, enterprise spending on legacy areas is likely to decline by 15-25% over the next five years even as the share of digital technologies (currently at 10%) will increase to ~35% by 2020 and 60% of total spend by 2025.

Massive structural shifts are underway in the global customer landscape and the technology industry is at the cusp of an inflection. Technology spend as a percentage of total capex in the US is projected to increase 3 times to ~40% in three decades as the return on technology becomes the greatest contributor to RoIC. The NASSCOM report also states that digital innovators will disrupt traditional business models and capture up to 20-25% of incremental revenues in select industries today. Globally, technology is driving massive improvement in labour productivity, while enabling new job creation within and outside the technology industry.

Over the next decade, five disruptive forces will shake the global economy and touch all aspects of the society. These forces will create a world that is more interconnected, more interactive and more aware, while at the same time one that is trying to harness and protect the same set of finite resources. These forces include:

- The great rebalancing: Emerging markets will drive growth and have a profound influence on innovation. By 2025, almost half the Fortune 500 companies will be based in an emerging market, compared to about a quarter today.
- The productivity imperative: Increasingly, human workers will be replaced by machines – particularly knowledge workers, but also industrial and service positions. By 2025, about 260 million jobs will be replaced or augmented by technology.
- The global grid: Capital, trade and information flows will move across a multi-nodal global grid that supports the world's economy. Data traffic has doubled over just the past five years, opening significant room for innovative business models.
- Pricing the planet: Resource scarcity will drive innovation as companies are forced to do more with less. Still, overall resource consumption is likely to increase by 30% by 2020, putting greater upward pressure on prices.
- Enmeshed complexities: Interconnected global concerns such as rising economic inequality and political instability will have a noticeable impact on the industry. For example, changing government regulations could put up to USD 4 trillion in value at stake globally across industries.

Technology is a major factor, directly or indirectly across these forces and will exert significant influence as the forces play out across the global economy.

### Indian IT industry

India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67% of the USD 124-130 billion market. The industry employs a workforce of about 10 million. More importantly, the domestic IT industry has led the economic transformation of the country and altered the perception of India in the global economy.

India's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be the mainstay of its unique selling proposition (USP) in the global

sourcing market. However, India is also gaining prominence in terms of intellectual capital with several global IT firms setting up their innovation centres in India. The IT industry has also created significant demand in the Indian education sector, especially for engineering and computer science. The country's IT and ITeS (IT-enabled services) industry is divided into four major segments

- IT services
- Business process management (BPM)
- Software products and engineering services
- Hardware

The IT-BPM sector in India grew at a CAGR (compounded annual growth rate) of 15% over 2010-15, which is 3-4 times higher than the global IT-BPM spend and is estimated to expand at a CAGR of 9.5% to USD 300 billion by 2020 (Source: IBEF).

### Market size

The Indian IT sector is expected to grow 11% per annum and triple its current annual revenues to reach USD 350 billion by FY 2025, as per the National Association of Software and Services Companies (NASSCOM).

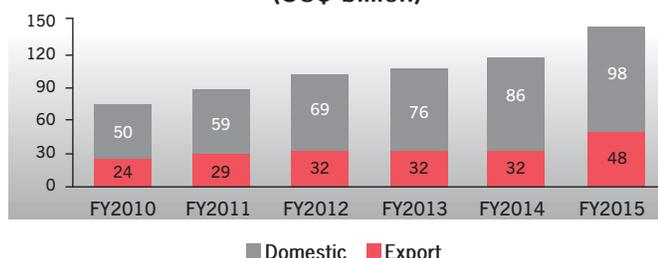
India, the fourth largest base for new businesses in the world and home to over 3,100 tech start-ups, is set to increase its base to 11,500 tech start-ups by 2020, as per a report by NASSCOM and Zinnov Management Consulting.

India's internet economy is expected to touch ₹ 10 trillion (US\$ 151.6 billion) by 2018, accounting for 5% of the country's GDP, according to a report by the Boston Consulting Group (BCG) and Internet and Mobile Association of India (IAMAI). India's internet user base reached over 350 million by June 2015, the third largest in the world, while the number of social media users grew to 143 million by April 2015 and smartphones grew to 160 million.

Public cloud services revenue in India is expected to reach USD 838 million in 2015, growing by 33% year-on-year (y-o-y), as per a report by Gartner. The same source indicates that the public cloud market alone in the country was estimated to treble to USD 1.9 billion by 2018, up from USD 638 million in 2014. Increased penetration of internet (including in rural areas) and rapid emergence of e-commerce are the principal drivers for continued growth of data centre co-location and hosting market in India.

Source: <http://www.firstpost.com/business/indian-public-cloud-services-market-reach-838-million-2015-end-2053051.html>

**Market size of IT industry in India  
(US\$ billion)**



Source: Nasscom, TechSci Research  
Note: E-Estimates

### India's growing market size

- India's technology and BPM sector (including hardware) is estimated to have generated USD 146 billion in revenues during FY15, compared with USD 118 billion in FY14, implying a growth rate of 23.72%
- The contribution of the IT sector to India's GDP rose to approximately 9.5% in FY15 from 1.2% in FY98
- The top six firms contribute around 36% to the total industry revenue, indicating the market is fairly competitive.
- Source: <http://www.ibef.org/industry/information-technology-india.aspx>

### Investments

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sectors in India invited cumulative foreign direct investment (FDI) inflows worth USD 18.17 billion between April 2000 and September 2015, according to data released by the Department of Industrial Policy and Promotion (DIPP). Indian start-ups have received funding worth USD 5 billion by end 2015, a 125% increase in a year, according to a report by NASSCOM. Private equity (PE) deals increased the number of mergers and acquisitions (M&A), especially in the e-commerce space in 2014. The IT space, including e-commerce, witnessed a total of 240 deals worth USD 3.8 billion in 2014, as per data from Dealogic.

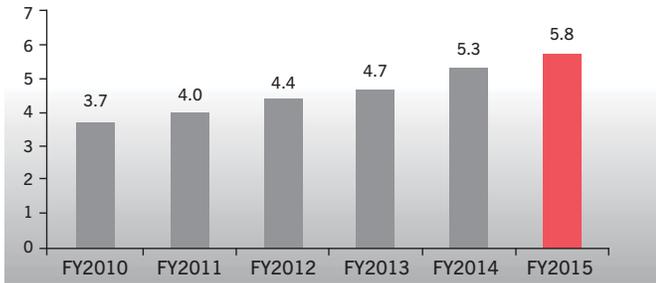
### The India advantage

- Strong growth opportunities: The IT-BPM sector in India expanded at a CAGR of 15% over 2010-15, which is 3-4 times higher than the global IT-BPM growth and is estimated to expand at a CAGR of 9.5% to USD 300 billion by 2020
- Leading sourcing destination: India is the world's largest sourcing destination, accounting for around 55% of the USD 146 billion market. The country's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be its USP in the global sourcing market
- Largest pool of ready to hire talent: India's highly-qualified talent pool of technical graduates is one of the largest in the world, facilitating its emergence as a preferred destination for outsourcing, computer science/ information technology and accounts for the largest chunk of India's fresh engineering talent pool with more than 98% of the colleges offering this stream
- Most lucrative sector for investments: The sector ranks fourth in India's total FDI share and accounts for approximately 37% of the total private equity and venture investments in the country
- Cash cow:
  - o USD146 billion estimated 2015 revenues
  - o Indian IT companies have helped clients to save USD 200 billion in the last five years
  - o These companies have 640 offshore development centres across 78 countries, among the largest such assets in the world belonging to any country

Source: NASSCOM, TechSci Research and [www.ibef.org](http://www.ibef.org)

## Management's Discussion and Analysis

### Graduates addition to talent pool in India (in millions)



Source: Nasscom, TechSci Research  
 Note: Graduates Includes both graduates and post graduates

Source: NASSCOM, TechSci Research

### Indian IT industry – in numbers

#### 12.3%

India's IT industry share in the global markets

#### USD 50 billion

Size of India's IT exports in FY10

#### USD 24 billion

Size of India's domestic IT industry in FY10

#### USD 98 billion

Size of India's IT exports in FY15

#### USD 48 billion

Size of India's domestic IT industry in FY15

Source: Extracted form <http://www.ibef.org/industry/information-technology-india.aspx>

### Business overview

Hexaware Technologies Limited (Hexaware) is a global provider of IT, BPS and consulting services that caters to industries spanning across banking and financial services, travel and transportation, manufacturing and consumer, healthcare and insurance with revenue of USD 485 million reported in 2015, up from USD 422 million in the previous year.

Hexaware focuses on delivering business results and leveraging technology solutions by specialising in Business Intelligence and Analytics, Enterprise Solutions, Human capital management, Quality Assurance and Testing Services, Application development and Maintenance, Infrastructure Management Services, Digital and Business Process Services. The Company's sustainability platform is anchored on a three-pronged strategy including passionate employees, innovative services and customer delight in delivering meaningful technology solutions to its customers.

Hexaware assists its clients ranging across North America, Europe and the Asia Pacific attain a competitive advantage by co-developing innovative IT/process capabilities delivered through flexible business models. The Company's onsite/offshore delivery model provides significant cost savings. Its development centres are assessed at SEI CMMI Level 5, DEV and SVC, ISO 9001:2008, ISO 20000:2011 and ISO 27001:2013. These enable the Company to provide high value, high quality

deliverables to its clients and thereby establish long lasting relationships with them.

### Managing risks at Hexaware

In an enterprise as diverse as Hexaware, a wide range of factors could affect future performance. We discuss in this section some of the risk factors that, if they actually occurred, could materially and adversely affect our business, financial condition, value and results of operations. One should consider these risk factors in connection with evaluating the forward-looking statements contained in this Annual Report because these factors could cause our actual results and financial condition to differ materially from those projected in forward-looking statements. The risks that we highlight below are not the only ones that we face. Additional risks and uncertainties that we do not presently know about or that we currently believe will be immaterial may also affect our business. The significant risk factors affecting our operations include the following:

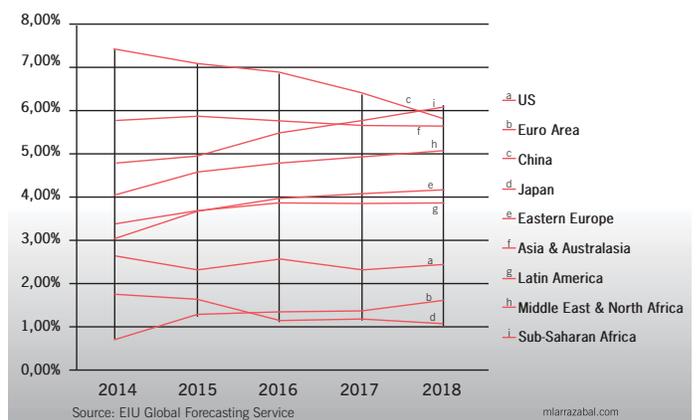
#### Industry risk

Changes in US or international economic conditions could adversely affect the profitability of any of our businesses. In fiscal year 2015, 94.4% of Hexaware's revenues was derived from the US and Europe while the remaining 5.6% was from the Asia Pacific. Our largest markets include banking and financial services, insurance, travel and transportation, healthcare and life-sciences, manufacturing and consumer-facing businesses. A slowdown in any of these specific end markets could directly affect our revenue stream and profitability.

Historically, these market segments have been cyclical and sensitive to relative changes in supply and demand and general economic conditions. The demand for our products depends on the general economic conditions of the industries or national economies of our customers. Downward economic cycles in our customers' industries or countries may reduce sales of some of our products/ services. However with the global economy, led by the US, is projected to grow between 3.4-3.6% in 2016, clients across a wide segment of industries are looking to up their budgets, which will drive growth for us.

### Global economic growth projections

Figure 1. Global GDP Growth Projections



Source: EIU Global Forecasting Service

### Regulatory risks

With the largest chunk of our revenues being derived from the US markets, any changes in the regulatory policies of the country, including the issue of visas, could hamper Hexaware's prospects. Immigration and visa issues, which have long plagued the information technology sector, could come back to hurt Indian IT services companies in 2016 as the US heads towards Presidential elections during the year. In the US, the biggest market for the Indian IT services sector, immigration reform is up for discussion and any negative fallouts or lower caps in the issue of H1B visas could potentially impact the USD 146 billion Indian IT outsourcing industry.

At Hexaware, though we take cognizance of this risk, the Company has undertaken some key mitigation measures that include establishing offices abroad, hiring a larger number of locals and shifting work near-shore (around the same time zones). For instance, our office in Saltillo, Mexico, is a good example of shifting work near-shore since the city shares the same time zone with the US east coast and therefore makes serving customers easier.

### Client concentration risks

A concentration of revenues among select clients could be a risk in the event of attrition / slowdown in case of the client's business. This could impact current and future revenues and affect profitability.

At Hexaware, while our top-5 clients contribute 43% to our revenues, 55% of our revenues come from the top-10 customers. Though prima facie this might appear as a threat, at Hexaware, the Company has retained each of these clients and not a single attrition among top-10 has been reported over the past 6 years. In fact, owing to the solidity of our relationships and in growing recognition of the value that we bring to our customers' table, our ability to mine accounts has been in excellent shape, reflected in the fact that:

- The Company has been able to grow our USD 1 mn and above accounts from 61 in 2014 to 69 in 2015
- The Company has been able to grow our USD 1 – 5 mn accounts from 40 in 2014 to 53 in 2015
- The Company has been able to grow our USD 10 – 20 mn accounts from 3 in 2014 to 5 in 2015
- Revenue from top-20 accounts grew by 16.2%, from our top-10 accounts it grew by 23.5% and in our top-5 accounts by 31.5%

### Geographic concentration risks

Almost 81% of our revenues are derived out of the US markets. While Europe accounts for 13%, the rest is generated out of the Asia Pacific including India. Though this revenue arrangement is skewed towards one particular geography, the Company has been able to see growth in revenues generated from the US of 18.4% in 2015, compared with 2014.

Besides, to further lower our reliance on the US, we are expanding focus into Europe while also simultaneously diversifying into the vast US geography and farming for better and larger accounts from the world's largest IT market. So while our focus is on growing the overall revenue pie, it is also anchored on not depending upon a particular geography too much for revenues.

### Foreign currency risks

With a large dependence on revenue from overseas customers, we are exposed to foreign currency risks. However at Hexaware, we possess a structured hedging program approved by the committee of Directors. As on December 31 2015, the Company has hedges worth \$156.94 mn at an average exchange rate of ₹ 69.64, €5.60 mn at an average exchange rate of ₹ 76.93 and £4.20 mn at an average exchange rate of ₹ 106.41 maturing over the course of the next eight quarters (from January 2016 to December 2017). Overall, because of the favourable exchange rate movement, our forex loss of ₹ 308 million in 2014 swung into a gain of ₹ 81 million in 2015.

### Liquidity risks

Liquidity is central to a Company as it not only ensures smoother day-to-day operations but also enables the Company to prepare for the future. Hexaware has been a zero debt Company for the past 5 years, investing a capex of ₹ 3,758.4 million during the same period, out of internal accruals. Besides, the Company has cash and bank balances including investment in Mutual funds (current investment) of ₹ 4,427.88 million (as on December 31, 2015) that provides a solid cushion and is enough to fund almost 60 days of operations should there be a crunch in the regular cash flows. Though the Company's receivable days (including unbilled) increased to 72 days in 2015, up from 63 days in 2014, and still it is one of the best in industry. However, Hexaware is focused on tightly monitoring its debtor days in 2016, which will further aid in lubricating the cash cycle.

Under this risk, it must also be mentioned that the average resource utilization at Hexaware stood at 71.4% in 2015, which provides good scope for ramping-up operations at negligible costs even as the Company is looking to up its utilization rates to in 2016 and once this happens, the additional cash inflows will be directly profitability-accretive.

### Attrition risks

People and intellectual capital are central to a knowledge Company. People attrition is a key challenge across the IT sector which might drain intellectual capital and render a Company uncompetitive. Besides, regular training is also a must to keep competencies sharp, up-to-date and contemporary in a dynamic sector.

At Hexaware, our attrition of 16.9% is lower than the industry average, which is a direct reflection of our robust people management practices. We also organize regular training programmes under our dedicated platform of HexaVarsity that allows skills replenishment and enables our people to provide cutting-edge products and solutions to add and sustain client value. Besides, we also monitor people performance and productivity on an ongoing basis even as the Company has a strong career progression programme that keeps high performers motivated and loyal to the Company.

To arrest attrition, the Company has initiated various initiative like increase in employee engagement, improved reward programs, project rotation, cross skilling etc.

### Human resource and industrial relations

Hexaware believes that the quality of the employees is the key to its success in the long run and is committed to provide necessary

## Management's Discussion and Analysis

human resource development and training opportunities to equip them with skills, enabling them to seamlessly evolve with ongoing technological advancements.

During the year, the Company organised training programmes for all the categories of employees in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and the code of conduct and product training.

As on December 31, 2015, the employee strength stood at about 11,375.

### Opportunities

In the year 2015, the IT industry continued to evolve and prioritised on enhancing efficiency, enabling transformation and agility and partnering for digital initiatives. Aggregate industry revenues for FY2015 were pegged at USD 146 billion.

The export market is expected to go past the ~USD 100 billion mark, recording a 13.1% growth in constant currency over last year. Growth in reported currency is estimated at 12.3%. ER&D and product development segment is the fastest growing at 13.2%, driven by the arrival of more value-added solutions from existing players and expansion of the GIC landscape. (Source: NASSCOM)

### Automation and Digital solutions around SMAC

Upgrading legacy systems to be SMAC enabled, greater demand for ERP, CRM, mobility and user experience technologies is driving growth in IT services. Infrastructure outsourcing and software testing segment also outpaced the industry growth rate. The BPM sector is being driven by greater automation, forays into multiple channels, application of analytics across entire value chain, among others. The year also witnessed hyper-growth in the technology start-up and product landscape and India is already ranked as the 4th largest startup hub in the world with over 3,100 startups in the country.

Exports to the US, the largest market grew above industry average, aided by an economic revival and higher technology adoption. Demand from Europe remained strong during the first half of the year, but softened during the second half due to currency movements and economic challenges. Manufacturing, utilities and retail growth remained strong as clients increase discretionary spend on customer experience, digital, analytics, ERP updates and improving overall efficiency.

### Competitive strengths

#### 1. Deep domain expertise in focus industry verticals with highly targeted offerings

The Company focuses primarily on four industry verticals: Banking and Financial Services, Travel and Transportation, Healthcare and Insurance, Manufacturing and Consumer and Others.

Within each vertical, the Company focuses on certain segments of the market. For example, in Banking and Financial services, the focus is on capital markets and mortgage securitization firms, offering a full suite of services. The Company also possesses deep capabilities in niche trading platforms like Eagle, Charles River and Aladdin

to name a few. In the Travel and Transportation vertical, the Company has created niche offerings that touch the entire lifecycle of an airline customer and crew member, for instance, developing mobile applications for enabling seamless passenger off- and on-boarding.

The Company has over 160 proprietary platforms that are specific to its target industries or to its more broadly applied service lines. Its tailored solutions have led to many industry awards, including being the Silver winner of PeopleSoft Category at UK Oracle User Group Partner of the Year Awards for 2015, being listed in NASSCOM's 'Top 50 Analytics Excellence Report 2015' and being recognized as a 'Leader' in NelsonHall Wealth & Asset Management BPS NEAT Evaluation for Overall and Post Investment Management segment.

This has consistently resulted in robust new business generation and during the fiscal year ended December 31, 2015, the Company won US\$ 120 million in total contract value from new clients.

#### 2. Deep entrenched relationships with a diversified global client base and high repeat business

The Company works with global clients that have large outsourcing spends, engages deeply with them and builds strong relationships. The Company has built a global service delivery model that allows it to provide services in an effective and cost-efficient manner to its clients. Consultants spend, on an average, five years with a client to gain deep knowledge of the client's business and its IT and operational processes. There is an increased emphasis on crowdsourcing (bottom-up innovation) for each customer, each day through the Hexaware CVA Portal.

Hexaware's average relationship tenor with its top 20 customers span approximately 11 years. For its top clients, contracts are multi-year with renewal on a continuous basis. Besides, repeat clients account for approximately 95% of Hexaware's total revenues for the last three years.

Through a comprehensive service offering and strong customer-centric approach, Hexaware has been able to cross-sell more offerings and increase product density to its customers. The top-10 client revenue have grown at 23.5% from 2014-15. Overall, average revenue per client increased from US\$ 1.72 million in 2014 to US\$ 2.16 million in 2015.

#### 3. Client concentration and customer satisfaction:

In terms of client concentration, Hexaware's client base is well-diversified with only one client accounting more than 10% of revenues and 4 clients accounting for more than 5% of revenues. The top-5 and 10 clients account for approximately 43% and 55% of the Company's total 2015 revenue, respectively. Focus on high quality customer delivery and disciplined approach to pricing.

Hexaware believes that customer satisfaction is a key driver and indicator of future revenue. According to Feedback Consulting, the Company achieved a composite score of 66.4 in 2016, which is an improvement over a score of 53.0 in 2015 and the industry range of 57-60.

The keen focus on superior customer experience and delivery of strong results has enabled the Company to maintain strong pricing power with its clients, resulting in a stable pricing trend over the last few years.

#### 4. Distinguished Sales and Marketing and Delivery Capabilities

The Company has invested significantly in building a robust sales and marketing team and effectively segregated “hunters” and “farmers,” with hunters being dedicated to winning new clients while the farmers concentrating on growing existing clients, or client mining. Hexaware offers best-in-class execution for key customers with dedicated account delivery management team, working closely with strong mining teams to achieve operational efficiencies.

This strategy has proved highly successful in terms of contract wins and client mining, as demonstrated by the improvements in client relationships, high proportion of revenues from repeat clients and healthy growth rate of revenue per client.

#### Internal Control Systems and their Adequacy

At Hexaware, the Internal Control System is designed to prevent operational risks through a framework of internal controls and processes. Our internal control system ensures that all business transactions are recorded in a timely manner, the financial records are complete, resources are utilized effectively and our assets are safeguarded. The Company has developed robust policies, procedures, checks and balances to bring in discipline in day-to-day functions, for accurately and timely compilation of data. A mix of automated and manual controls is used to ensure proper preparation and reliability of accounting records. In addition, the Audit Committee has appointed KPMG as the Internal Auditors of the Company. The internal audit ensures safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes and assessing the internal control strengths in all areas. Further, Internal Auditors findings are discussed with the process owners and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operation.

#### Material development in human resources

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

With this, the global headcount at the end of 2015 increased to 1359 consultants. Of the total IT workforce, technical personnel consisted of 89.7%.

Our workforce is drawn from many nationalities, spanning over multiple countries globally. Customer interest is core to us and our choice of office locations merely reflects a desire to harness talent irrespective of languages and helps build the

most suitable and desired model for customer comfort and advantage.

#### Employee headcount

2011	2012	2013	2014	2015
8317	9069	8854	10,016	11375

#### Key HR initiatives of 2015

The Company has taken several initiatives to improve the human resources effectiveness through automation of HR systems and processes and improving employee engagement with several grounds-up activities. The HR team has made the attempt to improve the morale and confidence of the employees by conducting various employee engagement activities at different levels such as Pulse and Skip Meets, Happy Hours and Round Table series, among others, at the entry level.

In order to make Hexaware a great place to work and build a workforce that is passionate, the Company embarked on a journey to measure the passion index within the Company and the work environment through an internal survey facilitated by an external agency. “Hexacare”, as a part of HR initiatives, reaches out to employees by creating awareness about physical well-being and safety, thereby contributing to holistic employee development. Medical check-up camps, wellness programmes and spiritual awareness workshops were also conducted.

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

#### Improving employee motivation

With a focus on improving motivation, leaders communicated more frequently with employees to discuss the changes taking place in a dynamic industry environment. Effective change management process was implemented to ensure that there was no ambiguity in the messaging and all the employees had a clear view of the future vision of the organisation.

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

#### Employee engagement

As a part of the employee engagement programme, regular connect programmes such as Skip and Pulse Meets, Round Table Series with the senior management, Happy Hours and Open Houses were conducted and the feedback was shared with the management.

## Management's Discussion and Analysis

### Workshops

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

- Health-related workshops
- Medical camps
- Hexaware kids' day
- Yoga classes and stress management workshops
- Financial management
- Workshop for parents

### Employee welfare

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

### Diversity

Hexaware, experiences the widest possible view on diversity. The Company creates an environment that is safe, secure and inclusive. The Company recognizes that social diversity contributes to the richness of an organisation and enhances the quality of life for individuals and groups. The Company ensures that assignments and opportunities for advancement are accessible to everyone. The Company has always made substantial efforts in building an ecosystem that contributes to the development and advancement of our women employees. The strength of the women workforce has steadily increased to 28%. This initiative for women is one of the most impactful sets of development interventions, which the Company has opted for both in terms of career growth and empowerment. The W@H (Women @ Hexaware) Forum launched last year across all locations in India introduced a number of initiatives to fulfill the special needs of this group of the workforce, aimed at increasing their workplace commitments; self-defence workshops for women employees were also conducted under the W@H banner.

The Company has always made sincere, substantive and sustained efforts in building an ecosystem which is conducive to the development and advancement of our women employees. They are encouraged to nurture their talent by undergoing a mentorship programme under successful women leaders and thereby creating women business leaders who make an important contribution to business and the society at large.

### Higher Education

Hexaware is always looking forward to grow in an environment where technology changes are inevitable. The organization values knowledge & technology and is ready to adopt the changes from time to time. Keeping this aspect in mind, the organization is always ready to invest in enriching the knowledge and skills of its young & energetic consultants. The organization is also interested in retaining a strong technically qualified and result oriented consultants who can sustain the challenges in the fast growing global market environment.

Hexaware is hence committed to invest in the future growth of its employees by providing higher education to its employees through a learning platform to enhance their skills, knowledge and also provide an opportunity to "Learn while Earn".

The Company tied up with BITS, Pilani, to provide the M.Tech program to our employees. First batch of the program was successfully launched in September 2015 with employees from all India locations participating in the program. Hexaware is committed to the development of the consultants and therefore we are partly sponsoring the program.

Due to the enthusiastic response to the program, the Company has already initiated the process for second batch of the program.

## Financial Overview (Consolidated)

### 2015 in snapshot

- FY 2015 constant currency revenue at \$496.8 mn, up 17.6% YoY
- FY 2015 revenue at \$485.5 mn, up 14.9% YoY [₹. 31,235 mn, up 21% YoY]
- PAT at \$60.7 mn, up 15.8% YoY [₹. 3,932 mn, up 22.8%]
- Earnings per share (basic EPS) of ₹ 13.05, up 22.4% YoY
- 80% of PAT distributed as dividend of ₹ 8.65 per share of FV of ₹ 2 each (432.5%)
- New customer deals of \$120 mn TCv signed in 2015

## BALANCE SHEET ANALYSIS

### 1) Share Capital

The paid-up share capital of the Company as at December 31, 2015 was ₹ 603.13 million comprising 301,562,897 Equity Shares of ₹ 2 each. During the year, 639,425 shares were allotted under ESOP plans.

## 2) Reserves and Surplus

The Company's global reserves (excluding hedging reserve account) increased by ₹ 1,156.26 million to ₹ 13,712.97 million as at December 31, 2015 from ₹ 12,556.71 million as at December 31, 2014. The premium received on issue of shares under ESOP was ₹ 30.44 million.

Hedging reserve balance stood at ₹ 15.96 million as at December 31, 2015 as against a loss of ₹ 253.01 million as at December 31, 2014. Hedging reserve represent mark-to-market gain/ loss on the forward contract designated as hedge in accordance with the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement".

## 3) Deferred Tax Liability and Assets

The deferred tax represent the tax effect due to timing difference of the income chargeable to tax recognized and measured in accordance with the Accounting Standard (AS) 22 "Accounting for Taxes on Income". The Company recognized ₹ 91.95 million as deferred tax liability as at December 31, 2015 (₹ 118.68 million as at December 31, 2014) and deferred tax asset of ₹ 348.05 million as at December 31, 2015 (₹ 293.89 million as at December 31, 2014). The Company records net positions as assets and liabilities based on tax jurisdictions considering rights to offset. Note no. 6 of the Consolidated Financial Statements provides components of assets and liabilities.

## 4) Other long term liabilities

₹ million

Particulars	2015	2014
i For expenses	3.53	-
ii Capital creditors	27.27	5.87
iii Liability for mark-to-market losses on derivative contracts (net)	-	25.19
<b>Total</b>	<b>30.80</b>	<b>31.06</b>

The other long-term liabilities largely comprises of capital creditors which has increased by ₹ 21.4 million during 2015 representing retention payable towards capex. Mark-to-market position as at December 31, 2015 was net receivable compared to net liability as at December 31, 2014.

## 5) Long term provisions

Long-term provisions represents provision towards employee benefits i.e. gratuity and compensated absences. The provisions have increased by ₹ 34.85 million to ₹ 322.67 million as at December 31, 2015 compared to ₹ 287.82 million as at December 31, 2014.

## 6) Trade payables

Trade payables in respect of goods and services increased to ₹ 981.88 million as on December 31, 2015 against ₹ 680.35 million as on December 31, 2014.

## 7) Other current liabilities

₹ million

Particulars	2015	2014
i Unearned revenues	275.13	226.16
ii Unclaimed dividend	119.92	96.40
iii Employee related liability	1,036.83	847.99
iv Statutory liabilities	367.31	322.04
v Deposit received for customer/ lessee	0.38	0.38
vi Capital creditors	389.57	79.39
vii Liability for mark-to-market losses on derivative contracts (net)	-	51.54
viii For expenses	795.88	521.80
<b>Total</b>	<b>2,985.02</b>	<b>2,145.70</b>

### The increase in liability is in:

- Unearned revenue, i.e. advance billing to customers not recognised as revenue increased by ₹ 48.97 million.
- Unclaimed dividend ₹ 23.52 million. This represent that the dividend warrants are yet not encashed by certain shareholders.
- Employee related liability ₹ 188.84 million which includes salary and bonuses/incentives payables.
- Statutory liabilities not due for the payment ₹ 45.27 million.
- Capital creditors ₹ 310.18 million largely relating to the facilities under construction at Chennai and Pune.
- Payable for operational expenses ₹ 274.08 million due to increase in size of operations.

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

- Liability for mark-to-market loss on forward contract ₹ 51.54 million as the Company has net receivable position as at December 31, 2015.

## 8) Short-term provisions

₹ million

Particulars	2015	2014
i Provision for employee benefits	488.18	427.44
ii Proposed dividend	723.75	752.31
iii Tax on proposed dividend	147.34	154.03
iv Provision for taxation (net of advance tax)	104.47	58.82
v Others	89.78	92.30
<b>Total</b>	<b>1,553.52</b>	<b>1,484.90</b>

### The increase in liability is in:

- Provision for employee benefits i.e. short term gratuity and compensated absences by ₹ 60.74 million due to increase in employee strength and increment etc.
- Provision for income-tax ₹ 45.65 million.

## Management's Discussion and Analysis

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

- Proposed dividend and tax on it by ₹ 35.25 million. The proposed dividend represent interim dividend declared of ₹ 2.40 per share for Q4-2015 (₹ 2.50 per share for Q4-2014).
- Provision – Others decreased by ₹ 2.52 million on settlement of obligation. Refer note no. 32 of Financial Statements.

### 9) Fixed assets

- Total additions to fixed assets was ₹ 592.54 million. Of the total addition ₹ 260.29 is in respect of computer systems, ₹ 53.50 million is in respect of improvements made to premises taken on lease in USA, ₹ 190.04 million in intangibles including customer contract and softwares and ₹ 88.71 million in respect of other assets like furniture & fixture / office equipment etc.
- Capital work in progress (CWIP) stood at ₹ 1,160.35 million as at December 31, 2015 compared to ₹ 350.46 million as at December 31, 2014. The CWIP is largely in respect of new facility / capacity being created in the SEZs in Chennai and Pune. During the previous year, the Company started work on Phase-2 of the development in the SEZ at Seruseri, Chennai, which in the year 2015 picked-up pace. During 2015, the Company also started first phase development of its SEZ in Hinjewadi, Pune.
- Estimated amount of contracts remaining to be executed on capital accounts largely relating to the aforesaid development work amounted to ₹ 1,722.76 million as at December 31, 2015 (₹ 1,898.57 million as at December 31, 2014).

### 10) Non-current investment

The Company has invested ₹ 4.58 million in shares of Beta Wind Farm Ltd., a Company engaged in generation of renewable energy. Investment is of strategic nature to avail benefit of renewable energy in Chennai.

### 11) Long term loans and advances

₹ million

Particulars	2015	2014
i Capital advances	353.35	56.44
ii Security deposits	136.85	119.27
iii Advance income tax (net of provision for tax)	342.24	335.04
iv Mat credit entitlement	917.48	828.44
v Other loans and advances	63.36	59.71
<b>Total</b>	<b>1,813.28</b>	<b>1,398.90</b>

Long term loans and advances increased by ₹ 414.38 million comprising the following:

- Capital advances increased to ₹ 353.35 million from ₹ 56.44 million, an increase of ₹ 296.91 million largely paid to contractors for the construction of SEZ facilities in Chennai and Pune.
- Security deposit increased by ₹ 17.58 million in respect of premises at pune.
- Advance income-tax pending refund and MAT credit entitlement for future utilization increased by ₹ 7.20 million and ₹ 89.04 million, respectively.

- Other loans and advances consist mainly of prepayments which increased marginally by ₹ 3.65 million.

### 12) Other non-current assets

₹ million

Particulars	2015	2014
i Interest accrued on deposits	0.51	9.03
ii Unbilled services	39.69	95.69
iii Receivable on account of mark to market gains on derivative contracts	1.77	-
iv Restricted bank balances	154.09	223.39
<b>Total</b>	<b>196.06</b>	<b>328.11</b>

Other non-current assets reduced to ₹ 196.06 million from ₹ 328.11 million, a reduction of ₹ 132.05 million. Reduction is largely in unbilled services ₹ 56 million, restricted bank balances ₹ 69.30 million and interest accrued on deposits by ₹ 8.52 million.

The Company had mark-to-market receivables position as at December 31, 2015, in respect of the forward exchange contracts designated as hedges. The portion of position expected to be settled after 12 months was ₹ 1.77 million.

### 13) Trade receivables

Trade receivables as at December 31, 2015 stood at ₹ 4,405.78 million as against balance of ₹ 3,656.38 million as at December 31, 2014, an increase by ₹ 749.40 million. Day's sales outstanding (DSO) was 49 days at the end of 2015 compared with 47 days at the end of 2014. The DSO stands favourably when compared with the industry peers.

### 14) Current investments and cash and cash equivalent

The Company invests surplus cash in liquid mutual funds. As at December 31, 2015 investment decreased to ₹ 409.33 million from ₹ 1,850.96 million. Cash balances with banks in current and deposit accounts including restricted bank balances as at December 31, 2015 were ₹ 4,018.55 million up by ₹ 930.14 million as compared to balance as at December 31, 2014 of ₹ 3,088.41.

Investment and bank balance put together aggregates to ₹ 4,427.88 million (US\$ 66.93 million) as at December 31, 2015.

### 15) Short term loans and advances

₹ million

Particulars	2015	2014
i Security deposits	9.70	7.77
ii Advance income tax (net of provision for tax)	25.67	34.30
iii Other loans and advances	733.98	495.84
<b>Total</b>	<b>769.35</b>	<b>537.91</b>

Short term loans and advances increased by ₹ 231.44 million comprising ₹ 238.14 million increase in other loans and advances which largely represents prepayments and advance recoverable mainly on account of advance given to employee for business purposes. Security deposit marginally increased by ₹ 1.93 million and advance income tax decreased by ₹ 8.63 million.

**16) Other current assets**

₹ million

Particulars	2015	2014
i Interest accrued on deposits	1.05	0.54
ii Unbilled services	1,978.38	1,229.44
iii Receivable on account of mark to market gains on derivative contracts	19.08	-
<b>Total</b>	<b>1,998.51</b>	<b>1,229.98</b>

Other current assets increased by ₹ 768.53 million largely with an increase in unbilled services by ₹ 748.94 million mainly on account of increase in business activity of Company.

The Company had mark-to-market receivables position as at December 31, 2015 in respect of the forward exchange contracts designated as hedges. The portion of position expected to be settled within next 12 months was ₹ 19.08 million.

**Consolidated Results (P&L)****1) Income from operations**

Revenues increased to ₹ 31,235.23 million in the current year from ₹ 25,816.77 million in the previous year, an increase of 21%, attributed to an increase in volume, onsite business, bill rates and favourable exchange rates. The revenue in USD terms grew by 14.9% to \$485.47 million from \$422.40 million in the year 2014. The growth was achieved despite a few unfavourable factors such as furloughs by our clients and few working days lost due to floods in Chennai where a large number of our employees work.

As we strategized account mining, we were able to grow our revenues from top-20 clients by 16.2%, top-10 clients by 23.5% and top-5 clients by 31.5%. Our repeat business improved to 95.7% in Q4-2015 to 95.5% in Q4-2014. We also added 8 clients to our list who contribute over \$1 mn in revenue, 13 clients in \$1 to \$5 mn revenues and 2 clients in the \$10 to \$20 mn bucket.

Onsite/ offshore mix increased in 2015 to 60.8% : 39.2% compared to 55.5% : 44.5% in the year 2014.

**2) Other income**

Other income reduced to ₹ 90.17 million from ₹ 227.76 million in 2014; the reduction of ₹ 137.59 million attributed to reduction in dividend and interest income by ₹ 80.35 million and ₹ 43.37 million respectively.

**3) Software and development expenses**

During 2015, software and development expense increased to ₹ 5,404.03 million from ₹ 4,001.14 million in the previous year, i.e. an increase of 35%. As a percentage to sales, these expenses were 17.30%, compared with 15.50% in 2014, the increase attributed to increased subcontracting charges with increase in onsite revenues.

**4) Employee benefit expenses**

The employment expenses without stock based compensation costs (RSU costs) increased to ₹ 17,521.08 million compared to ₹ 14,596.33 million in the previous year, an increase of 20% in tandem with the increase in revenues.

Ratio of employee cost-to-revenue marginally improved to 56.09% in 2015 as against 56.54% in 2014. The worldwide employee count including subcontractors was 11,375 as of December 2015, an increase of 1,359 compared to headcount as of December 2014 (10,016).

**5) Employee stock option compensation cost (ESOP/RSU)**

During the year, the Company instituted long-term incentive plan in the form of grant of Restricted Stock Units (RSU). The RSUs would vest on completion of service period and/or achievement of the specified performance targets aimed at the long-term accelerated growth. The RSUs upon vesting are exercisable at ₹ 2 per share. The compensation cost recognized for these RSU is ₹ 211.10 million for the year 2015 based on fair value method.

**6) Operations and other expenses**

Operations and other expenses increased to ₹ 2,740.81 million in the year 2015 from ₹ 2,443.70 million in 2014, an increase of 12.16%.

As a percentage to revenue, the Company was able to reduce the cost to 8.77% in 2015 as against 9.47% in 2014.

**7) Depreciation**

Depreciation expense increased to ₹ 482.47 million in 2015 compared to ₹ 439.72 million in 2014, increase of ₹ 42.75 million largely due to additions of computers, software and equipment.

**8) Income-tax expense**

Total tax expense increased to ₹ 1,114.02 million in 2015 as against ₹ 979.67 million in 2014. Effective tax rate was lower at 22.1% in the 2015, compared to 23.4% in the previous year.

**Cautionary statements**

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

For and on behalf of the Board of Directors

Atul K. Nishar  
Chairman

Date: June 23, 2016

Place: Mumbai

# INDEPENDENT AUDITOR'S REPORT

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To the Members of HEXAWARE TECHNOLOGIES LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HEXAWARE TECHNOLOGIES LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at December 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Independent Auditor's Report

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st December, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

We did not audit the financial statements of nine subsidiaries whose financial statements reflect total assets of ₹ 2,327.95 million as at 31st December, 2015, total revenues of ₹ 4,246.83 million and net cash flows amounting to ₹ 1,033.01 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, based on the comments in the auditors' reports of the Holding Company and a subsidiary company incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st December, 2015 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st December, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 23 to the consolidated financial statements;
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Abhijit A. Damle**

Partner  
(Membership No. 102912)

Date: February 3, 2016

Place: Mumbai

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes one subsidiary company incorporated in India, which has been audited by other auditor and our report in respect of this entity is based solely on the report of the other auditor.

Having regard to the nature of the business / activities / results during the year of the Holding Company and the aforesaid subsidiary company incorporated in India, clauses (ii), (v), (vi), (ix) and (xi) of paragraph 3 of the Order are not applicable to the respective entities.

- i) In respect of the fixed assets of the Holding Company and subsidiary company :
  - a) The respective entities have maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) The fixed assets were physically verified during the year by the Management of the respective entities in accordance with a regular programme of verification which, in our opinion and the opinion of the other auditor, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us and the other auditor, no material discrepancies were noticed on such verification.
- ii) The Holding Company and the subsidiary company have not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013 by the respective entities.
- iii) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, there is an adequate internal control system in the Holding Company and subsidiary company, commensurate with the size of the respective entities and the nature of their business, for the purchase of fixed assets and for the sale of services. The activities of the respective entities do not involve purchase of inventory and sale of goods. During the course of our and other auditor's audit, no failure to correct major weakness in such internal control system has been observed.
- iv) According to the information and explanations given to us and the other auditor, in respect of statutory dues of the Holding Company and the subsidiary company:
  - a) The respective entities have been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.
  - b) There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at December 31, 2015 for a period of more than six months from the date they became payable.
  - c) Details of dues Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess, as applicable, which have not been deposited as on December 31, 2015 on account of disputes by the aforesaid entities are given below:

Name of statute	Nature of the dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.46	Assessment Year 2009-10	Assessing officer
Income Tax Act, 1961	Income Tax	3.99	Assessment Year 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2.76	Assessment Year 2011-12	Assessing officer

- d) The aforesaid entities have been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- v) The Group does not have consolidated accumulated losses at the end of the financial year and the Group has not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- vi) According to the information and explanations given to us and the other auditor, the Holding Company and the subsidiary company have not given guarantees for loans taken by Others from banks and financial institutions.
- vii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company and subsidiary company and no material fraud on the aforesaid entities has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Abhijit A. Damle**

Partner  
(Membership No. 102912)

Date: February 3, 2016

Place: Mumbai

Consolidated Balance Sheet as at 31st December, 2015

(₹ Million)

Particulars	Note No.	As at December 31, 2015	As at December 31, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share holders' funds :</b>			
a. Share capital	4	603.13	601.85
b. Reserves and surplus	5	13,728.93	12,303.70
		<b>14,332.06</b>	<b>12,905.55</b>
<b>Share application money pending allotment</b>			
		-	0.45
<b>Non-current liabilities :</b>			
a. Deferred tax liabilities (Net)	6	91.95	118.68
b. Other long-term liabilities	7	30.80	31.06
c. Long-term provisions - Employee benefits		322.67	287.82
		<b>445.42</b>	<b>437.56</b>
<b>Current liabilities :</b>			
a. Trade payables			
i) Dues of micro and small enterprises		-	-
ii) Others		981.88	680.35
b. Other current liabilities	8	2,985.02	2,145.70
c. Short-term provisions	9	1,553.52	1,484.90
		<b>5,520.42</b>	<b>4,310.95</b>
<b>Total</b>		<b>20,297.90</b>	<b>17,654.51</b>
<b>II. ASSETS</b>			
<b>Non-current assets :</b>			
a. Fixed Assets :	10		
i) Tangible assets		3,378.30	3,379.87
ii) Intangible assets		1,949.85	1,758.45
iii) Capital work-in-progress		1,160.35	350.46
		<b>6,488.50</b>	<b>5,488.78</b>
b. Non-current investments	11	4.58	4.58
c. Deferred tax asset (Net)	6	348.05	293.89
d. Long-term loans and advances	12	1,813.28	1,398.90
e. Other non-current assets	13	196.06	328.11
		<b>8,850.47</b>	<b>7,514.26</b>
<b>Current assets :</b>			
a. Current investments	14	409.33	1,850.96
b. Trade receivables	15	4,405.78	3,656.38
c. Cash and cash equivalents	16	3,864.46	2,865.02
d. Short-term loans and advances	17	769.35	537.91
e. Other current assets	18	1,998.51	1,229.98
		<b>11,447.43</b>	<b>10,140.25</b>
<b>Total</b>		<b>20,297.90</b>	<b>17,654.51</b>
<b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>		1 to 35	

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

**Abhijit A. Damle**  
(Partner)

For and on behalf of the Board of Directors

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

**Dileep Choksi**  
(Director)

**P. R. Chandrasekar**  
(Director)

**Kosmas Kalliarekos**  
(Director)

**Jimmy Mahtani**  
(Director)

**Christian Oecking**  
(Director)

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

Place : Mumbai  
Date : 3rd February, 2016

**Rajesh Kanani**  
(Chief Financial Officer)

**Gunjan Methi**  
(Company Secretary)

## Consolidated Statements of Profit and Loss for the year ended 31st December, 2015

(₹ Million)

Particulars	Note No.	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>I. INCOME</b>			
a. Revenue from operations		31,235.23	25,816.77
b. Other income	19	90.17	227.76
		<b>31,325.40</b>	<b>26,044.53</b>
<b>II. EXPENSES</b>			
a. Software and development expenses	20	5,404.03	4,001.14
b. Employee benefits expenses	21	17,521.08	14,596.33
c. Operation and other expenses	22	2,740.81	2,443.70
d. Employee Stock option compensation cost		211.10	-
e. Exchange rate difference (Net)		(81.40)	307.84
f. Interest - Others		1.19	8.98
g. Depreciation and amortization expense	10	482.47	439.72
		<b>26,279.28</b>	<b>21,797.71</b>
<b>Profit Before Tax and Exceptional Items</b>		<b>5,046.12</b>	<b>4,246.82</b>
Less : Exceptional item (Refer note no. 33)		-	65.63
<b>Profit before tax</b>		<b>5,046.12</b>	<b>4,181.19</b>
<b>Tax expense</b>			
Income tax - Current		1,260.96	1,171.74
Less: MAT Credit (entitlement) / adjustment (Net)		(79.87)	28.55
Net current tax expense		1,181.09	1,200.29
Income tax - Deferred Taxes		(67.07)	(220.62)
		<b>1,114.02</b>	<b>979.67</b>
<b>Profit for the year</b>		<b>3,932.10</b>	<b>3,201.52</b>
<b>Earnings per share (before exceptional item) (in ₹)</b>			
Basic	28	13.05	10.87
Diluted		12.94	10.82
<b>Earnings per share (after exceptional item) (in ₹)</b>			
Basic	28	13.05	10.66
Diluted		12.94	10.60
<b>Face value of equity share (in ₹)</b>		<b>2.00</b>	<b>2.00</b>
<b>III. NOTES FORMING PART OF FINANCIAL STATEMENTS</b>		1 to 35	

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

**Abhijit A. Damle**  
(Partner)

For and on behalf of the Board of Directors

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

**Kosmas Kalliarekos**  
(Director)

**Bharat Shah**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

**Dileep Choksi**  
(Director)

**Jimmy Mahtani**  
(Director)

**Basab Pradhan**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**P. R. Chandrasekar**  
(Director)

**Christian Oecking**  
(Director)

Place : Mumbai  
Date : 3rd February, 2016

## Consolidated Cash Flow Statement for the year ended 31st December, 2015

(₹ Million)

Particulars	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>A Cash Flow from operating activities</b>		
Net Profit before tax	5,046.12	4,181.19
<b>Adjustments for:</b>		
Depreciation and amortization expenses	482.47	439.72
Employee Stock option compensation cost	211.10	-
Interest income	(12.45)	(55.82)
Provision for doubtful accounts (Net)	38.32	(1.52)
Debts and advances written off	14.81	2.06
Dividend from current investments	(45.39)	(125.74)
(Profit) on sale / diminution in value of current investments (Net)	-	(0.44)
Fixed asset written off (Net)	-	0.79
(Profit) / Loss on sale of fixed assets / Assets written off (Net)	(1.40)	0.43
Deferred settlement loss relating to roll-over cash flow hedges	184.36	998.39
Exchange rate difference (Net) unrealised	(11.59)	130.83
Interest expense	1.19	8.98
<b>Operating profit before working capital changes</b>	<b>5,907.54</b>	<b>5,578.87</b>
<b>Adjustments for:</b>		
Trade and other receivables	(1,499.88)	(846.16)
Trade and other payables	744.92	537.27
<b>Cash generated from operations</b>	<b>5,152.58</b>	<b>5,269.98</b>
Direct Taxes Paid (Net)	(1,220.62)	(1,140.77)
<b>Net cash from operating activities</b>	<b>3,931.96</b>	<b>4,129.21</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(1,366.69)	(604.03)
Proceeds from sale of fixed assets	2.85	0.78
Interest received (Net of tax ₹2.12 Million (₹10.21 Million))	18.35	142.63
Purchase of current investments	(9,406.24)	(24,865.51)
Proceeds from sale of investments	10,847.87	26,393.05
Dividend from current investments	45.39	125.74
<b>Net cash from investing activities</b>	<b>141.53</b>	<b>1,192.66</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of share capital (Net)	31.27	48.05
Interest and other finance charges paid	(1.19)	(0.93)
Dividend paid (including corporate dividend tax)	(3,172.17)	(5,400.35)
<b>Net cash used in financing activities</b>	<b>(3,142.09)</b>	<b>(5,353.23)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>931.40</b>	<b>(31.36)</b>
Cash and cash equivalents at the beginning of the year	2,859.76	2,891.12
<b>Cash and cash equivalents at the end of the year (Refer Note No. 1 below)</b>	<b>3,791.16</b>	<b>2,859.76</b>
<b>Notes:</b>		
1. Components of cash and cash equivalents comprise the following: (Refer Note no. 16 of notes forming part of financial statements)		
Cash and Bank Balances	4,018.55	3,088.41
Less: Restricted Bank Balances	(154.09)	(223.39)
Cash and cash Equivalents as per note no 16	<b>3,864.46</b>	<b>2,865.02</b>
Effect of changes in Exchange rate in cash and cash equivalents	(73.30)	(5.26)
<b>Total Cash and Cash equivalents</b>	<b>3,791.16</b>	<b>2,859.76</b>
2. The previous year's figures have been regrouped wherever necessary.		

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

For and on behalf of the Board of Directors

**Abhijit A. Damle**  
 (Partner)

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

**Dileep Choksi**  
 (Director)

**P. R. Chandrasekar**  
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**Kosmas Kalliarekos**  
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**Jimmy Mahtani**  
 (Director)

**Christian Oecking**  
 (Director)

**Bharat Shah**  
 (Director)

**Basab Pradhan**  
 (Director)

Place : Mumbai  
 Date : 3rd February, 2016

**Rajesh Kanani**  
 (Chief Financial Officer)

**Gunjan Methi**  
 (Company Secretary)

# Notes forming part of Consolidated Financial Statements

## 1 Background

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

## 2 Significant Accounting Policies

### a) Basis of Preparation of Financial Statements

These consolidated financial statements of Hexaware Technologies Limited and its subsidiaries (together the “Group”) are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention except for certain financial instruments which are measured at fair value. These financial statements comply in all material aspects with the applicable provisions of the Companies Act, 2013 (the “Act”).

The financial statements of subsidiaries used in the consolidation are drawn upto the same reporting date as that of the holding company, viz 31st December 2015.

### b) Principles of Consolidation

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

- ii. the minorities’ share of movements in equity since the date the parent-subsidiary relationship comes into existence.

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

### c) Use of Estimates

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

### d) Revenue Recognition

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

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

Revenue is reported net of discount / incentive.

- b. Dividend income is recognised when right to receive is established.
- c. Interest Income is recognised on time proportion basis.
- d. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment.

## Notes forming part of Consolidated Financial Statements

### e) Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any. Cost includes all expenses incurred for acquisition of assets to bring these to working conditions for intended use.

### f) Depreciation and Amortisation

Depreciation and amortisation on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as determined by the management based on the expert technical advice/stipulations of Schedule II to the Act.

Asset Class	Estimated Useful Life
Building	60 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	8 years
Vehicles	4 years
Leasehold Land	Over the lease period
Improvements to leased Premises	Over the lease period
Software	3 years
Customer Contracts/Relations	5 years

### g) Investments

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

### h) Foreign Currency Transaction / Translation

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

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

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

### Foreign Branches

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

### i) Translation and Accounting of Financial Statements of Foreign Subsidiaries.

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

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

### j) Derivative Instruments and Hedge Accounting

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

### k) Employee Benefits

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

Payments to defined contribution schemes and other similar funds are expensed as incurred. For defined benefit schemes and other long term benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested. The retirement benefit liability recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for

unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and / or reduction in future contributions to the scheme.

b. Short term employee benefits:

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

l) **Borrowing Costs**

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

m) **Leases**

**Finance Lease**

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

**Operating Leases**

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

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

n) **Taxes on Income**

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

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

Minimum Alternate Tax (MAT) credit entitlement is

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

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

o) **Impairment of Assets**

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

p) **Share Based Compensation**

The compensation cost of stock options / Restricted Stock Units (RSU) granted to employees of the Company and its subsidiaries is measured using intrinsic value method for the grants made before 1st April, 2015 and for the subsequent grants the same is measured using fair value method being the recommended method of valuation by the Guidance note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India. The difference between the fair value and intrinsic value is not material to the profit for the year. The Compensation cost, if any, is amortised over the vesting period of the options.

q) **Provisions, Contingent Liabilities and Contingent Assets**

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

r) **Cash and Cash Equivalents**

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

## Notes forming part of Consolidated Financial Statements

### 3 Entities to Consolidation

Following table presents entities consolidated along with proportion of net assets and profit or loss as required by schedule III of the Act.

Sr. No.	Name of the Entity	Country of Incorporation	Year 2015			
			Net Assets		Share in Profit or Loss	
			As % of consolidated net assets	₹ (Mn)	As % of consolidated profit or loss	₹ (Mn)
1	Hexaware Technologies Limited	India	58.87%	8,439.51	84.10%	3,307.05
2	Hexaware Technologies Inc.	United States of America	29.83%	4,275.80	11.54%	453.83
3	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	0.64%	91.11	1.90%	74.55
4	Hexaware Technologies UK Ltd.	United Kingdom	4.25%	608.51	1.88%	74.09
5	FocusFrame Europe BV (Subsidiary of Hexaware Technologies Inc.) (closed on 31st March, 2015)	Netherland	0.00%	-	0.55%	21.63
6	Hexaware Technologies Asia Pacific Pte Limited	Singapore	1.28%	182.83	-0.44%	(17.41)
7	Hexaware Technologies Gmbh.	Germany	1.68%	240.36	0.53%	21.01
8	Hexaware Technologies Canada Limited	Canada	-0.02%	(2.37)	0.20%	7.75
9	Risk Technology International Limited	India	3.02%	432.17	-0.13%	(5.29)
10	Hexaware Technologies DO Brazil Ltd, Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil	-0.02%	(3.41)	0.04%	1.64
11	Guangzhou Hexaware Information Technologies Company Limited (formed and commenced business on 21st May 2015)	China	0.00%	0.42	-0.03%	(1.22)
12	Hexaware Technologies LLC (formed on 14th October 2015)	Russia	0.47%	67.13	-0.14%	(5.53)
<b>Total</b>			<b>100.00%</b>	<b>14,332.06</b>	<b>100.00%</b>	<b>3,932.10</b>

Sr. No.	Name of the Entity	Country of Incorporation	Year 2014			
			Net Assets		Share in Profit or Loss	
			As % of consolidated net assets	₹ (Mn)	As % of consolidated profit or loss	₹ (Mn)
1	Hexaware Technologies Limited	India	68.35%	8,821.17	86.25%	2,761.41
2	Hexaware Technologies Inc.	United States of America	22.12%	2,854.47	9.56%	306.07
3	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	0.29%	37.54	1.90%	60.71
4	Hexaware Technologies UK Ltd.	United Kingdom	3.83%	494.21	1.66%	53.01
5	FocusFrame Europe BV (Subsidiary of Hexaware Technologies Inc.) (closed on 31st March, 2015)	Netherland	0.05%	6.87	-0.09%	(2.84)
6	Hexaware Technologies Asia Pacific Pte Limited	Singapore	1.23%	158.30	-0.40%	(12.68)
7	Hexaware Technologies Gmbh.	Germany	1.95%	252.08	0.85%	27.28
8	Hexaware Technologies Canada Limited	Canada	-0.03%	(4.00)	0.26%	8.33
9	Risk Technology International Limited	India	2.21%	285.25	-0.05%	(1.68)
10	Hexaware Technologies DO Brazil Ltd, Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil	0.00%	0.11	0.06%	1.91
<b>Total</b>			<b>100.00%</b>	<b>12,906.00</b>	<b>100.00%</b>	<b>3,201.52</b>

**4 SHARE CAPITAL**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
<b>a. Authorised</b>		
475,000,000 Equity Shares of ₹ 2/- each	950.00	950.00
1,100,000 Series "A" Preference Shares of ₹ 1,421/- each (Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.)	1,563.10	1,563.10
<b>Total</b>	<b>2,513.10</b>	<b>2,513.10</b>
<b>b. Issued, Subscribed and Paid-up Capital</b>		
Equity Shares of ₹ 2/- each Fully Paid.	603.13	601.85
<b>Total</b>	<b>603.13</b>	<b>601.85</b>

**c. Reconciliation of number of shares**

Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the year	300,923,472	601.85	299,875,947	599.75
Shares issued during the year	639,425	1.28	1,047,525	2.10
<b>Shares outstanding at the end of the year</b>	<b>301,562,897</b>	<b>603.13</b>	<b>300,923,472</b>	<b>601.85</b>

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

Name of Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
HT Global IT Solutions Holdings Ltd. (Holding Company)	215,047,193	71.31	215,047,193	71.46

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

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

**f. Rights, preferences and restrictions attached to equity shares**

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

**g. Shares reserved for issue under options**

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units under the ESOP 2008 and 2015 scheme. Each option entitles the holder to one equity share of ₹ 2 each. 9,844,513 (1,576,500) options were outstanding as on 31st December, 2015 (Refer note no. 29).

**h. Shares application money pending allotment**

Share application money pending allotment is ₹ Nil (₹ 0.45 Million) as at 31st December, 2015, which pertains to Nil (36,000) shares.

**i. The Board of Directors, at its meeting held on 3rd February, 2016 has declared 120% dividend of ₹ 2.40 per equity share.**

## Notes forming part of Consolidated Financial Statements

### 5 RESERVES AND SURPLUS

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
<b>a Securities premium account</b>		
As per last Balance Sheet	4,741.93	4,654.45
Add: On merger of Caliber Point Business Solutions Limited	–	41.12
Add : Received during the year	30.44	46.36
<b>Closing Balance</b>	<b>4,772.37</b>	<b>4,741.93</b>
<b>b Employee stock options outstanding</b>		
Employee stock options compensation cost (includes ₹ 21.56 Million transferred from other payable for expenses, being accrual in the previous year)	232.66	–
<b>Closing Balance</b>	<b>232.66</b>	<b>–</b>
<b>c General reserve</b>		
As per last Balance Sheet	2,140.38	2,178.52
Less: On merger of Caliber Point Business Solutions Limited	–	41.12
Add: Transfer from Statement of Profit and Loss	3.67	2.98
<b>Closing Balance</b>	<b>2,144.05</b>	<b>2,140.38</b>
<b>d Hedging reserve</b>		
As per last Balance Sheet	(253.01)	(1,239.41)
Less: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (Net)	109.97	759.56
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	159.00	226.84
<b>Closing Balance</b>	<b>15.96</b>	<b>(253.01)</b>
<b>e Amalgamation reserve</b>	2.88	2.88
<b>f Special Economic Zone Re-investment reserve</b>		
As per last Balance Sheet	281.39	223.94
Add: Transfer from Balance in Statement of Profit and Loss	172.75	176.38
Less: Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery.	124.62	118.93
<b>Closing Balance</b>	<b>329.52</b>	<b>281.39</b>
<b>g Currency translation reserve</b>		
As per last Balance Sheet	1,011.72	1,013.50
Addition during the year (Net)	97.98	(1.78)
<b>Closing Balance</b>	<b>1,109.70</b>	<b>1,011.72</b>
<b>h Balance in Statement of Profit and Loss</b>		
As per last Balance Sheet	4,378.41	4,557.98
Add: Profit for the year	3,932.10	3,201.52
Add: Transfer from Special Economic Zone Re-investment reserve	124.62	118.93
	8,435.13	7,878.43
<b>Less: Appropriations</b>		
Interim Dividend - Equity	2,608.16	2,840.97
Tax on Dividend (Previous year - after adjusting tax benefit on dividend distributed by a subsidiary)	528.76	479.69
Transfer to General Reserve	3.67	2.98
Transfer to Special Economic Zone Re-investment Reserve	172.75	176.38
	3,313.34	3,500.02
<b>Closing Balance</b>	<b>5,121.79</b>	<b>4,378.41</b>
<b>Total</b>	<b>13,728.93</b>	<b>12,303.70</b>

**6 DEFERRED TAX ASSETS / LIABILITIES**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
<b>a. Deferred tax assets:</b>		
i. Provision for doubtful receivables	8.53	12.29
ii. Depreciation	9.83	8.71
iii. Employee benefits	288.60	245.40
iv. Provision - others	40.82	29.82
v. Others	0.27	1.80
	<b>348.05</b>	<b>298.02</b>
Less: Deferred tax liability:		
Employee benefits	-	4.13
<b>Total</b>	<b>348.05</b>	<b>293.89</b>
<b>b. Deferred tax liabilities:</b>		
i. Depreciation	169.51	149.50
ii. Deferred settlement loss relating to roll-over of cash flow hedges	-	35.36
	<b>169.51</b>	<b>184.86</b>
Less: Deferred tax assets:		
i. Employee benefits	67.49	62.59
ii. Provision for doubtful receivables	10.07	3.59
<b>Total</b>	<b>91.95</b>	<b>118.68</b>

**7 OTHER LONG TERM LIABILITIES**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a For expenses	3.53	-
b Capital creditors	27.27	5.87
c Liability for mark to market losses on derivative contracts (net)	-	25.19
<b>Total</b>	<b>30.80</b>	<b>31.06</b>

**8 OTHER CURRENT LIABILITIES**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a Unearned revenues	275.13	226.16
b Unclaimed dividend *	119.92	96.40
c Other payables		
- Employee related	1,036.83	847.99
- Statutory liabilities	367.31	322.04
- Deposit received from customer / lessee	0.38	0.38
- Capital creditors	389.57	79.39
- Liability for mark to market losses on derivative contracts (net)	-	51.54
- For expenses	795.88	521.80
<b>Total</b>	<b>2,985.02</b>	<b>2,145.70</b>

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

**9 SHORT TERM PROVISIONS**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a For employee benefits	488.18	427.44
b Proposed dividend	723.75	752.31
c Tax on proposed dividend	147.34	154.03
d Provision for taxation (net of advance tax) (net of MAT credit availed ₹ 47.68 Million (₹ 56.85 Million))	104.47	58.82
e Others (Refer note no. 32)	89.78	92.30
<b>Total</b>	<b>1,553.52</b>	<b>1,484.90</b>

## Notes forming part of Consolidated Financial Statements

### 10 FIXED ASSETS

(₹ Million)

Sr No	Particulars	GROSS BLOCK			DEPRECIATION AND AMORTISATION			NET BLOCK		
		As at 01.01.2015	Addition	Deductions/ Adjustments	As at 31.12.2015	As at 01.01.2015	For the year	Deductions/ Adjustments	As at 31.12.2015	As at 31.12.2014
<b>A Tangible Assets</b>										
1	Land - Freehold	0.15	-	-	0.15	-	-	-	0.15	0.15
	Land - Leasehold (Refer note no.1)	455.87	-	-	455.87	29.67	4.97	-	34.64	421.23
2	Buildings	2,248.11	2.78	-	2,250.89	178.65	45.07	-	223.72	2,027.17
3	Plant and Machinery	1,568.66	260.29	65.78	1,763.17	1,175.19	182.38	63.67	1,293.90	469.27
4	Office Equipments	787.21	48.93	1.63	834.51	508.82	110.26	1.38	617.70	216.81
5	Furniture and Fixtures	578.34	31.47	5.09	604.72	394.39	45.83	5.57	434.65	170.07
6	Leasehold Improvements	54.66	53.50	2.48	105.68	30.45	11.85	3.04	39.26	66.42
7	Vehicles	25.38	5.53	4.43	26.48	21.34	2.39	4.43	19.30	7.18
	<b>Total - Tangible Assets</b>	<b>5,718.38</b>	<b>402.50</b>	<b>79.41</b>	<b>6,041.47</b>	<b>2,338.51</b>	<b>402.75</b>	<b>78.09</b>	<b>2,663.17</b>	<b>3,378.30</b>
	<i>Previous year</i>	<i>5,451.59</i>	<i>305.49</i>	<i>38.70</i>	<i>5,718.38</i>	<i>1,995.03</i>	<i>378.49</i>	<i>35.01</i>	<i>2,338.51</i>	<i>3,379.87</i>
<b>B Intangible Assets</b>										
1	Softwares	376.85	74.49	(1.19)	452.53	252.94	77.41	(1.08)	331.43	121.10
2	Customer Contracts/Relations	-	115.55	-	115.55	-	2.31	0.17	2.14	113.41
3	Goodwill On Consolidation	1,634.54	-	(80.80)	1,715.34	-	-	-	-	1,715.34
	<b>Total - Intangible Assets</b>	<b>2,011.39</b>	<b>190.04</b>	<b>(81.99)</b>	<b>2,283.42</b>	<b>252.94</b>	<b>79.72</b>	<b>(0.91)</b>	<b>333.57</b>	<b>1,949.85</b>
	<i>Previous year</i>	<i>1,885.48</i>	<i>94.07</i>	<i>(31.84)</i>	<i>2,011.39</i>	<i>191.66</i>	<i>61.23</i>	<i>(0.05)</i>	<i>252.94</i>	<i>1,758.45</i>
<b>c Capital Work in Progress</b> (Mainly in respect of buildings under construction)										
	<b>Current Year</b>	<b>7,729.77</b>	<b>592.54</b>	<b>(2.58)</b>	<b>8,324.89</b>	<b>2,591.45</b>	<b>482.47</b>	<b>77.18</b>	<b>2,996.74</b>	<b>6,488.50</b>
	<i>Previous year</i>	<i>7,337.07</i>	<i>399.56</i>	<i>6.86</i>	<i>7,729.77</i>	<i>2,186.69</i>	<i>439.72</i>	<i>34.96</i>	<i>2,591.45</i>	<i>5,488.78</i>

**Notes:**

- Includes ₹90.00 Million and ₹7.40 Million (Previous Year ₹6.49 Million) being lease premium and accumulated amortisation respectively in respect of part of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- Plant and machinery includes computer systems.
- Exchange difference (net) on account of translation of fixed assets into INR included under deductions is as follows:

(₹ Million)

Particulars	Gross Block	Depreciation
Goodwill on consolidation	80.80	-
<b>Tangible Assets</b>		
Plant and Machinery	1.71	1.52
Office Equipments	1.26	0.55
Furniture and Fixtures	1.05	1.23
Leasehold Improvements	1.20	1.77
Vehicles	0.09	0.09
<b>Intangible Assets</b>		
Computer Softwares	1.44	1.08
Customer Contracts/Relations	-	0.17
<b>Current Period</b>	<b>87.55</b>	<b>6.41</b>
<i>Previous year</i>	<i>41.78</i>	<i>8.22</i>

- During the year, pursuant to application of Schedule II of the Companies Act, 2013, the useful lives of the fixed assets of the holding company have been evaluated and revised where required based on such evaluation. Expert advice has been obtained in respect of assets where the useful lives are different from stipulations of the Schedule II. The impact of the revision is not material.

**11 NON CURRENT INVESTMENTS**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
<b>Trade Investments - Others - Unquoted (At cost)</b>		
240,958 equity shares of ₹ 10/- each fully paid up in Beta Wind Farm Pvt.Ltd.	4.58	4.58
<b>Total</b>	<b>4.58</b>	<b>4.58</b>

**12 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a Capital advances	353.35	56.44
b Security deposits	136.85	119.27
c Advance income tax and fringe benefit tax (net of provision for tax)	342.24	335.04
d MAT credit entitlement	917.48	828.44
e Other loans and advances (includes service tax receivable, prepaid expenses, etc.)	63.36	59.71
<b>Total</b>	<b>1,813.28</b>	<b>1,398.90</b>

**13 OTHER NON CURRENT ASSETS**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a Interest accrued on deposits	0.51	9.03
b Unbilled services	39.69	95.69
c Receivable on account of mark to market gains on derivative contracts	1.77	-
d Non current bank balances		
Restricted bank balances (Refer note no. 16)	154.09	223.39
<b>Total</b>	<b>196.06</b>	<b>328.11</b>

**14 CURRENT INVESTMENTS**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
Investments in Mutual funds (Unquoted)	409.33	1,850.96
<b>Total</b>	<b>409.33</b>	<b>1,850.96</b>

**15 TRADE RECEIVABLES (UNSECURED)**

(₹ Million)

Particulars	As at December 31, 2015	As at December 31, 2014
<b>a. Over six months from the due date</b>		
Considered good	26.49	0.10
Considered doubtful	83.61	45.92
	110.10	46.02
Less : Provision for doubtful receivables	83.61	45.92
	26.49	0.10
<b>b. Others</b>		
Considered good	4,379.29	3,656.28
Considered doubtful	19.68	15.19
	<b>4,398.97</b>	<b>3671.47</b>
Less : Provision for doubtful receivables	19.68	15.19
	4,379.29	3,656.28
<b>Total</b>	<b>4,405.78</b>	<b>3,656.38</b>

## Notes forming part of Consolidated Financial Statements

### 16 CASH AND CASH EQUIVALENTS

(₹ Million)

Particulars	As at December 31, 2015	As at December 31, 2014
a. Cash in hand	0.03	0.01
b. Balances with banks		
In current accounts	3,858.72	2,707.86
Remittances in transit	2.06	0.31
Bank deposit accounts with less than 3 months maturity	3.65	156.84
	3,864.43	2,865.01
c. Other bank balances:		
Earmarked balances with banks	-	106.05
Unclaimed dividend accounts	120.28	96.76
Margin money	33.81	20.58
	154.09	223.39
Cash and bank balances	4,018.55	3,088.41
d. Bank balances reclassified as non current assets		
Restricted bank balances (Refer note no. 13)	(154.09)	(223.39)
<b>Total</b>	<b>3,864.46</b>	<b>2,865.02</b>

### 17 SHORT TERM LOANS AND ADVANCES (UNSECURED)

(₹ Million)

Particulars	As at December 31, 2015	As at December 31, 2014
a. Considered good		
i. Security deposits	9.70	7.77
ii. Advance Income Tax (net of provision for tax)	25.67	34.30
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee advances etc.)	733.98	495.84
	769.35	537.91
b. Considered doubtful		
Security deposits	35.15	34.78
Less : Provision for doubtful deposits	35.15	34.78
	-	-
<b>Total</b>	<b>769.35</b>	<b>537.91</b>

### 18 OTHER CURRENT ASSETS

(₹ Million)

Particulars	As at December 31, 2015	As at December 31, 2014
a. Interest accrued on deposits	1.05	0.54
b. Unbilled services	1,978.38	1,229.44
c. Receivable on account of mark to market gains on derivative contracts (Net)	19.08	-
<b>Total</b>	<b>1,998.51</b>	<b>1,229.98</b>

### 19 OTHER INCOME

(₹ Million)

Particulars	For the year ended December 31, 2015	For the year ended December 31, 2014
a. Dividend from current investments	45.39	125.74
b. Profit on sale / diminution in value of Current Investments (Net)	-	0.44
c. Interest income	12.45	55.82
d. Profit / (Loss) on sale of fixed assets (Net)	1.40	(0.43)
e. Miscellaneous income	30.93	46.19
<b>Total</b>	<b>90.17</b>	<b>227.76</b>

**20 SOFTWARE AND DEVELOPMENT EXPENSES**

(₹ Million)

Particulars	For the year ended December 31, 2015	For the year ended December 31, 2014
a. Consultant travel and related expenses	1,463.74	1,182.37
b. Software expenses (includes subcontracting charges ₹3732.45 Million (₹2453.72 Million))	3,940.29	2,818.77
<b>Total</b>	<b>5,404.03</b>	<b>4,001.14</b>

**21 EMPLOYEE BENEFIT EXPENSES**

(₹ Million)

Particulars	For the year ended December 31, 2015	For the year ended December 31, 2014
a. Salary and allowances	15,288.03	12,791.29
b. Contribution to provident and other funds	1,820.08	1,506.23
c. Staff welfare expenses	412.97	298.81
<b>Total</b>	<b>17,521.08</b>	<b>14,596.33</b>

**22 OPERATIONS AND OTHER EXPENSES**

(₹ Million)

Particulars	For the year ended December 31, 2015	For the year ended December 31, 2014
a. Rent (Refer note no 26)	272.68	257.18
b. Rates and taxes	48.52	38.60
c. Travelling and conveyance expenses	721.37	629.07
d. Electricity charges	195.21	178.06
e. Communication expenses	252.89	232.51
f. Repairs and maintenance		
Buildings	36.28	24.49
Plant and machinery	94.28	52.42
Others	111.80	92.17
	242.36	169.08
g. Printing and stationery	33.12	24.90
h. Auditors remuneration		
Audit fees	22.94	20.20
Tax audit fees	7.62	2.12
Certification work, Taxation and other matters	5.74	3.78
	36.30	26.10
i. Legal and professional fees	156.95	245.53
j. Advertisement and business promotion expenses	150.63	144.15
k. Bank and other charges	9.95	9.23
l. Directors' sitting fees	1.57	1.04
m. Insurance charges	50.84	53.36
n. Fixed assets written off	-	0.79
o. Debts and advances written off	14.81	2.06
p. Provision for doubtful accounts (Net of write back ₹16.03 Million (₹44.40 Million))	38.32	(1.52)
q. Staff recruitment expenses	159.26	142.81
r. Service charges	193.23	178.10
s. Corporate Social Responsibility Expenditure	24.41	-
t. Miscellaneous expenses	138.39	112.65
<b>Total</b>	<b>2,740.81</b>	<b>2,443.70</b>

## Notes forming part of Consolidated Financial Statements

### 23 Contingent liability in respect of :

- a) Claims not acknowledged as debt ₹ 28.14 million (Previous Year ₹ 28.14 million), being a claim from landlord of a premise occupied by the Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.
- b) Claims for taxes on income:
- Where Company is in appeal  
Income tax demands of ₹ 9.74 million (Previous year ₹ 8.99 million) have been raised in respect of assessments completed during the year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merits, expects favourable outcome. Hence no provision against such demand is considered necessary.
  - Others:  
In an earlier year, the CIT (A) had passed an order in favour of the Company against demand of ₹ 23.79 million raised by the Assessing officer for AY 2008-09, which had arisen mainly due to disallowance of foreign exchange loss as business expenses. Against this, the Income Tax Department has filed an appeal with Income Tax Appellate Tribunal and the matter is in process.
- 24 Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In respect of certain entities in the group, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year. Tax expense relating to overseas operation is determined in accordance with the tax laws applicable in countries where such operations are domiciled.
- 25 Estimated amount of contracts remaining to be executed on capital account not provided for (net of advances) ₹ 1,722.76 million (Previous year ₹ 1,898.57 million).
- 26 The Group takes on lease offices space and accommodation for its employees under various operating leases. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year are ₹ 272.68 million (Previous year ₹ 257.18 million).

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

Particulars	(₹ Million)	
	As at 31st December, 2015	As at 31st December, 2014
Not Later than one year	216.69	142.55
Later than one year and not later than five years	550.26	308.61
<b>Total</b>	<b>766.95</b>	<b>451.16</b>

### 27 Derivative Instruments

Forward exchange contracts to Sell US Dollar 156.94 million, Euro 5.60 million and GBP 4.20 million are outstanding as of 31st December, 2015. (Previous Year US Dollar 183.86 million and Euro 2.74 million)

Fair value net gain on the derivative instruments identified as cash flow hedges is ₹ 20.85 million as at 31st December, 2015. (Previous Year net loss of ₹ 76.73 million).

Net gain of ₹ 15.96 million recognized in Hedging Reserve as at 31st December, 2015 is expected to be recycled to Statement of Profit and Loss over two years.

### 28 Earnings Per Share (EPS) - The components of basic and diluted earnings per share are as follows :

Particulars	For the year ended 31st December	
	2015	2014
Net profit after tax and before exceptional item (₹ million)	3,932.10	3,267.15
Less: Exceptional Item	-	65.63
Net profit after exceptional item	<b>3,932.10</b>	3,201.52
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,313,790	300,454,971
Basic Earnings per share (in ₹)		
Before exceptional item	<b>13.05</b>	<b>10.87</b>
After exceptional item	<b>13.05</b>	<b>10.66</b>

Particulars	For the year ended 31st December	
	2015	2014
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,313,790	300,454,971
Add : Dilutive impact of employee stock options (Nos)	2,459,825	1,454,470
Weighted average outstanding equity shares considered for diluted EPS (Nos)	303,773,615	301,909,441
Diluted Earnings per share: (in ₹)		
Before exceptional item	12.94	10.82
After exceptional item	12.94	10.60

## 29 Share Based Compensation (ESOP)

a) The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2002, 2007, 2008 and 2015 plan. Under the plan, the employees of the Company as well as its subsidiaries are granted options/ Restricted Stock Options (RSU) entitling them to one equity share of ₹ 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. The Options / RSU's vest over a period of 1 to 4 years from the date of grant on the basis of service period and/or performance achievement. The maximum time available to exercise upon vesting is 6 years.

b) The particulars of number of options granted and lapsed under the aforementioned Schemes are tabulated below

Particulars	ESOP - 2002		ESOP - 2007		ESOP - 2008		ESOP - 2015		Total	
	Options (nos.)	Weighted ex. Price per share (₹)	Options (nos.)	Weighted ex. price per share (₹)	Options/ RSU's (nos.)	Weighted ex. price per share (₹)	RSU's (nos.)	Weighted ex. price per share (₹)	Options/ RSU's (nos.)	Weighted ex. price per share (₹)
Outstanding at the beginning of the year	51,000	12.45	1,525,500	50.23	-	-	-	-	1,576,500	49.01
	(67,500)	(12.45)	(2,735,525)	(49.39)	(37,500)	(42.85)	-	-	(2,840,525)	(48.43)
Granted during year	-	-	-	-	4,188,934	2.00	5,003,804	2.00	9,192,738	2.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Exercised during the year	28,000	12.45	611,425	51.31	-	-	-	-	639,425	49.60
	(16,500)	(12.45)	(993,525)	(46.95)	(37,500)	(42.85)	(-)	(-)	(1,047,525)	(46.26)
Lapsed during the year	-	-	74,500	58.74	93,000	2.00	117,800	2.00	285,300	16.82
	(-)	(-)	(216,500)	(54.69)	(-)	(-)	(-)	(-)	(216,500)	(54.69)
Outstanding at the year end	23,000	12.45	839,575	48.69	4,095,934	2.00	4,886,004	2.00	9,844,513	6.01
	(51,000)	(12.45)	(1,525,500)	(50.23)	(-)	(-)	(-)	(-)	(1,576,500)	(49.01)
Exercisable as at the year end	23,000	12.45	839,575	48.69	-	-	-	-	862,575	47.73
	(51,000)	(12.45)	(1,041,750)	(42.64)	(-)	(-)	(-)	(-)	(1,092,750)	(41.23)

Previous Year figures are given in brackets.

c) Range of exercise price and weighted average remaining contractual life (in months) for the options outstanding:

Range of exercise price	As at 31st December, 2015		As at 31st December, 2014	
	Options/ RSU's (Nos)	Life	Options (Nos)	Life
2- 12.45	9,263,738	55	429,500	14
30.7 - 40.28	57,000	19	137,000	24
51.98 - 79.85	523,775	27	1,010,000	39
<b>Total</b>	<b>9,844,513</b>		<b>1,576,500</b>	

## Notes forming part of Consolidated Financial Statements

- d) The Company has followed the Intrinsic Value-based method of accounting for grants made before April 1, 2015. For the grants made after 1st April, 2015, the Company has recognised compensation cost using fair value method. Had the compensation costs for the grants made before 1st April, 2015 been recognised using fair value method, the income would have been higher by ₹ 7.51 million (Previous year lower by ₹ 1.77 million) and earnings per share (EPS) as reported would be as indicated below:

Particulars	Year 2015	Year 2014
Basic EPS		
As reported (in ₹)	13.05	10.66
Adjusted (in ₹)	13.07	10.65
Diluted EPS		
As reported (in ₹)	12.94	10.60
Adjusted (in ₹)	12.97	10.60

- e) During the year, the Company granted 9,192,738 RSU's under ESOP 2008 and 2015 plan. Weighted average fair value of such grant is ₹ 205.80. The fair values of the RSU's are determined using Black Scholes Option pricing model using following assumptions:

Particulars	Year 2015
Weighted Average share price	244.20
Dividend Yield (%)	3.42- 4.03
Expected Life (years)	1.13- 5.31
Risk free interest rate (%)	7.18- 8.79
Volatility (%)	38.49- 42.16

Volatility was determined based on historical volatility data

### 30 Related party disclosures

#### Names of related parties

##### Ultimate Holding Company and it's subsidiaries

Baring Private Equity Asia GP V. LP, Cayman Island (Ultimate holding company) (control exists)

The Baring Asia Private Equity Fund V, LP, Cayman Island

Baring Private Equity Asia V Mauritius Holding (4) Limited, Mauritius

##### Holding Company (control exists)

HT Global IT Solutions Holdings Limited, Mauritius

##### Key Management Personnel

Mr. P. R. Chandrasekar - Vice Chairman (Upto 31st December, 2014)

Mr. R. Srikrishna - Executive Director and CEO (KMP from 28th July 2014)

Mr. R. V. Ramanan – Executive Director and President Global Delivery (upto 15th September 2014)

Mr. Amrinder Singh - Whole Time Director of Hexaware Technologies UK Ltd

Mr. Rajiv Pant – President, North America operations of Hexaware Technologies Inc. (upto 30th August 2015)

##### Others

Ms. Kala Ramanan – Relative of KMP – (upto 15th September 2014)

Particulars	Remuneration (₹ Million)	
	Year - 2015	Year -2014
Mr. R Srikrishna (including share based payment)	135.82	119.62
Mr. P R Chandrasekar	-	93.88
Mr. R V Ramanan	-	11.15
Mr. Rajiv Pant	36.29	43.10
Mr. Amrinder Singh	29.97	40.27
	Guest House Rent (₹ Million)	
Ms. Kala Ramanan	-	0.89
	Closing Balances	
Payable to KMP (₹ Million)	36.35	78.52
Options / RSU's granted to KMP (Nos.)	607,238	12,500

### 31 Employee benefit plans

#### i) Provident Fund, Superannuation Fund and other similar funds.

##### a) In respect of employees in India

Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. In respect of the Company's employees enrolled with the Hexaware Technologies Limited Employees Provided Fund Trust (the 'Trust'), the Company pays a part of the contributions to the Trust. The remaining portion of Company's contribution in respect of such employees and entire contribution in respect of other employees is contributed to the Government administered employee Provident and Pension Fund.

The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the fund position and assumptions mentioned below, there is no shortfall as at 31st December 2015.

Particulars	(₹ Million)	
	As at 31st December, 2015	As at 31st December, 2014
Present value of benefit obligation	2,178.84	1,823.09
Fair value of plan assets	2,178.84	1,823.09
Expected Investment return	8.91%	8.80%
Remaining term of maturities of plan assets	7.41 years	7.70 years
Expected guaranteed interest rates	8.75%	8.75%

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

During the year, the Company has recognized expenses towards contributions to provident fund and other funds and superannuation funds of ₹ 261.42 million (Previous year ₹ 241.48 million) and 6.03 million (Previous year ₹ 9.70 million) respectively.

b) The Company contributed ₹ 554.98 million (Previous year ₹ 421.04 million) towards various other defined contributions plans of subsidiaries located outside India during the year ended 31st December, 2015 as per laws of the respective country.

## Notes forming part of Consolidated Financial Statements

### ii) Gratuity Plan:

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

The following table sets out the status of the gratuity plan for the year ended 31st December, 2015:

Particulars	(₹ Million)	
	Year 2015	Year 2014
<b>Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	468.10	366.36
Current service cost	91.14	71.27
Interest cost	44.30	38.56
Actuarial losses / (gains)	(21.26)	16.83
Benefits paid	(37.98)	(24.92)
<b>Closing defined benefit obligation</b>	<b>544.30</b>	<b>468.10</b>
<b>Change in the Fair Value of Assets</b>		
Opening fair value of plan assets	319.35	283.06
Expected return on plan assets	27.11	24.42
Actuarial gains	0.31	1.90
Contribution by employer	106.48	34.89
Benefits paid	(37.98)	(24.92)
<b>Closing fair value of plan assets</b>	<b>415.27</b>	<b>319.35</b>
<b>Net liability as per actuarial valuation</b>	<b>129.03</b>	<b>148.75</b>
<b>Expense for the year</b>		
Current service cost	91.14	71.27
Interest on defined benefit obligation	44.30	38.56
Expected return on plan assets	(27.11)	(24.42)
Actuarial losses / (gains)	(21.57)	14.93
<b>Total Included in Employment expenses</b>	<b>86.76</b>	<b>100.34</b>
Actual return on plan assets	27.42	26.33
<b>Category of assets -Insurer Managed Fund #</b>	<b>415.27</b>	<b>319.35</b>

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

The Company is expected to contribute ₹ 77.00 million to gratuity funds for the year ending 31st December, 2016 (₹ 77.00 million for year ended 31st December 2015).

Financial assumptions at the valuation date	Year 2015	Year 2014
Discount rate	8.00%	8.15% to 8.20%
Rate of increase in compensation levels of covered employees *	6% to 10%	6% to 10%
Expected Rate of Return on Plan assets **	8.00%	7.5% to 8%

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

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

	(₹ Million)				
Other details	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Defined Benefit Obligation	544.30	468.10	366.33	344.26	268.97
Plan Assets	415.27	319.35	283.06	201.41	158.51
Surplus / (Deficit)	(129.03)	(148.75)	(83.30)	(142.85)	(110.46)
Experience Adjustment on Plan Liabilities	(43.21)	(33.10)	(35.11)	(18.49)	(2.15)
Experience Adjustment on Plan Assets	0.31	1.90	3.85	1.67	0.68

- 32** Provision Others' represents provisions towards expenditure relating to employee benefit obligations on contract acquisition and provision for loss on contract execution, the outflow for which is expected in the next year.

	(₹ Million)	
Particulars	2015	2014
Provision at the beginning of the year	92.30	151.55
Provision made during the year	85.62	57.84
Paid / Adjusted during the year	(88.14)	(117.09)
Provision at the end of the year	89.78	92.30

- 33** In the previous year the Company had entered into a large IT Service contract spread over a period of five years, which included absorbing certain identified employees of the customer, along with related employee obligations. Exceptional item in the previous year represent value of such employee obligations based on the crystallised restructuring plans in respect of said employees.

### 34 Segments

Primary Segment : Business Segments

(₹ Million)

Primary Segment : Business Segments	Travel and Transportation	Banking and Financial Services	Insurance and Healthcare	Manufacturing, Consumer and Others	Total
Segment Revenue	5,240.08	11,660.84	5,095.93	9,238.38	31,235.23
	(4,365.91)	(8,997.05)	(4,222.24)	(8,231.57)	(25,816.77)
Segment Results	974.74	1,421.55	1,076.93	1,884.99	5,358.21
	(908.04)	(1,129.39)	(876.67)	(1,861.50)	(4,775.60)
Less: Unallocable expenses					401.07
					(813.19)
Add: Other Income					90.17
					(227.76)
Less: Interest					1.19
					(8.98)
Profit before tax					5,046.12
					(4,181.19)
Less: Provision for taxation					1,114.02
					(979.67)
Profit after tax					3,932.10
					(3,201.52)

## Notes forming part of Consolidated Financial Statements

Secondary Segment – Geographic Segment	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	25,416.85	3,994.20	571.07	1,253.11	31,235.23
	(20,364.38)	(3,579.34)	(576.79)	(1,296.26)	(25,816.77)
Segment assets based on their locations	6,665.38	1,275.47	8,076.17	363.50	16,380.52
	(4,433.00)	(971.12)	(6,681.90)	(201.52)	(12,287.54)
Additions to fixed assets (including capital work in progress)	148.87	3.53	1,126.74	123.29	1,402.43
	(40.83)	(11.75)	(467.98)	(9.04)	(529.60)
Goodwill	1,564.26	151.08	-	-	1,715.34
	(1,490.58)	(143.96)	(-)	(-)	(1,634.54)

### Notes:

- The Company has identified business segment as the primary segment. Business segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational and the internal reporting systems. Consequent to internal reorganization, effective from January 1, 2015, the Company has realigned the segment disclosure to reflect such reorganization. The previous year's figures are also restated to conform to the current year's classification.
  - Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.
  - Assets and liabilities contracted have not been identified to any of the reportable business segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.
  - Previous year figures are given in brackets.
- 35** Previous years figures have been regrouped / reclassified wherever necessary to correspond with the current years classification / disclosure.

For and on behalf of the Board of Directors

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

**Dileep Choksi**  
(Director)

**P. R. Chandrasekar**  
(Director)

**Kosmas Kalliarekos**  
(Director)

**Jimmy Mahtani**  
(Director)

**Christian Oecking**  
(Director)

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

**Gunjan Methi**  
(Company Secretary)

Place : Mumbai  
Date : 3rd February, 2016

# INDEPENDENT AUDITOR'S REPORT

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To the Members of HEXAWARE TECHNOLOGIES LIMITED

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HEXAWARE TECHNOLOGIES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st December, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December, 2015, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st December, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st December, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 22 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**Abhijit A. Damle**

Partner

(Membership No. 102912)

MUMBAI, 3rd February, 2016

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (v), (vi), (ix) and (xi) of paragraph 3 of the Order are not applicable to the Company.

- 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) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- ii) The Company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit, we have not observed any failure to correct major weakness in such internal control system.
- iv) According to the information and explanations given to us, in respect of statutory dues:
  - a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st December, 2015 for a period of more than six months from the date they became payable.
  - c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess, as applicable, which have not been deposited as on 31st December, 2015 on account of disputes are given below:

Name of statute	Nature of the dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.46	Assessment Year 2009-10	Assessing officer
Income Tax Act, 1961	Income Tax	3.99	Assessment Year 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2.76	Assessment Year 2011-12	Assessing officer

- d) The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder within time.
- v) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- vi) According to the information and explanations given to us, the Company has not given guarantees for loans taken by Others from banks and financial institutions.
- vii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**Abhijit A. Damle**

Partner

(Membership No. 102912)

**Balance Sheet** as at 31st December, 2015

(₹ Million)

Particulars	Note No.	As at 31st December, 2015	As at 31st December, 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Share holders' funds</b>			
a. Share capital	2	603.13	601.85
b. Reserves and surplus	3	10,496.39	9,771.53
		<b>11,099.52</b>	<b>10,373.38</b>
<b>Share application money pending allotment</b>	2	-	<b>0.45</b>
<b>Non-current liabilities</b>			
a. Deferred tax liabilities (Net)	4	91.95	118.68
b. Other long-term liabilities	5	7.29	31.65
c. Long-term provisions - Employee benefits		315.27	281.39
		<b>414.51</b>	<b>431.72</b>
<b>Current liabilities</b>			
a. Trade payables			
i. Dues of micro and small enterprises		-	-
ii. Others		1,352.18	1,707.24
b. Other current liabilities	6	1,168.33	868.39
c. Short-term provisions	7	952.62	1,020.41
		<b>3,473.13</b>	<b>3,596.04</b>
<b>Total</b>		<b>14,987.16</b>	<b>14,401.59</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
a. Fixed assets	8		
i. Tangible assets		2,905.74	2,998.10
ii. Intangible assets		104.66	105.16
iii. Capital work-in-progress		1,105.43	346.50
		<b>4,115.83</b>	<b>3,449.76</b>
b. Non-current investments	9	2,017.27	1,935.60
c. Long-term loans and advances	10	2,020.04	1,593.45
d. Other non-current assets	11	132.78	206.21
		<b>8,285.92</b>	<b>7,185.02</b>
<b>Current assets</b>			
a. Current investments	12	409.33	1,850.96
b. Trade receivables	13	3,970.97	3,403.02
c. Cash and cash equivalents	14	1,099.64	1,104.22
d. Short-term loans and advances	15	849.51	600.20
e. Other current assets	16	371.79	258.17
		<b>6,701.24</b>	<b>7,216.57</b>
<b>Total</b>		<b>14,987.16</b>	<b>14,401.59</b>

**III. NOTES FORMING PART OF FINANCIAL STATEMENTS** 1 to 38

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

**Abhijit A. Damle**  
(Partner)

For and on behalf of the board of directors

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

**Dileep Choksi**  
(Director)

**P. R. Chandrasekar**  
(Director)

**Kosmas Kalliarekos**  
(Director)

**Jimmy Mahtani**  
(Director)

**Christian Oecking**  
(Director)

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

Place : Mumbai  
Date : 3rd February, 2016

**Rajesh Kanani**  
(Chief Financial Officer)

**Gunjan Methi**  
(Company Secretary)

## Statements of Profit and Loss for the year ended 31st December, 2015

(₹ Million)

Particulars	Note No.	For the year ended 31st December, 2015	For the year ended 31st December, 2014
<b>I. INCOME</b>			
a. Revenue from operations		12,935.97	11,545.56
b. Other income	17	103.36	594.80
		<b>13,039.33</b>	<b>12,140.36</b>
<b>II. EXPENSES</b>			
a. Software and development expenses	18	569.85	679.41
b. Employee benefits expense	19	6,344.66	5,672.19
c. Operation and other expenses	20	1,498.04	1,275.07
d. Employee stock option compensation cost		211.10	-
e. Exchange rate difference (Net)		(73.53)	295.89
f. Interest - others		0.29	8.35
g. Depreciation and amortisation expenses	8	408.36	391.69
		<b>8,958.77</b>	<b>8,322.60</b>
<b>PROFIT BEFORE TAX</b>		<b>4,080.56</b>	<b>3,817.76</b>
<b>TAX EXPENSE</b>			
a. Income tax-current		857.45	813.13
b. Less : MAT credit entitlement		(79.87)	(22.46)
Net current tax expense		777.58	790.67
c. Income Tax - Deferred		(26.73)	(156.87)
		<b>750.85</b>	<b>633.80</b>
<b>PROFIT FOR THE YEAR</b>		<b>3,329.71</b>	<b>3,183.96</b>
<b>Earnings per share (in ₹)</b>	23		
Basic		11.05	10.60
Diluted		10.96	10.55
<b>Face value of equity share (in ₹)</b>		<b>2.00</b>	<b>2.00</b>

### III. NOTES FORMING PART OF FINANCIAL STATEMENTS 1 to 38

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

**Abhijit A. Damle**  
(Partner)

Place : Mumbai  
Date : 3rd February, 2016

For and on behalf of the board of directors

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

**Kosmas Kalliarekos**  
(Director)

**Bharat Shah**  
(Director)

**Rajesh Kanani**  
(Chief Financial Officer)

**Dileep Choksi**  
(Director)

**Jimmy Mahtani**  
(Director)

**Basab Pradhan**  
(Director)

**Gunjan Methi**  
(Company Secretary)

**P. R. Chandrasekar**  
(Director)

**Christian Oecking**  
(Director)

## Cash Flow Statement for the year ended 31st December, 2015

(₹ Million)

Particulars	For the year ended 31st December, 2015	For the year ended 31st December, 2014
<b>A Cash flow from operating activities</b>		
Net Profit before tax	4,080.56	3,817.76
<b>Adjustments for :</b>		
Depreciation and amortisation expense	408.36	391.69
Employee stock option compensation cost	211.10	-
Dividend from current investments	(45.39)	(125.74)
Dividend from subsidiary company	-	(373.23)
Interest income	(33.72)	(54.22)
Provision for doubtful accounts (Net)	44.53	(1.94)
(Profit) on sale / diminution in value of investments (Net)	-	(0.44)
Debts and advances written off	7.90	1.70
Deferred settlement loss relating to roll-over cash flow hedges	184.36	998.39
(Profit) / Loss on sale of fixed assets (Net)	(1.40)	0.50
Interest expense	0.29	8.35
Exchange rate difference (Net) - unrealised	6.78	(0.83)
<b>Operating Profit before working capital changes</b>	<b>4,863.37</b>	<b>4,661.99</b>
<b>Adjustments for :</b>		
Trade and other receivables	(871.13)	(893.90)
Trade and other payables	(244.84)	256.21
<b>Cash generated from operations</b>	<b>3,747.40</b>	<b>4,024.30</b>
Direct taxes paid (Net)	(871.39)	(792.54)
<b>Net cash from operating activities</b>	<b>2,876.01</b>	<b>3,231.76</b>
<b>B Cash flow from investing activities</b>		
Purchase of fixed assets	(1,001.19)	(445.69)
Purchase of trade investments	(81.67)	(85.00)
Purchase of current investments	(9,406.24)	(24,865.51)
Loan to a subsidiary	(154.50)	(200.00)
Interest received (net of tax ₹6.78 million (₹10.21 million))	15.22	140.74
Proceeds from sale / redemption of current investments	10,847.87	26,393.06
Dividend from subsidiary company (net of tax Nil (₹63.43 million))	-	309.80
Dividend from current investments	45.39	125.74
Proceeds from sale of fixed assets	2.84	185.99
<b>Net cash from investing activities</b>	<b>267.72</b>	<b>1,559.13</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issue of shares (Net)	31.27	48.05
Interest paid	(0.29)	(8.35)
Dividend paid (including corporate dividend tax)	(3,172.17)	(5,400.35)
<b>Net cash (used in) financing activities</b>	<b>(3,141.19)</b>	<b>(5,360.65)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>2.54</b>	<b>(569.76)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,103.03</b>	<b>1,474.42</b>
<b>Cash and cash equivalents taken over consequent to merger</b>	<b>-</b>	<b>198.37</b>
<b>Cash and cash equivalents at the end of the year (Refer Note 1 below)</b>	<b>1,105.57</b>	<b>1,103.03</b>
<b>Notes:</b>		
1 Components of cash and cash equivalents comprise the following : (Refer Note no. 14 of notes forming part of financial statements)		
Cash and Bank Balances	1,230.14	1,301.40
Less : Restricted bank balances	(130.50)	(197.18)
<b>Cash and Cash equivalents</b>	<b>1,099.64</b>	<b>1,104.22</b>
Add : Unrealised Loss / (gain) on foreign currency cash and cash equivalents	5.93	(1.19)
<b>Total Cash and Cash equivalents</b>	<b>1,105.57</b>	<b>1,103.03</b>
2 Previous period's figures have been regrouped wherever necessary.		

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

**Abhijit A. Damle**  
(Partner)

For and on behalf of the board of directors

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

**Dileep Choksi**  
(Director)

**P. R. Chandrasekar**  
(Director)

**Kosmas Kalliarekos**  
(Director)

**Jimmy Mahtani**  
(Director)

**Christian Oecking**  
(Director)

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

Place : Mumbai  
Date : 3rd February, 2016

**Rajesh Kanani**  
(Chief Financial Officer)

**Gunjan Methi**  
(Company Secretary)

# Notes to Financial Statements

## 1A Background

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

## B Significant Accounting Policies

### i) Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with generally accepted accounting principles applicable in India under the historical cost convention except for certain financial instruments which are measured at fair value. These financial statements comply in all material aspects with the applicable provisions of the Companies Act, 2013 (the “Act”).

### ii) Use of Estimates

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

### iii) Revenue Recognition

Revenues from software solutions and consulting services are recognized on specified terms of contract. In case of contract on time and material basis revenue is recognised when the related services are performed and in case of fixed price contracts revenue is recognized using percentage of completion method of accounting. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made

during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as unearned revenue. Unbilled services included in other current assets represents amount recognized based on services performed in advance of billing in accordance with contract terms. Revenue is reported net of discount / incentive.

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

Dividend income is recognised when right to receive is established.

Interest Income is recognised on time proportion basis.

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

### iv) Fixed Assets

Fixed assets are stated at cost of acquisition less accumulated depreciation / amortisation and impairment loss, if any. Cost includes all expenses incurred for acquisition of assets to bring these to working conditions for intended use.

### v) Depreciation and Amortisation

Depreciation and amortisation on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as determined by the management based on the expert technical advice/stipulations of schedule II to the Act.

Asset Class	Estimated Useful Life
Building	60 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	8 years
Vehicles	4 years
Leasehold Land	Over the lease period
Improvements to leased Premises	Over the lease period
Software	3 years

## Notes to Financial Statements

### vi) Investments

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

### vii) Foreign Currency Transaction / Translation

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

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

#### Foreign Branches

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

### viii) Derivative instruments and hedge accounting

The Company enters into foreign currency forward contracts and currency options contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Company designates these instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement". These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Accordingly, the Company records the cumulative gain or loss on effective cash flow hedges in the Hedging Reserve account until the forecasted transaction

materializes. Gain or loss on ineffective cash flow hedges is recognized in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to the Statement of Profit and Loss.

### ix) Employee Benefits

#### i. Post-employment benefits and other long term benefit plans:

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

#### ii. Short term employee benefits:

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

### x) Borrowing costs

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

### xi) Leases

#### i. Finance Lease

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

Lease payments are apportioned between finance charge and reduction in outstanding liability.

## ii. Operating Leases

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

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

## xii) Taxes on Income

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

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

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

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

## xiii) Impairment of assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period

is reversed if there has been a change in the estimate of recoverable amount.

## xiv) Share based compensation

The compensation cost of stock options / Restricted Stock Units (RSU) granted to employees of the Company and its subsidiaries is measured using intrinsic value method for the grants made before 1st April, 2015 and for the subsequent grants the same is measured using fair value method being the recommended method of valuation by the Guidance note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India. The difference between the fair value and intrinsic value is not material to the profit for the year.

## xv) Provisions, Contingent Liabilities and Contingent assets

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

## xvi) Cash and Cash Equivalents

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

## Notes to Financial Statements

### 2 SHARE CAPITAL

(₹ Million)

Particulars	As at		As at	
	31st December, 2015		31st December, 2014	
<b>a. Authorised</b>				
475,000,000 Equity shares of ₹ 2/- each		950.00		950.00
1,100,000 Series "A" Preference shares of ₹ 1,421/- each		1,563.10		1,563.10
(Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.)				
<b>Total</b>		<b>2,513.10</b>		<b>2,513.10</b>
<b>b. Issued, subscribed and paid-up capital</b>				
Equity Shares of ₹ 2/- each fully paid		603.13		601.85
<b>Total</b>		<b>603.13</b>		<b>601.85</b>
<b>c. Reconciliation of number of shares</b>				
Particulars	Numbers	Amount	Numbers	Amount
Shares outstanding at the beginning of the year	300,923,472	601.85	299,875,947	599.75
Shares issued during the year	639,425	1.28	1,047,525	2.10
<b>Shares outstanding at the end of the year</b>	<b>301,562,897</b>	<b>603.13</b>	<b>300,923,472</b>	<b>601.85</b>
<b>d. Details of shares held by shareholders holding more than 5% shares</b>				
Name of Shareholder	No. of Shares held	% of holding	No. of Shares held	% of holding
HT Global IT Solutions Holdings Ltd. (Holding company)	215,047,193	71.31	215,047,193	71.46

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

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

#### f. Rights, preferences and restrictions attached to equity shares

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

#### g. Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units under the ESOP 2008 and 2015 scheme. Each option entitles the holder to one equity share of ₹ 2 each. 9,844,513 (1,576,500) options were outstanding as on 31st December, 2015. (Refer Note no. 26)

#### h. Share application money pending allotment

Share application money pending allotment is ₹ Nil (₹ 0.45 million) as at 31st December, 2015 which pertains to Nil (36,000) shares.

#### i. The Board of Directors, at its meeting held on 3rd February, 2016 has declared interim dividend of ₹ 2.40/- per equity share.

**3 RESERVES AND SURPLUS**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
<b>a. Securities premium account</b>		
Opening balance	4,741.93	4,654.45
Add: On merger of Caliber Point Business Solutions Limited	-	41.12
Add: Received during the year	30.44	46.36
<b>Closing balance</b>	<b>4,772.37</b>	<b>4,741.93</b>
<b>b. Employee stock options outstanding</b>		
Add: Employee stock option compensation cost (includes ₹ 21.56 million transferred from other payable for expenses, being accrual in the previous year)	232.66	-
<b>Closing balance</b>	<b>232.66</b>	<b>-</b>
<b>c. General reserve</b>		
Opening balance	2,135.75	1,876.87
Add: On merger of Caliber Point Business Solutions Limited	-	300.00
Less: Excess of Investment in Caliber Point Business Solutions Limited over its share capital	-	41.12
<b>Closing balance</b>	<b>2,135.75</b>	<b>2,135.75</b>
<b>d. Hedging reserve</b>		
Opening balance	(253.01)	(1,176.45)
Add: On merger of Caliber Point Business Solutions Limited	-	(62.96)
Add: Losses transferred to Statement of Profit and Loss on occurrence of forecasted hedge transactions (net)	109.97	759.56
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	159.00	226.84
<b>Closing balance</b>	<b>15.96</b>	<b>(253.01)</b>
<b>e. Amalgamation reserve</b>	<b>2.88</b>	<b>2.88</b>
<b>f. Special Economic Zone Re-investment reserve</b>		
Opening balance	281.39	223.94
Add: Transfer from Balance in Statement of Profit and Loss	172.75	176.38
Less: Transfer to Statement of Profit and Loss on utilisation for acquisition of plant and machinery	124.62	118.93
<b>Closing balance</b>	<b>329.52</b>	<b>281.39</b>
<b>g. Balance in Statement of Profit and Loss</b>		
Opening balance	2,862.59	2,703.83
Add: On merger of Caliber Point Business Solutions Limited		
Balance as at 1st April, 2013	-	382.66
Profit for the period from 1st April 2013 to 31st December 2013	-	(29.75)
Add: Transfer from Special Economic Zone Re-investment reserve	124.62	118.93
Add: Profit for the year	3,329.71	3,183.96
	6,316.92	6,359.63
Less: Appropriations		
Transfer to Special Economic Zone Re-investment reserve	172.75	176.38
Interim dividend - equity	2,608.16	2,840.97
Tax on dividend (previous year after adjusting tax benefit on dividend distributed by a subsidiary)	528.76	479.69
<b>Closing balance</b>	<b>3,007.25</b>	<b>2,862.59</b>
<b>Total</b>	<b>10,496.39</b>	<b>9,771.53</b>

## Notes to Financial Statements

### 4 DEFERRED TAX LIABILITIES

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
<b>Deferred tax liabilities</b>		
a. Depreciation	169.51	149.50
b. Deferred settlement loss relating to roll-over of Cash flow hedges	-	35.36
	169.51	184.86
<b>Less: Deferred tax assets</b>		
a. Employee benefits	67.49	62.59
b. Provision for doubtful receivables	10.07	3.59
	77.56	66.18
<b>Total</b>	<b>91.95</b>	<b>118.68</b>

### 5 OTHER LONG TERM LIABILITIES

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a. Capital creditors	3.39	5.87
b. Liability for mark to market losses on derivative contracts (net)	-	25.19
c. Other liabilities	3.90	0.59
<b>Total</b>	<b>7.29</b>	<b>31.65</b>

### 6 OTHER CURRENT LIABILITIES

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a. Unearned revenues	25.54	45.89
b. Unclaimed dividend *	119.92	96.40
c. Other payables		
i. Employee related	265.51	228.90
ii. Statutory liabilities	146.14	115.73
iii. Capital creditors	312.46	76.50
iv. For expenses	298.76	253.43
v. For mark to market losses on derivative contracts (net)	-	51.54
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		
<b>Total</b>	<b>1,168.33</b>	<b>868.39</b>

### 7 SHORT TERM PROVISIONS

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a. For employee benefits	56.40	49.52
b. Proposed dividend	723.75	752.31
c. Tax on proposed dividend	147.34	154.03
d. For tax (net of advance tax) [net of MAT credit availed ₹ 47.68 million (₹ 56.85 million)]	25.13	30.09
e. Others (Refer Note no. 30)	-	34.46
<b>Total</b>	<b>952.62</b>	<b>1,020.41</b>

## 8 FIXED ASSETS

(₹ Million)

Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at 01.01.2015	Addition on merger	Additions	Deductions/ Adjustments	As at 31.12.2015	As at 01.01.2015	Addition on merger	For the year	Deductions/ Adjustments	As at 31.12.2015	As at 31.12.2015	As at 31.12.2014
<b>i. Tangible Assets</b>												
Land - Freehold	0.15	-	-	-	0.15	-	-	-	-	-	0.15	0.15
Land - Leasehold	161.07	-	-	-	161.07	12.90	-	1.62	-	14.52	146.55	148.17
Building	2,248.11	-	2.78	-	2,250.89	178.65	-	45.07	-	223.72	2,027.17	2,069.46
Plant and Machinery	1,414.76	-	206.13	46.75	1,574.14	1,059.07	-	155.55	45.40	1,169.22	404.92	355.69
Office Equipments	748.91	-	36.33	0.85	784.39	492.05	-	103.89	0.82	595.12	189.27	256.86
Furniture and Fixtures	508.73	-	4.27	4.06	508.94	347.89	-	36.77	4.34	380.32	128.62	160.84
Vehicles	23.62	-	5.54	4.52	24.64	19.55	-	2.41	4.51	17.45	7.19	4.07
Leasehold Improvements	4.97	-	-	-	4.97	2.11	-	0.99	-	3.10	1.87	2.86
<b>Total</b>	<b>5,110.32</b>	<b>-</b>	<b>255.05</b>	<b>56.18</b>	<b>5,309.19</b>	<b>2,112.22</b>	<b>-</b>	<b>346.30</b>	<b>55.07</b>	<b>2,403.45</b>	<b>2,905.74</b>	<b>2,998.10</b>
<i>Previous year</i>	<i>4,473.98</i>	<i>692.53</i>	<i>162.86</i>	<i>219.05</i>	<i>5,110.32</i>	<i>1,519.26</i>	<i>284.69</i>	<i>341.39</i>	<i>33.12</i>	<i>2,112.22</i>	<i>2,998.10</i>	
<b>ii. Intangible Assets</b>												
Software	329.58	-	61.80	0.24	391.14	224.42	-	62.06	-	286.48	104.66	105.16
<b>Total</b>	<b>329.58</b>	<b>-</b>	<b>61.80</b>	<b>0.24</b>	<b>391.14</b>	<b>224.42</b>	<b>-</b>	<b>62.06</b>	<b>-</b>	<b>286.48</b>	<b>104.66</b>	<b>105.16</b>
<i>Previous year</i>	<i>210.02</i>	<i>38.20</i>	<i>81.36</i>	<i>-</i>	<i>329.58</i>	<i>145.80</i>	<i>28.32</i>	<i>50.30</i>	<i>-</i>	<i>224.42</i>	<i>105.16</i>	
<b>iii. Capital work-in-progress</b> (mainly in respect of buildings under construction)											<b>1,105.43</b>	<b>346.50</b>
<b>Grand total</b>	<b>5,439.90</b>	<b>-</b>	<b>316.85</b>	<b>56.42</b>	<b>5,700.33</b>	<b>2,336.64</b>	<b>-</b>	<b>408.36</b>	<b>55.07</b>	<b>2,689.93</b>	<b>4,115.83</b>	<b>3,449.76</b>
<i>Previous year</i>	<i>4,684.00</i>	<i>730.73</i>	<i>244.22</i>	<i>219.05</i>	<i>5,439.90</i>	<i>1,665.06</i>	<i>313.01</i>	<i>391.69</i>	<i>33.12</i>	<i>2,336.64</i>	<i>3,449.76</i>	

## Notes:

- Land - Leasehold includes ₹ 90.00 million and ₹ 7.40 million (Previous year ₹ 6.49 million) being lease premium and accumulated amortisation respectively in respect of leasehold land allotted to the Company at Nagpur for which final lease agreement is being executed.
- Plant and machinery includes Computer systems.
- During the year, pursuant to application of Schedule II of the Companies Act, 2013, the useful lives of the fixed assets have been evaluated and revised where required based on such evaluation. Expert advice has been obtained in respect of assets where the useful lives are different from stipulations of the Schedule II. The impact of the revision is not material.

## 9 NON-CURRENT INVESTMENTS

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
<b>Trade investments in subsidiary companies (unquoted) (at cost)</b>		
a. 30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
b. 2,167,000 shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	154.64
c. 500,000 shares of Singapore \$ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd., Singapore	12.48	12.48
d. 3,618 shares of face value 50 euro each fully paid up in Hexaware Technologies GmbH, Germany	7.57	7.57
e. 1 common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
f. 9,500,000 shares of ₹ 10/- each fully paid up in Risk Technology International Limited	93.50	93.50
g. 1 participation share of no par value in Hexaware Technologies Mexico S De R.L. De C.V.	29.42	29.42
h. 5 (Nil) shares at no par value in Guangzhou Hexaware Information Technologies Company Limited, China	1.66	-
i. Whole of the Share Capital in Hexaware Technologies Limited Liability Company, Russia	80.01	-
	<b>2,012.69</b>	<b>1,931.02</b>
<b>Trade investments (unquoted) (at cost) - in others</b>		
240,958 equity shares of ₹ 10/- each fully paid up in Beta Wind Farm Pvt. Ltd.	4.58	4.58
	<b>4.58</b>	<b>4.58</b>
<b>Total</b>	<b>2,017.27</b>	<b>1,935.60</b>

## Notes to Financial Statements

### 10 LONG TERM LOANS AND ADVANCES (UNSECURED)

(₹ Million)

Particulars	As at	
	31st December, 2015	31st December, 2014
Considered good		
a. Loans to related parties (Refer Note no. 27)	354.50	200.00
b. Capital Advances	215.34	56.44
c. Security Deposits	128.03	114.10
d. Advance Income Tax and Fringe benefit Tax (net of provision for tax)	341.33	334.76
e. MAT Credit Entitlement	917.48	828.44
f. Other Loans and advances (includes service tax receivable, prepaid expenses etc.)	63.36	59.71
<b>Total</b>	<b>2,020.04</b>	<b>1,593.45</b>

### 11 OTHER NON-CURRENT ASSETS

(₹ Million)

Particulars	As at	
	31st December, 2015	31st December, 2014
a. Interest accrued on deposits	0.51	9.03
b. Non current bank balances		
Restricted bank balances (Refer Note no. 14)	130.50	197.18
c. Receivable on account of MTM gains on derivatives contract (net) (Refer Note no. 25)	1.77	-
<b>Total</b>	<b>132.78</b>	<b>206.21</b>

### 12 CURRENT INVESTMENTS

(₹ Million)

Particulars	As at			
	31st December, 2015		31st December, 2014	
	No. of units	Amount	No. of units	Amount
<b>Investments in mutual funds (unit of ₹ 10/- each unless otherwise stated) (Unquoted) (at cost or fair value whichever is lower)</b>				
Kotak Liquid Plan A - Daily Dividend (face value ₹ 1000/-)	32,840	40.16		
HDFC Liquid Fund - Daily Dividend Reinvest (face value ₹ 1000/-)	98,073	100.02		
UTI Money Market Fund - Institutional Plan - Daily Dividend Reinvest (face value ₹ 1000/-)	25,422	25.51		
Sundaram Money Fund - Daily Dividend Reinvestment	9,907,121	100.01		
DWS Insta Cash Plus Fund - Daily Dividend - Reinvestment (face value ₹ 100/-)	755,669	75.80		
DWS Treasury Fund - Cash - Direct Pan - Daily Dividend - Reinvestment (face value ₹ 100/-)	597,903	60.02		
Reliance Liquidity Fund - Direct Plan - Daily Dividend Reinvestment Plan (face value ₹ 1000/-)	7,811	7.81		
Birla Sun Life Floating Rate Fund - STP - Daily Dividend - Direct Plan (face value ₹ 100/-)			3,975,192	397.60
HDFC Liquid Fund -Direct Plan - Dividend Daily Reinvest			9,807,382	100.02
JP Morgan India Liquid Fund - Direct Plan - Daily Dividend Reinvestment option			10,014,825	100.25
L&T Liquid Fund Direct Plan-Daily Dividend Reinvestment plan (face value ₹ 1000/-)			197,652	200.03
ICICI Prudential Liquid-Regular Plan-Daily Dividend (face value ₹ 100/-)			2,121,725	212.31
Franklin India Treasury Management Account Super Institutional Plan - Direct-Daily Dividend Reinvestment (face value ₹ 1000/-)			154,916	155.20
Franklin India Treasury Management Account Super Institutional Plan - Daily Dividend Reinvestment (face value ₹ 1000/-)			250,036	250.22
DWS Insta Cash Plus fund-Direct Plan-Daily Dividend (face value ₹ 100/-)			574,430	57.62
DWS Treasury Fund-Cash-Direct Plan-Daily Dividend (face value ₹ 100/-)			2,726,382	273.70
Reliance Liquid Fund-Cash Plan-Direct Plan-Daily Dividend option (face value ₹ 1000/-)			89,773	100.02
ICICI Prudential Liquid Plan Daily Dividend (face value ₹ 100/-)			39,935	3.99
<b>Total</b>		<b>409.33</b>		<b>1,850.96</b>
<i>Aggregate value of unquoted investments.</i>		<i>409.33</i>		<i>1,850.96</i>

**13 TRADE RECEIVABLES (UNSECURED)**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a. Over six months from the due date		
Considered good	24.46	-
Considered doubtful	48.11	12.32
	72.57	12.32
Less : Provision for doubtful receivables	48.11	12.32
	24.46	-
b. Others		
Considered good	3,946.51	3,403.02
Considered doubtful	18.56	9.18
	3,965.07	3,412.20
Less : Provision for doubtful receivables	18.56	9.18
	3,946.51	3,403.02
<b>Total</b>	<b>3,970.97</b>	<b>3,403.02</b>

**14 CASH AND CASH EQUIVALENTS**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a. Balances with banks		
i. In current accounts	1,093.93	1,088.13
ii. Remittances in transit	2.06	0.31
iii. Bank deposit accounts with less than 3 months maturity	3.65	15.78
	1,099.64	1,104.22
b. Other bank balances		
i. Earmarked balances with banks	-	93.31
ii. Unclaimed dividend accounts	120.28	96.76
iii. Margin money	10.22	7.11
	130.50	197.18
Total Cash and Bank Balances	1,230.14	1,301.40
c. Less : Bank balances classified as non current assets		
Restricted bank balances (Refer Note no. 11)	(130.50)	(197.18)
<b>Total</b>	<b>1,099.64</b>	<b>1,104.22</b>

**15 SHORT TERM LOANS AND ADVANCES (UNSECURED)**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a. Considered good		
i. Security deposits	6.27	4.51
ii. Loans and advances to related parties (Refer Note no. 27)	270.73	264.78
iii. Other loans and advances (includes service tax receivable, prepaid expenses, employee advances etc.)	572.51	330.91
	849.51	600.20
b. Considered doubtful		
Security deposits	35.15	34.78
Less : Provision for doubtful deposits	35.15	34.78
	-	-
<b>Total</b>	<b>849.51</b>	<b>600.20</b>

**16 OTHER CURRENT ASSETS**

(₹ Million)

Particulars	As at 31st December, 2015	As at 31st December, 2014
a. Interest accrued on deposits	1.05	0.47
b. Unbilled services	351.66	257.70
c. Receivable on account of MTM gains on derivatives contract (net)	19.08	-
<b>Total</b>	<b>371.79</b>	<b>258.17</b>

## Notes to Financial Statements

### 17 OTHER INCOME

(₹ Million)

Particulars	For the year ended 31st December, 2015	For the year ended 31st December, 2014
a. Dividend from current investments	45.39	125.74
b. Dividend from subsidiary company	-	373.23
c. Profit on sale / diminution in value of investments (net)	-	0.44
d. Interest income	33.72	54.22
e. Profit / (Loss) on sale of fixed assets (net)	1.40	(0.50)
f. Miscellaneous income	22.85	41.67
<b>Total</b>	<b>103.36</b>	<b>594.80</b>

### 18 SOFTWARE AND DEVELOPMENT EXPENSES

(₹ Million)

Particulars	For the year ended 31st December, 2015	For the year ended 31st December, 2014
a. Consultant travel and related expenses	246.46	209.92
b. Software expenses *	323.39	469.49
<b>Total</b>	<b>569.85</b>	<b>679.41</b>
* includes subcontracting charges	212.50	321.59

### 19 EMPLOYEE BENEFITS EXPENSES

(₹ Million)

Particulars	For the year ended 31st December, 2015	For the year ended 31st December, 2014
a. Salaries and allowances	5,646.51	5,104.99
b. Contribution to provident and other funds	399.50	352.03
c. Staff welfare expenses	298.65	215.17
<b>Total</b>	<b>6,344.66</b>	<b>5,672.19</b>

### 20 OPERATIONS AND OTHER EXPENSES

(₹ Million)

Particulars	For the year ended 31st December, 2015	For the year ended 31st December, 2014
a. Rent (Refer Note no. 28)	134.97	124.78
b. Rates and taxes	34.46	26.48
c. Travelling and conveyance expenses	292.65	324.92
d. Electricity charges	189.94	173.71
e. Communication expenses	151.32	149.70
f. Repairs and maintenance		
Building	33.14	21.70
Plant and Machinery	64.41	26.25
Others	96.83	82.43
	194.38	130.38
g. Printing and stationery	23.48	18.62
h. Auditors remuneration		
Audit Fees	5.53	5.80
Tax Audit Fees	1.65	1.57
Certification work, taxation and other matters	4.79	3.26
	11.97	10.63
i. Legal and professional fees	109.65	86.41
j. Advertisement and business promotion	38.89	27.32
k. Bank and other charges	4.36	4.43
l. Directors' sitting fees	1.16	0.66
m. Insurance charges	15.09	21.79
n. Corporate Social Responsibility Expenditure (Refer Note no. 37)	24.41	-
o. Debts and advances written off	7.90	1.70
p. Provision for doubtful accounts (Net off write back) **	44.53	(1.94)
q. Staff recruitment expenses	56.78	42.61
r. Service charges	142.36	114.20
s. Miscellaneous expenses	19.74	18.67
<b>Total</b>	<b>1,498.04</b>	<b>1,275.07</b>
** net of write back	(11.05)	(15.19)

**21** Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 974.98 million (Previous year ₹ 1,867.43 million)

**22** Contingent Liabilities in respect of

a) Claims not acknowledged as debt ₹ 28.14 million (Previous Year ₹ 28.14 million), being a claim from landlord of a premise occupied by the Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.

b) Claims for taxes on income:

i. Where Company is in appeal

Income tax demands of ₹ 9.74 million (Previous year ₹ 8.99 million) have been raised in respect of assessments completed, arising from certain disallowances by the Income tax authorities. The Company has appealed against the Orders and based on merits, expects favourable outcome. Hence no provision against such demand is considered necessary.

ii. Others:

In an earlier year, the CIT (A) had passed an order in favour of the Company against demand of ₹ 23.79 million raised by the Assessing officer for AY 2008-09, which had arisen mainly due to disallowance of foreign exchange loss as business expenses. Against this, the Income Tax Department has filed an appeal with Income Tax Appellate Tribunal and the matter is in process.

### 23 Earnings Per Share (EPS)

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

Particulars	For the year ended 31st December, 2015	For the year ended 31st December, 2014
Net profit after tax (₹ Million)	3,329.71	3,183.96
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,313,790	300,454,971
Basic Earnings per share (in ₹)	11.05	10.60
Weighted average outstanding equity shares considered for basic EPS (Nos)	301,313,790	300,454,971
Add : Dilutive impact of employee stock options (Nos)	2,459,825	1,454,470
Weighted average outstanding equity shares considered for diluted EPS (Nos)	303,773,615	301,909,441
Diluted Earnings per share (in ₹)	10.96	10.55

**24** The Provision for current income tax is aggregate of the balance tax for three months ended 31st March, 2015 based on the returned income for the tax year ended 31st March, 2015 and the provision based on the taxable income for the remaining nine months up to 31st December, 2015, the actual tax liability, for which, will be determined on the basis of the results for the tax year ending 31st March, 2016.

### 25 Derivative Instruments

a) Forward exchange contracts to Sell US Dollar 156.94 million, Euro 5.60 million and GBP 4.20 million are outstanding as of 31st December, 2015 (Previous Year US Dollar 183.86 million and Euro 2.74 million)

Fair value net gain on the derivative instruments identified as cash flow hedges is ₹ 20.85 million as at 31st December, 2015 (Previous Year net loss of ₹ 76.73 million).

Net gain of ₹ 15.96 million recognized in Hedging Reserve as at 31st December 2015 is expected to be recycled to Statement of Profit and Loss over two years.

b) As at the balance sheet date the Company has net receivable foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to ₹ 2,575.57 million (Previous Year ₹ 1,710.77 million)

### 26 Share Based Compensation (ESOP)

a) The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2002, 2007, 2008 and 2015 plan. Under the plan, the employees of the Company as well as its subsidiaries are granted options/ Restricted Stock Options (RSU) entitling them to one equity share of ₹ 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. The Options / RSU's vest over a period of 1 to 4 years from the date of grant on the basis of service period and/or performance achievement. The maximum time available to exercise upon vesting is 6 years.

## Notes to Financial Statements

b) The particulars of number of options granted and lapsed under the aforementioned Schemes are tabulated below

Particulars	ESOP - 2002		ESOP - 2007		ESOP - 2008		ESOP - 2015		Total	
	Options (nos.)	Weighted ex. Price per share (₹)	Options (nos.)	Weighted ex. price per share (₹)	Options/RSU's (nos.)	Weighted ex. price per share (₹)	RSU's (nos.)	Weighted ex. price per share (₹)	Options/RSU's (nos.)	Weighted ex. price per share (₹)
Outstanding at the beginning of the year	51,000	12.45	1,525,500	50.23	-	-	-	-	1,576,500	49.01
	(67,500)	(12.45)	(2,735,525)	(49.39)	(37,500)	(42.85)	(-)	(-)	(2,840,525)	(48.43)
Granted during year	-	-	-	-	4,188,934	2.00	5,003,804	2.00	9,192,738	2.00
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Exercised during the year	28,000	12.45	611,425	51.31	-	-	-	-	639,425	49.60
	(16,500)	(12.45)	(993,525)	(46.95)	(37,500)	(42.85)	(-)	(-)	(1,047,525)	(46.26)
Lapsed during the year	-	-	74,500	58.74	93,000	2.00	117,800	2.00	285,300	16.82
	(-)	(-)	(216,500)	(54.69)	(-)	(-)	(-)	(-)	(216,500)	(54.69)
Outstanding at the year end	23,000	12.45	839,575	48.69	4,095,934	2.00	4,886,004	2.00	9,844,513	6.01
	(51,000)	(12.45)	(1,525,500)	(50.23)	(-)	(-)	(-)	(-)	(1,576,500)	(49.01)
Exercisable as at the year end	23,000	12.45	839,575	48.69	-	-	-	-	862,575	47.73
	(51,000)	(12.45)	(1,041,750)	(42.64)	(-)	(-)	(-)	(-)	(1,092,750)	(41.23)

Previous Year figures are given in brackets.

c) Range of exercise price and weighted average remaining contractual life (in months) for the options outstanding:

Range of exercise price	As at 31st December, 2015		As at 31st December, 2014	
	Options/RSU's (Nos)	Life	Options (Nos)	Life
2- 12.45	9,263,738	55	429,500	14
30.7 - 40.28	57,000	19	137,000	24
51.98 - 79.85	523,775	27	1,010,000	39
<b>Total</b>	<b>9,844,513</b>		<b>1,576,500</b>	

d) The Company has followed the Intrinsic Value-based method of accounting for grants made before April 1, 2015. For the grants made after 1st April, 2015, the Company has recognised compensation cost using fair value method. Had the compensation costs for the grants made before 1st April, 2015 been recognised using fair value method, the income would have been higher by ₹ 7.51 million (Previous year lower by ₹ 1.77 million) and earnings per share (EPS) as reported would be as indicated below:

Particulars	Year 2015	Year 2014
Basic EPS		
As reported (in ₹)	11.05	10.60
Adjusted (in ₹)	11.08	10.59
Diluted EPS		
As reported (in ₹)	10.96	10.55
Adjusted (in ₹)	10.99	10.54

- e) During the year, the Company granted 9,192,738 RSU's under ESOP 2008 and 2015 plan. Weighted average fair value of such grant is ₹ 205.80. The fair values of the RSU's are determined using Black Scholes Option pricing model using following assumptions:

Particulars	Year 2015
Weighted Average share price	244.20
Dividend Yield (%)	3.42- 4.03
Expected Life (years)	1.13- 5.31
Risk free interest rate (%)	7.18- 8.79
Volatility (%)	38.49- 42.16
Volatility was determined based on historical volatility data	

## 27 Related party disclosures

Name of the Related Parties	Country
<b>Ultimate Holding company and its Subsidiaries</b>	
Baring Private Equity Asia GP V. LP ( ultimate holding company) (control exists)	Cayman Island
The Baring Asia Private Equity Fund V, LP	Cayman Island
Baring Private Equity Asia V Mauritius Holding (4) Limited	Mauritius
<b>Holding Company (control exists)</b>	
HT Global IT Solutions Holdings Limited	Mauritius
<b>Subsidiaries</b>	
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Ltd.	United Kingdom
Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Ltd.	Canada
FocusFrame Europe BV <sup>(1)</sup> & <sup>(2)</sup>	Netherland
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Risk Technology International Limited	India
Hexaware Technologies DO Brazil Ltd, Brazil <sup>(3)</sup>	Brazil
Guangzhou Hexaware Information Technologies Company Limited <sup>(4)</sup>	China
Hexaware Technologies LLC <sup>(5)</sup>	Russia
<b>Key Management Personnel (KMP)</b>	
Mr. R Srikrishna - Executive Director and CEO (KMP from 28th July 2014)	
Mr. R. V. Ramanan – Executive Director and President Global Delivery (upto 15th September 2014)	
Mr. P. R. Chandrasekar – Vice Chairman and CEO (KMP upto 27th July 2014)	
<b>Others</b>	
Ms. Kala Ramanan - Relative of KMP (upto 15th September 2014)	
<b>Notes:</b>	
1. Subsidiary of Hexaware Technologies Inc.	
2. Closed on 31st March 2015.	
3. Subsidiary of Hexaware Technologies UK Ltd	
4. Subsidiary formed and received the Business License to do business on 21st May, 2015.	
5. Subsidiary formed on 14th October 2015.	

## Notes to Financial Statements

Details of transactions with party wise details for transactions in excess of 10% of the total transactions

		(₹ Million)	
Nature of transactions	Name of the Related party and Relationship	For the year ended 31st December, 2015	For the year ended 31st December, 2014
Investment made during the year	<b>Subsidiaries</b>		
	Risk Technology International Limited	-	85.00
	Guangzhou Hexaware Information Technologies Company Limited	1.66	-
	Hexaware Technologies LLC	80.01	-
		81.67	85.00
Loan given during the year	<b>Subsidiaries</b>		
	Risk Technology International Limited	154.50	200.00
Software and consultancy income	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	5,596.28	3,933.80
	Hexaware Technologies UK Ltd.	715.52	567.97
	Others	642.72	773.58
		6,954.52	5,275.35
Software and development expenses - subcontracting charges	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	120.47	151.22
	Others	-	0.70
		120.47	151.92
Interest income	<b>Subsidiaries</b>		
	Risk Technology International Limited	21.75	0.10
Dividend Income	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	-	373.23
Reimbursement of cost to	<b>Holding Company</b>		
	HT Global IT Solutions Holdings Limited	0.23	-
	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	0.78	73.11
	Hexaware Technologies UK Ltd.	28.20	19.97
	Hexaware Technologies Asia Pacific Pte. Ltd.	0.36	7.09
	Others	-	0.33
		29.57	100.50
Receiving of Services	<b>Remuneration to KMP</b>		
	Mr. R.V. Ramanan	-	11.15
	Mr. R Srikrishna (including share based payment)	52.17	23.46
Sale of of assets including recovery of capital cost	<b>Subsidiaries</b>		
	Risk Technology International Ltd	-	282.41
Rent expense	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	-	0.11
	<b>Relative of KMP</b>		
	Ms. Kala Ramanan	-	0.89
Recovery of cost from	<b>Subsidiaries</b>		
	Hexaware Technologies Inc.	432.52	414.71
	Hexaware Technologies UK Ltd.	176.08	174.72
	Others	38.27	48.59
		646.87	638.02
Particulars		As at 31st December, 2015	As at 31st December, 2014
<b>Outstanding Balances with Subsidiaries</b>			
Investment in equity		2,012.69	1,931.02
Receivable towards software and consultancy income		2,929.56	2,372.26
Other receivables		270.73	264.78
Payable towards services and reimbursement of cost		1,190.32	1,579.89
<b>Loan given : (for general business purposes)</b>			
Risk Technology International Ltd		354.50	200.00
Maximum amount outstanding during the year		354.50	200.00
Payable to KMP		1.54	22.22

- 28 The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year is ₹ 134.97 million (Previous Year ₹ 124.78 million).

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

Particulars	(₹ Million)	
	As at 31st December, 2015	As at 31st December, 2014
Not later than one year	39.62	45.64
Later than one year and not later than five years	90.94	122.65
<b>Total</b>	<b>130.56</b>	<b>168.29</b>

## 29 Employee benefit plans

### i) Provident Fund and Superannuation Fund

Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. In respect of the Company's employees enrolled with the Hexaware Technologies Limited Employees Provident Fund Trust (the 'Trust'), the Company pays a part of the contributions to the Trust. The remaining portion of Company's contribution in respect of such employees and entire contribution in respect of other employees is contributed to the Government administered employee Provident and Pension Fund.

The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the fund position and assumptions mentioned below, there is no shortfall as at 31st December 2015.

Particulars	(₹ Million)	
	As at 31st December, 2015	As at 31st December, 2014
Present value of benefit obligation	2,178.84	1,823.09
Fair value of plan assets	2,178.84	1,823.09
Expected Investment Return	8.91%	8.80%
Remaining term of maturities of plan assets	7.41 years	7.70 years
Expected guaranteed interest rates	8.75%	8.75%

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

During the year the Company has recognized expenses towards contributions to provident fund and other funds and superannuation funds of ₹ 261.42 million (Previous year ₹ 241.48 million) and ₹ 6.03 million (Previous year ₹ 9.70 million) respectively.

### ii) Gratuity Plan

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

The following table sets out the status of the gratuity plan for:

Particulars	(₹ Million)	
	Year 2015	Year 2014
<b>Change in Defined Benefit Obligation</b>		
Opening defined benefit obligation	468.10	349.08
Addition on amalgamation	-	17.28
Current service cost	91.14	71.27
Interest cost	44.30	38.56
Actuarial (gains) / losses	(21.26)	16.83
Benefits paid	(37.98)	(24.92)
<b>Closing defined benefit obligation</b>	<b>544.30</b>	<b>468.10</b>
<b>Change in the Fair Value of Assets</b>		
Opening fair value of plan assets	319.35	282.18
Addition on amalgamation	-	0.88
Expected return on plan assets	27.11	24.42
Actuarial gains	0.31	1.90

## Notes to Financial Statements

Particulars	(₹ Million)	
	Year 2015	Year 2014
Contribution by employer	106.48	34.89
Benefits paid	(37.98)	(24.92)
<b>Closing fair value of plan assets</b>	<b>415.27</b>	<b>319.35</b>
<b>Net liability as per actuarial valuation</b>	<b>129.03</b>	<b>148.75</b>
<b>Expense for the year</b>		
Current service cost	91.14	71.27
Interest on defined benefit obligation	44.30	38.56
Expected return on plan assets	(27.11)	(24.42)
Actuarial (gains) / losses	(21.57)	14.93
<b>Total Included in Employment expenses</b>	<b>86.76</b>	<b>100.34</b>
<b>Actual return on plan assets</b>	<b>27.42</b>	<b>26.33</b>
<b>Category of assets -Insurer Managed Fund #</b>	<b>415.27</b>	<b>319.35</b>

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

"The Company is expected to contribute ₹ 77.00 million to gratuity funds for the year ending 31st December, 2016 (₹ 77.00 million for year ended 31st December 2015)."

Financial assumptions at the valuation date	Year 2015	Year 2014
Discount rate	8.00%	8.15% to 8.20%
Rate of increase in compensation levels of covered employees *	6% to 10%	6% to 10%
Expected Rate of Return on Plan assets **	8.00%	7.5% to 8%

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

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

Other details	(₹ Million)				
	31-Dec-15	31-Dec-14	31-Dec-13	31-Dec-12	31-Dec-11
Defined Benefit Obligation	544.30	468.10	349.08	323.46	251.78
Plan Assets	415.27	319.35	282.18	197.71	154.08
(Deficit) / Surplus	(129.03)	(148.75)	(66.90)	(125.75)	(97.70)
Experience Adjustment on Plan Liabilities	(43.21)	(33.10)	(31.71)	(17.82)	(4.20)
Experience Adjustment on Plan Assets	0.31	1.90	4.12	1.75	0.61

30 "Provision others" represents provisions towards expenditure relating to employee benefit obligations on contract acquisition, the outflow for which is expected in the next year.

Particulars	(₹ Million)	
	As at 31st December, 2015	As at 31st December, 2014
Provision at the beginning of the year	34.46	133.01
Provision made during the year	3.82	-
Paid /adjusted during the year	*(38.28)	*(98.55)
Provision at the end of the year	-	34.46

\*Adjusted in employment expenses ₹ 3.42 million (Previous year ₹ 89.65 million).

### 31 CIF value of Imports

Particulars	(₹ Million)	
	For the year ended 31st December, 2015	For the year ended 31st December, 2014
Capital Goods	67.66	73.09

### 32 Expenditure in Foreign Currency (including expenses in foreign branches)

Particulars	(₹ Million)	
	For the year ended 31st December, 2015	For the year ended 31st December, 2014
Foreign travelling expenses	64.31	78.68
Software and development expenses	380.88	418.16
Employment expenses	416.42	553.20

Particulars	(₹ Million)	
	For the year ended 31st December, 2015	For the year ended 31st December, 2014
Rent	13.35	12.24
Business promotion, seminar and conference expenses	1.18	7.85
Legal and professional charges	33.46	20.23
Communication expenses	3.56	8.49
Other expenses	44.18	21.69

### 33 Remittance in Foreign currency on account of dividend

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

Particulars	Final - 2014	Interim - Q4-14	Interim - Q1-15	Interim - Q2-15	Interim - Q3-15
	(Final - 2013)	(Interim - Q4-13)	(Interim - Q1-14)	(Interim - Q2-14)	(Interim - Q3-14)
Net amount remitted (₹ Million)	NA (1.00)	2.92 (7.57)	2.12 (2.95)	2.15 (1.69)	2.60 (2.55)
No. of shares by non resident shareholders	NA (999,260)	1,166,099 (1,009,437)	1,061,170 (985,370)	1,072,842 (1,056,099)	1,156,863 (1,086,563)
Year to which dividend relates	NA (2013)	2014 (2013)	2015 (2014)	2015 (2014)	2015 (2014)
No. of non resident shareholders	NA (807)	993 (802)	992 (812)	984 (874)	1,030 (921)

### 34 Earnings in foreign currency

Particulars	(₹ Million)	
	For the year ended 31st December, 2015	For the year ended 31st December, 2014
Income from software solutions and consulting services	12,328.14	10,999.89
Interest Income	0.24	0.33

35 There are no dues to Micro and small enterprises under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") as at the year end, other disclosure as per MSMED Act not required to be disclosed.

### 36 Segments

As per Accounting Standard 17 on "Segment Reporting", segment information has been provided under the notes to the Consolidated Financial Statements.

### 37 Corporate Social Responsibility

- a) Gross Amount required to be spent by the Company during the year is ₹ 74.47 million.  
b) Amount spent during the year on:

Sr.No.	Particulars	(₹ Million)		
		Amount Paid	Amount yet to be paid	Total
1	Construction/ acquisition of any asset	-	-	-
2	On purpose other than (1) above	24.41	-	24.41

38 Previous years figures have been regrouped/reclassified wherever necessary to correspond with the current years classification / disclosure.

#### For and on behalf of the board of directors

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

**Dileep Choksi**  
(Director)

**P. R. Chandrasekar**  
(Director)

**Kosmas Kalliarekos**  
(Director)

**Jimmy Mahtani**  
(Director)

**Christian Oecking**  
(Director)

**Bharat Shah**  
(Director)

**Basab Pradhan**  
(Director)

Place : Mumbai  
Date : 3rd February, 2016

**Rajesh Kanani**  
(Chief Financial Officer)

**Gunjan Methi**  
(Company Secretary)

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Coimbatore - 641 045.



## HEXAWARE TECHNOLOGIES LIMITED

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Phone : 022 - 4159 95 95; Fax : 022 -4159 9578 | website : www.hexaware.com; email : investori@hexaware.com  
CIN: L72900M H1992PLC069662

### PROXY FORM

[ Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: HEXAWARE TECHNOLOGIES LIMITED

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

Name of the member		
Registered Address		
E-Mail ID		
DP ID		Folio No/ Client ID:

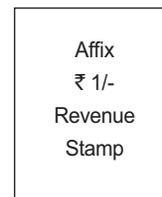
I/ We being the member (s) of \_\_\_\_\_ Shares of the above named company, hereby appoint

- Name \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him/her
- Name \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him/her
- Name \_\_\_\_\_  
Address: \_\_\_\_\_  
Email ID \_\_\_\_\_  
Signature: \_\_\_\_\_

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company, to be held on Tuesday, August 30, 2016 at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

#### Resolution No:

- Adoption of accounts
- Confirmation of dividend
- Re-appointment of Mr. Jimmy Mahtani
- Re-appointment of Mr. Kosmas Kalliarekos
- Re-appointment of Statutory Auditors
- Re-appointment of Mr. Basab Pradhan as a Non-Executive Independent Director
- Re-appointment of Mr. Christian Oecking as a Non-Executive Independent Director
- Appointment of Mrs. Meera Shankar as a Non-Executive Independent Director
- Change in Place of keeping the Register of Members, Index of Members etc.



Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Signature of the shareholder

\_\_\_\_\_  
Signature of Proxy holder(s)

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any onther Member.





## HEXAWARE TECHNOLOGIES LIMITED

Registered Office: Bldg 152, Millennium Business Park, TTC Industrial Area, Sector III, A Block, Mahape, Navi Mumbai – 400 710.  
Phone : 022 - 4159 95 95; Fax : 022 -4159 9578 | website : www.hexaware.com; email : investori@hexaware.com  
CIN: L72900M H1992PLC069662

### ATTENDANCE SLIP

Full Name of the Shareholder / Proxy  
(in Block Letters) \_\_\_\_\_

Folio No. or Client / DP ID No.: \_\_\_\_\_

No. of Shares held.: \_\_\_\_\_

I /we hereby record my presence at the 23rd Annual General Meeting of the Company held on Tuesday, August 30, 2016 at 3.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400001.

\_\_\_\_\_  
Member's / proxy's name in BLOCK letters

\_\_\_\_\_  
Member's / proxy's Signature

*(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over the same at the entrance of the meeting Hall.)*





# Corporate Information

## Registered Office

152, Millennium Business Park,  
Sector - III, 'A' Block, TTC Industrial Area,  
Mahape, Navi Mumbai - 400 710  
Tel.: +91 22 4159 9595  
Fax: +91 22 4159 9578  
Website: [www.hexaware.com](http://www.hexaware.com)  
Email: [investori@hexaware.com](mailto:investori@hexaware.com)  
CIN: L72900MH1992PLC069662

## Statutory Auditors

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

## Internal Auditors

KPMG, Mumbai

## Registrar & Share Transfer Agent

Karvy Computershare Pvt. Ltd.  
Karvy Selenium, Tower B, Plot 31-32, Gachibowli,  
Financial District, Hyderabad - 500 032  
Tel: +91 40 67162222  
Fax: +91 40 23420814  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvycomputershare.com](http://www.karvycomputershare.com)

## Investor Relations Center

24B, Rajabhadur Mansion, Ground Floor, Amabala  
Doshi Marg, Fort, Mumbai - 400 023  
Tel: + 91 22 66235454

## Company Secretary

Mrs. Gunjan Methi





152, Millennium Business Park,  
Sector - III, 'A' Block, TTC Industrial Area,  
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