Annual Report
2018

HEXAWARE

Automate Everything

Cloudify Everything

Transform Customer Experiences

Contents

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Automate Cloudify & Transform WITH HEXAWARE

We remain steadfast on our journey of metamorphosing customer experiences through our over-arching strategy of enterprise level automation; take advantage of the Cloud ecosystem; and delivering superior customer experiences.

Automate Everything

The important part is to concentrate on both the words. This involves the genesis of automating everything in the business space. From its earlier days of automation being done in silos in apps, infrastructure, testing and different business units, today automation essentially involves breaking these silos and providing end-to-end enterprise level automation. It is no longer only about being cost effective, increasing efficiency and reducing FTE counts, but more about how it impacts customer experience by building synergy across different functions and creating a powerful impact. Technologies, such as Artificial Intelligence/Machine Learning will enable automation across enterprises, including high-complexity tasks that require human decision-making.

Cloudify Everything

Again, the important part is to concentrate on both the words. We believe, in the years to come, most enterprises will move almost everything to Cloud. The concept of Cloud started with the low cost of ownership and easy maintenance as enterprises could 'pay as they use'. Then, Cloud was more about scalability, flexibility and agility which helped reduce time to market and have a better IT infrastructure. Today, it is all about harnessing the power and capabilities of Cloud effectively to serve customers better. Going forward, these capabilities are going to be a null set in terms of choice. You could either do them using Cloud or not do them at all.

Transform Customer Experiences

While Automating Everything and Cloudifying Everything are the key enablers, the outcome of our overall strategy is to enable the clients to transform their customer's experiences. Today, not many companies provide a superior and consistent customer experience, as it is a complex task and involves bringing together a range of technologies across different units in the organisation. Also, we are amid a generation change on how we as individuals interact with the world. We use voice, gesture, text at our own convenience and it is increasingly getting important for organisations to catch up with the pace. We help enterprises to communicate with their customers to provide a superior, consistent and seamless experience.

The World of
Hexaware Technologies Limited

Who We Are

Hexaware is a global leader and one of the fastest growing, next-generation providers of futuristic technologies, innovative solutions and transformative services to reimagine business models, re-engineer processes and redesign customer experiences.

What We Do

Hexaware drives man-machine collaboration to solve complex business problems. We leverage the ubiquitous power of Big Data, Artificial Intelligence, Machine Learning and Blockchain to power innovative and futuristic solutions. We believe that at Hexaware, complex algorithms and plentiful computing along with human intellect and creativity form a formidable and unstoppable team. Our promise: Help enterprises Automate Everything, Cloudify Everything and Transform Customer Experiences.

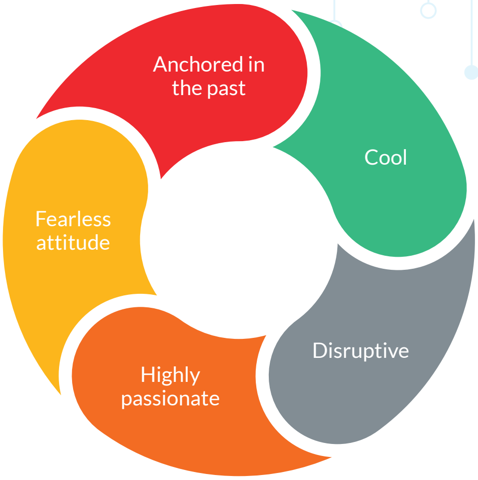
How We Do It

We achieve this through our seasoned IT practitioners, distinguished engineers and 'Automateers' (our employees with a deep-rooted passion for automation).

On a High Velocity Change Journey

Our brand reflects the progressive change that we are embracing with automation, innovation and artificial intelligence. Our logo symbolises 'Powering Man-Machine Collaboration' with a mission to be the 1st IT Services company in the world where half the work we do is done by machines. The blue, yellow and red colours evoke our rich legacy, pulsating energy and fearlessness.

Our Brand Attributes



The Hexaware Edge

Chairman's Message to Shareholders

Dear Shareholders,

It gives me great pleasure to share with you an update on the overall performance of your Company during FY 2018. We had an excellent year with good growth in revenue and profit, which has been the result of the strategic building blocks we have put in place – Automate Everything, Cloudify Everything and Transform Customer Experience.

On a global scale, more and more companies continue to invest increased budgets in digital technologies. Investments are significantly higher in new technologies such as cloud storage, in data analytics, in artificial intelligence, and in robotics.

Solid Industry Growth

The IT industry is set to post a double-digit sales growth over FY 2019-20. Business flow from the US region is increasing, and while there is some uncertainty in Europe because of Brexit, business from the region is likely to continue growing. Analytics, cloud services and robotics will be among the major growth drivers for the industry. The Indian IT industry is clearly at a very attractive stage right now – due to high growth, superior margins, earnings in strong currencies, superior governance and availability of high quality management talent who can professionally run businesses. Digital has clearly been the driver of growth during the year. To enhance digital capabilities, the industry has been investing in setting up centres of excellence and innovation hubs in key markets.

A key growth driver for the industry is the prediction of Digital Transformation. Worldwide spending on technologies and services enabling digital transformation of business practices, products and organisations is forecast to reach USD 1.97 trillion by 2022. This indicates a 5-year CAGR of 16.7%. It is predicted that by 2020, about 30% of G2000 companies would have allocated capital budget equal to at least 10% of their revenue to fuel their digital strategies, realising digital transformation as a long-term investment. According to the Gartner report, worldwide IT spending is projected to total USD 3.8 trillion in 2019, rising by 3.2% from the expected spending of USD 3.7 trillion in 2018.

The Hexaware Advantage

We are one of the fastest growing IT services company with consistent growth on the back of increased order wins and geographical expansion and with a vision of having 50% digital workforce and strong culture of innovation. We are creating a culture of automation first approach, building capabilities and focusing on products and alliances to transform how IT services are delivered. We are enabling this through excellent client relationships and strong execution capabilities that helps us build trust with our clients and within client organisations. Our solidity in client mining helps us in providing entrance to new organisations which in turn helps us drive new businesses and reduce the risk of client concentration and dependencies.

On a Growth Trajectory

Changing landscape of technology has been a reality of our times, and we at Hexaware, are continuing our focus towards meeting customers' needs through investment in innovation. We have been on a growth trajectory despite a globally weak business environment. We possess the R&D flexibility to boost digital transformational capabilities. At Hexaware, we have always focussed on segments that could provide differentiated services to our clients, compared to multinational corporations. I am pleased that the differentiated strategy we are pursuing has worked well with our clients.

To steer our growth strategy forward, we are aiming towards systematic synergisation of various elements and our "Inside Out, Outside In" strategy to become a large IT player in the decade to come.

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We have been combining innovative technology with deep industry expertise, underpinned by security and trust. We express our gratitude to our cherished clients, and to thousands of Hexawarians whose brilliance makes it possible for us to achieve our goals.

We are truly optimistic about our technology, our clients, and about the world we are building together. We are also devoted in earning the trust and respect of our shareholders, customers, employees and the communities we serve every single day.

With Warm Regards,

Atul Nishar
Chairman

CEO's Message to Shareholders

Dear Shareholders,

I write to you as I am nearing 5 years of a wonderful journey at Hexaware. The past 4 odd years have seen us delivering industry leading organic growth on a variety of metrics – USD Revenue (12.5% CAGR) and EPS (16.0% CAGR) being the most important.

During this period, we have built a world-class leadership team; expanded our service capabilities significantly to become a full-service provider; expanded and invested significantly in our global delivery locations to be able to service customers in a multitude of languages and time zones; created a new and energetic brand identity; built an organisation culture of "Automation First" thinking and built a solid brand based on a differentiated strategy.

We also consistently delivered industry-leading Customer satisfaction metrics as evidenced by third-party surveys of our customers. Our employees are among the most engaged in the industry and our employee passion metrics have improved every year for the past 4 years.

We are now at the cusp of a new phase of growth for Hexaware.

Last year, we embarked on a renewed, 3-pronged strategy of Automate Everything, Cloudify Everything and Transform Customer Experiences. We are confident that this strategy is highly differentiated and that it has a runway of a decade, perhaps longer. That gives us the confidence to invest significantly in execution of this vision.

I believe that the new elements in this strategy will help power sustained and industry-leading organic growth.

12.5% CAGR
Growth in Revenue

16.0% CAGR
Growth in EPS

Our growth will however get accelerated by pursuing a prudent acquisition strategy. We expect to spend USD 250-300 Million over the next 2-3 years on acquisitions that will have a dual impact of rapidly building new capabilities and accelerating our growth.

On behalf of over 16,000 Hexawarians, I want to assure you of our best effort to deliver superior returns to you.

Sincerely,

R. Srikrishna
Chief Executive Officer

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CFO's Message to Shareholders

Dear Shareholders,

I am very excited to write my first letter to you as the CFO of Hexaware Technologies Limited. It has just been over six months that I joined the Company and in the short time that I have been here, my belief in our strategy, our execution capabilities and the future that it holds for our stakeholders, has been reinforced like never before. We have been executing on our strategy and that has helped us deliver results focussed on the interest of our clients, partners, employees and shareholders.

FY 2018 performance

During the financial year ending December 2018, the Company delivered a strong financial performance on multiple fronts. Revenue from operations was ₹ 46,477.6 million, a growth of 17.9% over FY 2017. In USD terms, the revenue stood at USD 677.7 million, up 11.6% Y-o-Y and above the mid-point of our guided range of 11-12%. Over the last five years, we have delivered USD revenue CAGR of 12.5%, on an organic basis – one of the highest in the industry. In FY 2018, we delivered double-digit year-over-year growth in all the four quarters.

Our Profit after Tax for the year was resilient at 12.6%, driven by productivity initiatives, improvement in key operational parameters, and efficient tax management. FY 2018 witnessed an Effective Tax Rate of 19.7%, one of the lowest in the industry, driven by efficient tax planning and one-time tax credits.

Our Earnings Per Share for the year was ₹ 19.65, a Y-o-Y growth of 17.0%. Over the last five years, we recorded an EPS CAGR of 16.0%. We continue to return cash to our shareholders in the form of dividend. For the year under review, our Board of Directors approved a dividend of 425%, amounting to ₹ 8.50 per share. Dividend declared during the year was in line with our Dividend Payout policy and higher than the dividend payout guidance of ₹ 8 per share given at the beginning of the year. Our total dividend payout for the year amounted to ₹ 2,506.03 million (including DDT).

We continue to build a strong balance sheet and ended the year with closing cash & cash equivalent balance of USD 119.5 million, a Y-o-Y addition of USD 33.1 million, indicating 38.3% growth. Strong cash balance provides us the opportunity to make investments for our future.

CSR Initiatives

At Hexaware, we remain committed to strengthening our societal bonds and uplifting the communities. Our CSR philosophy is to use business to serve the society, built on a strong belief that 'common good' is more important than 'individual gain', and that our true measure of growth lies beyond our balance sheet. With a philosophy that aligns with India's need for inclusive growth, we are synergising our efforts to create a broad-based and holistic impact on the society. In FY 2018, we invested a total of ₹ 90.46 million on our CSR, which is higher than the mandated 2% spend of profits that companies need to allocate. We continue to be committed to our CSR programme to create a sustainable long-term impact on the society.

Corporate Excellence

At Hexaware, we continue to strive for the highest level of Corporate Governance. Our efforts have earned us a win – the Golden Peacock Award for Excellence in Corporate Governance. This was our third win in the last 8 years, a great testimony to our standards of transparency and corporate excellence.

> Company delivered a strong financial performance on multiple fronts. Revenue from operations was ₹ 46,477.6 million, a growth of 17.9% over FY 2017. In USD terms, the revenue stood at USD 677.7 million, up 11.6% Y-o-Y and above the mid-point of our guided range of 11-12%.

Way Forward

As we head into FY 2019, we are poised for an exciting future. With a strong belief in ourselves, we continue to make investments that will extend our competitive advantages and help drive growth, while also delivering on our profit commitments. I am confident that we will continue to deliver market-leading growth, and take this opportunity to thank you for your ongoing support.

Looking forward to a great FY 2019 and beyond.

Warmest Regards,

Vikash Jain

Chief Financial Officer

HEXAWARE

Our Esteemed Board of Directors

Sitting (Left to Right)

1 Mrs. Meera Shankar
Independent Director

2 Mr. Atul Nishar
Chairman

3 Mr. Bharat Shah
Independent Director

4 Mr. P. R. Chandrasekar
Independent Director

Standing (Left to Right)

5 Mr. Basab Pradhan
Independent Director

6 Mr. Christian Oecking
Independent Director

7 Mr. Dileep Choksi
Independent Director

8 Mr. Jimmy Mahtani
Vice Chairman

9 Mr. R. Srikrishna
CEO & Executive Director

10 Mr. Kosmas Kalliarekos
Director

The Management Team


R. Srikrishna
Chief Executive Officer


Arun Ramchandran
Professional Services


Eswaran Venkatachalam
Travel and Transportation


Milan Bhatt
Healthcare and Insurance, Cloudify Everything


Ravi Vaidyanathan
Banking and Financial Services


Vimal Kewalramani
Manufacturing and Consumer


Amalesh Mishra
APAC


Amrinder Singh
Europe


Vinod Chandran
North America and Infrastructure Management Services


Chinmoy Banerjee
Business Process Services


Prasan Prabhakaran
Enterprise Solutions


Sandeep Dhar
Customer Experience Transformation


Satyendu Mohanty
Digital Assurance


Srinivasan Panchapakesan
Application Transformation Management


Vaidyanathan J R
Business Intelligence & Analytics


Amberin Memon
Chief People Officer


Aparna Jairam
Chief Marketing Officer


Ashok Harris
Head – Global Delivery


Senthil Nayagam K
Chief Learning Officer


Vikash Jain
Chief Financial Officer

1 BUILDING A CULTURE OF AUTOMATION

Underlying our delivery philosophy is our company-wide commitment to automation. Our motto to automate everything has a larger objective of being cost efficient by inculcating minimal human intervention. This ultimately results in lowered costs and dramatically improved end-user experience.

Key Propositions

- Automate Everything as a Program
- Automation as a Service
- Automation Embedded in Managed Services

Our principle of "Automate Everything" percolates from a comprehensive top-down view – right from customer experience to underlying business processes and applications and empowering infrastructure. We are building a culture of automation in our organisation. On one hand, we are encouraging cannibalisation of our own revenues to promote automation. On the other hand, we are also incentivising employees to automate their own work through Brainbox initiative.

We are building capabilities through our partnerships with Pega, UiPath, etc. Also, we are creating platforms like Raise IT, Automate On and Build IT to further strengthen our capabilities. For our clients too, we are leveraging our technologies of Artificial Intelligence/Machine Learning and Blockchain to implement automation. Our best-in-class solutions on automation are infused with self-healing application management with fully automated infrastructure and operations.

61% employees participated in Brainbox

2,676 Brainbox ideas executed in FY 2018

14,96,386 hours of efforts saved per year

USD 71.15 Million savings for our customers

CASE STUDY

We are working with a leading clinical research and data sciences organisation as a partner for an enterprise automation program. This programme is a collaborative effort to perform and achieve full potential of automation across various customer business units. We have established a high throughput automation development and adoption model, identified automation opportunities and implemented automation with up to 20% productivity and cost efficiency.

We are working with a multinational investment bank to further enrich their automation journey by identifying and implementing complex use cases with sero to minimal human intervention. So far, we have been successful in saving 6,000 hours of human efforts per month through automation.

2 CLOUD = CAPABILITY: NAVIGATING THE CLOUD ECOSYSTEM TO REALISE A DIGITAL FUTURE

Cloud computing is rapidly evolving to be a catalyst for enterprises in their digital transformation by helping them build new capabilities with unprecedented velocity and create differentiated propositions to compete with peers and other born digital enterprises.

Hexaware is focussed on helping enterprises maximise the potential of cloud as they pursue their digital transformation agenda. Our services and solutions are focussed on solving the most critical and complex problems for our customers as they navigate the cloud ecosystem to realise a digital future.

We are helping many leading companies migrate seamlessly to the cloud to realise the benefits of improved automation and orchestration capabilities and helping them achieve business transformation, scalability and agility while also managing to drive down their costs by over 50% customer satisfaction, increased agility and lower costs.

CASE STUDY

We are working with a medical technology company to significantly improve customer self-service by implementing Salesforce Community Cloud. The first phase of implementation has resulted in 30% decrease in number of cases, 20% decrease in cost to serve a customer and most importantly significant improvement in customer satisfaction.

We are working with a leading fitness and wellness brand and have transformed it's IT Infrastructure in to a Hybrid Cloud Infrastructure that is powered by leveraging hyperscale computing and a mix of public cloud infrastructure by enabling extreme automation and orchestration capabilities and helping them achieve business transformation, scalability and agility while also managing to drive down their costs by over 50%.

Key Propositions

- Cloud Platform Build & Migration
- Cloud Managed Services
- Cloud Native Development
- Data Platform & Analytics
- Cloud Testing & Validation
- Enterprise DevSecOps Transformation
- Cloud Security

We are working with a leading financial information services company to completely reimagine how they deliver their products to customers by building a cloud native data lake.

We are working with a leading shipping services company enabling them to get into the league of global data providers (monetising data) specialised in Maritime space with end-to-end Maritime Service Offerings and Maritime Business Solutions using cloud native development and its capabilities to drive very high Customer Experience.

4,000 apps migrated

515 cookbooks

215+ blueprints

22 clients across verticals

3 DELIVERING A CONSISTENT AND HIGH-CALIBRE CUSTOMER EXPERIENCE

Helping our customers, design and deliver a great experience for their customers, consistently!

We help define the strategy! We create experiences! We deliver customer platforms!

Key Propositions

- Experience First Design
- CRM Leveraging Sales Force and MS Dynamics
- Content Management, using Sitecore, Adobe and Drupal
- eCommerce through Magento, Salesforce Commerce Cloud, IBM WCS and SAP Hybris
- Enterprise portals using SharePoint and O365
- Contact Centre Transformation – leveraging voice bots, chatbots, analytics and cloud migration

For all of the above, we stitch together capabilities across strategy, design and execution.

Improving customer experience is an imperative today across industries. Startups primarily leverage perennial gaps in customer experience and create solutions plugging those gaps. As a result, improving customer experience is one of the top CEO objectives today. We, at Hexaware, specialise in working with our customers to help them deliver consistent and superlative experiences for their customers.

To do this, we have created a full stack offering that takes a holistic view of customer experience. Using our proprietary Experience First Design methodology, we start by helping define the experience. This involves mapping customer journeys for different personas or segments of the customers. The journey maps in turn allow us to design and build compelling user interfaces and interactions across the web, mobile, contact centres, smart speakers and numerous social media channels. We adopt a cloud first approach for scalability and reliability, with a heavy reliance on automation, to improve cycle times and to reduce defects and errors.

These interaction channels are then supported by implementing or improving the underlying systems; the ERPs, the systems of record, the workflows; all of these need to be stitched together with a suitable integration layer. Our practices in application transformation, ERP system implementations and core engineering perfectly lend themselves to this objective.

And finally, services in the form of Analytics and Business Intelligence, Digital Assurance, BPS, and IMS perfectly complement the offering. Our belief is that it takes expertise across all these layers to create and deliver a differentiated customer experience.

CASE STUDY

We are working with a leading international chain of health and fitness clubs to improve customer service by automating the sales and marketing operations for omnichannel experience. Also, we are helping them by transforming traditional analogue business flows into digital flows, maintaining storefronts for 850,000 visitors and delivering contextual experience with personalised content management.

Navigating the Technology Shift

1 BANKING & FINANCIAL SERVICES

The Banking & Financial Services industry operates within the 'new normal' today. The sector is dominated by ever-tightening regulations, digital banking, and omnichannel customer experiences. Succeeding in this environment requires industry players to strike a balance between operational optimisation and the infusion of digital transformation.

The Banking & Financial Services customers are looking at automation to reduce their operating costs and improve Straight Through Processing adopting various levers, including BOTs and Artificial Intelligence, Natural Language Processing and Machine Learning. Further, these organisations are moving their underlying infrastructure to Cloud to leverage the scalability, reliability and dependability of the environment – either as a lift and shift or through transformation of the existing platforms.

We are working closely with our Banking & Financial Services customers, assessing their existing landscape to identify potential areas, helping them in evaluation of technology solutions through Proof of Concepts. It also enables them to define detailed roadmaps for their transformation journeys and partnering with them in their journey.

Hexaware conceptualised an intuitive Robo adviser for a leading investment firm, to provide a data driven and visually pleasing investor experience.

CASE STUDY

Hexaware helped a leading Stock Exchange migrate over 40+ years of historical data from on-premise Data warehouse to AWS S3 Cloud Environment, leveraging its Cloud EDMA service offering. The initiative saved 6 hours load time, improved data reliability to 99.99% and saved over USD 1.5 million in hosting cost.

Navigating the Technology Shift

2 HEALTHCARE & INSURANCE

Pressing challenges such as ensuring affordability, patient centricity and superior outcomes leave little room for laggards in today's competitive healthcare and life sciences marketplace. These companies are seeking solutions to re-imagine stakeholders' interactions and provide seamless digital experience to members, Health Care Professionals, pharmacies across platforms and devices. In addition, they are trying to optimise business processes and adopt cloud to reduce costs and overcome inefficiencies in the underlying legacy core system.

Hexaware provide solutions that help them in their digital transformation journey:

1. Holistic approach to automation of enterprise, clinical processes using BPM, RPA and intelligent automation (Artificial Intelligence/ Machine Learning).
2. End-to-End GxP compliant clinical cloud solution using Hexaware's own Cloud Readiness Index; cloud-based core payer platform containing SOA components and microservice based API layer to enhance and scale core functionalities; cloud-based Patient Engagement platform and Data driven solutions to empower patients, members and other stakeholders.

The insurance industry faces strong headwinds with declining margins and ever-increasing competition. The need to build a future-ready, sustainable, connected digital ecosystem while exceeding customer expectations across all touchpoints, is stronger than ever. Addressing these needs has caused high IT and Infrastructure costs. They are actively looking for automation-centric and cloud-based solutions, that can lower the overall development costs and infrastructure cost. Further, Insurers want to leverage the new digital paradigms to engage a new generation of tech-savvy consumers during the buying process.

Our Digital Insurance Services has brought to market unique solutions helping carriers with their digital transformation initiatives:

1. We designed and developed both an Agent Journey and a Customer Journey for commercial insurers. The solution was presented at Guidewire Connections 2018, amidst great fanfare.
2. Our Automate Everything team is actively working with insurance domain SMEs to bring to market several full-stack Guidewire InsuranceSuite solutions.

CASE STUDY

We helped a Global Health Information and Clinical Research Organisation reduce the overall cost of operations by 27% by partnering in the Digital Operations, Cloud Transformation, Application Development and Innovation Services which resulted in higher EBIDTA margin. There was 20% improvement in turnaround time by way of automation of manual processes.

A Germany-based insurance customer has achieved a 90% reduction in DevOps cycle time (from 7 hours and 15 minutes) using Hexaware's ID2E for Guidewire. The programme consisted of implementing Guidewire PolicyCenter & ClaimCenter for multiple lines of business.

3 TRAVEL & TRANSPORTATION

Enhancing customer experience is of paramount importance for the Travel & Transportation industry. Right from booking of tickets to boarding, facial recognition for check-in, immigration, passenger flow at the airport and offering personalised services to the customer, there is a need for large-scale automation during the entire life-cycle of a customer's travel. The Travel & Transportation industry is making investments in new technologies to retain customer loyalty and bring in more value-added services and increase the revenue.

We are working with some of the existing Travel & Transportation customers to analyse the customer touch-points and provide recommendations on changes required for an enhanced customer experience. Our Automate Everything team is actively involved in key business initiatives of our customers. For example, faster on-boarding of hotel using RPA, pharma track and trace using Blockchain, MRO and Passenger & Cargo revenue accounting operations optimisation using RPA, and more. Our Cloudify Everything team witnessed huge success in transforming legacy applications and building a Disaster Recovery on a hybrid cloud for a large airline in Asia. Our team is taking this journey forward to re-engineer and rationalise the legacy landscape for true cloud transformation for the same customer.

CASE STUDY

Hexaware helped transform the B2C website for a large 7-star resort in Middle East, which led to an increase in bookings on the Direct Channel by about 60%. The Resort's website now has rich content on all the products and services offered, with an easy 3-click booking. It also uses personalisation to drive more business, rather than just engaging in room bookings.

Navigating the Technology Shift

4 MANUFACTURING & CONSUMER

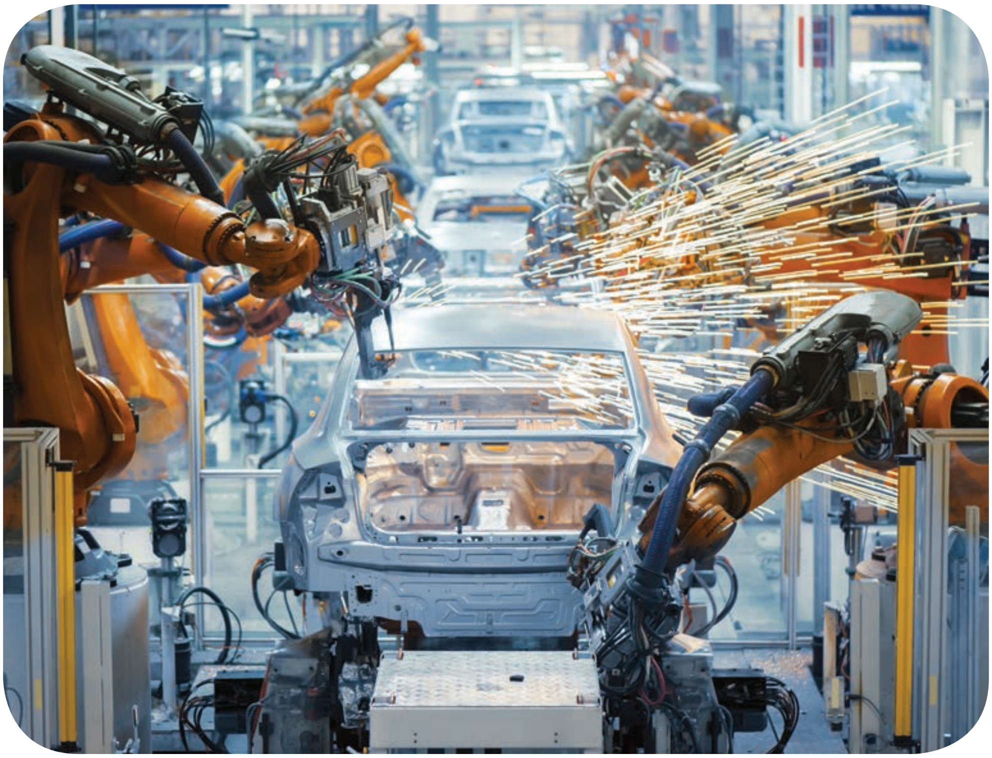
Retail chains across the world are confronting the twin challenges of aggressive online competition and rising customer expectations. As a result, companies are looking at data such as customer's shopping trail, purchase basket, customer profile and channel mix to recommend the right products to the right customer at the right time. They are using technologies such as mobile, Internet of Things (IoT), augmented reality and more along with process reengineering innovations powered by automation and cloud to maintain competitive advantage.

Manufacturers are breaking traditional boundaries by interacting with multiple levels of supply chain partners through investments in operational intelligence, micro-logistics networks and rapid prototyping of new products to enhance customer experience. The industry is undergoing significant transformation because of Industry 4.0, with automation impacting almost every function to reduce opex costs. Further, with businesses competing on a global scale across multiple countries and production facilities, companies are moving towards cloud-based solutions to consolidate their IT landscape.

We have invested heavily in developing the right set of tools and solutions to fast-track the transformation journey for customers. We work with our customers to carve out a unique, customised approach specific to their requirements. For example, we are working with a leading hi-tech manufacturer in automating asset management across their plants.

CASE STUDY

Hexaware helped a global imaging and digital workplace solution provider in achieving excellence in sales interactions using immersive technologies like AR and VR to deliver superior customer experience.



5 PROFESSIONAL SERVICES

The Professional Services industry, one of the largest in terms of employment and IT spend, is at a tipping point. It has a market size of USD 1.7 trillion with an annual IT budget and spend of ~USD 30 billion. The primary objective of any professional services organisation is to create engaging and fulfilling customer experiences. This entire industry works on “Trust” as a bedrock, and the effective and appropriate use of modern technologies have helped organisations achieve this “Trust”.

The organisations providing Professional Services are transforming customers’ experiences by establishing “Trust” through intelligent automation powered by Cloud. Technologies such as Automation, Artificial Intelligence, Machine Learning, Blockchain, Bots (Voice, Chat, Gesture, and others), Cloud, and a platform-driven architecture have revamped the landscape of the professional services industry. We have been the right partner for several organisations providing Professional Services, as we offer our support through their transformation journey by providing Intelligent Automation solutions.

Our Intelligent Automation services team built a bot that helped a global market leader in Alternative Investments automate its financial reporting process. This helped eliminate human touchpoints, reduce effort by 85% and increase accuracy levels to 100%.

CASE STUDY

Hexaware provided its services and support to a Big Four giant to build a portal for their Global Corporate Responsibility Initiative. The programme intended to build on the tremendous corporate responsibility efforts that the firm’s employees around the world have already undertaken to drive sustainable and inclusive growth. It is a platform that will help the organisation fulfil its vision to positively impact the future of 10 million people, thereby creating an impact that will benefit not less than 100 million people by 2022 and 1 billion people by 2030.

Powering Ahead

As we strengthen our capabilities in our service lines, we are moving forward in a manner to align all our horizontal offerings to our theme of automate everything, cloudify everything and transform customer experience. Each of our offering is focussed on one of the three themes to provide value to customer by creating solutions that help make things faster, efficient, smarter, individualised, natural and immersive.

AUTOMATE EVERYTHING

We add a user experience lens and build a culture of automation within the organisation to build and empower enterprise-wide automation programme across businesses, technologies and operations.

CLOUDIFY EVERYTHING

We provide cloud to make things smarter, build an opinionated platform to embody the policies – and enable developers to operate with freedom. As reinventing is expensive, we ride on the shoulders of big cloud providers.

TRANSFORM CUSTOMER EXPERIENCES

We build an experience first culture and rethink user journey in the context of new channels. We aim to get the foundation right (data, insight, automation and APIs) and make an early investment in these technologies, based on conviction.

MAKING THINGS FASTER AND EFFICIENT

- Intelligent automation for smarter operations
- Digitisation in capital markets – POV – corporate action
- Intelligent Voice Assistant for insurance benefits enrolment
- Digital resolver and employee experience redefined
- Complete transparency for business agility
- Digital Assurance – An “Automation First” approach

MAKING THINGS SMARTER AND INDIVIDUALISED

- Cloud Migration – Platform to de-mystify large and complex cloud migrations
- Cloud EDMA – Automation meets cloudification for analytics needs
- Cloud Management – Industry’s only platform that addresses all aspects of cloud management
- Cloud Native – How Cloud Native capabilities can be utilised to transform businesses

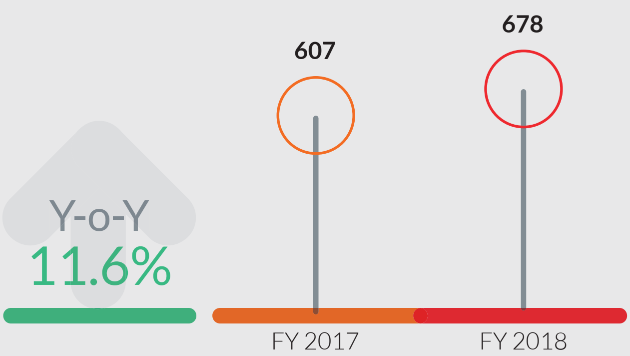
MAKING INTERACTIONS NATURAL AND IMMERSIVE

- Real-life applications of reality technologies
- Intelligent Bot redefines customer experience
- CarrotCube – Transforming lives of patients through enhanced healthcare experience

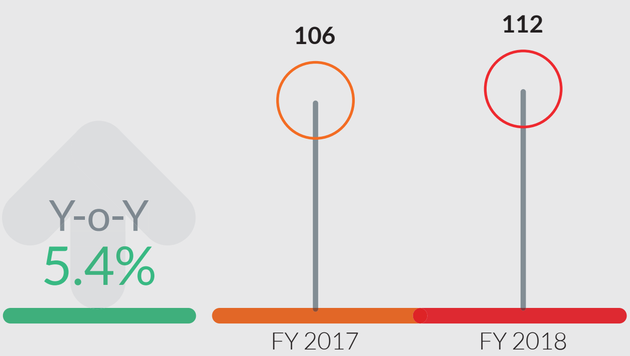
HEXAWARE

How We Performed in FY 2018

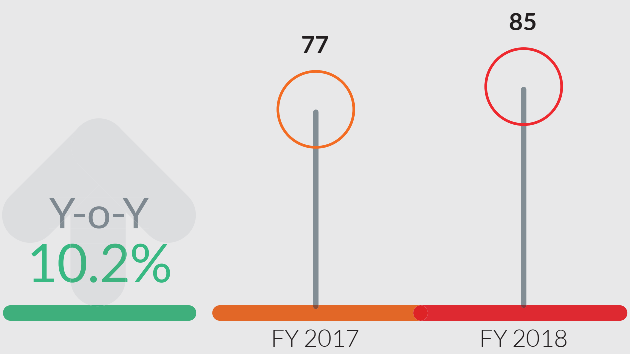
Growth in Revenue (USD Million)



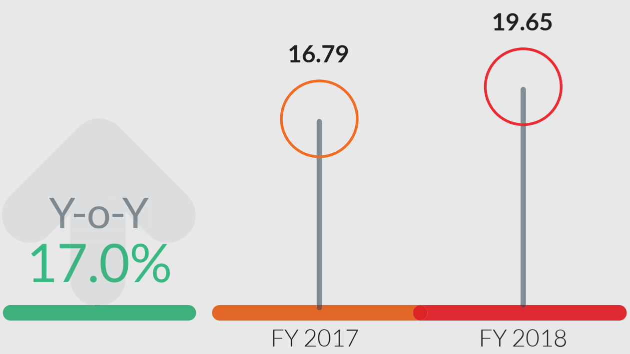
Growth in EBITDA (Before RSU Cost) (USD Million)



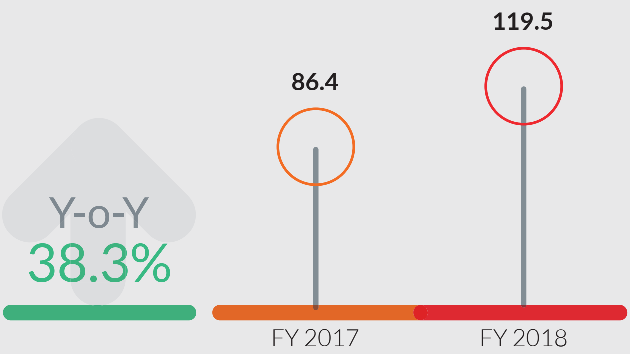
Growth in PAT (USD Million)



Growth in Basic EPS (₹)



Cash & Cash Equivalent Balance (USD Million)



Geography-wise Growth

North America	7.2%
Europe	26.0%
APAC	32.1%
Total Growth	11.6%

Vertical-wise Growth

BFS	9.8%
GTT	-4.7%
H&I	22.9%
M&C	25.8%
PS	5.3%
Total Growth	11.6%

Horizontal-wise Growth

ADM	9.6%
ES	-1.3%
DA	1.2%
BIBA	11.3%
BPS	15.5%
IMS	47.7%
Total Growth	11.6%

USD 677.7 Million
Annual Revenues

USD 112.12 Million
EBITDA

USD 85 Million
Profit After Tax

₹ 19.65
Earnings Per Share

16,205
Number of Employees

30+
No. of Global Offices

Net headcount added during FY 2018 – 2,500

Winning Global Accolades

Our efforts have earned us a variety of awards and recognition across the industry, as we help customers navigate their business in this environment. While we move ahead in building tools, establishing partnerships, and upskilling our teams in next-generation technologies, we have been winning several awards on the evaluation of our performance, corporate governance, and social and environmental responsibility.

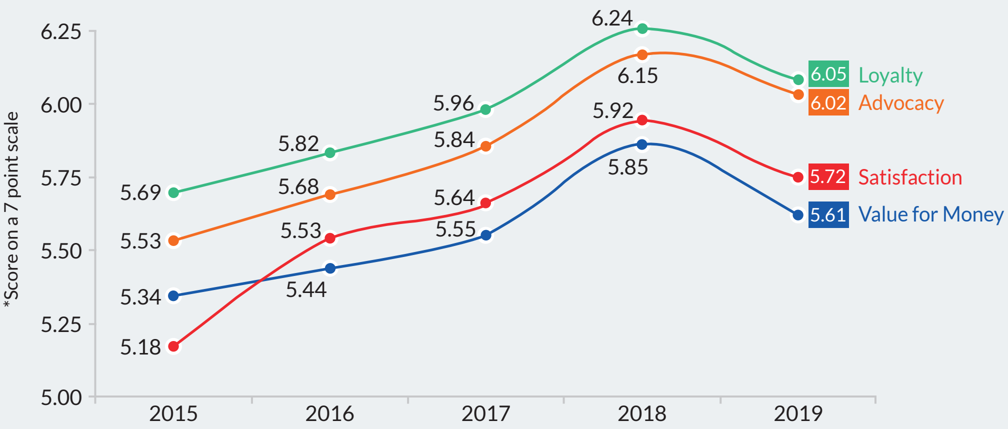
- Everest Recognises Hexaware as 'IT service provider of the year' for three consecutive years
- Hexaware wins the Golden Peacock Award for Excellence in Corporate Governance, 2018
- Everest mentions Hexaware as 'Major Contenders & Star Performer' for Property & Casualty (P&C) Insurance Digital Services
- Everest mentions Hexaware as 'Major Contenders' for Digital Healthcare Payer Services
- Hexaware wins the Gold Award at ITSMA Marketing Excellence Awards, 2018 for 'Transforming Marketing: Talent, Organisation, and Culture'
- IDC mentions Hexaware as "Major Player" for Agile Devops Services
- Hexaware's Analyst & Advisor Day event covered in GlobalData's Event Advisory report titled 'Hexaware to Focus on Cloud, Automation and Customer Experience'
- Hexaware recognised for setting Industry leading Benchmark Standards in Feedback Insights' 2018 Customer Experience Index
- Hexaware mentioned as 'Major Contender' for Guidewire Services by Everest Group
- Hexaware mentioned as 'Major Contender' for Insurance IT Services by Everest Group
- Hexaware mentioned as 'Major Contender' for Business Process Service Delivery Automation by Everest Group
- Everest mentions Hexaware as "Major Contenders" for Cloud Enablement Services
- Hexaware mentioned as 'Major Contender' and 'Star Performer' for global capital markets services by Everest Group
- Hexaware featured as 'High Performer' for Workday HCM Operations by HfS
- IDC mentions Hexaware as 'Major Player' for Digital Quality Assurance Services for Western Europe
- Ranked highest for the 2nd consecutive year in Third-Party Customer Delight Survey
- Rated as the Best IT Outsourcing Service Provider for 3rd consecutive year by Whitelane Research, Europe
- Hexaware wins UXINDIA's Blue Finalist Trophy at Design X Awards 2018
- Nelson Hall mentions Hexaware as "Major Players" for IOT Services

Increasing Customer Delight and Gaining Employee Trust

Customer Experience Index (Ex Index™)

We have been constantly delivering industry-leading customer experience based on four business metrics – satisfaction, loyalty, advocacy, and value for money.

Key Business Metrics



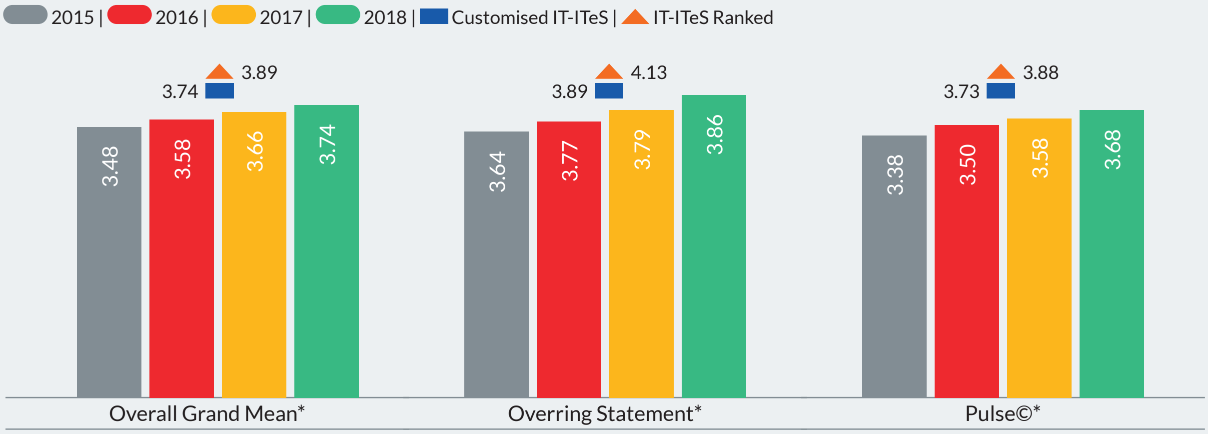
INDUSTRY SCORES*

High	Low
6.05	5.29
6.02	5.59
5.79	5.41
5.61	5.00

Great Place to Work (GPTW) Survey

We have been setting new benchmarks in gaining employees trust and nurturing talent year-on-year. The rising Trust Index Employee Survey is a testimony of promising work culture at Hexaware.

GPTW Survey



*Score on a 5 point scale

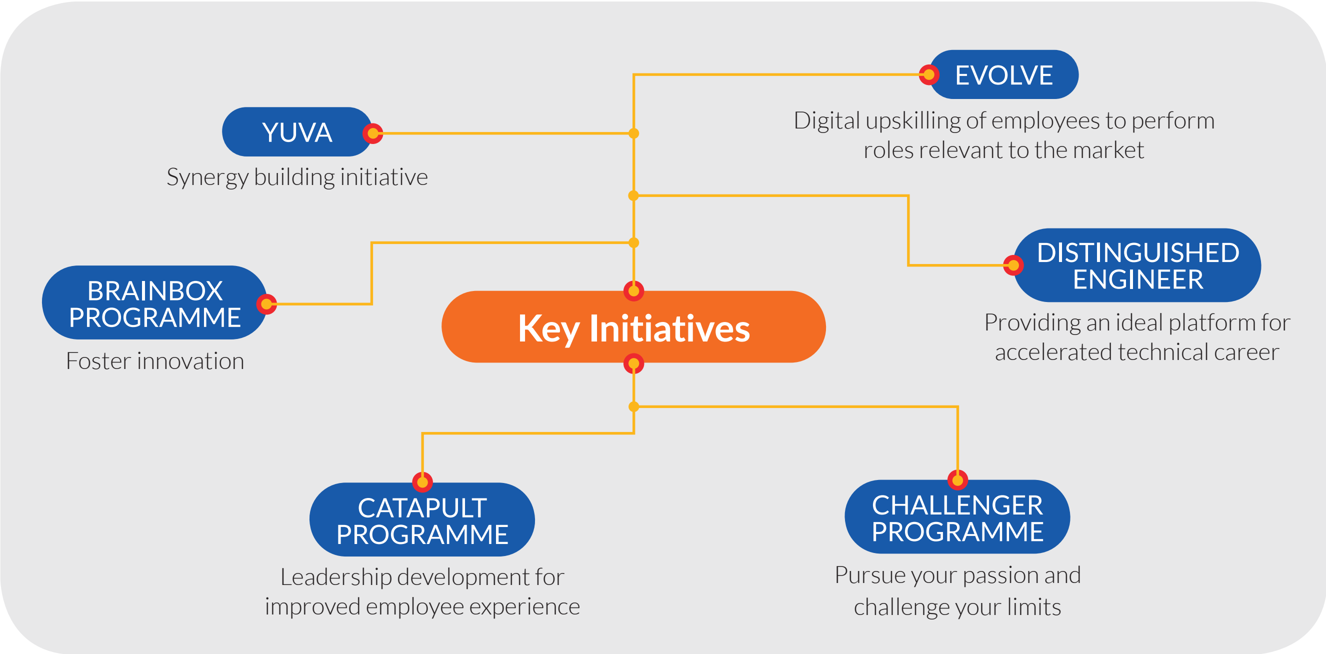
Creating Sustainable Organisational Performance

Our Human Capital is fully aligned with our broader strategy of maintaining quality-led growth. The calibre of our employees and the wholly work culture is the key to sustain and grow as a company in the long run. We are committed to equip people with skills, enabling them to seamlessly evolve with technological advancements.

Automation is the first approach of all our employees. Our 16,205+ intelligent and diverse workforce are exclusively handpicked from more than 20 countries and 80 top global academic institutions. Our employees have the freedom of being in charge, taking prompt on-the-ground decisions and have their voices heard. This is a result of our unique work culture and holistic development focus that enhances the technical and soft skills of our consultants. Our skilled and 'always learning' workforce nurtured by Hexavarsity, our corporate university, plays a crucial role in growth.

Transforming Employees

The Company has been on a journey of transforming the core skills of the employees, reflecting the need for full stack and cloud-native developers. The Company has been unrelentingly exploring and fuelling divergent thinkers, reshaping innovation through codeathons, and Bottom Up Disruption (BUD) focussed on customer-centric innovation through automation and digitalisation.



Our Key Initiatives

Creating Tomorrow's Workforce

a. Catapult

Catapult is a leadership development programme in partnership with Great Place to Work. This programme was based on their Giftwork® intervention for managers. The Catapult programme is geared towards providing an enhanced employee experience with focus on 4 areas, namely - Listening, Speaking, Caring and Thanking.

b. Challenger

The global programme offered an opportunity to go above and beyond, with the mission to nurture and celebrate a culture of high performance. It provided employees a platform to learn and work on aspirational technologies and use their expertise to contribute to several company-wide projects.

c. Distinguished Engineers Programme

This qualifies the employees to demonstrate their potential for superior technical accomplishments, and seeks to encourage and empower technically strong and agile minds, while shaping business decisions and processes.

d. EVOLVE

We have strengthened our commitment towards continuous improvement by launching a role-based certification programme. Our learning and development arm, Hexavarsity, provided an opportunity to the employees to own their career progression the way they have visualised it and perform roles relevant to the market.

e. Brainbox

Brainbox is a unique platform that harnesses the creativity and innovation potential of our employees, at the grass-roots level. It helps to bring improvement via automation and disruption to every project they work on. 'To be able to Think Better and to Think Imaginatively' is the USP of this programme.

f. Yuva

Our annual cultural event - Yuva, which brings everyone in Hexaware together to celebrate the true spirit of the company. The year-end event signifies the culmination of a year full of bonding, joyous moments and electrifying energy.

Giving Back is Inspiring

At Hexaware, we are committed to strengthen our societal bonds and uplift communities. Over the past year, through our investments in meaningful projects and initiatives, every Hexawarian has been committed to gradually bringing about a gainful impact on the society as a whole. With a philosophy that aligns with India's need for inclusive growth, we are synergising our efforts to create a broad-based and holistic impact on the society.

We are a company which firmly believes in creating a positive impact on our planet and the people around us. We sculpt our CSR programmes with the singular aim of generating opportunities for individuals and for the society to enable a better tomorrow. We largely invest in innovative, early stage non-profit solutions to address the societal and environmental challenges, which not only furthers our sustainability goals but also contributes towards progress – socially, ethically and environmentally. Each of our 5 Key Initiatives aim to return back to the society.

Our Key Focus Areas in CSR

- Sports
- Education
- Empowering the Youth
- Infrastructure
- Disaster Relief
- Professional Development
- Rural Upliftment
- Environmental Safety and Sustainability

Our 5-Fold Initiatives

Flagship Programmes
Conceptualised, funded and run by Hexaware

Programmes Aligned with National Theme
In line with India's main agenda to foster effective partnerships between NGOs and the Government, with the aim of social development

Sustainable Employee Engagement Programmes
Focussed on strengthening employee ties and uplifting their spirits, thereby uniting every individual for a greater cause

Stakeholder Management Programmes
Focussed on stakeholder synergies and initiatives

Clean and Safe Neighbourhood
Focusses on enriching communities and ensuring safe and hygienic neighbourhoods

Significant CSR initiatives

1. Our partnership with Olympic Gold Quest is to strengthen the efforts of young and deserving athletes and provide them with financial support. Recently, one of our supporting athletes, Aakarshi Kashyap, who is also a budding badminton player, won 4 national and international awards in the last 4 months; Gold medal in Badminton Under-21 Girls Singles at the Khelo India Youth Games (Jan 2019), Gold medal in Junior National Championship, Lucknow (Dec 2018), Runner-up in All-India Senior Ranking, Bangalore (Dec 2018), Runner-up in Bulgarian International 2018 (Oct 2018).

2. Our partnership with Space Kidz India is aimed at searching for young talent in the field of Science and Technology, especially in Aerospace, Aeronautics, Environment, Robotics, besides the conventional stream of Engineering and Medicine. Recently, on January 24, 2019, Space Kidz India successfully launched India's first student-made satellite, Kalamsat-V2 with the help of ISRO. This is the first to use fourth stage (PS4) of the PSLV as an orbital platform. The satellite was taken to its designated orbit by PSLV-C44. Space Kidz India is now planning to build another communication satellite and a research project for making communications happen during the time of disaster. This will be launched in May 2019 through Russian Space Agency in Moscow.

3. Our partnership with V-Excel is aimed to support individuals with special needs to help and equip them with requisite skills to be self-sufficient through professional vocational training and job opportunities. One of the beneficiaries, 26-year-old Aditya Sai Anand, joined the V-Excel Printing & Documentation programme in August 2018. He got trained in administration-related work, along with printing and documentation. He recently got placed in Hexaware BPS.

4. We always aim to seek ways in creating synergies amongst multiple NGO partners. The current achievement in this space has been bringing projects such as Antar Bharati Balgram Yojana, which houses orphan kids, and Smile Twin e-Learning, where a beneficiary learns vocational education. The need for this was identified as after schooling there was a gap in finding life-skills and preparing them to be independent in the society. On January 15, 2019, the Centre was made operational with 15 students.

CELEBRATING A TRULY AWESOME 2018

It is said that the people with fortitude don't just wait around for change; they create the change. In FY 2018, we at Hexaware became the attitude that we wanted to reflect in everything that we did. We nurtured our collective voice, our thoughts, words and actions to create an exhilarating environment that we are proud to be a part of. The only way we have become stronger than before is due to the efforts put in by each and every one of you.

Open Up was the overarching communication theme for the year. We left no stone unturned in ensuring that we created an ecosystem where diverse opinions mattered, were recognised and respected. Over the years, we had multiple outreach initiatives, each delivering home one key message - Hexaware encourages Opening Up; Hexaware celebrates Opening Up. Encouraging and fostering an open and supportive work environment have reaped enormous benefits for us.

This year saw the launch of game-changing initiatives such as Catapult and Challenger. Honing our leadership skills and providing wings to our employees' aspirations have helped Hexaware broaden its horizons. The upskilling programme - EVOLVE has helped us challenge our limits and aid career progression. Another feather in the cap was the much sought after - Distinguished Engineers Programme that empowered our employees to demonstrate their potential for superior technical accomplishments.

Our focus on Rewards and Recognition continued unabated and indeed strengthened our belief in the power of Appreciation and went a long way in making our workplace truly outstanding.

Our Freshers Training Programme in FY 2018 helped newcomers imbibe the true ethos of the company. Our success story continued with the launch of Dynamic Project End Feedback (PEF) to bring people up to speed and improved productivity. The host of EAP awareness sessions, counselling and wellness programmes. Your ideas and suggestions for EMPOWER 2018 will usher in positive changes in the coming year.

Our employees have been an integral part of all our success stories. FY 2018 has been a year to reflect on our achievements and set new and challenging targets for ourselves. The spirit of "Open-up" truly reverberated across the organisation and we look forward to continuing the same excitement as we step into another new year.

Our Performance Scorecard

(₹ in Million unless otherwise stated)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenue	46,478	39,420	35,349	31,235	25,817	22,853	19,482	14,505	10,546	10,386
EBITDA before ESOP/RSU cost	7,712	6,901	6,010	5,569	4,776	5,122	4,041	2,615	912	1,989
EBITDA after ESOP/RSU cost	7,338	6,552	5,764	5,358	4,776	5,122	4,040	2,613	905	1,976
EBIT	6,688	5,919	5,211	4,876	4,336	4,736	3,716	2,366	663	1,705
Profit Before Tax	7,266	6,406	5,604	5,046	4,181**	4,795	4,040	3,075	1,168	1,445
Profit After Tax	5,835	4,995	4,192	3,932	3,202**	3,791	3,276	2,670	1,076	1,342
Net Worth	23,919	20,073	17,409	14,332	12,906	11,992	12,038	10,162	9,655	8,497
Loan Funds	-	-	-	-	-	-	-	-	112	163
Capital Expenditure	609	957	2,223	1,367	604	411	744	633	340	252
Cash and Bank Balance (including restricted balance & mutual funds)	8,341	5,521	4,482	4,428	4,939	6,564	4,472	4,606	4,753	4,118
Growth ratios										
Revenue (%)	17.9	11.5	13	21	13	17	34	38	2	(10)
EBITDA (Before RSU Cost) (%)	12.0	13.7	8	12	(7)	27	55	189	(54)	65
EBIT (%)	13.0	13.6	7	12	(8)	27	57	257	(61)	86
Profit Before Tax (%)	13.4	14.3	11	21	(13)	19	31	163	(19)	94
Profit After Tax (%)	16.8	19.2	7	23	(16)	16	23	148	(20)	128
Performance ratios										
EBITDA Margin before ESOP/RSU cost (%)	16.6	17.5	17.0	17.8	18.5	22.4	20.7	18.0	8.6	19.2
EBITDA Margin after ESOP/RSU cost (%)	15.8	16.6	16.3	17.2	18.5	22.4	21.0	18.0	9.0	19.0
EBIT Margin (%)	14.4	15.0	14.7	15.6	16.8	20.7	19.0	16.0	6.0	16.0
Net Profit Margin (%)	12.6	12.7	11.9	12.6	12.4	16.6	17.0	18.0	10.0	13.0
Tax /Total revenue (%)	3.1	3.6	4.0	3.6	3.8	4.0	4.0	3.0	1.0	1.0
Effective tax rate (%)	19.7	22.0	25.2	22.1	23.4	21.0	19.0	13.0	8.0	7.0
Balance Sheet ratios										
Return on average net worth (%)	26.53	26.65	26.41	28.87	25.72	31.55	30.00	27.00	12.00	18.00
Debt Equity ratio (%)	-	-	-	-	-	-	-	-	1	2
Per Share Ratio										
Dividend Payout Ratio (%)	43	29	60	80	105	103	57	51	47	18
Earnings Per Share – Basic (₹)	19.65	16.79	13.89	13.05	10.87	12.70	11.09	9.13	3.72 *	4.67 *
Cash Earnings Per Share (₹)	18.45	16.05	15.66	13.04	13.68	11.15	7.31	4.72	0.41	4.96
Dividend Per Share (based on declaration) - (₹)	8.50	4.00	5.50	8.65	9.45	11.10	5.40	4.00	3.00	1.40

* retrospectively adjusted for the bonus shares issued in FY 2011
** after exceptional item
Note: FY 2018, 2017 and 2016 are as per Ind AS and FY 2009 to FY 2015 is as per previous Indian GAAP.

Notice

Notice is hereby given to all the members of Hexaware Technologies Limited (the "**Company**") that the Twenty Sixth Annual General Meeting of the Members of the Company will be held on Tuesday, April 23, 2019 at 3.30 p.m. at Walchand Hirachand Hall, 4th Floor, IMC Bldg., IMC Marg, Churchgate, Mumbai – 400020 to transact the following business:

ORDINARY BUSINESS:

Item no 1 – Adoption of Financial Statements

To receive, consider and adopt the Audited Standalone Financial Statements and Audited Consolidated Financial Statements of the Company for the financial year ended December 31, 2018 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 ₹ 8.50/- per equity share of ₹ 2/- each, already paid for the financial year ended December 31, 2018.

Item no 3 - 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.

SPECIAL BUSINESS:

4. Special Resolution

Re-appointment of Mr. P R Chandrasekar 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. P R Chandrasekar (holding DIN 02251080), a non-executive Director of the Company, who is eligible for re-appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby re-appointed as an Independent Director of the Company to hold office for three years w.e.f. January 01, 2019 and shall not be liable to retirement by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

5. Special Resolution

Adoption of New Articles of Association

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

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 ("**Act**") and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and subject to such terms, conditions, amendments or modifications if any, as may be required or suggested by any appropriate authorities, replacement and substitution of the existing Articles of Association of the Company with the Articles of Association as submitted to this meeting which are in accordance with the Companies Act, 2013, be and is hereby approved, and the substituted Articles be adopted as the Articles of Association of the Company;

Notice

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this Resolution and to settle any questions, difficulties or doubts that may arise in this regard."

By Order of the Board of Directors
For Hexaware Technologies Limited

Sd/-
Gunjan Methi
Company Secretary

Date: March 12, 2019
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
Website: www.hexaware.com
Tel: 022 - 67919595
Fax: 022 - 67919578

NOTES:

1. The Explanatory Statement, for item nos. 4 and 5, 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 on General Meetings, of persons seeking appointment / re-appointment as Directors under Item No. 3 & 4 of the Notice, are given in Corporate Governance Report.

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/proxy shall bring the enclosed attendance slip duly filled in, for attending the meeting. All documents referred to in the notice and in the accompanying explanatory statement are open for inspection at the registered office of the Company between 10:00 am and 1:00 pm on all working days (Monday to Friday), except Saturdays, Sundays and holidays, up to the date of the Annual General Meeting (AGM).

4. Shareholders are requested to intimate the change in their address, if any, quoting the folio number/ DPID Client ID 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 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL on all resolutions set forth in this Notice. The facility of electronic voting system shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through electronic voting system. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on April 16, 2019 are entitled for remote e-voting on the Resolutions set forth in this Notice.

6. The process and manner for e-voting and other details are also sent with Annual Report and forms part of the Notice.

7. The Register of Directors Shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

8. The Register of Members and Share Transfer Books of the Company shall be closed on Friday, April 05, 2019, 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 final Dividend 2011 and the financial year 2012 onwards, may approach the Registrar and Share Transfer Agent, M/s. Karvy Fintech Private Limited, for making their claim without any further delay as the said unpaid dividends will be transferred to the Investor Education and Protection Fund of the Central Government pursuant to the provisions of Companies Act. Further Ministry of Corporate Affairs has recently notified new Rules namely "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" which have come into force from September 7, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years in the name of IEPF Suspense Account. The details of unpaid / unclaimed dividend and number of shares liable to be transferred are available on our website: **www.hexaware.com**

10. Shareholders are requested to note that no claim shall lie against the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government. However, Shareholders may claim from IEPF Authority both unclaimed dividend amount and the shares transferred to IEPF Suspense Account as per the applicable provisions of Companies Act, 2013 and rules made thereunder.

11. A sum of ₹1,46,33,473/- (Rupees One Crore Forty Six Lakh Thirty Three Thousand Four Hundred and Seventy Three) has been transferred to the Investor Education and Protection Fund in the year 2018 towards unclaimed/unpaid dividend for the year 2010 and 2011 comprising four dividend accounts.

12. Members are entitled to nominate a person to whom his/her shares in the Company shall vest in the event of his/her demise, by filling up Form No. SH-13. The shareholders are requested to avail of this facility. The duly filled in and signed nomination Form No. SH-13 should be sent to the Registrar and Share Transfer Agent, M/s. Karvy Fintech Private Limited at the address mentioned elsewhere in the Notice.

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 Registrar and Transfer Agent. 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 Agent to provide efficient and better service to the Members. Members holding shares in physical form are requested to advice such changes to the Company's Registrar and Transfer Agent, Karvy Fintech Private Limited.
14. Members are requested to:
    a. Intimate to the Company's Registrar and Share Transfer Agent/Depository Participant, changes, if any, in their respective addresses along with Pin Code number at an early date.
    b. Quote folio numbers/DP ID – Client ID in all their correspondence.
    c. Consolidate holdings into one folio in case of multiplicity of folios with names in identical order.
    d. Update Bank details and PAN number 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 the Members at the AGM. 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 to **Investori@hexaware.com.**
18. Members are requested to bring their copies of the Annual Report for the meeting.
19. As communicated earlier, as per SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2018 any shareholder holding shares in physical form needs to compulsorily convert them into demat mode by opening a demat account with a Depository to enable him/her to trade in the shares by March 31, 2019.
20. M/s. S. N. Ananthasubramanian & CO., Practicing Company Secretary has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
21. Pursuant to Section 101 of Companies Act, 2013 read with rules made thereunder, the Company is allowed to send documents such as the Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc. to the members in electronic form at the email address provided by the members and made available to the Company by the Depository/ Registrar & Share Transfer Agent (RTA). It is encouraged that members support this green initiative and update their email address registered with RTA / Depository to ensure that all communication sent by the Company are received at the desired email address. Please let us know in case you wish to receive the above documents in paper mode. For members who have not registered their email addresses with the Depositories, physical copies are being sent by the permitted modes. The Notice of the Meeting is also posted on the website of the Company at www.hexaware.com.
22. Re-appointment of Directors: At the ensuing AGM, Mr. Kosmas Kalliarekos, Non – Executive Director of the Company retires by rotation and being eligible offers himself for re-appointment. Mr. P R Chandrasekar is being re-appointed for a period of three years as an Independent Non – Executive 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 are provided in Corporate Governance Report published in this Annual Report.
23. The appointment of M/s. BSR & Co. LLP, Chartered Accountants, Mumbai with Registration no. 101248W/W-100022 for a period of 5 years, to hold office till the conclusion of 30th AGM subject to ratification at every AGM, was confirmed by the members in the 25th AGM held on May 03, 2018.

    Vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the AGM.
24. The route map of the venue of the meeting is given in the Notice.

EXPLANATORY STATEMENT FOR ITEM NO. 3, 4 & 5 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 3:

Director, Mr. Kosmas Kalliarekos, (DIN: 03642933), retires by rotation, and being eligible, seeks re-appointment. Kindly refer the report on Corporate Governance for information in respect of appointment of Mr. Kosmas Kalliarekos, pursuant to the Secretarial Standard on General Meetings. Your Directors recommend the resolution for approval of members.

Except Mr. Kosmas Kalliarekos to the extent of his shareholding, if any, in the Company, none of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed item no. 3 .

Item no. 4:

The Board of Directors on the recommendation of the Nomination & Remuneration Committee and pursuant to the provisions of Section 161 of the Act and applicable rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, re-appointed Mr. P R Chandrasekar (DIN 02251080) as an Additional Director of the Company in the capacity of an Independent Non -Executive Director for a period of three years (w.e.f January 01, 2019), holding office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from a member proposing the candidature of Mr. P R Chandrasekar as an Independent Director of the Company. The re-appointment of Director is made as a result of performance evaluation of Directors.

The Company has received from Mr. P R Chandrasekar (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of The Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) intimation in Form DIR 8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming his eligibility for such reappointment, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. P R Chandrasekar fulfills the conditions specified in the Act and the rules framed thereunder for re-appointment as an Independent Director and is independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Companies Act, 2013, the re-appointment of Mr. P R Chandrasekar as an Independent Director is now being placed before the Members for their approval.

All the relevant documents, letter of appointment including the terms and conditions of re-appointment of Mr. P R Chandrasekar as an Independent Director 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 day, (Monday to Friday) except Saturdays, Sundays and holidays up to the date of Annual General Meeting and the same shall be available at the time of Annual General Meeting.

A brief profile of Mr. P R Chandrasekar is given below:

Mr. P R Chandrasekar was CEO of the Company from June 2008 till July 2014. He has a successful track record of driving revenue growth for companies, and is experienced in mergers & acquisitions, business development, channel development, and strategic initiatives. Prior to joining Hexaware, he was President (Americas and Europe) at Wipro and was responsible for the strategic development of the company's business in those regions. Mr. P R Chandrasekar joined Wipro in May 2000 from GE India, where he served as Director, business development. He holds a degree in engineering from Indian Institute of Technology, Madras (IIT-M) and an MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai University. The Board considers that the continued association of Mr. P R Chandrasekar with vast experience in various areas will help the Company to decide future business strategies for growth of the Company and would benefit the Company.

Kindly refer the report on Corporate Governance for information in respect of re-appointment of Mr. P R Chandrasekar, pursuant to the Secretarial Standard on General Meetings with regard to age, qualification, experience, date of first appointment, shareholding, number of meetings of the Board attended during the year, remuneration drawn and relationship with other Directors, Manager and Key Managerial Personnel, other Directorship, membership/chairmanship of committe of other boards. Terms and conditions of re-appointment of Mr. P R Chandrasekar are available on our website **www.hexaware.com/investor/**

Pursuant to Secretarial Standards on General Meeting, the summary of performance evaluation of Mr. P R Chandrasekar is as follow:

He helps in bringing judgment on the Board of Directors' deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct. He participates constructively and actively in the meetings of the Board / committees of the Board in which he is a member. He keeps himself well informed about the Company and the external environment in which it operates.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the Members.

Notice

Except Mr. P R Chandrasekar and except to the extent of his 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 at Item no. 4 in the Notice

Item no. 5:

The existing Articles of Association are based on the Companies Act, 1956 and the same were amended from time to time in accordance with the provisions of the Companies Act, 1956.

With the introduction of the Companies Act, 2013, several regulations of the existing Articles of the Company require alteration or deletion. Given this position, it is proposed to amend the existing Articles of Association to make it consistent with the provisions of Companies Act, 2013 including the Rules framed thereunder.

The Board recommends the Special Resolution set out at Item No. 5 of the Notice for approval by the Members.

A copy of the proposed set of new Articles of Association of the Company would be available 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 Annual General Meeting and the same shall also be available at the time of Annual General Meeting.

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 at Item no. 5 in the Notice except to the extent of their shareholding and outstanding employee stock options, if any, in the Company.

By Order of the Board of Directors
For Hexaware Technologies Limited

Sd/-
Gunjan Methi
Company Secretary

Date: March 12, 2019
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
Website: www.hexaware.com
Tel: 022 - 67919595
Fax: 022 - 67919578

Route Map for the venue of the meeting

VENUE:

Walchand Hirachand Hall, 4th Floor, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020.
Prominent Land Mark: Churchgate Railway Staion.

Directors' Report

To

THE MEMBERS,

The Directors are pleased to present their Twenty Sixth Annual Report, on the business and operations of Hexaware Technologies Limited (hereafter referred to as 'the Group' or 'The Company') together with audited financial statements for the financial year ended December 31, 2018.

The financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS'). In accordance with the notification issued by Ministry Corporate Affairs, the Group had adopted Ind AS with effect from January 1, 2017.

Financial Performance:

Consolidated Operations:

(USD million)

	FY 2018	FY 2017
Income from Operations	**677.67**	607.49
EBITDA before ESOP/ RSU cost	**112.12**	106.41
EBITDA after ESOP/ RSU cost	**106.65**	101.02
Profit from Operations *	**97.14**	91.26
Profit before Tax	**105.67**	98.75
Profit after Tax including share in profit of associate	**84.86**	77.03
Total Customers	**224**	221
Average account size	**3.03**	2.75

(₹ million)

	FY 2018	FY 2017
Income from Operations	**46,477.62**	**39,420.14**
EBITDA before ESOP/RSU cost	7,711.93	6,901.14
EBITDA after ESOP/RSU cost	7,338.19	6,551.64
Profit from Operation *	6,687.64	5,918.87
Add: Exchange Rate Gain (net)	471.45	449.62
Add: Other Income	105.48	35.82
Less: Interest	(0.42)	(1.19)
Profit before share in profit of associate	**7,264.15**	**6,403.12**
Add: Share in profit of associate	1.66	2.70
Profit before Tax	**7,265.81**	**6405.82**
Less: Provision for Taxation	1,431.18	1,410.56
Profit after Tax	**5,834.63**	**4,995.26**
Other Comprehensive Income (OCI)	122.22	91.86
Total Comprehensive Income	**5,956.85**	**5,087.12**

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

India Operations:

(₹ million)

	FY 2018	FY 2017
Income from Operations	**17,940.25**	**15,241.07**
EBITDA after ESOP/RSU cost	5,470.42	4,894.66
Profit from Operations *	4,976.35	4,401.30
Add: Exchange Rate Gain (net)	516.82	537.40
Add: Other Income	24.95	29.16
Less: Interest	(0.28)	(0.62)
Profit before Tax	**5,517.84**	**4,967.24**
Less: Provision for Taxation	988.25	857.64
Profit after Tax	**4,529.59**	**4,109.60**
Add: Balance brought forward from previous year	7,948.96	4,886.20
Other Comprehensive Income (OCI)	33.00	84.53
Add: Transfer from Special Economic Zone Reinvestment Reserve	297.25	487.22
Balance available for appropriation	**12,808.80**	**9,567.55**
Appropriation		
Interim dividend including tax on dividend	2,506.03	1,428.09
Transfer to Special Economic Zone Reinvestment Reserve	749.63	178.35
Expense on buyback of shares	-	12.15
Balance carried to Balance Sheet	**9,553.14**	**7,948.96**

Results of Operations

a) Consolidated Operations:

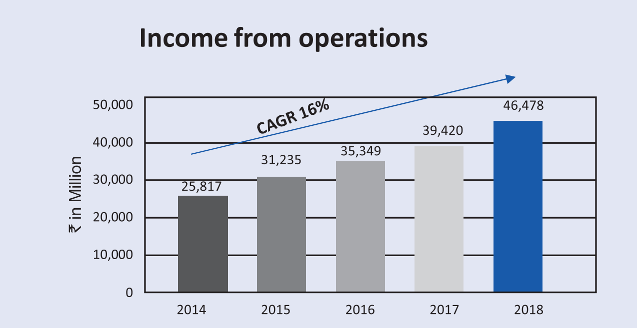
Income from operations increased to ₹ 46,477.62 million in 2018 from ₹ 39,420.14 million in 2017, growth of 17.9%. The growth in Dollar terms was 11.6%, reaching USD 677.67 million in 2018 from USD 607.49 million in 2017. Revenue in constant currency was USD 677.41 million in 2018, growth of 11.5%. Growth was driven largely by volume increase, aided by higher onsite mix.

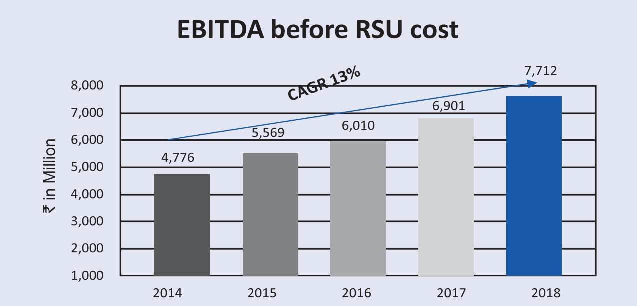
EBITDA after RSU costs increased to USD 106.65 million in 2018 compared to USD 101.02 million in 2017, growth of 5.6%. In INR terms, it saw growth of 12.0% and increased to ₹ 7,338.19 million in 2018 compared to ₹ 6,551.64 million in 2017.

Profit from Operations (profit before Exchange rate difference, Interest, Other income and Provision for taxation) was at ₹ 6687.64 million in 2018 as against ₹ 5,918.87 million in 2017, growth of 13.0%.

Profit before tax grew 13.4% to ₹ 7,265.81 million in 2018 compared to ₹ 6,405.82 million in 2017.

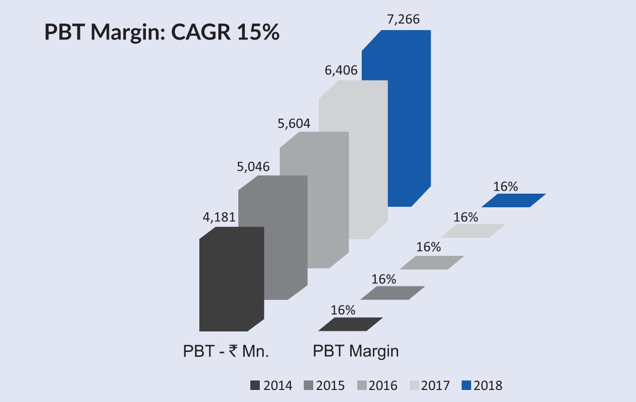
Profit after tax stood at ₹ 5,834.63 million in 2018 as compared to a profit of ₹ 4,995.26 million in 2017, growth of 16.8%. PAT margins in INR terms were at 12.6% in 2018 compared to 12.7% in 2017.

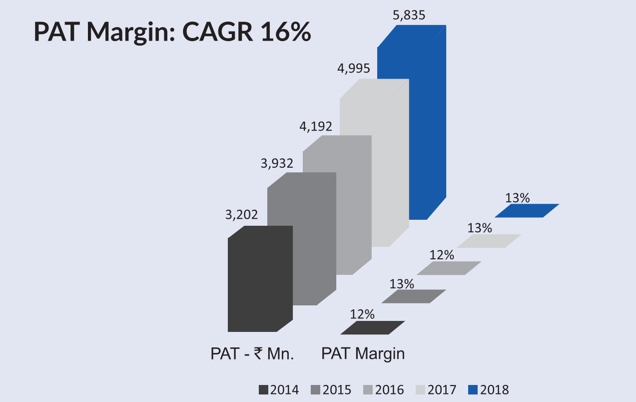




FY 2014 to 2015 are as per previous GAAP and not strictly comparable with FY 2016, 2017 & 2018 which is as per Ind AS

PROFITABILITY





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.

Company's major achievements in 2018

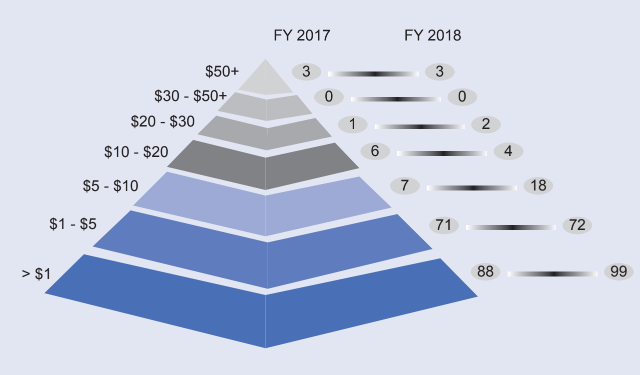
The Company to maintain its growth momentum of double digit growth with year-on-year growth both in revenue and profits.

- ✓ In 2018, growth in revenue over 2017 was 17.9% in INR terms and 11.6% in USD terms.
- ✓ EBITDA after ESOP/RSU cost grew 12.0% in INR terms during the year 2018.
- ✓ Profit for the year grew at 10.2% in USD terms and 16.8% in INR terms.
- ✓ Diluted EPS grew by 16.6% in 2018 over 2017.
- ✓ Return on net-worth continues to be above 26.5%.

Directors' Report

Over the past few years the focus has been on adding and growing clients with meaningful revenue base. This has led to revenue growth being higher than growth in number of accounts, leading to increased revenue per client. In 2018, the Company added 1 client to the $20-$30 million category, 11 in the $5-$10 million category. Significant expansion in the $5-$20 million revenue category was a real highlight for the Company. Overall the Company added 11 clients in the > $1M category.

Revenue from top 5 customers has increased by 5%, from next 5 increased by 3% and from next 10 increased by 13%. The Company is poised to see the shaping of pyramid.



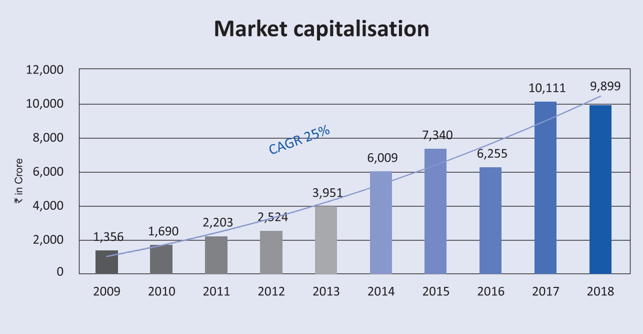
b) India operations:

In the year 2018, the revenue of the standalone legal entity increased by 17.7% to ₹ 17,940.25 million in comparison with revenue of ₹ 15,241.07 million in the previous year. The net profit after tax was ₹ 4,529.59 million as compared to ₹ 4,109.60 million in 2017 showing growth of 10.2%.

Share capital

The paid-up Share Capital of the Company as on December 31, 2018 was ₹ 594.72 million comprising of 297,360,989 Equity Shares of ₹ 2/- each. During the year 557,232 shares were exercised under different ESOP schemes.

The market capitalization of the Company as on December, 31, 2018 was at ₹ 98991.47 million (USD 1418.72 million). The market capitalization is calculated on the basis of closing prices of ₹ 332.90 on The National Stock Exchange and the closing exchange rate of 1 USD = ₹ 69.7750 as at December 31, 2018.



Other equity (Reserve and surplus and other comprehensive income)

The Standalone total other equity increased to ₹ 16,776.08 million as compared to ₹ 14,823.34 million as of FY 2017, increased of ₹ 1,952.74 million.

The Consolidated other equity increased to ₹ 23,323.93 million as compared to ₹ 19,479.14 million as of FY 2017, increased of ₹ 3,844.79 million.

The Securities premium reserve balances stood at ₹ 3635.69 million.

The balance of the Retained earnings after the appropriations for the year is ₹ 9553.14 million.

Forex Mark-To-Market: The year-end cash flow hedging reserve (net of tax) stood at a loss of ₹ 14.86 million, as compared to a gain of ₹ 465.83 million in the previous year recognised in accordance with the hedge accounting provision of IndAS 109 Financial Instruments.

The Company recorded ₹ 991.75 million in Employee stock named as Share options outstanding a reserve being amortisation of compensation cost of RSUs granted to the employees of the Group.

There was no transfer to General reserve during the year. The general reserve balance as at the end of the year is ₹ 2,117.71 million

Dividend

During the year 2018, the Company paid ₹ 2,506.03 million in aggregate by way of four interim dividends on equity shares, Q4 2017 – ₹ 1.00 (50%), Q1 2018 – ₹ 1.00 (50%), Q2 2018 – ₹ 2.50 (125%), Q3 2018 – ₹ 2.50 (125%) totalling to ₹ 7.00 per share (350%).

The Board of Directors at its meeting held on January 30, 2019 declared interim dividend of ₹ 2.50 (125%) for the Q4 2018, with this the total dividend declared for the year 2018 aggregated to ₹ 8.50 (425%) per share.

The Board of Directors have not recommended payment of any final dividend and interim dividends as aforesaid be considered as final.

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

	Q1	Q2	Q3	Q4	Total
Dividend	296.84	296.85	742.14	743.4	2,079.23
Tax	60.43	61.02	152.55	152.80	426.80
Total	**357.27**	**357.87**	**894.68**	**896.21**	**2,506.03**

In accordance with Regulation 43A of the Listing Regulations, the Company has formulated a 'Dividend Distribution Policy' and details of the same have been uploaded on the Company's website at http:// hexaware.com/investors/

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. 6A, 6B, 8A, 8B and note no. 23 of Standalone Financial Statements.

Subsidiaries and associates

During the year 2018, the Company has made an initial investment in the wholly owned Subsidiary as given below:

Sr. No.	Name of Company	₹ in Million
1	Hexaware Information Technology (Shanghai) Limited	3.71

During the year, the Company has closed two Subsidiary Companies, M/s. Hexaware Technologies Do Brazil Limited w.e.f July 24, 2018 and Step down subsidiary M/s. Digitech Technologies Inc w.e.f September 27, 2018.

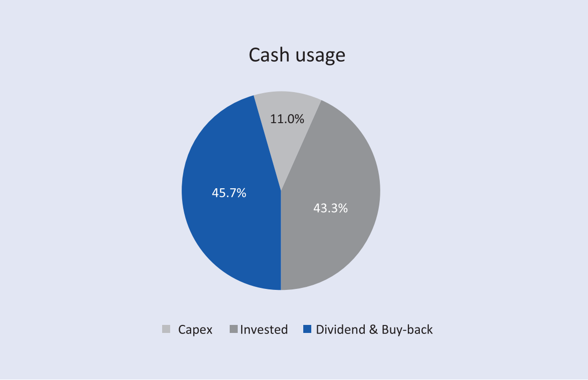
In accordance with Section 129(3) of the Companies Act, 2013, consolidated financial statement of the Company and all its subsidiaries, forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of our subsidiaries in the prescribed format AOC - 1 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. These documents will also be available for inspection during business hours at the registered office of the Company.

Cash Flow

The cash generated from operations in 2018 was ₹ 5,487.03 million. The Company has invested ₹ 608.68 million in property, plant and equipment and intangible assets, mainly for new development centre in Chennai and Pune. During the year, the Company paid dividend including dividend tax of ₹ 2,506.03 million.

The Company has received ₹ 4.24 million from issue of shares. As of December 31, 2018 the cash position of the Company was ₹ 8,340.64 million including the restricted bank balance and Mutual Fund investments (cash equivalent), equivalent to USD 119.54 million . The total cash & bank balance was at ₹ 8,050.55 million equivalent to USD 115.38 million.



Business Strategy – The details on Business Strategy are provided on page 1, 12, 13 & 14 of the Annual report.

Delivery Centers

India based Global Delivery Centres (GDC)

Mumbai:

The Company has two Offshore Development Centers (ODCs) at Millennium Business Park in Mahape, Navi Mumbai. One of these is the registered office of the Company. Both these ODC's houses around 1100 employees.

The Company's BPS arm operates out of two service centers in the same complex, with around 1800 employees providing BPS services to its global clients in shift mode.

The Company has also taken premises on long-term lease for its IT and BPS operation in the SEZ facility named Loma IT Park, Ghansoli, Navi Mumbai with seating capacity of 1850 employees including for BPS operations. There are around 1400 employees working from this center.

Chennai:

There are around 4800 IT professional employees working from the Company's 27acre campus in Chennai. This campus houses employee-friendly amenities like recreation center, library and gymnasium facilities – offering plenty of avenues for relaxation and rejuvenation as well as knowledge enhancement through Hexavarsity – the Company's in-house Learning and Development University.

The Company's Chennai "green campus" conforms to eco-friendly norms and regulations, like optimal use of solar energy, use of eco- friendly building materials and a judicious spread of landscaped spaces around seating facilities across various levels.

The said green campus also houses state of the art customer experience center.

Currently seating capacity is expanded to 5,500 seats in Phase 1. The Phase 2 will add 3,300 seats.

Directors' Report

The BPS arm also operates out of another two facilities in Chennai of which one is in SEZ with seating capacity of 1739. The combined strength of around 830 employees operates from the facilities.

Pune:

In Pune, the Company has own SEZ campus at Hinjewadi. The first phase of this campus has seating capacity of 1900 seats. Around 650 IT and BPS employees are currently operating from this campus.

Nagpur:

The Company owns 20 acres of land in MIHAN SEZ, Nagpur, a tier II city. This facility is currently operational with around 807 BPS employees and has seating capacity to accommodate 1104 professionals in different shifts.

Bengaluru:

This facility in India's IT capital of Bengaluru has capacity of 50 seats. This facility is currently operational with around 27 employees.

Coimbatore:

Hexaware BPS arm has a facility in Coimbatore with seating capacity of 256 employees and around 196 BPS employees are working from this facility for providing BPS services to its global clients in shift mode.

Noida:

The Company has opened New Delivery Centre at Noida. It has seating capacity of 32 employees. This delivery Centre is in operation at its 100% capacity.

Overseas Global Delivery Centres

New Jersey (USA):

The Company has GDC at New Jersey, USA with seating capacity of 64 employees and currently 40 IT Professional Employees are working from this delivery center.

Alpharetta, GA (USA):

The Company has GDC at Alpharetta in the state of Georgia, USA with seating capacity of 166 employees and currently 83 IT Professional Employees are working from this delivery center.

Dunwoody, GA (USA):

The Company has GDC at Dunwoody in the state of Georgia, USA with seating capacity of 211 and currently 191 IT Professional employees are working from this delivery centre.

Reston, Virginia (USA):

The company has delivery centre at Sunrise Valley in the state of Virginia with seating capacity of 70 and currently 35 IT Professional employees are working from this delivery centre.

Amsterdam (Netherlands):

The Company has GDC at Amsterdam with seating capacity of 12 and currently 08 IT Professional employees are working from this delivery centre.

Mexico:

The Company has a strong presence in Mexico with a near-shore Delivery Centre at Saltillo with employee's seating capacity of 487. 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. Currently around 427 IT and BPS professional employees are working from this delivery centre.

The Company also has Global Delivery Centre at Monterrey, Mexico with seating capacity of 54 and currently 30 IT professional employees are working from this delivery centre

Tver (Russia):

The Company has a center in Russia for its BPS operation which has a seating capacity of 156 employees. Currently around 120 employees are working from this location for providing BPS services to a Global Client.

China:

The Company has center in Guangzhou and Shanghai, China for its BPS operations with a small office.

Human Resource Capital

Human Resource Capital and the value that it creates form a big part of Hexaware's growth story. The industry today is changing rapidly with many disruptive business models necessitating a need for human capital to adapt in an agile manner. Automation and digitization have become buzzwords today. The focus of the Company has been to leverage digital re-imagination to drive growth and efficiency of its business models, products and services, business processes as well as the workplace. This helps the Company to deliver a superior experience to every key stakeholder, viz. customers, employees, investors and the community at large.

Exceeding customers' expectations requires a high level of focus, competence and technical expertise. The Company strengthened its recruitment efforts through continued employee referrals, job fairs, social media & campus recruitment drives. Over the last year, the Company has added 2500 employees, taking the total strength to 16205 as at December 31, 2018 from 13705 at the end of the previous year. The Company is focused towards attracting and retaining high calibre employees through comprehensive Hiring and on-going Deployment processes. Gender Diversity is more evident now with a healthy 31.05% of our workforce being women.

The Company takes pride in its continued focus on employee retention. In its sustained efforts to make Hexaware a Great Place to Work, the focus has been on furthering employees' career aspirations. The Company believes that its workforce lives its brand and to that end the HR team is always working on initiatives that helps build an engaging organization. Today, the youthfulness and the agility in its talent reflects the new brand identity of Hexaware.

To sustain its Human Capital Strategy, the Company has identified and consolidated strong performance indicators. This has led to an increased focus on accountability and ownership from all.

Hexaware conducted the EMPPOWER survey, an employee engagement survey in collaboration with Great Place to Work®. Hexaware has invested in building a better workplace and the survey analysis will help the Company to precisely measure the underlying level of trust within the Company and help it to take steps to improve the work environment through the qualitative and quantitative data that the Company has collected.

The EMPPOWER survey closed with a good response and resulted in an increase in the overall rating to 3.74 from 3.66 in 2017. The rating on the overriding question also increased to 3.86 from 3.79 in 2017.

The Company is committed to remain focused on its journey to be in the ranked list of Great Places to Work and this year's rating will further boost the chances and help the Company make measurable and impactful changes for employee engagement and welfare.

Talent Management - Asset Development

The Company believes that great talent is the biggest source of competitive advantage. Keeping its talent pool at the centre of all the management strategies is prime focus of the Company. And the senior leadership team is clear in its expectations from the vast reservoir of talent that the Company has.

The Company's focus is to develop a strong internal pipeline of talent and to provide a platform for talented individuals to shine, innovate and create value for our clients. The company focusses on Talent Management through interventions at every step of the way, right from Hiring to Retention.

The Company believes that appreciation propels people to give their best at work and the robust Rewards & Recognition portal of the Company bears testimony to that. Managers are continuously encouraged to ingrain a culture of appreciation and nominate deserving employees for awards such as Spot/Ace/Star, Best Debutant and Best Team etc. Winners are guaranteed global recognition in the Hexaware world creating a memorable employee experience that is paramount to our Rewards & Recognition strategy. The Company has also linked this system to the Performance Management System.

To help smoothen the process of Performance Management and to familiarize the people with the nuances of its tool, the Company has regular connect sessions and specific learning modules designed by the HR team. The Performance Management System has an inbuilt structured and streamlined process to objectively evaluate one's performance against pre-defined goals. The new dynamic Project End Feedback system ensures that consultants get feedback for every project that they work on and are aware of their areas of improvement.

The Company focuses on holistic employee development. In its quest for consistency and excellence, the Company rewards its top performers and one of its exclusive clubs continues to be the High Performers Club (HPC) program, the membership to which is restricted only to consistent top achievers.

Another popular initiative that helps the Company tap into the collective intelligence of its talent is Brainbox. This is a platform for the consultants to post ingenious ideas that go a long way in helping the customers save time and money.

Employee Engagement is a binding force that helps the Company work globally. The Company understands the need for employees to connect with the Hexaware world on a global platform and the internal social networking tool, Facebook@ Work helps to collaborate, brainstorm, provide real-time feedback and communicate with the leaders directly. The Fun Work activities throughout the year helps the consultants to relax, rewind and rejuvenate themselves. These activities run by the different Funsters groups along with unit picnics, project lunches, ODC based fun initiatives are all geared towards team bonding and strengthening the common goal of working together as one Hexaware despite being spread out in various locations worldwide.

Hexaware's structured talent development programs through various initiatives such as Challenger, Catapult, Distinguished Engineers and other learning and development programs fully help in leveraging talents of the employees.

Hexaware's Talent Management approach is to bring about transformation and growth opportunities for its consultants keeping in mind the evolving industry trends and people practices pivots on a culture that embraces and nurtures talent, rewards top performance and focusses on Customer delight.

Detailed Description of key HR initiatives are given on page 26 & 27 of the Annual Report.

Information Security

Information Security is considered an enabler of business assurance at the board level today and hence its governance and management are of paramount importance to the Company. Beyond compliance, being the expectation of the customers in today's competitive business, managing dynamic

Directors' Report

landscapes of threats and vulnerabilities is key to information security assurance. The business operations of the Company being aligned with the technology adoption of cloud, virtualization, innovation, Artificial Intelligence, Robotics, Machine Learning, Deep Learning, Digital Transformation and more, along with industry best practices of security being a core strength. Substantial investment by the Company in security through latest tools, systems and devices provides competitive advantage as well as Nextgen and Hybrid security cover to business operations of the Company. Information security management through Confidentiality, Integrity and High Availability are being time tested by external certification audits and assessments throughout the year as per ISO and Industry standards. The governance review of Information security management encompasses all measures recommended and expected by the international standards, legal and regulatory requirements and also the customer contracts. Initiatives on Threat intelligence, risk hunting and automated discovery of vulnerabilities have strengthened the security and minimized the risk during the year elapsed. External assessment and expert guidance on GDPR compliance, adoption of latest frameworks and strategies to strengthen the security program were also highlights of the recent past, as part of the continuous improvement strategy of the Company. Cyber Security resilience to manage various technical, man-made, natural and perceived scenarios are part of Company's business continuity management program. Role based security education and timely awareness on emerging security challenges are important features of security trainings imparted to the employees, contractors and associated resources.

Quality Assurance

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

The Company continues to adhere to international quality standard certifications such as ISO 9001-2015, ISO 27001:2013, ISO 20000-1:2011, CMMI - DEV & SVC Version 1.3 - Level 5, ISAE3402 and SSAE16 SOC-2 Type II.

The Company commissioned a survey on customer delight for 2018 by Feedback Insights, an independent market research firm to capture customer expectations and measure customer experience. On a scale of -100 to 100, the Company scored the highest score of 74.4 as against an industry score ranging from 53.6 to 74.4. There is significant improvement across key business metrics, as well as in the overall score of 53.0 achieved in fiscal 2015.

Benefits to customers:

"Brain Box" is the platform to encourage the employees to bring their ideas, value addition to the customers and systematically mange the ideation process.

The Company harnesses the power of knowledge gained by its employees working on their customer accounts, by encouraging them to create value addition ideas. In the year 2018, **61%** of the employees have proudly participated in this initiative and have posted over **3888 ideas** proposing value additions under categories like bring automation / productivity improvement, financial savings, and accelerate the time to market the customer's products and services. **2676** of these ideas have been successfully delivered generating saving of over **USD 71.15 million** and around **1,496,386** hours of effort saved last year, which is being approved by esteemed customers of the Company. The Brain Box platform has promoted the culture of deep expertise, value creation attitude, extraordinary proficiency in the customer's business function, technical engineering, knowledge sharing and problem solving approach thereby identifying and delivering values to the customers at no extra cost to them. Through a structured governance and rewards program, the company suitably rewards its employees' passion and best values adds on quarterly basis, which is personally driven by the CEO, which made more and more employees becoming part of this CVA culture.

The customers / clients have benefited as a result of the 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.

The customers have benefited as a result of the high quality of delivery and support, stringent information security practices and flexible and proactive approach. The Company's understanding of customer's business and technology landscape enables it to provide comprehensive multi-service solutions along with cost reduction for the customer. This has resulted in high levels of customer delight and repeat business. Implementing the best in class processes and providing training on it has enabled the organization and people to be methodical and process driven. The usage of latest technologies and industry best practices has improved delivery capability and added business value. Focus on quality and automation has resulted in cost reduction and improved productivity within the organization.

Company focused on Corporate Governance

The composition of the Board of Directors of the Company represents an optimum combination of professionalism, knowledge and experience. The Board comprises of ten (10) Directors, of these, nine Directors are Non-Executive and six amongst them are Independent Directors. Directors being 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 and Kotak 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, 2015 and 2018 and won the Special Commendation in the year 2009 and 2013.

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

Risk Management

The risk management framework in the current business environment is changing dynamically with the dimensions of Cyber security, Information Security, Business Continuity and Data Privacy in the risk charts of most of the organizations. Systematic and proactive identification of risks and mitigation thereof enables effective or quick decision-making and boosts the performance of the organization.

To identity and mitigate the risk, 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, and financial and compliance related risks across various levels of the organization.

A separate section on Risk identification and mitigation is discussed in detail in the Management Discussion and Analysis section of this Annual Report.

Insurance

In today's environment, Company's Business, Assets, Directors & Officers, Employees are exposed to financial risks mainly arising out of claims from customers, third parties, regulators, employees as well as stakeholders. In order to mitigate the financial impact that can emanate from such unforeseen risks, the company sufficiently insures itself under various policies like Workers Compensation and Employers Liability, Commercial General Liability, Errors & Omissions, Cyber Liability, Crime, Employment Practices Liability, Directors & Officers Liability, Property Insurance to name a few. Given the evolving nature of the business and the associated risks, individual policy needs and coverage are reviewed on an ongoing basis and changes are effected as deemed prudent. Additionally, the Company has also taken Insurance for employees and their dependents to safeguard the financial interests of the employees and their families in case of unforeseen events like hospitalization, accident and death.

INTERNAL FINANCIAL CONTROL SYSTEMS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Management has laid down proper and adequate system for internal financial controls to be followed to ensure safeguarding of its assets, the prevention and detection of frauds and errors, adherence to the Company's policies, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. This ensures that all transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition there are operational controls.

The internal auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries.

The Company appointed PWC as its Internal Auditor for the year ended December 31, 2018. The Internal Auditors findings are discussed with the process owners and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations. During the year, the Company continued to implement suggestions and recommendations by the internal auditors and the audit committee to improve the control environment.

Further details on internal financial control are included in the Management Discussion and Analysis section which form part of this report. Report of statutory auditor on the internal financial control is also included in this report on page 161.

HexaVarsity

The multi-faceted learning and development process at Hexavarsity enriches and empowers individuals by making them multi-talented and agile to business requirements.

The goal at Hexavarsity is to develop an empowered and multi-skilled workforce with market relevant skills. This is enabled for all functions and levels in the organization, using an experiential learning methodology backed by state-of-the-art learning management systems, assessment frameworks, technologies and tools.

The mission is *'to create an environment that motivates learning and empowers employees to grow and succeed in their chosen career path relevant to the business.*

Evolve

The company is constantly focused on delivering industry leading solutions for its customers. Hexavarsity plays a vital role in this, helping the employees transform into a dynamic and multi-skilled workforce that is ready to handle the next big wave of technology evolution. Ensuring that the workforce is obsolescence proof also ensures that the Company meets employee aspirations to stay cutting edge and minimize attrition due to this reason.

Mission: To enable employees to upgrade their skills to perform roles relevant to the market.

Hexavarsity launched an industry leading transformational program called "Evolve" during the year. Evolve is focused on creating a multi-skilled consultant suitable for a Role as its customers require, to provide them with the very best in service and quality. An assessment driven framework that tests technical, functional and soft skills and application of these skills in the work environment makes this program exceptional and powerful.

Benefits of the program

- Helps employees own their career progression the way they have visualized it
- Upskill them towards aspirational roles and be aligned to roles that are in great demand
- Acquire multiple and much sought-after skills

Fresher Training Program (FTP)

Hexaware's Fresher Training Program (FTP) is designed to nurture the concepts of 'Learning to Learn' and 'Learn by Doing' which encourages and helps build every Fresher's ability to become more resourceful and self-reliant and help prepare them for business demands and challenges. The FTP Foundation is a Full Stack Developer training followed by a Technology focused training. A robust and comprehensive assessment mechanism is followed in the program to ensure retention of knowledge and test practical application of concepts and successful trainees are assigned to projects. During the year, 540 freshers successfully completed the program and were allotted to projects.

During the year, Hexavarsity also conducted a training program for Senior Management Trainees and Management Trainees. This program covers technology and Vertical orientation, leadership programs and behavioral training. A total of 10 Senior Management Trainees and 8 Management Trainees successfully completed their training and were inducted into your organization.

Behavioral Assessments

During the year, HexaVarsity also launched a blue chip Behavioral Assessment that helps in creation of a balanced and effective team, leveraging complementary strengths of individuals. This assessment also helps us in hiring the right talent for senior roles in the organization.

Professional Certifications

The company also continues to invest on external certifications for its consultants.

Related party transactions

During the financial year 2018, the Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013 read with Companies (Specification of Definitions Details) Rules, 2014, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the rules issued thereunder and the Listing Regulations.

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

All Related Party Transactions are placed before the Audit Committee and Board.

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

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

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

Employee Stock Option Plans (ESOP)

The Company has set up various employee stock option plans/restricted stock unit plans from time to time to attract and retain talent, motivate, incentivize and reward employees of the Company and employees of Subsidiary Companies. The Nomination and Remuneration Committee of the Board administers these plans. The stock option plans are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("Employee Benefits Regulations").

During the year 2018, following were the exercises made by employees and grants made to employees/director under ESOP plan: 5,57,232 options were exercised and the Company allotted 5,57,232 equity shares of ₹ 2/- each to the employees/director on such exercise. These shares have been listed on the BSE Limited and National Stock Exchange of India Limited. 6,13,725 Restricted Stock Units (RSUs) were granted under 2015 scheme during the year 2018 as explained below:

- February 07, 2018 - 69,000 RSUs.
- May 2, 2018 - 300,000 RSUs.

- July 24, 2018 - 109,739 RSUs granted to Mr. R Srikrishna, CEO & Executive Director and 79,986 to other employees
- October 24, 2018 - 55,000 RSUs.

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 available on the website of the company at the following link : **http://hexaware.com/investors/** No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of Grant.

Fixed deposits

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's performance is disclosed in the Management Discussion and Analysis Report, which forms part of this Annual Report.

Investor Education and Protection Fund (IEPF)

Details of unclaimed Dividend and Shares transferred to IEPF during 2018 are given in Corporate Governance Report.

Directors' Responsibility Statement

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

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed and there were no material departures;

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

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis; and

(e) the directors, have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Directors and Key Managerial Personnel

Mr. P R Chandrasekar having DIN 02251080 was re-appointed as an Independent Non – Executive Director of the Company for three years w.e.f January 1, 2019 on existing terms and conditions including remuneration.

Mr. Vikash Kumar Jain has been appointed as the Chief Financial Officer of the Company w.e.f. October 25, 2018.

Erstwhile CFO, Mr. Rajesh Kanani retired from the Company from close of Business hours on December 31, 2018.

In accordance with the provisions of Companies Act, 2013, Mr. Kosmas Kalliarekos, Director of the Company, retires by rotation at this Annual General Meeting and, being eligible; offers himself 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 and Secretarial Standards on General Meetings is being provided in Corporate Governance Report.

Number of Meetings of the Board

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

Declaration by Independent directors

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

Board Evaluation

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 mandates evaluation of performance of Independent Directors, Non-Independent Directors and Chairperson. The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. The Schedule IV to 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.

Directors' Report

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 Chairman of the Board / the Nomination and Remuneration Committee ("NRC") review 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 20, 2018, 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 Independents Directors with the strategy, operations and functions of the Company, the Executive Director and Senior Managerial personnel make presentations at the Board Meetings 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/

The familiarization policy of the Independent Directors is available on website of the Company at http://hexaware.com/investors/

Committees of the Board

The Board of Directors has following committees:

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

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

Compliance of Secretarial Standards

The Company complies with all applicable secretarial standards.

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

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

Whistle blower policy

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

Statutory Auditor

The Board of Directors at its meeting held on February 8, 2018 appointed BSR & Co. LLP, Chartered Accountants, Mumbai ("BSR & Co. LLP") with Registration no. 101248W/W-100022 as Statutory Auditors for a period of 5 years, to hold office till the conclusion of 30th Annual General Meeting, which was confirmed by the members at the 25th Annual General Meeting held on May 03, 2018.

Vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, the requirement of seeking ratification of appointment of statutory auditors by members at each AGM has been done away with. Accordingly, no such item has been considered in notice of the 26th AGM.

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, 2018.

Internal Auditor

Internal Audit for the year ended December 31, 2018 was done by Pricewaterhousecoopers Private Limited and Internal Audit report in accordance with internal audit program for the year was placed before the Audit Committee.

Secretarial Auditor

M/s. Makarand M Joshi & Co., Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the year ended December 31, 2018 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, 2018 is annexed to Board's report as **Annexure 3.** There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in his report.

Reporting of frauds by auditors

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

Cost Records

The Company is not required to maintain cost records as specified under sub-section (1) of section 148 of the Companies Act, 2013

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 ₹ 90.46 Million towards CSR activities for the year ended December 31, 2018 which is more than the prescribed limit under section 135 of the Companies Act, 2013. The composition of contents of the CSR policy and initiatives taken by the Company on Corporate Social Responsibility during year ended on December 31, 2018 as per the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as **Annexure 4** to this Report and CSR policy of the Company is available on the website at www.hexaware.com. The Composition of CSR Committee is given in the Corporate Governance Report.

Extract of annual return

As provided under Section 92(3) of the Act, the extract of annual return in the prescribed Form MGT-9, is available on the website at **www.hexaware.com** and is also annexed as **Annexure 5** to this report.

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 names and other particulars of Directors in accordance with the provisions of Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure 6** to the Board Report.

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

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

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

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

Awareness programs are conducted during induction for sensitizing the employees with the provisions of the Act.

The following is the summary of the complaints received and disposed of during the financial year 2018:

a) No. of complaints received during the year: 02

b) No. of complaints disposed off: 02

c) No. of complaints pending: NIL

Green initiatives

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

Electronic copies of the Annual Report 2018 and Notice of the 26th 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 2018 and the Notice of the 26th 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, 2014 as amended from time to time.

Directors' Report

Business Responsibility Report: The 'Business Responsibility Report' (BRR) of the Company for the year 2018 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Acknowledgment

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

For and on behalf of the Board of Directors

Date: March 12, 2019
Place: Mumbai

Atul K. Nishar
Chairman

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. In spite of that, considering the Global challenges regarding energy security, the company has continued its efforts on environmental safety, consumption and wastage of energy in form of energy-friendly apparatus as well as minimal usage policies, highly-efficient designs, deep green retrofits and renewable energy, which have helped conserve resources.

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 has installed 421KW Roof Top solar system in its Siruseri campus and 114KW at Mumbai MBP. Power generated in 2018 from these systems is 308310 & 40470 Units respectively.

This results in avoiding of Green House Gas emission of about 279 tons of CO2 (Carbon Dioxide).

Wind energy to the tune of about 80 lakh units is availed in year 2018 as Captive Power Consumer through 3rd party Private power agency.

85% of energy consumed at Chennai campus is fed from Green Power.

Sewage and waste water is treated and used for gardening @170KL per day (working day) at Chennai campus and 40KL at Pune campus. In year 2018, Sewage Treatment Plant (STP) treated water of about 50,000KL at Chennai and 11,000KL at Pune is recycled and reused. The Company undertakes several green campaigns throughout its locations.

Energy efficient LED light fixtures are installed at Chennai campus in place of conventional fittings & CFL type to save energy. 390335 Units is saved in year 2018.

Modular UPS units are installed at Chennai campus in place of Conventional UPS units and 180,534 Units is saved.

At Mumbai MBP, LED light fixtures and Modular UPS units are installed and saved 295,735 Units.

TECHNOLOGY ABSORPTION:

The Company continues to adopt and use the latest technologies to improve the productivity and quality of its services.

The Systems Technology Group (STG) implemented the following initiatives in 2018 to improve the Customer Experience and Productivity.

- Implemented Zscalar which is a cloud-based Internet URL / Web filtering gateway that protects users with a consistent and enforceable policy where ever they go. Zscaler provides us the best defense against today's sophisticated threats including botnets, malicious websites, scripting attacks,

- STG strengthened their perimeter security by migrating from Check point to the Nextgen firewalls firewall Palo Alto. It provides firewall features using single platform, parallel processing and single management system across the organization.

- Implemented Secured printing (HP Secure Print) across Hexaware, which enables user to print across any printers across Hexaware locations seamlessly without security worries and reduces waste from accidental and forgotten print jobs. HP secure helps to eliminate the risk of malware and virus.

- PDQ is implemented for Application Package Deployment, Silent installations, remote script execution, Patch Deployment and Asset Inventory for multiple machines at the same time.

- Deployed office 365 ATP (Advanced Threat Protection) to all senior management to secure their mailbox and data.

- Introduced Audio code to route Webex call from Analog Phones to Webex bridge and eliminate PSTN calling into the Webex bridge.

- Automated 75+ different types of Incidents and Service request use cases.

RESEARCH & DEVELOPMENT:

The Company has a state-of-the-art Innovation lab which includes offering engineering lab, co-innovation lab and Research & Development lab. This is in line with the Company's established philosophy of maintaining and sustaining leadership status. The Company perpetuates in-house thought leadership through establishment of structured organizational frameworks. It includes top down innovation themes & crowd sourcing bottom up innovation.

The offering engineering lab services request from service offering owners in crafting pre-build solutions that's required for their respective offerings. Offering engineering lab is engineering hub for building & maintaining all frameworks, solutions, accelerators, IP's, reusable & solutions pertaining to Hexaware offerings cutting across all verticals & horizontals. The key goal of this lab is to translate the business domain and technology expertise acquired through wide array of engagements and translate that to tools towards mitigating technology and project risks of our customers.

Directors' Report

Co-Innovation team consists of members from CTO organization that manages early stage pilots using some of the disruptive technologies to evaluate usefulness of a specific disruptive technology, pilot use case to measure outcome towards building a business case & roadmap, proof of concept using Hexaware IP portfolio and evaluating partners and disruptive technology solutions.

Innovation lab pursues all research & development activities within the organization. The R&D unit does secondary research & applied innovation. Research primarily focuses future trends in the area of technology & its impact to the customers & Hexaware. R&D team interfaces with the business units, market, vendors, start-ups, analysts and Hexaware alliances. The Innovation lab is an-enabler to drive customer's business objectives. It's not a pure play Innovation lab, rather more aligned to a business and customer needs. The key goal of this lab is to drive thought leadership & future proofing for Hexaware & its customers.

R&D lab over the years has incubated number of service offerings and business units. The key focus area for incubation starting 2019 is in the area of Extended Realities. Extended realities include Augmented Reality, Mixed Reality, Virtual Reality, Smart Glasses, Head Mounted Displays & Vision Machine Learning (ML) / Artificial Intelligence (AI) technologies. Extended Reality technologies can help turn companies into becoming digital predators. R&D lab is currently working with various business units in creating high value use cases & solutions and working with customers directly to enable them to become a digital predator by creating new digital customer experiences and building digital operational excellence to outmaneuver competitors. Some of the business outcomes using extended realities includes driving employee effectiveness, immersive customer interactions and drive training / visualization to employees & customers

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of Foreign Exchange Earnings and Outgo are mentioned below:

(₹ in million)

	Year 2018	Year 2017
Foreign Exchange Earnings	16,548.31	14,166.84
Foreign Exchange outgo	1,314.00	941.83

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Date: March 12, 2019
Place: Mumbai

Annexure - 1 Form AOC - 1

Statement Pursuant to Section 129 (3) of the Companies Act, 2013, read with Rule 5 of Companies (Accounts) Rules, 2014 containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

a) Subsidiaries

(₹ in Million)

Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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, Mexico S.De. R.L. De.C.V.	Hexaware Technologies Canada Ltd	Hexaware Technologies DO Brazil Ltd, Brazil	Guangzhou Hexaware Information Technologies Company Limited-China	Hexaware Technologies Saudi LLC	Hexaware Technologies Romania SRL	Hexaware Technologies LLC - Russia	Hexaware Technologies Hong Kong Ltd - Hongkong	Hexaware Technologies Nordic AB - Sweden	Shanghai Hexaware Information Technologies Company Limited
Reporting currency and exchange rate as on the date of the relevant financial year in case of foreign subsidiaries	USD 69.775	GBP 89.06	Euro 79.9875	SGD 51.2475	MXN 3.5521	CAD 51.24	BRL 17.9814	CNY 10.1484	SAR 18.60	RON 17.1534	RUB 1.0049	HKD 8.91	SEK 7.81	CNY 10.1484
Share Capital	560.41	192.99	14.47	25.62	28.73	1.20	-	13.39	9.30	1.93	158.00	17.33	0.39	3.53
Reserve and Surplus	3,992.10	213.10	310.39	735.46	382.08	94.94	-	(9.65)	(11.27)	(87.18)	(125.04)	10.35	(5.32)	1.07
Total Assets	13,304.22	1,643.51	452.10	990.58	556.55	125.07	-	4.49	10.03	41.15	37.69	41.85	111.83	6.86
Total Liabilities	8,751.71	1,237.42	127.24	229.49	145.75	28.93	-	0.75	12.00	126.40	4.73	14.17	116.76	2.27
Investments	0.02	-	-	19.41	-	-	-	-	-	-	-	-	-	-
Turnover *	33,225.00	4,249.41	820.41	1,278.15	978.39	212.59	0.04	19.24	0.00	7.94	78.72	165.88	189.56	3.81
Profit / (Loss) before taxation *	1,195.28	(88.39)	28.41	351.46	73.51	17.84	(2.70)	(1.42)	(4.95)	(41.79)	(44.99)	9.01	(5.55)	1.07
Provision for taxation *	303.79	27.20	9.54	64.47	32.01	4.76	0.00	-	-	-	-	1.15	-	-
Profit / (Loss) after taxation *	891.48	(115.59)	18.87	286.99	41.49	13.08	(2.70)	(1.42)	(4.95)	(41.79)	(44.99)	7.85	(5.55)	1.07
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Converted at average exchange rates

b) Associates

Name of the Associate	Experis Technology Solutions Pte Ltd
Latest Balance Sheet Date	December 31, 2018
Shares of Associate held by the company on the year end	250,000
Amount of Investment in Associate (₹ in million)	16.95
Extent of Holding (in percentage)	20%
Profit for the year considered in consolidation (₹ in million)	1.66
Profit for the year not considered in consolidation (₹ in million)	NIL

Notes:

1 Shanghai Hexaware Information Technologies Company Limited formed on December 15, 2017
2 Digitech Technologies Inc. formed on November 23, 2017 and closed on September 27, 2018
3 Hexaware Technologies DO Brazil Ltd, Brazil closed on July 24, 2018

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Place : Mumbai
Date : January 30, 2019

Annexure - 2 FORM NO. AOC-2

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

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

1	Details of contracts or arrangements or transactions not at arm's length basis	There are no contracts or arrangements or transactions with related parties which are not at arm's length
2	Details of material contracts or arrangements or transactions at arm's length basis	
(a)	Name(s) of the related party and nature of relationship:	Wholly owned subsidiaries
		Hexaware Technologies Inc, USA ("HTInc")
		Hexaware Technologies UK Limited, UK ("HTUK")
(b)	Nature of contracts/arrangements/transactions:	Software, consultancy and ITES income
(c)	Duration of the contracts / arrangements/transactions:	Ongoing.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	The Company shall provide IT/ITES Offshore Services (generally services are performed in India) to HTI and HTUK's clients including where required, including monitoring and supervisory support in relation to the delivery of software solutions and customization, testing and installation and ITES services
		During the year, the total income earned from HTInc and HTUK was ₹ 9,260.53 million and ₹ 1,579.02 million, respectively. The transactions of recovery of cost from HTInc and HTUK was ₹ 563.16 million and ₹ 297.89 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

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Place : Mumbai
Date : March 12, 2019

Annexure - 3

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st December, 2018

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

To,

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the

Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st December, 2018 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st December, 2018 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, 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 (Share Based Employee Benefits) Regulations, 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards made there under;

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 allotted 5,57,232 Equity Shares pursuant to Exercise of the Option granted under different schemes of the Company.

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

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place: Mumbai
Date: March 11, 2019

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

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

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

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

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

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place: Mumbai
Date: March 11, 2019

Annexure - 4
CSR Report - 2018

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/fileadd/csr-policy.pdf

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

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

   The members of the CSR committee as on December 31, 2018:

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

3. **Average net profit of the company for last three financial years - ₹ 4,478.02 million**

4. **Prescribed CSR Expenditure (two percent of the amount, as in item 3 above) - ₹ 89.56 million**

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

   (a) Total amount to be spent for the financial year: **₹ 89.56 million**

   (b) Total amount spent during the financial year: **₹ 90.46 million**

   (c) Amount unspent, if any: Nil

Directors' Report

(d) 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 1. Local area or other 2. Pecified Location	Amount Outlay (budget) on Project or Programs (₹ in million)	Amount spent on the projects or programs (₹ in million) 1. Direct Expenditure 2. Overheads	Cumulative expenditure up to the reporting period (₹ in million)	Amount Spent: Direct or through implementing agency
1	Vocational training centre and support for Persons with Disability	Promoting employment enhancing vocation skills and livelihood enhancement projects among differently abled	Chennai	5.54	1.28	5.24	Through implementing agency: V- Excel Educational Trust
2	Early intervention Programme	Promoting education, including special education for the differently abled	Chennai	3.00	2.70	2.70	Through implementing agency: V- Excel Educational Trust
3	Renovation of People's Free Reading Room & Library	Promoting education	Mumbai	0.72	0.72	0.72	Through Implementing agency: The People's Free Reading Room & Library
4	Nutritional Outreach Program	Eradicating hunger, poverty and malnutrition and promoting preventive health care	Pune	3.85	3.46	3.46	Through implementing agency: Cuddles Foundation
5	Mentorship & Skill Training for Girls	Promoting education, including employment enhancing vocation skills among women	Mumbai	2.51	2.29	2.29	Through implementing agency: Katalyst India
6	Supporting junior women athletes in sports training	Training to promote nationally recognized sports and Olympic sports	Mumbai	3.15	3.00	3.00	Through implementing agency: Olympic Gold Quest
7	Digital and Financial Education	Promoting education	Mumbai and Chennai	5.69	2.46	5.24	Through implementing agency: America India Foundation Trust

S.No.	CSR Project or activity identified	Sector in which project is covered	Projects or Programs 1. Local area or other 2. Pecified Location	Amount Outlay (budget) on Project or Programs (₹ in million)	Amount spent on the projects or programs (₹ in million) 1. Direct Expenditure 2. Overheads	Cumulative expenditure up to the reporting period (₹ in million)	Amount Spent: Direct or through implementing agency
8	Digital literacy program for employability	Promoting employment enhancing vocation skills and livelihood enhancement among youth	Mumbai, Chennai and Pune	26.45	6.91	24.39	Through implementing agencies: Smile Foundation
9	Udaan and Umeed -Empowerment of Woman and their children by providing alternatives livelihood opportunities for woman in red light area	Eradicating hunger, poverty and malnutrition, promoting education	Mumbai	7.70	4.05	7.37	Through implementing agency: Apne Aap Women's Collective
10	Clean and Safe Neighbourhood	Ensuring environmental sustainability	Mumbai, Chennai and Pune	31.02	10.36	31.02	Direct
11	Antar Bharti Balgram Yojna - Holistic development of underprivileged children	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, promoting education, enhancing vocational skills, livelihood enhancement	Pune	9.06	5.39	8.62	Through implementing agency: India Sponsorship Committee
12	Supporting digital literacy	Promoting education	Mumbai	16.39	0.94	16.39	Through implementing agency: Avasara Leadership Institute
13	Holistic development and nurturing of underprivileged children	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, promoting education, enhancing vocational skills, livelihood enhancement	Pune, Bangalore, Chennai, Mumbai	14.31	7.37	13.01	Through implementing agency: SOS Children's Village

Directors' Report

S.No.	CSR Project or activity identified	Sector in which project is covered	Projects or Programs 1. Local area or other 2. Pecified Location	Amount Outlay (budget) on Project or Programs (₹ in million)	Amount spent on the projects or programs (₹ in million) 1. Direct Expenditure 2. Overheads	Cumulative expenditure up to the reporting period (₹ in million)	Amount Spent: Direct or through implementing agency
14	Promoting hygiene, sanitation practices in 10 Government Schools	Promoting Education	Mumbai and Pune	13.75	6.90	13.05	Through implementing agency: Yuva Unstoppable
15	Providing complete care program including healthcare and education support to girls on living on the streets	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, promoting education, enhancing vocational skills, livelihood enhancement	Mumbai and Chennai	18.43	10.44	15.30	Through implementing agency: Rainbow Homes
16	Providing training to people with disability to get employment in retail industry	Promoting education, including special education and employment enhancing vocational skills	Pune, Chennai and Mumbai	9.31	5.55	8.73	Through implementing agency: TRRAIN
17	Providing Scholarship to 325 underprivileged and meritorious students to support higher studies	Promoting Education	Pune, Chennai and Mumbai	8.00	1.60	4.80	Through implementing agency: IDEA Foundation
18	Providing digital literacy in 10 Government Schools through setting up of computer labs	Promoting Education	Chennai	5.00	3.00	5.00	Through implementing agency: Team Everest
19	Promoting science awareness among high school students, increasing their understanding of science and attracting them into scientific careers through activities emphasizing hands-on research.	Promoting Education	Chennai	9.00	6.00	9.00	Through implementing agency: Space Kidz India

S.No.	CSR Project or activity identified	Sector in which project is covered	Projects or Programs 1. Local area or other 2. Pecified Location	Amount Outlay (budget) on Project or Programs (₹ in million)	Amount spent on the projects or programs (₹ in million) 1. Direct Expenditure 2. Overheads	Cumulative expenditure up to the reporting period (₹ in million)	Amount Spent: Direct or through implementing agency
20	Promoting children's education	Promoting education	Noida	1.98	0.73	1.98	Through implementing agency: Save The Children
21	Promoting children's education	Promoting education	Mumbai	1.98	0.73	1.98	Through implementing agency: Helen Keller Institute
22	Promoting children's education	Promoting education	Mumbai	0.77	0.27	0.77	Through implementing agency: Manav Foundation
23	Promoting children's education	Promoting education	Mumbai	0.99	0.28	0.99	Through implementing agency: United Way
24	Promoting children's education	Promoting education	Noida	0.35	0.18	0.35	Through implementing agency: Vidya & Child
25	Monitoring, Evaluation of projects and administrative expenses	-		3.85	3.85	3.85	
Total				202.80	90.46	189.26	

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

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

R Srikrishna
CEO and Executive Director

Bharat Shah
Chairman CSR Committee

Place : Mumbai
Date : March 12, 2019

Directors' Report

Annexure - 5

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended December 31, 2018

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

I.	**REGISTRATION & OTHER DETAILS:**		
1	CIN	L72900MH1992PLC069662	
2	Registration Date	20/11/1992	
3	Name of the Company	HEXAWARE TECHNOLOGIES LIMITED	
4	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company	
5	Address of the Registered office & contact details	152, Millenium Business Park, Sector 3, 'A' Block , TTC Industrial Area, Mahape, Navi Mumbai 400710 Tel: +91 22 6791 9595 Fax: +91 22 6791 9578 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.	**Karvy Fintech Private Limited** **Unit: Hexaware Technologies Limited**	
		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.karvyfintech.com	24 B, Rajabahadur Mansion, Ground Floor, Amabalal Doshi Marg, Fort, Mumbai – 400 023 Tel: 022 66235454 Email: einward.ris@karvy.com Website: www.karvyfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. 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	62.66	2(46)
2	Hexaware Technologies Inc. 101 Wood Avenue South, Suite 600, Iselin, New Jersey 08830 USA	Foreign Company	Subsidiary	100	2(87)

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
3	Hexaware Technologies GmbH, Germany Mainzer Landstr . 33, 60329 Frankfurt am Main Germany	Foreign Company	Subsidiary	100	2(87)
4	Hexaware Technologies UK Limited Level 19, 40 Bank Street, Canary Wharf, London – E14 5NR	Foreign Company	Subsidiary	100	2(87)
5	Hexaware Technologies Asia Pacific Pte. Limited 180, Cecil Street, # 11-02, Bangkok Bank Building, SINGAPORE 69546	Foreign Company	Subsidiary	100	2(87)
6	Hexaware Technologies Canada Limited 2 Robert Speck Parkway, Suite 735, Mississauga, Ontario L4Z 1H8.	Foreign Company	Subsidiary	100	2(87)
7	Hexaware Technologies Mexico S de RL De CV Avenida San Angel # 240 Piso 3, Valle. San Agustin, Saltillo, Coahuila. C.P. 25215, Mexico	Foreign Company	Subsidiary	100	2(87)
8	Guangzhou Hexaware Information Technologies Company Limited Office no. 711, 7/F, Main Tower, Guangdong International Building, No.339 Huanshi Road East, Yuexiu District, Guangzhou 510098, China	Foreign Company	Subsidiary	100	2(87)
9	Hexaware Technologies LLC Russian Fedreration,170100, Tver, Industrialnaya building 7	Foreign Company	Subsidiary	100	2(87)
10	Hexaware Technologies Romania SRL AFI Park 4, 4A Timisoara Blvd., District 6, Bucharest 61328, Romania	Foreign Company	Subsidiary	100	2(87)
11	Hexaware Technologies Saudi LLC P.O. Box No.: 30024, Kingdom of Saudi Arabia Office No. 406 - A, Al Olaya Mazaya Tower, Riyadh	Foreign Company	Subsidiary	100	2(87)
12	Hexaware Technologies Hong Kong Limited RM 1906, 19/F LEE Garden One, 33 Hysan Avenue Causeway Bay Hong Kong	Foreign Company	Subsidiary	100	2(87)
13	Hexaware Technologies Nordic AB HMR Redovisning AB, Tellusvagen, 5A, 186 36 Vallentuna, Stockholm, Sweden	Foreign Company	Subsidiary	100	2(87)
14	Hexaware Information Technologies (Shanghai) Company Limited Room 202, Block 1 No.255, Meisheng Road, China (Shanghai) Free Trade Area.	Foreign Company	Subsidiary	100	2(87)
15	Experis Technology Solutions PTE LTD 10 HOE Chiang Road # 21 - 04/05 Keppel Towers, Singapore 089315	Foreign Company	Associate	20	2(6)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-01-2018]				No. of Shares held at the end of the year [As on 31-12-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
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%
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	211,318,590	-	211,318,590	71.20%	186,318,590	-	186,318,590	62.66%	-8.54%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	211,318,590	-	211,318,590	71.20%	186,318,590	-	186,318,590	62.66%	-8.54%
TOTAL (A)	211,318,590	-	211,318,590	71.20%	186,318,590	-	186,318,590	62.66%	-8.54%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	21,838,961	4,080	21,843,041	7.36%	32,008,164	3,920	32,012,084	10.77%	3.41%
b) Banks / FI	50,559	3,200	53,759	0.02%	417,539	2,320	419,859	0.14%	0.12%
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		-	-	0.00%	-	-	-	0.00%	0.00%
g) FIIs	39,641,968	1,090	39,643,058	13.36%	51,083,223		51,083,223	17.18%	3.82%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i)Alternate Investment fund	-	-	-	-	90,595		90,595	0.03%	0.03%
j) Others		-	-	0.00%	25	-	25	0.00%	0.00%
Sub-total (B)(1):-	61,531,488	8,370	61,539,858	20.73%	83,599,546	6,240	83,605,786	28.12%	7.39%
2. Non-Institutions									
a) Bodies Corp.									

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-01-2018]				No. of Shares held at the end of the year [As on 31-12-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Indian	746,672	14,317	760,989	0.26%	3,794,342	8912	3,803,254	1.28%	1.02%
ii) Overseas	10		10	0.00%	10	0	10	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	15,007,110	2,892,788	17,899,898	6.03%	15,266,513	2,039,637	17,306,150	5.82%	-0.21%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1,904,025	-	1,904,025	0.64%	1,835,436	0	1,835,436	0.62%	-0.02%
c) Others (specify)							-		
Non Resident Indians	1,937,725	294,040	2,231,765	0.81%	2,462,607	143,995	2,606,602	0.88%	0.07%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	6,000	-	6,000	0.00%	6000	0	6,000	0.00%	0.00%
Clearing Members	240,826	-	240,826	0.08%	238,743	0	238,743	0.08%	-0.19%
Trusts	19,370		19,370	0.01%	40,795	0	40,795	0.01%	0.00%
IEPF	742,866	-	742,866	0.25%	1,599,623	-	1,599,623	0.54%	0.29%
Foreign Bodies - D R			-	0.00%			-	0.00%	0.00%
Sub-total (B)(2):-	20,604,604	3,201,145	23,805,749	8.02%	25,244,069	2,192,544	27,436,613	9.23%	1.21%
Total Public (B)	82,136,092	3,209,515	85,345,607	28.75%	108,843,615	2,198,784	111,042,399	37.34%	8.59%
C. Shares held by Custodian for GDRs & ADRs	139,560	-	139,560	0.05%		-		0.00%	-0.05%
Grand Total (A+B+C)	293,594,242	3,209,515	296,803,757	100.00%	295,162,205	2,198,784	297,360,989	100.00%	

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	HT GLOBAL IT SOLUTIONS HOLDINGS LIMITED	211,318,590	71.20%	0	186,318,590	62.66%	0	8.54%
2		-	0.00%	0	-	0.00%	0	0.00%
3		-	0.00%	0	-	0.00%	0	0.00%
4		-	0.00%	0	-	0.00%	0	0.00%

Directors' Report

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

SN	Particulars	"Shareholding at the beginning of the year"		Date	Reason	"Increase/ Decrease in Shareholding"		"Cumulative Shareholding during the year"	
		No. of shares	"% of total shares of the company"			No. of Shares	"% total shares of the Company"	No. of shares	"% of total shares of the company"
	At the beginning of the year	211,318,590	71.20						
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):			24.08.2018	Sale	(25,000,000)	8.54	186,318,590	62.66
	At the end of the year	211,318,590	71.20					186,318,590	62.66

(iv) Shareholding Pattern of top ten Shareholders

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

SN	For each of the Top 10 shareholders	Shareholding at the beginning of the year (01-01-2018)		Shareholding at the end of the year (31-12-2018)	
	Name of Shareholder	No. of Shares	% of the total Shares	No. of Shares	% of the total Shares
1	HDFC TRUSTEE COMPANY LTD	18,885,481	6.36	19,274,031	6.48
2	T. ROWE PRICE INTERNATIONAL DISCOVERY FUND	6,662,556	2.24	6,662,556	2.24
3	SOCIETE GENERALE	0	0.00	3,630,257	1.22
4	NTASIAN EMERGING LEADERS MASTER FUND	2,095,840	0.71	2,871,477	0.97
5	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	0	0.00	2,529,585	0.85
6	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	742,866	0.25	1,599,623	0.54
7	EMERGING MARKETS CORE EQUITY PORTFOLIO	1,661,915	0.56	1,597,153	0.54
8	AVIVA INVESTORS - EMERGING MARKETS EQUITY SMALL CAP FUND	2,221,465	0.75	1,590,913	0.54
9	DSP EQUITY OPPORTUNITIES FUND	0	0.00	1,582,618	0.53
10	VANGUARD EMERGING MARKETS STOCK INDEX FUND	0	0.00	1,534,461	0.52

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

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

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**BHARAT DHIRAJLAL SHAH**						
	At the beginning of the year	01.01.2018		29,475	0.01%	29,475	0.01%
	Changes during the year	14.03.2018	Sale	(5,000)	0.00%		
		22.03.2018	Sale	(5,000)	0.00%		
		14.09.2018	Sale	(5,000)	0.00%		
	At the end of the year	31.12.2018			0.00%	14,475	0.00%
2	**ATUL KANTILAL NISHAR**						
	At the beginning of the year	01.01.2018		1,000	0.00%	1,000	0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year	31.12.2018			0.00%	1,000	0.00%
3	**BASAB PRADHAN**						
	At the beginning of the year	01.01.2018		15,000	0.01%	15,000	0.01%
	Changes during the year				0.00%		0.00%
	At the end of the year	31.12.2018			0.00%	15,000	0.01%
	Key Managerial Personnel						
1	**R. Srikrishna***						
	At the beginning of the year	01.01.2018				Nil	0.00
	Changes during the year	30.10.2018	ESOP	500,000	0.17%		
	At the end of the year	31.12.2018				500,000	0.17%
2	**RAJESH N KANANI**						
	At the beginning of the year	01.01.2018		10,450	0.00%	10,450	0.00%
	Changes during the year	14.03.2018	Sale	(5,000)	0.00%		
	At the end of the year	31.12.2018			0.00%	5,450	0.00%
3	**GUNJAN SUMIT METHI**						
	At the beginning of the year	01.01.2018		6,926	0.00%	6,926	0.00%
	Changes during the year	03.05.2018	ESOP	500			
	At the end of the year	31.12.2018			0.00%	7,426	0.00%

* As on the date of report Mr. R. Srikrishna is holding 6,50,000 shares.
No Director or KMP hold Shares of the Company except the name of Directros and KMP mentioned above.

V. INDEBTEDNESS

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

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
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)	-	-	-	-

Directors' Report

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
* Addition	NIL	NIL	NIL	NIL
* Reduction	NIL	NIL	NIL	NIL
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
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:

(₹ in Million)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	**R Srikrisna**	
	Designation	**CEO & Executive Director**	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4.72	4.72
	(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	51.90	51.90
3	Sweat Equity		-
4	Commission		-
	- as % of profit		-
	- others, specify		-
5	Others, please specify		-
	Total (A)	56.62	56.62
	Ceiling as per the Act		294.00

i. Above does not include remuneration of ₹ 93.11 million paid by overseas subsidary of the Company

ii. The Cost computed and amortised over vesting period as per Ind AS 102 Share Based Payment

B. Remuneration to other Directors

(₹ In Million)

SN.	Particulars of Remuneration	Fee for attending board and committee meetings	Commission	Others, please specify	Total Amount
	Independent Directors				
1	Bharat D Shah	0.28	6.86		7.14
	Dileep C Choksi	0.32	6.86		7.18

B. Remuneration to other Directors (₹ In Million)

	Basab Pradhan	0.34	6.86		7.20
	Christian T Oecking	0.40	6.86		7.26
	Meera Shankar	0.32	6.86		7.18
	Peruvemba R Chandrashekar	0.30	6.86		7.16
	Total (1)	1.96	41.17		43.13
2	Other Non-Executive Directors				
	Kosmas Kalliarekos	-	-		
	Jimmy L Mahtani	-	-		
	Atul Kantilal Nishar	-	-		
	Total (2)	-	-		
	Total (B)=(1+2)	1.96	41.17		43.13
	Total Managerial Remuneration				99.75
	Overall Ceiling as per the Act [u/s 197(1) (i)]				646.80

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name	***Rajesh N Kanani**	**# Vikash Kumar Jain**	**Gunjan Methi**	
	Designation	**CFO**	**CFO**	**CS**	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7.66	8.72	2.30	18.68
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03			0.03
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option**	9.79		0.18	9.97
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify				
5	Others, please specify				
	Total	17.48	8.72	2.48	28.68

* Erstwhile CFO, Mr. Rajesh Kanani retired from the Company from close of Business hours on December 31, 2018.

\# Mr. Vikash Kumar Jain has been appointed as the Chief Financial Officer of the Company w.e.f. October 25, 2018. Mr. Vikash Kumar Jain has joined w.e.f September 10, 2018

** Based on the exercise of stock options.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Directors' Report

Annexure - 6

The information required u/s 197 of the Act read with rule 5(1) of the Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014

	2018
Details of policy relating to the appointment and remuneration for the directors, key managerial personnel and other employees	
(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Based on annualised cost to company basis (excluding stock option compensation cost)
R Srikrishna - CEO and Executive Director (excluding remuneration paid by subsidiary company)	9.26
Non-executive directors - Commission (*)	
Bharat D Shah	13.71
Dileep C Choksi	13.71
Basab Pradhan	13.71
Christian T Oecking	13.71
Mrs. Meera Shankar	13.71
P R Chandrasekar	13.71
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Based on annualised cost to company basis (excluding stock option compensation cost)
R Srikrishna - CEO and Executive Director	3.29%
Non-executive directors - Commission (#)	
Bharat D Shah	0.00%
Dileep C Choksi	0.00%
Basab Pradhan	0.00%
Christian T Oecking	0.00%
Mrs. Meera Shankar	0.00%
P R Chandrasekar	0.00%
Rajesh Kanani, CFO	0.00%
Gunjan Methi, CS	6.84%
(iii) the percentage increase in the median remuneration of employees in the financial year	There is no change in median remuneration during the year
(iv) the number of permanent employees on the rolls of company;	11,953
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentile increase in salaries (excluding ESOP cost) of employees other than manegerial personnel was 6% whereas increase in remuneration to manegerial personnel was not more than 5%
(vi) affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per policy of the Company

* based on the average currency exchange rate for the year

determined on the basis of the base currency value as per terms of appointment

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Place : Mumbai
Date : March 12, 2019

Business Responsibility Report

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

Section A: General Information about the Company

1. Corporate identity number (CIN) of the Company: L72900MH1992PLC069662
2. Name of the Company: Hexaware Technologies Limited
3. Registered address: 152, Millennium Business Park, Sector 3 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai 400710
4. Website: www.hexaware.com
5. E-mail id: Investori@hexaware.com
6. Financial year reported: January 1, 2018 to December 31, 2018
7. Sector(s) that the Company is engaged in(Industrial activity code-wise):

NIC CODE	PRODUCT DESCRIPTION
620	Computer Programming, Consultancy and Related activities

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
    1. Application development and maintenance
    2. Enterprise solutions
    3. Business process outsourcing
    4. Infrastructure management services
    5. Testing and Digital assurance
    6. Business Analytics and intelligence
9. Total number of locations where business activity is undertaken by the Company:

    There are more than 30 global locations

    i. Number of International Locations (details of major 5): Please refer page no.192 of the Annual report for Global Presence.

    ii. Number of National Locations: Please refer page no.192 of the Annual Report for National Presence.
10. Markets served by the Company:

    North America, Europe and Asia Pacific

Section B: Financial Details of the Company

(₹ in Millions)

		FY 2018 Standalone	FY 2018 Consolidated
1.	Paid up Capital	594.72	594.72
2.	Total Turnover		
	(a) Revenue from operations	17,940.25	46477.62
	(b) Exchange rate difference (net)	516.82	471.45
	(b) other Income	24.95	105.48
3.	Profit after tax	4529.59	5834.63

4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): The Company carries on its CSR activities primarily through Implementation Agency (I.e Support to various NGO in different projects) and through own initiatives.

    The Company has spent ₹ 90.46 Millions during the Financial Year 2018 on CSR activities. This amounts to more than 2% of the amount required to be spent on CSR as prescribed by the Companies Act, 2013.
5. List of activities in which expenditure in 4 above has been incurred:-
    1. Education and Woman Empowerment
    2. Environment
    3. Heath and Sanitation
    4. Rural Development
    5. Sports

    Please refer page no.59 of this Annual Report for the detailed report on CSR.

Section C: Other Details

i. Does the Company have any Subsidiary Company/ Companies? – Yes, the Company has 13 Subsidiary Companies (including step down Subsidiaries) as on December 31, 2018.

ii. Do the Subsidiary Company/Companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s): - The BR initiatives of the Company are performed at global level, all subsidiaries participate in BR initiatives, except small ones which are not operational.

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

Business Responsibility Report

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

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

Details of directors are given under the Corporate Governance Report on page 82 & 83 of this Annual report.

b) Details of the BR head:

Sr.no.	Particulars	Details
1.	DIN Number	06496417
2.	Name	Mrs. Amberin Memon
3.	Designation	Chief People Officer
4.	Telephone no.	022 – 6791 9595
5.	Email id	Investori@hexaware.com

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

(a) Details of Compliances:

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

Sr.no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for....	Yes	Yes	Yes	Yes	Yes	Yes Note: 7	No Note: 8	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
3	Does the policy conform to any national / international standards?	Note:1	Note:1	Note:1	Note:1	Note:1	Note:1	NA	Note:1	Note:1
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Yes	NA- Note: 6	NA- Note: 6	Yes	NA- Note: 6	Yes	NA	Yes	Yes

5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
6	Indicate the link for the policy to be viewed online?	NA Note:3	NA Note:3	NA Note:3	Yes Note:2	Yes Note:3	Yes Note:2	NA	Yes Note2	NA Note3
7	Has the policy been formally communicated to all relevant internal and External stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes Note: 8	Yes	Yes
8	Does the company have in-house structure to implement the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes

Note 1:

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

Note 2:

It has been Company's practice to upload policies on Company's website for the information of all the stakeholders. The Code of Conduct for Directors, the code of conduct of Independent Directors, the Code of Conduct for senior management, whistleblower policy and CSR Policy are available on the **website http://hexaware.com/investors/.**

Note 3:

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

Note 4:

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

Note 5:

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

Note 6 :

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

Note 7:

Environment protection is thrust area in CSR Policy and Company has taken many initiatives during 2018 relating to Environment protection.

Business Responsibility Report

Note 8:

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

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

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

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than one year. - **Annually**

b) Does the Company publish a BR or a sustainability report? What is the hyperlink for viewing this report? How frequently it is published? - The Company publishes, the Business Responsibility Report, it is uploaded on the company's website www.hexaware.com and published annually.

Section E: Principle-wise performance

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? No

   i. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? Yes

   The Company has well defined Code of Conduct for all employees, Senior Management and Directors of the Company that covers issues, inter alia, related to ethics, honesty, misconduct etc. The Company also has separate Anti-Bribery Policy. The code of conduct of Employees is available on intra website of the Company and easily accessible to all the employees, the code of Conduct of Senior Management and Directors is available on the website of the Company www.hexaware.com. The code of conduct of the employees and Senior Management applies to all the employees and Senior Management of Company respectively, including its subsidiaries. It covers dealings with vendors, customers and other business partners.

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

During the reporting year, the Company have received following Complaints from Stakeholders:

Sr.no.	Particular	Number of complaints received during the year	Number of Complaints resolved	Percentage of Complaints resolved
1.	Complaints from Shareholder*	21	20	95.23
2.	Complaints from Employees under Sexual harassment	2	2	100
3.	Complaints from Employees under whistleblower	4	4	100

* The pending complaint was also resolved in January, 2019.

Principle 2:

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

The Company is entirely a services Company and thus essentially, a non-energy intensive organization. In spite of that, considering the Global challenges regarding energy security, the company has continued its efforts on environmental safety, consumption and wastage of energy in form of energy-friendly apparatus as well as minimal usage policies, highly-efficient designs, deep green retrofits and renewable energy, which have helped us conserve resources.

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.

Also refer section on the conservation of energy on page 53 and section on CSR on page 59 of Annual report detailing contribution of the Company towards environment and social impact.

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

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

Please refer section on the conservation of energy on page 53 of Annual report detailing contribution of the Company towards environment, energy and natural resource conservation.

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

The Company has installed 421KW Roof Top solar system in its Siruseri campus and 114KW at Mumbai MBP. Power generated in 2018 from these systems is 308310 & 40470 Units respectively.

This results in avoiding of Green House Gas emission of about 279 tons of CO_2(Carbon Dioxide).

Wind energy to the tune of about 80lakh units is availed in year 2018 as Captive Power Consumer through 3rd party Private power agency.

85% of energy consumed at Chennai campus is fed from Green Power.

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

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

The Company has procedures in place for sustainable sourcing including transportation. The Company also ensures that our hired transport vehicle meet environmental regulations including age of the vehicle, pollution check certificates, hygiene standards maintained etc.

Buses transporting employees are emission tested by Government authorities.

Please refer section on the conservation of energy on page 53 of Annual report detailing contribution of the Company towards environment, energy and natural resource conservation.

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

The criteria for selection of vendors depends on nature of goods and services, quality, reliability and price. As per procurement process of the Company, purchase manager and head procurement select the vendors for all purchase

Business Responsibility Report

request received from various departments. The Company generally gives priority to local and small producers for procurements. The Company makes continuous efforts to develop and maintain local small vendors in order to have timely delivery with optimum cost and best quality.

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

The procurement department of the Company give regular feedback to the vendors. The feedback forms one of the key inputs for improving the services and product quality. The purpose of feedback is to help the vendors to bring in external perspectives on the services rendered, improvement opportunities, quantitative measurement of service levels and compare performance against the previous period. Also regular interaction with the vendors and educating them about the standards of quality required and their importance helps to enhance their approach and understanding of support functions.

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

Sewage and waste water is treated and used for gardening @170KL per day (working day) at Chennai campus and 40KL at Pune campus. In year 2018, STP treated water of about 50,000KL at Chennai and 11,000KL at Pune is recycled and reused. The Company undertakes several green campaigns throughout its locations.

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

Principle 3:

1. Please indicate the Total number of employees – 16,205 including subsidiaries and contract employees
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis – 5075
3. Please indicate the Number of permanent women employees – Total women employees were 5032 including on contract basis comprising of 31.05% of total work force.
4. Please indicate the Number of permanent employees with disabilities-10
5. Do you have an employee association that is recognized by management- No
6. What percentage of your permanent employees is members of this recognized employee association – NA
7. Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

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

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

The Company takes health and safety of its employees very seriously and regularly conducts related training programs. During 2018, the Company has conducted fire safety drill at various locations wherein all the employees were imparted training on fire evacuation drill, handling of fire extinguishers and methods to evacuate people.

The Company has provided Safety Tips for Two Wheelers and Four Wheeler Driving in Monsoon.

Please refer section under HexaVarsity on page 47 of Directors report and under Human resources and industrial relations on page 106 & 107 of Management Discussion & Analysis detailing training / re-skilling initiatives of the Company which covers all technical employees including contract employees.

Woman Safety:

Self- Defense has become the need of the hour and safety of Women is of utmost importance to us. We are constantly taking active steps to create a safe environment for our people at Hexaware.

The Company had organized a self-defence workshop on April 25, 2018 to equip women with basic knowledge and skills required to deal with any adverse situation.

Principle 4:

1. Has the company mapped its internal and external stakeholders? **–** Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised

   stakeholders? **–** Yes
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

   Refer the section under CSR initiatives on page 59 of this Annual report detailing work done and impact created for the disadvantaged / vulnerable and marginalized people of the Society.

Principle 5:

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

   Policy covers all subsidiaries, contractors etc.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   During the reporting year, the Company have received following Complaints from Stakeholders:

Sr.no.	Particular	Number of complaints received during the year	Number of Complaints resolved	Percentage of Complaints resolved
1.	Complaints from Shareholder*	21	20	95.23
2.	Complaints from Employees under Sexual harassment	02	02	100

   * The pending complaint was also resolved in January, 2019.

Principle 6:

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

   Environment protection is one of the key areas of CSR initiatives of the Company. It covers entire group and its contractors.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Hexaware strives to responsibly consume natural resource. Our endeavour is to make all our future investments confirm to highest energy saving and reduced carbon emission devices. Therefore, to ensure no or minimum wastage/misuse we have implemented the below mentioned mitigation measures:

   - All our campuses are equipped with energy saving devices e.g. lightings, computers, servers, printers and faxes
   - About 450,000 sq. ft. greenery developed around the building - Siruseri campus
   - Indoor and Ambient Air quality monitoring is done on monthly basis. CO_2 level at inside work area is monitored to ensure pollution free environment.
   - Conventional light fittings at Chennai campus is replaced with Energy efficient LED light fixtures by which 390335 Units are saved.
   - Conventional UPS units at Chennai campus is replaced with Modular type UPS Units by which 180534 Units are saved.
   - Conventional Light fixtures & UPS units at Mumbai MBP locations is replaced with Energy efficient LED Light

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fixtures and Modular UPS units by which 295735 Units are saved.

- Variable Frequency Drive is installed at Food Court Guest dining & Hexavarsity training room.
- Chennai campus is Zero-water discharge campus. Rain water harvesting system is installed along the periphery
- E-waste and Hazardous waste were disposed through authorized agencies as per government norms
- There is a State of the art 220 KLD Sewage Treatment Plant (membrane bio-reactor technology) installed. The Treated water generated from STP is used for gardening purpose
- Paper waste generated were recycled through authorized agencies
- Organic waste converter has been installed to process the food waste generated from food court into manure. The manure generated is used for landscaping in the campus
- Gensets are pollution free as certified by Government Pollution Control agencies and the stacks are fixed at the prescribed heights and locations
- Buses transporting employees are emission tested by Government authorities
- Organized way of Vehicle parking and internal traffic control is observed

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

   The Company is well aware regarding environmental risk and have taken various initiatives to reduce the environmental risk.

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

   Not Applicable

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

   Refer section on energy conservation on page 53 of Annual report.

   Our campus (office) in Chennai and Pune SEZ are LEED standard compliant

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

   Yes, these are within the permissible limits.

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

   To the best of our knowledge, the Company has not received any show cause / Legal Notice from CPCB / SPCB during the year.

Principle 7:

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

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

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

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development

Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others). Yes

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

Principle 8:

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

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

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

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

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

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

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

   Total amount spent on community development projects during Financial Year 2018 thorough CSR was ₹ 90.46 million. The details of the project undertaken are given under CSR Report on page no. 59 of Annual Report.

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

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

Principle 9:

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

   None

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

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

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

   There is no such case against the Company.

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

   Customer satisfaction survey is done on periodic basis to measure the level of satisfaction of customer. An Independent agency conducts the survey. The Company scored the highest score of 74.4 as against an industry score ranging from 53.6 to 74.4. There is significant improvement across key business metrics, as well as in the overall score of 53.0 achieved in fiscal 2015.

Corporate Governance Report – 2018

1. Brief Statement on philosophy on Code of Governance:

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built. The Company provides utmost importance to best Corporate Governance practices which are designed to act in the best interest of its stakeholders. The fundamentals of Corporate Governance includes transparency, accountability, integrity, independence, ethical corporate behaviour and fairness to all stakeholders like employees, customers, vendors, investors and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hallmark and best corporate governance practices are reflected in Company's culture, policies, relationship with stakeholders, commitment to values and ethical business conduct. In the same spirit, timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the Company is an important part of the Company's corporate governance philosophy.

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 15 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. With the focus on the core corporate governance principles of accountability, transparency and integrity and adoption of suitable global, local and industry best practices, the Company is moving ahead in its pursuit of excellence in corporate governance. The Code of conduct of Board of Directors and senior management personnel are available on the website of the Company at http://hexaware.com/investors/.

A report on compliance with the requirements stipulated under regulation 17 to 27 and clause (b) to (i) of the sub regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (" SEBI listing regulations"), as applicable, with regard to corporate governance is given below.

2. Board of Directors:

2.1 Composition and category of Directors:

The composition of the Board of Directors of the Company represents an optimum combination of professionalism, knowledge and experience. The Board comprises of ten (10) Directors as on December 31, 2018. Of these, nine Directors are Non-Executive and six amongst them are Independent Directors. Mr. Atul K. Nishar is Non-Executive Chairman of the Board. Mr. P R Chandrasekar (DIN: 02251080) was re-appointed as Non-Executive Independent Director of the Company for a period of three years w.e.f. January 1, 2019.

Independent Directors are non-executive directors as defined under regulation 16 (1) (b) 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 of independence 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, 2018 is given below:

Name	Designation	Category	Shareholding as on December 31, 2018
Mr. Atul Nishar* (DIN 00307229)	Chairman	Non Independent Non-Executive	1000
Mr. Jimmy Mahtani (DIN 00996110)	Vice Chairman	Non Independent Non-Executive	Nil
Mr. R. Srikrishna# (DIN 03160121)	CEO & Executive Director	Non-Independent Executive	5,00,000
Mr. Kosmas Kalliarekos (DIN 03642933)	Director	Non-Independent Non-Executive	Nil
Mr. P. R. Chandrasekar (DIN 02251080)	Director	Independent Non-Executive	Nil
Mr. Bharat Shah** (DIN 00136969)	Director	Independent Non-Executive	14,475

Name	Designation	Category	Shareholding as on December 31, 2018
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
Mrs. Meera Shankar (DIN 06374957)	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, Mr. Saharsh Parekh – son–in–law 3,43,720 shares and Ms. Priyanka - Daughter 3,15,690 shares.

** Mr. Bharat Shah HUF is holding 49,114 shares as on December 31, 2018.

As on the date of report Mr. R. Srikrishna is holding 6,50,000 shares.

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

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2018 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	7	7	Yes	1	1(1)
Mr. R. Srikrishna	7	6	Yes	NIL	NIL
Mr. Jimmy Mahtani	7	4	No	1	1
Mr. Kosmas Kalliarekos	7	2	No	NIL	NIL
Mr. P. R. Chandrasekar	7	5	Yes	NIL	2
Mr. Bharat Shah	7	5	Yes	8	8(1)
Mr. Dileep Choksi	7	7	Yes	9	9(4)
Mr. Basab Pradhan	7	6	Yes	NIL	1
Mr. Christian Oecking	7	5	Yes	NIL	1
Mrs. Meera Shankar	7	6	Yes	3	2

Notes:

1. None of the Directors of the Company hold membership of more than ten Committees nor is a Chairperson of more than five committees (as specified in 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, 2018 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 Conferencing facilities are also used to facilitate directors who are travelling / residing abroad or at other locations to participate in the meetings and are counted for the purpose of attendance.

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

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

During the year, seven Board Meetings were held respectively on February 07, 2018, February 08, 2018, April 03, 2018, May 03, 2018, July 24, 2018, October 24, 2018 and December 20, 2018.

The necessary quorum was present for all the meetings.

During the year 2018, information as mentioned in Schedule II as per regulation 17 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the board for its consideration.

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

During the year a separate meeting of the Independent Directors was held on December 20, 2018 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 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 to Non-Executive Directors.

2.6 Familiarization programme of Independent Director of the Company:

In order to enable the Directors to fulfil the governance role, comprehensive presentations are made on business updates, business models, risk minimization procedures, new initiatives by the Company. Changes in domestic/overseas industry scenario including their effect on the Company, statutory matters are also presented to the Directors during the Board Meetings. The Board Meetings are generally conducted for 6 to 8 hours and Board Meetings were held on February 07, 2018, February 08, 2018, April 03, 2018, May 03, 2018 July 24, 2018, October 24, 2018 and December 20, 2018. The familiarization policy of Independent Directors of the Company is available on the website of the Company at the following link http:// hexaware.com/investors/

3. Audit Committee:

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

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

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

3.1 Composition, name of Members and Chairman:

The Audit Committee of the Company as on December 31, 2018 comprised of the following members: Mr. Dileep Choksi (Chairman), Mrs. Meera Shankar, Mr. Jimmy Mahtani, Mr. Christian Oecking, Mr. P R Chandrasekar, all being Non-Executive Directors and 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 Financial Officer, the Partner / Representative of the Statutory Auditors and the Internal Auditors are some of the invitees to the Audit Committee. The Company Secretary of the Company acts as the secretary to the Committee.

During the year, the Audit Committee met five times respectively on February 07, 2018, February 08, 2018, May 02, 2018 which was adjourned to May 03, 2018, July 24, 2018, October 24, 2018 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 03, 2018 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. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
7. Approval or any subsequent modification of transactions of the company with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. 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;
13. Discussion with internal auditors of any significant findings and follow up there on;
14. 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;
15. 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;
16. 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;
17. To review the functioning of the Whistle Blower mechanism;
18. Approval of appointment of Chief Financial officer after assessing the qualifications, experience and background, etc. of the candidate;
19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Corporate Governance Report – 2018

3.3 Meetings and Attendance during the year 2018:

Name of the Director	Category	No. of meetings held during the year	Meetings Attended
Mr. Dileep Choksi - Chairman	Independent	5	5
Mrs. Meera Shankar	Independent	5	5
Mr. Jimmy Mahtani	Non-Independent	5	5
Mr. Christian Oecking	Independent	5	4
Mr. P R Chandrasekar	Independent	5	5

4. Nomination and Remuneration Committee:

4.1 Brief description and terms of reference:

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

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

(1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;

(2) Formulation of criteria for evaluation of performance of Independent Directors and the board of directors;

(3) Devising a policy on diversity of board of directors;

(4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(5) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

4.2 Composition, name of members and chairperson:

The Nomination and Remuneration Committee of the Company as on December 31, 2018 comprised of the following members: Mr. Basab Pradhan (Chairman), Mr. Kosmas Kalliarekos, Mr. Jimmy Mahtani, Mr. Christian Oecking and Mr. Bharat Shah, all being Non-Executive Directors and majority being Independent Directors.

4.3 Meeting and attendance during the year 2018:

During the year, the Nomination & Remuneration Committee met 6 (Six) times that is on February 07, 2018, May 02, 2018, July 24, 2018, October 23, 2018, October 24, 2018 and December 20, 2018. 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	Attended
Mr. Basab Pradhan - Chairman	Independent	6	6
Mr. Kosmas Kalliarekos	Non-Independent	6	4
Mr. Jimmy Mahtani	Non-Independent	6	6
Mr. Christian Oecking	Independent	6	6
Mr. Bharat Shah	Independent	6	5

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 formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual Directors. Schedule IV to 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 Chairman of the Board / the Nomination and Remuneration Committee ("NRC") reviewes 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 20, 2018, 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 Company has adopted and implemented the provisions of Section 178 of the Companies Act, 2013 on the requirement of the Nomination & Remuneration 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 Employee Stock Options or other similar equity instruments as may be approved by the Committee.

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

5.2 Details of pecuniary relationship or transactions of the Non- Executive Directors with the Company during the year 2018:

Sr. No.	Name of Director	Commission (₹ in Million)	Sitting Fees (₹ in Million)	ESOP
1.	Mr. Atul Nishar	NIL	NIL	NIL
2.	Mr. Jimmy Mahtani	NIL	NIL	NIL
3.	Mr. Kosmas Kalliarekos	NIL	NIL	NIL
4.	Mr. P. R. Chandrasekar	6.86	0.3	NIL
5.	Mr. Bharat Shah	6.86	0.28	NIL
6.	Mr. Basab Pradhan	6.86	0.34	NIL
7.	Mr. Christian Oecking	6.86	0.40	NIL
8.	Mrs. Meera Shankar	6.86	0.32	NIL
9.	Mr. Dileep Choksi	6.86	0.32	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.

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For the year 2018, the Board of Directors approved payment of commission to the Independent Directors Mr. Bharat Shah, Mr. Dileep Choksi, Mr. Basab Pradhan, Mr. Christian Oecking, Mrs. Meera Shankar and Mr. P R Chandrasekar based on their terms of appointment aggregating to USD 600,000. 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 of Mr. R Srikrishna, CEO & Executive Director:

₹ in Million

Particulars	
Salary and allowance	4.72
Benefits *	51.90
Bonus	-------
Pension	-------
Fixed Components	-------
Performance linked incentives	-------
Severance fees	-------
Total	56.62
Notice Period	90 days

*** Note :**

i. Above does not include remuneration of ₹ 93.11 million paid by overseas subsidiary of the Company to Mr. R Srikrishna.

ii. Cost computed as per Ind AS 102 Share Based Payments and amortised over vesting period.

On July 24, 2018, 109,739 Restricted Stock Units (RSUs) were granted at a price of ₹ 2/- to Mr. R Srikrishna, CEO & Executive Director under the Employee Stock Option Scheme 2015 exercisable into equal number of equity shares of the company, which shall vest after one year.

6. Stakeholders Relationship Committee:

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

- Resolving investor's complaints and strengthening of investor relations
- Monitoring and reviewing service functioning of Registrar and Transfer Agents
- Review process of 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) Registrar / Share Transfer Agent;

j) Details of Compliance officer / Designed official responsible for assisting and handling investor grievances;

k) Contact details of Key Managerial Personnel authorize to determining the materiality of an event or information;

l) Investor Education and Protection Fund details;

m) Details of Nodal Officer

6.1 Composition, meeting and attendance of the Committee meetings:

The Stakeholders Relationship Committee of the Company as on December 31, 2018 comprised of the following members: Mr. Atul Nishar (Chairman), Mr. Basab Pradhan, Mr. Dileep Choksi and Mr. P R Chandrasekar all being Non-Executive Directors and three of them being Independent Directors.

During the year, the Stakeholders Relationship Committee met 4 (Four) time that is on February 07, 2018, May 02, 2018, July 24, 2018 and October 23, 2018.

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	Attended
Mr. Atul Nishar - Chairman	Non - Independent	4	4
Mr. Basab Pradhan	Independent	4	4
Mr. Dileep Choksi	Independent	4	3
Mr. P R Chandrasekar	Independent	4	4

6.2 Name and designation of Compliance officer and Nodal Officer for IEPF Compliances:

Name of the Company Secretary and the Compliance Officer, Nodal Officer for IEPF Compliances	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 6791 9595
E-mail	gunjanm@hexaware.com
Fax	+91 22 6791 9578

6.3 Summary of Shareholders Complaints:

Number of Complaints received	21
Number of Complaints not solved to the satisfaction of Shareholders	NIL
Number of Pending Complaints*	01

* The pending complaint was resolved in the month of January 2019.

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7. CSR Committee:

The Corporate Social Responsibility Committee of the Company as on December 31, 2018 comprised of the following members: Mr. Bharat Shah (Chairman), Mr. Atul Nishar, Mrs. Meera Shankar and Mr. Christian Oecking all being Non-Executive Directors and majority of them are Independent Directors.

The scope of the committee is to :

(a) 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 the Companies Act, 2013;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

The committee oversees the CSR activities and execution of initiatives approved by the Board. The CSR policy of the Company is available on our website http://hexaware.com/investors/.

Meeting and attendance during the year 2018:

During the year, the Corporate Social Responsibility Committee met 4 (Four) times that is on February 07, 2018, May 02, 2018, July 24, 2018 and October 23, 2018.

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	Attended
Mr. Bharat Shah - Chairman	Independent	4	3
Mr. Atul Nishar	Non-Independent	4	4
Mr. Christian Oecking	Independent	4	4
Mrs. Meera Shankar	Independent	4	4

8. Strategy and Risk Committee:

The Strategy and Risk Committee of the Company as on December 31, 2018 comprised of the following members: Mr. Atul Nishar (Chairman), Mr. Jimmy Mahtani, Mr. Kosmas Kalliarekos, Mr. P R Chandrasekar, Mr. Basab Pradhan and Mr. Bharat Shah, all being Non-Executive Directors.

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

During the year 2018 no meeting was held of Strategy and Risk Committee.

9. Other Committees:

There are no Committees other than Five Committees mentioned above.

10. Risk Management:

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

The Board of Directors and senior management team assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

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

11. General Body Meetings:

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

Financial year	General Meeting	Loction	Date	Time	Particulars of special resolution passed
2017	25th Annual General Meeting	4th Floor, Rangswar, Auditorium, Yeshwantrao Chavan Centre, General Jagannath Bhosale Marg, Near Mantralaya, Mumbai – 400 021.	Thursday, May 3, 2018	3:00 p.m.	1. Re-appointment of Mrs. Meera Shankar as a Non-Executive Independent Director
2016	24th 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	Monday, April 24, 2017	4:00 p.m.	1. Re-appointment of Mr. Bharat Shah as a Non-Executive Independent Director 2. Re-appointment of Mr. Dileep Choksi as Non-Executive Independent director
2015	23rd Annual General Meeting	M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/ Kala Ghoda, Mumbai - 400 001.	Tuesday, August 30, 2016	3.00 p.m	1. Re-appointment of Independent Director, Mr. Basab Pradhan for a period of three years. 2. Re-appointment of Independent Director, Mr. Christian Oecking for a period of three years. 3. Change in Place of keeping the Register of Members, Index of Members etc

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

11.2 Location, date and time where the last Extra Ordinary General Meeting held:

Details of National Company Law Tribunal (NCLT) convened Meeting of the Equity Shareholders of Hexaware Technologies Limited:

Financial year	Location	Date	Time	Particulars of special resolution passed
2017	M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/ Kala Ghoda, Mumbai - 400 001	Monday, April 24, 2017	3:00 p.m.	Approval of Scheme of Amalgamation of Risk Technology International Limited with Hexaware Technologies Limited and their respective Shareholders

Resolution set out in the notice of the NCLT convened Meeting of Shareholders of Hexaware Technologies Limited was passed by the shareholders with requisite majority.

11.3 Postal Ballot:

No Postal Ballot was conducted during the year.

12. Means of Communication:

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

(a) The quarterly, half yearly and Annual Results were published in Business Standard in English and Lakshadeep/Navshakti in Marathi. Other communications were published in Business Standard and Navshakti in Marathi.

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(b) The Company's audited financial results, press releases and the presentations made to institutional investors and analyst and other intimations to Stock Exchanges are posted on the Company's website - www.hexaware.com and websites of BSE and NSE viz. www.bseindia.com and www.nseindia.com

13. General Shareholder information:

13.1 Twenty Sixth Annual General Meeting:

Date	**23rd April, 2019**
Time	3:30 pm
Venue	Walchand Hirachand Hall, 4th Floor, IMC Bldg., IMC Marg, Churchgate , Mumbai – 400 020.

13.2 Financial Calendar for the year 2018:

Financial year	**January 1, 2018 to December 31, 2018**
Dividend Payment	1st Interim Dividend was paid on May 18, 2018 @ ₹ 1.00 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 2nd Interim Dividend was paid on August 8, 2018 @ ₹ 2.50 per share (125%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 3rd Interim Dividend was paid on November 9, 2018 @ ₹ 2.50/-per share (125%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 4th Interim Dividend was paid on February 15, 2019 @ ₹ 2.50/- per share (125%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.
Book Closure	April 5, 2019
Listing on Stock Exchanges	1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
	2. National Stock Exchange of India Limited, Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

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

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

March 31, 2019	By May 15, 2019
June 30, 2019	By August 14, 2019
September 30, 2019	By November 15, 2019
December 31, 2019	By February 28, 2020
Annual General Meeting for the year ending December 31, 2019	On or before May 31, 2020

13.3 Scrip Information:

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

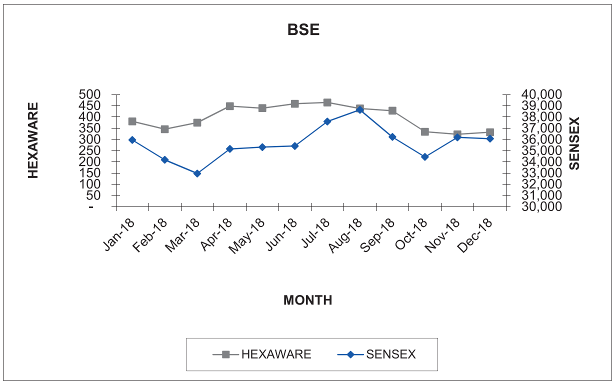
Corporate Identification number of the Company (CIN): L72900MH1992PLC069662

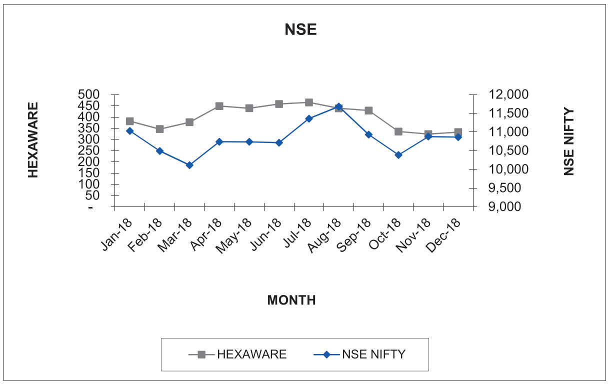
13.4 Stock Market Data:

The high / low of the shares of the Company from January 2018 to December 2018 is given below :

Month	BSE (₹)		NSE (₹)	
	High	Low	High	Low
January'18	394.60	338.10	394.50	338.70
February'18	389.65	322.00	385.20	324.00
March'18	391.80	341.30	394.80	340.40
April'18	450.35	376.00	450.90	375.60
May'18	459.30	381.00	459.30	382.35
June'18	475.60	401.00	475.00	400.55
July'18	557.40	442.20	557.70	441.00
August'18	501.60	414.00	500.90	401.10
September'18	474.80	417.50	475.35	418.00
October'18	460.00	308.10	459.40	308.30
November'18	338.90	294.80	338.25	294.30
December'18	341.00	307.80	341.00	307.40

13.5 Stock Performance:





13.6 Registrar and Share Transfer Agent:

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

Karvy Fintech Private Limited **Unit: Hexaware Technologies Limited**	
Corporate office:	**Investor Relation Centre:**
Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Hyderabad - 500 032 Contact details: Tel.No.: +91 40 67162222 Fax number : +91 40 23420814 Email: einward.ris@karvy.com Website: ww.karvyfintech.com	24 B, Rajabahadur Mansion, Ground Floor, Amabalal Doshi Marg, Fort, Mumbai - 400 023 Tel: 022 66235454 Email : einward.ris@karvy.com Website: ww.karvyfintech.com

13.7 Share Transfer system:

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

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

13.8 Distribution of Shareholding:

As on December 31, 2018

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 - 500	78,099	92.79	8,913,490	3.00
501 - 1000	3,542	4.21	2,650,407	0.89
1001 - 2000	1,348	1.60	2,011,381	0.68
2001 - 3000	307	0.36	774,416	0.26
3001 - 4000	186	0.22	673,362	0.23
4001 - 5000	107	0.13	498,515	0.17
5001 - 10000	212	0.25	1,594,584	0.54
10001 & above	364	0.43	280,244,834	94.24
TOTAL	**84,165**	**100.00**	**297,360,989**	**100.00**

13.9 Categories of Shareholding (as on December 31, 2018):

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters Holdings	186,318,590	62.66
2.	Mutual funds/ UTI	32,102,679	10.80
3.	Banks/ Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions)	411,439	0.14
4.	FIIs/ FPI	51,083,223	17.18
5.	Others:		
	- Private Corporate Bodies	3,803,279	1.28
	- Indian Public	20,741,209	6.97
	- NRIs / Foreign Nationals / OCBs	2,612,612	0.88
	- Trust	40,795	0.01
	- NBFCs	8,420	0.00
	- Clearing Members	238,743	0.08
	Sub Total	27,445,058	9.22
	TOTAL	**297,360,989**	**100.00**

Pledge of Shares: The promoters have not pledged their shareholding in Hexaware as on December 31, 2018.

13.10 Dematerialization of Shares and liquidity:

Procedure for dematerialization of shares:

Shareholders seeking demat 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 Agent ("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.

99.26 % of the issued capital of your Company has been dematerialized up to December 31, 2018.

Go Green initiative:

Pursuant to Section 101 of Companies Act, 2013 read with rules made thereunder, the Company is allowed to send documents such as the Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc. to the members in electronic form at the email address provided by the members and made available to the Company by the Depository/ Registrar & Share Transfer Agent (RTA). Physical copies are sent only to those shareholders whose e-mail addresses are not registered with the Company and for the bounced e-mail cases. Shareholders are requested to register their e-mail id with RTA / Depository to enable the Company to send the documents in electronic form or inform the Company in case they wish to receive the above documents in paper mode.

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

1. Global Depository Receipts (GDR):

   The Company has closed GDR Programme during the year 2017 and the outstanding GDR were cancelled within one year from the closure date. GDRs as on December 31, 2018 are Nil.

2. Warrants / Options:

   i. 2,486,355 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.

   ii. 6,200,969 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 the ESOP Schemes of the Company, which, would vest, be exercised and converted into Equity shares of the Company, the total number of Equity shares would increase by 8,687,324 of ₹ 2/- each.

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

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

13.13 Plant Locations (Hexaware Technologies Limited, India):

Registered Office & Offshore Development Center	152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Center	1, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Center	157, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Center	Ground floor, Irise, M/s. Loma IT Park Developers Pvt. Ltd., IT/ ITES SEZ, Plot No. G4/1, TTC Industrial Area, Thane Belapur Road, Ghansoli, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Center	Unit No.8, 2nd floor, Irise, M/s. Loma IT Park Developers Pvt. Ltd. Plot No.Gen-4/1, TTC Industrial Area, Thane-Belapur Road, Ghansoli, Navi Mumbai 400 710,	Navi Mumbai

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Offshore Development Center	First floor, Irise, M/s. Loma IT Park Developers Pvt. Ltd. Plot No.Gen-4/1, TTC Industrial Area, Thane-Belapur Road, Ghansoli, Navi Mumbai 400 710,	Navi Mumbai
Offshore Development Center	IG-3 Infra Ltd – SEZ, Chennai – 1 IT Park, Pallavaram – Thoraipakkam, 200 Ft Rd., Thoraipakkam, Chennai – 600 097, Tamilnadu.	Chennai
Offshore Development Center	SIPCOT IT Park, Navalur Post, Siruseri - 603 103.	Chennai
Offshore Development Center	Plot No.19, Rajiv Gandhi Infotech Park, MIDC-SEZ, Phase-III, Hinjewadi 411 057 (SEZ), Pune.	Pune
Offshore Development Center	Lower Ground floor and Ground floor, South block, Phase III, Hinjewadi, Rajiv Gandhi Infotech Park, Pune 411 057.	Pune
Offshore Development Center	"Indiqube Zeta", 2nd Floor, BBMP Khata No.835/39/1124/765 Survey # 49/5,52/1,52/2,53 and 54 Kaikondrahalli Village, Varthur Hobli, Sarjapur Main Road, Bengaluru - 560 035.	Bengaluru
Hexaware BPS :	Bldg. No 3, Sector - II, Millennium Business Park, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Hexaware BPS :	Prince Infocity II, 2nd floor, No.283/3A, 283/4A & 283 /4B, No.141, Kottivakkam Village, Kandanchavadi, Chennai - 600 096. Tamilnadu.	Chennai
Hexaware BPS :	Survey no (Part) 38, 39,41,42 and 43 in village Khapri & Dahegoan, MIHAN, SEZ - MADC, Nagpur - 441 108, Maharashtra.	Nagpur
Hexaware BPS :	A-3, Elysium Central, Puliyakulam Road, Ramanathapuram, Coimbatore - 641045. Tamilnadu.	Coimbatore

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

Pursuant to the provisions of Companies Act, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of the Companies Act. Shareholders are advised to claim the un-encashed dividend lying in the unpaid dividend account of the Company before the due date. A sum of ₹ 1,46,33,473/- has been transferred to the Investor Education and Protection Fund in the year 2018 towards unclaimed/ unpaid dividend for the year 2010 and 2011.

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

During the Year 856,757 Shares were transferred to IEPF Account with NSDL. The Company has set aside unclaimed and unpaid Dividend amount of shareholders in a separate bank account that could not be transferred to Investor Education and Protection Fund (IEPF) pursuant to restraining order of court or Tribunal or any other Statutory Authority pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

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

Date of declaration of dividend	Dividend for the year	Last date for Claiming unpaid Dividend
April 27, 2012 (Final)	2011	June 3, 2019
April 27, 2012 (Q1 Interim)	2012	June 3, 2019
July 31, 2012 (Q2 Interim)	2012	September 6, 2019
November 1, 2012 (Q3 Interim)	2012	December 08, 2019
April 29, 2013 (Q1 Interim)	2013	June 4, 2020
April 30, 2013 (Final)	2012	June 5, 2020
July 19, 2013 (Q2 Interim)	2013	August 24, 2020
February 7, 2014 (Q4 Interim)	2013	March 15, 2021
April 25, 2014 (Final - 2013)	2013	May 31, 2021
April 29, 2014 (Q1 Interim - 2014)	2014	June 04, 2021
July 22, 2014 (Q2 Interim - 2014)	2014	August 27, 2021
Nov. 05, 2014 (Q3 Interim - 2014)	2014	December 11, 2021
February 10, 2015 (Q4 Interim - 2014)	2014	March 18, 2022
April 29, 2015 (Q1 Interim - 2015)	2015	June 4, 2022
August 4, 2015 (Q2 Interim - 2015)	2015	September 9, 2022
November 3, 2015 (Q3 Interim - 2015)	2015	December 9, 2022
February 3, 2016 (Q4 Interim - 2015)	2015	March 11, 2023
May 4, 2016 (Q1 Interim - 2016)	2016	June 10, 2023
July 28, 2016 (Q2 Interim- 2016)	2016	September 02, 2023
October 25, 2016 (Q3 Interim - 2016)	2016	November 30, 2023
February 7, 2017 (Q4 Interim - 2016)	2016	March 14, 2024
April 24, 2017 (Q1 Interim – 2017)	2017	May 29, 2024
July 31, 2017 (Q2 Interim – 2017)	2017	September 4, 2024
November 01, 2017 (Q3 Interim–2017)	2017	December 6, 2024
February 07, 2018 (Q4 Interim–2017)	2017	March 14, 2025
May 3, 2018 (Q1 Interim – 2018)	2018	June 7, 2025
July 24, 2018 (Q2 Interim – 2018)	2018	August 28, 2025
October 24, 2018 (Q3 Interim – 2018)	2018	November 28, 2025
January 30, 2019 (Q4 Interim - 2018	2018	March 6, 2026

13.15 Investor Correspondence:

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

Name	E-Mail ID	Telephone Number	Fax No.
Gunjan Methi, Company Secretary	Investori@hexaware.com	+ 91 22 6791 9595	+91 22 6791 9578

Shareholders can contact the following Officials for financial matters:

Name	E-Mail ID	Telephone Number	Fax No.
Vikash Kumar Jain - Chief Financial Officer	Investori@hexaware.com	+ 91 22 6791 9595	+91 22 6791 9578

Corporate Governance Report – 2018

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

13.16 Website:

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

14. Other Disclosures:

(a) There are no materially significant transactions with related parties i.e. with the Promoters, Directors, Management, subsidiaries or relatives that may have potential conflict of interest with the Company at large. Transactions with related parties are disclosed in Note No. 23 to the Standalone Accounts of the Company in the Annual Report.

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

(c) The Company has framed a whistle blower policy. The policy enables the employees to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This policy is reviewed annually by the Audit Committee to check the effectiveness of the policy. No personnel has been denied access to the Audit Committee.

(d) The company has complied with the mandatory requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has fulfilled the following non-mandatory requirements as prescribed in part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

(i) Auditors qualification: Nil

(ii) Separate posts of Chairman and CEO

The company has appointed separate persons to the post of Chairman and CEO.

(iii) Reporting of Internal Auditor: The Internal auditors, PWC report directly to the Audit Committee.

(e) The company has formulated a policy for determining 'material' subsidiaries which has been put up on the website of the company and available at the web link: http://hexaware.com/investors/

(f) The company has formulated the policy on dealing with Related Party Transactions and has been put on its website and available at the link http://hexaware.com/investors/

(g) The Company is not involved in commodity price and commodity hedging activities.

15. The Company has complied with corporate governance requirements specified in regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

16. The disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is made in the Directors' Report.

17. The Company does not have demat suspense account.

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place: Mumbai
Date : March 12, 2019

Details required under regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings with respect to Directors seeking appointment / re-appointment are given below :

Name of the Director	**Mr. Kosmas Kalliarekos**	**Mr. P R Chandrasekar**
Brief Resume	Mr. Kosmas Kalliarekos is a Managing Director at Baring Private Equity Asia and a member of the Investment, Portfolio and Exits Committees.	Mr. P.R. Chandrasekar has a successful track record of driving revenue growth for companies and is experienced in mergers & acquisitions, business development, channel development and strategic initiatives.
Experience / Expertise	Mr. Kosmas Kalliarekos has over 30 years in managing professional services companies. Prior to joining Baring Private Equity Asia in 2008, he was Founding Member and Senior Partner of The Parthenon Group, a strategic advisory firm with offices in Boston, London, San Francisco and Mumbai. Prior to this, Mr. Kosmas was consultant with Bain and Company.	Mr. P R Chandrasekar was CEO of Hexaware Technologies Limited since June 2008 to July 2014. Prior to this, Mr. P R Chandrasekar was President (Americas and Europe) at Wipro and was responsible for the strategic development of the company's business in those regions. Mr. P R Chandrasekar joined Wipro in May 2000 from GE India, where he served as Director, business development.
Age	54	63
Date of Birth	January 1, 1965	September 28, 1955
Date of First Appointment	October 11, 2013	June 2, 2008
Qualification	Mr. Kosmas Kalliarekos holds a BS in Economics from the Wharton School of the University of Pennsylvania and holds an MBA (High Distinction) from Harvard Business School.	Mr. P R Chandrasekar holds a degree in engineering from Indian Institute of Technology, Madras (IIT-M) and an MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai University.
Relationship between Directors inter-se and with Manager and other KMPs	Mr. Kosmas Kalliarekos is not related to any other Director, Manager and other KMPs of the Company.	Mr. P R Chandrasekar 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 Hexaware Technologies Limited. Mr. Kosmas Kalliarekos is holding membership in the following committees of Hexaware Technologies Limited 1. Nomination and Remuneration Committee 2. Strategy and Risk Committee	Mr. P R Chandrasekar is holding Directorship in Hexaware Technologies Limited. Mr. P R Chandrasekar is holding membership in the following committees of Hexaware Technologies Limited 1. Audit Committee 2. Stakeholders Relationship Committee 3. Strategy and Risk Committee
Shareholding	Mr. Kosmas Kalliarekos is not holding any Shares of the Company	Mr. P R Chandrasekar is not holding any Shares of the Company

Corporate Governance Report – 2018

Independent Auditor's Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of

Hexaware Technologies Limited

1. This certificate is issued in accordance with the terms of our engagement letter dated 3 May 2018.
2. This report contains details of compliance of conditions of corporate governance by Hexaware Technologies Limited ('the Company') for the year ended 31 December 2018, as stipulated in Regulations 17-27, clause (b) to (i) of regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to the Listing Agreement of the Company with Stock exchanges.

Management's responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's responsibility

4. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 December 2018.
6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

10. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/ W-100022

Akeel Master
Partner
Membership No: 046768
Unique Document Identification Number: 19046768AAAABW8403

Place: Mumbai
Date : 20 March, 2019

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, 2018 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. Vikash Kumar Jain
Chief Finance Officer

Date: January 30, 2019

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

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

As Chief Executive Officer and Executive Director of Hexaware Technologies Limited and as required by Schedule V (D) of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board members and senior management personnel of the Company as identified by the Company considering the requirements in this respect, have affirmed compliance with the Code of Conduct for the financial year 2018.

R Srikrishna
CEO & Executive Director

Place: Mumbai
Date: January 30, 2019

Management Discussion & Analysis

ECONOMIC OVERVIEW

Global Economy

Global growth for 2018 is estimated at 3.7%, as in the October 2018 World Economic Outlook (WEO) forecast, despite weaker performance in some economies, notably Europe and Asia. The global economy is projected to grow at 3.5% in 2019 and 3.6% in 2020, attributed to escalating trade tensions between US and China, soft domestic demand in Italy after recent sovereign and financial risks, weakness in German auto manufacturers due to new fuel emission standards and weakening sentiment in global financial markets. Europe's factory output declined by the biggest margin in three years. According to leading indicators released by the Organization for Economic Cooperation and Development (OECD), the US and many other economies are set for a further slowdown this year. In 2018, China witnessed its slowest economic growth in three decades. Its exports also fell 4.4% in December 2018, the largest fall since 2016, primarily due to faltering demand in most key markets. Imports, too, fell which pointed towards softening demand in the country.

Source: IMF, World Economic Outlook, January 2019

While the World Bank also cut the growth forecast for advanced economies in 2020 to 1.6% (down from 2.2% in 2018), the future is somewhat brighter for the emerging world. As the World Bank report emphasizes, emerging economies are increasingly strained by government debt, which has risen by 20 percentage points of GDP, on average, since 2013, with payments owed largely to private creditors demanding high interest rates.

Actual and Projected Growth of World Economies (%)

	2017	2018	2019	2020
	Actuals		Projections	
World Output	3.8	3.7	3.5	3.6
Advanced Economies	2.4	2.3	2.0	1.7
United States	2.2	2.9	2.5	1.8
Euro	2.4	1.8	1.6	1.7
Germany	2.5	1.5	1.3	1.6
Japan	1.9	0.9	1.1	0.5
UK	1.8	1.4	1.5	1.6
Emerging and Developing Economies	4.7	4.6	4.5	4.9
China	6.9	6.6	6.2	6.2
India	6.7	7.3	7.5	7.7

Source: IMF, World Economic Outlook, January 2019

Indian Economy

India's growth accelerated to an estimated 7.3% in FY 2018 (April to March) as economic activity continued to recover with strong domestic demand, which is expected to widen the current account deficit to 2.6% of GDP next year. The World Bank stated in its January 2019 Global Economic Prospects report that while investment continued to strengthen amid the GST harmonisation and a rebound of credit growth, consumption remained the major contributor to growth. It attributed the positive sentiments to an upswing in consumption and investment growth, as the benefits of structural reforms such as the Goods and Services Tax (GST) harmonisation and bank recapitalisation took effect. Inflation is projected to rise somewhat above the midpoint of the Reserve Bank of India's target range of 2% to 6%, mainly owing to energy and food prices. The World Bank report said. India climbed eight places in the latest annual International Intellectual Property (IP) Index released by the US Chambers of Commerce to reach 36th place out of 50 countries, climbing from 44th rank in the index last year.

Rising Economic Growth in India

FY2013	5.1%
FY2014	6.9%
FY2015	7.3%
FY2016	7.6%
FY2017	7.1%
FY2018	6.7%
FY2019	7.3%

Source: Estimates by Central Statistical Organisation

INDUSTRY OVERVIEW

Global Information Technology Sector

Worldwide IT spending is expected to have totaled USD 3.7 trillion in 2018, an increase of 4.5% from 2017, according to the report by Gartner, Inc. Global IT spending growth began to turn around in 2017, with continued growth expected over the next few years. Despite economic uncertainty, businesses will continue to invest in IT as they anticipate revenue growth. Projects in digital business, blockchain, Internet of Things (IoT) and progression from big data to algorithms to machine learning to artificial intelligence (AI) will continue to be the main drivers for growth. Moving ahead, the total global IT spend is projected to touch USD 3.8 trillion in 2019, rising 3.2% from USD 3.7 trillion in 2018, according to the report by Gartner, Inc.

While currency volatility and the potential for trade wars are still playing a part in the outlook for IT spending, it is the shift from ownership to service that is sending ripples through every segment. What this implies is more enterprise use of cloud services instead of buying own servers, they are turning to the cloud. As enterprises continue their digital transformation efforts, shifting to 'pay for use' will continue. This sets enterprises to deal with the sustained and rapid change that underscores digital business.

Enterprise software spending is forecast to experience the highest growth with an 8.3% increase in 2019. Software as a Service (SaaS) is driving growth in almost all software segments, particularly customer relationship management (CRM), due to increased focus on providing better customer experiences. Cloud software is projected to grow at more than 22% this year, compared with 6% growth for all other forms of software. While core applications such as Enterprise Resource Planning (ERP), CRM and supply chain continue to get the lion share of dollars, security and privacy are of particular interest currently.

IT services will be a key driver for IT spending in 2019 as the market is forecast to reach USD 1 trillion in 2019, an increase of 4.7% from 2018. An expected global slowdown in economic prosperity, paired with internal pressures to cut spending, is driving organisations to optimise enterprise external spend for business services such as consulting. In a recent Gartner study, 46% of organisations indicated that IT services and supplier consolidation was in their top three most-effective cost-optimisation approaches.

Source: Gartner Report

Digital Transformation

Worldwide spending on technologies and services that enable digital transformation (DX) of business practices, products and organisations is forecasted to reach USD 1.97 trillion in 2022 at a 5-year CAGR of 16.7%. By 2020, 30% of G2000 companies will have allocated capital budget equal to at least 10% of revenue to fuel their digital strategies as they recognize DX as a long-term investment.

Source: IDC

Worldwide IT Spending Forecast (In USD Billion)

	2017 Spending	2017 Growth (%)	2018 Spending	2018 Growth (%)	2019 Spending	2019 Growth (%)
Data Centre Systems	181	6.4	192	6	195	1.6
Enterprise Software	369	10.4	405	9.9	439	8.3
Devices	665	5.7	689	3.6	706	2.4
IT Services	931	4.1	987	5.9	1,034	4.7
Communication Services	1,392	1	1,425	2.4	1,442	1.2
Overall IT	**3,539**	**3.9**	**3,699**	**4.5**	**3,816**	**3.2**

Source: Gartner (December 2018)

Global IT Industry and IT spending: Key Growth Drivers

a. IT spending is witnessing a shift from ownership to service – increase in use of cloud services by enterprises to not only reduce cost, but gain agility to deal with sustained and rapid changes, and ultimately help them in digital transformation.

b. Software as a Service (SaaS) is driving growth in almost all software segments, particularly CRM, due to increased focus on providing better customer experiences.

c. Cloud software is projected to grow at more than 22% this year, compared with 6% growth for all other forms of software.

d. Cloud spend is not uniform across geographies. US contributes 60% of the cloud spend. Lack of hyper scale data centers in developing markets contributes to slow growth of cloud spend.

e. Global spending on IT security is expected to surpass USD 133 billion in 2019; in EMEA (due to GDPR) it is expected to reach USD 40 billion in 2019, up 7.8% from 2018.

f. Expected global slowdown in economic prosperity, paired with internal pressures to cut spending, is driving organisations to optimise enterprise external spend for business services (IT services and supplier consolidation are top three most effective cost-optimisation approaches).

g. In addition to buying behaviour changes, internal staff is beginning to lag as organisations adopt new technologies, such as IoT devices, to drive digital business. Nearly half of the IT workforce is in urgent need of developing skills or competencies to support their digital business initiatives. Skill requirements such as artificial intelligence (AI), machine learning, API and services platform design and data science are changing faster than ever before.

Indian IT Sector Overview

India is the leading sourcing destination across the world. It accounted for approximately 55% market share of the USD 185-190 billion global services sourcing business in 2017-18. Indian IT & ITeS companies have set up over 1,000 global delivery centres in about 80 countries across the world.

India has become the digital capabilities hub of the world with around 75 per cent of global digital talent present in the country.

India's IT & ITeS industry was valued at USD 167 billion in 2017-18. Exports from the industry increased to USD 126 billion in FY 2018, while domestic revenues (including hardware) advanced to USD 41 billion.

Spending on Information Technology in India is projected to grow over 9% to touch USD 87.1 billion in 2018. Revenue from the digital segment is seen comprising 38% of the forecasted USD 350 billion industry revenue by 2025.

Management Discussion & Analysis

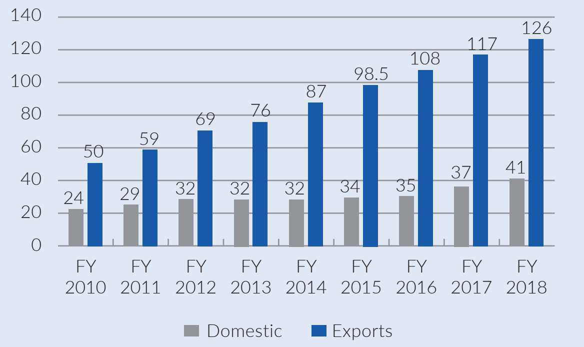
The value created by the digital economy could support 55-60 million jobs by 2025, but will require retraining and redeployment of 40 million workers in new and emerging job roles. All stakeholders in Team India need to play a key role in achieving the USD 1 trillion digital economy.

Indian IT Industry (In USD Billion)

	Domestic	Exports
FY 2010	24	50
FY 2011	29	59
FY 2012	32	69
FY 2013	32	76
FY 2014	32	87
FY 2015	34	98.5
FY 2016	35	108
FY 2017	37	117
FY 2018	41	126

Source: IBEF

Indian IT Industry (In USD Billion)

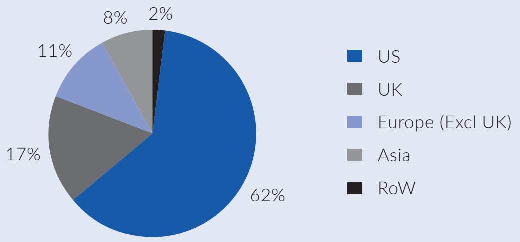


Geographic Break-up of Export Revenue in FY 2018

US	62%
UK	17%
Europe (Excl UK)	11%
Asia	8%
Rest of World (ROW)	2%

Source: IBEF

Geographic Break-up of Export Revenue in FY 2018

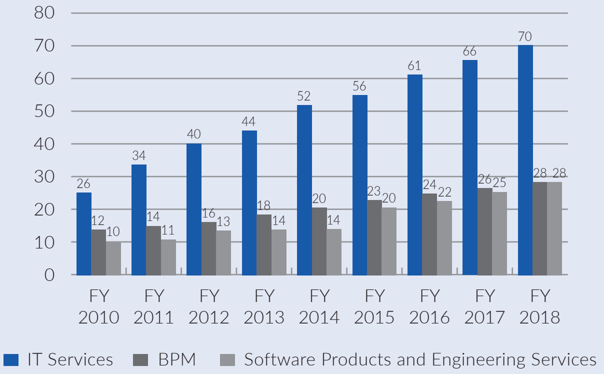


Growth in Export Revenue (In USD Billion)

	IT Services	BPM	Software Products and Engineering Services
FY 2010	26	12	10
FY 2011	34	14	11
FY 2012	40	16	13
FY 2013	44	18	14
FY 2014	52	20	14
FY 2015	56	23	20
FY 2016	61	24	22
FY 2017	66	26	25
FY 2018	70	28	28

Source: IBEF

Growth in Export Revenue (In USD Billion)



Investments/Developments

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative

Foreign Direct Investment (FDI) inflows worth USD 32.23 billion between April 2000 to June 2018, according to data released by the Department of Industrial Policy and Promotion (DIPP). Leading Indian IT firms have been diversifying their offerings and showcasing leading ideas in blockchain, artificial intelligence to clients using innovation hubs, research and development centres to create differentiated offerings. Nasscom launched an online platform aimed at up-skilling over 2 million technology professionals and skilling another 2 million potential employees and students.

Road Ahead

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Export revenue of the industry is expected to grow 7-9 per cent year-on-year to USD 135-137 billion in FY19. The industry is expected to grow to USD 350 billion by 2025 and BPM is expected to account for USD 50-55 billion out of the total revenue.

IT & ITeS Industry in India: Competitive Advantages

Growing Demand	Expanding economy to propel growth in local demand. Strong growth in demand for exports from new verticals
Global Footprint	Indian IT firms have delivery centres across the world and are well-diversified across verticals such as BFSI, telecom and retail
Competitive Advantage	IT and ITeS sector in India has a low-cost advantage by being 5-6 times less expensive than US
Policy Support	Tax exemption of 3 years in a block of 7 years to start-ups under "Start-up India"

Source: IBEF

HEXAWARE BUSINESS OVERVIEW

Head-quartered in Mumbai, Hexaware Technologies Limited is one of India's fastest growing IT enterprises, aiming to revolutionise the traditional IT approach. The key services it provides to its clients globally include - IT, Business Process Outsourcing Solutions and Consulting Services. It provides customised service offerings and effective business strategies to its clients, such as robotic process automation, hyper-converged technology, design thinking and rapid prototyping. The key services include integration, development support, testing services and implementation across all chief project software systems.

Key Industry Segment

- Banking & Financial Services
- Health & Insurance
- Travel & Transportation
- Manufacturing & Consumer
- Professional Services

On a Transformation Journey

The Company is on a transformation journey, helping organisations automate everything, cloudify everything and transform their customer experience. With over 16,205 employees, the Company believes in the philosophy "Your Success is Our Focus". The Company delivered double-digit revenue growth (in US$ terms) of 11.6% in 2018, one of the industry's highest. It reported sustained organic CAGR growth of 12.5% in revenue over the last five years, owing to its excellent client relationships and strong execution capabilities. Europe led geographic growth with a 21.5% revenue growth YoY, while Americas grew 11.7% and Asia Pacific 11.2%.

Key Service Offerings

- Application Transformation Management
- Application Support and Maintenance
- Business Process Services
- Business Intelligence and Analytics
- Digital Customer Experience
- Enterprise Solutions
- Customer Experience Transformation
- Digital Assurance and Testing
- Infrastructure Management Services

PARTNER-LED GROWTH STRATEGY

The Company has built a partner ecosystem through its collaboration with market-leading technology vendors, product vendors, platform vendors, niche technology providers, future technology providers and business software providers. The right blend of partners, combined with unique service offerings and frameworks and underpinned by robust governance models, enables the customers to reach their goals faster. The partner-led growth strategy of the Comapny has redefined the way business is done by the end customers and optimizes the IT landscape and delivers maximum business results. Strategic global alliances of the Company involve co-developing solutions and building capabilities relevant to focus industries, with the aim of solving critical business challenges.

The Company has developed various proofs of concepts and solutions for diverse industries through in-house centers of excellence, jointly developed with partners. These path-breaking solutions help organisations adopt new technologies effectively and address business challenges across the industries. Today, Hexaware acts as a trusted consulting and implementation advisor for large enterprises globally and is proactively leveraging its partners' capabilities in this journey.

GO-TO-MARKET STRATEGY

- **Automate Everything**

  From the earlier days of automation being done in silos with the use of apps, infrastructure and testing, Automating Everything essentially involves breaking these silos and providing end-to-end enterprise level automation. It has moved way ahead from just being "low cost" to one where it impacts "customer experience". It is no longer just about being cost effective, increasing efficiency and reducing FTE counts, but more about how it impacts customer experience by building synergy and creating a powerful impact. At Hexaware, we are considering the technologies, such as Artficial Intelligence (AI), Machine Learning (ML) and Blockchain, that will enable automation across enterprises, including high-complexity tasks.

- **Cloudify Everything**

  "Cloudify Everything" implies taking automation to the next level. In the years to come, most enterprises will move almost everything on cloud. The concept of Cloud started with the low cost of ownership as enterprises could 'pay as they use'. Today, Cloud has moved a level higher as it is more about scalability, flexibility and agility – by virtue of its ability to reduce time to market and have a better IT infrastructure. It is all about harnessing the power and capabilities of cloud effectively and serving customers better. The Company is creating the culture of consuming the elements available on cloud before building anything.

- **Transform Customer Experience**

  The outcome of the over-arching strategy of Automating Everything and Cloudifying Everything is to enable clients to transform their customer experience. Today, not many companies provide superior and consistent customer experience, as it is a complex task and involves bringing together a range of technologies across the organisation. Today, voice, gesture, text is used at own convenience. Since a lot of organisations do not have solutions around these, the Company will enable enterprises to communicate with their customers, and also provide a superior, consistent and seamless experience.

KEY MARKET DISTINGUISHERS

- One of the fastest growing IT services company with organic growth
- The Strategy to "Automate Everything, Cloudify Everything, Transform Customer Experience"
- Change in senior leadership with "Inside-Out-Outside-In" perspective
- Strong execution capabilities and excellent client relationships
- Execution of 50% digital workforce strategy and culture of innovation
- Solidity in client mining driving new business

INVESTMENTS IN NEW TECHNOLOGIES

- VR/Mixed Reality/AR/Computer Vision/head mounted devices
- Release of CoCo - employee engagement by enterprise level chatbot
- Challenger Program - Ideation platform for ideas for employees
- Blockchain
  - o Established a Blockchain technology lab and helped customers evaluate the right set of tools and platform for their Blockchain initiatives
  - o Delivered multiple Blockchain solutions to customers on some innovative use cases like:
    - Blockchain based open bidding platform for lease finance, to enable effectiveness and transparency in the operation
    - Blockchain based asset tracking solution to track the organizational assets to avoid loss of revenue
    - IOT enabled smart contracts on Blockchain for automatic usage tracking of assets that can enable seamless invoicing and maintenance

INTEGRATED REPORTING

1. HUMAN CAPITAL

Human Resources and Industrial Relations:

In the IT industry, Human Resources plays a pivotal role in defining the growth prospects. At Hexaware, Human Resource is the 'go-to' department for counselling, consultation, and information, among others, due to integrity and the neutral position of this department. The Company promotes just and fair HR practices, and employee-friendly policies and processes. The quality of the employees and the work culture is the key to its success in the long run to sustain and grow as a company. The Company is committed to provide necessary human resource development and training opportunities to equip people with skills, enabling them to seamlessly evolve with ongoing technological advancements.

During the year 2018, the Company planned and executed several training interventions for employees on diverse areas such as technical skills, behavioral skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and Code of conduct and product training.

As the Company caters to a diversified workforce which comprises various nationalities and cultures, every employee's individual development and welfare is at the core of HR practices. The Company believes that motivated employees will help the Company meet its rapidly evolving customer requirements. The Company wants to partner with its people to strengthen its Human Resource processes and HR competencies to contribute to organisational capabilities and employee well-being, thereby making Hexaware a great place to work.

The HR structure is organised to closely align with its business. This has helped the Company focus and collaborate on achieving the common goal of enhanced employee experience.

The HR Shared Service teams are mapped to different geographies for higher accountability. They are primarily responsible for resolving day to day employee queries.

The HR Business Partner teams are aligned to the business verticals and horizontals and are responsible to drive employee engagement, talent management and key people processes.

The Corporate HR team includes Centres of Expertise catering to functional areas such as:

- Compensation and Benefits
- People processes and Policy Design
- Organisational Capability Development
- Talent acquisition (Leadership hiring and Campus Hiring)

Employee Headcount

Year	2012	2013	2014	2015	2016	2017	2018
No	9,069	8,854	10,016	11,375	12,115	13,705	16,205

Key HR Initiatives of FY 2018

Hexaware Technologies Limited has well-defined HR practices and policies in place. The Company recognises its people as its extended family and gives utmost importance to people processes and is constantly benchmarking itself against the industry standards. To reinforce alignment of core beliefs and actions, the Company continues to transform its policies, processes and practices. The HR policies are aligned to its organizational strategy. The Company has automated a lot of administrative tasks to enable strategic initiatives. The Company provides employees with various resources and platforms through which they can communicate within the global organisation. This has further empowered the employees to boost productivity, drive strong performance and focus on client-centric initiatives. To unfold the growth opportunities, the Company not just provides its employees with a competitive compensation, but also holds timely reward and recognition ceremonies. This helps the company to build talent from within and strengthen its engagement initiatives.

Regular engagement activities and surveys are conducted to sense the pulse of the employees and improve their motivation levels. This strengthens the work culture and delivery which lightens the work place atmosphere and enhances employee experience and well-being. The refurbished Facebook@work tool helps employees in connecting with people across the organization at global locations. The Empower survey conducted at the end of the year gave an insight into the drivers for employee morale and what makes Hexaware a great place to work. The relaunched StationH portal provides a one stop shop for employees to get information about the organization wide processes and policies.

Motivated Employees

The Company supports and promotes transparent communication and healthy interactions between leaders and employees at large, focusing on creating a friendly atmosphere and discussing the changing dynamics of the industry. With the implementation of effective change management processes, there exists a clear line of communication among the employees and collectively they work with the mindset of achieving the organisational goals. The Company has put in place various mechanisms that constantly motivate the work force to view the Company's vision and work dedicatedly towards future growth plans.

The Company has ensured that it attracts, mentors and retains the best talent through effective and assured career development path and a healthy work life balance. The Company focuses on next generation solutions, attracting and retaining the right talent, adheres to a business strategy that impacts people positively and creates a sustainable value for all its employees. The Company aims to align employees' career aspirations with the evolving business needs and promote talent by taking them to the next level. The Company's first thrust is to fill the leadership positions from the existing talent pool by encouraging horizontal movements among deserving candidates from within. This boosts the employee's morale as it gives them an opportunity to showcase their talent and explore their fullest potential. The Company has the performance management system (PMS) to assess the potential candidates for the next role. The PMS system guides employees towards the right career path and gives a clear vision of their career trajectory.

The Company has introduced the higher education program for employees who wish to pursue their MTech Program to upgrade their skills and fulfilling their ambition of pursuing their higher education.

The Company has a well-structured Rewards and Recognition (R&R) program through which managers can recognise or nominate their team members for awards and other incentives. It works as a great motivation program, as it encourages employees to give their best at work and feel valued to be a part of this organization.

Employee engagement

At Hexaware, the Company is geared towards implementing employee engagement initiatives that keep its employees fully engaged in their jobs and emotionally invested in committing themselves by adding value to their team and advancing the organisation's initiatives. Employees attend the regular HR pulse and skip meetings which help in ironing out their concerns and providing the required clarifications. The Company provides its employees with a clear road map for their careers by conducting periodic Open Houses and townhall meetings.

As part of engagement initiatives, various workshops and seminars are organized on diverse topics such as:

- De-stress camp
- Healthy eating workshops
- Financial management
- Medical camps

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- Aadhar card camp
- Hexaware kid's day
- Prevention of sexual harassment training

Employee Welfare

There are a lot of employee welfare activities and schemes in the Company to improve and enhance the quality of life for the employee. In its endeavour to improve employee welfare, the Company is invariably exploring value driven initiatives.

- **Counselling service:** With the dynamics of changing industry, consultants are bound to get stressed and pressurized. The personal and Professional issues can take a toll on people and too combat this, the Company has tied up with 1 to 1 help net to provide anonymous counselling services to its employees that they can avail of anytime or anywhere. The Company is fully committed to employee welfare and want to address work related issues that may affect its employees' wellbeing, work performance, workplace morale and mental health.

- **Doctor-on-call:** Well-being programs have a positive impact on the employees and lead to improved team engagement levels, cohesiveness and increased productivity. The Company has appointed an in-house doctor for consultation within the campus as well as on-call.

- **Cordial work environment:** A positive work environment is not only important for our physical, mental and emotional health, but is also important for the Company. The better we feel at work, the more likely we will take pride in what we do. The Company is an equal opportunity employer and is committed to provide a harassment-free work environment to the employees. Various training sessions were conducted for the employees to understand the concept of harassment and the potential repercussions of it.

- **Staff welfare guidelines:** Fun is an integral part of our work culture. The Company organises team outings, office picnics, treks and other sporting and cultural events to ensure that the team members get an opportunity to bond and rejuvenate.

Diversity

The Company has strongly embedded diversity and inclusion into the organisational culture. It has developed an ecosystem focused towards development and advancement of the diverse workforce. Inclusion in the Company is fostered by learning about the cultural backgrounds, likes and interests of employees outside of the workplace and ensure that all employees can partake in decision making and professional opportunities for advancement. The Company has a healthy percentage of women employees which stands at 31.05% of our total workforce. The Company has a dedicated group W@H (Women At Hexaware) which conducts women specific activities like Self Defense Workshops, Women Day's celebration and parenting workshop, among others. The Company also respects the diversity of culture and nationalities and has a workforce spanning multiple countries globally.

Women Employees at Hexaware Technologies Limited

Year	2012	2013	2014	2015	2016	2017	2018
No	2,369	2,741	2,582	3,216	3,634	3,641	5,075

2. INTELLECTUAL CAPITAL

Kindly refer annexure to Directors' report on page no. 53 & 54 for Intellectual Capital (Research & Development).

3. SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital is an integral component of the value of business. It involves the business itself and the relationship with and between the employees, communities and the stakeholders. Company's vision is to create a superior value for all its stakeholders through a culture of caring. The Company cares about all stakeholders (employees, shareholders, Government, communities).

Building close relationships based on trust, sharing value and protecting the environment are core to Company's ethos. The purpose of Hexaware Technologies is to deliver innovative products and services that bring a better life, health and well-being to people everywhere. The Company believes that this is the basis on which it will ensure sustainable growth. At Hexaware, the Company develops, improves and invests in relationships with its clients, employees and the society, using an approach based on dialogue and transparency.

4. NATURAL CAPITAL

Kindly refer annexure to Directors' report on page no. 53 for Natural Capital (Conservation of Energy).

5. FINANCIAL CAPITAL

Kindly refer section `Financial Analysis' on page no. 113 onwards.

6. MANUFACTURED CAPITAL

A key aspect of manufactured capital is initiative of the Company to improve operational efficiency, in addition to the physical assets such as buildings and IT laboratories. As one of the key pillars of the strategies, the Company aims to constantly improve it operations and optimise resource efficiency. The investments provide benefits to the Company and the stakeholders by delivering product safety and quality. Investment in this capital is largely aimed at productivity, technological innovation, quality, safety and the environment, with a key focus to reduce costs and improve customer experience. The Company enhances its manufactured capital by employing in its infrastructure, technologies and processes to use the resources efficiently. Manufactured capital greatly assists the Company in facilitating value-creating activities, as the quality of its manufactured capital determines the quality of its services.

RISK AND MITIGATION STRATEGY

Risk	Defining the Risk	Mitigation Strategy
Regulatory and Compliance Risk	The Company's business operations are spread across various geographies and offers wide range of services to its clients which results in the Company getting exposed to various regulatory requirements risks such as the issue of H1B visas or regulatory changes which the new US administration is likely to make which may add to woes of the Indian IT sector.	The Company has well defined regulatory compliance framework to track regulatory compliances globally and has defined owners for various compliances. The framework is not only designed to avoid violation of laws and regulations, but also to protect the Company's ethical standards. The Company has actively worked towards mitigating this risk by establishing several offices abroad, hiring a local workforce and shifting some of its projects nearshore even though it is difficult to predict regulatory changes. The Company has expanded its delivery presence in the European region by opening its global delivery centre (GDC) in Poland, Netherlands, Tver (Russia) to service its European and global clients.
Information and Cyber Security Risk	The Information and Cyber Security Risk has emerged as top risk across industries as companies are moving towards new technologies such as mobile computing, internet of things, cloud computing etc. With the dynamic threat landscape of highly technical nature, this risk is perceived as top of every company agenda internationally due to the possibilities of sophisticated targeted attacks, increasing ransomware threats, malware, data leakage and other security failures.	The Company has a well matured Information Security Management System with Policies, Processes and Controls to minimize the Cyber Security risks. The governance and management of Security compliance and risk is reviewed periodically. The Company is ISO 27001 Certified and engages external Auditing bodies to carry out Type-1 & Type-2 Assessment of SSAE16 and ISAE3402 for SOC1 and SOC2 annually. Internal and external Penetration Testing are conducted to manage the security vulnerabilities.
Competition from Peers	The Company faces competition from Tier 1 companies/ Tier 2 companies. Customers for various reasons including to diversify geographical or vendor concentration risk, seek to reduce their dependence on any one country or vendor and may seek to outsource their operations to other countries or vendors. In addition, some of the Company's clients have sought to outsource their operations to onsite providers of outsourcing services.	The Company's prime focus has been of strengthening strategic partnership with its clients. It has presence in countries where client requires its services. The Company has multiple service offerings covering entire range of IT needs of the client. It has deep relationship with its customers, its average relationship with top 10 customer is 11 years. It has embarked upon the expansion of onsite presence with increasing delivery center capability in US, creating new center in Europe to cater to clients in Europe meeting regulatory requirements. It adheres to presale accountability to drive bid in each vertical. Dedicated sales team including senior leaders are involved in large deals in market.
Talent Unavailability	Lag in deployment of resources for earning revenue, non-availability of relevant skill / skilled staff especially in: • the new age domains such as digital offerings resulting in revenue loss and • US resulting in high attrition and in demand and supply mismatch.	The Company has put in place processes and tools for constant monitoring of the resource in the pool as well as resource on the project getting released for quick deployment. Resources in pool as well as projects are being upskilled / reskilled and appropriate HR actions taken. There is centralised process to forecast the resource requirements based on RFPs / pipelines followed by monitored hiring plans. The Company has also automated entire recruitment and resource management with the help of new age software. For the US, the Company has instituted program to hire graduates from US university. It has also increased retention measures like enhanced benefits. In addition, the Company is also expanding Mexico delivery center to deliver services in US with advantage of talent availability and time zone.

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Risk	Defining the Risk	Mitigation Strategy
Data protection and privacy Risk	The leakage and misuse of confidential data and proprietary information increases the risk of non-compliances of privacy and data protection laws. These breaches can also damage the brand, reputation and relationships.	The Company has strategies to ensure Privacy & Data Protection Framework which includes governance, policies, privacy impact assessments, training, data mapping, incident management, and awareness. It also has policies for addressing privacy from the perspective of clients and corporate. The Company's policies and process ensures robust data protection measures in compliance with the global standards and requirements such as GDPR.
HR Related Risk	The Company operates in the industry which is highly dependent on talent and capabilities of its personnel. The Company needs to continuously invest in employee training and development which is intellectual capital for firms. Employee attrition is a major threat that drains the Company's intellectual capital and renders un-competitiveness.	The Company has effective people management systems and strategies, which have led to retaining low attrition levels. It remains focused on building a robust training framework to cater to the development needs of employees across leadership level, which includes professional, functional, technical and leadership development interventions.
Increased cost of services	Increase in salary and other costs affecting margins	Improve operating efficiency by (a) Controlling operating cost (tight budgeting process) (b) Monitor and replace subcontractors with the full time employees wherever possible. (c) Mentor and guide potential candidate to take higher responsibility. (d) Broaden pyramid by hiring new trainee. (e) Improved performance management system leads to efficiency in system. For e.g. targets linked to margin, utilization and customer satisfaction.
Technology Risks / Business model changes	There's a significant disruption driven by technology. Traditional technologies are being replaced by new age ones at an unprecedent pace and in this context, it becomes important for the Company to continuously review and upgrade its technology, resources and processes to mitigate technical obsolescence.	The Company operates in various technology platforms and has developed competencies in various technologies, platforms and operating environments. The Company has been increasing the service offerings including into new age technology like automation, cloud, mobility and digital. It invests heavily on the continuous training for resources. It is also encouraging innovation in service delivery / solution offerings. The Company has strengthen sales team with hunters and farmers to win new client and existing account mining by providing differentiated services / solution by use of automation / RPA. It has also added leadership strength with new heads inducted who has relevant experience.
Industry Risk	The Company caters to almost every sector like banking and financial services, travel and transportation, Healthcare to name a few. Any sectorial downturn will slow-down or affect our business performance.	The Company has developed a firm grip on various sectors and is familiar with the business cycles and performance. This helps it reduce dependency on any one area or sector. Its revenue concentration is fairly balanced. The Company also offers building differentiated solutions / offering within the vertical sub-segments. It has also expanded industry horizon with the launch of Professional Services vertical at the beginning of FY 2018.

Risk	Defining the Risk	Mitigation Strategy
Revenue Concentration Risk (1)	Concentration of business from customers from limited geography	Expansion of onsite presence with increasing delivery center capability in US, creating new centers in Europe to cater to client in Europe. The company has opened offices and centers recently in Sweden/ China/ Poland/ Russia/ Hong Kong etc. Increased focus on markets other than US i.e. in Europe, APAC, AMEA region with dedicated hunting and farming teams.
Revenue Concentration Risk (2)	Client concentration - dependence on few customers	The Company is increasing portfolio of customer contributing > 1 Million revenue a year. The company is managing its top customers well and it can be gauged from the following: – Very long relationship with customers. – Top 5, 10 or 20 customers revenue has grown by 5.3%, 4.9% and 6.2% respectively in FY 2018 compared to FY 2017. – Expansion of client base with high revenue. Customer contributing over USD 1 Million increased to 99 from 88 in the previous year, between USD 1-5 Million to 72 from 71, between USD 5-10 Million to 18 from 7. – In FY 2018, many new customers entered top 20 bucket – Customer satisfaction survey : On a scale of -100 to 100, the Company scored 74.4 as against an industry score ranging from 53.6 to 74.4.
Foreign Currency Risk	The Company earns sizable revenue in foreign currency which exposes it to exchange rate fluctuation risks.	The Company monitors currency movements closely and follows a structured hedging program approved by the Board / Committee of the Board. The Company has systematic hedging policy approved by the Committee of Board and it has been effective in protecting the risk. As on December 31, 2018, the Company had the following hedges maturing over the course of the next eight quarters: • USD 162.12 million at an average exchange rate of 71.83 • Euro 5.84 million at an average exchange rate of 88.22 • GBP 11.32 million at an average exchange rate of 98.70

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Risk	Defining the Risk	Mitigation Strategy
Disaster Recovery/ Business Continuity	The Company may be vulnerable to risks due to natural calamities / disasters which may impact business operations and even pose a risk to employee safety.	The Company has a structured business continuity management plan that addresses disruptions at every level of business like city level, country level and even at floor level. The plan framework minimises the impact of outages which includes recovery sites, intra-city redundancies, work from home etc. Business continuity plan was activated during the Chennai flood events in recent past and was successful in minimizing business impact as well as supporting employee safety requirements.
Liquidity Risk	For the Company, the threat to its liquidity could be a risk factor. The liquidity refers to the ability of the Company to meet its cash, collateral and vendor obligations.	Hexaware has been a zero-debt company for the past eight years. It has cash and bank balances including investments in mutual funds (current investment) aggregating to ₹ 8,341 million as on December 31, 2018. The Company has been maintaining efficient cash conversion ratio which is above 70% (cash flow from operations ÷ EBITDA before ESOP cost).
Credit Risk	Large number of revenue transactions are on credit. Default or inability of the client to pay on time will impact the profitability.	The Company has effective receivable management system to maintain the Days Sales Outstanding ratio in a favourable position. DSO ranges from 49 days to 60 days. It focuses review of unbilled revenue to check on long pending item to bill. DSO with unbilled have been in range of 71 to 81 days. The focus has been on adding large and diverse clients to the portfolio, thus minimising the credit risk.
Reputation risk	Negative media coverage and public scrutiny actions by activist shareholders / analysts may divert the time and attention of our board and management and adversely affect the share price	To mitigate this, the Company has adopted following approach (a) Regular screening of media coverage and preemptive response by the senior management (b) Regular interactions with the shareholders and analysts and provide the relevant information in transparent and timely manner. (c) Separate PR team interacting with the investors and analyst.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Board of Directors at Hexaware Technologies Limited are primarily responsible for establishing and maintaining internal financial controls within the Company. This is largely based on the internal controls over financial reporting criteria that has been established by the Company. These are based on the size and the nature of the Company's operations and have been designed to provide reasonable assurance on recording and providing reliable operational and financial information, as per the applicable statutes and with regards to compliance norms.

The Company strictly follows the statute, laws, rules and regulations of the land, which is regularly reviewed by the statutory and internal auditors. The adequate internal control framework identifies and analyses risks and manages appropriate responses. It also ensures stringent compliance across all the business units and departments. The aim behind this is to safeguard the assets, prevent and detect fraud and errors, and also check completeness of accounting records and timely preparations of financial statements. The Audit Committee then reviews the audit observations and takes the required follow-up actions. The Statutory Auditor's Report on the adequacy and effectiveness of internal finance controls has been provided in detail on Page 161 of this Annual Report.

FINANCIAL ANALYSIS

Financial Year 2018 at a glance

- Yet another year of sustained organic growth with CAGR of 12.5% (in USD terms) over last 5 years.
- Revenue (in INR terms) increased by 17.9% to ₹ 46,477.62 million (FY 2017 ₹ 39,420.14 million)
- In USD terms, Revenue grew by 11.6% to USD 677.66 million (FY 2017 USD 607.49 million). In constant currency terms revenues stood at USD 677.41 million, up by 11.5% (FY 2017 607.5 million).
- EBITDA after RSU cost increased by 12.0% to ₹ 7,338.19 (FY 2017 ₹ 6,551.64 million).
- PAT increased to ₹ 5,834.63 (FY 2017 ₹ 4,995.26 million), increase of 16.8%.
- Earnings per share (Basic EPS) of ₹ 19.65 (FY 2017 ₹ 16.79), up 17.0%.
- FY 2018 dividend distribution of ₹ 7.0 per share on equity share of ₹ 2 each. i.e. ₹ 2,506.03 million. Dividend payout ratio of 43%.

Consolidated Balance Sheet

1. Property, plant and equipment (PPE) and intangible assets

a) Total additions to PPE and Intangibles was ₹ 830.79 million mainly in buildings of ₹ 301.53 million largely at Pune campus, plant and machinery including computer of ₹ 313.39 million, Furniture and office equipments of ₹ 62.59 million and ₹ 67.19 million respectively.

b) The additions also includes ₹ 76.48 million towards software licenses

c) Capital work in progress (CWIP) stood at ₹ 2,244.43 million as at December 31, 2018 compared to ₹ 2,563.06 million as at December 31, 2017. The CWIP is largely in respect of infrastructure development at Chennai and Pune.

d) The Company has provided adequate depreciation in accordance with the useful lives of the assets determined in compliance with the requirements of the Companies Act, 2013.

2. Investments

(₹ in Million)

	Non-current		Current	
	2018	2017	2018	2017
Investment in Associate - Experis Technology Solutions Pte. Ltd.	21.31	19.65	-	-
Other investment - in Beta Wind Farm Pvt. Ltd.	4.58	4.58	-	-
Investment in mutual funds	-	-	101.28	189.19
	25.89	**24.23**	**101.28**	**189.19**

a) Investment in Associate represents 20% ownership interest. During the year, the Group has accrued ₹ 1.66 million (previous year ₹ 2.70 million) of share in profit of associate using equity method accounting. This investment is considered to be of strategic importance wherein Company would provide IT/ITES services to the customers sourced through the associate company, who in turn will source business through business relations of majority partner.

b) The Company has invested ₹ 4.58 million in shares of Beta Wind Farm Limited, a Company engaged in generation of renewable energy. Investment is of strategic nature to avail benefit of renewable energy in Chennai.

c) The Company has invested ₹ 101.28 million (previous year ₹ 189.19 million) in mutual funds representing part of surplus fund in India.

Management Discussion & Analysis

3. Other financial assets

(₹ in Million)

	Non-current		Current		Total		Change
	2018	2017	2018	2017	2018	2017	
Interest accrued on bank deposits	0.93	0.78	0.66	1.06	1.59	1.84	(0.25)
Receivable from service provider	-	-	12.80	-	12.80	-	12.80
Foreign currency derivative assets	101.43	136.10	94.16	586.24	195.59	722.34	(526.75)
Restricted bank balances	34.43	34.55	-	-	34.43	34.55	(0.12)
Security deposits for premises and others	249.20	227.95	6.53	6.28	255.73	234.23	21.50
Employee advances (net)	-	-	52.38	47.97	52.38	47.97	4.41
	385.99	**399.38**	**166.53**	**641.55**	**552.52**	**1,040.93**	**(488.41)**

Total other financial assets Decreased by ₹ 488.41 million comprising of:

a) Decrease of ₹ 526.75 million in foreign currency derivative assets (mark to market gain on forward exchange contracts designated as hedges) due to unfavourable exchange rate movement as compared to the hedge rate (Refer note 25.3 of consolidated financial for the details of derivative assets).

The Decrease above was partially offset by Increase in:

a) Receivable from service provider increased by ₹ 12.80 million, it gets settled on periodic basis.

b) Security deposits for premises and others by ₹ 21.50 million for additional premises on lease.

c) Employee advance increased by ₹ 4.41 million representing advance for the travel.

4. Deferred tax assets

Deferred tax assets increased to ₹ 1,784.14 million from ₹ 1,335.54 million, an increase by ₹ 448.60 million. It comprises of tax effect of temporary difference and MAT credit entitlement. The Company records net positions as assets and liabilities based on tax jurisdictions considering rights to offset. Note no. 10 of the Consolidated Financial Statements provides components of assets and liabilities.

5. Income-tax assets (net)

It represents income-tax paid excess of liability receivable from the tax authorities.

a) Non-current portion of income-tax receivables increased by ₹ 25.81 million to ₹ 374.25 million in FY 2018 from ₹ 348.44 million in FY 2017.

b) Current portion of income-tax receivable decreased to ₹ 36.39 million in FY 2018 from ₹ 72.63 million in FY 2017, decrease of ₹ 36.24 million.

6. Other assets

(₹ in Million)

	Non-current		Current		Total		Change
	2018	2017	2018	2017	2018	2017	
Capital Advances	47.05	1.37	-	-	47.05	1.37	45.68
Prepaid Expenses relating to leasehold land	530.30	525.04	-	-	530.30	525.04	5.26
Other Prepaid Expenses	219.56	226.25	496.28	448.81	715.84	675.06	40.78
Indirect taxes recoverable	112.21	81.10	79.99	143.85	192.20	224.95	(32.75)
Others	-	-	23.08	12.56	23.08	12.56	10.52
	909.12	**833.76**	**599.35**	**605.22**	**1,508.47**	**1,438.98**	**69.49**

Other assets increased to ₹ 1,508.47 million from ₹ 1,438.98 million, increase by ₹ 69.49 million mainly on account of following.

a) Increase in capital advances by ₹ 45.68 million for the furnishing being done at premises.

b) Increase in other prepaid expenses of ₹ 40.78 million and other assets by ₹ 10.52 million.

c) Above increase was partially offset by decrease in Indirect tax recoverable by ₹ 32.75 million.

7. Trade receivables and Unbilled

Trade receivables as at December 31, 2018 stood at ₹ 8,031.00 million as against balance of ₹ 5,360.31 million as at December 31, 2017, increase of ₹ 2,670.69 million. Day's sales outstanding (DSO) stood at 60 days compared with 49 days at the end of 2017.

Unbilled revenue stood at ₹ 2,729.85 as at December 31, 2018 as compared to ₹ 2,368.50 as at the end of previous year, increase of ₹ 361.35 million.

DSO with unbilled stood at 81 days as on 31st December 2018 verses 71 days as on 31st December 2017. Though the DSO has increased, the Company is of the view that the receivables are collectible based on its assessment.

8. Cash and cash equivalent and Other bank balances

Cash and cash equivalents aggregate to ₹ 8,050.55 million as at December 31, 2018, increase of by ₹ 2,903.14 million from ₹ 5,147.41 million as at December 31, 2017.

Other bank balances representing balances held for the unclaimed dividend stood at ₹ 154.38 million at the end of FY 2018 compared to ₹ 150.26 million at the end of FY 2017.

Total cash & bank balance including investment in Mutual Fund was at ₹ 8,340.64 million as on 31st December 2018 equivalent of US$ 119.54 million.

9. Share Capital

The paid-up share capital of the Company as at December 31, 2018 was ₹ 594.72 million comprising 297,360,989 Equity Shares of ₹ 2 each. During the year, 557,232 shares were allotted under ESOP plans.

10. Other Equity

Other equity comprises of reserves and surplus and other comprehensive income.

Total other equity increased by ₹ 3,844.79 million to ₹ 23,323.93 as at December 31, 2018 from ₹ 19,479.14 million as at December 31, 2017.

Reserves and surplus included in the other equity includes retained earnings, securities premium, general reserve and other reserves comprising of share option outstanding account, capital reserve, capital redemption reserve and special economic zone (SEZ) re-investment reserves.

a) The Securities premium balance increased by ₹ 117.35 million on transfer of ₹ 114.43 million from stock option outstanding account on exercise of stock options by the employees and receipt ₹ 3.32 million on exercise of stock options.

b) Special Economic Zone (SEZ) re-investment reserve – During the year, the Company transferred ₹ 749.63 million to SEZ reserve from the balance in retained earnings and ₹ 297.26 million was transferred from the SEZ reserve to the retained earnings being utilization for acquisition of plant and machinery. The balance of ₹ 476.45 million is to be utilized in next 3 years as per provisions of the Income-tax Act, 1961.

c) Share option outstanding account increased by ₹ 259.31 million. During the year the Company recorded ₹ 373.74 million of stock based compensation in relation to its RSU plans and transferred ₹ 114.43 million to securities premium on exercise of stock options.

d) The General reserve balance remained same at ₹ 2,144.05 million.

e) Retained earnings balance increased by ₹ 2,926.33 million. Profit for the year was ₹ 5,834.63 million, other comprehensive income for the year part of retained earning was ₹ 33.00 million representing actuarial gains net of tax effect thereon.

Dividend distribution during the year was ₹ 2,506.03 million. During the year, the amount transferred to SEZ re-investment was ₹ 749.63 million and amount transferred from SEZ re-investment was ₹ 297.26 million.

f) Capital redemption reserve balance as at December 31, 2018 is ₹ 11.39 million created in accordance with the provisions of the Companies Act, 2013 in relation to the buy-back of shares during the previous year.

g) Other comprehensive income consists of Currency translation reserve and Hedging reserve balance.

i.) Currency translation reserve is on account of conversion of foreign operations from their functional currency to reporting currency of the Company which is INR. The balance as at December 31, 2018 is ₹ 1,501.78 million. The same will be transferred to profit and loss on disposal of foreign operations.

ii.) Hedging reserve balance consist of mark to mark gain on foreign currency forward contracts designated as hedges to hedge the foreign currency risk. The balance as at December 31, 2018 stood at ₹ (14.86) million net of tax impact as against ₹ 465.83 million as at December 31, 2017.

11. Borrowings

The Group does not have any borrowings. Fund requirements are managed with the internal accruals.

Management Discussion & Analysis

12. Other financial liabilities

(₹ in Million)

	Non-current		Current		Total		Change
	2018	2017	2018	2017	2018	2017	
Unclaimed dividend	-	-	154.38	150.25	154.38	150.25	4.13
Capital creditors	-	25.55	74.93	125.54	74.93	151.09	(76.16)
Deposit received from customer	-	-	0.03	0.03	0.03	0.03	-
Employee liabilities	-	-	1,550.17	1,323.12	1,550.17	1,323.12	227.05
Foreign currency derivative liabilities	72.95	3.40	135.18	4.49	208.13	7.89	200.24
Others	2.69	2.21	-	-	2.69	2.21	0.48
	75.64	**31.16**	**1,914.69**	**1,603.43**	**1,990.33**	**1,634.59**	**355.74**

Other financial liabilities Increased by ₹ 355.74 million to ₹ 1,990.33 million as at December 31, 2018 as compared to balance of ₹ 1,634.59 million as at December 31, 2017.

The Increase is on account of increase in employee liabilities by 227.05 million on increased head count, increase in foreign currency derivative liabilities by 200.24 million on adverse exchange rate movement as compared to hedge rate.

Unclaimed dividend balance has increased from ₹ 150.25 million at the end of FY 2017 to ₹ 154.38 at the end of FY 2018, increase of ₹ 4.13 million. This balance represents the dividend not claimed by the shareholders for which the Company maintains adequate bank balance specially earmarked in accordance with the provisions of the Companies Act, 2013.

The Increase was partially offset by decrease in capital creditors by ₹ 76.16 million.

13. Provisions

a) Non-current

It is respect of gratuity liability Increased to ₹ 230.38 million as at December 31, 2018 from ₹ 179.35 million as at December 31, 2017. Increase is on account of service cost the year. The parent Company in India provides gratuity benefits for its employees wherein the plan is funded with the fund balance kept with Life Insurance Corporation of India. The gratuity liability is based on the valuation from the independent actuary.

b) Current

The balance represents the provision towards compensated absences and other short-term employee benefits. The provision as at December 31, 2018 decrease to ₹ 685.28 million i.e. decrease of ₹ 14.33 million compared to balance as at December 31, 2017 of ₹ 699.61 million.

Provisions others reduced to ₹ Nil million from ₹ 7.67 million of last year. The reduction was on account of payment of ₹ 6.14 million and adjustment of ₹ 1.53 million during the year. The reduction is mainly on account of outflow/adjustment on account of employee benefit obligation on contract acquisition in previous years

14. Trade and other payables

It comprises of trade payables and accrued expenses. Total balance as at December 31, 2018 was ₹ 3,299.90 million as compared to balance of ₹ 2,204.23 million as at December 31, 2017.

Of the total, trade payables increased by ₹ 579.10 million to balance of ₹ 1,871.12 million as at December 31, 2018.

Accrued expenses increased to ₹ 1,428.78 million as at December 31, 2018 an increase of ₹ 516.57 million from the balance as at December 31, 2017 of ₹ 912.21 million. The accrual has increased mainly on account of increase in general business activity.

15. Other current liabilities

It includes advance from customer, unearned revenue and statutory liabilities. Other current liabilities stood at ₹ 1,014.28 million as at end of 2018 as compared to ₹ 589.67 million at end of 2017.

Advance received from customer as at end of FY 2018 was ₹ 190.12 million (previous year ₹ Nil). Unearned revenue balance as at end of FY 2018 was ₹ 314.12 million compared to ₹ 217.99 million as at December 31, 2017 i.e. Increased by ₹ 96.13 million. The increase represent billing advance of the service provided to the customer.

Statutory liabilities represent liabilities not due as at the end of the year. It increased by ₹ 138.36 million to ₹ 510.04 million as at December 31, 2018 as compared to balance as at December 31, 2017 of ₹ 371.68 million

16. Current tax liabilities

It represents provision for income-taxes, net of advance tax. The balance as at December 31, 2018 Increased to ₹ 195.85 million as compared to balance of ₹ 65.28 million as at December 31, 2017.

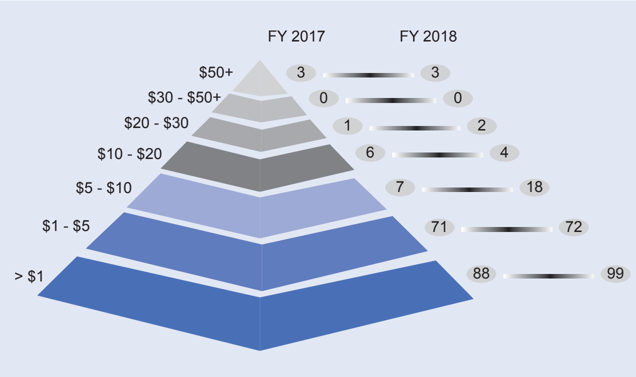
Consolidated results (P&L)

1. Income from operations

Income from operations increased to ₹ 46,477.62 million in 2018 from ₹ 39,420.14 million in 2017, growth of 17.9%. The growth in Dollar terms was 11.6%, reaching USD 677.67 million in 2018 from USD 607.49 million in 2017. Revenue in constant currency was USD 677.41 million in 2018, growth of 11.5%. Growth was driven largely by volume increase, aided by higher onsite mix.

Our repeat business continues to be around 95%.

Over the past few years the focus has been on adding and growing clients with meaningful revenue base. This has led to revenue growth being higher than growth in number of accounts, leading to increased revenue per client. In 2018, the Company added 1 client to the $20-30 million category, 11 in the $5-$10 million category. Significant expansion in the $ 5-$20 million revenue category was a real highlight for the Company. Overall the Company added 11 clients in the > $1M category. The revenue concentration from top 5 and top 10 has come down to 41.6% and 51.7% in FY 2018 as compared to 44.1% and 55.0% in FY 2017.



2. Other income

Other income increased to ₹ 105.48 million from ₹ 35.82 million in 2017, increase of ₹ 69.66 million. The increase is mainly attributed to increase in interest income by ₹ 44.47 million and write-back liability no longer required of 27.39 million.

3. Exchange rate gain

Exchange rate gain increase in FY 2018 to ₹ 471.45 million as compared to ₹ 449.62 million in FY 2017. This has resulted due to systematic foreign currency hedging program and movement of various currencies during the year.

4. Software and development expenses

In fiscal 2018, software and development expense increased to ₹ 10,250.37 million from ₹ 7,391.93 million in the previous year, i.e. an increase of 38.7%. As a percentage to sales, these expenses were 22.05% compared to 18.75% in 2017, the increase attributed to higher subcontracting cost at onsite.

5. Employee benefit expenses

The employment expenses with stock based compensation costs (RSU costs) increased to ₹ 24,799.53 million from ₹ 21,686.54 million, an increase of 14.4%.

Ratio of employee cost-to-revenue marginally improved to 53.36% in 2018 as against 55.02% in 2017. The worldwide employee count including subcontractors was 16205 as of December 2018, an increase of 2500 compared to headcount of 13,705 as of December 2017.

In Financial Year 2015, the Company instituted long-term incentive plan in the form of grant of Restricted Stock Units (RSU). The compensation cost recognized using fair value method for these RSU is ₹ 373.74 million for the 2018 which is included in employee benefit expenses.

6. Operations and other expenses

Operations and other expenses increased to ₹ 4,089.53 million in 2017 from ₹ 3,790.03 million in 2017, an increase of 7.9%. Increase was largely on travelling, service charges, repairs and maintenance costs and business promotions. As a percentage to revenue, these costs were 8.8% in 2018 compared to 9.6% in 2017.

7. Depreciation and amortisation

Depreciation and amortisation expense increased to ₹ 650.55 million in 2018 compared to ₹ 632.77 million in 2017, increase of ₹ 17.78 million largely due to additions of infrastructure at Pune campus and computers and softwares.

8. Income-tax expense

Total tax expense reduced to ₹ 1,431.18 million in 2018 compared to ₹ 1,410.56 million in 2017. Effective tax rate decreased to 19.7% compared to 22.0% in previous year. The decrease is mainly due to increase in exempt income due to new business is being executed from new SEZ's as well as reduction in the tax rate in USA.

9. Profitability

The Companies profit before tax increased to ₹ 7,265.81 million in FY 2018 as compared to ₹ 6,405.82 million in FY 2017, increase by 13.4%.

Profit after tax increased to ₹ 5834.63 million in FY 2018 as compared to ₹ 4,995.26 million in FY 2017, increase by

Management Discussion & Analysis

16.8%. As a percentage to revenue profit before tax remained at 12.6% in FY 2018 compared to 12.7% in FY 2017.

EPS-basic increased by ₹ 2.86 to ₹ 19.65 for FY 2018 compared to ₹ 16.79 for FY 2017.

Consolidated cash flow (₹ in million)

	2018	2017
Net cash from operations	5,487.03	4,762.40
Net cash used in investing activities	(454.52)	(938.00)
Net cash used in financing activities	(2,502.21)	(2,795.80)
Net increase in cash and cash equivalent	2,530.30	1,028.60

During the FY 2018, out of the cash from operations of ₹ 5,487.03 million, ₹ 454.52 million was used in investing activities largely towards acquisition of property plant and equipment and intangibles of ₹ 608.68 million. Financing activities was largely towards payment of dividend of ₹ 2,506.03 million.

Net increase in cash and cash equivalent during the year was by ₹ 2,530.30 million.

CAUTIONARY STATEMENT

Certain statements in this Management Discussion and Analysis Report concerning the future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, ability to manage growth, intense competition in IT services including those factors which may affect company's cost advantage, wage increases in India, company's ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, company's ability to manage its international operations, reduced demand for technology in key focus areas, disruptions in telecommunication networks, company's ability to successfully complete and integrate potential acquisitions, liability for damages on company's service contracts, the success of the companies in which Hexaware has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry.

For and on behalf of the Board of Directors

Date: March 12, 2019
Place: Mumbai

Atul K. Nishar
Chairman

Independent Auditor's Report

To the Members of Hexaware Technologies Limited

Report on the Audit of Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Hexaware Technologies Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) and its associate, which comprise the Consolidated Balance Sheet as at 31 December 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

Management's Responsibility for the Consolidated Ind AS 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 state of affairs, consolidated profit/ loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group including its associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and unaudited financial information of an associate, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 December 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Other Matters

1. The comparative financial information of the Group and its associate for the year ended 31 December 2017 prepared in accordance with Ind AS included in these consolidated financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated 7 February 2018 expressed an unmodified opinion.

2. We did not audit the financial statements of 12 subsidiaries, whose financial statements reflect total assets of ₹4,021.09 million as at 31 December 2018, total revenues of ₹ 7,758.13 million and net cash inflows amounting to ₹ 587.43 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-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

3. The consolidated financial statements also include the Group's share of net profit of ₹ 1.66 million for the year ended 31 December 2018, as considered in the consolidated financial statements, in respect of one associate whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the associate, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

   Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and an associate, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity 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 Indian Accounting Standards specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 December 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 December 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate. Refer Note 29 to the consolidated financial statements.

      ii. Provision has been made, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; – Refer Note 30 to the consolidated Ind AS financial statements.

      iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 December 2018.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W–100022

Akeel Master
Partner
Membership No: 046768

Place: Mumbai
Date : 30th January, 2019

'Annexure A' to the Independent Auditors' Report

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Hexaware Technologies Limited ("the Holding Company") as of 31 December 2018 in conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 December 2018, based on the internal controls with reference to financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W–100022

Akeel Master
Partner
Membership No: 046768

Place: Mumbai
Date : 30th January, 2019

Consolidated Balance Sheet

(₹ Million)

Particulars	Notes	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,827.85	3,580.32
Capital work-in-progress		2,244.43	2,563.06
Goodwill	6	1,809.08	1,656.29
Other intangible assets	7	104.59	177.06
Financial assets			
- Investments	8A	25.89	24.23
- Other financial assets	9A	385.99	399.38
Deferred tax assets (net)	10	1,784.14	1,335.54
Income tax asset (net)		374.25	348.44
Other non-current assets	11A	909.12	833.76
Total non-current assets		11,465.34	10,918.08
Current assets			
Financial assets			
- Investments	8B	101.28	189.19
- Trade receivables	12	8,031.00	5,360.31
- Cash and cash equivalents	13A	8,050.55	5,147.41
- Other Bank Balances	13B	154.38	150.26
- Unbilled revenue		2,729.85	2,368.50
- Other financial assets	9B	166.53	641.55
Current Tax Assets (net)		36.39	72.63
Other current assets	11B	599.35	605.22
Total current assets		19,869.33	14,535.07
Total assets		**31,334.67**	**25,453.15**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	14	594.72	593.61
Other Equity		23,323.93	19,479.14
Total equity		23,918.65	20,072.75
Non-current liabilities			
Financial Liabilities			
- Other financial liabilities	15A	75.64	31.16
Provisions - Employee benefit obligations in respect of Gratuity		230.38	179.35
Total non-current liabilities		306.02	210.51
Current liabilities			
Financial Liabilities			
- Trade and other payables	16	3,299.90	2,204.23
- Other financial liabilities	15B	1,914.69	1,603.43
Other current liabilities	17	1,014.28	589.67
Provisions			
- Employee benefit obligations in respect of compensated absences and others		685.28	699.61
- Others	18	-	7.67
Current tax liabilities (net)		195.85	65.28
Total current liabilities		7,110.00	5,169.89
Total liabilities		7,416.02	5,380.40
Total equity and liabilities		**31,334.67**	**25,453.15**

The accompanying notes 1 to 32 form an integral part of the financial statements

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Dated : 30th January, 2019

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
Jimmy Mahtani (Vice Chairman)
R. Srikrishna (CEO & Executive Director)
Kosmas Kalliarekos (Director)
Meera Shankar (Director)
Bharat Shah (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
P. R. Chandrasekar (Director)
Vikash Kumar Jain (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Consolidated Statement Of Profit And Loss

(₹ Million except EPS)

Particulars	Notes	For the year ended December 31, 2018	For the year ended December 31, 2017
INCOME			
Revenue from operations		46,477.62	39,420.14
Exchange rate difference (net)		471.45	449.62
Other income	19	105.48	35.82
Total income		**47,054.55**	**39,905.58**
EXPENSES			
Software and development expenses	20	10,250.37	7,391.93
Employee benefits expense	21	24,799.53	21,686.54
Operation and other expenses	22	4,089.53	3,790.03
Interest - others		0.42	1.19
Depreciation and amortisation expense	5, 7	650.55	632.77
Total expenses		**39,790.40**	**33,502.46**
Profit before tax and share in profit of associate		**7,264.15**	**6,403.12**
Share in profit of associate (Net of tax)		1.66	2.70
Profit before tax		**7,265.81**	**6,405.82**
Tax expense	10		
- Current		1,713.68	1,530.47
- Deferred (Credit)		(282.50)	(119.91)
Total tax expense		1,431.18	1,410.56
Profit for the year		**5,834.63**	**4,995.26**
Other comprehensive income (OCI):			
i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plan		41.45	103.24
- Income tax relating to items that will not be reclassified to profit or loss		(8.45)	(18.71)
ii) Items that will be reclassified to profit or loss			
- Net change in fair value of cash flow hedges		(598.18)	259.65
- Exchange differences in translating the financial statements of foreign operations		569.91	(217.72)
- Income tax relating to items that will be reclassified to profit or loss		117.49	(34.60)
Total other comprehensive income		122.22	91.86
Total comprehensive income for the year		**5,956.85**	**5,087.12**
Earnings per share (In Rupees)			
Basic	23	19.65	16.79
Diluted		19.31	16.56

The accompanying notes 1 to 32 form an integral part of the consolidated financial statements

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Dated : 30th January, 2019

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
Jimmy Mahtani (Vice Chairman)
R. Srikrishna (CEO & Executive Director)
Kosmas Kalliarekos (Director)
Meera Shankar (Director)
Bharat Shah (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
P. R. Chandrasekar (Director)
Vikash Kumar Jain (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Consolidated Statement Of Changes In Equity

A. Equity Share Capital

(₹ Million)

Particulars	December 31, 2018	December 31, 2017
Outstanding at the beginning of the year	593.61	604.06
Add: On issue of shares during the year	1.11	0.94
Less: On shares bought back during the year	-	(11.39)
Outstanding at the end of the year (Refer note 14)	**594.72**	**593.61**

B. Other Equity

(₹ Million)

Particulars	Share application money pending allotment	Reserves and Surplus							Other comprehensive income		Total
		Securities premium	Capital reserve	Capital redemption reserve	SEZ Re-investment reserve	Share option outstanding account	General reserve	Retained earnings	Foreign currency translation reserve	Cashflow hedge reserve (CFHR)	
Balances as at January 1, 2018	0.61	3,517.94	2.88	11.39	24.08	732.44	2,144.05	11,648.05	931.87	465.83	19,479.14
Profit for the period	-	-	-	-	-	-	-	5,834.63	-	-	5,834.63
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	33.00	569.91	(480.69)	122.22
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,867.63**	**569.91**	**(480.69)**	**5,956.85**
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(2,506.03)	-	-	(2,506.03)
Shares Issued on exercise of stock options	-	3.32	-	-	-	-	-	-	-	-	3.32
Tax benefit on share based compensation	-	-	-	-	-	-	-	17.10	-	-	17.10
Transfer to SEZ Re-investment reserve	-	-	-	-	749.63	-	-	(749.63)	-	-	-
Transfer from SEZ Re-investment reserve	-	-	-	-	(297.26)	-	-	297.26	-	-	-
Received / transferred on exercise of stock options	(0.19)	114.43	-	-	-	(114.43)	-	-	-	-	(0.19)
Compensation related to employee share based payments	-	-	-	-	-	373.74	-	-	-	-	373.74
As at December 31, 2018	**0.42**	**3,635.69**	**2.88**	**11.39**	**476.45**	**991.75**	**2,144.05**	**14,574.38**	**1,501.78**	**(14.86)**	**23,323.93**
Balances as at January 1, 2017	**-**	**4,808.73**	**2.88**	**-**	**332.95**	**448.07**	**2,144.05**	**7,678.04**	**1,149.59**	**240.78**	**16,805.09**
Profit for the period	-	-	-	-	-	-	-	4,995.26	-	-	4,995.26
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	84.53	(217.72)	225.05	91.86
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,079.79**	**(217.72)**	**225.05**	**5,087.12**
Dividend paid (including dividend tax)	-	-	-	-	-	-	-	(1,428.09)	-	-	(1,428.09)
Buy-back of shares	-	(1,366.76)	-	11.39	-	-	-	(12.15)	-	-	(1,367.52)
Shares Issued on exercise of stock options	-	10.84	-	-	-	-	-	-	-	-	10.84
Tax benefit on share based compensation	-	-	-	-	-	-	-	21.59	-	-	21.59
Transfer to SEZ Re-investment reserve	-	-	-	-	178.35	-	-	(178.35)	-	-	-
Transfer from SEZ Re-investment reserve	-	-	-	-	(487.22)	-	-	487.22	-	-	-
Received / transferred on exercise of stock options	0.61	65.13	-	-	-	(65.13)	-	-	-	-	0.61
Compensation related to employee share based payments	-	-	-	-	-	349.50	-	-	-	-	349.50
As at December 31, 2017	**0.61**	**3,517.94**	**2.88**	**11.39**	**24.08**	**732.44**	**2,144.05**	**11,648.05**	**931.87**	**465.83**	**19,479.14**

Description of component of Other equity

(a) Securities premium is used to record the premium received on issue of shares to be utilized in accordance with the provisions of the Companies Act, 2013.

(b) Capital reserve represent reserve on amalgamation.

(c) Capital redemption reserve is created on buy-back of the equity shares in accordance with the provisions of the Act.

(d) The Special Economic Zone Re-Investment Reserve has been created out of profit of eligible SEZ units as per provisions of section 10AA (1)(ii) of the Income–tax Act, 1961 for acquiring new plant and machinery.

(e) Share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium upon exercise of stock options by employees.

(f) General reserve represents appropriation of profits by the Company.

(g) Retained earnings comprise of the accumulated undistributed earnings.

The accompanying notes 1 to 32 form an integral part of the consolidated financial statements.

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Dated : 30th January, 2019

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)	Jimmy Mahtani (Vice Chairman)	R. Srikrishna (CEO & Executive Director)	Kosmas Kalliarekos (Director)
Meera Shankar (Director)	Bharat Shah (Director)	Basab Pradhan (Director)	Christian Oecking (Director)
P. R. Chandrasekar (Director)	Vikash Kumar Jain (Chief Financial Officer)	Gunjan Methi (Company Secretary)	

Consolidated Cash Flow Statement

(₹ Million)

	For the year ended December 31, 2018	For the year ended December 31, 2017
Cash Flow from operating activities		
Net Profit before tax	7,265.81	6,405.82
Adjustments for:		
Depreciation and amortization expense	650.55	632.77
Employee stock option compensation cost	373.74	349.50
Interest income	(53.26)	(8.79)
Provision for doubtful accounts (net of write back)	20.12	29.26
Debts and advances written off	15.83	13.89
Dividend from investments	(9.73)	(8.45)
Loss / (Profit) on sale of property, plant and equipment (PPE) (net)	1.69	(2.61)
Exchange rate difference (net) - unrealised	7.09	0.90
Interest expense	0.42	1.19
Other income	(25.55)	-
Share in profit of associate	(1.66)	(2.70)
Operating profit before working capital changes	**8,245.05**	**7,410.78**
Adjustments for:		
Trade receivables and other assets	(2,382.40)	(1,268.83)
Trade payables and other liabilities	1,216.05	368.08
Cash generated from operations	**7,078.70**	**6,510.03**
Direct taxes paid (net)	(1,591.67)	(1,747.63)
Net cash from operating activities	**5,487.03**	**4,762.40**
Cash flow from investing activities		
Purchase of PPE, intangibles including CWIP and capital advances	(608.68)	(956.78)
Proceeds from sale of property, plant and equipment	3.01	2.65
Purchase of investments	(3,292.46)	(3,768.45)
Proceeds from sale/ redemption of investments	3,380.37	3,767.75
Dividend from investments	9.73	8.45
Interest received	53.51	8.38
Net cash used in investing activities	**(454.52)**	**(938.00)**
Cash flow from financing activities		
Proceeds from issue of shares / share application money (net)	4.24	12.39
Buy-back of shares (including expenses incurred on buy-back)	-	(1,378.91)
Interest paid	(0.42)	(1.19)
Dividend paid (including corporate dividend tax)	(2,506.03)	(1,428.09)
Net cash used in financing activities	**(2,502.21)**	**(2,795.80)**
Net Increase in cash and cash equivalents	2,530.30	1,028.60
Cash and cash equivalents at the beginning of the year	5,147.41	4,126.38
Add: Unrealised loss / (gain) on foreign currency cash and cash equivalents	372.84	(7.57)
Cash and cash equivalents at the end of the year (Refer Note 13A)	**8,050.55**	**5,147.41**

The accompanying notes 1 to 32 form an integral part of the consolidated financial statements

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Dated : 30th January, 2019

For and on behalf of the Board of Directors

Atul K. Nishar
(Chairman)

Jimmy Mahtani
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(CEO & Executive Director)

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(Director)

Meera Shankar
(Director)

Bharat Shah
(Director)

Basab Pradhan
(Director)

Christian Oecking
(Director)

P. R. Chandrasekar
(Director)

Vikash Kumar Jain
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Notes To The Consolidated Financial Statements

1 Corporate Information

Hexaware Technologies Limited ("Hexaware" or "the Company") is a public limited company incorporated in India. The Holding Company together with its subsidiaries ("the Group") is engaged in information technology consulting, software development and business process services. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing, consumer and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, digital assurance and testing.

2 Significant Accounting Policies

2.1 Statement of compliance

The Consolidated financial statements comply in all material aspects with Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

2.2 Basis of Preparation

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair values as explained in the accounting policies below.

2.3 Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The financial statement of the Group are consolidated on line-by-line basis by adding together like items after eliminating intra group transactions and unrealised gain/loss from such transaction. These financial statements are prepared by applying uniform accounting policies used in Group.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(ii) Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the acquisition date.

2.4 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

Key source of estimation uncertainty which may cause material adjustments:

(i) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Group to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date and can be reliably estimated.

(ii) Income-tax

The major tax jurisdictions for the Group is India and United States of America, though the Group also files tax returns in other overseas jurisdiction. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments and deferred tax asset on unrecognised tax benefits. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

(iii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where actual future cash flows are less than expected, a material impairment loss may arise.

(iv) Others

Others areas involving estimates relates to actuarial assumptions used to determine the carrying amount of defined benefit obligation, estimation of fair value of share based payment transactions and useful lives of Property, Plant and Equipment.

2.5 Business Combinations

The Group accounts for its business acquisitions using the acquisition method of accounting. Aquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meets the condition of recognition are recognised at their fair values at the acquisition date.

Fair value of purchase consideration in excess of fair value of net assets acquired is recognised as goodwill. If the fair value of identifiable asset and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests proportionate basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent change in equity of subsidiaries.

Business Combinations arising from transfer of interest in entities that are under common control are accounted on historical cost basis. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders' equity.

2.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of a business (see note 2.5 above) less accumulated impairment losses, if any.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 Revenue Recognition

Revenue is measured at fair value of consideration received or receivable.

a) Revenues from software solutions and consulting services are recognized based on specified terms of contract.

In case of contract on time and material basis, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The Group uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. 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 represents revenue 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 and cost based projects. Such revenue is recognised as the services are performed. It is billed in accordance with the specific terms of the contract with the client.

b) Revenue is reported net of discount and indirect taxes.

c) Dividend income is recognised when the shareholders right to receive payment has been established.

d) Interest Income is recognised using effective interest rate method.

2.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) Finance Lease

Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value of the leased assets determined at the inception of the lease and liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability so as to achieve a constant periodic rate of interest on the remaining balance of liability.

b) 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 unless the payments to the lessor are structured to increase in line with expected general inflation.

2.9 (a) Functional and presentation currency

Consolidated financial statements of the Group are measured using the currency of the primary economic environment in which each entity operates. The functional currency of the Company is Indian Rupees whereas the functional currency of foreign subsidiaries and associate is the currency of their countries of incorporation. These consolidated financial statements are presented in millions of Indian Rupees (₹)

(b) Foreign currency

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of the Balance Sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss, except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date of Balance Sheet. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Items in the statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in Other comprehensive income.

2.10 Borrowing Cost

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

2.11 Employee Benefits

a) Post-employment benefits and other long term benefit plan

Payments to defined contribution retirement schemes are recognised as an expense when the employees have rendered service entitling them to such benefits.

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 balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is reflected immediately in the balance sheet with a charge or credit recognized in the other comprehensive income in respect of defined benefit schmes and in the statement of profit and loss in respect of other long term benefit plans in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of plan amendment. The retirement benefit liability recognized in the statement of financial position represents the present value of the defined benefit obligation 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.

The service cost (including past service cost as well as gains and losses on settlement and curtailments) and net interest expenses or income is recognised as employee benefits expense in the profit or loss.

b) Short term employee benefit

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.

2.12 Share based compensation

Equity settled share based payments to employees and directors are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period based on periodic estimate of the equity instruments that will eventually vest, with the corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest with the impact of revision recognised in the profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share option outstanding account.

2.13 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid or recovered from the domestic and overseas tax authorities using enacted or substantively enacted tax rates after taking credit for tax relief available for export operations in Special Economic Zone (SEZ).

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profits, except when the deferred income tax liablity arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations under tax holiday scheme, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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

2.14 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as determined based on the expert technical advice / stipulation of Schedule II of the Act:

Asset Class	Estimated useful Life
Buildings	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

Improvement to Leasehold Premises are amortised over the lease period or useful life of an asset whichever is lesser.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.15 Intangible assets

Intangible assets with finite useful lives that are acquired are initially recognised at cost in case of separately acquired assets and at fair value in case of acquisition in business combination. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment loss, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. Following table summarises the nature of intangibles and the estimated useful lives.

Asset Class	Estimated useful Life
Software licenses	3 years
Customer contracts / relations	5 years

Amortisation method, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.16 Impairment

a) Financial assets (other than at fair value)

The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 "Financial Instrument" requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b) Non-financial assets

(i) Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(ii) Tangible and Intangible assets

At the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or 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.

2.17 Provisions

Provisions are recognised when the Group has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the group will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

2.18 Non derivative financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

a) **Financial assets and financial liabilities – subsequent measurement**

(i) **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held with a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) **Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) **Financial assets at fair value through profit or loss**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(iv) **Cash and cash equivalents**

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(v) **Financial liabilities**

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

b) **Share capital**

Equity shares

Incremental costs directly attributable to the issue or re-purchase of equity shares, net of any tax effects, are recognised as a deduction from equity.

2.19 Derivative financial instruments and hedge accounting

The Group enters into foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The Group at the inception documents and designates these instruments as cash flow hedges. Accordingly, the Group records the cumulative gain or loss arising from change in fair values on effective cash flow hedges in the cash flow hedge reserve within the other comprehensive income until the forecasted transaction occurs. Gain or loss arising from change in fair values of component excluded from the assessment of hedge effectiveness as well as the ineffective portion of the designated hedges and derivative instruments that do not qualify for hedge accounting are recognized immediately in the profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, terminated or exercised without replacement or rollover as part of the hedging strategy or when the hedge no longer meets the criteria for hedge accounting, the net cumulative gain or loss recognised in hedging reserve at that time remains in equity and is recognised in profit or loss when the forecasted transaction affects profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is immediately transferred to the profit or loss for the period and is grouped under exchange rate difference.

2.20 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3 Recent accounting pronouncements

"Ind AS 115 Revenue from the contracts with customers replaces the current revenue recognition standard, Ind AS 18 Revenue and Ind AS 11 Construction Contracts. This standard provides a single principle based five step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, cost to fulfill a contract and obtaining a contract and various other related matters. The standard is applicable to the Company with effect from January 1, 2019, to be applied retrospectively in accordance with the transition guidance. The Company is evaluating the impact of its adoption on its financial statements."

4 Entities to consolidation

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

For the year ended December 31, 2018

	Name of the Entity	Country of Incorporation	Net Assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
			% of Consolidated	Rupees Million	% of Consolidated	Rupees Million	% of Consolidated	Rupees Million	% of Consolidated	Rupees Million
1	Hexaware Technologies Limited (Parent)		54.63%	13,066.99	79.93%	4,663.57	100.00%	122.22	80.34%	4,785.79
	Wholly owned subsidiaries									
1	Hexaware Technologies Inc.	USA	36.95%	8,839.09	15.28%	891.48	-	-	14.97%	891.48
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	0.49%	116.20	0.71%	41.50	-	-	0.70%	41.50
3	Hexaware Technologies UK Ltd	UK	2.90%	693.65	0.17%	9.96	-	-	0.17%	9.96
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore	3.23%	772.20	4.92%	286.99	-	-	4.82%	286.99
5	Hexaware Technologies GmbH	Germany	1.36%	326.22	0.32%	18.87	-	-	0.32%	18.87
6	Hexaware Technologies Canada Limited	Canada	-0.01%	(3.16)	0.22%	13.08	-	-	0.22%	13.08
7	Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil	0.00%	-	-0.05%	(2.70)	-	-	-0.05%	(2.70)
8	Guangzhou Hexaware Information Technologies Company Limited	China	0.01%	3.27	-0.05%	(2.78)	-	-	-0.05%	(2.78)
9	Hexaware Technologies LLC	Russia	0.14%	32.96	-0.77%	(44.99)	-	-	-0.76%	(44.99)
10	Hexaware Technologies Saudi LLC	Saudi Arabia	0.04%	10.03	-0.08%	(4.95)	-	-	-0.09%	(4.95)
11	Hexaware Technologies Romania SRL (Subsidiary of Hexaware Technologies UK Ltd.)	Romania	0.14%	32.36	-0.72%	(41.79)	-	-	-0.70%	(41.79)
12	Hexaware Technologies Hong Kong Limited	Hong Kong	0.03%	8.30	0.13%	7.85	-	-	0.13%	7.85
13	Hexaware Technologies Nordic AB	Sweden	-0.02%	(4.89)	-0.10%	(5.55)	-	-	-0.09%	(5.55)
14	Digitech Technologies Inc. (closed on September 27, 2018) (Subsidiary of Hexaware Technologies Inc.)	USA	0.00%	-	0.00%	-	-	-	0.00%	-
15	Shanghai Hexaware Information Technologies Company Limited	China	0.02%	4.13	0.04%	2.43	-	-	0.04%	2.43
	Associate									
1	Experis Technology Solutions Pte. Ltd. (20% ownership interest by Hexaware Technologies Asia Pacific Pte Limited)	Singapore	0.09%	21.30	0.03%	1.66	-	-	0.03%	1.66
	Total		**100.00%**	**23,918.65**	**100.00%**	**5,834.63**	**100.00%**	**122.22**	**100.00%**	**5,956.85**

4 Entities to consolidation (Cont'd)

For the year ended December 31, 2017

	Name of the Entity	Country of Incorporation	Net Assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
			% of Consolidated	Rupees Million	% of Consolidated	Rupees Million	% of Consolidated	Rupees Million	% of Consolidated	Rupees Million
1	Hexaware Technologies Limited (Parent)		59.76%	11,995.21	82.30%	4,111.05	100.00%	91.86	82.62%	4,202.91
	Wholly owned subsidiaries									
1	Hexaware Technologies Inc.	USA	32.21%	6,464.90	10.54%	526.64	-	-	10.35%	526.64
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	0.40%	80.58	0.63%	31.53	-	-	0.62%	31.53
3	Hexaware Technologies UK Ltd	UK	2.59%	520.53	1.46%	73.07	-	-	1.44%	73.07
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore	2.75%	552.23	6.24%	311.89	-	-	6.13%	311.89
5	Hexaware Technologies GmbH	Germany	1.47%	295.36	0.28%	13.90	-	-	0.27%	13.90
6	Hexaware Technologies Canada Limited	Canada	0.03%	6.33	0.13%	6.42	-	-	0.13%	6.42
7	Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil	0.01%	1.20	0.01%	0.53	-	-	0.01%	0.53
8	Guangzhou Hexaware Information Technologies Company Limited	China	0.02%	4.25	-0.06%	(3.24)	-	-	-0.06%	(3.24)
9	Hexaware Technologies LLC	Russia	0.41%	81.71	-0.74%	(36.79)	-	-	-0.72%	(36.79)
10	Hexaware Technologies Saudi LLC	Saudi Arabia	0.04%	8.30	-0.07%	(3.29)	-	-	-0.06%	(3.29)
11	Hexaware Technologies Romania SRL (Formed on September 28, 2016) (Subsidiary of Hexaware Technologies UK Ltd.)	Romania	0.18%	36.14	-0.83%	(41.37)	-	-	-0.81%	(41.37)
12	Hexaware Technology & Business Solutions, Inc. (Closed on August 17, 2017) (Subsidiary of Hexaware Technologies Inc.)	USA	0.00%	-	0.00%	-	-	-	0.00%	-
13	Hexaware Technologies Hong Kong Limited (Formed on April 24, 2017)	Hong Kong	0.03%	5.97	0.04%	2.22	-	-	0.04%	2.22
14	Hexaware Technologies Nordic AB (Formed on September 7, 2017)	Sweden	0.00%	0.39	0.00%	-	-	-	0.00%	-
15	Digitech Technologies Inc. (Formed on November 23, 2017) (Subsidiary of Hexaware Technologies Inc.)	USA	0.00%	-	0.00%	-	-	-	0.00%	-
16	Shanghai Hexaware Information Technologies Company Limited (Formed on December 15, 2017)	China	0.00%	-	0.00%	-	-	-	0.00%	-
	Associate									
1	Experis Technology Solutions Pte. Ltd. (20% ownership interest by Hexaware Technologies Asia Pacific Pte Limited)	Singapore	0.10%	19.64	0.05%	2.70	-	-	0.05%	2.70
	Total		**100.00%**	**20,072.75**	**100.00%**	**4,995.26**	**100.00%**	**91.86**	**100.00%**	**5,087.12**

5 Property, Plant and Equipment (PPE)

(₹ Million)

PPE consist of the following:

Particulars	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Improvements	Total
COST								
At January 1, 2018	**0.15**	**2,728.57**	**2,127.42**	**742.67**	**19.63**	**1,239.95**	**136.00**	**6,994.39**
Additions	-	301.53	313.39	62.59	-	67.19	9.61	754.31
Disposals / adjustments	-	-	(36.35)	(29.08)	(0.92)	(17.43)	(5.54)	(89.32)
Translation exchange difference	-	-	19.30	9.79	0.16	3.79	11.93	44.97
At December 31, 2018	**0.15**	**3,030.10**	**2,423.76**	**785.97**	**18.87**	**1,293.50**	**152.00**	**7,704.35**
ACCUMULATED DEPRECIATION								
At January 1, 2018	**-**	**310.85**	**1,642.28**	**520.53**	**12.09**	**837.62**	**90.70**	**3,414.07**
Charge for the year	-	52.72	260.98	55.36	2.67	122.29	21.19	515.21
Disposals / adjustments	-	-	(33.68)	(27.20)	(0.92)	(17.28)	(5.54)	(84.62)
Translation exchange difference	-	-	15.52	5.84	0.16	2.42	7.90	31.84
At December 31, 2018	**-**	**363.57**	**1,885.10**	**554.53**	**14.00**	**945.05**	**114.25**	**3,876.50**
NET CARRYING AMOUNT								
At December 31, 2018	**0.15**	**2,666.53**	**538.66**	**231.44**	**4.87**	**348.45**	**37.75**	**3,827.85**
COST								
At January 1, 2017	**0.15**	**2,251.90**	**1,891.81**	**621.88**	**24.80**	**866.95**	**135.49**	**5,792.98**
Additions	-	476.67	319.40	124.35	4.96	376.38	6.69	1,308.45
Disposals	-	-	(76.51)	(0.39)	(10.02)	(3.04)	(0.40)	(90.36)
Translation exchange difference	-	-	(7.28)	(3.17)	(0.11)	(0.34)	(5.78)	(16.68)
At December 31, 2017	**0.15**	**2,728.57**	**2,127.42**	**742.67**	**19.63**	**1,239.95**	**136.00**	**6,994.39**
ACCUMULATED DEPRECIATION								
At January 1, 2017	**-**	**264.26**	**1,474.15**	**472.04**	**20.47**	**706.60**	**64.46**	**3,001.98**
Charge for the year	-	46.59	251.01	50.83	1.75	134.53	29.39	514.10
Disposals	-	-	(76.47)	(0.39)	(10.02)	(3.04)	(0.40)	(90.32)
Translation exchange difference	-	-	(6.41)	(1.95)	(0.11)	(0.47)	(2.75)	(11.69)
At December 31, 2017	**-**	**310.85**	**1,642.28**	**520.53**	**12.09**	**837.62**	**90.70**	**3,414.07**
NET CARRYING AMOUNT								
At December 31, 2017	**0.15**	**2,417.72**	**485.14**	**222.14**	**7.54**	**402.33**	**45.30**	**3,580.32**

Note:

i) Plant and machinery includes computer systems

ii) Buildings includes office premises taken on finance lease of gross value amounting to ₹ 345.47 million and ₹ 345.47 million as at December 31, 2018 and December 31, 2017, respectively and net carrying value amounting to ₹ 257.17 million and ₹ 261.81 million as at December 31, 2018 and December 31, 2017, respectively.

6 Goodwill

Goodwill recognised of ₹ 1,809.08 Million is in respect of acquisition of FocusFrame Inc. in the year 2006. The said goodwill is towards the Quality Assurance and Testing Services (QATS) business.

Goodwill is tested for impairment on an annual basis. The recoverable amount is higher of its fair value less costs of disposal and its value in use. Considering the assumptions below, there was no impairment as of December 31, 2018 and December 31, 2017, respectively.

The assumptions used in determining the value in use for the annual testing as at December 31, 2018 and 2017 is summarized below:

- Discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company which is 13.06% (previous year 13.37%)
- Gross margin of 38.5% (Previous year 38.5%), EBITDA margin of 19.5% (Previous year 19.5%) and growth rate of 5% - 6.50% (Previous year 5% - 10%).

These estimates are likely to differ from future actual results of operations and cash flows.

An analysis of the sensitivity of the computation to a combined change in key parameters (gross margin, discount rates and growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

Following is a summary of changes in the carrying amount of goodwill:

(₹ Million)

As at January 1, 2017	1,761.18
Translation exchange rate difference	(104.89)
As at December 31, 2017	1,656.29
Translation exchange rate difference	152.79
As at December 31, 2018	1,809.08

7 Intangible assets

Intangible assets consist of the following: (₹ Million)

Particulars	Software licenses	Customer Contracts/Relations	Total
COST			
At January 1, 2018	**594.75**	**141.87**	**736.62**
Additions	76.48	-	76.48
Disposals / Adjustments	-	(130.19)	(130.19)
Translation exchange difference	7.68	(11.68)	(4.00)
At December 31, 2018	**678.91**	**-**	**678.91**
ACCUMULATED AMORTISATION			
At January 1, 2018	**494.07**	**65.49**	**559.56**
Amortisation for the year	74.21	61.14	135.35
Disposals	-	(116.02)	(116.02)
Translation exchange difference	6.04	(10.61)	(4.57)
At December 31, 2018	**574.32**	**-**	**574.32**
NET CARRYING AMOUNT			
At December 31, 2018	**104.59**	**-**	**104.59**
COST			
At January 1, 2017	536.40	142.44	678.84
Additions	62.88	-	62.88
Translation exchange difference	(4.53)	(0.57)	(5.10)
At December 31, 2017	**594.75**	**141.87**	**736.62**

(Contd.)

(₹ Million)

Particulars	Software licenses	Customer Contracts/Relations	Total
ACCUMULATED AMORTISATION			
At January 1, 2017	410.20	34.19	444.39
Amortisation for the year	86.89	31.78	118.67
Translation exchange difference	(3.02)	(0.48)	(3.50)
At December 31, 2017	**494.07**	**65.49**	**559.56**
NET CARRYING AMOUNT			
At December 31, 2017	**100.68**	**76.38**	**177.06**

Amortisation is included in statement of profit or loss under the line item "Depreciation and amortisation expenses".

8 Investments

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Non current investments in equity shares (unquoted)**		
	Investment in Associate		
	250,000 shares of USD 1/- each in Experis Technology Solutions Pte. Ltd.	21.31	19.65
	Other Investments		
	At fair value through other comprehensive Income		
	240,958 equity shares of ₹ 10/- each in Beta Wind Farm Pvt. Ltd.	4.58	4.58
		25.89	**24.23**
B	**Current investments in mutual funds (unquoted)**		
	At fair value through profit or loss account		
	Mutual fund units	101.28	189.19

9 Other financial assets (unsecured) (considered good)

(₹ Million)

		As at December 31, 2018	As at December 31, 2017
A	**Non-current**		
	Interest accrued on bank deposits	0.93	0.78
	Foreign currency derivative assets	101.43	136.10
	Restricted bank balances (a)	34.43	34.55
	Security deposits for premises and others	249.20	227.95
		385.99	**399.38**

(a) Restriction on account of bank deposits held as margin money.

		As at December 31, 2018	As at December 31, 2017
B	**Current**		
	Interest accrued on bank deposits	0.66	1.06
	Receivable from Service provider	12.80	-
	Foreign currency derivative assets	94.16	586.24
	Security deposits for premises and others (b)	6.53	6.28
	Employee advances	52.38	47.97
		166.53	**641.55**

(b) Exclude deposits aggregating ₹ 34.56 million and ₹ 34.56 million provided as doubtful of recovery basis the expected credit loss model as of December 31, 2018 and December 31, 2017 respectively.

10 Income taxes

(₹ Million)

	Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
10.1	**Income tax expense is allocated as follows:**		
	Income tax expense as per the Statement of Profit and Loss	1,431.18	1,410.56
	Income tax included in OCI / Equity on:		
	a) Net change in fair value of cash flow hedges	117.49	(34.60)
	b) Remeasurement of defined benefit plan	(8.45)	(18.71)
	c) Recognised in equity in relation to stock based compensation	(17.10)	(21.59)
		1,523.12	**1,335.66**
10.2	The reconciliation of estimated income tax expense at the Indian statutory income tax rate to the income tax expenses reported in statement of profit and loss is as follows:		
	Profit before income-tax	7,265.81	6,405.82
	Expected tax expense at the enacted tax rate of 34.994% (Previous year 34.608%) in India	2,538.96	2,216.93
	Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
	Income exempt from tax	(1,049.82)	(923.72)
	Tax effect of non-deductible expenses	100.67	6.06
	Taxes of earlier years	-	(11.11)
	Impact of change in tax rate	-	110.65
	Tax rate differential at different jurisdictions	(156.82)	(4.58)
	Others, net	(1.81)	16.33
	Income tax expense recognised in the Statement of Profit and Loss	**1,431.18**	**1,410.56**

Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In India, substantial part of operations is carried from units in Special Economic Zones notified by the Government which also benefit from the tax exemptions. These units are eligible for the deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. 50 percent tax benefit is also available for a further period of five years subject to the unit meeting defined conditions of further investments. In respect of certain jurisdictions, 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.

(₹ Million)

	Particulars	January 1, 2017	Recognised in profit or loss	Recognised in OCI *	Recognised in equity	December 31, 2017	Recognised in profit or loss	Recognised in OCI *	Recognised in equity	December 31, 2018
10.3	**Components of deferred taxes as at:**									
	Deferred tax assets									
	Allowance for doubtful debts and advances	28.27	(2.81)	(0.54)	-	24.92	9.84	0.82	-	35.58
	Employee benefit obligations	443.56	(102.42)	(19.97)	-	321.17	(9.39)	20.83	-	332.61
	Provision for severance pay	75.04	(69.86)	(2.64)	-	2.54	(2.55)	0.01	-	0.00
	Minimum alternate tax credit carry forward	958.59	275.18	-	-	1,233.77	248.39	-	-	1,482.16

(₹ Million)

	January 1, 2017	Recognised in profit or loss	Recognised in OCI *	Recognised in equity	December 31, 2017	Recognised in profit or loss	Recognised in OCI *	Recognised in equity	December 31, 2018
Share based payment	-	35.07	-	21.59	56.66	42.04	8.26	17.10	124.06
Unrealised loss on cash flow hedges	-	-	-	-	-	-	0.89	-	0.89
Others	0.33	6.48	(0.02)	-	6.79	0.78	0.66	-	8.23
Total	**1,505.79**	**141.64**	**(23.17)**	**21.59**	**1,645.85**	**289.11**	**31.47**	**17.10**	**1,983.53**
Deferred tax liabilities									
Unrealised gain on cash flow hedges	81.99	-	34.60	-	116.59	-	(116.59)	-	-
Depreciation	171.60	21.73	0.39	-	193.72	6.61	(0.94)	-	199.39
Total	**253.59**	**21.73**	**34.99**	**-**	**310.31**	**6.61**	**(117.53)**	**-**	**199.39**
Net deferred tax asset	**1,252.20**	**119.91**	**(58.16)**	**21.59**	**1,335.54**	**282.50**	**149.00**	**17.10**	**1,784.14**

* Including in foreign currency translation reserve

(a) Deferred tax liability on undistributed earnings of subsidiaries amounting to ₹ 572.23 million as at December 31, 2018 (₹ 188.13 million as at December 31, 2017) is not recognized, as the parent company generally reinvests earnings of subsidiaries in the future growth plans of subsidiaries and does not get these distributed by way of dividend or otherwise. Accordingly the group has concluded that it is not probable that such temporary difference will reverse in the forseeable future.

(b) There are unused tax credit as at December 31, 2018 of aggregating ₹ 234.06 million for which no deferred tax asset is recognized in the Balance sheet.

11 Other assets (unsecured)

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Non-current**		
	Capital Advances	47.05	1.37
	Prepaid Expenses relating to leasehold land *	530.30	525.04
	Other Prepaid Expenses	219.56	226.25
	Indirect taxes recoverable	112.21	81.10
		909.12	**833.76**

* includes unamortized lease premium in respect of one parcel of leasehold land allotted to the company at Nagpur for which the final lease agreement is being executed amounting to ₹ 79.87 million and ₹ 80.78 million as at December 31, 2018 and December 31, 2017, respectively

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
B	**Current**		
	Prepaid Expenses	496.28	448.81
	Indirect taxes recoverable	79.99	143.85
	Others	23.08	12.56
		599.35	**605.22**

12 Trade Receivables (unsecured)

(₹ Million)

Particulars	As at December 31, 2018	As at December 31, 2017
Considered good	8,031.00	5,360.31
Considered doubtful	129.22	102.71
Less: Allowance for doubtful receivables	(129.22)	(102.71)
	8,031.00	**5,360.31**
Not due	4,302.66	3,450.46
Due less than 180 days (*)	3,642.17	1,899.85
Due greater than 180 days (**)	86.17	10.00
	8,031.00	**5,360.31**
* Net of allowance for doubtful receivables ₹ 18.37 Million (Previous year ₹ 24.04 Million)		
** Net of allowance for doubtful receivables ₹ 110.85 Million (Previous year ₹ 78.67 Million)		
Movement in allowance for doubtful receivables		
Balance at the beginning of the year	102.71	74.81
Expense for the year	126.03	44.43
Amounts recovered during the year	(106.92)	(30.42)
Written-off during the year	7.40	13.89
Balance at the end of the year	**129.22**	**102.71**

13 Cash and bank balances

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Cash and cash equivalents**		
	Remittance in transit	3.21	-
	Cash in hand	-	0.01
	In current accounts with banks	7,962.06	5,098.66
	Bank deposit accounts with less than 3 months maturity	85.28	48.74
	Unclaimed dividend accounts	154.38	150.26
	Margin money with banks	34.43	34.55
		8,239.36	5,332.22
	Less: Restricted bank balances	(188.81)	(184.81)
		8,050.55	**5,147.41**
B	**Other bank balances**		
	Restricted bank balances in respect of unclaimed dividend	154.38	150.26
		154.38	**150.26**

14 Equity Share Capital

(₹ Million)
(except per share data)

	Particulars	As at December 31, 2018	As at December 31, 2017
14.1	**Authorised capital**		
	525,000,000 Equity shares of ₹ 2 each	1,050.00	1,050.00
	1,100,000 Series "A" Preference Shares of ₹1,421 each	1,563.10	1,563.10
14.2	**Issued, subscribed and paid-up capital**		
	Equity shares of ₹ 2 each	594.72	593.61
14.3	**Reconciliation of number of shares**		
	Shares outstanding at the beginning of the year	296,803,757	302,028,195
	Shares issued during the year	557,232	470,397
	Shares bought back during the year	-	(5,694,835)
	Shares outstanding at the end of the year	**297,360,989**	**296,803,757**

14.4 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.

14.5 Details of shares held by shareholders holding more than 5% shares

Name of shareholder		As at December 31, 2018	As at December 31, 2017
HT Global IT Solutions Holdings Ltd. (Holding Company)	No. of shares held	186,318,590	211,318,590
	% of holding	62.66%	71.20%
HDFC Trustee Company Ltd.	No. of shares held	19,274,031	18,885,481
	% of holding	6.48%	6.36%

14.6 During the year ended December 31, 2017, the Company bought back 5,694,835 shares at ₹ 240 per share aggregating ₹ 1,366.76 million by utilisation of securities premium. The cost relating to buy-back was charged to other equity.

14.7 Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units (RSU's) under the ESOP 2008 and 2015 scheme. Each option/RSU entitles the holder to one equity share of ₹ 2 each. 8,687,324 options / RSU's were outstanding as on December 31, 2018 (9,667,235 as on December 31, 2017).

14.8 The dividend per share recognised as distribution to equity shareholders during the year ended December 31, 2018 was ₹ 7.00 per share (year ended December 31, 2017 ₹ 4.00 per share)

15 Other financial liabilities

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Non-current**		
	Capital creditors	-	25.55
	Foreign currency derivative liabilities	72.95	3.40
	Others	2.69	2.21
		75.64	**31.16**
B	**Current**		
	Unclaimed dividend	154.38	150.25
	Capital creditors	74.93	125.54
	Deposit received from customer	0.03	0.03
	Employee liabilities	1,550.17	1,323.12
	Foreign currency derivative liabilities	135.18	4.49
		1,914.69	**1,603.43**
16	**Trade and other payables**		
	Trade payables	1,871.12	1,292.02
	Accrued expenses	1,428.78	912.21
		3,299.90	**2,204.23**
17	**Other liabilities**		
	Current		
	Advance from customers	190.12	-
	Unearned revenues	314.12	217.99
	Statutory liabilities	510.04	371.68
		1,014.28	**589.67**
18	**Provisions - Others**		
	Provision at the beginning of the year	7.67	171.93
	Paid during the year	(6.14)	(111.89)
	Adjusted during the year	(1.53)	(52.37)
	Provision at the end of the year	**-**	**7.67**

Above represents provisions towards expenditure relating to employee benefit obligations on contract acquisition.

19 Other income

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Dividend	9.73	8.45
Interest income	53.26	8.79
(Loss) / profit on sale of property, plant and equipment (net)	(1.69)	2.61
Liability no longer required written back *	27.39	-
Miscellaneous income	16.79	15.97
	105.48	**35.82**

* Consequent to the termination of contract with a Russian vendor in respect of customer contracts / relations (included under Intangible assets) in Russian subsidiary, a liability thereof, no longer payable has been written back.

20 Software and development expenses

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Consultant travel and related expenses	1,820.79	1,686.34
Software expenses *	8,429.58	5,705.59
	10,250.37	**7,391.93**
* includes sub- contracting charges	7,870.92	5,564.97

21 Employee benefits expense

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Salary and allowances	21,397.42	18,690.41
Contribution to provident, other funds and benefits	2,484.72	2,163.10
Staff welfare expenses	543.65	483.53
Employee stock option compensation cost	373.74	349.50
	24,799.53	**21,686.54**

21.1 Employee benefit plans

i) Provident Fund and 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 2018.

(₹ Million)

Particulars	As at December 31, 2018	As at December 31, 2017
Present value of benefit obligation	3,447.03	2,934.93
Fair value of plan assets	3,447.03	2,934.93
Expected Investment Return	8.43%	8.75%
Remaining term of maturities of plan assets	5.95 years	6.35 years
Expected guaranteed interest rates	8.55%	8.65%

Certain employees of the Company are entitled to benefits under the superannuation plan, a defined contribution plan. The Company makes quarterly 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 Group has recognized expenses towards contributions to provident fund and other funds and superannuation funds of ₹ 389.15 million (Previous year ₹ 317.03 million) and ₹ 14.15 million (Previous year ₹ 8.33 million), respectively.

b) The Group, during the year contributed ₹ 810.69 million (Previous year ₹ 696.93 million) towards various other defined contributions plans and benefits of subsidiaries located outside India as per laws of the respective country.

21.2 Employee benefit plans

ii) Gratuity Plan

The Company makes annual contribution to the Employee's Company 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 based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. Vesting occurs on completion of specified years of service.

The following table sets out the status of the gratuity plan for the year ended December 31: (₹ Million)

Particulars	Year 2018	Year 2017
Change in Defined Benefit Obligation		
Opening defined benefit obligation	**659.05**	**647.55**
Current service cost	140.56	133.19
Interest cost	46.76	41.70
Adjustment for remeasurement of defined benefit plan		
- Actuarial loss/(gains) arising from change in financial assumptions	15.25	(30.83)
- Actuarial loss/(gains) arising from change in demographical assumptions	(53.77)	(20.31)
- Actuarial loss/(gains) arising on account of experience changes	(16.72)	(52.09)
Benefits paid	(73.40)	(60.16)
Closing defined benefit obligation	**717.73**	**659.05**
Change in the Fair Value of Assets		
Opening fair value of plan assets	**549.78**	**440.89**
Interest on plan assets	42.34	31.21
Remeasurement due to actual return on plan assets less interest on plan assets	(13.79)	-
Contribution by employer	58.97	137.84
Benefits paid	(73.40)	(60.16)
Closing fair value of plan assets	**563.90**	**549.78**
Net liability as per actuarial valuation	**153.83**	**109.27**

Contd.

(₹ Million)

Particulars	Year 2018	Year 2017
Expense charged to statement of profit and loss:		
Current service cost	140.56	133.19
Net interest on defined benefit plan	4.41	10.49
Total Included in Employment expenses	**144.97**	**143.68**
Amount recognised in other comprehensive income:		
Remeasurement of defined benefit plan due to -		
- changes in financial assumptions	15.25	(30.83)
- changes in demographical assumptions	(53.77)	(20.31)
- Experience adjusments	(16.72)	(52.09)
- Actual return on plan assets less interest on plan assets	13.79	-
Total amount recognised in other comprehensive income	**(41.45)**	**(103.24)**
Actual return on plan assets	**28.55**	**31.21**
Category of assets -Insurer Managed Fund #	**563.90**	**549.78**

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

The Company is expected to contribute ₹ 100 million to gratuity funds in the year ending 31st December, 2018.

Financial assumptions at the valuation date	Year 2018	Year 2017
Discount rate	7.25%	7.45%
Rate of increase in compensation levels of covered employees *	7.5% to 10%	6% to 10%
Rate of Return on Plan assets	7.25%	7.45%

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

The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:

Impact on defined benefit obligation	December 31, 2018		December 31, 2017	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Increase in 50 bps	-2.70%	2.82%	-4.21%	4.49%
Decrease in 50 bps	2.84%	-2.71%	4.52%	-4.22%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity profile	₹ Million
Year 1	121.52
Year 2	101.79
Year 3	97.37
Year 4	92.21
Year 5	83.81
Thereafter	665.60

The weighted average duration to the payment of these cash flows is 5.54 years.

22 Operation and Other Expenses

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Rent	444.95	409.58
Rates and taxes	54.54	42.41
Travelling and conveyance	930.46	815.92
Electricity charges	249.22	236.91
Communication expenses	265.39	271.53
Repairs and maintenance	526.31	451.53
Printing and stationery	37.30	40.74
Auditors remuneration	29.72	33.65
Legal and professional fees	249.89	270.58
Advertisement and business promotion	330.10	304.44
Bank and other charges	24.83	13.76
Directors' sitting fees	2.39	2.49
Insurance charges	60.07	51.88
Debts and advances written off	15.83	13.89
Provision for doubtful accounts (net of write back)	20.12	29.26
Staff recruitment expenses	176.88	213.73
Service charges	404.90	326.17
Miscellaneous expenses	266.63	261.56
	4,089.53	**3,790.03**

23 Earnings per share (EPS)

The components of basic and diluted EPS were as follows:

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Net profit after tax (Rupees Million)	5,834.63	4,995.26
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,930,534	297,430,061
Basic earnings per share (In Rupees)	**19.65**	**16.79**
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,930,534	297,430,061
Add : Effect of dilutive issue of stock options (Nos.)	5,245,943	4,272,786
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	302,176,477	301,702,847
Diluted earnings per share (In Rupees)	**19.31**	**16.56**
Par value per share	**2.00**	**2.00**

24 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 entity) (control exists)

The Baring Asia Private Equity Fund V, LP, Cayman Island

Baring Private Equity Asia V Mauritius Holding Limited, Mauritius

Holding Company (control exists)

HT Global IT Solutions Holdings Limited, Mauritius

Associate

Experis Technology Solutions Pte Ltd., Singapore

Key Management Personnel (KMP)

Executive Director and CEO

R. Srikrishna

Non-executive directors

Atul K Nishar

Kosmas Kalliarekos

Jimmy Mahtani

Dileep Choksi

Bharat Shah

P R Chandrasekar

Meera Shankar

Christian Oecking

Basab Pradhan

(₹ Million)

Transactions	For the year ended December 31, 2018	For the year ended December 31, 2017
Holding company		
Reimbursement of cost	-	3.82
Associate		
Software and consultancy income	133.24	110.79
Remuneration to KMP and directors		
Short term employee benefits	92.31	71.01
Post employment benefits	5.52	1.60
Share based payment	51.90	49.87
Commission and other benefits to non-executive directors	43.16	40.41

Closing balances as at	December 31, 2018	December 31, 2017
Receivables from associate	49.83	18.85
Payable to / provision for KMP	74.31	64.05

25 Financial Instruments

25.1 The carrying value / fair value of financial instruments (other than investment in associate) by categories is as follows:

(₹ Million)

December 31, 2018	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	8,050.55	-	-	-	8,050.55
Other bank balances	154.38	-	-	-	154.38
Investments in mutual fund units	-	101.28	-	-	101.28
Trade receivables	8,031.00	-	-	-	8,031.00
Unbilled revenue	2,729.85	-	-	-	2,729.85
Other financial assets	356.93	-	-	195.59	552.52
Investments in equity shares	-	-	4.58	-	4.58
	19,322.71	**101.28**	**4.58**	**195.59**	**19,624.16**
Trade payables	3,299.90	-	-	-	3,299.90
Other financial liabilities	1,782.20	-	-	208.13	1,990.33
	5,082.10	**-**	**-**	**208.13**	**5,290.23**

December 31, 2017	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	5,147.41	-	-	-	5,147.41
Other bank balances	150.26	-	-	-	150.26
Investments in mutual fund units	-	189.19	-	-	189.19
Trade receivables	5,360.31	-	-	-	5,360.31
Unbilled revenue	2,368.50	-	-	-	2,368.50
Other financial assets	318.59	-	-	722.34	1,040.93
Investments in equity shares	-	-	4.58	-	4.58
	13,345.07	**189.19**	**4.58**	**722.34**	**14,261.18**
Trade payables	2,204.23	-	-	-	2,204.23
Other financial liabilities	1,626.70	-	-	7.89	1,634.59
	3,830.93	**-**	**-**	**7.89**	**3,838.82**

Carrying amount of cash and cash equivalents, other bank balances, trade receivables, unbilled revenue, trade payables, other financial assets and liabilities approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of, other financial assets and liabilities subsequently measured at amortised cost is not significant in each of the period presented.

25.2 Fair value hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

The following table presents fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ Million)

December 31, 2018	Level I	Level II	Level III	Total
Mutual fund units	101.28	-	-	101.28
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	195.59	-	195.59
	101.28	**195.59**	**4.58**	**301.45**
Derivative financial liabilities	-	208.13	-	208.13

December 31, 2017	Level I	Level II	Level III	Total
Mutual fund units	189.19	-	-	189.19
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	722.34	-	722.34
	189.19	**722.34**	**4.58**	**916.11**
Derivative financial liabilities	-	7.89	-	7.89

Valuation Technique

Investment in mutual funds is measured at the redemption price declared by the mutual fund. Derivatives are measured basis the counterparty quotes obtained. Cost of investments in equity shares is considered to be representative of fair value.

25.3 Financial risk management

The Group has identified the risks under verticals like Geographic and client concentration risk, credit risk, foreign currency fluctuation risk and liquidity risk. The Group has formulated policies, procedures and strategies for managing risks which is affirmed by our global CEO and CFO, after consultation with all business units, functions and department heads.

Geographic and client concentration risk

In year 2018, Americas contributed 77.55% (year 2017 - 81.12%) of the Group's total revenue. The Group continues to expand its global footprint to diversify geographic concentration though Americas remains largest market for the IT industry. The Group's exposure to the US regions is in line with the global industry practices. The Group will continue to invest in the region. There are a number of other growth factors in Americas such as favour for capitalism, highest per capita income, innovation driven culture and focus to retain high end work that allow us to identify and address the pockets of inefficiencies in the most optimum way.

51.70% of the revenue of the year is generated from top 10 clients (previouse year - 55.00%). Any loss or major downsizing by these clients may impact Group's profitability. Further, excessive exposure to particular clients will limit Group's negotiating capacity and expose us to higher credit risk.

The Group is able to maintain a diversified high quality client roster that can be accessed through the depth of relationships with existing clients.

The Group's growth strategy involves a mix of new client addition and mining the accounts of existing clients. As the Group add more clients and grow our revenues from the existing clients, it reduce dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with higher margins due to lower associated cost and higher cost predictability.

Credit risk

Since most of Groups transactions are done on credit, the Group is exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose the Group to credit risk and can impact our profitability. Group's maximum credit exposure is in respect of trade receivables of ₹ 8,031.00 million and ₹ 5,360.31 million as at December 31, 2018 and December 31, 2017, respectively and unbilled revenue of ₹ 2,729.85 miillion and ₹ 2,368.50 million as at December 31, 2018, December 31, 2017, respectively.

We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Our DSO including unbilled revenue is 85 days and 73 days as on December 31, 2018 and December 31, 2017, respectively. Refer Note No 12 for the age wise analysis of trade receivables that are not due as well as past due and allowance for the doubtful receivables.

Top 10 customer dues (including unbilled revenue) contribute 47.76% of the total outstanding as at December 31, 2018 (43.9% as at December 31, 2017).

Cash and cash equivalents and mutual funds are neither past due nor impaired. Cash and cash equivalents include deposits with banks and financial institution with high credit-ratings assigned by credit-rating agencies. The investment in liquid mutual fund units are measured at fair value through profit and loss.

Foreign Currency fluctuations Risk

Foreign exchange fluctuations is one of the key risks impacting our business. The offshore part of the revenue remains exposed to the risk of Rupee appreciation which is functional currency of the Company vis-a-vis the US Dollar, the Euro and other foreign currencies, as largely, the costs incurred are in Indian Rupees and the revenue/ inflows are in foreign currencies. The contracts the company enters into with our customers tend to run across several years and many of these contracts are at fixed rates, therefore any appreciation in the Indian rupee vis-à-vis foreign currencies will affect margins.

The Foreign Exchange Risk Management Policy authorized by the Forex Committee of the Board takes these circumstances into account and authorizes hedging on a systematic basis. These risks have been effectively addressed by the processes and controls laid out in the Foreign Exchange Risk Management Policy. The hedge ratio assigned to the exposures depends on the time horizon in which they fall, the near term exposures get a higher ratio whereas the farther exposures get a lower ratio. This graded approach ensures that hedges are spread across the hedge horizon in a tapered down manner. The exposure as indicated below is net of derivative contracts entered into by the Company.

The following table analyses foreign currency risk from financial instruments as at December 31, 2018:

(₹ Million)

Particulars	USD	EUR	GBP	Others*
Net financial assets	6,263.18	447.77	460.34	403.43
Net financial liabilities	79.54	134.61	3.17	11.81
Net assets/(liabilities)	**6,183.64**	**313.16**	**457.17**	**391.62**

The following table analyses foreign currency risk from financial instruments as at December 31, 2017:

(₹ Million)

	USD	EUR	GBP	Others*
Net financial assets	3,891.70	459.78	194.61	644.42
Net financial liabilities	365.90	85.32	69.68	58.53
Net assets/(liabilities)	**3,525.80**	**374.46**	**124.93**	**585.89**

10% depreciation/appreciation of the respective foreign currencies vis-a-vis functional currency of the Company and its subsidiaries would result in the increase/ decrease in Group's profit before tax approximately by ₹ 734.56 million, ₹ 461.11 million for the year ended December 31, 2018 and December 31, 2017, respectively.

*Others include currencies such as Singapore Dollars, Canadian Dollars, United Arab Emirates Dirhams, Philippine Pesos, Japanese Yen, Australian Dollars etc.

The Group uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies.

The Group had outstanding hedging instrument in the form of foreign currency forward contracts as at:

(₹ Million)

Currency hedged (Sell contracts)	As at December 31, 2018	As at December 31, 2017
USD	162.12	152.88
Euro	5.84	3.90
GBP	11.32	7.50

The weighted average forward rate for the hedges outstanding as at December 31, 2018 is ₹ 71.83, ₹ 88.22 and ₹ 98.70 (As at December 31, 2017 ₹ 70.89, ₹ 82.16 and ₹ 91.87) for USD, Euro and GBP, respectively. The hedges mature over the eight quarters.

10% depreciation/appreciation of the respective foreign currencies with respect to closing exchange rate would result in the increase/ decrease in Group's other comprehensive income approximate by ₹ 149.56 million and ₹ 948.12 million for the year ended December 31, 2018 and December 31, 2017 respectively.

The movement in accumulated other comprehensive income on account of derivatives designated as cash flow hedges is as under:

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Balance at the beginning of the year	465.83	240.78
Less: Net gains transferred to statement of profit or loss on occurrence of forecasted hedge transaction	(145.59)	(595.35)
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	(452.59)	855.00
Less : Deferred tax on CFHR	117.49	(34.60)
Balance at the end of the year	**(14.86)**	**465.83**

There were no material hedge ineffectiveness for the year ended December 31, 2018 and December 31, 2017.

The Group needs continuous access to funds to meet short and long term strategic investments. The Group's inability to meet such requirements in stipulated period may hamper growth plan and even ongoing operations. Further, the Group's inability to quickly convert assets into cash without incurring any material loss will expose it to liquidity risks.

Over the years, the Group has increased its liquidity position by managing its DSO and maintaining high cash / bank balance and investments.

As at December 31, 2017, the Group had total cash, bank balance and investments of ₹ 8,340.64 million (as at December 31, 2017 ₹ 5,521.41 million) which constitutes approximately 26.62% (previouse year 21.69%) of total assets. The Group does not have any debt.

The tables below provide details of the contractual maturities of significant financial liabilities as at:

(₹ Million)

As at December 31, 2018	Less than 1 year	1-5 years	Total
Trade and other payables	3,299.90	-	3,299.90
Derivative financial liabilities	135.18	72.95	208.13
Others (Refer note 15)	1,779.51	2.69	1,782.20
Total	**5,214.59**	**75.64**	**5,290.23**

₹ Million

As at December 31, 2017	Less than 1 year	1-5 years	Total
Trade and other payables	2,204.23	-	2,204.23
Derivative financial liabilities	4.49	3.40	7.89
Others (Refer note 15)	1,598.94	27.76	1,626.70
Total	**3,807.66**	**31.16**	**3,838.82**

Interest rate risk

The Group does not have any debt. The balances with banks is in the form of fixed interest rate deposits. Accordingly, the Group is not exposed to significant interest rate risk.

Capital management

The Group's objectives when managing capital is to maintain optimal capital structure to continue to provide for adequate capital in the business, returns for shareholders and benefits for other stakeholders in the form of dividends, return of capital or issue of new shares.

26 The Group takes on lease offices space and accommodation for its employees under various operating leases. The lease term ranges between 1 year to 9 year with option to renew. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year are ₹ 444.95 million (Previous year ₹ 409.58 million).

The future minimum lease payments and payment profile of the non-cancellable operating leases as at December 31:

(₹ Million)

Particulars	As as December 31, 2018	As as December 31, 2017
Not later than one year	392.67	466.92
Later than one year and not later than five years	1,014.44	434.82
Later than five years	946.63	-
Total	**2,353.74**	**901.74**

27 Employee share based compensation

27.1 The Remuneration and Compensation Committee (‘Committee’) of the Company administers the stock options plans viz. ESOP 2007, 2008 and 2015 plan. Under the plans, the employees of the Company as well as its subsidiaries are granted options/ Restricted Stock Options (RSU) entitling them to one equity share of ₹ 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. During the year, the Company extended the vesting period (at an option of the RSU holder) by one year for the certain RSU's holders, The modification did not have material impact. The Options / RSU’s vest over a period of 1 to 5 years from the date of grant on the basis of service period and/or achievement of performance conditions. The maximum time available to exercise upon vesting is 6 years.

27.2 The particulars of number of options granted and lapsed under the aforementioned:

	ESOP - 2007		ESOP - 2008		ESOP - 2015		Total	
	Options (nos.)	Weighted avg. ex. price per option (₹)	Options (nos.)	Weighted avg. ex. price per option (₹)	Options (nos.)	Weighted avg. ex. price per option (₹)	Options (nos.)	Weighted avg. ex. price per option (₹)
Outstanding as at the beginning of the year	**179,250**	**66.07**	**2,922,839**	**2.00**	**6,565,146**	**2.00**	**9,667,235**	**3.19**
	(427,750)	(62.79)	(3,632,751)	(2.00)	(5,203,906)	(2.00)	(9,264,407)	(4.81)
Granted during the year	**-**	**-**	**-**	**-**	**613,725**	**2.00**	**613,725**	**2.00**
	(-)	(-)	(-)	(-)	(2,295,605)	(2.00)	(2,295,605)	(2.00)
Exercised during the year	**51,000**	**67.07**	**231,214**	**2.00**	**275,018**	**2.00**	**557,232**	**7.96**
	(181,750)	(61.62)	(25,742)	(2.00)	(262,905)	(2.00)	(470,397)	(25.04)
Lapsed during the year	**128,250**	**65.67**	**186,670**	**2.00**	**721,484**	**2.00**	**1,036,404**	**9.88**
	(66,750)	(57.14)	(702,770)	(2.00)	(652,860)	(2.00)	(1,422,380)	(4.59)
Outstanding as at the end of the year	**-**	**-**	**2,504,955**	**2.00**	**6,182,369**	**2.00**	**8,687,324**	**2.00**
	(179,250)	(66.07)	(2,904,239)	(2.00)	(6,583,746)	(2.00)	(9,667,235)	(3.19)
Exercisable as at the end of the year	**-**	**-**	**51,150**	**2.00**	**503,191**	**2.00**	**554,341**	**2.00**
	(179,250)	(66.07)	(246,094)	(2.00)	(428,988)	(2.00)	(854,332)	(15.44)

The weighted average share price on the date of exercise of options / RSU during the year was ₹ 428.89 and ₹ 215.29 for the year ended December 31, 2018 and December 31, 2017 respectively.

* Previous year figures are gven in brackets

27.3 Range of exercise price and weighted average remaining contractual life (in months) for the options outstanding:

Range of exercise price	As at December 31, 2018		As at December 31, 2017	
	Options/ RSU's (Nos)	Life	Options/ RSU's (Nos)	Life
2.00	8,687,324	30	9,487,985	38
59.08 - 79.85	-	-	179,250	3
Total	**8,687,324**		**9,667,235**	

27.4 The fair values of RSU's granted in year 2018 and 2017 are determined using Black Scholes Option pricing model using following principal assumptions:

Particulars	Year 2018	Year 2017
Weighted Average fair value (₹)	413.44	232.32
Weighted Average share price (₹)	448.57	247.04
Dividend Yield (%)	1.59 - 2.25	1.40 - 2.82
Expected Life (years)	2.50-5.85	1.25 - 4.35
Risk free interest rate (%)	7.09- 8.28	6.26 - 6.73
Volatility (%)	33.60- 38.00	28.97 - 37.13

The expected volatility is determined based on historical volatility during a period equivalent to the expected term of RSU granted.

28 Segment disclosures

28.1 The reportable business segments have been identified taking into account the services offered to customers globally operating in different industry segments based on management approach. The Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on analysis of various performance indicators by below business. The Group's organization structure reflects the industry segmentation. Following are the business segments:

(i) Travel and Transportation (T & T)

(ii) Banking and financial services (BFS)

(iii) Healthcare and Insurance (H & I)

(iv) Professional services (PS)

(v) Manufacturing and Consumer (M & C)

Effective from January 1, 2018, the Group changed its internal organisation structure resulting in PS being a reportable segment which was earlier included in M & C. Corresponding information for earlier period is restated to give effect to the above change

Segment results for the year ended December 31, 2018

(₹ Million)

	T & T	BFS	H & I	PS	M & C	Total
Revenue	5,156.64	19,868.87	8,297.23	6,039.65	7,115.23	46,477.62
Expenses	(4,010.90)	(17,228.57)	(6,920.02)	(5,224.91)	(5,755.03)	(39,139.43)
Segment profit	**1,145.74**	**2,640.30**	**1,377.21**	**814.74**	**1,360.20**	**7,338.19**
Less: Depreciation						(650.55)
Add: Exchange rate differences (net)						471.45
Add: Other income						105.48
Less: Interest expense						(0.42)
Add: Share in net profit of associate (net of tax)						1.66
Profit before tax						**7,265.81**
Less: Tax expense						(1,431.18)
Profit after tax						**5,834.63**

Segment results for the year ended December 31, 2017

(₹ Million)

	T & T	BFS	H & I	PS	M & C	Total
Revenue	5,141.89	17,132.14	6,371.06	5,421.04	5,354.01	39,420.14
Expenses	(3,771.69)	(15,002.33)	(5,164.80)	(4,784.25)	(4,145.43)	(32,868.50)
Segment profit	**1,370.20**	**2,129.81**	**1,206.26**	**636.79**	**1,208.58**	**6,551.64**
Less: Depreciation						(632.77)
Add: Exchange rate differences (net)						449.62
Add: Other income						35.82
Less: Interest expense						(1.19)
Less: Share in net profit of associate (net of tax)						2.70
Profit before tax						**6,405.82**
Less: Tax expense						(1,410.56)
Profit after tax						**4,995.26**

28.2 Geographic disclosures

(a) The Group's primary source of revenue is from customers in Americas region (primarily USA) and Europe region.

₹ Million

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Americas	36,042.93	31,976.72
Europe	5,920.95	4,185.02
India	1,435.09	1,083.90
Rest of the world	3,078.65	2,174.50
Total	**46,477.62**	**39,420.14**

28.2 Segment disclosures (Cont'd)

(b) The information regarding geographical non-current assets is as follows:

₹ Million

Particulars	As at December 31, 2018	As at December 31, 2017
Americas	1,902.80	1,919.39
Europe	186.20	184.43
India	7,169.40	6,956.59
Rest of the world	10.92	98.52
Total	**9,269.32**	**9,158.93**

28.3 Customer information

Customer accounting for the revenue in excess of 10% of the Group revenue:

₹ Million

Customer	Segment	For the year ended December 31, 2018	For the year ended December 31, 2017
Customer A	BFS	6,120.56	5,344.42
Customer B	PS	4,957.34	5,093.42
Customer C	BFS	4,949.28	4,002.49

All of above are categorised in Americas geography.

29.1 Contingent liabilities

Claims not acknowledged as debt amounts to ₹ 28.14 million (₹ 28.14 million as on December 31, 2017), 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.

29.2 Claims for taxes on income

Where Company is in appeal

Income tax demands of ₹ 9.59 million (₹ 9.59 million as on December 31, 2017) have been raised in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merit, expects favourable outcome. Accordingly, no provision against such demand is considered necessary.

29.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) as at December 31, 2018 is ₹ 390.50 million (As at December 31, 2017 ₹ 56.90 million)

30 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

31 Material events after Balance Sheet date

There is no significant event after reporting date which requires amendments or disclosure to these consolidated financial statements except the matter mentioned below:

The Board of Directors, at its meeting held on January 30, 2019 has declared interim dividend of ₹ 2.50/- per equity share (125%). This would result in cash outflow of ₹ 896.21 Million including corporate dividend tax of ₹ 152.81 million.

32 Approval of the financial statements

The consolidated financial statements were approved for issue by the Board of Directors on January 30, 2019.

Independent Auditor's Report

To the Members of Hexaware Technologies Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Hexaware Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 31 December 2018, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Other Matters

The comparative financial information of the company for the year ended 31 December 2017 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated 7 February 2018 expressed an unmodified opinion.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 December 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements- Refer Note 29 to the standalone Ind AS financial statements.

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; – Refer Note 31 to the standalone Ind AS financial statements.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W–100022

Akeel Master

Partner

Membership No: 046768

Place: Mumbai

Date : 30th January, 2019

'Annexure A' to the Independent Auditor's Report

(Referred to in our report of even date)

With reference to the Annexure A referred to in the Independent Auditor's Report to the Members of Hexaware Technologies Limited ("the Company") on the standalone Ind AS financial statements for the year ended 31 December 2018, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year and no material discrepancies were noticed on such verification.

(c) The title deeds and lease agreements, as applicable, of immovable properties, as disclosed in Note 4 on Property, Plant and Equipment and included in "Prepaid expenses relating to leasehold land" in Note 9A to the financial statements, are held in the name of the Company, except as disclosed in footnote to Note 9A to the financial statements.

(ii) The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans given, investments made, guarantees and securities given.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.

(vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income tax, Goods and Services tax, duty of Customs and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income tax, Goods and Services tax, duty of Customs and other material statutory dues were in arrears as at 31 December 2018, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, except as mentioned below, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or Value added tax and other material statutory dues which have not been deposited with appropriate authorities on account of disputes:

Name of the Act	Nature of Dues	Amount (₹ In million)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.10	Financial year 2008-09	Assessing Officer
Income Tax Act, 1961	Income Tax	2.76	Financial year 2010-11	Commissioner of Income Tax (Appeals)

(viii) The Company did not have any outstanding loans or borrowings from any financial institution, bank or Government and there are no dues to debenture holders during the year.

(ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any material instances of fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W–100022

Akeel Master
Partner
Membership No: 046768

Place: Mumbai
Date : 30th January, 2019

'Annexure B' to the Independent Auditors' Report

(Referred to in our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Hexaware Technologies Limited ("the Company") as of 31 December 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 December 2018, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W–100022

Akeel Master
Partner
Membership No: 046768

Place: Mumbai
Date : 30th January, 2019

Standalone Balance Sheet

(₹ Million)

Particulars	Notes	As at December 31, 2018	As at December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,682.17	3,413.61
Capital work-in-progress		2,253.03	2,571.66
Other intangible assets	5	92.87	82.08
Financial assets			
Investments	6A	1,899.32	2,028.40
Other financial assets	8A	335.06	352.52
Deferred tax assets (net)	7	1,388.99	1,027.02
Income tax asset (net)		374.13	356.43
Other non-current assets	9A	786.24	615.41
Total non-current assets		**10,811.81**	**10,447.13**
Current assets			
Financial assets			
Investments	6B	101.28	189.19
Trade receivables	10	5,363.53	4,142.29
Cash and cash equivalents	11A	1,320.47	882.53
Other bank balances	11B	154.38	150.26
Unbilled revenue		1,448.45	329.92
Other financial assets	8B	508.73	961.07
Other current assets	9B	285.14	316.00
Total current assets		**9,181.98**	**6,971.26**
Total assets		**19,993.79**	**17,418.39**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	594.72	593.61
Other equity		16,776.08	14,823.34
Total equity		**17,370.80**	**15,416.95**
Non-current liabilities			
Financial liabilities			
Other financial liabilities	13A	75.64	5.61
Provisions - Employee benefit obligations towards gratuity		218.79	170.67
Total non-current liabilities		**294.43**	**176.28**
Current liabilities			
Financial liabilities			
Trade and other payables			
(i) Dues of micro and small enterprises	30	2.08	0.57
(ii) Others	14	796.56	820.33
Other financial liabilities	13B	809.62	617.64
Other current liabilities	15	411.79	149.76
Provisions			
Employee benefit obligations towards compensated absences and others		217.40	210.69
Others	16	-	5.82
Current tax liabilities (net)		91.11	20.35
Total current liabilities		**2,328.56**	**1,825.16**
Total liabilities		**2,622.99**	**2,001.44**
Total equity and liabilities		**19,993.79**	**17,418.39**

The accompanying notes 1 to 33 form an integral part of the financial statements

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Dated : 30th January, 2019

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
Jimmy Mahtani (Vice Chairman)
R. Srikrishna (CEO & Executive Director)
Kosmas Kalliarekos (Director)
Meera Shankar (Director)
Bharat Shah (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
P. R. Chandrasekar (Director)
Vikash Kumar Jain (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Standalone Statement of Profit and Loss

(₹ Million except EPS)

Particulars	Notes	For the year ended December 31, 2018	For the year ended December 31, 2017
INCOME			
Revenue from operations		17,940.25	15,241.07
Exchange rate difference (net)		516.82	537.40
Other Income	17	24.95	29.16
Total income		**18,482.02**	**15,807.63**
EXPENSES			
Software and development expenses	18	672.88	547.01
Employee benefits expense	19	9,461.57	7,763.42
Operation and other expenses	20	2,335.38	2,035.98
Interest - others		0.28	0.62
Depreciation and amortisation expense	4, 5	494.07	493.36
Total expenses		**12,964.18**	**10,840.39**
Profit before tax		5,517.84	4,967.24
Tax expense	7		
Current		1,232.74	1,071.80
Deferred (credit)		(244.49)	(214.16)
		988.25	857.64
Profit for the year		**4,529.59**	**4,109.60**
Other comprehensive income			
i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		41.45	103.24
Income tax relating to items that will not be reclassified to profit or loss		(8.45)	(18.71)
ii) Items that will be reclassified to profit or loss			
Net change in fair value of cash flow hedges		(598.18)	259.65
Income tax relating to items that will be reclassified to profit or loss		117.49	(34.60)
Total other comprehensive income		(447.69)	309.58
Total comprehensive income for the year		**4,081.90**	**4,419.18**
Earnings per share (in Rupees)	22		
Basic		15.25	13.82
Diluted		14.99	13.62

The accompanying notes 1 to 33 form an integral part of the financial statements

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

Akeel Master
Partner
Membership number: 046768

Place : Mumbai
Dated : 30th January, 2019

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
Jimmy Mahtani (Vice Chairman)
R. Srikrishna (CEO & Executive Director)
Kosmas Kalliarekos (Director)
Meera Shankar (Director)
Bharat Shah (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
P. R. Chandrasekar (Director)
Vikash Kumar Jain (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Standalone Statement of Changes in Equity

A. Equity Share Capital

(₹ Million)

Particulars	As at December 31, 2018	As at December 31, 2017
Outstanding at the beginning of the year	593.61	604.06
Issued during the year	1.11	0.94
Bought back during the year	-	(11.39)
Outstanding at the end of the year (Refer note no.12)	**594.72**	**593.61**

B. Other Equity

(₹ Million)

Particulars	Share application money pending allotment	Reserves and Surplus							Cashflow Hedge Reserve (CFHR)	Total
		Securities Premium	Amalgamation Reserve	SEZ Re-investment Reserve	Share options outstanding account	Capital Redemption Reserve	General reserve	Retained Earnings		
Balances as at January 1, 2018	0.61	3,517.94	4.38	24.08	732.44	11.39	2,117.71	7,948.96	465.83	14,823.34
Profit for the year	-	-	-	-	-	-	-	4,529.59	-	4,529.59
Other comprehensive income	-	-	-	-	-	-	-	33.00	(480.69)	(447.69)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,562.59**	**(480.69)**	**4,081.90**
Cash dividend paid (including dividend tax)	-	-	-	-	-	-	-	(2,506.03)	-	(2,506.03)
Shares Issued on exercise of options	-	3.32	-	-	-	-	-	-	-	3.32
Transfer to SEZ Re-investment Reserve	-	-	-	749.63	-	-	-	(749.63)	-	-
Transfer from SEZ Re-investment Reserve	-	-	-	(297.25)	-	-	-	297.25	-	-
Received / transferred on exercise of stock options	(0.19)	114.43	-	-	(114.43)	-	-	-	-	(0.19)
Compensation related to employee share based payments	-	-	-	-	373.74	-	-	-	-	373.74
As at December 31, 2018	**0.42**	**3,635.69**	**4.38**	**476.46**	**991.75**	**11.39**	**2,117.71**	**9,553.14**	**(14.86)**	**16,776.08**
Balances as at January 1, 2017	-	4,808.73	4.38	332.95	448.07	-	2,117.71	4,886.20	240.78	12,838.82
Profit for the year	-	-	-	-	-	-	-	4,109.60	-	4,109.60
Other comprehensive income	-	-	-	-	-	-	-	84.53	225.05	309.58
Total comprehensive income for the year								**4,194.13**	**225.05**	**4,419.18**
Cash dividend paid (including dividend tax)	-	-	-	-	-	-	-	(1,428.09)	-	(1,428.09)
Buy-back of shares	-	(1,366.76)	-	-	-	11.39	-	(12.15)	-	(1,367.52)
Shares Issued on exercise of Options	-	10.84	-	-	-	-	-	-	-	10.84
Transfer to SEZ Re-investment Reserve	-	-	-	178.35	-	-	-	(178.35)	-	-
Transfer from SEZ Re-investment Reserve	-	-	-	(487.22)	-	-	-	487.22	-	-
Received / transferred on exercise of stock options	0.61	65.13	-	-	(65.13)	-	-	-	-	0.61
Compensation related to employee share based payments	-	-	-	-	349.50	-	-	-	-	349.50
As at December 31, 2017	**0.61**	**3,517.94**	**4.38**	**(154.27)**	**732.44**	**11.39**	**2,117.71**	**7,948.96**	**465.83**	**14,823.34**

Description of component of Other equity

(a) Securities premium is used to record the premium received on issue of shares to be utilized in accordance with the provisions of the Companies Act, 2013.

(b) Capital reserve represent reserve on amalgamation.

(c) Capital redemption reserve is created on buy-back of the equity shares in accordance with the provisions of the Act.

(d) The Special Economic Zone Re-Investment Reserve has been created out of profit of eligible SEZ units as per provisions of section 10AA (1)(ii) of the Income–tax Act, 1961 for acquiring new plant and machinery.

(e) Share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium upon exercise of stock options by employees.

(f) General reserve represents appropriation of profits by the Company.

(g) Retained earnings comprise of the accumulated undistributed earnings.

The accompanying notes 1 to 33 form an integral part of the consolidated financial statements

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

Akeel Master
Partner
Membership number: 046768

Atul K. Nishar
(Chairman)

Jimmy Mahtani
(Vice Chairman)

R. Srikrishna
(CEO & Executive Director)

Kosmas Kalliarekos
(Director)

Meera Shankar
(Director)

Bharat Shah
(Director)

Basab Pradhan
(Director)

Christian Oecking
(Director)

Place : Mumbai
Dated : 30th January, 2019

P. R. Chandrasekar
(Director)

Vikash Kumar Jain
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Standalone Cash Flow Statement

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Cash Flow from operating activities		
Net Profit before tax	5,517.84	4,967.24
Adjustments for:		
Depreciation and amortization expense	494.07	493.36
Employee stock option compensation cost	207.83	221.33
Interest income	(5.64)	(7.86)
Provision for doubtful accounts (net of writeback)	2.83	1.45
Debts and advances written off	5.47	3.30
Dividend from current investments	(9.73)	(8.45)
Profit on sale of property, plant and equipments (PPE) and intangible assets (net)	(0.03)	(2.44)
Provision for impairment in the value of investment	132.79	-
Exchange rate difference (net) - unrealised	6.76	(6.86)
Interest expense	0.28	0.62
Operating profit before working capital changes	**6,352.47**	**5,661.69**
Adjustments for:		
Trade receivables and other assets	(2,204.82)	(1,253.69)
Trade payables and other liabilities	433.42	(739.20)
Cash generated from operations	**4,581.07**	**3,668.80**
Direct taxes paid (net)	(1,188.12)	(1,164.28)
Net cash from operating activities	**3,392.95**	**2,504.52**
Cash flow from investing activities		
Purchase of PPE, Intangible assets and CWIP including advances	(548.69)	(894.36)
Interest received	5.87	7.63
Purchase of current investments	(3,292.46)	(3,768.45)
Proceeds from sale/ redemption of current Investments	3,380.37	3,767.75
Investment in subsidiaries	(3.71)	(22.95)
Dividend from current investments	9.73	8.45
Proceeds from sale of PPE	2.70	2.51
Net cash used in investing activities	**(446.19)**	**(899.42)**
Cash flow from financing activities		
Proceeds from issue of shares / share application money (net)	4.24	12.39
Buy-back of shares (including expenses incurred on buy-back)	-	(1,378.91)
Interest paid	(0.28)	(0.62)
Dividend paid (including corporate dividend tax)	(2,506.03)	(1,428.09)
Net cash used in financing activities	**(2,502.07)**	**(2,795.23)**
Net increase / (decrease) in cash and cash equivalents	444.69	(1,190.13)
Cash and cash equivalents at the beginning of the year	882.53	2,065.80
Unrealised gain on foreign currency cash & cash equivalents	(6.75)	6.86
Cash and cash equivalents at the end of the year (Refer note 10A)	**1,320.47**	**882.53**

The accompanying notes 1 to 33 form an integral part of the financial statements

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm registration number: 101248W/W-100022

For and on behalf of the Board of Directors

Akeel Master
Partner
Membership number: 046768

Atul K. Nishar (Chairman)
Jimmy Mahtani (Vice Chairman)
R. Srikrishna (CEO & Executive Director)
Kosmas Kalliarekos (Director)

Meera Shankar (Director)
Bharat Shah (Director)
Basab Pradhan (Director)
Christian Oecking (Director)

Place : Mumbai
Dated : 30th January, 2019

P. R. Chandrasekar (Director)
Vikash Kumar Jain (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Notes To The Standalone Financial Statements

1 Corporate Information

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 services. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing, consumer and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, digital assurance and testing.

2 Significant Accounting Policies

2.1 Statement of compliance

The financial statements comply in all material aspects with Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

2.2 Basis of Preparation

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair values as explained in the accounting policies below.

2.3 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

Key source of estimation uncertainty which may cause material adjustments:

2.3.1 Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date and can be reliably estimated.

2.3.2 Income-tax

The major tax jurisdictions for the Company is India though the Company also files tax returns in overseas jurisdiction. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments and deferred tax on unrecognised tax benefits. Tax assessment can involve complex issues, which can only be resolved over extended time periods.

2.3.3 Others

Others areas involving estimates relates to actuarial assumptions used to determine the carrying amount of defined benefit obligation, estimation of fair value of share based payment transactions and useful lives of Property, Plant and Equipment.

2.4 Revenue Recognition

Revenue is measured at fair value of consideration received or receivable.

a) Revenues from software solutions and consulting services are recognized based on specified terms of contract.

In case of contract on time and material basis, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The company uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. 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 represents revenue 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 and cost based projects. Such revenue is recognised as services are performed. It is billed in accordance with the specific terms of the contract with the client.

b) Revenue is reported net of discount and indirect taxes.

c) Dividend income is recognised when the shareholders right to receive payment has been established.

d) Interest Income is recognised using effective interest rate method.

2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) Finance Lease

Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value of the leased asset determined at the inception of the lease and liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability so as to achieve a constant periodic rate of interest on the remaining balance of liability.

b) 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 unless the payments to the lessor are structured to increase in line with expected general inflation.

2.6 (a) Functional and presentation currency

These financial statements are presented in millions of Indian Rupees (₹), the currency of the primary economic environment in which the Company operates.

(b) Foreign currency

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of Balance Sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss, except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.7 Borrowing Cost

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

2.8 Employee Benefits

a) Post-employment benefits and other long term benefit plan

Payments to defined contribution retirement schemes are recognised as an expense when the employees have rendered service entitling them to such benefits.

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 balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is reflected immediately in the balance sheet with a charge or credit recognized in the other comprehensive income in respect of defined benefit schmes and in the statement of profit and loss in respect of other long term benefit plans in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of plan amendment. The retirement benefit liability recognized in the statement of financial position represents the present value of the defined benefit obligation 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.

The service cost (including past service cost as well as gains and losses on settlement and curtailments) and net interest expenses or income is recognised as employee benefits expense in the profit or loss.

b) Short term employee benefit

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.

2.9 Share based compensation

Equity settled share based payments to employees and directors are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period based on periodic estimate of the equity instruments that will eventually vest, with the corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest with the impact of revision recognised in the profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share option outstanding account.

2.10 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid or recovered from the domestic and overseas tax authorities using enacted or substantively enacted tax rates after taking credit for tax relief available for export operations in Special Economic Zone (SEZ).

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profits, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations under tax holiday scheme, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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

2.11 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation

Depreciation 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
Buildings	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

Improvement to Leasehold Premises are amortised over the lease period or useful life of an asset whichever is lesser.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.12 Intangible assets

Intangible assets with finite useful lives that are acquired are initially recognised at cost in case of separately acquired assets and at fair value in case of acquisition in business combination. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment loss, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. Software licenses are amortised over three years.

Amortisation method, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.13 Impairment

a) Financial assets (other than at fair value)

The company assesses at each balance sheet date, whether a financial asset or a group of financial assets is impaired. Ind AS 109, "Financial Instruments" requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets except for investments, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. In case of Investments, the Company periodically reviews its carrying value of investments for indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

b) Non-financial assets

Tangible and Intangible assets

At the end of each reporting period, the company assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or 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.

2.14 Provisions

Provisions are recognised when the company has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the company will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

2.15 Non derivative financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A Financial assets and financial liabilities – subsequent measurement

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held with a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(iv) Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any.

(v) Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(vi) **Financial liabilities**

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

B Share capital

Equity shares

Incremental costs directly attributable to the issue or re-purchase of equity shares, net of any tax effects, are recognised as a deduction from equity.

2.16 Derivative financial instruments and hedge accounting

The company enters into foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The company at the inception documents and designates these instruments as cash flow hedges. Accordingly, the company records the cumulative gain or loss arising from change in fair values on effective cash flow hedges in the CFHR within the other comprehensive income until the forecasted transaction occurs. Gain or loss arising from change in fair values of component excluded from the assessment of hedge effectiveness as well as the ineffective portion of the designated hedges and derivative instruments that do not qualify for hedge accounting are recognized immediately in the profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, terminated or exercised without replacement or rollover as part of the hedging strategy or when the hedge no longer meets the criteria for hedge accounting, the net cumulative gain or loss recognised in hedging reserve at that time remains in equity and is recognised in profit or loss when the forecasted transaction affects profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is immediately transferred to the profit or loss for the year and is grouped under exchange rate difference.

2.17 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3 Recent accounting pronouncements

Ind AS 115 Revenue from the contracts with customers replaces the current revenue recognition standard, Ind AS 18 Revenue and Ind AS 11 Construction Contracts. This standard provides a single principle based five step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, cost to fulfill a contract and obtaining a contract and various other related matters.

The standard is applicable to the Company with effect from January 1, 2019, to be applied retrospectively in accordance with the transition guidance. The Company is evaluating the impact of its adoption on its financial statements.

4 Property, Plant and Equipment (PPE)

PPE consist of the following :

(₹ Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Leasehold Improvements	Total
COST								
At January 1, 2018	0.15	2,734.49	1,878.08	624.83	17.85	1,185.21	4.97	6,445.58
Additions	-	301.53	275.69	61.15	-	66.23	-	704.60
(Disposals) / Adjustments	-	-	(36.18)	-	(0.92)	(11.65)	-	(48.75)
At December 31, 2018	**0.15**	**3,036.02**	**2,117.59**	**685.98**	**16.93**	**1,239.79**	**4.97**	**7,101.43**
ACCUMULATED DEPRECIATION								
At January 1, 2018	-	310.99	1,447.48	453.98	10.30	804.30	4.92	3,031.97
Charge for the year	-	52.86	219.92	44.23	2.67	113.65	0.04	433.37
Disposals	-	-	(33.52)	-	(0.92)	(11.64)	-	(46.08)
At December 31, 2018	**-**	**363.85**	**1,633.88**	**498.21**	**12.05**	**906.31**	**4.96**	**3,419.26**
NET CARRYING AMOUNT								
At December 31, 2018	**0.15**	**2,672.17**	**483.71**	**187.77**	**4.88**	**333.48**	**0.01**	**3,682.17**
COST								
At January 1, 2017	0.15	2,251.90	1,670.82	513.13	22.91	815.53	4.97	5,279.41
Additions	-	482.59	283.77	112.09	4.96	372.34	-	1,255.75
Disposals	-	-	(76.51)	(0.39)	(10.02)	(2.66)	-	(89.58)
At December 31, 2017	**0.15**	**2,734.49**	**1,878.08**	**624.83**	**17.85**	**1,185.21**	**4.97**	**6,445.58**
ACCUMULATED DEPRECIATION								
At January 1, 2017	-	264.26	1,316.97	414.43	18.57	681.70	4.09	2,700.02
Charge for the year	-	46.73	206.98	39.94	1.75	125.23	0.83	421.46
Disposals	-	-	(76.47)	(0.39)	(10.02)	(2.63)	-	(89.51)
At December 31, 2017	**-**	**310.99**	**1,447.48**	**453.98**	**10.30**	**804.30**	**4.92**	**3,031.97**
NET CARRYING AMOUNT								
At December 31, 2017	**0.15**	**2,423.50**	**430.60**	**170.85**	**7.55**	**380.91**	**0.05**	**3,413.61**

Note:

i) Plant and machinery includes computer systems.

ii) Buildings includes office premises taken on finance lease of gross value amounting to ₹ 345.47 million as at December 31, 2018 and December 31, 2017 and net carrying value amounting to ₹ 257.17 million and ₹ 261.81 million as at December 31, 2018 and December 31, 2017 respectively.

5 Intangible assets

Intangible assets consist of the following : (₹ Million)

Particulars	Software Licenses
COST	
At January 1, 2018	511.44
Additions	71.49
At December 31, 2018	582.93
ACCUMULATED AMORTISATION	
At January 1, 2018	429.36
Amortisation for the year	60.70
At December 31, 2018	490.06
NET CARRYING AMOUNT	
At December 31, 2018	92.87
COST	
At January 1, 2017	458.32
Additions	53.12
At December 31, 2017	511.44
ACCUMULATED AMORTISATION	
At January 1, 2017	357.46
Amortisation for the year	71.90
At December 31, 2017	429.36
NET CARRYING AMOUNT	
At December 31, 2017	82.08

Amortisation is included in statement of profit or loss under the line item "Depreciation and amortisation expense".

6 Investments

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Non current investments in equity shares (unquoted)**		
	Investments in equity instruments of subsidiaries (at cost)		
	30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68
	2,167,000 shares of 1/- GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	154.64
	500,000 shares of Singapore $ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd., Singapore.	12.48	12.48
	3,618 shares of face value 50/- Euro each fully paid up in Hexaware Technologies Gmbh., Germany.	7.57	7.57
	1 common stock at no par value in Hexaware Technologies Canada Limited, Canada.	0.73	0.73
	1 participation share of no par value in Hexaware Technologies Mexico S De R.L. De C.V.	29.42	29.42
	40 shares at no par value in Guangzhou Hexaware Information Technologies Company Limited, China (1)	2.00	13.14
	45,000 shares of SAR 10/- each in Hexaware Technologies Saudi LLC, Saudi Arabia.	8.03	8.03
	1,945,000 shares of HKD 1/- each in Hexaware Technologies Hong Kong Limited, Hongkong.	16.13	16.13

(₹ Million)

Particulars	As at December 31, 2018	As at December 31, 2017
500 shares of SEK 100/- each in Hexaware Technologies Nordic AB, Sweden.	0.40	0.40
10 shares of USD 5000/- each in Hexaware Information Technologies (Shanghai) Company Limited.	3.71	-
Entire Share Capital in Hexaware Technologies Limited Liability Company, Russia (2)	26.95	148.60
	1,894.74	**2,023.82**
Other Investments		
At fair value through other comprehensive income		
240,958 equity shares of ₹ 10/- each in Beta Wind Farm Pvt. Ltd.	4.58	4.58
	1,899.32	**2,028.40**
Notes:		
1 Net of provision for impairment in the value of investment of ₹ 11.14 million (December 31, 2017 ₹ Nil)		
2 Net of provision for impairment in the value of investment of ₹121.65 million (December 31, 2017 ₹ Nil)		
B Current investments in mutual funds (unquoted)		
At fair value through profit and loss account		
Mutual fund units	101.28	189.19

7 Income taxes

(₹ Million)

	Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
7.1	**Income tax expense is allocated as follows:**		
	Income tax expense as per the Statement of Profit and Loss	988.25	857.64
	Income tax included in Other Comprehensive Income on:		
	a) Net change in fair value of cash flow hedges	(117.49)	34.60
	b) Remeasurement of defined benefit plan	8.45	18.71
		879.21	**910.95**
7.2	The reconciliation of estimated income tax expense at the Indian statutory income tax rate to the income tax expenses reported in statement of profit and loss is as follows:		
	Profit before income-tax	5,517.84	4,967.24
	Expected tax expense at the enacted tax rate of 34.994% (previous year 34.608%) in India	1,928.15	1,719.06
	Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
	Income exempt from tax	(1,042.97)	(906.73)
	Tax effect of non-deductible expenses	90.08	14.38
	Taxes of earlier years	-	16.67
	Others, net	12.99	14.26
	Income tax expense recognised in the Statement of Profit and Loss	**988.25**	**857.64**

Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In India, substantial part of operations is carried from units in Special Economic Zones notified by the Government which also benefit from the tax exemptions. These units are eligible for the deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. 50 percent tax benefit is also available for a further period of five years subject to the unit meeting defined conditions of further investments. In respect of certain jurisdictions, 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.

(₹ Million)

	Particulars	January 1, 2018	Recognised in profit or loss	Recognised in OCI	December 31, 2018
7.3	**Components of deferred taxes:**				
	Deferred tax assets				
	Allowance for doubtful debts and advances	19.63	2.21	-	21.84
	Employee benefit obligations	92.66	(1.64)	-	91.02
	Provision for severance pay	2.02	(2.01)	-	0.01
	Minimum alternate tax credit carry forward	1,233.77	248.39	-	1,482.16
	Unrealised loss on cash flow hedges	(116.60)	-	117.49	0.89
	Total	**1,231.48**	**246.95**	**117.49**	**1,595.92**
	Deferred tax liabilities				
	Depreciation	204.46	2.46	-	206.93
	Total	**204.46**	**2.46**	**-**	**206.93**
	Net deferred tax asset	**1,027.02**	**244.49**	**117.49**	**1,388.99**

Particulars	January 1, 2017	Recognised in profit or loss	Recognised in OCI	December 31, 2017
Components of deferred taxes:				
Deferred tax assets				
Allowance for doubtful debts and advances	19.25	0.38	-	19.63
Employee benefit obligations	104.31	(11.65)	-	92.66
Provision for severance pay	30.00	(27.98)	-	2.02
Minimum alternate tax credit carry forward	958.59	275.18	-	1,233.77
Total	**1,112.15**	**235.93**	**-**	**1,348.08**
Deferred tax liabilities				
Unrealised gain on cash flow hedges	82.00	-	34.60	116.60
Depreciation	182.69	21.77	-	204.46
Total	**264.69**	**21.77**	**34.60**	**321.06**
Net deferred tax asset	**847.46**	**214.16**	**(34.60)**	**1,027.02**

(a) Deferred income tax assets have not been recognized on temporary differences amounting to approximately ₹ 506.81 million (previous year ₹ 411.11 million) associated with investment in subsidiaries as it is probable that the temporary differences will not reverse in the foreseeable future.

(b) There are unused tax credit as at December 31, 2018 aggregating ₹ 234.06 million for which no deferred tax asset is recognized in the Balance Sheet.

8 Other financial assets (unsecured) (considered good)

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Non-current**		
	Interest accrued on bank deposits	0.77	0.60
	Foreign currency derivative assets	101.43	136.10
	Restricted bank balances (a)	5.57	7.35
	Security deposits for premises and others	227.29	208.47
		335.06	**352.52**

(a) Restriction on account of bank deposits held as margin money.

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
B	**Current**		
	Interest accrued on bank deposits	0.66	1.06
	Foreign currency derivative assets	94.16	586.24
	Security deposits for premises and others @	1.78	4.13
	Other receivables from related parties	289.07	187.56
	Employee advances	123.06	182.08
		508.73	**961.07**

@ Exclude deposits aggregating ₹ 34.56 million provided as doubtful of recovery basis the expected credit loss model.

9 Other assets (unsecured)

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Non-current**		
	Capital advances	47.05	1.37
	Prepaid expenses relating to leasehold land *	530.30	525.03
	Other prepaid expenses	96.67	7.91
	Indirect taxes recoverable	112.22	81.10
		786.24	**615.41**

* includes unamortised lease premium in respect of one parcel of leasehold land allotted to the company at Nagpur for which final lease agreement is being executed amounting to ₹ 79.87 million and ₹ 80.78 million as at December 31, 2018 and December 31, 2017 respectively.

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
B	**Current**		
	Prepaid expenses	202.46	173.18
	Indirect taxes recoverable	65.34	140.29
	Others	17.34	2.53
		285.14	**316.00**

10 Trade Receivables (unsecured)

(₹ Million)

Particulars	As at December 31, 2018	As at December 31, 2017
Considered good	5,363.53	4,142.29
Considered doubtful	32.38	29.05
Less: Allowance for doubtful receivables	(32.38)	(29.05)
	5,363.53	**4,142.29**
The Company's credit period generally ranges from 30 - 60 days. The age wise break up of trade receivables, net of allowances is given below.		
Not Due	4,318.69	1,336.14
Due less than 180 days (*)	1,015.74	2,799.48
Due more than 180 days (**)	29.10	6.67
	5,363.53	**4,142.29**
* Net of allowance for doubtful receivables ₹ 0.43 Million (Previous year 6.29 Million) ** Net of allowance for doubtful receivables ₹ 31.95 Million (Previous year 22.76 Million)		
Movement in allowance for doubtful receivables		
Balance at the beginning of the year	29.05	28.36
Expense for the year	59.13	23.27
Amounts recovered during the year	(57.54)	(21.82)
Exchange rate fluctuations	1.74	(0.76)
Balance at the end of the year	**32.38**	**29.05**

11 Cash and bank balances

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Cash and cash equivalents**		
	In current accounts with banks	1,257.70	844.82
	Bank deposit accounts with less than 3 months maturity	62.77	37.71
	Unclaimed dividend accounts	154.38	150.26
	Margin money with banks	5.57	7.35
		1,480.42	1,040.14
	Less: Restricted bank balances	(159.95)	(157.61)
		1,320.47	**882.53**
B	**Other bank balances**		
	Restricted bank balances in respect of unclaimed dividend accounts.	154.38	150.26
		154.38	**150.26**

12 Equity Share Capital

(₹ Million except per share data)

	Particulars	As at December 31, 2018	As at December 31, 2017
12.1	**Authorised capital**		
	525,000,000 Equity shares of ₹ 2 each	1,050.00	1,050.00
	1,100,000 Series "A" Preference Shares of ₹1,421 each	1,563.10	1,563.10
12.2	**Issued, subscribed and paid-up capital**		
	Equity shares of ₹ 2 each	594.72	593.61
12.3	**Reconciliation of number of shares**		
	Shares outstanding at the beginning of the year	296,803,757	302,028,195
	Shares issued during the year	557,232	470,397
	Shares bought back during the year	-	(5,694,835)
	Shares outstanding at the end of the year	297,360,989	296,803,757

12.4 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.

12.5 Details of shares held by shareholders holding more than 5% shares

Name of shareholder		As at December 31, 2018	As at December 31, 2017
HT Global IT Solutions Holdings Ltd. (Holding Company)	No. of shares held	186,318,590	211,318,590
	% of holding	62.66%	71.20%
HDFC Trustee Company Limited	No. of shares held	19,274,031	18,885,481
	% of holding	6.48%	6.36%

12.6 During the year ended December 31, 2017, the Company bought back 5,694,835 shares at ₹ 240/- per share aggregating ₹1,366.76 million by utilisation of securities premium. The cost relating to buy-back was charged to other equity.

12.7 Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units (RSU's) under the ESOP 2008 and 2015 scheme. Each option / RSU entitles the holder to one equity share of ₹ 2 each. 8,687,324 options / RSU's were outstanding as on December 31, 2018 (9,667,235 options as on December 31, 2017).

12.8 The dividend per share recognised as distribution to equity shareholders during the period ended December 31, 2018 was ₹ 7.00 per share (year ended December 31, 2017 ₹ 4.00 per share).

13 Other financial liabilities

(₹ Million)

	Particulars	As at December 31, 2018	As at December 31, 2017
A	**Non-current**		
	Foreign currency derivative liabilities	72.95	3.40
	Accrued expenses	2.69	2.21
		75.64	**5.61**
B	**Current**		
	Unclaimed dividend	154.38	150.26
	Capital creditors	74.93	120.48
	Employee liabilities	445.12	342.41
	Foreign currency derivative liabilities	135.19	4.49
		809.62	**617.64**

14 Trade and other payables (Others)

Trade payables	295.07	493.36
Accrued expenses	503.57	327.54
	798.64	**820.90**

15 Other liabilities

Current		
Advance from customers	190.12	-
Unearned revenues	17.09	5.49
Statutory liabilities	204.58	144.27
	411.79	**149.76**

16 Provisions - Others

Provision at the beginning of the year	5.82	86.67
Paid during the year	(3.11)	(51.37)
Adjusted during the year	(2.71)	(29.48)
Provision at the end of the year	**-**	**5.82**

Above represents provisions towards expenditure relating to employee benefit obligations on contract acquisition, the outflow for which is expected within the next year.

17 Other income

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Dividend	9.73	8.45
Interest income	5.64	7.86
Profit on sale of PPE (net)	0.03	2.44
Miscellaneous income	9.55	10.41
	24.95	**29.16**

18 Software and development expenses

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Consultant travel and related expenses	241.91	211.63
Software expenses *	430.97	335.38
	672.88	**547.01**
* includes sub- contracting charges	273.21	309.73

19 Employee benefits expense

Salary and allowances	8,310.72	6,731.01
Contribution to provident and other funds	550.36	464.12
Staff welfare expenses	392.66	346.96
Employee stock option compensation cost	207.83	221.33
	9,461.57	**7,763.42**

20 Operation and other expenses

Rent	235.80	216.04
Rates and taxes	39.21	24.31
Travelling and conveyance	406.91	378.90
Electricity charges	240.35	229.20
Communication expenses	155.83	165.99
Repairs and maintenance	352.28	309.88
Printing and stationery	26.51	31.55
Auditors remuneration		
- Audit fees	10.57	5.73
- Tax audit fees	4.58	1.30
- Certification work, taxation and other matters	1.24	2.23
Legal and professional fees	167.20	159.53
Advertisement and business promotion	118.30	83.53
Bank and other charges	12.42	6.49
Directors' sitting fees	1.98	1.75
Insurance charges	21.65	17.95
Debts and advances written off	5.47	3.30
Provision for doubtful accounts (net of write back)	2.83	1.45
Provision for impairment in the value of investment (Refer note 6A)	132.79	-
Staff recruitment expenses	99.12	112.30
Service charges	190.88	185.68
Miscellaneous expenses	109.46	98.87
	2,335.38	**2,035.98**

21 Financial Instruments

21.1 The carrying value / fair value of financial instruments (excluding investments in subsidiaries) by categories is as follows:

(₹ Million)

December 31, 2018	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	1,320.47	-	-	-	1,320.47
Other bank balances	154.38	-	-	-	154.38
Investments in mutual fund units	-	101.28	-	-	101.28
Trade receivables	5,363.53	-	-	-	5,363.53
Unbilled revenue	1,448.45	-	-	-	1,448.45
Other financial assets	648.20	-	-	195.59	843.79
Investments in equity shares	-	-	4.58	-	4.58
	8,935.03	**101.28**	**4.58**	**195.59**	**9,236.48**
Trade payables	798.64	-	-	-	798.64
Other financials liabilities	677.12	-	-	208.14	885.26
	1,475.76	**-**	**-**	**208.14**	**1,683.90**

(₹ Million)

December 31, 2017	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	882.53	-	-	-	882.53
Other bank balances	150.26	-	-	-	150.26
Investments in mutual fund units	-	189.19	-	-	189.19
Trade receivables	4,142.29	-	-	-	4,142.29
Unbilled revenue	329.92	-	-	-	329.92
Other financial assets	591.25	-	-	722.34	1,313.59
Investments in equity shares	-	-	4.58	-	4.58
	6,096.25	**189.19**	**4.58**	**722.34**	**7,012.36**
Trade payables	820.90	-	-	-	820.90
Other financials liabilities	615.36	-	-	7.89	623.25
	1,436.26	**-**	**-**	**7.89**	**1,444.15**

Carrying amount of cash and cash equivalents, other bank balances, trade receivables, unbilled revenue, trade payables, other financial assets and liabilities approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of, other financial assets and liabilities subsequently measured at amortised cost is not significant in each of the period presented.

21.2 Fair value hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

The following table presents fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ Million)

December 31, 2018	Level I	Level II	Level III	Total
Mutual fund units	101.28	-	-	101.28
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	195.59	-	195.59
	101.28	**195.59**	**4.58**	**301.45**
Derivative financial liabilities	-	208.14	-	208.14

December 31, 2017	Level I	Level II	Level III	Total
Mutual fund units	189.19	-	-	189.19
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	722.34	-	722.34
	189.19	**722.34**	**4.58**	**916.11**
Derivative financial liabilities	-	7.89	-	7.89

Valuation Technique

Investment in mutual funds is measured at the redemption price declared by the mutual fund. Derivatives are measured basis the counterparty quotes obtained. Cost of investment in equity shares is considered to be representative of fair value.

21.3 Financial risk management

The Company has identified the risks under verticals like Geographic and client concentration risk, credit risk, foreign currency fluctuation risk and liquidity risk. The Company has formulated policies, procedures and strategies for managing risks which is affirmed by global CEO and CFO, after consultation with all business units, functions and department heads.

Geographic and client concentration risk

In year 2018, Americas contributed 68% of the Company's total revenue (previous year 74%). The Company continues to expand its global footprint to diversify geographic concentration though Americas remains largest market for the IT industry. The Company's exposure to the US regions is in line with the global industry practices. The Company will continue to invest in the region. There are a number of other growth factors in Americas such as favour for capitalism, highest per capita income, innovation driven culture and focus to retain high end work that allow us to identify and address the pockets of inefficiencies in the most optimum way.

77% and 81% of the revenue of 2018 and 2017, respectively is generated from top 10 clients, the concentration is high for standalone as customers include subsidiaries wherein contracts with end customers are entered by such subsidiaries. At consolidated level, the concentration of revenue from top 10 customers is at 52% for the year 2018 (55% for the year 2017). Any loss or major downsizing by these clients may impact Company's profitability. Further, excessive exposure to particular clients will limit Company's negotiating capacity and expose to higher credit risk.

The Company is able to maintain a diversified high quality client roster that can be accessed through the depth of relationships with existing clients.

The Company's growth strategy involves a mix of new client addition and mining the accounts of existing clients. As we add more clients and grow our revenues from the existing clients, we naturally reduce our dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with higher margins due to lower associated cost and higher cost predictability.

Credit risk

Since most of our transactions are done on credit, we are exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose us to credit risk and can impact our profitability. Our maximum credit exposure is in respect of trade receivables of ₹ 5,363.53 million and ₹ 4,142.29 million as at December 31, 2018 and December 31, 2017 respectively and unbilled revenue of ₹ 1,448.45 million and ₹ 329.92 million as at December 31, 2018 and December 31, 2017 respectively.

Top 10 customer dues contribute 84% of the total outstanding as at December 31, 2018 (88% as at December 31, 2017).

Cash and cash equivalents and investments in mutual funds are neither past due nor impaired. Cash and cash equivalents include deposits with nationalised banks. The investment in liquid mutual fund units are measured at fair value through profit and loss.

Foreign Currency fluctuations Risk

Foreign exchange fluctuations is one of the key risks impacting our business. The offshore part of the revenue remains exposed to the risk of Rupee appreciation which is functional currency of the Company vis-a-vis the US Dollar, the Euro and other foreign currencies, as largely, the costs incurred are in Indian Rupees and the revenue/ inflows are in foreign currencies. The contracts we enter into with our customers tend to run across several years and many of these contracts are at fixed rates, therefore any appreciation in the Indian rupee vis-à-vis foreign currencies will affect our margins.

The Foreign Exchange Risk Management Policy authorized by the Forex Committee of the Board takes these circumstances into account and authorizes hedging on a systematic basis. These risks have been effectively addressed by the processes and controls laid out in the Foreign Exchange Risk Management Policy. The hedge ratio assigned to the exposures depends on the time horizon in which they fall, the near term exposures get a higher ratio whereas the farther exposures get a lower ratio. This graded approach ensures that hedges are spread across the hedge horizon in a tapered down manner. The exposure as indicated below is net of derivative contracts entered into by the Company.

The following table analyses foreign currency risk from financial instruments as at December 31, 2018:

(₹ Million)

Particulars	USD	EUR	GBP	Others*
Net financial assets	4,823.60	60.97	458.12	347.11
Net financial liabilities	45.58	6.44	-	1.30
Net assets/(liabilities)	**4,778.02**	**54.53**	**458.12**	**345.81**

The following table analyses foreign currency risk from financial instruments as at December 31, 2017:

(₹ Million)

Particulars	USD	EUR	GBP	Others*
Net financial assets	3,146.84	78.41	124.30	300.94
Net financial liabilities	334.98	5.87	7.51	3.04
Net assets/(liabilities)	**2,811.86**	**72.54**	**116.79**	**297.90**

10% depreciation/appreciation of the respective foreign currencies vis-a-vis functional currency of the Company would result in the increase/ decrease in Company's profit before tax approximately by ₹ 563.65 million and ₹ 329.91 million for the year ended December 31, 2018 and December 31, 2017, respectively.

*Others include currencies such as Singapore Dollars, Canadian Dollars, United Arab Emirates Dirhams, Philippine Pesos, Japanese Yens, Australian Dollars etc.

The Company uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies.

Outstanding hedges by way of forward contracts are as follows :

(In Million)

Currency Hedged	As at December 31, 2018	As at December 31, 2017
Sell USD	162.12	152.88
Sell Euro	5.84	3.90
Sell GBP	11.32	7.50

The weighted average forward rate for the hedges outstanding as at December 31, 2018 is ₹ 71.83, ₹ 88.22 and ₹ 98.70 (As at December 31, 2017 ₹ 70.98, ₹ 82.16 and ₹ 91.87) for USD, Euro and GBP, respectively. The hedges mature over the eight quarters.

10% depreciation/appreciation of the respective foreign currencies would result in the increase/ decrease in Company's other comprehensive income approximate by ₹ 149.56 million and ₹ 948.12 million for the year ended December 31, 2018 and December 31, 2017, respectively.

The movement in accumulated other comprehensive income on account of derivatives designated as cash flow hedges is as under:

(₹ Million)

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Balance at the beginning of the year	465.83	240.78
Less: Net gains transferred to statement of profit or loss on occurrence of forecasted hedge transaction	(145.59)	(595.35)
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	(452.59)	855.00
Less : Deferred tax adjustment on CFHR	117.49	(34.60)
Balance at the end of the year	**(14.86)**	**465.83**

There were no material hedge ineffectiveness for the year ended December 31, 2018 and December 31, 2017.

Liquidity risk

The Company needs continuous access to funds to meet short and long term strategic investment requirements. The Company's inability to meet such requirements in stipulated period may hamper growth plan and even ongoing operations. Further, the Company's inability to quickly convert assets into cash without incurring any material loss will expose it to liquidity risks.

As at December 31, 2018, the Company had total cash / bank balance and investments in Mutual Funds of ₹ 1,581.70 million (as at December 31, 2017 ₹ 1,229.33 million) which constitutes approximately 8% of total assets (previous year 7%). The Company does not have any debt.

The tables below provide details of the contractual maturities of significant financial liabilities as at:

(₹ Million)

As at December 31, 2018	Less than 1 year	1-2 years	Total
Trade and other payables	798.64	-	798.64
Derivative financial liabilities	135.19	72.95	208.14
Others (Refer note 13)	674.43	2.69	677.12
Total	**1,608.26**	**75.64**	**1,683.90**

(₹ Million)

As at December 31, 2017	Less than 1 year	1-2 years	Total
Trade and other payables	820.90	-	820.90
Derivative financial liabilities	4.49	3.40	7.89
Others (Refer note 13)	613.15	2.21	615.36
Total	**1,438.54**	**5.61**	**1,444.15**

Interest rate risk

The Company does not have any debt. The balances with banks and financial institution is in the form of current account, fixed interest rate deposits. Accordingly , the Company is not exposed to significant interest rate risk.

Capital management

The Company's objectives when managing capital is to maintain optimal capital structure to continue to provide for adequate capital in the business, returns for shareholders and benefits for other stakeholders in the form of dividends, return of capital or issue of new shares.

22 Earnings per share

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

Particulars	For the year ended December 31, 2018	For the year ended December 31, 2017
Net profit after tax (₹ Million)	4,529.60	4,109.60
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,930,534	297,430,061
Basic earnings per share (In ₹)	**15.25**	**13.82**
Weighted average outstanding equity shares considered for basic EPS (Nos.)	296,930,534	297,430,061
Add : Effect of dilutive issue of stock options (Nos.)	5,245,943	4,272,786
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	302,176,477	301,702,847
Diluted earnings per share (In ₹)	**14.99**	**13.62**
Par value per share	**2.00**	**2.00**

23 Related party disclosures

Name of the Related Parties	Country
Ultimate Holding company and its Subsidiaries	
Baring Private Equity Asia GP V. LP (ultimate holding entity) (control exists)	Cayman Island
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
Subsidiaries	
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
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Hexaware Technologies DO Brazil Ltd, Brazil (1) & (7)	Brazil
Guangzhou Hexaware Information Technologies Company Limited	China
Hexaware Technologies LLC	Russia
Hexaware Technologies Saudi LLC	Saudi Arabia
Hexaware Technologies Romania SRL (1)	Romania
Hexaware Technology and Business Solutions, Inc. (2)	USA
Hexaware Technologies Hong Kong Limited (3)	China
Hexaware Technologies Nordic AB (4)	Sweden
Digitech Technologies Incorporated (5)	USA
Hexaware Information Technologies (Shanghai) Company Limited (6)	China
Associate	
Experis Technology Solutions Pte Ltd (8)	Singapore
Key Management Personnel (KMP)	
Executive Director and CEO	
Mr. R Srikrishna	
Non-executive directors	
Mr. Atul K Nishar	
Mr. Jimmy Mahtani	
Mr. Kosmas Kalliarekos	
Mr. Dileep Choksi	
Mr. Bharat Shah	
Mr. P R Chandrasekar	
Ms. Meera Shankar	
Mr. Christian Oecking	
Mr. Basab Pradhan	

Notes:

1. Subsidiary of Hexaware Technologies UK Ltd.
2. Subsidiary of Hexaware Technologies Inc., closed on 17th August 2017.
3. Formed on 18th April 2017.
4. Formed on 7th September 2017.
5. Subsidiary of Hexaware Technologies Inc., closed on September 27, 2018.
6. Formed on December 15, 2017.
7. Closed on July 24, 2018.
8. Associate of Hexaware Technologies Asia Pacific Pte Ltd .

Details of transactions and balances 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 December 31, 2018	For the year ended December 31, 2017
Investment made	**Subsidiaries**		
	Guangzhou Hexaware Information Technologies Company Limited	-	6.42
	Hexaware Technologies Nordic AB	-	0.40
	Hexaware Technologies Hong Kong Limited	-	16.13
	Hexaware Information Technologies (Shanghai) Company Limited	3.71	-
		3.71	**22.95**
Impairment in value of Investment (Refer Note 6A)	**Subsidiaries**		
	Hexaware Technologies LLC - Russia	121.65	-
	Guangzhou Hexaware Information Technologies Company Limited	11.14	-
		140.21	**22.95**
Software and consultancy income	**Subsidiaries**		
	Hexaware Technologies Inc.	9,260.53	8,118.86
	Hexaware Technologies UK Ltd.	1,579.02	1,068.63
	Others	588.90	451.97
		11,428.45	**9,639.46**
	Associate		
	Experis Technology Solutions Pte Ltd	133.24	103.73
		133.24	**103.73**
Software and development expenses -subcontracting charges	**Subsidiaries**		
	Hexaware Technologies Inc.	71.02	152.64
	Others	3.27	-
		74.29	**152.64**
Reimbursement of cost to	**Subsidiaries**		
	Hexaware Technologies UK Ltd.	15.84	23.80
	Hexaware Technologies Inc.	27.86	15.60
	Others	-	0.05
		43.70	**39.45**
Recovery of cost from	**Subsidiaries**		
	Hexaware Technologies Inc. ((including recovery of ESOP cost ₹ 165.91 Million) (previous year ₹ 128.17 Million))	563.16	564.24
	Hexaware Technologies UK Ltd.	297.89	242.00
	Others	53.60	41.35
		914.65	**847.59**
	Holding Company		
	HT Global IT Solutions Holdings Limited	-	3.82
		-	**3.82**
Remuneration to KMP and Directors			
	Short term employee benefits	4.61	3.62
	Post employee benefits	0.11	0.11
	Share based payment	51.90	49.87
	Commission and other benefits to non-executive directors	43.16	40.41
		99.78	**94.01**

Outstanding Balances

(₹ Million)

Name of the Related party and Relationship	As at December 31, 2018	As at December 31, 2017
Subsidiaries		
Investment in equity (Including share application money) (Refer note no 6A & 6B)	1,894.74	2,023.82
Trade and other receivable		
- Hexaware Technologies Inc	4,574.06	3,008.39
- Others	636.67	317.75
	5,210.73	**3,326.14**
Trade payable - towards services and reimbursement of cost		
- Hexaware Technologies Inc	21.41	280.35
- Hexaware Technologies UK Ltd	7.93	-
- Others	3.16	12.06
	32.50	**292.41**
Trade receivable from Associate	49.83	18.85
Payable to / Provision for KMP's and Directors	40.87	38.55

24 The Company takes on lease office space and accommodation for its employees under various operating leases. The lease term ranges between 1 year to 9 year with option to renew. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year is ₹ 235.80 million (Previous year ₹ 216.04 million)

The future minimum lease payments and payment profile of the non-cancellable operating leases are as follows:

(₹ Million)

Particulars	As at December 31, 2018	As at December 31, 2017
Not later than one year	198.79	177.02
Later than one year and not later than five years	461.43	180.22
Later than 5 years	790.21	-
Total	**1,450.43**	**357.24**

25 Share Based Compensation

a) The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2007, 2008 and 2015 plan. Under the plans, the employees of the Company as well as its subsidiaries are granted options/ Restricted Stock Options (RSU) entitling them to one equity share of ₹ 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. During the year, the Company extended the vesting period (at an option of the RSU holder) by one year for the certain RSU's holders. The modification did not have material impact. The Options / RSU's vest over a period of 1 to 5 years from the date of grant on the basis of service period and/or achievement of performance conditions. 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 - 2007		ESOP - 2008		ESOP - 2015		Total	
	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	**1,79,250**	**66.07**	**29,04,239**	**2.00**	**65,83,746**	**2.00**	**96,67,235**	**3.19**
	(4,27,750)	(62.79)	(36,32,751)	(2.00)	(52,03,906)	(2.00)	(92,64,407)	(4.81)
Granted during year	**-**	**-**	**-**	**-**	**6,13,725**	**2.00**	**6,13,725**	**2.00**
	(-)	(-)	(-)	(-)	(22,95,605)	(2.00)	(22,95,605)	(2.00)
Exercised during the year	**51,000**	**67.07**	**2,31,214**	**2.00**	**2,75,018**	**2.00**	**5,57,232**	**7.96**
	(1,81,750)	(61.62)	(25,742)	(2.00)	(2,62,905)	(2.00)	(4,70,397)	(25.04)
Lapsed during the year	**1,28,250**	**65.67**	**1,86,670**	**2.00**	**7,21,484**	**2.00**	**10,36,404**	**9.88**
	(66,750)	(57.14)	(7,02,770)	(2.00)	(6,52,860)	(2.00)	(14,22,380)	(4.59)
Outstanding at the year end	**-**	**-**	**24,86,355**	**2.00**	**62,00,969**	**2.00**	**86,87,324**	**2.00**
	(1,79,250)	(66.07)	(29,04,239)	(2.00)	(65,83,746)	(2.00)	(96,67,235)	(3.19)
Exercisable as at the year end	**-**	**-**	**51,150**	**2.00**	**5,03,191**	**2.00**	**5,54,341**	**2.00**
	(1,79,250)	(66.07)	(2,46,094)	(2.00)	(4,28,988)	(2.00)	(8,54,332)	(15.44)

Previous year figures are given in bracket

c) The weighted average share price of options exercised on the date of exercise was ₹ 428.89 per share and ₹ 215.29 per share for the year ended December 31, 2018 and December 31, 2017 respectively.

d) Range of exercise price and weighted average remaining contractual life (in months) for the options outstanding:

Range of exercise price	As at December 31, 2018		As at December 31, 2017	
	Options/ RSU's (Nos)	Life	Options/ RSU's (Nos)	Life
2	86,87,324	30	94,87,985	38
59.08 - 79.85	-	-	1,79,250	3
Total	**86,87,324**		**96,67,235**	

e) The fair values of the RSU's granted in year 2018 and 2017 are determined using Black Scholes Option pricing model using following assumptions:

Particulars	Year 2018	Year 2017
Weighted Average fair value (₹)	413.44	232.32
Weighted Average share price (₹)	448.57	247.04
Dividend Yield (%)	1.59- 2.25	1.40- 2.82
Expected Life (years)	2.50 - 5.85	1.25- 4.35
Risk free interest rate (%)	7.09- 8.28	6.26- 6.73
Volatility (%)	33.60- 38.00	28.97- 37.13

The expected volatility is determined based on historical volatility during a period equivalent to the expected term of RSU granted.

26 Employee benefit plans

i) Provident Fund, Superannuation Fund and Other Similar Funds

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 December 31, 2018.

(₹ Million)

Particulars	As at December 31, 2018	As at December 31, 2017
Present value of benefit obligation	3,447.03	2,934.93
Fair value of plan assets	3,447.03	2,934.93
Expected Investment Return	8.43%	8.75%
Remaining term of maturities of plan assets	5.95 years	6.35 years
Expected guaranteed interest rates	8.55%	8.65%

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 ₹ 389.15 million (Previous year ₹ 317.03 million) and ₹ 14.15 million (Previous year ₹ 8.33 million), respectively.

ii) Gratuity Plan

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

The following table sets out the status of the gratuity plan for the year ended December 31 :

(₹ Million)

Particulars	Year 2018	Year 2017
Change in Defined Benefit Obligation		
Opening defined benefit obligation	**659.05**	**647.55**
Current service cost	140.56	133.19
Interest cost	46.76	41.71
Adjustment for remeasurement of defined benefit plan		
- Actuarial loss/(gains) arising from change in financial assumptions	15.25	(30.83)
- Actuarial loss/(gains) arising from change in demographical assumptions	(53.77)	(20.31)
- Actuarial loss/(gains) arising on account of experience changes	(16.72)	(52.09)
Benefits paid	(73.40)	(60.16)
Closing defined benefit obligation	**717.73**	**659.05**
Change in the Fair Value of Assets		
Opening fair value of plan assets	**549.78**	**440.89**
Interest on plan assets	42.34	31.21
Remeasurement due to actual return on plan assets less interest on plan assets	(13.79)	-
Contribution by employer	58.97	137.83
Benefits paid	(73.40)	(60.16)

(₹ Million)

Particulars	Year 2018	Year 2017
Closing fair value of plan assets	**563.90**	**549.78**
Net liability as per actuarial valuation	**153.83**	**109.27**
Expense charged to statement of profit and loss:		
Current service cost	140.56	133.19
Net Interest on defined benefit plan	4.41	10.49
Total Included in Employment expenses	**144.97**	**143.68**
Amount recognised in other comprehensive income:		
Remeasurement of defined benefit plan due to -		
- changes in financial assumptions	15.25	(30.83)
- changes in demographical assumptions	(53.77)	(20.31)
- Experience adjustments	(16.72)	(52.09)
- Actual return on plan assets less interest on plan assets	13.79	-
Total amount recognised in other comprehensive income	**(41.45)**	**(103.24)**
Actual return on plan assets	**28.55**	**31.22**
Category of assets - Insurer Managed Fund #	**563.90**	**549.78**

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

The Company is expected to contribute ₹ 100 million to gratuity funds for the year ending December 31, 2018

Financial assumptions at the valuation date	Year 2018	Year 2017
Discount rate	7.25%	7.45%
Rate of increase in compensation levels of covered employees *	7.5% to 10%	6% to 10%
Rate of Return on Plan assets	7.25%	7.45%

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

The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:

Impact on defined benefit obligation	As at December 31, 2018	
	Discount Rate	Salary Escalation Rate
Increase in 50 bps	-2.70%	2.82%
Decrease in 50 bps	2.84%	-2.71%

Impact on defined benefit obligation	As at December 31, 2017	
	Discount Rate	Salary Escalation Rate
Increase in 50 bps	-4.21%	4.49%
Decrease in 50 bps	4.52%	-4.22%

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity profile	(₹ Million)
Year 1	121.52
Year 2	101.79
Year 3	97.37
Year 4	92.21
Year 5	83.81
Thereafter	**665.60**

The weighted average duration to the payment of these cash flows is 5.54 years.

27 Segments

As per Ind AS 108 on "Operating Segments", segment reporting information has been provided under the notes to the consolidated financial statements.

28 Corporate Social Responsibility

a) Gross Amount required to be spent by the Company during the year is ₹ 89.56 million (Previous year ₹ 82.97 million)

b) Amount spent during the year on :

(₹ Million)

Sr.No.	Particulars	Amount Paid	Amount yet to be paid	Total
1	Construction/ acquisition of any asset	-	-	-
		(-)	(-)	(-)
2	On purpose other than (1) above	**90.46**	-	**90.46**
		(70.02)	(0.15)	(70.17)

Previous year figures are given in bracket

29 Contingent liabilities and commitments

29.1 **Contingent liabilities**

Claims not acknowledged as debt ₹ 28.14 million (₹ 28.14 million as at December 31, 2017), 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.

29.2 **Claims for taxes on income**

Where Company is in appeal

Income tax demands of ₹ 9.59 million (₹ 9.59 million as on December 31, 2017) have been raised in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merit, expects favourable outcome. Hence, no provision against such demand is considered necessary.

29.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 390.50 million (₹ 56.90 million as at December 31, 2017)

30 Disclosure pursuant to amount due to Micro, Small and Medium enterprise is as under:

(₹ Million)

Particulars	As at December 31, 2018	As at December 31, 2017
Amount due to vendor	2.08	0.57
Principal amount paid (includes unpaid beyond the appointed date)	-	-
Interest due and paid /payable for the year	-	-
Interest accrued and remaining unpaid	-	-

Due to Micro, Small and Medium enterprise have been determined to the extent such parties have been identified on the basis of information collected by the management.

31 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

32 Material events after Balance Sheet date

There is no significant event after reporting date which requires adjustments or disclosure to the financial statements except the matter mentioned below:

The Board of Directors, at its meeting held on January 31, 2019 has declared interim dividend of ₹ 2.50/- per equity share (125%). This would result in cash outflow of ₹ 896.21 Million including corporate dividend tax of ₹152.81 Million.

33 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on January 30, 2019.

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INDIA

Mumbai

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Hexaware - BPS
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HEXAWARE - Mumbai SEZ
Loma IT Park Developers Pvt. Ltd.
IT/ITES SEZ, Plot No. G4/1,
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Industrial Area, Mahape,
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Hexaware - BPS
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Hexaware - BPS
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Bengaluru
"Indiqube Zeta", 2nd Floor,
BBMP Khata
No.835/39/1124/765
Survey # 49/5,52/1,52/2,53 and
54 Kaikondrahalli Village, Varthur
Hobli, Sarjapur Main Road,
Bengaluru - 560 035.

Coimbatore

Hexaware - BPS
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Sungam Junction,
Opp. Carmel Garden School,
Ramanathapuram,
Coimbatore - 641 045.

Noida
Advant IT Park Private Limited
Tower - II, Unit No. B - 202,
2nd Floor, Plot No. 7, Sector - 142, Expressway Noida,
Noida, Delhi. Pin - 201 305.

HEXAWARE

HEXAWARE TECHNOLOGIES LIMITED

Registered Office: Bldg. No. 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710. Phone : 022 - 6791 9595; Fax : 022 - 6791 9578
website: www.hexaware.com; **email:** Investori@hexaware.com
CIN : L72900MH1992PLC069662

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: HEXAWARE TECHNOLOGIES LIMITED

Registered Offce: Bldg. No. 152, Millennium Business Park, Sector III, A Block, TTC Industrial Area, 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) holding ______________________ Shares of the above named company, hereby appoint

1. Name ______________________
   Address : ______________________
   Email ID : ______________________
   Signature : ______________________ ; or failing him/her

2. Name ______________________
   Address : ______________________
   Email ID : ______________________
   Signature : ______________________ ; or failing him/her

3. Name ______________________
   Address : ______________________
   Email ID : ______________________
   Signature : ______________________

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company, to be held on Tuesday, April 23, 2019 at 3.30 p.m. at Walchand Hirachand Hall, 4th Floor, IMC Bldg., IMC Marg, Churchgate , Mumbai – 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution	For	Against
1.	Adoption of Financial Statements		
2.	Confirmation of dividend		
3.	Re-appointment of Mr. Kosmas Kalliarekos		
4.	Re-appointment of Mr. P R Chandrasekar as a Non-Executive Independent director		
5.	Adoption of New Articles of Association		

Signed this ______________ day of ______________ 2019.

Affix
₹. 1/-
Revenue
Stamp

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 other Member.

HEXAWARE

HEXAWARE TECHNOLOGIES LIMITED

Regd. Office: Bldg. No. 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai – 400 710. Phone : 022 - 6791 9595; Fax : 022 - 6791 9578
website : www.hexaware.com; email : Investori@hexaware.com
CIN : L72900MH1992PLC069662

ATTENDANCE SLIP

Full Name of the Shareholder / Proxy
(in Block Letters) ______________________________

Folio No. or DP ID & Client ID. ______________________________

No. of Shares held : ______________________________

I/We hereby record my presence at the 26th Annual General Meeting of the Company held on Tuesday, April 23, 2019 at 3:30 p.m. at the Walchand Hirachand Hall, 4th Floor, IMC Building, IMC Marg, Churchgate, Mumbai – 400 020.

______________________________	______________________________
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 handover the same at the entrance of the meeting Hall)












HEXAWARE

Registered Office

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

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Fax: +91 22 6791 9578
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Registrar & Share Transfer Agent

Karvy Fintech Private Limited
Karvy Selenium, Tower B, Plot 31-32, Gachibowli,
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