



“Chairman’s Communique”



Dear Shareholder,

We have completed 18 years at Hexaware.

The way we perceive it is, that we have grown and alongside we have not only added value but have also strengthened our ties. With over 5000 people working across the globe and making a difference to clients, investors, shareholders and one another, we are a youthful Company.

The year 2008 witnessed the downturn in the global economy and brought along some external challenges

for us as well. But also during '08 we added many feathers in our cap and moving further, this will only get better.

- Your Company emerged as one of the Top 25 companies adopting good corporate governance practices by the Institute of Company Secretaries of India for the year 2008.
- We ranked 15th in the NASSCOM Top 20 IT Software and Services Exporters from India (2007-2008).
- Your Company was ranked among the Top 20 Best IT employers in India by DQ-IDC for four years in a row now.
- Your Company was selected among the Leaders category for The 2008 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP).
- The Siruseri campus went live.
- We also launched a new global delivery center at New Jersey, USA.
- Our subsidiary Caliber Point marked a new beginning in Nagpur with a pristine campus.
- Your Company was certified at CMMI Level-5 once again and was awarded ISO 9001:2000 certification.

In spite of the macroeconomic conditions we added several marquee customers to our roster and continue to strengthen our relationships on our high-quality client base. We currently have 68 Fortune 500 / Global 500 corporations of the 178 active clients. We also considerably improved our utilization and our margins.



The Company integrated the Business Technology Optimization (BTO) operations of FocusFrame and Hexaware. The strengthened organization will be equipped with a complete suite of service offerings both in automated and manual testing.

We are now well into 2009 and certainly realize the impact of the demanding situation. But I believe life is a journey and when we are in a journey, we have to face the sun and the rain as well. Sometimes along the journey, one also passes through a dark tunnel, but, there is always light at the end of a tunnel. While we are in the midst of a global recession today, I have no doubt that at the end of it; we will emerge much stronger.

Let me remind you that after the downturn in '01 and '02, the whole industry grew at a very high rate and Hexaware emerged as one of the fastest growing companies in the industry.

Also in 2008, we considerably strengthened our management team and are sufficiently geared to face the macro challenges 2009 may hold for us. The title of the famous book by Robert H. Schuller is very apt here, 'Tough Times Never Last But Tough People Do.' I am confident that our 'TOUGH' management team will

guide the Company through this phase to newer successes.

We as a Company continue to remain poised for growth; we have the necessary capabilities, the right competencies, the niche focus areas and most of all the right people. In addition as an organization, we have the patience and the fortitude required to build a strong Hexaware and we are building it from a long term perspective. Rome was not built in a day and at 18 today, we clearly have the most youthful years still ahead of us.

We as an organisation will continue to successfully tread along this journey that we have embarked on, together.

As I conclude, let me end by extending my gratitude to you, the shareholders for supporting us.

Your commitment is truly valued.

Yours Sincerely,

Atul K. Nishar

Executive Chairman

Date : March 25, 2009

BOARD OF DIRECTORS

MR. ATUL K. NISHAR
Executive Chairman

MR. BHAGWANT P. BHARGAWE
Company Secretary

MR. P. R. CHANDRASEKAR
Global CEO & Vice-Chairman

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

DR. (MRS.) ALKA A. NISHAR
Director

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

MR. L. S. SARMA
Director

MR. SHAILESH HARIBHAKTI
Director

REGISTRAR & SHARE TRANSFER AGENT
Sharepro Services (India) Private Limited
Unit : Hexaware Technologies Limited
3rd Floor, Satam Estate, Cardinal Gracious Road,
Andheri (East), Mumbai – 400 099
Tel : 2821 5168 – 69 / 6772 0300
Fax : 2837 5646

DR. BAKUL DHOLAKIA
Director

MRS. PREETI MEHTA
Director

MR. S. K. MITRA
Director

MR. BHARAT SHAH
Director

MR. SUNISH SHARMA
Director

MANAGEMENT TEAM

Atul K. Nishar
Founder and Executive Chairman

P. R. Chandrasekar
Global CEO & Vice-Chairman

Ramanan R. V
President – Global Delivery

Rajiv Pant
President – North America

Sunil Surya
President – European Operations

Milind Kalurkar
Asst. Vice President & Head Sales-APAC

Deepak Rao
Sr. Vice President &
Global Head-BFSI Vertical

Anirban Chakraborty
Sr. Vice President-Emerging Markets

Yogendra Shah
Executive Vice President &
Global Head-TTHL Vertical

Vaughn Paladin
Global Head-BTO Business

Moorthi Chokkanathan
Executive Vice President
(Enterprise Solutions)

R. U. Srinivas
Chief Executive Officer - Caliberpoint

Prateek Aggarwal
Chief Finance Officer

Deependra Chumble
Chief People Officer

Nataraj N
Chief Information Officer

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NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Members of Hexaware Technologies Limited will be held on Tuesday, the 5th day of May, 2009 at 3.00 p.m. at M. C. Ghia Hall, 2nd floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended December 31, 2008 and the Balance Sheet as on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare a Final Dividend on Equity Shares and to confirm the Interim Dividend.
3. To appoint a Director in place of Dr. (Mrs.) Alka Atul Nishar, who retires by rotation, and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Ms. Preeti Mehta, who retires by rotation, and being eligible, offers herself for re-appointment.
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT Dr. Bakul Dholakia, a Director liable to retire by rotation, who does not seek re-election, is not re-appointed as a Director of the Company.

RESOLVED FURTHER THAT the vacancy, so created on the Board of Directors of the Company, be not filled in at this meeting or at any adjournment thereof.”

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

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

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) thereto or any re-enactment(s) thereof for the time being in force), Mr. Bharat Shah, who was appointed as an Additional Director by the Board w.e.f. July 29, 2008, in terms of provisions of Section 260 of the Companies Act, 1956 and Article No. 88 of the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) thereto or any re-enactment(s) thereof for the time being in force), Mr. Sunish Sharma who was appointed as an Additional Director by the Board w.e.f. February 16, 2009, in terms of provisions of Section 260 of the Companies Act, 1956 and Article No. 88 of the Articles of Association of the Company and whose term of office expires at the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

“RESOLVED THAT pursuant to the provisions of Section 314 (1) (b) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the appointment of Ms. Priyanka. A. Nishar, relative of Mr. Atul K. Nishar, Executive Chairman and Dr. (Mrs.) Alka A. Nishar, Director of the Company, as Account Manager in Hexaware Technologies Inc., USA, a wholly owned subsidiary of the Company and to the payment of remuneration of a sum not exceeding US \$ 100,000 (US Dollars one hundred thousand) per annum as base salary and performance bonus of US \$ 15,000 (US

Dollars fifteen thousand) per annum in addition to other benefits as per the rules of the Company and the annual increment being not exceeding 20% of the aggregate of base salary and performance Bonus, as decided by the Remuneration and Compensation Committee of the Board”.

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

“**RESOLVED THAT** in, partial modification of Resolution No.10 passed at the Fifteenth Annual General Meeting of the Company held on 30th June, 2008 in respect of appointment and the terms of remuneration of Mr. P. R. Chandrasekar, Director of the Company to hold an office or place of profit as Director of Hexaware Technologies Inc., a wholly owned subsidiary of the Company, consent of the Company be and is hereby accorded to the ratification of one time payment of joining bonus of US \$500,000/- (US Dollars five hundred thousand) to him by Hexaware Technologies Inc., USA.”

By Order of the Board of Directors

Bhagwant Bhargawa
Head Legal & Company Secretary

Place : Mumbai
 Date : March 25, 2009

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

NOTES:

1. Explanatory Statements in respect of item Nos. 5 and 7 to 10, pursuant to Section 173(2) of the Companies Act, 1956, are annexed hereto and form part of the Notice.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. Members/Proxies should bring the enclosed Attendance Slip duly filled in, for attending the Meeting.
4. All documents referred to in the Notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. up to the date of the Meeting except holidays and also posted on the web site of the Company at www.hexaware.com.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 29th day of April, 2009 to Tuesday, 5th day of May, 2009 both days inclusive, in terms of the provisions of Section 154 of the Companies Act, 1956 and the applicable Clauses of the Listing Agreement entered into with the Stock Exchanges.
6. Those Members who have so far not encashed their dividend warrants for the financial year ended 31st December, 2003 onwards, may approach the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited, at the address mentioned elsewhere in the Notice for the payment without any further delay as the said unpaid dividend will be transferred to the Investor Education and Protection Fund of the Central Government pursuant to Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government.
7. Members are entitled to nominate a person to whom his/her shares in the Company shall vest in the event of his/her demise by filling up Form No. 2B. The shareholders are requested to avail of this facility. The duly filled in and signed nomination Form No. 2B should be sent to the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited at the address mentioned elsewhere in the Notice.
8. Members are requested to:
 - a) Intimate to the Company's Registrar and Share Transfer Agent, changes, if any, in their respective addresses along with Pin Code number at an early date.
 - b) Quote folio numbers in all their correspondence.
 - c) Consolidate holdings into one folio in case of multiplicity of folios with names in identical order.
9. Non-Resident Indian Shareholders are requested to inform the Company immediately:
 - a) The change in the Residential Status on return to India for permanent settlement;

- b) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
10. Corporate Members are requested to send a duly certified copy of the board resolution authorizing their representative to attend and vote at the Annual General Meeting.
 11. The Certificate from the Auditors of the Company certifying that the Employees Stock Option Scheme of the Company is being implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended, and in accordance with the resolution of the general meeting will be available for inspection to Members at the Annual General Meeting.
 12. Members seeking any information relating to the Accounts may write to the Company Secretary of the Company at its registered office at 152, Millennium Business Park, Sector -III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710, for the attention of Company Secretary or send an email at investorinfo@hexaware.com.
 13. Members are requested to bring their copies of the Annual Report for the meeting. As communicated earlier, members holding shares in physical form are requested to get them dematerialised, as the shares of the Company are under compulsory demat system.
 14. Re-appointment of Directors: At the ensuing Annual General Meeting, Dr. (Mrs.) Alka Atul Nishar, Ms. Preeti Mehta retire by rotation and being eligible offer themselves for re-appointment. Approval of the members is also sought for appointment of Mr. Bharat Shah and Mr. Sunish Sharma, Additional Director, as Directors of the Company liable to retire by rotation. The information pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges are furnished in the Statement on Corporate Governance published in this Annual Report.

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

ITEM No. 5

In accordance with the provisions of Section 256 of the Companies Act, 1956, Dr. (Mrs.) Alka Atul Nishar, Ms. Preeti Mehta and Dr. Bakul Dholakia retire by rotation at the ensuing Annual General Meeting. However, Dr. Bakul Dholakia has informed the Company that he does not seek re-appointment. The Company does not propose to fill up the vacancy at this meeting or any adjournment thereof. Hence as required under Section 256 of the Companies Act, 1956, a resolution is proposed not to fill up the vacancy caused by the retirement of Dr. Bakul Dholakia at this meeting or any adjournment thereof.

Dr. Bakul Dholakia has been a Director of the Company since 17th July, 2006. The Board places on record its appreciation of the contributions made by Dr. Bakul Dholakia during his tenure as a Director. Members attention is invited to para 5 on page No. 20 of the Directors' Report for the same.

ITEM NO. 7

The Board of Directors of the Company appointed Mr. Bharat Shah as an Additional Director with effect from July 29, 2008 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. He holds office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a Member proposing the candidature of Mr. Bharat Shah as a Director of the Company.

Mr. Shah is the Chairman of HDFC Securities Limited. He has been one of the founder members of HDFC Bank and joined HDFC Bank in December 1994 as an Executive Director on its Board. He is occupying the position of Head-Custody & Depository, Retail, HR, Private Banking, Infrastructure and Merchant Services in HDFC Bank Limited from December 1994 till date. He is on the Board of various companies like Computer Age Management Services Private Limited, ADFC Limited, and Hill Properties Private Limited.

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

Mr. Shah has received his Bachelors of Science (B. Sc.) degree from the University of Mumbai in the year 1967. He also holds a Degree in Applied Chemistry with special reference to Metal Finishing from Borough Polytechnic, London. (1967-1969)

He started his career as R&D Chemist in Pyrene Company Ltd. for a year (1969-1970). He worked for Bradma India Limited during 1971-1974 as Sales Executive and thereafter in Technova for three years (1975-1978). He was Marketing Head of Travellers Cheque and the Rupee Travellers Cheque Operation during 1979-1983 with Thomas Cook. He worked with Citibank as Payment Product Division Head & then Real Estate Division Head from 1983 to 1993. Mr. Shah was an Investment Advisor for Union Bank of Switzerland, Singapore for a Year i.e. 1993-94.

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

Except Mr. Bharat Shah, none of the Directors is concerned or interested in the resolution.

ITEM NO. 8

GA Global Investments Limited, Cyprus (General Atlantic) holds approx. 15% of the paid up share capital of the Company. As per the agreement entered with them they have a right to nominate one Director on the Company's Board. General Atlantic had nominated Mr. Mark F. Dzialga as their nominee since 2006, who has resigned. General Atlantic has requested a change in its nominee on the Board and has nominated Mr. Sunish Sharma in his place. The Board places on record its sincere appreciation of the contributions made by Mr. Mark F. Dzialga.

The Board of Directors of the Company appointed Mr. Sunish Sharma as an Additional Director with effect from February 16, 2009 in accordance with the provisions of Section 260 of the Companies Act, 1956, Article No.88 of the Articles of Association of the Company.

Mr. Sharma holds office up to the date of the forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a Member proposing the candidature of Mr. Sharma as a Director of the Company.

Mr. Sharma is a MBA, Gold Medalist, from Indian Institute of Management, Calcutta. He completed his graduation from Delhi University and he also holds a degree of Cost & Works Accountant.

Mr. Sharma has extensive experience in the area of IT and business process offshoring and focuses his efforts within General Atlantic on the firms Enterprise Solutions, Healthcare, and Consumer sector.

Prior to joining General Atlantic, Mr. Sharma worked at McKinsey & Company Inc. He was engaged in their Telecom, IT and BPO group serving several Indian and MNC clients on multiple offshoring and M&A transactions.

Mr. Sharma has co-authored the first 2 NASSCOM – McKinsey reports on the IT and BPO sector.

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

Except Mr. Sunish Sharma, none of the Directors is concerned or interested in the resolution.

ITEM NO. 9

Ms. Priyanka A. Nishar is appointed in Hexaware Technologies Inc., USA, a wholly owned subsidiary of the Company. Ms. Priyanka will be holding an office as an Account Manager on a remuneration not exceeding US \$100,000 (US Dollars one hundred thousand) as the base salary and performance bonus of US \$ 15,000 (US Dollars fifteen thousand), in addition to other benefits as per the rules of the company and the annual increment being not exceeding 20% of the aggregate of base salary and performance bonus, in her capacity as Account Manager in Hexaware Technologies Inc., USA, as decided by the Remuneration and Compensation Committee of the Board.

Ms. Priyanka has done MBA from Harvard Business School and completed her Graduation in Engineering from Cornell University, USA. She has also worked with Accenture, USA for a period of three years.

Ms. Priyanka would be looking after Business Development as per the directions of the management of Hexaware Technologies Inc., USA.

The remuneration payable to Ms. Priyanka by Hexaware Technologies Inc., USA is in excess of the limits prescribed under Section 314 (1) (b) and would result in her holding an office or place of profit in the said subsidiary. Pursuant to Section 314 (1) (b) approval of the shareholders of the Company by way of a Special Resolution is required for holding an office or place of profit.

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

None of the Directors, except Mr. Atul K. Nishar (Executive Chairman) and Dr. (Mrs.) Alka A. Nishar (Director), being relatives of Ms. Priyanka Nishar, are interested in the proposed resolution.

ITEM NO. 10

Mr. P. R. Chandrasekar, Director of the Company has been appointed by Hexaware Technologies Inc., a wholly owned subsidiary of the Company on the terms of remuneration as approved by their Board and as approved by the Shareholders of the Company under Section 314 and other applicable provisions of the Companies Act, 1956 as per Resolution No. 10 of the notice of the Fifteenth Annual General Meeting held on 30th June, 2008.

At the time of his joining, the Board of Hexaware Technologies Inc. had agreed to pay him a joining bonus of US \$500,000/- (US Dollars five hundred thousand) but it was not covered in the said Resolution No. 10. The said payment has been effected by the wholly owned subsidiary. The members are recommended to ratify the payment of joining bonus to Mr. P. R. Chandrasekar.

Your Directors recommend the resolution at Item No. 10.

Except Mr. P. R. Chandrasekar, none of the directors is concerned or interested in the said resolution.

By Order of the Board of Directors

Bhagwant Bhargawe
Head Legal & Company Secretary

Place: Mumbai
Date: March 25, 2009

Registered Office:

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

DIRECTORS' REPORT

To the members,

Your Directors are pleased to present their Sixteenth Annual Report, to the members, on the business and operations of Hexaware Technologies Limited (hereafter referred to as 'Hexaware') together with Audited Accounts for the financial year ended December 31, 2008.

Financial Performance:

Global Operations:

Year ended December 31	2008 Rs. Million	2007 Rs. Million	Y-o-Y Growth %
Income From Operations	11,519.14	10,398.03	10.78
Profit from Operations *	888.30	663.73	33.83
Less: Exchange Rate Difference (net)	379.36	(280.99)	
Add: Other Income	235.93	288.71	(18.28)
Profit before Taxation and Exceptional Item	744.87	1,233.43	(39.61)
Exceptional Loss on foreign currency transactions	-	1,029.95	
Profit Before Taxation	744.87	203.48	266.06
Less: Provision for Taxation	155.04	132.69	16.84
Profit after Tax before Minority Interest	589.83	70.79	733.21
Minority Interest	-	(1.50)	
Profit after Tax and Minority Interest	589.83	72.29	715.92

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

India Operations:

Year ended December 31	2008 Rs. Million	2007 Rs. Million	Y-o-Y Growth %
Income From Operations	4,981.66	4,687.96	6.26
Profit from Operations *	553.85	417.32	32.72
Less: Exchange Rate Difference (net)	357.78	(279.90)	
Add: Other Income	215.75	269.45	(19.93)
Profit before Taxation and Exceptional Item	411.82	966.67	(57.40)
Exceptional Loss on foreign currency transactions	-	1,029.95	
Profit / (Loss) Before Taxation	411.82	(63.28)	
Less: Provision for Taxation	44.24	44.33	(0.20)
Profit / (Loss) after Taxation	367.58	(107.61)	
Add : Balance brought forward from previous year	1,346.08	1,608.66	
Balance available for appropriation	1,713.66	1,501.05	
Appropriation			
Transfer to General Reserve	100.00	-	
Interim Dividend	71.82	128.37	
Proposed final Dividend	71.83	-	
Dividend for previous year	-	0.84	
Tax on Dividends	24.41	25.76	
Balance carried to Balance Sheet	1,445.60	1,346.08	

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

Results of Operations

a) Global operations

Income from operations grew by 10.78% to Rs. 11,519.14 million in 2008 from Rs. 10,398.03 million in 2007 thus making a further growth in 2008.

Your Company focused upon Operating Profit (profit before Provision for Taxation, Exchange Rate Difference, Exceptional Item and Other Income), particularly in the second half of the year, resulting in impressive increase in operating margin to 15.7% in the last quarter. Operating profit grew by 34% to Rs. 888.30 million in 2008 from 663.7 million in 2007. However, the large depreciation of the Rupee against the Dollar has led to loss on forward contracts.

Profit after Tax increased to Rs. 589.83 million in 2008 as compared to a profit of Rs. 70.79 million in 2007.

Some of the major achievements of your Company in the year 2008 were:

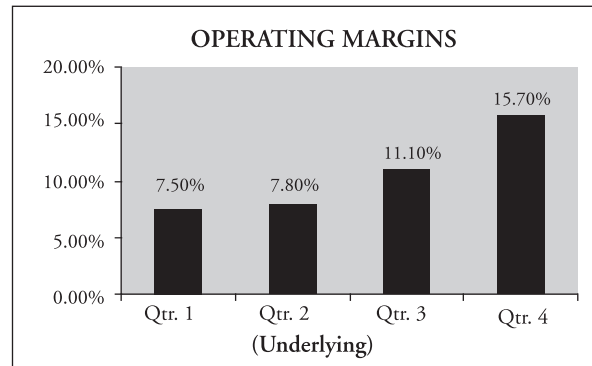
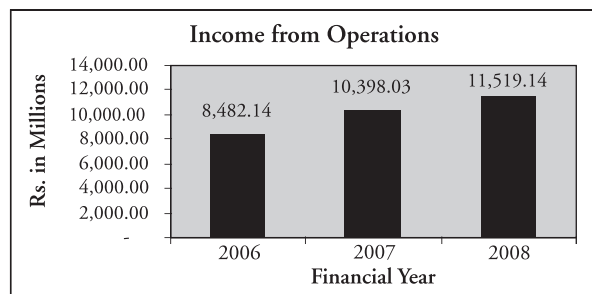
- During the year 2008, 37 new clients were added. This addition of 37 new clients to the client roster during the year took the total number of active clients to 178. As a result, your Company has 68 Fortune 500 / Global 500 clients.
- Your Company's stated strategy to penetrate the high potential existing accounts has resulted in an increase in the USD 1 million dollar clients to 56. Of these, above nine accounts were in the \$5 - \$10 million and four clients billed more than \$10 million each on a trailing twelve month basis.

Your Company's subsidiary, Focus Frame USA, has, subsequent to year end merged with another wholly owned subsidiary viz. Hexaware Technologies Inc., w.e.f. February 01, 2009, such merger is expected to provide synergies in operations and result in improved overall profitability.

Further, your Company has acquired the balance 15% stake in the joint venture Risk Technology International Ltd. resulting in it becoming wholly owned subsidiary of your Company. This area has good potential for growth in the coming years.

b) India operations

The revenue from the Software business grew by 6.26% to Rs. 4,981.66 million in 2008 from Rs. 4,687.96 million in the previous year. The net profit after tax was 367.58 million as compared to a loss of Rs. 107.61 million in 2007.



Reserves

Your Company has transferred Rs. 100 million to General Reserve. With this addition, the total General Reserve as at 31st December 2008 is at Rs. 542.67 million.

Further, the balance in the P&L Account is Rs. 1,445.60 million.

Forex Mark-To-Market: Your Company has early adopted AS-30 principles of recognition and measurement for ascertaining fair value of forward exchange contracts and derivative contracts and the year end Hedging Reserve stood at a loss of Rs. 1,234.05 million.

In summary, total reserves stood at Rs. 5,497.92 million.

Dividend

During the year 2008, your Company paid an interim dividend of Rs. 0.50 (@ 25%) per share on equity shares aggregating to Rs. 71.82 million.

The Board of Directors has recommended a payment of final dividend of Rs. 0.50 per share (25%) on an equity share of Rs. 2/- each, at its meeting held on 16th February 2009. Thus, the total dividend for the year inclusive of interim dividend amounts to Rs. 1.00 per share (50%) on equity shares.

The total cash outflow on account of interim dividend and final dividend & tax thereon amounts to Rs. 168.06 million.

The break up of dividend is as under:

(Rs. in Million)

	Interim	Final
Dividend	71.82	71.83
Tax	12.20	12.21
Total	84.02	84.04

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

As per Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, an amount of Rs. 2.08 million for the financial year 2000, towards unclaimed dividends was transferred during the year to the Investor Education and Protection Fund.

Share capital

During the year 2008, the paid-up Share Capital of your Company marginally increased to Rs. 287.30 million (comprising of 143,650,735 equity shares of Rs. 2/- each), from Rs. 287.23 million.

During the year, upon exercise of warrants / options, 34,250 equity shares of Rs. 2 each were allotted under the Employee Stock Option Plan – 2002.

The market capitalization of your Company as on December 31, 2008 was at Rs. 3,031.03/- million (US\$ 62.24 millions). The market capitalization is calculated on the basis of closing price of Rs. 21.10 on the National Stock Exchange and the closing exchange rate of 1 USD = Rs. 48.70 as of December 31, 2008.

Investment

During the year 2008, your Company has not made any further investment in any of the subsidiary companies.

Infrastructure

In-line with the current economic scenario, your Company has consolidated its operations to support its global sales and delivery operations as also to improve operational efficiencies. In terms of technology infrastructure, Hexaware is making optimum investments in latest technology to win customer's trust and confidence. In terms of physical infrastructure, Hexaware has consolidated its operations across its delivery centers to provide a world class environment to its employees, which in turn helps in recruiting and retaining the best of talent. Further rationalization would continue during the road ahead. The following are the updates at its different facilities:

Pune

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

Nagpur

Your Company and Caliber Point, the 100% subsidiary of your Company, together have acquired 20 acres of land in

Nagpur, a tier II city, at a SEZ location. A 1,000 seat facility is ready and the campus can be scaled up further to accommodate 3,000 people through multiple phases.

Chennai Campus

The first phase of the Chennai Green Campus is partially operational now and about 600 professionals are working from the state-of-the-art facility. This 27 acre environment friendly and world-class facility would seat approximately 5,000 software professionals when the first phase is completely ready.

New Jersey (USA)

Your Company has established a Global Delivery Centre (GDC) at Secaucus, New Jersey (USA) to cater specifically to its North American clients. While this proximity centre offers benefits such as the same time-zone, timely communication and enables convenient management oversight, it also further enables the clients to outsource mission-critical tasks and share secure information that would have otherwise not been shipped beyond the shores. In the current economic scenario, Hexaware believes that North America based clients are likely to be more receptive towards the North America based GDC.

Global Cash Position

Your Company has consistently focused on cash generation. The cash generated from operations was Rs. 1,586 Million, and after paying out Rs. 900 million on account of exceptional loss of 2007 it stood at Rs. 685 million. Receipts from Treasury operations were Rs. 2,356 million (including Rs. 1,481 million transferred from Mutual Funds to Fixed Deposits) and Rs. 1,154 million was invested in fixed assets. Your Company paid interim dividend of Rs. 84 million and a cost-effective loan of Rs. 168 million was taken to fund the new facility of Caliber Point at Nagpur.

As at 31st December, the cash position of the Company was Rs. 2,849 million, the bank-wise details of which have been published by your Company. Apart from the cash deployed in various subsidiaries, Rs 1,996 Million has been deployed in Fixed Deposits in safe banks. These balances have also been duly certified by the Statutory Auditors.

Human Resource Capital

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

- Your Company's headcount was 5,622 as on December 31, 2008.
- To attract and retain people, your Company provides a judicious combination of attractive career, personal growth and a lucrative performance-based compensation structure.
- Your Company has enhanced the Performance Management System by introducing technical competency and behavioral competency framework so

as to assess, identify and develop individuals to different roles in the organization.

Our Services

- During the last quarter of 2008, your Company has re-organized its business model to focus on the selected verticals
 - Banking, Financial Services and Insurance (BFSI)
 - Travel, Transportation, Hospitality and Logistics (TTHL) and
 - Emerging Verticals that comprise:
 - Life Sciences and Health Care
 - Manufacturing and
 - Services
- Your Company will focus on the following key technology services (Horizontal):
 - Enterprise Solutions
 - Enterprise Resource Planning (Package Implementation)
 - Business Intelligence & Business Analytics
 - Business Technology Optimization
 - Independent Testing & Quality Assurance
 - Application Development & Maintenance
- Your Company's wholly owned subsidiary, Focus Frame, has now been merged with your Company and this integration has enabled launching a complete suite of end-to-end testing services globally. The growth of the testing services business at a brisk pace reinforces our expertise and focus in the Independent Testing and Verification services.
- Caliber Point, your Company's wholly owned subsidiary, specializes in providing business process outsourcing solutions in select areas such as HR, Healthcare and Finance & Accounting. The Company has been ranked as a global industry leader in providing HR Outsourcing solutions.

In February 2009, Caliber Point signed a new agreement with Oracle to offer Oracle's Human Capital Management (HCM) offerings with its proven HR Consulting and Services to customers under the "BPO powered by Oracle" program. The combination of Caliber Point's proven delivery capability in the global Human Resource Outsourcing (HRO) and Oracle's HCM applications will enable customers to achieve optimum benefits.
- Your Company has successfully launched a range of service offerings in Enterprise Risk Management. The various offerings under this include operational risk, credit risk, asset liability management risk and market risk solutions, thereby expanding your Company's highly specialized service offerings in BFSI space. In third

quarter of the financial year 2008, Hexaware won a deal to implement a mission critical Basel II risk data warehousing solution with a leading US Investment Bank. This is a multi-million deal commencing with a comprehensive consulting study of the risk architecture review and encompasses the roll out of the entire customized solution.

- Your Company seeks to selectively expand its global presence to enhance its ability to service clients. Your Company plans to accomplish this by establishing new sales and marketing offices, representative offices and global development centres to expand its global footprint.

Unique Proposition:

a. Multi-Cultural Dimension

Your Company operates on a global platform, working with 68 Fortune 500 customers in North America, Europe and Asia Pacific. Your Company has global delivery centres in Bad Homburg (Germany), Saltillo (Mexico) and Secaucus (USA). This gives your Company a unique understanding and access to not only the business practices but also the cultural and work-ethics in different regions globally.

b. Process and Methodologies

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

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

c. Enhanced niche areas

Your Company differentiates itself by focusing on niche service offerings, emerging technologies, new industry trends, and pervasive business issues that confront its clients. In recent years, your Company has added new service offerings, such as Enterprise risk management services and strengthened its domain intensive services in the BFSI space to emerge as major contributors to the growth of your Company.

d. Right sized Company

Being a right-sized Company, your Company has the ability to demonstrate agility and flexibility in its operations to suit the dynamic needs of its customers. Your Company has demonstrated capability in meeting human capital and physical infrastructure requirements for large projects, at the same time establish its customer relationship comfort.

e. Nurturing and retaining Talent

As indication to these efforts your Company has the distinction of being among India's best IT employers for three consecutive years ranking among the Top 20 in

Dataquest-IDC's Annual Best Employer Survey in 2005, 2006, 2007 and 2008. The Company facilitates and supports a number of key initiatives that provide an enabling environment to enrich employee experience and stimulate employee performance. This has translated into a strong competitive advantage based on a reputation for continuity and efficient execution of business.

f. Enhance brand visibility

Your Company continues to increase its brand identity through participation in media and industry events, alliance partners programs, sponsorship of and participation in targeted industry conferences, trade shows, recruiting efforts, corporate social responsibility (CSR) programs and investor relations.

Your Company believes that a strong brand recall will facilitate the new business through lead generation and enhance our ability to attract talent globally.

Quality and Information Security

The process improvement initiatives planned and executed over the last one year have shown positive results under various process categories.

Your Company's Chennai and Mumbai centres were assessed at CMMI Level 5 - Dev Ver1.2 and the findings of the appraisal were presented by KPMG, India. Software Engineering Institute (SEI) has accepted the SCAMPI appraisal and awarded CMMI v1.2 Level 5 for the Chennai and Mumbai delivery centres. This assessment status will be valid till 31st March 2011.

Your Company continues to ensure benchmarking and certification against international standards like ISO 9001:2000, TickIT and ISO 27001 standards.

The implementation of the Project Management Tool (Plan Arena) has been completed and is now used enterprise-wide for real-time monitoring of projects by all relevant stakeholders.

Other initiatives:

- Continuous emphasis on implementing the best project management practices and continuous innovation in the delivery processes has helped your Company achieve better customer satisfaction rating for this financial year. Your Company has also started an initiative to monitor critical projects based on criticality index derived from few identified parameters.
- In September 08, your Company was recertified on ISO 9001-2000 with an extension in scope including our Pune delivery centre.
- Your Company has started new initiatives on benchmarking its productivity with industry standards.
- Your Company had a clear focus on bringing up the security awareness level within the Organization with various initiatives like launch of the Information Security Portal, Annual Training Calendar, workshops and continuous trainings.

- Your Company underwent ISO-27001 surveillance Audit in April 2008 and retained the certification
- Your Company is now PCI-DSS(1.2) certified for credit card related applications under BFSI vertical
- Your Company initiated a great deal of process improvements like Master Services Agreement (MSA) review, Vulnerability assessment and strengthened our internal audit function.

Risk Management

During 2008, your Director's formed a new Forex Committee to oversee activities related to Foreign Exchange matters. The Forex Committee considered and approved a revised Foreign Exchange Risk Management Policy in October '08. In the Policy, key operational risks have been effectively mitigated by segregating the Front office and Back office duties, ensuring the independent communication and verification of all deal confirmations by the Back office. Further, both the level of participation in critical decision making as well as the level of transparency through elaborate reporting mechanisms has been improved.

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

Further, a Risk Management Committee (RMC) has been constituted consisting of the Chief Finance Officer, Chief People Officer, Chief Information Officer and President & Global Delivery Head. The Geography Sales Heads are non-permanent members of this Committee. Other attendees at the meetings of RMC are the Controller, Internal Audit Head and the Company Secretary.

The objective of the Risk Management Committee is to identify, evaluate and mitigate risk exposure of the Company from all angles and take inputs into consideration for taking appropriate actions. The members have identified and evaluated risks of your Company and have classified them based on their rating – divided into inherent rating and residual rating. The top 15 risks identified (residual rating) are targeted for risk mitigation plans and the process owners have been identified for taking these plans to completion.

One of the mechanisms that have been put in place as a risk mitigation measure is a group to monitor High Risk Projects (HRPM). A separate Steering Committee of senior executives in the Company has been formed who hold regular meetings and continuously watch the progress of such projects.

Internal Audit & Controls

Your Company continues to engage KPMG as its internal auditor. During the year, your Company continued to implement their suggestions and recommendations to improve the control environment.

Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the

directions of Audit Committee on an on going basis to improve efficiency in operations.

Talent Management – Asset Development

Your Company places great importance on nurturing and retaining the best skills in the industry. Moreover, it is careful in aligning the needs of your Company with aspirations of employees. Your Company has the distinction of being among India's best IT employers for four consecutive years ranking among the Top 20 in Dataquest-IDC's Annual Best Employer Survey in 2005, 2006, 2007 and 2008. At the end of the year, your Company's employee strength stood at 5,622. Your Company has, over the years, made consistent efforts to retain and nurture talent by providing quality work, opportunities for capability enhancement and leadership development and a work culture of meritocracy, learning and initiative. Your Company also provides world class infrastructure and facilities to employees and offers wealth creation programs like ESOPs.

HexaVarsity

Your Company has clear agenda to remain as a leading niche player in the IT & ITeS segment by developing competencies, technological quotient of the Company. We firmly believe that developing Managerial skills will increase productivity and quality process driven approach in the organization. HexaVarsity has developed a long term sustainable and process driven Technical Competency Development Program (TCDP) and also completed the prototypes. HexaVarsity is developing Skill Development and Enhancement Program (SDEP) to ensure the development of prerequisite skills at every level and position in the Company. HexaVarsity executed unique program under the title Early Intervention Program (EIP) to improve quality of intake, reduce training time and getting larger benefits. These are the new programs apart from conduct of smooth induction for fresher and lateral recruits. HexaVarsity has programs for Leadership Development. Training for freshers from India as well as foreign nationals is getting institutionalized and is playing an important role in development of skilled manpower. Role based training gives the assurance for high performance of the leaders at all levels. Your Company has collaborations with universities, academic institutes and professional bodies. These collaborations help us with innovative training approaches and adopt best practices followed in the industry. Your Company is using the Technological advancements in quality training delivery cutting across the geographical boundaries now with the help of KnowHow Portal and e Learning Platform. HexaVarsity is ensuring that while delivering quality training initiatives, it will generate Intellectual Property for the Company and leverage on these investments. Diversified spectrum of training approaches ensures that your Company is always ready for current and future business challenges and has short term as well as long term plans to ensure growth.

Corporate Social Responsibility (CSR)

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

Your Company has regular programmes and initiatives and also one time events / support to needy citizens during unforeseen and unfortunate calamities.

CSR Journey so far...

- Participated in Mumbai Marathon for the past few years. Have also participated in the Pune Marathon.
- Celebrating festivities with Kids from Helen Keller Institute of the Deaf and Deafblind.
- Donation to Helen Keller Institute of Deaf and Deafblind.
- Give India Program
- Organized blood donation camps

CSR Initiatives –2008

1. Mumbai Marathon (Jan 2008)

Hexaware participated in Mumbai Marathon 2008. Your Company ran on January 20th, 2008 to help support community development in Mumbai. Hexaware participated in the Corporate Challenge - DREAM RUN (7 Kms) supporting the cause of Mentally & Physically Challenged Kids of Helen Keller Institute of the Deaf and Deafblind & Indian Council of Mental Health. 30 employees participated in the Marathon.

2. GiveIndia Program (Ongoing)

Hexaware along with GiveIndia has launched (in Jan'08) a platform that allows employees to support a cause of their choice from about 100 NGOs that have been scrutinized by GiveIndia for transparency & credibility. Every month an employee contributes towards the cause chosen and the same is deducted from the payroll and processed towards GiveIndia programme. There are 40 employees who have registered for this programme.

3. Awareness Camp by Helen Keller (Oct 2008)

Officials from Helen Keller Institute of the Deaf and Deafblind were invited to Hexaware to create the awareness amongst our employees about the cause that they are working for. Also post this awareness session your Company had setup stalls by Helen Keller Institute to sell the Diwali gift made by their Kids. Your Company had an overwhelming participation from our employees in this activity.

4. Our Initiatives towards Environment Cause (Dec 2008)

On Monday, 22nd December, 2008 Hexaware, Mumbai celebrated environment awareness day in the organization. The day started off with a 'green' welcome for all employees, where green bands were tied to their wrists as they entered the campus. One section of the library was converted into a rainforest simulation. A wing-wise competition on the 'Think Green' theme was held. Prizes were awarded to the best projects displayed. A group of employees also set up stalls to disseminate information on harmful effects of plastic; this was highly appreciated by our employees/judges. Experts from NGO Hariyali gave talks on the various issues faced towards the environment and measures to be taken for conservation of the same. Topics like Global Warming, Ozone Layer Depletion, Carbon Credit, De-Plasticizing, Energy Conservation were discussed. Towards the end of the day seeds and saplings were also distributed to all the employees and tree plantation activity was conducted on the premises.

5. Participation in Pune International Marathon (Dec 2008)

Hexaware, Pune participated in Pune International Marathon in December 2008. 30 employees participated in the 4.5 km. AIDS Charity Run. The objective of the AIDS Charity Run was to spread awareness about AIDS/ HIV.

6. Blood Donation Camp in Pune (Dec 2008)

Hexaware, CSR Team in Pune conducted a Blood Donation Camp on 19th Dec, 2008 for Jahangir Hospital Blood Bank, Pune. Doctors and staff from Jahangir Hospital were present to facilitate the activity and total 45 employees donated blood during the camp.

Other Initiatives – Plan 2009

- Awareness Campaigns
- Tree Plantation Activities
- Expert Talks
- Collaborating with NGOs like Hariyali and Green Peace - Supporting the various initiatives undertaken by NGOs
- Undertaking various initiatives at the organizational level for :
 - Energy Conservation
 - De-plasticization
 - Recycling
- Organizing Blood Donation Camps
- Working with the NGOs for other CSR initiatives

Milestones

- Hexaware was selected in the Leaders category for The 2008 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP) in February 2008. Hexaware was chosen for its excellence in categories such as size and growth, customer experience, depth and breadth of competencies and management capabilities.
- The Company has the distinction of being among India's best IT employers for four consecutive years ranking among the Top 20 in Dataquest-IDC's Annual Best Employer Survey in 2005, 2006, 2007 and 2008. Hexaware ranked 11th in 2008 and was rated highly on different parameters in the survey.
- The Company ranked No. 15 for 2007 - 2008 in the NASSCOM's (India's National Association of Software and Service Companies) Top 20 IT Software and Services Exporters from India.
- In their independent report, "North American Applications Outsourcing Market Overview for 2008", Forrester has listed Hexaware as being one of the mid-tier providers who has made good inroads in both midsize enterprises and larger accounts.
- Forrester rated Hexaware as one the IT providers in India with an impressive client list in Belgium and Germany.
- Hexaware was positioned by Gartner Inc. in the niche players quadrant for 'Magic Quadrant (Published: 4 February 2009) for ERP Service Providers, North America report.'
- Gartner has rated Hexaware as one of the top 10 growth Companies for software support services in the US among the Top 50.

Outlook

The Year 2008 was a year of integration and consolidation and the Year 2009 begins with a new revamped organization structure and an emphasis towards institutionalizing operational excellence. Your Company expects to witness and participate in significant advances towards new developments like Service Oriented Architecture (SOA) and working on innovative business models while continuing to drive growth through cross-selling and stronger account mining.

In addition to that your Company is confident to win new businesses with the focused approach along the verticals and with the newer domain-intensive service offerings. With the organization in place, your Company is confident of strengthening business in terms of quality, client base,

geographies, verticals & horizontal services by which every stakeholder's value is expected to be enhanced.

Corporate Governance and Management Discussion and Analysis

Your Company takes pride in mentioning that the Institute of Company Secretaries of India (ICSI) has rated your Company amongst the top twenty five companies which has displayed excellence in Corporate Governance three time in a row; 2006, 2007 and 2008. Your Company believes in Corporate Governance not only in law but also in spirit. Your Company endeavors to maximize the wealth of the shareholder by managing the affairs of the Company with a pre-eminent level of accountability, transparency and integrity.

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

Directors' Responsibility Statement

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

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

Employee Stock Option Plans (ESOP)

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

During the year under review, your Company allotted

Hexaware Technologies Limited

34,250 equity shares of Rs. 2/- each on exercise of Stock Warrants / Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

On June 30, 2008 the Remuneration and Compensation Committee of the Board considered and approved the grant of:

- i) 673,326 performance options granted under Employee Stock Option Scheme 2002 at a price of Rs. 10/- to the employees.
- ii) 329,846 Restricted Stock Units (RSUs) under Employee Stock Option Scheme 2002 at a price of Rs. 2/- to Mr. P. R. Chandrasekar, Vice-Chairman & Global CEO.
- iii) 100,000 options under Employee Stock Option Scheme 2002 at a price of Rs. 54/- to five Independent Directors of the Company.

On 25th February 2009, the Remuneration and Compensation Committee of the Board noted the surrender/cancellation of 5,516,249 options granted under Employee Stock Option Scheme 2007.

On 4th March 2009, the Remuneration and Compensation Committee of the Board considered and approved the grant of:

1. 613,078 options under Employee Stock Option Scheme 2002 at a price of Rs. 24.90/- and 51,66,671 Employee Stock Option Scheme 2007 at a price of Rs. 24.90/- on 4th March 2009.
2. 1,300,000 Special Performance Linked 1% Stock Options under Employee Stock Option Scheme 2007 to the Senior Employees of the Company at a price of Rs. 24.90/-.

Pursuant to the approval of the shareholders, your Company has framed a new Employees Stock Option Scheme 2008 ("ESOP Scheme 2008") to create, grant / offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment, including Directors whether working in India or abroad or otherwise, except the Promoter Directors of the Company and its subsidiaries such number of equity shares and/or equity linked instruments (including Options/Warrants), and/or Restricted Stock Units (RSUs) and/or Performance Options exercisable into equity shares, and/or any other instruments or securities (hereinafter collectively referred to as "Securities") not exceeding 2% of the paid up share capital as on the date of grant. The performance measures for vesting will be decided by the Board/Committee of Directors.

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

Fixed deposits

**Disclosures in compliance with the Guidance Note on Accounting for Employee Share-based Payments
Needs to be filled in after calculations**

Sr. No.	Description	ESOP - 1999		ESOP - 2002		ESOP - 2007	
1	Method used for accounting of the employee share-based payment plans	Intrinsic value method		Intrinsic value method		Intrinsic value method	
2	If Intrinsic value method is used, impact for the accounting period had the fair value method been used on the following -						
	Net results	<u>Consolidated</u> Nil	<u>Standalone</u> Nil	<u>Consolidated</u> 13.92 Million	<u>Standalone</u> 13.11 Million	<u>Consolidated</u> (10.56) Million	<u>Standalone</u> (10.56) Million
	Earning Per Share: Basic (In Rupees)			<u>Consolidated</u>	<u>Standalone</u>		
	As Reported			4.11	2.56		
	Adjusted Pro Forma			4.18	2.65		
	Earning Per Share: Diluted (In Rupees)						
	As Reported			4.07	2.54		
	Adjusted Pro Form			4.16	2.63		
3	Description of each type of employee share-based payment plan that existed at any time during the period including the following -						
	Total number of options under the plan	18,000,000		11,049,145		7,179,992	
	Vesting Requirements	<u>Options:</u> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee. Deferred - 33.33% on each successive of the grant date or as per the discretion of the Committee. Loyalty-100% on the successive anniversary of the grant date or as per the discretion of the Committee.		<u>Options:</u> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee. <u>Performance Shares:</u> Vesting 25% on specified dates as mentioned in the grant letter or as per the discretion of the Committee <u>Restricted Stock Units:</u> 100% Vesting on July 1, 2009 or as per the discretion of the Committee		<u>Options:</u> Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee.	
	Maximum term of options granted	10 years		7 years		7 years	
	Method of settlement	Equity Settled		Equity Settled		Equity Settled	
4	Number and weighted average exercise prices of stock options for each of the following groups of options-	Number of option	Weighted Average Exercise Price per Share(Rs.)	Number of option	Weighted Average Exercise Price per Share(Rs.)	Number options	Weighted Average Exercise Price per Share(Rs.)
	- Outstanding at the beginning of the period	23,095	9.00	1,377,110	93.89	4,040,000	109.00
	- Granted during the period	-	-	1,103,172	11.60	6,120,749	61.40
	- Forfeited during the period	-	-	180,690	92.05	9,902,249	80.82
	- Exercised during the period	-	-	34,250	10.34	-	-
	- Outstanding at the end of the period and	23,095	9.00	2,265,342	55.22	258,500	61.40
	- Exercisable at the end of the period	23,095	9.00	1,003,295	88.66	-	-
5	Number of options vested	23,095		1,003,295		-	
6	Total number of shares arising as a result of exercise	-		34,250		-	
7	Money realised by exercise of options (Rs.)	-		356,250		-	

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007																																						
8	Employee-wise details of options granted to - - Senior management personnel	Nil	<table border="1"> <thead> <tr> <th>Name</th> <th>No. of Option</th> </tr> </thead> <tbody> <tr> <td>P. R. Chandrasekar</td> <td>729,089</td> </tr> <tr> <td>Rajiv Pant</td> <td>62,500</td> </tr> <tr> <td>Sunil Surya</td> <td>58,333</td> </tr> <tr> <td>Prateek Aggarwal</td> <td>56,250</td> </tr> <tr> <td>Yogendra Shah</td> <td>30,000</td> </tr> <tr> <td>R. V. Ramanan</td> <td>27,000</td> </tr> <tr> <td>Moorthy C.</td> <td>25,000</td> </tr> <tr> <td>Deependra C.</td> <td>15,000</td> </tr> </tbody> </table>	Name	No. of Option	P. R. Chandrasekar	729,089	Rajiv Pant	62,500	Sunil Surya	58,333	Prateek Aggarwal	56,250	Yogendra Shah	30,000	R. V. Ramanan	27,000	Moorthy C.	25,000	Deependra C.	15,000	<table border="1"> <thead> <tr> <th>Name</th> <th>No. of Option</th> </tr> </thead> <tbody> <tr> <td>P. R. Chandrasekar</td> <td>1,415,499</td> </tr> <tr> <td>Rusi Brij</td> <td>450,000</td> </tr> <tr> <td>Rajiv Pant</td> <td>287,500</td> </tr> <tr> <td>R. V. Ramanan</td> <td>223,000</td> </tr> <tr> <td>Sunil Surya</td> <td>175,000</td> </tr> <tr> <td>Prateek Aggarwal</td> <td>168,750</td> </tr> <tr> <td>Moorthy C</td> <td>125,000</td> </tr> <tr> <td>Yogendra Shah</td> <td>120,000</td> </tr> <tr> <td>Deependra C.</td> <td>85,000</td> </tr> </tbody> </table>	Name	No. of Option	P. R. Chandrasekar	1,415,499	Rusi Brij	450,000	Rajiv Pant	287,500	R. V. Ramanan	223,000	Sunil Surya	175,000	Prateek Aggarwal	168,750	Moorthy C	125,000	Yogendra Shah	120,000	Deependra C.	85,000
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- Employees holding 5% or more of the total number of warrants/options granted during the year	Nil	<table border="1"> <thead> <tr> <th>Name</th> <th>No. of Option</th> </tr> </thead> <tbody> <tr> <td>P. R. Chandrasekar</td> <td>729,089</td> </tr> <tr> <td>Rajiv Pant</td> <td>62,500</td> </tr> <tr> <td>Sunil Surya</td> <td>58,333</td> </tr> <tr> <td>Prateek Aggarwal</td> <td>56,250</td> </tr> </tbody> </table>	Name	No. of Option	P. R. Chandrasekar	729,089	Rajiv Pant	62,500	Sunil Surya	58,333	Prateek Aggarwal	56,250	Nil																													
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Prateek Aggarwal	56,250																																									
- Identified employees who were granted warrant/option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants/options and conversions) of the Company at the time of grant.	Nil	Nil	Nil																																							
9	For stock options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life (vesting period + exercise period). If the range of the exercise prices is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and cash that may be received upon exercise of those options.	The exercise price range for ESOP 1999 is Rs. 9 and the number of outstanding options are 23,095. Weighted average remaining contractual life is 25 months.	Scheme of 2002 and 2007 provide for the exercise of the warrants/options at any time after the vesting period and hence warrants / options do not have any contractual life and accordingly the same has not been disclosed Number of options outstanding under ESOP 2002 and 2007 falls into the following range of exercise price. <table border="1"> <thead> <tr> <th>Price range (Rs.)</th> <th>Nos.</th> </tr> </thead> <tbody> <tr> <td>2-25</td> <td>1,281,692</td> </tr> <tr> <td>54-101</td> <td>683,225</td> </tr> <tr> <td>135-171</td> <td>558,925</td> </tr> <tr> <td>Total</td> <td>2,523,842</td> </tr> </tbody> </table>		Price range (Rs.)	Nos.	2-25	1,281,692	54-101	683,225	135-171	558,925	Total	2,523,842																												
Price range (Rs.)	Nos.																																									
2-25	1,281,692																																									
54-101	683,225																																									
135-171	558,925																																									
Total	2,523,842																																									
10	For stock options granted during the period, the weighted average fair value of those options at the grant date and information on how the fair value was measured including the following - - Option pricing model used - Inputs to that model including- weighted average share price (Rs.) exercise price (Rs.) expected volatility option life (comprising vesting period + exercise period) expected dividends risk-free interest rate	No grants made during the current year	Rs. 41.87 Black Scholes Option Pricing Model 51.40 11.60 46.12%-56.26% 1-4 years 0.84% 8.57%-9.17%	Rs. 21.83 Black Scholes Option Pricing Model 61.50 61.40 45.33%-52.54% 1.25-4.25 years 0.84% 7.75%-7.91%																																						

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007
	<ul style="list-style-type: none"> - any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise. 			
	<ul style="list-style-type: none"> - Determination of expected volatility, including explanation to the extent expected volatility was based on historical volatility. - Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions. 		Based on historical volatility	Based on historical volatility
11	<p>For the instruments granted during the period (i.e., other than stock options)-</p> <ul style="list-style-type: none"> - Number and weighted average fair value of those instruments at the grant date - Fair Value determination in case - - (a) fair value not measured on the basis of an observable market price. - (b) whether and how expected dividends were incorporated - (c) whether and how any other features were incorporated 	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year
12	<p>For employee share-based payment plans that were modified during the period-</p> <ul style="list-style-type: none"> - Explanation of those modifications - Incremental fair value granted (as a result of those modifications) - Information on how incremental fair value granted was measured, consistently with the requirements set out in points 7 and 8 above. 	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year
13	Total expenses recognised for the period for employee share-based payment plans.	Nil	Rs. 15,063,801	Nil
14	Separate disclosure of that portion of the total expenses that arises from transactions accounted for as equity-settled employee share-based payment plans.	Nil	Rs. 15,063,801	Nil
15	<p>For liabilities arising from employee share-based payment plans</p> <ul style="list-style-type: none"> - Total carrying amount at the end of the period - Total intrinsic value at the end to the period for which the right of the employee to cash or other assets had vested by the end of the period. 	Nil	Nil	Nil
16	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option. (in Rupees)		Consolidated 4.07	Standalone 2.54

Post split the diluted earnings per share were Rs. 4.07 and Rs. 0.34 for the financial year ended December 31, 2008 and December 31, 2007 respectively.

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

Insurance

All the properties of your Company including new Campus at Siruseri, Chennai are adequately insured and safeguarded.

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

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

Subsidiaries

In accordance with the provisions laid down in Section 212 of the Companies Act, 1956 your Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. As per the requirements under Section 212 (8) of the Companies Act, 1956, your Company had applied for the necessary application to the Central Government which has been conferred with the power to grant exemption from the aforesaid requirement. In this regard, your Company has received an approval from the Government of India, Ministry of Corporate Affairs; vide their letter no. 47/582/2008 dated 07/01/2009 granting an exemption from attaching the audited accounts of the subsidiaries to this Annual Report for the financial year ended December 31, 2008. A Statement, as directed by the Ministry, furnishing particulars of the subsidiaries, forms part of this Annual report. Audited Accounts of all subsidiaries of the Company are available at the Registered Office of the Company for inspection by members. The Company will make available these documents upon request by any member of the Company.

Directors

In accordance with the Articles of Association of the Company, Dr. (Mrs.) Alka Nishar and Ms. Preeti Mehta, Directors of the Company, retire by rotation at this Annual General Meeting and, being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting. Dr. Bakul Dholakia, Director of the Company, who retires at the ensuing Annual General Meeting has expressed his unwillingness for seeking re-appointment. The Board has taken on record the immense contribution made by Dr. Dholakia during his tenure as a Director of the Company.

Your Directors appointed Mr. Bharat Shah as an Additional Director with effect from July 29, 2008 in accordance with the provisions of Section 260 of the Companies Act, 1956

and Article 88 of the Articles of Association of the Company. Mr. Bharat Shah holds office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a member proposing the candidature of Mr. Bharat Shah as a Director of the Company liable to retire by rotation.

General Atlantic has requested a change in its nominee on the Board. Accordingly, Mr. Mark F. Dzialga has resigned as a Director w.e.f. February 16, 2009 and nominated Mr. Sunish Sharma in his place. Your Directors appointed Mr. Sunish Sharma as an Additional Director with effect from February 16, 2009 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company and pursuant to the agreement entered into by the Company with GA Global Investments Limited, Cyprus. Mr. Sunish Sharma holds office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a member proposing the candidature of Mr. Sunish Sharma as a Director of the Company liable to retire by rotation.

The information to shareholders as per Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of companies in which Dr. (Mrs.) Alka Nishar, Ms. Preeti Mehta, Mr. Bharat Shah and Mr. Sunish Sharma are Directors etc. is being provided separately in the Annexure on Page 43 of the Corporate Governance Report of this Annual Report. Members are requested to refer the said section of the Corporate Governance Report.

Auditors

Pursuant to the recommendation of the Audit Committee at its meeting held on February 16, 2009, the Board of Directors have, at its meeting held on February 16, 2009 approved the re-appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors of the Company for the financial year 2009 and to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. In terms of provisions of Section 224 of the Companies Act, 1956 M/s. Deloitte Haskins & Sells retire at this Annual General Meeting and being eligible, offer themselves for re-appointment. In terms of provisions of section 224(1B) of the Companies Act, 1956 M/s. Deloitte Haskins & Sells have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act.

Particulars of employees

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

Acknowledgment

Your Directors place on record their sincere appreciation of the customers, bankers, Governments of India and other countries, Registrar and Share Transfer Agents, vendors and Technology Partners for the support extended. Your Directors are also deeply touched by the efforts, sincerity and loyalty displayed by the employees without whom the growth was unattainable. Your Directors wish to thank the investors and

shareholders for placing immense faith in them and the plans designed for growth of your Company. Your Directors seek, and look forward to the same support during the future years of growth. Your Directors hope that they can continue to satisfy you in the years to come.

For and on behalf of the Board of Directors

Atul K. Nishar
Executive Chairman

Place: Mumbai
Date: March 25, 2009

ANNEXURE TO THE DIRECTORS' REPORT

Information Relating to Conservation of Energy, Technology Absorption, Research and Development and Foreign Exchange Earnings and Outgo Forming Part of Directors Report in Terms of Section 217(1)(E) of the Companies Act, 1956 and rules made thereunder.

CONSERVATION OF ENERGY:

In the age where conserving power has become an obsession, keeping in view the shortage of power, your Company is fortunate that the operations are not energy intensive. Your Company believes that it forms part of the duty to save energy wherever possible and also install apparatus which would help in conservation of energy. Your Company's computer terminals, air-conditioning systems, lighting and utilities are modern technology enabled so that optimum use of energy and power can be made.

The state-of-the-art campus being developed at Siruseri has been categorized as a "Green Campus" because of the design.

TECHNOLOGY ABSORPTION:

Your Company believes that in addition to progressive thought, it is imperative to invest in research and development to ascertain future exposure and prepare for challenges. In its endeavor to obtain and deliver the best, your Company has entered into alliances / tie-ups with major global players in the I.T. Industry, to harness and tap the latest and the best of technology in its field, upgrade itself in line with the latest technology in the world and deploy / absorb technology wherever feasible, relevant and

appropriate. At the same time, Hexaware has also attached tremendous significance to indigenous development and upgrade technology through its extensive Research and Development operations. The benefits derived from these processes are phenomenal and have improved the quality of our world class services. It has also helped in diversifying the services portfolio while increasing cost efficiency.

RESEARCH & DEVELOPMENT:

Hexaware has a state-of-the-art Research and Development wing carrying on Research and Development activities. This is in line with the Company's philosophy of maintaining and sustaining leadership status, and the management team of your Company recognizes the fact that in the long run, R & D will be a crucial differentiator between companies.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

For and on behalf of the Board of Directors

Atul K. Nishar
Executive Chairman

Place : Mumbai

Date : March 25, 2009

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules)1975 and forming part of the Director's Report for the year ended 31st December, 2008

Sr. No.	Name	Age (Years)	Designation	Gross Remuneration	Qualification & Experience (Years)	Date of Joining	Last Employment & Designation
A	Employed throughout the year						
1	Atul K Nishar	54	Executive Chairman	5,682,557	B.Com., ACA.	1-Jan-04	Founder
2	Akshay Bochia	42	Associate Vice President	2,899,567	B.Com., MBA IT, 21 Years	17-Oct-96	Reliance Consulting Services, System Manager
3	Amberin Memon	47	Vice President	4,038,708	B.A., PGDBM, 19 Years	1-Jun-99	Philips India Ltd., Project Leader
4	A. K. Paul David	46	Assistant Vice President	3,184,293	B.A., DCA, DSM, PGDHRM, 25 Years	5-Aug-98	John Crane Engg Sealing Systems Ltd, Manager Information
5	Baalasundaram K	58	Senior Vice President	4,706,453	B.A., 36 Years	1-Apr-01	Hexaware Technologies Limited
6	Deependra L Chumble	45	Senior Vice President	7,402,770	B.Com., MBA, 19 Years	1-Sep-06	J.P.Morgan Chase - Head HR
7	Dilip Kajgaonkar	48	Assistant Vice President	2,509,627	B.E., MBA, FICWA, 24 Years	16-May-06	Zensar Technologies, Group Manager
8	Indira Vishwanathan	41	Assistant Vice President	2,511,147	BBA, PGD, 21 Years	12-Nov-03	Polaris Software, AVP
9	Jayaraman Thiagarajan	46	Associate Vice President	2,850,556	B.Sc., PGD., 21 Years	2-Sep-02	Infosys Technologies, Group Project Manager
10	K. N. Ananth	50	Vice President	3,691,993	B.A., CQA, 26 Years	1-Apr-07	Polaris Software Lab Ltd, Head of Quality
11	K. Senthilnayagam	45	Vice President	4,801,179	B.Com., I.C.W.A.I., 19 Years	26-Sep-03	Gecadital International Services, Vice President
12	M. Madhavi Malineni	41	Assistant Vice President	3,169,066	B.E., PGDPMHR, 17 Years	21-Jan-02	Cedar Enterprise .Engagement Manager
13	Madhusudan Keskar	45	Assistant Vice President	2,610,796	B.Sc., MDBA, 24 Years	1-Jul-02	Syntel India Ltd., Principal Consultant
14	Moorthi Chokanathan	48	Executive Vice President	7,431,841	B.E., MBA, 27 Years	2-Apr-01	DSQ Software Ltd., Consultant
15	Nilay Jhala	48	Assistant Vice President	2,848,019	B.Com., 27 Years	6-Jul-98	Mastek, Project Manager
16	Nirmala Gopalakrishnan	52	Assistant Vice President	3,054,093	B.Sc., MSc., 17 Years	16-Nov-98	DSQ Datasystem Ltd., Manager Quality
17	Nitin Sawant	42	Assistant Vice President	2,644,006	B.E., 19 Years	6-Dec-00	Cathay Pacific, Sr. Consultant
18	P. Srinivasan	39	Associate Vice President	3,174,725	B.Sc., PGD, 18 Years	4-Sep-06	iSoft R & D Ltd, GM Solutions
19	P.K. Sridharan	60	President & Executive Director	7,438,910	M.Tech., 35 Years	1-Apr-01	Hexaware Technologies Limited
20	Prakash Ramachandran	46	Assistant Vice President	2,864,572	B.E., M Tech., 22 Years	27-May-99	TCS, Project Manager
21	R. V. Ramanan	44	President	7,676,884	M.Tech., 20 Years	21-Oct-02	Orbitech Solutions India Limited, Sr. Vice President & Chief Architect
22	Rajesh Kanani	49	Vice President	3,465,448	B.Com., A.C.A. ICWAI, 23 Years	20-Dec-93	Usha Martin Industries Ltd, Dy. Manager Finance
23	Ramamoorthy Srinivasan	47	Assistant Vice President	2,699,090	B.Sc., 26 Years	1-Jul-98	ITC Ltd.,Sr. System Analyst
24	Reji George	42	Vice President	3,360,962	M.Sc.,PGD.B.Tech.,M. Tech., 17 Years	22-Jan-07	Kale Consultants - Sr. VP Global Sales
25	Sadhukhan Pradip	49	Associate Vice President	3,209,362	B.E., M Tech., PGD, 24 Years	3-Apr-00	Exide Industries, Sr. Manager IT
26	Sarama Pani	58	Assistant Vice President	2,453,515	M.A.M.PHIL, 21 Years	18-Sep-06	Patni Computers Systems Ltd.Senior Manager
27	Sridhar Rangachari	42	Associate Vice President	3,090,887	B.E., PGDM, 21 Years	1-Dec-04	Zensar Technologies, General Manager
28	Srinivasan Kanagasapathy	43	Assistant Vice President	2,668,531	B.E., MBA, 19 Years	3-May-02	Analysis International Corp., Senior Analyst
29	Sriram Shankaranarayanan	49	Vice President	3,579,210	B.Com.,C.A., 24 Years	6-Jun-07	Polaris - Head Capital Market & Asset Mgr.
30	Sriram Vaidyanathan	41	Associate Vice President	3,622,717	B.Sc., MSW, 19 Years	28-Jun-06	iNautix Technology (I) Pvt Ltd, Group Mgr-India HR
31	Suman Seal	40	Associate Vice President	3,007,324	B.Com., 14 Years	16-Apr-07	Wipro Technologies, Head Recruitment
32	Sundararajan M	38	Assistant Vice President	2,686,899	B.Com., ICWAI, PGD, 15 Years	16-Nov-98	Nestle India, Accounts officer
33	Sunil Mujumdar	44	Associate Vice President	2,748,948	B.Com., MSW, 20 Years	11-Aug-06	Capgemini, India, Sr. Manager HR
34	T. M. Natarajan	50	Vice President	4,544,691	BBA, MBA, 26 Years	2-Jul-07	Polaris - Global Testing Head
35	T. R. Sivasankar	47	Assistant Vice President	2,539,359	B.Sc., PGDM, 27 Years	13-Jan-03	Saksoft Ltd., Project Manager
36	Uday Kumar Reddy	45	Vice President	5,607,212	B.A., MCA, 20 Years	3-Nov-03	Polaris Software Lab Ltd, Head-Wealth Management Group
37	V. B. Singh	54	Vice President	3,890,837	B.Tech., 26 Years	1-Nov-00	Datamatics Ltd, Vice President
38	V. Ramakrishnan	51	Associate Vice President	2,974,042	MBA, M Tech., 27 Years	2-Apr-01	CPU Software Consultants, Director
39	V. Sundararajan	42	Associate Vice President	3,044,112	B.Tech., M.S., 21 Years	19-Nov-03	Electronic Data Systems, Sr. Consultant
B	Employed for part of the year						
1	Anand Hariharan	40	Associate Vice President	2,322,586	B.Sc., MCA, 18 Years	17-Mar-08	Yodlee Infotech Pvt. Ltd., Sr. Director
2	Arul Nambi	52	Associate Vice President	935,839	B.Com., 27 Years	10-Mar-99	Mastek Ltd, Manager
3	Debashis Chowdhury	46	Vice President	565,047	B.E., PGDM, 22 Years	5-Nov-08	Wipro Technologies, General Manager
4	Deepak Rao	45	Senior Vice President	1,121,643	B.Tech., PGDM, 9 Years	13-Oct-08	Siemens Information Systems Ltd., VP and Head FS Vertical
5	Dr. N. G. Pradeep	39	Associate Vice President	3,112,615	B.E.,Fellow IIMB, PGDFM, 13 Years	1-Jun-07	Mercer Human Resource Consulting - Principal Consultant
6	Jyotirmoy Dasgupta	55	Vice President	2,708,042	B.E., M.S., 33 Years	21-Dec-98	Patni Computer Systems Ltd. Director
7	Narendra Sharma	47	Vice President	4,362,769	M.Sc., MBA, 23 Years	26-Dec-01	Internal Solutions Ltd.- Practice Director
8	Nataraj N	39	Chief Information Officer	686,802	B.Sc., DE, 17 Years	3-Nov-08	Aztecsoft Ltd., Chief Information Officer
9	Navneet Bhushan	42	Vice President	1,644,102	B.Sc.,M.Sc.,PGDIPR,M.Tech., 18 Years	3-Sep-07	Wipro Technologies, Principal Consultant
10	Nikhil Mokashi	44	Associate Vice President	2,527,551	B.Sc., MS, 14 Years	21-Aug-07	Shure Co., Director
11	P.N. Sridharan	52	Vice President	1,088,937	B.Sc.,B.Tech.,M.S,Ph.D, 29 Years	5-Sep-03	Cognizant Technology Solutions, Director- Cognizant Academy
12	Prateek Aggarwal	40	Chief Financial Officer	4,477,010	B.Com., MBA, 17 Years	2-Jun-08	HCL Technologies, Sr. VP
13	Rama Kumar Poothrikovil	46	Assistant Vice President	2,649,490	B.E., 23 Years	7-May-01	Ross Product Division, Sr. System Analyst
14	Satish Duryodhan	47	Assistant Vice President	1,931,620	B.E., PGDGM, 20 Years	10-May-99	Datapro Infoworld Ltd. GM
15	Uma Thomas	43	Vice President	2,817,933	B.Tech., 21 Years	14-Apr-08	KPIT Cummins Infosystems Ltd., VP
16	V. Venkata Narayana	38	Vice President	2,537,806	B.E., 13 Years	9-Apr-07	SAP Americas & SAP Lab, LLC, National Product Manager & Tech Global Support Manager

Notes:

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

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Place : Mumbai
Date : March 25, 2009

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

		(Rupees in Millions)													
1. Name of the Subsidiary	Hexaware Technologies Inc., USA	Hexaware Technologies GmbH, Germany	Hexaware Technologies UK Limited, UK	Hexaware Technologies Asia Pacific Pte. Limited, Singapore	Hexaware Technologies Canada Limited, Canada	Hexaware Technologies Mexico S de RL De CV, Mexico	Risk Technology International Limited, India	Risk Technology International Ltd., USA	Risk Technologies (UK) Limited, UK	Caliber Point Business Solutions Limited, India	Spessoff Technologies India Limited, India	FocusFrame Inc, USA	FocusFrame S de RL De CV, Mexico	FocusFrame UK Limited, UK	FocusFrame BV, Netherlands
2. The financial Year of the Company ended on	31st December, 2008	31st December, 2008	31st December, 2008	31st October, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008	31st December, 2008
3. Holding Company	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Risk Technology International Limited, India	Risk Technology International Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Inc., U.S.A.	Focus Frame Inc., U.S.A.	Focus Frame Inc., U.S.A.	Focus Frame Inc., U.S.A.	Focus Frame Inc., U.S.A.
4. Holding Company's Interest	100%	100%	100%	100%	100%	100%	85%	100%	100%	100%	100%	100%	100%	100%	100%
5. Shares held by the holding Company in the Subsidiary	23,026 Common Stock/par value	3,618 equity shares of Euro 50 each	30,67,000 equity shares of GBP 1 each	500,000 equity shares of S\$ 1 each	1 Common Stock of no par value	2 Participation Shares of 3000 Pesos	850,000 equity shares of Rs. 10 each	1 Common Stock of no par value	1 ordinary share of GBP 1 each	11,780,000 equity shares of Rs. 10 each	50,061 equity shares of Rs. 10 each	1000 Common Stock/par value	2 Participation Shares of 3000 Pesos	1 Ordinary Share of GBP 1 each	1800 Common Stock of Euro 10 each
6. Reporting Currency	USD	EURO	GBP	SD	CAD	MXN	INR	USD	GBP	INR	INR	USD	MXN	GBP	EURO
7. Exchange Rate	48.70	68.17	70.98	33.37	39.74	3.52	-	48.70	70.98	-	-	48.70	3.52	70.98	68.17
8. Capital	390.96	12.33	2177.70	16.68	0.93	0.01	10.00	-	-	117.80	0.50	0.17	0.01	-	1.23
9. Reserves	272.92	80.73	21.95	45.34	19.83	(36.40)	(90.27)	(73.13)	(12.49)	357.89	(0.50)	62.04	39.29	(19.42)	112.62
10. Total Assets	1,323.56	343.84	357.06	105.11	28.48	40.23	40.21	9.85	7.99	860.27	-	323.96	90.40	52.10	190.90
11. Total Liabilities	659.68	250.78	117.41	43.09	7.72	76.62	60.48	82.98	20.48	384.58	-	262.71	51.10	71.52	77.05
12. Details of Investments	-	-	-	-	-	-	-	-	-	-	-	0.96	-	-	-
13. Turnover	5,378.97	1,419.44	812.88	226.31	90.89	75.09	42.68	41.01	15.85	877.16	-	994.95	288.39	109.32	432.95
14. Profit/(Loss) Before Taxation	171.21	31.68	21.35	30.10	7.04	(22.34)	(16.84)	(66.81)	(7.49)	201.27	-	(110.76)	39.25	(5.54)	51.26
15. Provisions for Taxation	70.27	9.30	6.36	6.47	2.29	0.01	0.98	3.32	-	27.67	-	(56.88)	13.69	-	12.06
16. Profit/(Loss) After Taxation	100.94	22.38	14.99	23.63	4.75	(22.35)	(17.82)	(70.13)	(7.49)	173.60	-	(73.92)	25.56	(5.54)	39.20
17. Proposed Dividend, if any	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
18. Material Change between the end of the Financial Year of the subsidiary Company and the Company's Financial year ended December 31, 2008															
a. Fixed Assets	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c. Money Lent	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d. Money borrowed other than those for meeting current Liabilities	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Notes :
 1) There has been no change in holding Company's interest in the subsidiaries between the end of financial year or the last of the holding Company's financial year.
 2) Risk Technology International Limited, India, a joint Venture Company was formed on 27.07.2007 with 85% of holding by Hexaware Technologies Limited and 15% by Penmrad International Limited, U.S.A. and Risk Technologies (UK) Limited, U.K., are subsidiaries of Risk Technology International Limited, India.
 3) FocusFrame Inc. merged with Hexaware Technologies Inc. w.e.f. February 1, 2009.

For and on behalf of the Board
Anil K. Nishar
 Executive Chairman
 Place : 16th February, 2009

Report on Corporate Governance

The detailed report on Corporate Governance, for the Financial year January 1, 2008 to December 31, 2008 as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on Code of Corporate Governance

Hexaware Technologies Limited's Corporate Governance philosophy encompasses not only regulatory and legal requirements, such as the terms of listing agreements with stock exchanges, but also several voluntary practices aimed at a high level of business ethics, effective supervision and enhancement of value for all stakeholders.

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

2. Board of Directors:

2.1 Composition and category of Directors:

The Board of Directors of your Company comprises of Ten (10) Directors as on December 31, 2008 representing the optimum combination of professionalism, knowledge and experience. Of these, six directors are Non-Executive and Independent Directors. The Chairman of the Board is an Executive Chairman.

The Code of Conduct for all Directors and the Senior Management of the Company has been posted on the website of the Company at www.hexaware.com. All Directors and personnel of the Senior Management are under a requirement to affirm the compliance with the said Code annually, beginning from the year 2006 onwards. The necessary declaration by the CEO of the Company regarding compliance of the above mentioned code by the Directors and the Senior Management of the Company forms part of the Corporate Governance Report.

The current composition of the Board of Directors of the Company is given below:

Name	Designation	Category		Shareholding in Company (No. of Shares)
		Executive/ Non- Executive	Independent / Non- Independent	
Mr. Atul K. Nishar	Executive Chairman	Executive	Non-Independent	Nil
Mr. P. R. Chandrasekar##	Vice-Chairman and Global CEO	Non-Executive	Non-Independent	Nil
Mr. Rusi Brij*	Ex-Vice-Chairman	Non-Executive	Non-Independent	969,948
Mr. P. K. Sridharan**	President and Executive Director	Executive	Non-Independent	641,249
Mr. L.S. Sarma	Director	Non-Executive	Independent	Nil
Dr. (Mrs.) Alka Atul Nishar	Director	Non-Executive	Non-Independent	227,135
Mr. Bharat Shah#	Director	Non-Executive	Independent	Nil
Mr. Mark Dzialga****	Director	Non-Executive	Non Independent	Nil
Dr. Bakul Dholakia	Director	Non-Executive	Independent	1000
Mr. Shailesh V. Haribhakti	Director	Non-Executive	Independent	100
Mr. Sunish Sharma###	Director	Non-Executive	Non-Independent	Nil
Ms. Preeti Mehta	Director	Non-Executive	Independent	Nil
Mr. Subrata Kumar Mitra	Director	Non-Executive	Independent	Nil
Mr. A. P. Kurian***	Director	Non-Executive	Independent	26,950

* Mr. Rusi Brij resigned w.e.f. December 24, 2008

** Mr. P.K. Sridharan resigned w.e.f. December 17, 2008

*** Mr. A. P. Kurian resigned w.e.f. March 05, 2008

**** Mr. Mark Dzialga resigned w.e.f. February 16, 2009

Mr. Bharat Shah appointed as an Additional Director w.e.f. July 29, 2008

Mr. P. R. Chandrasekar appointed w.e.f. June 02, 2008

Mr. Sunish Sharma ceased to be an Alternate Director to Mr. Mark Dzialga and was appointed as an Additional Director w.e.f. February 16, 2009

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

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

During the year seven Board Meetings were held respectively on January 22, 2008, February 20, 2008, February 21, 2008, April 28, 2008, June 02, 2008, July 29, 2008 and October 24, 2008.

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2008 was as follows:

Directors	Board Meetings Attended during the year	Whether attended last AGM	Other Directorships/ Board Committees (Numbers)	
			Directorships of other Indian Public Companies	Board Committee Membership / (Chairmanship)
Mr. Atul K. Nishar	7	Yes	-	-
Mr. P. R. Chandrasekar	2	Yes	2	-
Mr. Rusi Brij	3	No	-	-
Mr. P. K. Sridharan	7	Yes	-	-
Mr. L.S. Sarma	7	Yes	3	2(1)
Dr. (Mrs.) Alka Atul Nishar	5	Yes	-	-
Mr. Bharat Shah	2	NA	2	1
Mr. Mark Dzialga	0	No	1	-
Dr. Bakul Dholakia	4	No	6	8(4)
Mr. Shailesh V. Haribhakti	6	No	14	9(4)
Mr. Sunish Sharma	5	No	-	-
Ms. Preeti Mehta	7	Yes	1	1
Mr. Subrata Kumar Mitra	7	Yes	4	-
Mr. A. P. Kurian	2	NA	-	-

Notes :

- None of the Directors of the Company hold membership of more than ten Committees nor is a Chairperson of more than five committees (as specified in Clause 49), across all companies of which he/she is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at December 31, 2008 have been made by the Directors.
- The committees considered for above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders/Investors grievance Committee.
- Information placed before the Board for consideration is specified in Clause 2.4.

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

Name of Director	Other directorship details
Mr. Atul K. Nishar	NIL
Dr. (Mrs.) Alka Atul Nishar	NIL
Mr. L.S. Sarma	Granules India Limited, CaliberPoint Business Solutions Limited, SpecSoft Technologies India Limited
Mr. Mark Dzialga	Genpact Limited
Dr. Bakul Dholakia	Reliance Natural Resources Limited, Ashima Limited, Ashima Dyecot Limited, Oil & Natural Gas Corporation Limited (ONGC), Nachmo Knitex Limited, Shipping Corporation of India Limited
Mr. Shailesh V. Haribhakti #	Pantaloon Retail (India) Limited, Ambuja Cement Limited, Everest Kanto Cylinder Limited, Mahindra Lifespace Developers Limited, Blue Star Limited, Kotak Mahindra Private Equity Trustee Limited, ACC Limited, Hercules Hoists Limited, Akruiti Nirman Limited, Great Offshore Limited, LIC Pension Fund Ltd., Future Capital Holdings Ltd., J K Paper Limited, The Dhanalakshmi Bank Limited
Ms. Preeti Mehta	Bagalkot Cement & Industries Limited
Mr. Subrata Kumar Mitra	SKP Securities Limited, Suashish Diamonds Limited, Mangal Keshav Securities Limited, Mangal Keshav Holdings Limited
Mr. P. R. Chandrasekar	Risk Technology International Limited, Caliber Point Business Solutions Limited
Mr. Bharat Shah	HDFC Securities Limited, ADFC Limited
Mr. Sunish Sharma##	NIL

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

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

2.4 Information provided to the Board:

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

1. Annual operating plans of businesses, capital budgets and any updates.
2. Quarterly results of the Company and its operating divisions or business segments.
3. Minutes of the Audit Committee and other Committees.
4. Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
5. Materially important litigations, show cause, demand, prosecution and penalty notices.
6. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

7. Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
8. Details of any joint venture or collaboration agreement or new client wins.
9. Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
11. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
12. Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
13. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
14. Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholder services as non-payment of dividend and delays in share transfer.

2.5 Brief resume of Directors who will be retiring by rotation at this Annual General Meeting of the Company:

- 1) **Dr. (Mrs.) Alka Atul Nishar**, aged 53 years, has been the Director of Hexaware Technologies since inception. Dr. (Mrs.) Nishar is a Founder Director of the Company. She has extensive experience in Strategic Planning, Information and Infrastructure Planning, Logistics, Control Systems and Marketing. Dr. (Mrs.) Alka Nishar is a MBBS from the Grant Medical College, Mumbai and is a Master of Management Studies, Sydenham Institute of Management Studies, Mumbai.
- 2) **Mrs. Preeti Mehta**, aged 49 years, has been the Director of Hexaware Technologies Limited since March 23, 2007. Mrs. Preeti Mehta is a Partner of Messrs Kanga & Co., a leading firm of Advocates and Solicitors in Mumbai established in 1890. Mrs. Mehta has received a degree in Law from Mumbai University and is a qualified solicitor from both Mumbai and England.

Mrs. Mehta has been practicing for over 20 years and has vast experience in matters relating to foreign collaborations, corporate laws and banking. As an offshoot of her main field of specialization in Foreign Investment in India, Mrs. Mehta has also covered the area of Franchising. Mrs. Mehta is also a member of the Law Committee of the Bombay Chamber of Commerce and Industry, Rotary Club of Bombay and a patron member and on the Executive Council of the Franchise Association of India (FAI).

The information required to be forwarded to the shareholders of the Company pursuant to Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of companies in which he/she is a Director etc. is being provided separately in Annexure on page No. 43 of the Corporate Governance Report section. Members are requested to refer to the said section of the Corporate Governance Report.

3. Audit Committee

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

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

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

3.1 Broad terms of reference:

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

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

3.2 Composition, Name of Members and Chairman:

The Audit Committee of the Company during the year comprised of the following members viz : Mr. Shailesh V. Haribhakti (Chairman), Mr. L. S. Sarma, Mr. S. K. Mitra, Mr. Bharat Shah, Mr. Mark Dzialga* and Mr. A. P. Kurian.** Mr. Sunish Sharma was an Alternate Director to Mr. Mark Dzialga upto February 16, 2009.

*Till the Date of Resignation February 16, 2009

** Till the Date of Resignation March 05, 2008

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

The Chief Finance Officer, the Partner/Representative of the Statutory Auditors and internal auditors are some of the invitees to the audit committee. The Company Secretary of the Company was the secretary to the committee.

During the year, the Audit Committee met 7 (seven) times respectively on February 20, 2008, March 31, 2008, April 28, 2008, July 29, 2008, September 22, 2008, October 01, 2008 and October 24, 2008 and the necessary quorum was present at the meeting. Mr. Bharat Shah appointed as an Additional Director of the Company w.e.f. July 29, 2008 was also appointed as member of Audit Committee.

Mr. Shailesh Haribhakti, Chairman of the Audit Committee could not attend the Annual General Meeting (AGM) due to unavoidable circumstances and he nominated Mr. L. S. Sarma to act as Chairman of the Audit Committee and answer the Queries raised by the shareholders.

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

3.3 Meetings and Attendance during the Year 2008:

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. Shailesh V. Haribhakti - Chairman	Non-Executive and Independent	7	7
Mr. L.S. Sarma	Non-Executive and Independent	7	7
Mr. S.K. Mitra	Non-Executive and Independent	7	4
Mr. Mark Dzialga	Non-Executive and Non-Independent	7	0
Mr. Sunish Sharma	Non-Executive and Non-Independent	7	5
Mr. Bharat Shah	Non-Executive and Independent	7	3
Mr. A.P. Kurian	Non-Executive and Independent	7	1

4. Remuneration & Compensation Committee

4.1 Brief description and terms of reference:

The Remuneration & Compensation Committee (“Committee”) of the Company, during the year, comprises of the following members viz: Mr. L. S. Sarma (Chairman), Mr. A. P. Kurian¹, Mr. S. K. Mitra, Mr. Mark F. Dzialga², Mr. Rusi Brij³ and Mr. P. K. Sridharan⁴. Mr. Sunish Sharma was an Alternate Director to Mr. Mark Dzialga upto February 16, 2009. The scope of this Committee is to determine the compensation of Executive Directors and

senior management. The Committee also approves, allocates and administers the Employee Stock Option Schemes and other matters as prescribed by the Listing Agreement from time to time.

1. Till the Date of Resignation March 05, 2008
2. Till the Date of Resignation February 16, 2009
3. Till the Date of Resignation December 24, 2008
4. Till the Date of Resignation December 17, 2008

4.2 Remuneration Policy

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

4.3 Meetings and Attendance during the Year 2008:

During the year, Remuneration and Compensation Committee met 3 (three) times respectively on February 20, 2008, June 02, 2008 and June 30, 2008 and necessary quorum was present at the meetings.

The attendance record is as per the table given below.

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. L. S. Sarma, Chairman	Non-Executive and Independent	3	3
Mr. P. K. Sridharan	Executive and Non-Independent	3	3
Mr. Rusi Brij	Non-Executive and Non-Independent	3	1
Mr. S. K. Mitra	Non-Executive and Independent	3	2
Mr. Mark F. Dzialga	Non-Executive and Non-Independent	3	0
Mr. Sunish Sharma	Non-Executive and Non-Independent	3	0
Mr. A. P. Kurian	Non-Executive and Independent	3	0

4.4 Details of Remuneration paid or payable to Directors during the year 2008:

Name of Director	Mr. Atul K. Nishar – Executive Chairman Amount in Million (Rs.)	Mr. P. K. Sridharan – President and Executive Director Amount in Million (Rs.)
Salary and Allowances	4.63	7.21
Perquisites	0.75	0.00
Contribution to Provident Fund and Other Funds	0.29	0.23
Total	5.67	7.44
Performance Incentives	NIL	Included in salary Rs. 2.04 million

The remuneration paid to Mr. P. K. Sridharan during the year 2007 was Rs. 2.11 million in excess of the limit prescribed under Schedule XIII to the Companies Act, 1956. In this respect, the Company has made an application dated November 4, 2008 for seeking Central Government approval and the same is awaited.

Performance incentive of Rs. 2.04 million was paid to Mr. P. K. Sridharan which was determined by the Committee or Board after evaluation of performance parameters of net profit / revenue targets as laid down by them.

Independent Directors

The Company pays Sitting Fees of (a) Rs. 20,000/- per meeting to its Independent Directors for attending meetings of the Board and (b) Rs. 20,000/- per meeting with effect from March 22, 2007 for attending meetings of Committees of the Board. At the Tenth Annual General Meeting of the Company, members have approved payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. The said commission will be decided each year by the Board of Directors and distributed amongst the Independent Directors. This year the Board of Directors has decided to pay commission to the Independent Directors upto Rs. 600,000/- based on the period of their association with the Company during the year. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

The total number of stock options held by the Independent Directors as at 31.12.2008 is as mentioned in the table 4.5.

4.5 Employee Stock Option Plan/Sitting Fees/Notice Period.

Name of the Director	ESOP		Sitting Fees for attending Board / Committee Meeting	Notice Period	Service Contract Period
	No. of Options Granted during the year		Gross Amount in Rs.		
	ESOP 2007	ESOP 2002			
Mr. Atul K. Nishar	Nil	Nil	-	3 months	01.01.07 to 31.12.09
Dr. (Mrs.) Alka Nishar	Nil	Nil	-	N.A	
Mr. P. R. Chandrasekar#	1,415,499	399,243 PSU 329,846 RSU	-	90 days	-
Mr. L. S. Sarma	Nil	20,000	420,000	N.A	
Mr. A. P. Kurian	Nil	Nil	60,000	N.A	
Mr. Rusi Brij##	450,000	Nil	-	N.A	
Mr. P. K. Sridharan	Nil	Nil	-	3 months	07.01.07 to 17.12.08
Mr. Shailesh V Haribhakti	Nil	20,000	340,000	N.A	
Dr. Bakul Dholakia	Nil	20,000	80,000	N.A	
Mr. Mark Dzialga	Nil	Nil	-	N.A	
Ms. Preeti Mehta	Nil	20,000	240,000	N.A.	
Mr. S. K. Mitra	Nil	20,000	340,000	N.A.	
Mr. Bharat Shah	Nil	Nil	120,000	N.A.	
Mr. Sunish Sharma	Nil	Nil	-	N.A.	

As on 31.12.2008, closing balance under - ESOP 2007 scheme was NIL, under ESOP 2002 scheme : RSU - 329,846 and PSU - 399,243 (subsequently cancelled).

As on 31.12.2008, closing balance under ESOP 2007 scheme was 112,500.

During the year, Kanga & Co. a legal firm, where Ms. Preeti Mehta, a Non-Executive Director is a partner has been paid Rs 475,406/- as professional fees for legal services. The professional fees paid to the firm are not considered material to impinge on the independence of Ms. Preeti Mehta.

Notes regarding ESOP numbers mentioned in table above:

ESOP - 2007

Each Option entitles the holder to apply for and seek allotment of one Equity Share of Rs.2/- each at price of Rs. 61.40/- per share, which is determined as per the SEBI guidelines in force as on the date of grant. The Options shall vest on specified dates in four equal installments beginning June 2, 2009 onwards in every Calendar Year. The holder can exercise the options at any time after the date of first vesting till June 2, 2015 subject to the conditions laid down in the ESOP scheme.

ESOP – 2002

Performance Stock Units (PSU) are issued to selected few Senior Management employees and the vesting of such units is dependant on achievement of certain performance criterias like net profit/ revenue targets determined by the Remuneration and Compensation Committee / Board of Directors of the Company from time to time.

Each PSU entitles the holder to apply for and seek allotment of one Equity Share of Rs.2/- each at a discounted price of Rs. 10/- per share. The PSUs shall vest on four specified dates i.e. December 31, 2009, December 31, 2010, December 31, 2011 and June 30, 2012 in installments as mentioned in the grant letter. The holder can exercise the options after the date of first vesting till June 29, 2015 subject to the conditions laid down in the ESOP scheme.

Restricted Stock Units (RSU) entitles the holder to apply for and seek allotment of one Equity Share of Rs. 2/- each at a discounted price of Rs. 2/- per share. RSUs are issued to Mr. P. R. Chandrasekar, Vice-Chairman and Global CEO, on June 30, 2008. All the RSUs shall vest on June 30, 2009. The holder can exercise the options after the date of vesting till June 29, 2013 subject to the conditions laid down in the ESOP scheme.

Each Stock Option granted to the Independent Directors entitles the holder to apply for and seek allotment of one Equity Share of Rs.2/- each at a price of Rs. 54/- per share. The Options shall vest on specified dates in two equal installments beginning July 1, 2009. Exercise price is as per SEBI guidelines in force as on the date of grant. The holder can exercise the options after the date of first vesting till June 29, 2013 subject to the conditions laid down in the ESOP scheme.

5. Shareholders/Investors Grievance Committee

5.1 Scope of Shareholders Grievances Committee's activities:

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

Shareholders Services:

During the year under review, the Company has sent the following communications to the Shareholders of the Company in order to serve them better:

- Communication for unpaid dividend

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

- a. Procedure for Dematerialization of shares;
- b. Procedure for transfer of shares;
- c. Procedure for transmission of shares;
- d. Change of address;
- e. Dividend;
- f. Nomination Facility;
- g. Loss of Share Certificates;

- h. Rights as a shareholder;
- i. Result of Postal Ballot, if any;
- j. Facility of online Shareholders'/ Investors' Satisfaction Survey on a continuous basis

5.2 Composition, Meetings and Attendance of Committee:

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

Name of the Director	Category
Mr. L. S. Sarma	Non-Executive and Independent
Mr. P. K. Sridharan	Executive and Non-Independent
Mr. A. P. Kurian	Non-Executive and Independent
Dr. Bakul H. Dholakia	Non-Executive and Independent

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

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

Nature of Complaints	Year 2008		
	Received	Cleared	Pending
Transfer, Transmission etc.	1	1	0
Dividend, Interest & redemption	1	1	0
Annual Report	4	4	0
Others/Miscellaneous	2	2	0
TOTAL	8	8	0

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

Pending Transfers: There are no pending transfers as on 31.12.2008

5.4 Company Secretary and Compliance officer:

Name of the Company Secretary and the Compliance Officer	Mr. Bhagwant P. Bhargawe, appointed w.e.f. February 21, 2008
Address	152, Millennium Business Park, Sector- 3, "A" Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.
Contact telephone	+91 22 67919595
E-mail	bhagwantb@hexaware.com
Fax	+91 22 67919578

6. Risk Management

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

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

7. Details of Annual General Meeting

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

Financial Year	General Meeting	Location	Date	Time
2007	15 th Annual General Meeting	M. C. Ghia Hall, 2 nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Monday, 30 th June, 2008	4.00 P.M.
2006	14 th Annual General Meeting	M. C. Ghia Hall, 2 nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Tuesday, 24 th April, 2007	3.00 P.M.
2005	13 th Annual General Meeting	M. C. Ghia Hall, 2 nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Thursday, 29 th June, 2006	3.00 P.M.

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

Financial Year	General Meeting	Sr. No.	Particulars of Special Resolutions Passed
2007	15 th Annual General Meeting	1.	Holding of an Office or Place of Profit by Mr. P. R. Chandrasekar, a director of the Company as a Director of Hexaware Technologies Inc., USA and the Payment of Remuneration by Hexaware Technologies Inc, USA.
		2.	To Approve the Employee Stock Options Scheme – 2008 (ESOP Scheme 2008) for the Employees of the Hexaware Technologies Ltd.
		3.	To Approve the Employee Stock Options Scheme – 2008 (ESOP Scheme 2008) for the Employees of the Subsidiaries of Hexaware Technologies Ltd.
		4.	To Grant/Offer, Issue and Allot Equity linked instruments including options / warrants / RSUs / PSUs exercisable into equity shares of the Company to Mr. P. R. Chandrasekar under the Employees Stock Options Scheme 2002, 2007 or 2008 in any one year exceeding 1% of the Issued Equity Share Capital of the Company.
2006	14 th Annual General	1.	Re-appointment of Mr. Atul K. Nishar as Executive Chairman for an additional period of three years w.e.f. January 1, 2007 to December 31, 2009 and increase in/revision of remuneration payable to him w.e.f. April 1, 2007.
		2.	Re-appointment of Mr. P. K. Sridharan as President and Executive Director for an additional period of three years w.e.f. January 7, 2007 to January 6, 2010 and increase in/revision of remuneration payable to him w.e.f. April 1, 2007.
		3.	Authorising Board of Directors to appoint Branch Auditors for its branches whether existing / to be opened in India/abroad, in consultation with Company's Auditors and fix their remuneration.
2005	13 th Annual General Meeting	1.	Alteration of Articles of Association by inserting new Articles enabling Investment by GA Global Investments Ltd.
		2.	Alteration of Articles of Association enabling buy-back of securities by the Company.

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

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

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

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

7.3 POSTAL BALLOT

No Postal Ballot was conducted during the year.

8. Disclosures

- There are no transactions with related parties i.e. with the Promoters, Directors, Management, subsidiaries or relatives that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in note no. 5 of schedule 12B to the Standalone Accounts of the Company in the Annual Report.
- 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.
- In compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, on prevention of Insider Trading, the Company has a comprehensive code of conduct and the same is being strictly adhered by its management, staff and relevant business associates. The code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them on the consequences of non-compliance thereof.

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

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

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

(ii) **Auditors qualification:** Nil

(e) Details for utilization of proceeds from preferential issue during the Financial Year 2008:

	(Rs. in million)
i) Investment in Chennai Siruseri campus project	679.92
ii) Investment in Land at Nagpur – MIDC	81.60

9. Means of Communication

(a) The quarterly and half yearly results were generally published in The Business Standard, Free Press Journal and the Navshakti in Marathi.

(b) The Company's audited and un-audited periodical financial results, press releases and the presentations made to institutional investors and analysts are posted on the Company's web site - www.hexaware.com and websites of BSE and NSE viz. www.bseindia.com and www.nseindia.com.

(c) The Management Discussion and Analysis (MD&A) report has been included in this Annual Report.

(d) The Company has also posted information relating to its financial results on Electronic Data Information Filing and Retrieval System (EDIFAR) at www.sebiedifar.nic.in as required by the Stock Exchange, Mumbai

10. General Shareholder Information

10.1 Sixteenth Annual General Meeting

Date	May 5, 2009
Time	3.00 p.m
Venue	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.

10.2 Financial Calendar for the Year 2008

Financial year	January 1, 2008 to December 31, 2008
Dividend Payment	Interim Dividend paid on August 27, 2008 @ Rs. 0.50 per share (25%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. The Board of Directors have recommended final dividend @ Rs. 0.50 per share (25%) which may be approved by shareholders at the ensuing Annual General Meeting.
Book Closure	Wednesday, April 29, 2009 to Tuesday, May 05, 2009 (both days inclusive).
Listing on Stock Exchanges	<ol style="list-style-type: none"> 1) Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023 2) National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. Global Depository Receipts listed on 3) London Stock Exchange 10 Paternoster Square, London EC4M 7LS

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

March 31, 2009	By April 30, 2009
June 30, 2009	By July 31, 2009
September 30, 2009	By October 31, 2009
December 31, 2009	By February 28, 2010
Annual General Meeting for the year ending December 31, 2009	On or before June 30, 2010

10.3 Registered Office

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

10.4 Scrip Information:

Name of the Exchange	Reuters	Bloomberg	Code
Bombay Stock Exchange Ltd.	HEXT.BO	APTH.IN	532129
National Stock Exchange of India Limited	HEXT.NS	NAPTH.IN	“HEXAWARE”
London Stock Exchange	APHD LI		
ISIN Demat	INE093A01033		

10.5 Stock Market Data:

The high/low of the shares of the Company from January 2008 to December 2008 and the stock performance is given below:

Month	Bombay Stock Exchange (Rs.)				National Stock Exchange (Rs.)			
	High	Low	Close	Sensex	High	Low	Close	Nifty
January'08	93.80	55.10	66.50	17,648.71	93.50	53.05	66.20	5,137.45
February'08	85.25	59.30	74.50	17,578.72	88.70	59.50	74.85	5,223.50
March'08	77.90	53.05	53.05	15,644.44	82.45	53.10	60.60	4,734.50
April'08	78.90	60.50	70.35	17,287.31	78.80	60.80	72.24	5,165.90
May'08	73.35	60.65	61.30	16,415.57	74.50	60.00	61.40	4,870.10
June'08	65.00	50.25	51.00	13,461.60	64.50	46.40	51.40	4,040.55
July'08	58.70	46.25	49.40	14,355.75	59.70	46.30	49.35	4,332.95
August'08	53.50	46.55	47.00	14,564.53	53.45	46.55	46.80	4,360.00
September'08	49.80	29.00	30.80	12,860.43	49.60	29.25	30.70	3,921.20
October'08	32.50	17.00	20.10	9,788.06	32.50	18.10	20.05	2,885.60
November'08	21.90	18.90	19.80	9,092.72	22.00	19.00	19.85	2,755.10
December'08	23.45	19.15	21.00	9,647.31	22.90	19.25	21.10	2,959.15

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

10.6 Registrar and Share Transfer Agents:

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

M/s. Sharepro Services (India) Private Limited
Unit: Hexaware Technologies Limited
 Satam Estate, 3rd Floor,
 Cardinal Gracious Road,
 Chakala,
 Andheri (East),
 Mumbai - 400 099
 Tel.: +91 22 28215168/+91 22 67720300
 Fax: +91 22 28375646
 E-mail: sharepro@vsnl.com

10.7 Share Transfer system:

The trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. December 15, 1998, as per circular issued by Securities and Exchange Board of India (SEBI) on September 24, 1998.

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

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

10.8 Distribution of Shareholding :

No. of Equity Shares held	As on December 31, 2008			
	No. of Share holders	% of Share holders	Total No. of Shares held	% of share holding
1-500	97,043	93.47	11,879,779	8.27
501-1000	3,934	3.79	3,086,534	2.15
1001-2000	1,550	1.49	2,343,143	1.63
2001-3000	426	0.41	1,086,216	0.76
3001-4000	232	0.22	834,448	0.58
4001-5000	167	0.16	785,583	0.55
5001-10000	236	0.23	1,684,777	1.17
10001 and above	238	0.23	121,950,255	84.89
TOTAL	103,826	100.00	143,650,735	100.00

Categories of Shareholding (as on December 31, 2008)

Sr. No.	Category of Holder	No. of shares Equity	% of
1.	Promoters Holdings	33,870,664	23.58
2.	Mutual funds / UTI	2,123,527	1.48
3.	Banks / Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non-Govt. Institutions)	5,505,148	3.83
4.	FII's / GDR	65,395,970	45.52
5.	Others :		
	- Private Corporate Bodies	10,036,947	6.99
	- Indian Public	24,312,044	16.92
	- NRIs / OCBs	2,295,681	1.60
	- Trust	110,754	0.08
	Sub Total	36,755,426	25.59
	TOTAL	143,650,735	100.00

10.9 Dematerialization of Shares and liquidity:

Procedure for dematerialization / rematerialization of shares.

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

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

98.14% of the issued capital of your Company has been dematerialized up to December 31, 2008.

10.10 Dividend payment date: The Board has declared and paid the interim dividend on August 27, 2008 @ Rs 0.50 per share (25%) and the same dividend may be confirmed by shareholders at the ensuing Annual General Meeting. The Board has proposed final dividend @ Rs. 0.50 per share (25%) to the shareholders for their approval.

10.11 Outstanding GDR/Warrants and Convertible bonds, conversion date and likely impact on the equity:
1. Global Depository Receipts (GDR)

The outstanding GDR as on December 31, 2008 is 89,780.

The outstanding unregistered ADR as on December 31, 2008 is 10,555,700.

Both do not have impact on equity.

2. Warrants / Options:

1. 23,095 Warrants outstanding under ESOP Scheme 1999 entitles the holder to get allotted one equity share of Rs. 2/- each in the Company for every block of 3 warrants at a price of Rs. 9/- per

Equity share within a period of ten years commencing from February 1, 2001 (exercise period) and any proportionate entitlement arising out of any corporate actions in accordance with the said Scheme.

2. 2,265,342 Options outstanding under ESOP Scheme 2002 entitles the holder to get allotted one Equity share of Rs. 2/- each in the Company at an exercise price being the market price on the date of grant of options or average closing price on the primary Stock Exchanges, whichever was high or such price that was determined by the Remuneration & Compensation Committee ('Committee'). The options shall vest in four equal installments or as determined at the discretion of the Committee.
3. 258,500 Options outstanding under ESOP Scheme 2007 entitles the holder to get allotted one Equity share of Rs. 2/- each in the Company at an exercise price being the latest available closing price of the shares on the Stock Exchange, which recorded the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Board/Remuneration Committee at which the Securities were granted or at such price as the Board/Remuneration Committee may determined. The options shall vest in four equal installments or as determined at the discretion of the Committee

Assuming all the Warrants / Options, granted, under all the three ESOP Schemes of the Company, which, would vest, be exercised and converted into Equity shares of the Company, the total number of Equity shares would increase by 2,531,540 of Rs. 2/- each.

10.12 Plant Locations: (Hexaware Technologies Limited, India)

Registered Office & Offshore Development Center	152, Sector III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710	Mumbai
Offshore Development Center	1, Sector – III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Mumbai
Offshore Development Center	Hexaware Towers, (HT-1),51/3, G. N. Chetty Road, T Nagar, Chennai – 600 017	Chennai
Offshore Development Center	Hexaware Towers, (HT-5), R R Skyline - 3rd & 4th Floor, Plot No. 18,19 & 20 SIDCO Industrial Estate, Ambattur, Chennai 600 058.	Chennai
Offshore Development Center	SIPCOT IT Park, Navalur Post, Siruseri - 603 103.	Chennai
Offshore Development Center	E Space - IT Park, Bldg. No. A3, Survey No. 46/1, Vadgaon Sheri, Nagar Road, Pune – 411 014.	Pune

10.13 Transfer of unclaimed dividend to Investor Education and Protection Fund

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

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

An amount of Rs. 2,081,382/- for the financial year 2000, towards unclaimed dividend was transferred during the year to the Investor Education and Protection Fund.

10.14 Investor Correspondence

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

Name	E-Mail ID	Telephone Number	Fax No.
Bhagwant P. Bhargawe	investorinfo@hexaware.com bhagwantb@hexaware.com	+91 22 67919595	+91 22 67919578

Shareholders can contact the following Officials for financial matters:

Name	E-Mail ID	Telephone Number	Fax No.
Prateek Aggarwal	prateeka@hexaware.com	+91 22 67919595	+91 22 67919623
Rajesh Kanani	rajeshk@hexaware.com	+91 22 67919595	+91 22 67919623

Following is the address for correspondence:

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

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

At the ensuing Annual General Meeting, Dr. (Mrs.) Alka Atul Nishar, Ms. Preeti Metha, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Mr. Bharat Shah has been appointed on the Board as Additional Director of the Company w.e.f. July 29, 2008 and Mr. Sunish Sharma has been appointed on the Board as Additional Director of the Company w.e.f. February 16, 2009. The brief resume, experience and functional expertise and the membership on various Boards and Committees of Directors proposed to be appointed / re-appointed at serial No. 3, 4, 7 & 8 of the Notice of 16th Annual General Meeting, as per the revised Corporate Governance code defined under clause 49 of the Listing Agreement are furnished below :

Name of the diector	Dr. (Mrs.) Alka Atul Nishar	Ms. Preeti Metha	Mr. Bharat Shah	Mr. Sunish M. Sharma
Date of Birth	06.01.1956	01.10.1959	18.02.1947	25.10.1974
Age	53	49	61	35
Date of first Appointment	November 20, 1992	March 23, 2007	July 29, 2008	February 16, 2009
Experience in specific functional area	Experience in Strategic Planning, Information and Infrastructure Planning, Logistics, Control System and Marketing	Vast Experience in matters relating to Foreign Collaborations, Corporate Laws and Banking	Experience in Custody & Depository, Retail, HR, Private Banking, Infrastructure and Merchant Services in Banking Sector.	Extensive Experience in the area of IT and business process offshoring and Identify Potential Investment Opportunities
No. of Shares held in the Company	227,135	Nil	Nil	Nil
Qualification	MBBS from the Grant Medical College, Mumbai and is a Master of Management Studies, Sydenham Institute of Management Studies, Mumbai.	Degree in Law from Mumbai University and a qualified solicitor from both Mumbai and England. Has undergone an intensive course on Franchising at the Middlesex University, London.	Bachelors in Science (B. Sc.) degree from the University of Mumbai. Degree in Applied Chemistry with special reference to Metal Finishing from Borough Polytechnic, London.	Completed Graduation from Delhi University, MBA (Gold Medalist) from Indian Institute of Management. He also holds a Cost & Works Accountant Degree.
List of Companies in which directorship held#	Nil	Bhagalkot Cement & Industries Limited	HDFC Securities Limited ADFC Limited Computer Age Management Services Private Limited Hill Properties Private Limited	Nil
Chairman / Members of the Committee of the Board of Companies in which he is Director#	Nil	Bagalkot Cement & Industries Limited - Audit Committee (Member)	HDFC Securities Limited - Audit Committee (Member) Compensation Committee (Member)	

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

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Place : Mumbai
Date : March 25, 2009

CEO AND CFO CERTIFICATION

We hereby certify that :-

- (a) We have reviewed financial statements and the cash flow statement for the year ended December 31, 2008 and that to the best of our knowledge and belief:
 - (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) significant changes in internal control over financial reporting during the year
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein; if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

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

Mr. Prateek Aggarwal
Chief Finance Officer

Date : February 16, 2009

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

To the Members of Hexaware Technologies Limited,

We have examined the compliance of conditions of Corporate Governance by Hexaware Technologies Limited, for the year ended 31st December 2008, as stipulated in clause 49 of the Listing Agreement of the said compliance with the Stock Exchanges.

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

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

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

For Deloitte Haskins & Sells

Chartered Accountants

P.R. Barpande

Partner

Membership No. 15291

Mumbai, Dated March 25, 2009

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

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

As Vice-Chairman and Global Chief Executive Officer of Hexaware Technologies Limited and as required by Clause 49 (I) (D) (ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company as identified by the Company considering the requirements in this respect under clause 49 (I)(D), of Corporate Governance, have affirmed compliance with the Code of Conduct for the financial year 2008.

P. R. Chandrasekar

Vice-Chairman and Global CEO

Place : Mumbai

Date : February 16, 2009

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

1. Macro-economic Scenario & Industry Developments

The world we see at the end of 2008 is not what it was when the year began. Though the signs had started becoming visible in the second half of 2007, the confirmation of the global recessionary trend during 2008 had significant effects on all macro-economic indicators, highlighted by the failure of huge institutions like Lehman, Bear Stearns,

Not only did this have an impact on the demand environment in the IT & ITeS industry, it also had a huge impact on economic metrics like foreign exchange fluctuations, stock market valuations, growth expectations etc.

Rapidly changing global economic & business conditions and technological innovation are creating an increasingly competitive environment that is driving companies to transform their operations globally. While the expectations of the customers have increased manifold; your Company is committed to satisfy the clients with improved quality of service and accelerated delivery schedules with a focus on developing long term relationships and strengthening strategic partnerships.

The role of technology has evolved from support to transformation for global companies. The ability to design, develop, implement and maintain business and technology solutions, addressing the business and customer needs has become a competitive advantage and a priority. On the other hand, the prevalence of multiple technology platforms and a greater emphasis on network, data and information security and redundancy have increased the complexity and cost of IT systems, resulting in greater technological risks.

2. Alignment of the Organization along select Verticals

Hexaware is at the forefront of IT/ ITeS service providers that offer differentiated services and is adept in delivering specific business consulting and technology services. Your Company’s position as a leader in its niches gives it the strength to invest in domains and technology capabilities to differentiate through flexible business models and value added services.

Your Company is more focused on growing the existing customer base by offering them the various service lines we operate in, thereby becoming more strategic. Apart from our specialization in the horizontals, the focus is now also on developing the vertical competencies that help us understand the business of our customers better and hence be able to serve them better.

The verticals that have been selected for this focus are:

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

Your Company’s strength lies in its innate ability to understand the requirements of its clients and to continuously build the competencies and capabilities to provide integrated IT and BPO solutions unique to client specific needs and industry demands. Your Company’s unique capabilities augmented by a clear understanding of industry trends and deep knowledge of global business models allows it to leverage strong partnerships, technology innovations and talent to deliver excellence through global delivery models.

Recognizing the need for scale and capacity in competing for large contracts against larger players, your Company is making substantial investments in expanding its base of people and world class infrastructure facilities.

3. Key Business Areas (Service Lines / Horizontals)

Your Company provides end-to-end business solutions, leveraging domain expertise and latest tools and technologies, thereby enabling its customers to enhance business performance.

- **Enterprise Solutions:**
 - PeopleSoft Services
 - SAP Services
 - Oracle Services
 - Microsoft Dynamics Services
 - CRM Services

Your Company offers a range of end-to-end Enterprise Solutions services, anchored around process driven solutions and in keeping with the changing market conditions, for major industry segments such as Banking and Financial services, Manufacturing and Others.

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

Your Company has built solution accelerators around ERP packages like SAP that guarantee a huge reduction

in project time lines and corresponding benefits in cost for its customers.

- **Testing Services**

Your Company helps customers leverage its best practices, reusable assets, comprehensive test repository, global delivery models and 24 x 7 support to deliver reliable and quality software. Your Company focuses on Business Technology Optimization (BTO) to provide exponential value addition to our customers.

Your Company synergizes with our subsidiary organization FocusFrame to provide a Unified Service Offering which effectively uses Approach, People and Technology for better performance and enhanced customer satisfaction.

Your Company's subsidiary, Focus Frame has been recognized as a Titanium partner by HP and a Gold partner for SAP. FocusFrame has been adjudged as Mercury's "Partner of the Year" for four successive years (2003-2006).

- **Business Intelligence & Analytics**

Your Company offers Business Intelligence Solutions that can provide the right information to everyone in the enterprise - including in-depth analysis and reporting capabilities that are required to understand business, make the right decisions, gain competitive edge and increase profitability. This includes implementing, supporting and maintaining data warehouses and reporting factories for varied clients in various industries.

Your Company also provides Enterprise Risk Management services relating to operational risk, credit risk, etc., helping clients to manage their risks better. The joint venture set up in 2007, Risk Technology, synergizes with your Company to serve some of the largest banks in the world.

- **BPO Services**

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

The BPO services delivered by Caliber Point are primarily transaction processing services, with minimal contribution of voice-based services.

- **Application Development & Management**

Your Company's Application Development and Management (ADM) Services steer business

processes and promote business growth by focusing on impacting operational efficiency.

- **Legacy Modernization Services**

Your Company is an ideal partner to manage its customers' legacy renewal risks whilst they concentrate on their 'core' business & other 'strategic' initiatives. We take pride in having delivered some of the most complex programmes in legacy modernization spanning across multiple years.

4. Opportunities and Strengths

A. Opportunities

Your Company continues to focus on its strategy of being a multi-niche player and gaining a substantial share of the opportunities available in its chosen vertical domains. The strengths built by your Company in these areas with concerted efforts & learning from various client engagements, over the years, place it in good stead to win the opportunities in its niches.

- Your Company believes in broadening the canvas of technical services delivered by it. From being a Peoplesoft oriented Company, the Company has successfully built competencies in other ERP packages like SAP and Oracle, thereby developing itself into a comprehensive Enterprise Solutions provider. This strategy of adding related service areas to its chosen niche open new vistas of growth for your Company.
- Your Company's growing focus on providing services to its clients from various geographies, which provide the benefit of multiple time zones and availability of multinational talent pool, augurs well for the Company. The Company currently operates from its offshore delivery centers spread across three cities in India and 3 near shore delivery centers. This strategy to provide services to the customers from different time zones is expected to open gates for various significant opportunities for your Company.
- Your Company has observed an increasing demand for its various services being packaged as a single product, from its various customers. Such integrated service offerings have helped your Company win multiple large opportunities in the past. Such offerings were customized for the clients in the past. The ability of your Company to create new service offerings around such combination of its multiple niches should open a world of new opportunities.

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

B. Strengths:

a. Flexible & Customer Friendly Approach

Your Company has an enviable track record in building, operating and delivering solutions using innovative and flexible delivery models. The models provide a framework for outsourcing large application and product management services and provide the customer with economies of scale and meet the customers' unique requirements.

b. Impressive Client Roster

Your Company has a good track record for forging a long term mutually rewarding relationship with large multi-national corporations built on successful prior engagements with them.

Your Company has 68 clients that belong to Fortune 500 / Global 500 roster and 56 clients bring in revenue of more than USD 1 million per annum.

c. Enhancement in Operational Performance

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

The offshore utilization has improved to 73.8%. It has attained high standards of process maturity, which have helped to deliver a strong business performance in 2008.

d. Develop in-depth industry knowledge

Your Company continues to build and demonstrate specialized industry expertise in the financial services, insurance and transportation industries. Your Company's business centric approach enables to gain an in depth understanding of its clients' needs and technologies to provide high value, cutting edge business solutions.

e. Employee-friendly Organization

Your Company believes that it has the best talent in the Indian technology services industry and is committed to remain as an employer of choice. Your Company has been ranked amongst the top twenty "Best IT Employers" in the DQ IDC Survey in 2008 for the fourth consecutive year.

Your Company's training programs, through its training arm HexaVarsity, ensure that employees enhance their skills in alignment

with its requirements and are readily deployable. Your Company also organizes seminars and training programs on a regular basis to help improve overall personality of its employees. The training programs include induction programs for the fresh graduate engineers and lateral hires. Role based leadership and management programs for the existing employees help them take on larger responsibilities.

5. Business Outlook

We verticalised the organization in 2008 with an emphasis towards institutionalizing operational excellence and integration. Your Company expects to witness and participate in significant advances towards new developments like Service Oriented Architecture (SOA), Software as a Service (SaaS) and working on innovative business models while continuing to drive growth through cross-selling and stronger account mining.

In addition to that your Company is confident to win new businesses with the focused approach along the verticals and with the newer domain-intensive service offerings. With the vertical organization in place, your Company is confident of strengthening business in terms of quality, client base, geographies, verticals & horizontal services by which every stakeholder's value is expected to be enhanced.

6. Risks and Risk Management:

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

Risk Management

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

The risks analyzed are discussed below:-

(i) Revenue Concentration Risks

Service Concentration

Your Company's business model is built on specializing in few vertical domains. Your Company

is able to charge premium rates on the basis of specialization and is able to win new clients largely on account of favorable references from existing customers. Your Company has an impressive 68 clients from the Fortune 500 / Global 500 list and has built 56 client accounts that bill greater than USD 1 million over a trailing twelve month period

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

	2008	2007
	(%)	(%)
BFSI	41.1	44.8
Travel& transportation	16.5	18.8
Emerging Segments	28.8	22.0
Others	13.6	14.4
Total	100.0	100.0

Your Company has four main technology services in addition to the more generic Application Development & Management. Your Company focuses on Enterprise Application Services, Testing Services / Business Technology Optimization (Services), Business Intelligence & Analytics and Business Process Outsourcing (BPO).

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

	2008	2007
	(%)	(%)
Application Development and Maintenance (ADM)	39.2	35.8
Enterprise Application Services (EAS)	32.4	38.7
Testing / BTO Services	15.9	16.9
BPO	5.3	4.2
Business Intelligence & Analytics	5.8	2.6
Others	1.4	1.8
Total	100.0	100.0

Your Company has undertaken efforts that the revenue mix should be from the entire gamut of service offerings.

During the current year, your Company will continue to gain strength in the testing space, especially with the successful integration of FocusFrame Inc. Your Company expects to post impressive growth in the Business Intelligence & Business Analytics area with impetus coming from Enterprise Risk Management domain.

Client Concentration

Your Company primarily focuses on enhancing the

quality of customers and keeps working in order to further the depth of strategic relationship with the customers. The former enables your Company to acquire customers with large IT budgets and win highly referential customers. The latter enables your Company to engage effectively to offer multiple services and increase the revenues from every customer. As a testimony to these two attributes, your Company generated about 90.2% of revenues from existing clients through repeat business in the most recent quarter (Q4 2008).

Some of the key client-related metrics are detailed below

Description	2008	2007
Billed Clients	178	175
Clients added during the year	37	66
% of revenues from the largest client	12.6	9.1
% of revenues from the top 5 clients	32.1	32.5
% of revenues from the top 10 clients	47.9	46.9
Number of US\$ 1 million clients	56	54
Number of US\$ 1-5 million clients	43	43
Number of US\$ 5-10 million clients	9	7
Number of clients over US\$ 10 million	4	4

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

Geographic Concentration

Significant geographical concentration of business in a particular country or a geographical region exposes your Company to a higher dependency and creates potential downside risk.

Your Company continues to explore new markets, which also acts as a trigger to increase the total revenues. While your Company is focusing on entering the new geographical area, North America stands to be the major revenue market. Leveraging its strong presence in Germany and in Belgium - Netherlands - Luxembourg (Benelux) region, your Company has further established its position in Europe during 2008.

The revenues from the emerging markets such as Middle East and Far East have improved significantly in 2008. This has set the platform for

exponential growth in this region over the medium term.

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

	2008	2007
	(%)	(%)
North America	64.8	66.7
Europe	29.0	26.7
Rest of the world	6.2	6.6
Total	100.0	100.0

(ii) Financial Risks

a) Foreign Currency

Improved Controls -

Your Company appointed the internal auditors KPMG to study the existing Treasury processes and give their recommendations, which the Company adopted, thereby strengthening the internal monitoring and control processes. Some of the key recommendations include an executive management signatory in all the hedge transactions, implementing an automated forex dealing system, communication from counterparty banks on violation of limits set with them, etc.

Further, the Board of Directors considered and approved a revised Foreign Exchange Risk Management Policy in October '08. In the Policy, key operational risks have been effectively mitigated by segregating the Front office and Back office duties, ensuring the independent communication and verification of all deal confirmations by the Back office. Further, we have improved both the level of participation in critical decision making as well as the level of transparency through elaborate reporting mechanisms.

Hedge Management -

During the year, attention was given to de-risking the existing hedges from Rupee depreciation; strategic decisions were taken by the Executive Management and the Forex Committee of the Board. The Hedges now stand at USD 171 Mn. The Foreign Exchange Risk Management (FERM) Team, which was constituted as per the Policy, now ensures the controlled implementation of all the decisions taken by the Executive Management.

b) Liquidity

By adopting effective receivable management

system, liquidity of your Company has improved every year. The Days' Sales Outstanding (DSO) of your Company has continuously improved every quarter of 2008 and stands at 63 days as at 31st December 2008. This compares favorably with most other companies in the IT industry. The cash and cash equivalent balances accounted 27% of your Company's assets at the end of the year.

(iii) Legal and Contractual Compliance

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

(iv) Disaster risk

In the event of force majeure, the work may get stalled or hampered or the possibility of loss of important information from the computer systems is a risk and may affect the confidence of the client. To mitigate this, your Company has well defined Business Continuity Plan (BCP) and has achieved a new milestone in Information Security with successful completion of the certification audit and recommendation for certification against ISO 27001 standards for all its development centers by Det Norske Veritas (DNV). The objectives of adhering to these standards are to ensure business continuity and mitigate the damage by preventing and minimizing the impact of security incidence. In addition to this, your Company also has well defined specific Business Continuity Plan as per the Client's requests, which enhances the Customer's Confidence.

7. Internal Control Systems

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

The Audit Committee comprising of Independent Directors of the Company, during the year, has decided to renew KPMG as Internal Auditor for another year w.e.f. 1st January, 2009. The Internal Audit will help to ensure that the systems and processes are implemented with adequate internal controls and assets are safeguarded.

8. Financial Highlights- Consolidated Financial Statements

Balance Sheet movements

a) Share Capital

During the year 2008, the paid-up Share Capital of your Company marginally increased to Rs. 287.30 million from 287.23 million, comprising of 143,650,735 Equity Shares of Rs. 2/- each. The increase is on account of share issued during the year on account of stock options exercised by the employees.

b) Reserves and Surplus

Your Company's global reserves excluding Hedging Reserve account increased by 11.83% to Rs. 7,571.61 million from Rs. 6,770.86 million in the previous year largely on account of the operating profit generated during the year.

Since your Company adopted the principles set out in the Accounting Standard AS 30 "Financial Instruments: Recognition and Measurement", your Company has created Hedging Reserve amounting to Rs. 1,234.05 million for effective hedge transactions.

c) Fixed Assets

During the year, the net block of assets has grown by 23.44% over previous year. The additions to fixed assets were at Rs. 604.14 million. The primary reasons for addition to fixed assets are (i) SEZ Campus at Siruseri in Chennai and SEZ Campus at Nagpur commissioned during the year amounting to Rs. 400.15 million (ii) Nagpur land Rs. 90.00 million (iii) Secaucus development centre at New York, USA Rs. 15.64 million (iv) and the balance for computer and other capital asset for current operations.

Capital work in progress (CWIP) has increased to Rs. 1,597.15 million from Rs. 927.49 million mainly on account of SEZ at Siruseri in Chennai and SEZ at Nagpur.

The Company has made contractual commitment to vendors who are executing various infrastructure projects. The estimated amount of such contracts remaining to be executed on capital account and provided for (net of advances) was Rs. 722.52 million as on 31st December 2008 (Rs. 1,061.59 million as on 31st December 2007).

d) Investments

During the year, the Company has withdrawn its investments from Mutual Funds and invested in Fixed Deposit with banks.

e) Sundry Debtors

During the year, sundry debtors reduced to

Rs. 2,065.24 million as against Rs. 2,160.19 million in the previous year, despite higher Income from Operations. During 2008, your Company made provision of Rs. 144.36 million for the doubtful debtors. The Days' Sales Outstanding (DSO) of your Company has continuously improved every quarter of 2008 and stands at 63 days as on 31st December 2008. This compares favorably with most other companies in the IT industry.

f) Cash and Cash Equivalents

The Company had cash and bank balance of Rs. 2,849.12 million as on 31st December 2008 (Rs. 902.11 million as on 31st December 2007). The balances with scheduled banks in India aggregated Rs. 2,511.18 million (Rs. 463.97 million as on 31st December 2007). The balances with banks abroad were Rs. 337.87 million (Rs. 438.05 million as on 31st December 2007). The cash and bank balance have increased during the year, driven by the higher operating and net profit and also because investment from Mutual funds were withdrawn and sum received from Mutual Funds were invested Fixed Deposit in banks.

g) Deferred Tax Assets and Deferred Tax Liability

Your Company accounts for deferred tax in compliance with the Accounting Standard issued by the Institute of Chartered Accountants of India. Your Company has recognized the deferred tax asset of Rs. 83.96 million against Rs. 51.98 million in 2007 and your Company has Nil deferred tax liability as against Rs. 7.25 million in 2007.

h) Current Liabilities and Provisions

During the year, the current liability and provisions have increased to Rs. 3,711.12 million as against Rs. 2,792.66 million in 2007. There is an increase of Rs. 737.50 million on account of increase in creditor/other liability/increase in provision of dividend and dividend tax and increase in liability on account of employee benefits compensated by payout of one time provisions made in previous year.

The Company has further made provision on account of liability for Derivative transactions of Rs. 1,268.80 million on adoption of Accounting Standards 30 for fair value of foreign exchange forwards and currency option contracts.

9. Results of Global Operations

a. Income

During the year, the revenue from operations grew by 10.78% to Rs. 11,519.14 compared to Rs. 10,398.03 million in 2007, majority being repeat revenues from the existing clients. This reflects effective client account management.

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

(in percentage)

Revenue by location	2008	2007
Onsite	63	64
Offshore	37	36
Total	100	100

During the year, the billing rates for onsite was at US\$ 70.73 per hour and offshore rate was at US\$ 22.45 per hour. The blended utilization was at 67%.

b. Other income

During the year, global other income was reported at Rs. 235.93 million as compared to Rs. 288.71 million in the previous year.

Dividend income from Mutual Fund investment has come down to Rs. 65.32 million as compared to Rs. 181.43 million in previous year.

Increase in interest income to Rs. 64.16 million from Rs. 19.86 million mainly on account of increase in fixed deposit during the year.

Increase in rental income to Rs. 49.41 million from Rs. 24.97 million mainly on account of sub-leasing Chennai premises during the year.

c. Expenses

Software Development expenses

During the year, your Company's Software Development expenses decreased to Rs. 1,545.01 million compared to Rs. 1,598.86 million in 2007, a saving of 3.37%. The saving was attributed largely on account of reduction of outsourcing and subcontracting charges.

Employment expenses

Your Company's Employment expenses increased to Rs. 6,881.77 million in 2008 from Rs. 6,148.76 million in 2007, an increase of 11.92%. As a percentage of income, employment expenses increased to 59.74% for the year 2008 from 59.13% for the year 2007.

Administration and other expenses

Your Company's Administration expenses increased to Rs. 1,898.67 million in 2008 from Rs. 1,749.95

million in 2007. As a percentage of income, administrative and other expenses decreased to 16.48% for the year 2008 from 16.83% in the year 2007.

10. Operating margin

Global Operating profit (EBIT) before foreign exchange gain/loss and other income increased to Rs. 888.30 million in 2008 from Rs. 663.73 million in the year 2007, an increase of 33.83% over the previous year.

Due to the large fluctuation in foreign exchange rates, Global Operating profit (EBIT) after foreign exchange gain/loss and other income decreased to Rs. 744.87 million in 2008 from Rs. 1,233.43 million in the year 2007, a decrease of 39.61% over the previous year.

11. Interest

Interest cost has increased during the year to Rs. 21.18 million from Rs. 1.25 million mainly on account of loan taken by a subsidiary from bank.

12. Depreciation

During the year, the depreciation has increased to Rs. 284.21 million from Rs. 235.48 million in the year 2007 with the increase in fixed assets additions mainly on accounts of new SEZ units at Siruseri in Chennai and Nagpur during the year.

13. Profit before Taxes

The Profit before Taxes in current year was Rs. 744.87 million from Rs. 203.48 million in the previous year.

14. Provision for Taxation

During the year, the provision for taxation was at Rs. 155.04 million compared to Rs. 132.69 million in the previous year.

15. Profit after Tax and after minority interest

The net profit for the year 2008 amounted to Rs. 589.83 million as against Rs. 72.29 million for the year 2007.

16. Dividend

During the year 2008, your Company paid an interim dividend of Re. 0.50 per share (25%) on equity shares aggregating to Rs. 71.82 million.

The Board of Directors has recommended a payment of final dividend of Rs. 0.50 per share (25%) on an equity share of Rs. 2/- each, at its meeting held on 16th February 2009. Thus, the total dividend for the year inclusive of interim amounts to Rs. 1.00 per share (50%) on equity shares.

The total cash outgo on account of interim dividend and final dividend & tax thereon amounts to

Rs. 168.05 million. The break up of dividend is as under:

(Rupees in Million)

	Interim	Final
Dividend	71.82	71.83
Tax	12.20	12.21
Total	84.02	84.04

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

During the year 2008, there are no materially significant related party transactions entered into with the management that may have potential conflict with the interest of your Company. For detailed discussion, refer note No. 5 of Part 12B in Notes to Hexaware Technologies Limited India Accounts on page 100-103.

18. Material development on HR/Industrial Relations front, including number of employees

HR had restructured the function into specialist areas like Recruitment, Compensation & Benefits, Organization Development, HR Service Delivery and HR Business Partners. This focus helped in standardising the HR process and policies across the organization thereby bringing in effectiveness and optimization.

HR Systems was the focus for the year and several initiatives were rolled out on this front. Recruitment process was made online through Blueshift software, also modification in PeopleSoft HRMS helped the HR operations more employee friendly.

HR Business partners helped in improving the confidence and morale of employee through the various

Employee Engagement programs running through out the year.

Compensation & Benefit Survey through Mercer helped in benchmarking the salaries as per Industry standards and necessary actions were taken during the Annual compensation review exercise.

Some of the Organization Development programs were oriented towards achieving higher performance orientation, speed, skill and competency development, talent management.

As at December 31, 2008, your Company's employee strength stood at 5622.

Cautionary Statement

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

For and on behalf of the Board

Atul K. Nishar
Executive Chairman

Place: Mumbai
 Date: March 25, 2009.

AUDITORS' REPORT

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

1. We have audited the attached consolidated balance sheet of Hexaware Technologies Limited ("the Company") and its subsidiaries ("the Group"), as at December 31, 2008 and the consolidated profit and loss account and the consolidated cash flow statement of the Group for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. They have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standard generally accepted in India. This standard requires that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3.
 - a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect the total assets of Rs. 1,206.17 million as at December 31, 2008, total revenues of Rs. 3,407.82 million and net cash inflows amounting to Rs. 77.51 million for the year then ended. These financial statements and other financial information, other than to the extent stated in paragraph 3(b) below, have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.
 - b) As the audited financial statements as at and for the year ended December 31, 2008 of a subsidiary company were not available in respect which, the total assets as at December 31, 2008 of Rs. 98.14 million, total revenues for the year then ended of Rs. 197.51 million and net cash inflows for the year then ended of Rs. 20.04 million and the notes to financial statements, have been recognized/disclosed in the financial statements on the basis of unaudited financial statements as at and for the year ended December 31, 2008 as provided by the management of that subsidiary company.
4. Without qualifying our report, we invite attention to Note 13 of Schedule 13 B regarding remuneration of Rs. 2.11 million (Previous Year Rs. 2.11 million) paid to a director during the previous year, in respect of which the Central Government approval is awaited
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements',.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at December 31, 2008;
 - b) in the case of the consolidated profit and loss account, of the consolidated profit of the Group for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountant

P. R.Barpande

Partner
Membership No. 15291

Mumbai, dated February 16, 2009

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2008

(Rupees in Millions)

Particulars	Schedule	As at 31st December 2008	As at 31st December 2007
SOURCES OF FUNDS			
Share Holders' Funds :			
a) Share Capital	"1"	287.30	287.23
b) Share Warrants (Refer Note No 7(I)a of Schedule 13 B)		0.38	0.38
c) Share Application Money		0.14	1.02
d) Reserves and Surplus	"2"	<u>6,337.56</u>	<u>6,770.86</u>
		6,625.38	7,059.49
Loan Funds :			
Secured Loans	"3"	194.80	-
Deferred Tax Liability			
(Refer Note No. 5(c) of Schedule 13 B)		-	7.25
Total		<u><u>6,820.18</u></u>	<u><u>7,066.74</u></u>
APPLICATION OF FUNDS			
Fixed Assets :			
a) Gross Block	"4"	4,102.65	3,346.94
b) Less: Depreciation, Amortization and Impairment		<u>1,202.24</u>	<u>997.32</u>
c) Net Block		2,900.41	2,349.62
d) Capital Work-in-progress		<u>1,597.15</u>	<u>927.49</u>
		4,497.56	3,277.11
Investments			
Deferred Tax Asset	"5"	0.01	2,309.67
(Refer Note No. 5(c) of Schedule 13 B)		83.96	51.98
Current Assets, Loans And Advances :			
a) Sundry Debtors	"6"	2,065.24	2,160.19
b) Cash and Bank Balances		2,849.12	902.11
c) Loans and Advances		1,035.41	1,154.39
d) Other Current Assets		-	3.95
		<u>5,949.77</u>	<u>4,220.64</u>
Less:			
Current Liabilities And Provisions :			
a) Current Liabilities	"7"	3,007.50	2,329.58
b) Provisions		<u>703.62</u>	<u>463.08</u>
		<u>3,711.12</u>	<u>2,792.66</u>
Net Current Assets		2,238.65	1,427.98
Total		<u><u>6,820.18</u></u>	<u><u>7,066.74</u></u>
Significant Accounting Policies & Notes forming part of Accounts	"13"		

Schedules 1 to 13 form an integral part of the Accounts.
As per our attached report of even date

For Deloitte Haskins & Sells

P. R. Barpande
 Partner

Atul K. Nishar
 (Executive Chairman)
Dr. Alka A. Nishar
 (Director)
Shailesh Haribhakti
 (Director)
Prateek Aggarwal
 (Chief Financial Officer)

For and on behalf of the Board

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

L. S. Sarma
 (Director)

Sunish Sharma
 (Director)

Bhagwant Bhargawe
 (Company Secretary & Head Legal)

Preeti Mehta
 (Director)

Bharat Shah
 (Director)

 Place : Mumbai
 Date : 16th February, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2008

(Rupees in Millions)

Particulars	Schedule	For The Year Ended 31st December 2008	For The Year Ended 31st December 2007
INCOME			
Software and Consultancy		11,519.14	10,398.03
Other Income	"8"	<u>235.93</u>	<u>288.71</u>
		11,755.07	10,686.74
EXPENDITURE			
Software and Development Expenses	"9"	1,545.01	1,598.86
Employment Expenses	"10"	6,881.77	6,148.76
Administration and Other Expenses	"11"	1,898.67	1,749.95
Exchange Rate Difference (Net)		379.36	(280.99)
Interest	"12"	21.18	1.25
Depreciation, Amortization and Impairment	"4"	<u>284.21</u>	<u>235.48</u>
		11,010.20	9,453.31
Profit Before Tax and Exceptional Items		744.87	1,233.43
Less : Exceptional Loss - Loss on Foreign Currency Transactions		-	<u>1,029.95</u>
Profit Before Tax		<u>744.87</u>	203.48
Less : Provision For Taxation:			
- Income Tax - Current Taxes [Includes Prior Year Rs. 5.72 Million (Rs. 4.69 Million)]		177.35	142.10
- Deferred		(34.26)	(34.35)
- MAT Credit Entitlement (Refer Note No. 5(b) of Schedule 13B)		(14.40)	(2.53)
- Fringe Benefit Tax		26.11	27.30
- Wealth Tax		<u>0.24</u>	<u>0.17</u>
		155.04	132.69
Profit After Tax Before Minority Interest		589.83	70.79
Minority Interest in Loss of Subsidiary		-	<u>(1.50)</u>
Profit After Tax		<u>589.83</u>	72.29
Add : Balance brought forward from previous year		<u>1,762.11</u>	<u>1,894.79</u>
Balance available for Appropriation		2,351.94	1,967.08
Appropriations :			
Interim Dividend			
Equity		71.82	106.43
Preference		-	21.94
Proposed Dividend			
Equity		71.83	-
Dividend For Previous Year		-	0.84
Dividend Tax (Includes Rs. Nil (Rs. 3.94 Million) being short provision of earlier year on account of change in tax rate)		24.41	25.76
Transfer to General Reserve		<u>150.00</u>	<u>50.00</u>
		318.06	204.97
Balance Carried To Balance Sheet		<u>2,033.88</u>	<u>1,762.11</u>
Earnings Per Share (In Rupees) (Refer Note No. 10 of Schedule 13 B)			
Basic		4.11	0.34
Diluted		4.07	0.34
Face value of Equity Share		2.00	2.00
Significant Accounting Policies & Notes forming part of Accounts "13"			

Schedules 1 to 13 form an integral part of the Accounts.

As per our attached report of even date

For Deloitte Haskins & Sells

P. R. Barpande
Partner

Atul K. Nishar
(Executive Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

L. S. Sarma
(Director)

Sunish Sharma
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Preeti Mehta
(Director)

Bharat Shah
(Director)

Place : Mumbai
Date : 16th February, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2008

(Rupees in Millions)

	For the year	Previous year
A Cash Flow from operating activities		
Net Profit before tax	744.87	203.48
Adjustments for:		
Depreciation, Amortization and Impairment	284.21	235.48
Employees share based payment cost	15.06	-
Interest Income	(64.16)	(19.86)
Dividend from current investments	(65.32)	(181.43)
Profit on sale of Investments	(1.99)	(7.21)
Exceptional Loss on Foreign Currency transactions (Net)	-	1,029.95
Loss on sale of fixed assets (Net) / Assets scrapped	7.02	0.63
Exchange Rate Difference	(18.96)	(0.65)
Provision for diminution in value of Investment	-	21.73
Interest Expense	21.18	1.25
Operating profit before working capital changes	921.91	1,283.37
Adjustments for:		
Trade and other receivables	705.57	(465.21)
Trade and other payables	195.40	461.61
Cash generated from operations	1,822.88	1,279.77
Direct Taxes Paid	(236.93)	(258.28)
Net Cash from operating activity before exceptional item	1,585.95	1,021.49
Outflow on account of exceptional loss on Foreign Currency transactions incurred during 2007	(900.91)	(129.04)
Net cash from operating activities after exceptional item	685.04	892.45
B Cash flow from investing activities		
Purchase of fixed assets	(1,154.35)	(1,005.14)
Proceeds from sale of fixed assets	5.48	3.04
Interest received	68.12	18.36
Purchase of Trade Investments	-	(21.73)
Purchase of Current Investments	(4,149.33)	(7,411.54)
Additional Purchase consideration towards business acquired	(120.75)	-
Proceeds from Sale of Investments	6,440.98	7,725.81
Dividend from current investments	65.32	181.43
Net cash from investing activities	1,155.47	(509.77)
C Cash flow from financing activities		
Proceeds from issue of share capital	0.36	33.26
Share Application money	(0.88)	1.02
Proceeds from issue of shares to Minority Share holder in Subsidiary	-	1.50
Interest and other finance charges paid	(13.76)	(1.25)
Proceeds from Short term borrowings from bank	71.81	-
Repayment of Short term borrowing from bank	(71.81)	-
Dividend paid (including corporate dividend tax)	(85.19)	(299.56)
Proceeds / (Repayments) of long term and other borrowings	168.68	(0.34)
Net cash from / (used) in financing activities	69.21	(265.37)
Net Increase in cash and cash equivalents (Net of exceptional item)	1,909.72	117.31
Cash and cash equivalents at the beginning of the year	903.34	786.03
Cash and cash equivalents at the end of the year	2,813.06	903.34

Notes:

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

Cash and Bank Balances (including EEFC account balances)	2,849.12	902.11
(Less) / Add: Effect of changes in Exchange rate in cash and cash equivalents	(18.54)	23.08
Less: Fixed Deposits under lien with Banks	(17.52)	(21.85)
Total Cash and Cash equivalents	2,813.06	903.34

2. Components of cash and cash equivalents include cash and bank balances as stated in Schedule 6 of the Balance sheet.

3. Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.

4. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 "Cash Flow Statement" (AS 3) issued by the Institute of Chartered Accountants of India.

5. The Previous year's figures have been regrouped wherever necessary.

Schedules 1 to 13 form an integral part of the Accounts.

As per our attached report of even date

P. R. Barpande
Partner

Atul K. Nishar
(Executive Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

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

L. S. Sarma
(Director)

Sunish Sharma
(Director)

Bhagwant Bhargava
(Company Secretary & Head Legal)

Preeti Mehta
(Director)

Bharat Shah
(Director)

Place : Mumbai

Date : 16th February, 2009

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2008	As at 31st December 2007
SCHEDULE "1" - SHARE CAPITAL		
AUTHORISED		
175,000,000 Equity Shares of Rs. 2/- each	350.00	350.00
3,000,000 Preference Shares of Rs. 100/- each *	300.00	300.00
1,100,000 Series "A" Preference Shares of Rs. 1421/- each *	1,563.10	1,563.10
* (Refer Note II Below)	<u>2,213.10</u>	<u>2,213.10</u>
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
EQUITY :		
143,650,735 (143,616,485) Equity Shares of Rs. 2/- Each fully paid.	287.30	287.23
Notes:		
I) Of the above equity Shares:-		
1) 11,134,625 Equity Shares of Rs. 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
2) 36,188,870 Equity Shares of Rs. 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/Securities Premium Account.		
3) 10,452,965 Equity Shares of Rs. 2/- each fully paid up have been allotted against Global Depository receipts issued by the Company.		
4) 50,000,000 Equity Shares of Rs.2/- each fully paid up issued to the Shareholders of erstwhile Hexaware Technologies Limited ('HTL') without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
5) 3,863,060 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 1999.		
6) 8,170,725 (8,136,475) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2002.		
7) 10,555,700 Equity Shares of Rs.2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/or optionally convertible Preference Shares at a premium of Rs. 140.10 each as per the terms of issue.		
Particulars of options on unissued share capital (Refer Note No. 7 of the Schedule 13B)		
II) Authorised Preference share capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.		
Total	<u>287.30</u>	<u>287.23</u>
SCHEDULE "2" - RESERVES AND SURPLUS		
Securities Premium Account		
As per last Balance Sheet	4,725.28	3,164.93
Add : Received during the year (Including Rs. Nil (previous year Rs. 1478.85 Million) (Refer Note I-7 to Schedule "1")	0.28	1,513.42
Add : Provision for Premium payable on Redemption of Redeemable and / or Optionally Convertible Preference Shares written back since no longer required on conversion (Refer Note No. I-7 of Schedule 1)	-	46.93
	<u>4,725.56</u>	4,725.28
Employee Stock Options Outstanding		
Employee Stock Options Outstanding	45.29	-
Less : Deferred Employee Compensation Expense	<u>30.23</u>	-
	15.06	-
General Reserve		
As per last Balance Sheet	490.46	563.66
Add : Transfer from Profit and Loss Account (In respect of Subsidiary Company Rs. 50 Million (Rs. 50 Million))	150.00	50.00
Less : Transitional Provision Adjustment - Employee Benefits (Net of Tax)	-	(123.20)
	<u>640.46</u>	490.46

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at	
	31st December 2008	31st December 2007
Hedging Reserve Account (Refer Note No. 12 of Schedule 13B)	(1,234.05)	-
Amalgamation Reserve As per last Balance Sheet	2.88	2.88
Currency Translation Reserve As per last Balance Sheet Addition / (Deduction) during the year (Net)	(209.87) <u>363.64</u>	1.23 <u>(211.10)</u>
Surplus in Profit and Loss Account	153.77 <u>2,033.88</u>	(209.87) <u>1,762.11</u>
Total	<u>6,337.56</u>	<u>6,770.86</u>
SCHEDULE "3" LOAN FUNDS		
A Secured Loans		
Term Loan from a Bank		
Foreign Currency Term Loan from a Bank (Loan is secured by the first exclusive charge by way of hypothecation of moveable properties and mortgage of land and building located at Nagpur and Corporate Guarantee given by the holding company)	194.80	-
Total	<u>194.80</u>	<u>-</u>

SCHEDULE "4" FIXED ASSETS

Sr. No. Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION / IMPAIRMENT				NET BLOCK		
	As at 01.01.2008	Additions	Deduction/ Adjustment	As at 31.12.2008	As at 01.01.2008	For The Year	Deduction/ Adjustment	Impairment Loss For The Year (Refer Note 3)	As at 31.12.2008	As at 31.12.2008	As at 31.12.2007
A Goodwill on Consolidation	1,021.81	4.77	(236.74)	1,263.32	-	-	-	-	-	1,263.32	1,021.81
B Tangible Assets											
1 Land - Freehold	0.15	-	-	0.15	-	-	-	-	-	0.15	0.15
Land - Leasehold (Refer note no.1)	407.34	121.71	-	529.05	6.50	5.56	-	-	12.06	516.99	400.84
2 Building (Refer note no. 2)	434.42	184.47	-	618.89	34.17	10.01	-	-	44.18	574.71	400.25
3 Plant and Machinery (Includes Computer Systems)	1,049.98	214.11	67.60	1,196.49	752.74	182.43	66.06	-	869.11	327.38	297.24
4 Furniture and Fixtures	319.17	47.93	10.34	356.76	166.24	40.14	4.37	-	202.01	154.75	152.93
5 Improvements to Leasehold Premises	8.17	7.52	(0.20)	15.89	4.92	3.64	0.11	-	8.45	7.44	3.25
6 Vehicles	57.22	6.92	12.07	52.07	28.91	12.31	11.91	-	29.31	22.76	28.31
C Intangible Assets											
Softwares	48.68	16.71	(4.64)	70.03	3.84	15.78	(3.16)	14.34	37.12	32.91	44.84
Current Year	3,346.94	604.14	(151.57)	4,102.65	997.32	269.87	79.29	14.34	1,202.24	2,900.41	2,349.62
Previous Year	2,959.41	549.56	162.03	3,346.94	794.75	235.48	32.91	-	997.32	2,349.62	-
Capital Work in Progress										1,597.15	927.49
(In respect of building under construction/capital advances. (Previous year including towards acquisition of Land.)											
Total										4,497.56	3,277.11

Notes:

- Includes Rs. 457.98 Million (Previous year Rs. 367.98 Million) and Rs. 10.02 Million (Previous Year Rs. 5.13 Million) being lease premium and accumulated amortization in respect of leasehold land allotted to the Company at Pune, Navi Mumbai and at Nagpur for which final lease agreement is being executed.
- Includes gross block of Rs. 168.70 Million (Previous year Rs. 150.21 Million) and accumulated depreciation of Rs. 20.80 Million (Previous year Rs. 16.59 Million), which the Company acquired along with land from MIDC, at Mumbai, entered in to necessary agreements and took possession of the building in an earlier year. The final agreement is being executed.
- Represents impairment Loss on account of reassessment of the economic performance of the asset during the year.
- Additions and Capital work in progress includes Rs.28.13 Million on account of Exchange difference during the year in respect of project under construction.
- Exchange difference (Net) on account of translation of fixed assets into INR included under deductions is as follows:

Particulars	Gross Block	Depreciation
Goodwill On Consolidation	236.74	-
Tangible Assets		
Plant and Machinery	24.55	21.81
Furniture and Fixtures	2.97	1.16
Improvements To Leasehold Premises	0.20	0.11
Vehicles	1.13	0.63
Intangible Assets		
Computer Softwares	4.64	3.16
Current Year	270.23	26.87
Previous year	136.53	11.09

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2008		As at 31st December 2007	
SCHEDULE "5" - INVESTMENTS				
A Long Term				
Trade Investments - Unquoted (At cost less provision for Diminution in value of Investment)				
118 (118) No.2 Series A Preferred Shares of 500,000/- Yen each in ROA International Company Limited	21.73		21.73	
Less : Provision for Diminution in value of Investment	<u>(21.73)</u>		<u>(21.73)</u>	
Non Trade Investments (At Cost)				
Unquoted				
Investment in Long Term Capital Gain Bonds	Nos		Nos	
(Bond of Rs. 10,000/- each unless otherwise stated)				
National Bank of Agriculture and Rural Development	-	-	3,000	30.00
National Housing Bank	-	-	2,000	20.00
Rural Electrification Corporation	-	-	1,450	14.50
				64.50
B CURRENT INVESTMENTS				
NON TRADE INVESTMENT (UNQUOTED)				
(At cost or fair value whichever is lower)				
INVESTMENT IN MUTUAL FUNDS				
(unit of Rs. 10/- each unless otherwise stated).				
Name of Mutual Fund Schemes	Units		Units	
ABN Amro Flexible Short Term Plan Se D - Quarterly Div- Red.	-	-	5,416,630	54.16
ABN Amro Interval Fund Monthly Plan A Dividend	-	-	16,632,651	166.33
Birla Sunlife Interval Income - Institutional - Monthly Series 2 - Dividend	-	-	5,000,000	50.00
DWS Credit Opportunities Cash Fund - Dividend Plan	-	-	25,661,085	258.53
DWS Short Term maturity Fund- Weekly Dividend Option	-	-	9,037,588	92.75
ICICI Prudential Institutional short Term Plan - DR - Fortnightly - Reinvestment Dividend	-	-	14,143,335	157.38
ICICI Prudential Interval Fund Quarterly Interval Plan - Retail Dividend - Reinvest Dividend	-	-	5,806,783	58.07
ICICI Prudential Short Term Plan - Dividend Reinvestment - Fortnightly - Reinvest Dividend	-	-	868,550	9.43
ING Fixed Maturity Fund - XXX - Dividend	-	-	8,097,460	80.97
Kotak Bond (Short Term) - Monthly Dividend	-	-	16,898,404	169.87
Reliance Liquid Fund Treasury Plan - Institutional Option - Daily Dividend Option	-	-	7,430,124	113.59
Reliance Short Term Fund - Retail Plan - Dividend Plan	-	-	60,865,354	642.73
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan	-	-	5,105,777	51.06
Templeton India Short Term Income Plan Institutional - Weekly Dividend Reinvestment	-	-	305,555	308.58
(Face Value Rs. 1000/-)	-	-		
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series - I - Dividend Plan - Reinvestment	-	-	3,170,922	31.71
ICICI Prudential Flexible Income Plan	46	<u>0.01</u>	46	<u>0.01</u>
		<u>0.01</u>		<u>2,245.17</u>
Total		<u>0.01</u>		<u>2,309.67</u>
(i) Aggregate cost / fair value of quoted investments.				-
(ii) Aggregate value of unquoted investments. (At Cost/Fair value)		<u>0.01</u>		<u>2,309.67</u>
(iii) Current Investment includes amount of Rs. Nil/- (Rs. 727.33 Million) invested out of unutilised funds from preferential allotment of shares.		<u>0.01</u>		<u>2,309.67</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2008	As at 31st December 2007
SCHEDULE "6" - CURRENT ASSETS		
Sundry Debtors (Unsecured)		
Debts Outstanding for a period exceeding six months	139.65	194.91
Other debts	<u>2,069.95</u>	<u>2,092.88</u>
	2,209.60	2,287.79
Less: Provision for doubtful accounts	<u>144.36</u>	<u>127.60</u>
	2,065.24	2,160.19
Sundry Debtors		
Considered Good	2,065.24	2,160.19
Considered Doubtful	<u>144.36</u>	<u>127.60</u>
	<u>2,209.60</u>	<u>2,287.79</u>
Cash and Bank Balances		
Cash in hand	0.07	0.09
Remittance in Transit (Including Cheques on hand Rs. Nil (Rs. 0.11 Million)	24.42	47.31
I. Bank Balances with Scheduled Banks		
In Fixed Deposit Accounts	1,989.17	188.96
[Includes Interest Accrued of Rs. 45.75 Million (Rs. 1.79 Million)]		
[Includes Deposits of Rs. 10.41 Million (Rs. 15.18 Million) Under Lien with Banks For Guarantees Given by Bank to Various Government Authorities]		
In Exchange Earner's Foreign Currency Account	44.44	39.82
In Current Accounts	453.15	187.88
II. Balances With Non-scheduled Banks		
In Fixed Deposit Accounts	7.11	7.75
[Includes Interest accrued of Rs. Nil/- (Rs. 0.03 Million)]		
[Includes Deposits of Rs. 7.11 Million (Rs. 6.67 Million) under lien with banks for guarantees given by bank to various authorities]		
In Current Accounts	<u>330.76</u>	<u>430.30</u>
	2,849.12	902.11
Loans And Advances (Unsecured - Considered Good)		
Advances Recoverable in cash or in kind or For Value to be Received.	347.28	327.88
Deposits	313.70	330.38
Unbilled Services	157.50	388.45
Advance Income Tax (Net of Provision)	200.45	105.99
Advance Fringe Benefit tax (Net of Provision for tax)	10.10	4.16
MAT Credit Entitlement (Refer Note No. 5(b) of Schedule 13B)	<u>16.93</u>	<u>2.53</u>
	1,045.96	1,159.39
Less: Provision for Doubtful Advances	<u>10.55</u>	<u>5.00</u>
	1,035.41	1,154.39
Loans and Advances		
Considered Good	1,035.41	1,154.39
Considered Doubtful	<u>10.55</u>	<u>5.00</u>
	<u>1,045.96</u>	<u>1,159.39</u>
Other Current Assets		
Interest Accrued on Investments	-	3.95
Total	<u><u>5,949.78</u></u>	<u><u>4,220.64</u></u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December 2008	As at 31st December 2007
SCHEDULE "7" - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
i) Total outstanding dues of Micro Enterprises and small Enterprises	-	-
ii) Total outstanding dues of creditors other than Micro Enterprises and small Enterprises	571.99	317.31
Unearned Revenues	29.96	90.26
Other Liabilities #	1,085.07	1,893.13
Unclaimed Dividend *	8.01	9.17
Liability for Derivative Transactions	1,268.80	-
Deposits Received for Leased Premises	43.67	19.71
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.	3,007.50	2,329.58
# Other liabilities includes liabilities towards :		
a) Rs. Nil (Rs. 900.91 Million) in respect of foreign currency transactions settled subsequent to year end.		
b) Rs. Nil (Rs. 115.98 Million) in respect of earnout consideration payable.		
c) Rs. Nil (Rs. 70.95 Million) (which is net of taxes of Rs.47.30 Million) directly credited to erstwhile shareholders of a subsidiary, on sale of test accelerator IP ('IP') having a nil value in accordance with the 'agreement and plan of merger' entered into with the said erstwhile shareholders.		
Provisions		
- Provision for Compensated Absences	282.92	329.18
- Proposed Dividend	71.83	-
- Corporate Tax on Dividend	12.21	-
- Provision for Gratuity and Other Benefits (Refer Note No. 11 of Schedule 13B)	174.82	97.67
- Provision Others (Refer Note No. 14 of Schedule 13B)	66.52	-
- Provision for Taxation (Net of Advance Tax) 91.64	91.64	44.33
Less: MAT Credit availed during the year -	-	8.40
- Provision for Fringe Benefit Tax (Net of Advance Tax)	3.68	35.93
	703.62	0.30
Total	<u>3,711.12</u>	<u>463.08</u> <u>2,792.66</u>

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	As at 31st December 2008	As at 31st December 2007
SCHEDULE "8" - OTHER INCOME		
Dividend From Current Investments	65.32	181.43
Profit on sale of Current Investments (Net)	1.99	7.21
Interest Income		
From Long Term Investments	3.33	3.33
From Others (Tax Deducted at source Rs. 2.05 Million (Rs.0.29 Million))	<u>60.83</u>	<u>16.53</u>
	64.16	19.86
Grant Income	-	3.56
Rental Income (Tax Deducted at source Rs. 11.29 Million (Rs. 6.46 Million))	49.41	24.97
Miscellaneous Income	55.05	51.68
Total	<u>235.93</u>	<u>288.71</u>
SCHEDULE "9" - SOFTWARE AND DEVELOPMENT EXPENSES		
Consultant Travel and related expenses	803.98	753.82
Software expenses (Includes Subcontracting charges Rs. 606.29 Million (Rs. 732.41 Million))	741.03	845.04
Total	<u>1,545.01</u>	<u>1,598.86</u>
SCHEDULE "10" - EMPLOYMENT EXPENSES		
Salary and Other Allowances	5,997.79	5,400.44
Contribution to Provident and Other Funds	687.38	554.73
Staff Welfare Expenses	196.60	193.59
Total	<u>6,881.77</u>	<u>6,148.76</u>
SCHEDULE "11" - ADMINISTRATION AND OTHER EXPENSES		
Rent	424.85	297.67
Rates & Taxes	12.63	11.63
Travelling and Conveyance Expenses	337.99	346.73
Electricity Charges	115.88	85.66
Communication Expenses	197.51	178.34
Repairs and Maintenance		
Buildings	11.38	6.08
Plant & Machinery	34.48	25.38
Others	<u>44.58</u>	<u>34.98</u>
	90.44	66.44
Printing and Stationery	25.81	33.99
Auditors Remuneration		
Audit Fees	11.56	9.34
Audit of US GAAP	-	1.97
Tax Audit Fees	1.73	1.23
Limited Reviews, Certification Work, Taxation and other Matters	3.76	2.92
Out of Pocket Expenses	<u>0.02</u>	<u>0.10</u>
	17.07	15.56
Legal and Professional Fees	201.11	166.45
Advertisement and Publicity	8.76	64.57
Seminar and Conference Expenses	44.06	65.76
Bank and Other Charges	10.39	20.41

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	As at	
	31st December 2008	31st December 2007
Director's Sitting Fees	2.46	2.07
Insurance Premium	43.48	36.29
Loss on sale of Fixed Assets (Net) / Fixed Assets Discarded	7.02	0.63
Provision for Diminution in Value of Investment	-	21.73
Donation	0.35	1.51
Debts and Advances written off [Net of Recoveries Rs. 6.10 million(Rs. 2.18 Million)]	58.04	44.12
Provision for Doubtful Debts [Net off write Back Rs. 57.51 Million (Rs. 5.91 Million)]	6.49	103.02
Staff Recruitment Expenses	74.11	58.76
Service Charges	75.37	61.78
Miscellaneous Expenses	114.85	66.83
Note : Miscellaneous Expenses Includes Stamp Duty & filing fees, Hiring Charges Registrar and Share Transfer Expenses, Membership and Subscription, Liquidated Damages Etc.		
Total	<u>1,898.69</u>	<u>1,749.95</u>
SCHEDULE "12" - INTEREST EXPENSES		
On term Loans *	2.56	-
Others (includes interest on delayed payment)	18.62	1.25
* Net of Interest Capitalised Rs. 7.90 Million (Rs. Nil)	-	-
Total	<u>21.17</u>	<u>1.25</u>

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

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

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

The financial statements of subsidiaries used in the consolidation are drawn upto the same reporting date as that of the holding company, viz December 31, 2008

2. Principles of Consolidation

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

3. Use of Estimates

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

4. Revenue Recognition

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

5. Fixed Assets

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

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

6. Depreciation and Amortisation

Depreciation and amortisation on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as determined by the management except buildings, which are depreciated over the useful lives as prescribed under Schedule XIV to the Companies Act, 1956.

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

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

7. Investments

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

8. Foreign Currency Transaction / Translation

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

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

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

Foreign Branches

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

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

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

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

10. Derivative instruments and hedge accounting

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

11. Employee Benefits

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

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

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

- b) Short term employee benefits:

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

12. Borrowing Cost

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

13. Leases

Finance Lease

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

Operating Leases

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

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

14. Taxes on Income

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

Minimum Alternate Tax (MAT) credit entitlement is recognized in accordance with the Guidance Note on “Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961” issued by ICAI. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income

tax during the specified period. At each balance sheet date the Company reassesses MAT credit assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be and adjusts the same accordingly.

15. Impairment of assets

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

16. Grants

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

17. Share based compensation

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

18. Provisions, Contingent Liabilities and Contingent assets

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

B) Notes Forming Part of Consolidated Accounts

1. Description of Business

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

2. Subsidiaries to consolidation

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

Name of the Subsidiary company	Country of Incorporation	Extent of Holding (%) as on 31.12.2008
Hexaware Technologies Inc.	United States of America	100%
FocusFrame Inc	United States of America	100%
FocusFrame Mexico S de RL De CV *	Mexico	100%
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	100%
Hexaware Technologies UK Ltd.	United Kingdom	100%
FocusFrame UK Limited *	United Kingdom	100%
FocusFrame Europe BV *	Netherland	100%
Hexaware Technologies Asia Pacific Pte Limited.	Singapore	100%
Hexaware Technologies GmbH.	Germany	100%
Hexaware Technologies Canada Limited.	Canada	100%
Caliber Point Business Solutions Ltd.	India	100%
Risk Technology International Limited	India	85%
Specsoft Technologies India Limited ***	India	100%
Risk Technology International Ltd.**	United States of America	85%
Risk Technologies (UK) Ltd **	United Kingdom	85%

* Subsidiaries of Focus Frame Inc, USA

** Subsidiaries of Risk Technology International Limited – India

*** Subsidiary of Hexaware Technologies Inc - USA

3. Contingent Liabilities

(Rupees in Millions)

	Particulars	As at 31-12-2008	As at 31-12-2007
A	Claims against the Company not acknowledged as Debts	44.41	42.62
B	Income tax disputed in appeal and pending decision, Company is hopeful of getting a favourable decision	26.37	19.41

4. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) Rs.722.52 Million (Previous year Rs.1061.59 Million).

5. Income Taxes

- Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In respect of certain entities in the group, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year. Tax expense relating to overseas operation is determined in accordance with the tax laws applicable in countries where such operations are domiciled
- Considering the expected future profitability and taxable positions in the subsequent years, the Company has recognized the 'MAT Credit entitlement' as an asset by crediting the Profit and Loss Account for an amount aggregating Rs.14.40 Million (Previous Year Rs.2.53 Million) and disclosed under 'Loans and advances'.
- The breakup of the deferred tax assets and deferred tax liability is as under:

(Rupees in Millions)

Particulars As at	31.12.2008	As at 31.12.2007
Deferred Tax Assets		
Provision for doubtful debts and advances	15.86	9.38
Depreciation	3.83	0.34
Employee Benefits	50.38	38.11
Net Operating Losses Carry Forward	27.20	-
Others	5.40	4.15
Less : Deferred Tax Liabilities		
Depreciation	3.38	
Items offered to tax on cash basis	15.33	
Deferred Tax Assets (Net)	83.96	51.98
Deferred Tax Liabilities		
Items offered to tax on cash basis		24.82
		24.82
Less:		
Deferred Tax Assets		
Provision for doubtful debts and advances		7.93
Depreciation		3.25
Employee Benefits		6.39
Net Operating Losses Carry Forward		-
		17.57
Deferred Tax (Assets) / Liabilities (Net)		7.25

- The Company takes on lease offices space, accommodation and vehicles for its employees under various operating leases. The lease rentals recognised in the Profit and Loss Account for the year are Rs.291.63 Million (Previous year Rs.247.75 Million) . Sublease rentals recognised in the profit and loss account on account of subleasing of the leased

premises is Rs 22.54 million (Previous year Rs.1.15 million) The future minimum lease payments and payment profile of the said leases are as follows:

(Rupees in Millions)

	As at 31.12.2008	As at 31.12.2007
Not later than one year	215.96	243.63
Later than one year but not later than five years	299.18	316.56
Later than five years	13.48	23.74
Total	528.62	583.93

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

(Rupees in Millions)

	As at 31.12.2008	As at 31.12.2007
Not later than one year	40.89	0.55
Later than one year but not later than five years	77.32	-
	118.21	0.55

7. Share Based Compensation (ESOP)

(I) In respect of holding Company:

- 6,410,820 (6,410,820) warrants under Employee Stock Option Scheme – 1999 (ESOP 1999) aggregating Rs. 0.38 Million (Previous year Rs. 0.38 Million) of Rs. 0.06 each is the balance unutilised as at December 31, 2008 and 2007 respectively. This includes 6,387,725 warrants available for grant and 23,095 warrants outstanding and exercisable as at the end of the year. Each block of 3 warrants, granted at Rs. 0.18 entitles the holder to get one equity share of Rs. 2/- each at a price of Rs. 9/- per share within a period of ten years commencing from February 1, 2001 (exercise period) in accordance with the said Scheme. The particulars of warrants granted and lapsed under the Scheme are tabulated below under (d).
- 2,878,420 (2,912,650) Options is the balance unutilised as at December 31, 2008 and 2007 respectively under Hexaware Technologies Limited – Employee Stock Option ('ESOP – 2002') ('the Plan') at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). This includes 613,078 options available for grant and 2,265,342 options outstanding as at the year end. Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The Options shall vest in four equal instalments or as determined at the discretion of the Committee. No Options shall be granted after March 31, 2009. The particulars of options granted and lapsed under the Scheme are tabulated below under (d)

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

Grant Date	Category	No. of Options granted	Exercise Price	Vesting period
June 30, 2008	Performance Shares	673,326	Rs 10	Until June 30, 2012
June 30, 2008	Restricted Stock Units	329,846	Rs 2	Until June 30, 2009
June 30, 2008	ESOP	100,000	Rs 54	Until June 30, 2010

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

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

Grant Date	No. of Options granted	Exercise Price	Vesting period
June 02, 2008	6,120,749	Rs. 61.40	Until June 02, 2012
October 30, 2007	4,040,000	Rs. 109	Until October 18, 2011

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

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

	ESOP- 1999		ESOP-2002		ESOP-2007	
	Warrants (nos.)	Weighted avg. ex. price per Share (Rs.)	Option (nos.)	Weighted avg. ex. price per Price (Rs.)	Option (nos.)	Weighted avg. ex. price per Price (Rs.)
Outstanding as at the beginning of the year	23,095 (1,362,250)	9.00 (9.00)	1,377,110 (3,723,680)	93.89 (72.21)	4,040,000 (-)	109.00 (-)
Granted during the year	- (-)	- (-)	1,103,172 (-)	11.60 (-)	6,120,749 (4,040,000)	61.40 (109.00)
Exercised during the year	- (486,240)	- (9.00)	34,250 (918,080)	10.34 (38.38)	- (-)	- (-)
Lapsed during the year	- (852,915)	- (9.00)	180,690 (1,428,490)	96.13 (73.05)	9,902,249 (-)	80.82 (-)
Outstanding as at the year end	23,095 (23,095)	9.00 (9.00)	2,265,342 (1,377,110)	55.22 (93.89)	258,500 (4,040,000)	61.40 (109.00)
Exercisable as at the year end	23,095 (23,095)	9.00 (9.00)	1,003,295 (929,230)	88.66 (75.89)	- (-)	- (-)

Figures for the previous year are given in brackets.

Notes :

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

Price range Rs.	Current Year (Nos.)	Previous year (Nos.)
2 – 25	1,281,692	365,615
54 – 101	683,225	370,820
135 – 171	558,925	640,675
Total	2,523,842	1,377,110

(II) In respect of subsidiary Company:

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

Grant Date	No. of Options granted	Exercise Price	Vesting period
September 11, 2007	353.400	Rs.50	Until September 11, 2011

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

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

	Number of Shares arising out of Options	Weighted Average exercise price (Rs.)	Weighted Average remaining contractual life (Months)
Opening Balance	353,400 (-)	50 (-)	- (-)
Granted during the year	- (353,400)	- (50)	- (-)
Exercised during the year	- (-)	- (-)	- (-)
Cancelled/Lapsed during the year	265,050 (-)	50 (-)	- (-)
Closing Balance	88,350 (353,400)	50 (50)	3 (80)
Options exercisable at the year end	88,350 (-)	50 (-)	- (-)

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

- (III) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be higher by Rs 10.29 million (previous year lower by Rs. 14.40 Million) and earnings as per share as reported would be lower as indicated below:

Particulars	Year-2008	Year-2007
Basic Earning per share		
- As reported (In Rs)	4.11	0.34
- Adjusted (In Rs)	4.18	0.24
Diluted Earnings per share		
- As reported (In Rs)	4.07	*0.34
- Adjusted (in Rs)	4.15	*0.24

* Same as basic since anti dilutive

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

For Parent Company

Particulars	ESOP 2002				ESOP 2007		
	Stock Options			Restricted Stock Units	Performance Shares	Stock Options	
	Grant dated 01/07/2006	Grant dated 06/11/2006	Grant dated 30/06/2008	Grant dated 30/06/2008	Grant dated 30/06/2008	Grant dated 30/10/2007	Grant dated 02/06/2008
Divided yield (%)	0.87%	0.87%	0.84%	0.84%	0.84%	0.91%	0.84%
Expected life (years)	10.5 years	10.5 years	2.25 years	1 year	4 year	10.5 years	4.25 years
Risk free interest rate (%)	6.51%-7.52%	7.40%-7.57%	8.65%-8.92%	8.57%	8.72%-9.31%	7.53%-7.94%	7.75%-7.91%
Volatility (%)	43.06%-57.58%	41.16%-55.92%	46.53%-52.58%	56.26%	46.12%-51.01%	38.76%-47.59%	45.33%-52.54%

For Subsidiary Company

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

ESOP-2007

- | | |
|--|---------|
| (i) Fair value of share as at grant date | Rs. 35 |
| (ii) Exercise price | Rs. 50 |
| (iii) Expected volatility* | 51.68% |
| (iv) Option life | 4 years |

(v) Dividend Yield	0%
(vi) Risk-free interest rate	7.62%

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

8. Related Parties:

Names of related parties and description of relationship:

Key Management Personnel

Mr. Atul K. Nishar – Executive Chairman
 Mr. Rusi Brij – Vice Chairman and Chief Executive Officer (upto 24th December 2008)
 Mr. P. K. Sridharan – Executive Director (upto 17th December 2008)
 Mr. Ashok Bildikar – President and Executive Director (Caliber Point Business Solutions Ltd)
 Mr. Sunil Surya – Whole Time Director (Hexaware Technologies UK Ltd)
 Dr. (Mrs.) Alka A. Nishar – Director
 Mr. Vaughn Paladin - Whole Time Director (FocusFrame Inc.)
 Mr Surinder Chawla – Whole Time Director (FocusFrame Inc.)
 Mr Albert Vissar – Whole Time Director (FocusFrame Europe BV)
 Mr Yogendra Shah – Whole Time Director (Hexaware Technologies Asia Pacific Pte Ltd)
 Mr P R Chandrasekar - Vice Chairman and Chief Executive Officer (w.e.f. 02-06-2008)

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

Hexaware Technologies Employee Stock Option Trust

		Remuneration (Rupees in Mullions)	Employee Stock Option/Performance Shares Granted (Nos)	Restricted Stock Units Granted (Nos)	Units/Options including Restricted Stock Units Outstandings as on 31-12-2008 (Nos.)
1	Receiving of services				
	Mr. Atul K. Nishar	17.30 (16.01)	- (-)	- (-)	- (-)
	Mr. Rusi Brij	26.18 (27.78)	450,000 (450,000)	- (-)	112,500 (450,000)
	Dr. (Mrs.) Alka A. Nishar	10.26 (10.13)	- (-)	- (-)	- (-)
	Mr. P.K. Sridharan	7.44 (7.15)	- (-)	- (-)	- (-)
	Mr. Ashok Bildikar	11.25 (9.41)	- (353,400)	- (-)	88,350 (353,400)
	Mr. Sunil Surya	14.94 (15.31)	233,333 (175,000)	- (-)	371,218 (487,885)
	Mr. Vaughn Paladin	10.54 (18.89)	- (-)	- (-)	- (-)
	Mr. Surinder Chawla	10.38 (18.72)	- (-)	- (-)	- (-)
	Mr. Yogendra Shah	10.79 (9.32)	150,000 (90,000)	0 (-)	30,000 (90,000)
	Mr. P.R. Chandrasekar	55.61 (-)	1,814,742 (-)	329,846 (-)	729,089 (-)
	Mr. Albert Vissar	- (-)	18,000 (18,000)	- (-)	- (18,000)

* Employee stock options of a subsidiary Company

	Sunil Surya	Yogendra Shah	Others
Opening balance as on January 1, 2008	4.64 (-)	- (1.07)	0.41 (0.41)
Add: Given during the year	- (4.64)	- (-)	- (0.90)
Less: Repaid during the year	0.89 (-)	- (1.07)	- (0.90)
Closing balance as on December 31, 2008	3.75 (4.64)	- (-)	0.41 (0.41)

Figures for the previous year given in brackets.

9. Segments:

(Rupees in Millions)

Primary Segment : Business Segments					
	Travel, Transportation, Hospitality and Logistics	Banking Financial Services & Insurance	Healthcare, Manufacturing, Services	Others	Total
Segment Revenue	1676.06 (1864.43)	4401.02 (4342.48)	3155.06 (3130.66)	2287.00 (1060.46)	11519.14 (10398.03)
Segment Results	93.55 (265.50)	402.94 (403.11)	598.06 (268.89)	137.66 (19.10)	1232.21 (956.60)
Less: Unallocable expenses (including exceptional loss)					702.10 (1040.58)
Add: Other Income					235.94 (288.71)
Less: Interest					21.18 (1.25)
Profit before tax					744.87 (203.48)
Less: Provision for taxation					155.04 (132.69)
Profit after tax before minority interest					589.83 (70.79)
Other Information - Segment Assets					
Goodwill	- (-)	- (-)	- (-)	1263.31 (1021.81)	1263.31 (1021.81)
Secondary Segment – Geographic Segment					
	North America	Europe	India	Rest of the World	Total
Revenue attributable to location of customers	7,419.39 (6,939.05)	3,377.32 (2,777.70)	142.25 (222.87)	580.18 (458.41)	11,519.14 (10,398.03)
Segment assets based on their locations	1,353.33 (1,472.19)	806.76 (920.96)	6,735.49 (6,365.18)	70.66 (79.26)	8,966.24 (8,837.59)
Additions to fixed assets (including capital work in progress)	31.45 (42.52)	8.54 (1.97)	1,228.99 (978.12)	0.05 (0.09)	1,269.03 (1022.70)
Goodwill	1,152.01 (931.79)	111.30 (90.02)	- (-)	- (-)	1,263.31 (1,021.81)

Notes:

1. The Company has identified business segment as the primary segment. Segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational structure and the internal reporting system.
2. In line with the change in the organization structure during the year the Company has realigned its business segments and accordingly the figures for the previous year have been regrouped to confirm to the current year.
3. Assets and liabilities contracted have not been identified to any of the reportable segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.
4. Figures for the previous year are given in brackets.

10. Earnings Per Share (EPS):

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

(Rupees in Millions)

Particulars	Current Year 2008	Previous year 2007
Net Profit after tax	589.83	72.29
Less: Preference dividend and tax thereon	-	25.67
Net Profit available to equity shareholders for basic EPS	589.83	46.62
Weighted average outstanding equity shares considered for basic EPS (Nos.)	143,628,484	136,000,143
Basic Earning per share	4.11	0.34
Net Profit available to equity shareholders for basic EPS	589.83	46.62
Less : Impact of dilutive option of subsidiary company	0.71	-
Net Profit after tax for diluted EPS	589.12	72.29
Weighted average outstanding equity shares considered for basic EPS (Nos.)	143,628,484	136,000,143
Add : Effect of dilutive issue of stock options and preference shares (including share application money received on exercise of options) (Nos.)	970,582	845,735
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	144,599,066	136,845,878
Diluted Earnings Per Share	4.07	0.34

11. Employee benefit plans:

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

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

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

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

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

The amounts recognised as expense towards contributions to provident funds, other funds and superannuation fund Rs. 112.80 Million (Previous Year Rs 107.28 Million) and Rs 3.92 Million (Previous year Rs. 2.86 Million) respectively during the year ended December 31, 2008.

- b) The Company contributed Rs. 218.40 Million (Previous year Rs 204.83 Million) towards various other defined contributions plans of subsidiaries located outside India during year ended December 31, 2008 as per laws of the respective country.
- ii) Defined benefit plans:

In respect of holding Company and its subsidiaries in India:

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

The following table sets out the status of the funded /unfunded gratuity plan for the year ended December 31, 2008 as required under AS 15 (Revised)

(Rupees in Millions)

	Current Year	Previous Year
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	133.52	107.71
Current Service Cost	39.71	33.79
Interest Cost	12.88	7.75
Actuarial (gain)	30.07	(7.28)
Benefits Paid	(8.71)	(8.42)
Closing Defined Benefit Obligation	207.47	133.55
Change in the Fair Value of Assets		
Opening in Fair value of assets	44.16	37.35
Expected Return on Plan Assets	3.37	3.30
Actuarial Gain	1.52	0.16
Contribution by Employer	20.17	11.77
Benefits Paid	(8.71)	(8.42)
Closing Fair Value of Plan Assets	60.51	44.16
Net Liability	146.96	89.39
Additional provision made for resigned employees	5.84	-
Liability	152.80	89.39

(Rupees in Millions)

Expense for the year	2008	2007
Current Service Cost	39.71	33.79
Interest on Defined Benefit Obligation	12.88	7.75
Expected Return on Plan Assets	(3.37)	(3.30)
Net Actuarial (Gain)	28.55	(7.44)
Total Included in Employment Expenses	77.77	30.80
Actual Return on Plan Assets	4.90	3.45
Category of Assets as on December 31, 2008		
Insurer Managed Fund	60.50	44.16

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

	2008 Parent Company	2008 Subsidiary Company	2007 Parent Company	2007 Subsidiary Company
Discount rate	5.90%	5.40%	7.75%	7.5%
Rate of increase in compensation levels of covered employees	7.5%	6.00%	10% p.a. for the first year and 6% p.a. thereafter	5.00%
Expected Rate of return on plan assets (*)	7.25%	7.50%	8%	7.5%

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

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

Asset allocations

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

- (iii) A Subsidiary Company, during the previous year, pursuant to 'Caliber Point Phantom Unit Scheme (Phantom) 2007' (the 'Scheme'), has recognized net expense aggregating to Rs.11.80/- Million (Previous Year Rs. 3.80/- Million). The said provision is made based on the factors as laid down in the said scheme viz. a) Growth in sales, and b) Increase in earning per share, over the vesting/exercise periods, which have been estimated by the management considering the Company's business plans for the next year as approved by its Board of Directors and the expected trend of future sales/EPG growth thereafter. Considering the estimation involved as above, the same has been grouped under provisions and previous year amounts have been regrouped.

Movement of provision during the year is as follows:

(Rupees in Millions)

	2008
Opening balance	3.80 (-)
Additions	12.09 (3.80)
Exercise / Lapsed	0.29 (-)
Closing balance	15.60 (3.80)

Actual outflow is expected over next three years.

12. Derivative Instruments:

a) The Company has following outstanding derivatives instruments:

- (i) Forward exchange contracts to Sell US Dollar 151 Million, Sell Euro 5.6 Million and Sell GBP 2.65 Million, Sell JPY 419.20 Mn (Previous Year US Dollar 509 Million, Euro 30.50 Million and GBP 40 Million) are outstanding as of December 31, 2008.
- (ii) Currency Options outstanding as at Balance Sheet date Sell US Dollar 17 Million (Previous year Sell Euro/USD 65 Million, Buy USD/CHF 33 Million, Sell USD/CHF 3 Million, Buy/Sell USD/JPY 34 Million)
- (iii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is Rs.1364.83 Million as at December 31, 2008 including Rs.1234.05 Million recognized as effective portion of Hedging Reserve as at December 31, 2008 which is expected to be reclassified to the profit and loss account over two years.
- (iv) The Company, during the year, based on the announcement of the ICAI (Accounting for derivatives), has accounted for derivative forward exchange contracts at fair values considering the principles of recognition and measurement stated in AS-30 'Financial Instruments: Recognition and Measurement'. Consequent upon such change, the profit after tax for the year ended December 31, 2008 is lower by Rs 25.93 Million and reserves and surplus are lower by Rs 1370.66 Million.

13. Managerial remuneration for the year ended December 31, 2007 includes Rs 2.11 Million being the remuneration paid to the director of the holding Company which was in excess of the limits prescribed under schedule XIII of the Companies Act 1956. The limit was effected in 2007 on account of exceptional loss. Accordingly an application has been made to the Central Government for approval and the approval is awaited.

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

(Rupees in Millions)

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

15. The Ministry of Company Affairs, Government of India vide its order no. 47/582/2008-CL-III dated 7th January, 2009 issued under section 212(8) of the Companies Act, 1956, has exempted the Company from attaching the Balance Sheet and Profit and Loss Account of all subsidiaries under section 212(1) of the Companies Act, 1956.
16. Figures for the previous year have been regrouped / rearranged wherever necessary to correspond with the figures of current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current years financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signature to Schedule 1 to 13

For Deloitte Haskins & Sells,
Chartered Accountants

P R Barpande
Partner

Atul K. Nishar
(Executive Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

L. S. Sarma
(Director)

Sunish Sharma
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Preeti Mehta
(Director)

Bharat Shah
(Director)

Place : Mumbai

Date : 16th February, 2009

AUDITOR'S REPORT

To the shareholders of Hexaware Technologies Limited

1. We have audited the attached Balance Sheet of Hexaware Technologies Limited as at 31st December 2008, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of the written representations received from the directors as on 31st December, 2008 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st December 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) Without qualifying our report, we invite attention to the Notes 9(a)(4) to schedule 12(B) regarding remuneration of Rs. 2.11 million (Previous Year Rs. 2.11 million) paid to a director during the previous year, in respect of which the Central Government approval is awaited
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 2008;
 - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - iii) in the case of the cash flow statement, of the cash flows for the year ended as on that date.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No. 15291

Place : Mumbai
Dated : 16th February, 2009

ANNEXURE TO THE AUDITOR'S REPORT

Re: Hexaware Technologies Limited

Referred to in Paragraph 3 of our report of even date

- i) In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As per information and explanation given to us, physical verification of fixed assets was carried out by the management during the year and no material discrepancies were noticed by the management on such verification. In our opinion, the frequency of verification is reasonable.
 - c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii) The activities of the Company and the nature of its business do not involve the use of inventory. Accordingly, clause 4(ii) of the Companies (Auditor's Report) Order is not applicable.
- iii) The Company has not granted or taken any loan secured/unsecured, to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) of the Companies (Auditor's Report) Order is not applicable to the Company.
- iv) In our opinion, and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.
- v) In respect of contracts and arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act 1956:
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register maintained under the said section have been so entered.
 - b) According to information and explanations given to us, where the transactions made in pursuance of such contracts or arrangements during the year are in excess of Rs. 500,000, they have been made at prices, which are, *prima facie*, reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve bank of India and the provisions of Sec 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.
- vii) A firm of Chartered Accountants appointed by the Management as well as the internal audit department of Company carried out internal audit during the year. The firm of chartered accountants have submitted their draft report for the last quarter which is under discussion. In our opinion, the internal audit system of the Company is commensurate with its size and nature of business.
- viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Therefore the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order are not applicable to the Company.
- ix) a) The Company has generally been regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess, investor education and protection fund and any other material statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st December, 2008 for a period of more than six months from the date they became payable.

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

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

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

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No. 15291

Place : Mumbai
Dated : 16th February, 2009

BALANCE SHEET AS AT 31ST DECEMBER, 2008

(Rupees in Millions)

Particulars	Schedule No.	As at 31st December, 2008	As at 31st December, 2007
SOURCES OF FUNDS			
Share Holders' Funds :			
a) Share Capital	"1"	287.30	287.23
b) Share Warrants (Refer Note No. 3(a) of Schedule 12B)		0.38	0.38
c) Share Application Money		0.14	1.02
d) Reserves and Surplus	"2"	5,497.92	6,517.10
Total		<u>5,785.74</u>	<u>6,805.73</u>
APPLICATION OF FUNDS			
Fixed Assets :			
a) Gross Block	"3"	2,213.31	1,875.15
b) Less: Depreciation and amortization		939.04	794.47
c) Net Block		1,274.27	1,080.68
d) Capital Work-in-Progress		1,430.62	919.03
		2,704.89	1,999.71
Investments :			
Current Assets, Loans and Advances :			
a) Sundry Debtors	"4"	866.60	1,238.50
b) Cash and Bank Balances	"5"	2,190.00	488.11
c) Loans and Advances		679.92	825.16
d) Other Current Assets		-	3.95
		3,736.52	2,555.72
Less :			
Current Liabilities and Provisions :			
a) Current Liabilities	"6"	2,294.69	1,835.89
b) Provisions		400.74	258.47
		2,695.43	2,094.36
Net Current Assets		<u>1,041.09</u>	<u>461.36</u>
Total		<u>5,785.74</u>	<u>6,805.73</u>
Significant Accounting Policies and Notes Forming Part of Accounts	"12"		

Schedules 1 to 12 form an Integral Part of the Accounts

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

 P. R. Barpande
 Partner

 Atul K. Nishar
 (Executive Chairman)

 Dr. Alka A. Nishar
 (Director)

 Shailesh Haribhakti
 (Director)

 Prateek Aggarwal
 (Chief Financial Officer)

For and on behalf of the Board

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

 L. S. Sarma
 (Director)

 Sunish Sharma
 (Director)

 Bhagwant Bhargawe
 (Company Secretary & Head Legal)

 Preeti Mehta
 (Director)

 Bharat Shah
 (Director)

Place : Mumbai

Date : 16th February, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2008

(Rupees in Millions)

Particulars	Schedule No.	For The Year Ended 31st December, 2008	For The Year Ended 31st December, 2007
INCOME			
Software and Consultancy		4,981.66	4,687.96
Other Income	"7"	215.75	269.45
		5,197.41	4,957.41
EXPENDITURE			
Software and Development Expenses	"8"	885.23	994.91
Employment Expenses	"9"	2,394.93	2,199.48
Administration and Other Expenses	"10"	932.39	910.34
Exchange Rate difference (net)		357.78	(279.90)
Interest	"11"	17.65	0.04
Depreciation and amortization		197.61	165.87
		4,785.59	3,990.74
Profit Before Tax and Exceptional item		411.82	966.67
Less : Exceptional Loss on foreign currency transactions (net)		-	1,029.95
Profit Before Tax		411.82	(63.28)
Less : Provision For Taxation			
Income Tax - Current (including for prior years Rs. 4.78 million (Rs. Nil))		38.81	18.97
MAT Credit Entitlement		(16.93)	-
Fringe Benefit Tax		22.13	25.20
Wealth Tax		0.23	0.16
		44.24	44.33
Profit After Tax		367.58	(107.61)
Add : Balance brought forward from Previous Year		1,346.08	1,608.66
Balance Available For Appropriation		1,713.66	1,501.05
Appropriations :			
Interim Dividend			
Equity		71.82	106.43
Preference		-	21.94
Proposed Dividend			
Equity		71.83	-
Dividend for previous year		-	0.84
Dividend Tax (Includes Rs. Nil (Rs. 3.94 million) being short provision of earlier year on account of change in tax rate)		24.41	25.76
Transfer to General Reserve		100.00	-
		268.06	154.97
Balance Carried To Balance Sheet		1,445.60	1,346.08
Earnings Per Share (in Rupees) (Refer Note No. 8 of Schedule 12B)			
Basic		2.56	(0.98)
Diluted		2.54	(0.98)
Face value of Equity Shares (in Rupees)		2	2
Significant Accounting Policies and Notes Forming Part of Accounts	"12"		

Schedules 1 to 12 form an Integral Part of the Accounts

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

P. R. Barpande
Partner

Atul K. Nishar
(Executive Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

L. S. Sarma
(Director)

Sunish Sharma
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Preeti Mehta
(Director)

Bharat Shah
(Director)

Place : Mumbai

Date : 16th February, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

(Rupees in Millions)

	Current Year	Current Year	Previous year
A Cash flow from operating activities			
Net Profit / (Loss) before tax and after exceptional items	411.82		(63.28)
Adjustments for :			
Depreciation and amortization	197.61		165.87
Employees share based payment cost	15.06		-
Dividend from current investments	(62.48)		(180.45)
Interest income	(58.38)		(11.90)
Profit on sale of investments (net)	(1.97)		(7.24)
Exceptional Loss on foreign currency transactions (net)	-		1,029.95
Loss on sale of fixed assets (net)	7.10		0.81
Interest expense	17.65		0.04
Provision for diminution in value of Investment	-		21.73
Exchange rate difference (Refer Note 1 below)	(0.92)		(1.14)
Operating Profit before working capital changes	525.49		954.39
Adjustments for :			
Trade and other receivables	565.69		(114.23)
Trade and other payables	223.22		194.30
Cash generated from operations	1,314.40		1,034.46
Direct taxes paid	(71.18)		(95.14)
Net cash from operating activities before exceptional item		1,243.22	939.32
Outflow on account of Exceptional Loss on Foreign Currency Transactions incurred during 2007		(900.91)	(129.04)
Net cash from operating activities after exceptional item		342.31	810.28
B Cash flow from investing activities			
Purchase of fixed assets	(851.70)		(935.89)
Purchase of trade investments	(120.74)		(62.31)
Purchase of other investments	(3,961.46)		(7,343.54)
Interest received	62.33		10.40
Proceeds from sale / redemption of investments	6,253.09		7,657.85
Dividend from current investments	62.48		180.45
Proceeds from sale of fixed assets	5.60		2.73
Net cash from / (used in) investing activities		1,449.60	(490.31)
C Cash flow from financing activities			
Proceeds from issue of shares	0.36		33.25
Share application money (adjusted) / received	(0.88)		1.02
Interest paid	(0.42)		(0.04)
Dividend paid (including corporate dividend tax)	(85.19)		(299.56)
Net cash used in financing activities		(86.13)	(265.33)
Net Increase in cash and cash equivalents		1,705.78	54.64
Cash and cash equivalents at the beginning of the year		473.31	418.67
Cash and cash equivalents at the end of the year (Refer Note No. 1 below)		2,179.09	473.31
Notes:			
1. Components of cash and cash equivalents comprise the following :			
Cash and Bank Balances (Refer Schedule 5 of the Balance Sheet)		2,190.00	488.11
Less : Unrealised gain on foreign currency cash and cash equivalents		1.50	0.58
Less : Fixed Deposits under lien with Banks		9.41	14.22
Total Cash and Cash equivalents		2,179.09	473.31
2. Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.			
3. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 (AS 3) "Cash Flow Statement".			
4. The Previous year's figures have been regrouped wherever necessary.			

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Atul K. Nishar
(Executive Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
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For and on behalf of the Board

P. R. Chandrasekar
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(Director)

Sunish Sharma
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Preeti Mehta
(Director)

Bharat Shah
(Director)

Place : Mumbai
Date : 16th February, 2009

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2008	As at 31st December, 2007
SCHEDULE "1" - SHARE CAPITAL		
Authorised		
175,000,000 Equity Shares of Rs. 2/- each	350.00	350.00
3,000,000 Preference Shares of Rs. 100/- each *	300.00	300.00
1,100,000 Series "A" Preference Shares Of Rs. 1421/- each * (See Note No. II below)	<u>1,563.10</u>	<u>1,563.10</u>
	<u>2,213.10</u>	<u>2,213.10</u>
Issued, Subscribed and Paid-up Capital		
Equity :		
143,650,735 (143,616,485) Equity Shares of Rs. 2/- each Fully Paid.	287.30	287.23
Notes :		
D) Of the above Equity Shares :-		
1) 11,134,625 Equity Shares of Rs. 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
2) 36,188,870 Equity Shares of Rs. 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/ Securities Premium Account.		
3) 10,452,965 Equity Shares of Rs. 2/- each fully paid up have been allotted against Global Depository receipts issued by the Company.		
4) 50,000,000 Equity Shares of Rs.2/- each fully paid up issued to the shareholders of erstwhile Hexaware Technologies Limited ('HTL') without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.		
5) 3,863,060 Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 1999.		
6) 8,170,725 (8,136,475) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2002.		
7) 10,555,700 Equity Shares of Rs.2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/or optionally convertible Preference Shares at a premium of Rs. 140.10 each as per the terms of issue.		
Particulars of options on unissued share capital (Refer Note No. 3 of the Schedule 12B)		
II) Authorised Preference Share Capital can be either cumulative or non cumulative with a power to the Company to convert the same into equity shares at any time.		
Total	<u>287.30</u>	<u>287.23</u>

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at	
	31st December, 2008	31st December, 2007
SCHEDULE "2" - RESERVES AND SURPLUS		
Securities Premium Account		
As Per Last Balance Sheet	4,725.27	3,164.93
Add : Received during the year (including Rs. Nil (Previous year Rs. 1,478.85 million)), (Refer Note I-7 to Schedule "1")	0.29	1,513.41
Add : Provision for premium payable on redemption redeemable and /or optionally convertible preference of shares written back since no longer required on conversion. (Refer Note No. I-7 to Schedule "1")	-	46.93
	4,725.56	4,725.27
Employee Stock Options Outstanding		
Employee Stock Options Outstanding	45.29	-
Less : Deferred Employee Compensation Expense	30.23	-
	15.06	-
General Reserve		
As Per Last Balance Sheet	442.87	563.66
Add : Transferred from Profit and Loss Account	100.00	-
Less : Transitional provision adjustment - Employee benefits	-	120.79
	542.87	442.87
Amalgamation Reserve		
As Per Last Balance Sheet	2.88	2.88
Hedging Reserve (Refer Note No. 13 of Schedule 12B)		
	(1,234.05)	-
Surplus in Profit and Loss Account		
	1,445.60	1,346.08
Total	5,497.92	6,517.10

SCHEDULE "3" - FIXED ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION AND AMORTISATION				NET BLOCK	
		As at 01.01.2008	Additions	Deductions/ Adjustments	As at 31.12.2008	As at 01.01.2008	For The Year	Deductions/ Adjustments	As at 31.12.2008	As at 31.12.2008	As at 31.12.2007
	Tangible Assets										
1	Land - Freehold	0.15	-	-	0.15	-	-	-	-	0.15	0.15
2	Land - Leasehold (Refer Note No. 1 below)	407.34	90.00	-	497.34	6.50	5.30	-	11.80	485.54	400.84
3	Building (Refer Note No.2 below)	342.84	95.91	-	438.75	29.97	8.39	-	38.36	400.39	312.87
4	Plant & Machinery (Includes Computer Systems)	795.04	167.03	39.72	922.35	591.34	130.47	35.43	686.38	235.97	203.70
5	Furniture & Fixtures	252.60	30.66	13.31	269.95	141.17	31.49	5.54	167.12	102.83	111.43
6	Vehicles	48.21	4.40	12.71	39.90	25.05	9.48	12.07	22.46	17.44	23.16
7	Improvement to Leased Premises	-	2.67	-	2.67	-	0.47	-	0.47	2.20	-
	Intangible Assets										
1	Software	28.97	13.23	-	42.20	0.44	12.01	-	12.45	29.75	28.53
	Current Year	1,875.15	403.90	65.74	2,213.31	794.47	197.61	53.04	939.04	1,274.27	1,080.68
	Previous Year	1,547.98	344.10	16.93	1,875.15	641.99	165.87	13.39	794.47	1,080.68	
	Capital Work In Progress (In respect of building under construction/capital advances. (Previous year including towards acquisition of land.))									1,430.62	919.03
										2,704.89	1,999.71

Notes:

- Includes Rs. 457.98 million (Previous year Rs. 367.98 million) and Rs. 10.02 million (Previous Year Rs. 5.13 million) being lease premium and accumulated amortization in respect of leasehold land allotted to the Company at Pune, Navi Mumbai and at Nagpur for which final lease agreement is being executed..
- Includes gross block of Rs. 168.70 million (Previous year Rs. 150.21 million) and accumulated depreciation of Rs. 20.08 million (Previous year Rs. 16.59 million), which the Company acquired along with land from MIDC, at Mumbai, entered in to necessary agreements and took possession of the building in an earlier year. The final agreement is being executed.

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2008	As at 31st December, 2007
SCHEDULE "4" - INVESTMENTS		
A Long Term :		
1 Trade Investments - Unquoted		
(i) Investment In Subsidiaries (at cost)		
23,026 (23,026) common stock at no par value In Hexaware Technologies Inc., U.S.A.	345.28	345.28
3,067,000 (3,067,000) shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	218.87	218.87
5,00,000 (5,00,000) shares of singapore \$ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd. Singapore	12.48	12.48
3,618 (3,618) shares of face value 50 euro each fully paid up in Hexaware Technologies GmbH, Germany	7.57	7.57
1 (1) common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73
11,780,000 (11,780,000) shares of Rs. 10/- each fully paid up in Caliber Point Business Solutions Limited	158.92	158.92
1,000 (1,000) common stock at no par value in Focus Frame Inc., U.S.A. (Refer Note No. 16 of Schedule 12B)	1,287.40	1,282.64
850,000 (850,000) shares of Rs. 10/- each fully paid up in Risk Technology International Limited (Refer Note No. 12 of Schedule 12B)	8.50	8.50
1 (1) participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.	0.01	0.01
	2,039.76	2,035.00
(ii) Others (at cost less provision for diminution in value of investment) (Unquoted)		
118 (118) no.2 series A Preferred Shares of 500,000/- Yen each in ROA International Co., Ltd.	21.73	21.73
Less : Provision for diminution in value of Investment	21.73	21.73
	-	-
2 Non Trade Investments (at cost) (Unquoted)		
Investment in long term Capital Gain Bonds Nos.		Nos.
(Bonds of Rs. 10,000/- each, unless otherwise stated)		
National Bank of Agriculture and Rural Development -	-	3,000 30.00
National Housing Bank	-	2,000 20.00
Rural Electrification Corporation	-	1,450 14.50
	-	64.50

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2008	As at 31st December, 2007
SCHEDULE "4" - INVESTMENTS (Contd.)		
B Current Investments		
Non Trade Investments (Unquoted)		
Investment in Mutual Funds (At cost or fair value, whichever is lower)		
(Unit of Rs. 10/- each, unless otherwise stated).		
Name of Mutual Fund Scheme	Units	Units
ABN Amro Flexible Short Term Plan Ser D - Quarterly Div- Red.	-	5,416,630
ABN Amro Interval Fund Monthly Plan A Dividend - Red.	-	16,632,651
Birla Sunlife Interval Income - Institutional- Monthly Series 2- Dividend	-	5,000,000
DWS Credit Opportunities Cash Fund - Dividend Plan	-	25,661,085
DWS Short Term maturity Fund - Weekly Dividend Option	-	9,037,588
ICICI Prudential Institutional short Term Plan - DR - Fortnightly - Reinvestment Dividend	-	14,143,335
ICICI Prudential Interval Fund Quarterly Interval Plan -1 Retail Dividend - Reinvest Dividend	-	5,806,783
ICICI Prudential Short Term Paln - Dividend Reinvestment - Fortnigly - Reinvest Dividend	-	868,550
ING Fixed Maturity Fund - XXX - Dividend	-	8,097,460
Kotak Bond (Short Term) - Monthly Dividend	-	16,898,404
Reliance Liquid Fund Treasury Plan - Institutional Option - Daily Dividend Option	-	7,430,124
Reliance Short Term Fund - Retail Plan - Dividend Plan	-	60,865,354
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan	-	5,105,777
Templeton India Short Term Income Plan Institutional - Weekly Dividend Reinvestment (Face Value Rs. 1000/-)	-	305,555
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series - I - Dividend Plan - Reivestment	-	3,170,922
	-	2,245.16
Total	2,039.76	4,344.66
(i) Aggregate cost of quoted investments.	-	-
Aggregate market value of quoted investments.	-	-
(ii) Aggregate value of unquoted investments.	2,039.76	4,344.66
	2,039.76	4,344.66
(iii) Current investment includes amount of Rs. Nil (Previous year Rs. 727.33 million) invested out of unutilised funds from preferential allotment of shares.		
(iv) Details of investment purchased and sold during the Year (Face Value of Rs. 10/- each, unless otherwise stated).		

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at		As at
	31st December, 2008		31st December, 2007
SCHEDULE "4" - INVESTMENTS (Contd.)			
Name of Mutual Fund Scheme	Units	Cost	
ABN Amro Flexible Short Term Plan Ser D - Quarterly Div- Red.	99,060	0.99	
ABN Amro Interval Fund Monthly Plan A Dividend - Red.	110,797	1.11	
Birla Sunlife Interval Income - Institutional-Monthly Series 2- Dividend	31,091	0.31	
DWS Credit Opportunities Cash Fund - Dividend Plan	38,856	0.39	
DWS Short Term maturity Fund - Weekly Dividend Option	85,439	0.92	
DWS Short Term maturity Fund - Weekly Dividend Option	72,479	0.75	
Prudential ICICI Institutional short Term Plan - DR - Fortnightly - Reinvestment Dividend	-	0.07	
Prudential ICICI Interval Fund Quarterly Interval Plan -1 Retail Dividend - Reinvest Dividend	42,157	0.42	
Kotak Bond (Short Term) - Monthly Dividend	5,484,748	55.20	
Reliance Liquid Fund Treasury Plan - Institutional Option - Daily Dividend Option	7,540	0.12	
Reliance Short Term Fund - Retail Plan - Dividend Plan	1,383,982	14.58	
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan	280,787	2.81	
Templeton India Short Term Income Plan Institutional - Weekly Dividend Reinvestment	-	0.59	
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series - I - Dividend Plan - Reinvestment	194,785	1.95	
ABN Amro Flexible Short Term Plan Ser C Quarterly Div.Red.	15,861,532	158.62	
ABN Amro Flexible Short Term Plan Ser D Quarterly Div.Red.	5,510,533	55.11	
ABN Amro Interval Fund Series 2 Qtrly Plan M Interval Div-Ren	10,201,193	102.01	
ABN Amro Interval Fund Series 2 Quarterly Plan M	20,446,378	204.56	
ABN Amro Interval Fund Series 2 Qtrly Plan N Interval Div- Redempt	5,528,253	55.23	
Bharti Axa Treasury Plus - Institutional Monthly Dividend Plan	49,846	50.00	
Birla Dynamic Bond Fund - Retail Quarterly Dividend Reinvest	9,576,108	100.79	
Birla Sunlife Cash Plus Fund -Daily Dividend Reinvest	7,986,162	80.02	
Birla Sunlife Liquid Plus Institutional Daily Dividend Reinvest	10,083,510	100.90	
Birla Sunlife Qtrly Interval - Series -5 - Dividend Reinvestment	8,001,735	80.02	
Birla Sunlife Quarterly Interval Series Fund Ser 4 - Dividend - Reinvest	10,214,050	102.14	

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2008		As at 31st December, 2007
SCHEDULE "4" - INVESTMENTS (Contd.)			
Name of Mutual Fund Scheme	Units	Cost	
Birla Sunlife Liquid Plus Institutional Daily Dividend - Reinvestment	15,428,093	154.39	
Birla Sunlife Short Term Fund - Fortnightly Dividend Reinvest	5,133,526	51.66	
Canara robeco Liquid Super Plus Instt Daily Dividend Reinvest Fund	16,826,488	208.77	
Canara robeco Liquid Super Institutional Daily Div. Reinv. Fund	20,719,134	208.04	
DWS Insta Cash Plus Fund - Institutional Plan Daily Dividend	4,991,244	50.01	
DWS Liquid Plus Fund - Institutional weekly Dividend	9,988,583	100.44	
DWS Liquid Plus Fund - Regular weekly Dividend	4,783,711	50.07	
HDFC FMP 90 D September 2008 (VIII) (4) - Wholesale Plan Dividend	5,000,000	50.00	
HSBC Fixed Term Scheme 58- 3 Months Plan	15,130,842	151.31	
Prudential ICICI Flexible Income Plan Dividend - Weekly Dividend	5,581,089	58.88	
Prudential ICICI Interval Fund II- Quarterly Interval Plan E - Retail Dividend -Reinvest	12,743,308	127.43	
Prudential ICIC Interval Fund Quarterly Interval Plan - II Retail Dividend - Reinvest	12,713,685	127.43	
Prudential ICICI Interval Fund IV - Quarterly Interest Plan C	5,000,000	50.00	
Kotak Quarterly Interval Fund - Series 4 - Dividend	5,000,000	50.00	
Kotak Quarterly Interval Plan - Series 2 - Dividend	10,204,655	102.08	
Kotak Quarterly Interval Plan - Series 3 - Dividend	10,000,000	100.00	
LIC MF Interval Fund - Series 1 - Quarterly Dividend	10,100,000	101.00	
LIC MF Liquid Plus Fund	27,797,397	277.97	
Lotus India Quarterly Interval Fund - Plan E - Dividend	10,405,238	104.07	
Lotus India Quarterly Interval Fund - Plan F	10,210,766	102.13	
Principal PNB - Fixed Maturity (FMP-46) 91 days - Series XV - June-08	10,000,000	100.00	
Reliance Fixed Horizon Fund - VIII Series - VIII Series 12 - Institutional Dividend Payout Plan	10,211,522	102.12	
Reliance Interval Fund Series II	5,104,337	51.06	
Reliance Medium Term Fund - Daily Dividend Plan	6,235,868	106.61	
Reliance Fixed Horizon Fund-VI-Series 3- Institutional Dividend Payout	10,000,000	102.12	
Sundaram PNB Paribas Interval Fund Qrtly-Plan B-Inst Div	10,500,000	105.00	

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2008	As at 31st December, 2007
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES		
Current Assets		
Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months	61.87	22.21
Other debts	860.39	1,238.08
	<u>922.26</u>	<u>1,260.29</u>
Less: Provision for doubtful accounts	55.66	21.79
	866.60	1,238.50
Sundry Debtors		
Considered good	866.60	1,238.50
Considered doubtful	55.66	21.79
	<u>922.26</u>	<u>1,260.29</u>
Cash and Bank Balances		
Remittance in Transit (includes Cheques on hand Rs. Nil (previous year Rs. 0.11 million))	24.35	40.34
(i) Bank Balances with Scheduled Banks		
In Fixed Deposit Accounts [Includes interest accrued of Rs. 44.66 million (Rs. 1.65 million)] [Includes deposits of Rs. 9.41 million (Rs. 14.22 million) under lien with banks for guarantees given by bank to various government authorities]	1,909.63	187.29
In Exchange Earner's Foreign Currency Account	31.13	6.64
In Current Accounts	188.44	179.34
(ii) Bank Balances with others		
In Current Accounts - in Foreign Currency		
a) Mizohu Bank Limited - Japan [Maximum balance outstanding during the year Rs. 12.31 million (Rs.3.16 million)]	2.78	1.84
b) Union Bank of Switzerland - Switzerland [Maximum balance outstanding during the year Rs. 12.40 million (Rs. 7.11 million)]	2.11	7.08
c) Royal Bank of Scotland - United Kingdom [Maximum balance outstanding during the year Rs. 0.72 million (Rs. 0.79 million)]	0.65	0.72
d) National Australia Bank - Australia [Maximum balance outstanding during the year Rs. 29.47 million (Rs. 12.46 million)]	13.90	12.12

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2008	As at 31st December, 2007
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES (Contd.)		
e) Rabo Bank - Netherland [Maximum balance outstanding during the year Rs. 43.87 million (Rs. 49.87 million)]	5.52	30.64
f) Handelsbanken Bank - Sweden [Maximum balance outstanding during the year Rs. 25.17 million (Rs. 22.45 million)]	2.23	13.39
g) Metropolitan Bank and Trust Company - Manila [Maximum balance outstanding during the year Rs. 9.26 million (Rs. 8.59 million)]	9.26	8.59
In Fixed Deposit Accounts - in Foreign Currency Handelsbanken Bank - Sweden	-	0.12
	2,190.00	488.11
Loans and Advances (Unsecured)		
Loans and Advances to subsidiaries	81.29	130.65
Advances recoverable in cash or in kind or for value to be received	208.42	193.09
Deposits	282.00	302.00
Unbilled services	11.34	122.99
Advance Income Tax (net of provision for tax)	80.93	72.27
Advance Fringe Benefit Tax (net of provision for tax)	3.76	4.16
Mat Credit Entitlement	16.93	-
	684.67	825.16
Less : Provision for doubtful deposits/advances	4.75	-
	679.92	825.16
Loans and Advances		
Considered good	679.92	825.16
Considered doubtful	4.75	-
	684.67	825.16
Other Current Assets		
Interest accrued on investments	-	3.95
Total	3,736.52	2,555.72

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2008	As at 31st December, 2007
SCHEDULE "6" - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
i) Total Outstanding dues to micro enterprises and small enterprises	-	-
ii) Total Outstanding dues to Creditors other than micro enterprises and small enterprises	407.84	169.85
Due to Subsidiaries	113.31	303.94
Deposit received for Leased Premises	43.67	19.71
Unearned Revenues	14.97	6.61
Unclaimed Dividend *	8.01	9.17
Other Liabilities #	463.94	1,326.61
Liability for derivative contracts	1,242.95	-
	<u>2,294.69</u>	<u>1,835.89</u>
Provisions		
Provision for compensated absences	102.53	165.61
Provision for gratuity	146.75	88.76
Proposed dividend	71.83	-
Corporate tax on dividend	12.21	-
Provisions others (Refer Note No. 14 of Schedule 12B)	66.52	-
Provision for fringe benefit tax (net of advance tax)	0.90	-
Provision for taxation (net of advance tax) -	-	12.50
Less : MAT Credit availed during the year -	-	<u>8.40</u>
	<u>-</u>	<u>4.10</u>
Total	<u><u>400.74</u></u> <u><u>2,695.43</u></u>	<u><u>258.47</u></u> <u><u>2,094.36</u></u>

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

includes liabilities towards :

- a) Rs. Nil (Rs. 900.91 million) in respect of foreign currency transactions settled subsequent to year end
- b) Rs. Nil (Rs. 115.98 million) in respect of earnout consideration payable

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	For The Year Ended 31st December, 2008	For The Year Ended 31st December, 2007
SCHEDULE "7" - OTHER INCOME		
Dividend from current investments	62.48	180.45
Profit on sale of current investments (net)	1.97	7.24
Interest income		
from long term investments	3.30	3.33
from others (tax deducted at source Rs. 2.54 million (Rs.1.93 million))	55.08	8.57
	58.38	11.90
Rental income (tax deducted at source Rs. 11.52 million (Rs. 6.65 million))	50.35	26.11
Miscellaneous income	42.57	43.75
Total	<u>215.75</u>	<u>269.45</u>
SCHEDULE "8" - SOFTWARE AND DEVELOPMENT EXPENSES		
Consultant travel and related expenses	255.84	243.19
Software expenses (Includes subcontracting charges Rs. 522.20 million (Rs. 606.87 million))	629.39	751.72
Total	<u>885.23</u>	<u>994.91</u>
SCHEDULE "9" - EMPLOYMENT EXPENSES		
Salary and other allowances	2,098.11	1,927.96
Contribution to provident and other funds	184.45	137.27
Staff welfare expenses	112.37	134.25
Total	<u>2,394.93</u>	<u>2,199.48</u>

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	For The Year Ended 31st December, 2008	For The Year Ended 31st December, 2007
SCHEDULE "10" - ADMINISTRATION AND OTHER EXPENSES		
Rent	258.64	217.31
Rates and taxes	5.96	4.23
Travelling and conveyance expenses	104.61	134.15
Electricity charges	94.15	70.09
Communication expenses	103.62	111.95
Repairs and maintenance		
Buildings	8.74	4.22
Plant and machinery	29.77	21.81
Others	31.85	21.69
	70.36	47.72
Printing and stationery	13.79	18.90
Auditors remuneration		
Audit fees	2.00	2.25
Audit of US GAAP Accounts	-	1.97
Tax audit fees	1.13	0.90
Limited reviews, certification work etc.	3.52	2.44
Out of pocket expenses	0.01	0.09
(Includes service tax of Rs. Nil (Rs. 0.75 million))		
	6.66	7.65
Legal and professional fees	57.54	82.68
Advertisement and publicity	1.84	3.41
Seminar, conference and business promotion	11.30	22.82
Bank charges	2.87	14.76
Directors' sitting fees	1.60	1.43
Insurance premium	16.38	12.14
Donation	-	0.03
Loss on Sale of Fixed Assets (net) / Fixed Assets discarded	7.10	0.81
Bad debts / advances written off (net of recoveries Rs. 6.10 million)	3.68	14.94
Provision for diminution in value of investment	-	21.73
Provision for doubtful accounts (net off write back Rs. 6.50 million (Rs. 5.90 million))	26.78	15.82
Staff recruitment expenses	21.80	33.83
Service charges	56.81	46.52
Miscellaneous expenses	66.90	27.42
Note : Miscellaneous expenses includes Stamp duty and filing fees, Registrar and share transfer expenses, Membership and subscription, Liquidated damages etc.		
Total	<u>932.39</u>	<u>910.34</u>
SCHEDULE "11" - INTEREST		
Others	17.65	0.04
(Refer Note No. 14 of Schedule 12B)		
Total	<u>17.65</u>	<u>0.04</u>

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

A) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention and Concepts

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

2. Use of Estimates

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

3. Revenue Recognition

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

4. Fixed Assets

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

5. Depreciation and Amortisation

Depreciation and amortisation on fixed assets is provided on straight-line method based on the estimated useful lives of the assets as determined by the management except buildings, which are depreciated over the useful lives as prescribed under Schedule XIV to the Companies Act, 1956.

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

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

6. Investments

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

7. Foreign Currency Transaction / Translation

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

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

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

Foreign Branches

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

8. Derivative instruments and hedge accounting

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

9. Employee Benefits

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

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

b) Short term employee benefits:

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

10. Borrowing Cost

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

11. Leases

Finance Lease

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

Operating Leases

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

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

12. Taxes on Income

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

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

13. Impairment of assets

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

14. Share based compensation

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

15. Provisions, Contingent Liabilities and Contingent assets

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

B) NOTES FORMING PART OF ACCOUNTS

- 1) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs 680.38 Million (Previous Rs 1032.31 Million).
- 2) **Contingent Liabilities in respect of**
 - a) Claims not acknowledged as debt to Rs. 44.41 Million (Previous year Rs 42.62 Million).
 - b) Income tax disputed in appeal and pending decision Rs. 6.48 Million (Previous Year Rs. 12.73 Million), Company is hopeful of getting a favourable decision
 - c) Guarantee given by the Company to a bank on behalf of the Company’s wholly-owned subsidiary Rs 285 Million (Previous Year Rs 45 Million)
- 3) **ESOP**
 - a) 6,410,820 (6,410,820) warrants under Employee Stock Option Scheme – 1999 (ESOP 1999) aggregating Rs. 0.38 Million (Previous year Rs. 0.38 Million) of Rs. 0.06 each is the balance unutilised as at December 31, 2008 and 2007 respectively. This includes 6,387,725 warrants available for grant and 23,095 warrants outstanding and exercisable as at the end of the year. Each block of 3 warrants, granted at Rs. 0.18 entitles the holder to get one equity share of Rs. 2/- each at a price of Rs. 9/- per share within a period of ten years commencing from February 1, 2001 (exercise period) in accordance with the said Scheme. The particulars of warrants granted and lapsed under the Scheme are tabulated below under (d).
 - b) 2,878,420 (2,912,650) Options is the balance unutilised as at December 31, 2008 and 2007 respectively under Hexaware Technologies Limited – Employee Stock Option (‘ESOP – 2002’) (‘the Plan’) at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher or such price that may be determined by the Remuneration and Compensation Committee (‘Committee’). This includes 613,078 options available for grant and 2,265,342 options outstanding as at the year end. Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The Options shall vest in four equal instalments or as determined at the discretion of the Committee. No Options shall be granted after March 31, 2009. The particulars of options granted and lapsed under the Scheme are tabulated below under (d)

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

Grant Date	Category	No. of Options granted	Exercise Price	Vesting period
June 30, 2008	Performance Shares	673,326	Rs 10	Until June 30, 2012
June 30, 2008	Restricted Stock Units	329,846	Rs 2	Until June 30, 2009
June 30, 2008	ESOP	100,000	Rs 54	Until June 30, 2010

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

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

Grant Date	No. of Options granted	Exercise Price	Vesting period
June 02, 2008	6,120,749	Rs. 61.40	Until June 02, 2012
October 30, 2007	4,040,000	Rs. 109	Until October 18, 2011

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

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

	ESOP– 1999		ESOP–2002		ESOP–2007	
	Warrants (nos.)	Weighted avg. ex. Price per share (Rs.)	Option (nos.)	Weighted avg. ex. Price per share (Rs.)	Option (nos.)	Weighted avg. ex. Price per share (Rs.)
Outstanding as at the beginning of the year	23,095 (1,362,250)	9.00 (9.00)	1,377,110 (3,723,680)	93.89 (72.21)	4,040,000 (-)	109.00 (-)
Granted during the year	- (-)	- (-)	1,103,172 (-)	11.60 (-)	6,120,749 (4,040,000)	61.40 (109.00)
Exercised during the year	- (486,240)	- (9.00)	34,250 (918,080)	10.34 (38.38)	- (-)	- (-)
Lapsed during the year	- (852,915)	- (9.00)	180,690 (1,428,490)	96.13 (73.05)	9,902,249 (-)	80.82 (-)
Outstanding as at the year end	23,095 (23,095)	9.00 (9.00)	2,265,342 (1,377,110)	55.22 (93.89)	258,500 (4,040,000)	61.40 (109.00)
Exercisable as at the year end	23,095 (23,095)	9.00 (9.00)	1,003,295 (929,230)	88.66 (75.89)	- (-)	- (-)

Figures for the previous year are given in brackets.

Notes :

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

Price range Rs.	Current Year (Nos.)	Previous year (Nos.)
2 – 25	1,281,692	365,615
54 – 101	683,225	370,820
135 – 171	558,925	640,675
Total	2,523,842	1,377,110

- e) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be higher by Rs 11.10 million (previous year lower by Rs. 14.04 million) and earnings as per share as reported would be lower as indicated below:

Particulars	Year-2008	Year-2007
Basic Earning per share		
- As reported (In Rs)	2.56	(0.98)
- Adjusted (In Rs)	2.64	(1.08)
Diluted Earnings per share		
- As reported (In Rs)	2.54	(0.98)*
- Adjusted (in Rs)	2.62	(1.08)*

* Same as basic since anti dilutive

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

Particulars	ESOP 2002					ESOP 2007	
	Stock Options			Restricted Stock Units	Performance Share	Stock Options	
	Grant dated 01/07/2006	Grant dated 06/11/2006	Grant dated 30/06/2008	Grant dated 30/06/2008	Grant dated 30/06/2008	Grant dated 30/10/2007	Grant dated 02/06/2008
Dividend yield (%)	0.87%	0.87%	0.84%	0.84%	0.84%	0.91%	0.84%
Expected life (years)	10.5 years	10.5 years	2.25 years	1 year	4 years	10.5 years	4.25 years
Risk free interest rate (%)	6.51%-7.52%	7.40%-7.57%	8.65%-8.92%	8.57%	8.72%-9.31%	7.53%-7.94%	7.75%-7.91%
Volatility (%)	43.06%-57.58%	41.16%-55.92%	46.53%-52.58%	56.26%	46.12%-51.01%	38.76%-47.59%	45.33%-52.54%

- 4) a) The Provision for current income tax is aggregate of the balance tax for three months ended March 31, 2008 based on the returned income for the year ended March 31, 2008 and the provision based on the taxable income for the remaining nine months up to December 31, 2008, the actual tax liability, for which, will be determined on the basis of the results for the year ending March 31, 2009.
- b) Net deferred tax asset has not been recognised considering the requirement of AS 22 relating to reasonable/virtual certainty.
- c) Considering the future profitability and taxable positions in the subsequent years, the Company has recognised the 'MAT Credit entitlement' as an asset by crediting the profit and loss account for an equivalent amount and disclosed under 'Loans and Advances' (Schedule 5) in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by Institute of Chartered Accountants of India on 23rd March, 2006.

5) Related Parties

The Company has entered into transactions with following related parties

Sr. No.	Name of the Related Parties	Country
	Subsidiaries	
1	Hexaware Technologies Inc.	United States of America
2	FocusFrame Inc.	United States of America
3	Hexaware Technologies UK Ltd.	United Kingdom
4	FocusFrame UK Limited	United Kingdom
5	Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
6	Hexaware Technologies GmbH.	Germany
7	Hexaware Technologies Canada Ltd.	Canada
8	Caliber Point Business Solutions Ltd.	India
9	FocusFrame Europe BV	Netherland
10	FocusFrame Mexico S. De. R.L. De. C.V.	Mexico

Sr. No.	Name of the Related Parties	Country
11	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
12	Risk Technology International Limited	India
13	Risk Technology International Ltd	United States of America
14	Risk Technologies (UK) Limited	United Kingdom
15	Specsoft Technologies India Ltd	India
	Key Management Personnel (KMP)	
16	Mr. Atul K Nishar – Executive Chairman	
17	Mr. P. K. Sridharan – President and Executive Director (upto 17 th December 2008)	
18	Mr. Rusi Brij – Chief Executive Officer and Vice Chairman (upto 24 th December 2008)	
19	Mr. P R Chandrasekar – Vice Chairman and Global CEO (from 2 nd June 2008)	
	Others	
20	Hexaware Technologies Employee Stock Option Trust	
21	Priyanka Atul Nishar	Relative of KMP
22	Devangi Atul Nishar	Relative of KMP

Transactions with parties are : .

(Rupees in Millions)

Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
1. Finance (Including loans and equity contributions) in cash or in kind				
a) Loans Given				
Balance as at January 1,2008	- (94.27)	- (-)	0.41 (0.41)	0.41 (94.68)
Fresh loans during the year	79.60 (4.27)	- (-)	- (0.90)	79.60 (5.17)
Repaid /adjusted during the year	40.00 (98.54)	- (-)	- (0.90)	40.00 (99.44)
Balance as at December 31, 2008	39.60 (-)	- (-)	0.41 (0.41)	40.01 (0.41)
b) Investment in Equity (including share application money)				
Balance as at January 1,2008	2035.00 (1878.44)	- (-)	- (-)	2035.00 (1878.44)
Add : Purchased during the year	4.76 (156.56)	- (-)	- (-)	4.76 (156.56)
Balance as at December 31, 2008	2039.76 (2035.00)	- (-)	- (-)	2039.76 (2035.00)
c) Guarantee and Collateral – Caliber Point Business Solutions Ltd	285.00 (45.00)	- (-)	- (-)	285.00 (45.00)
2) Software and consultancy income	2332.81 (2255.99)	- (-)	- (-)	2332.81 (2255.99)
3) Software and development expenses – subcontracting charges	522.21 (605.37)	- (-)	- (-)	522.21 (605.37)

(Rupees in Millions)

Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
4) Interest and other Income	4.55 (5.41)	- (-)	- (-)	4.55 (5.41)
5) Reimbursement of cost to	50.58 (29.92)	- (-)	- (-)	50.58 (29.92)
6) Receiving of services	2.38 (8.08)	13.12 (12.22)	- (-)	15.50 (20.30)
7) Recovery of cost/advances from	343.36 (327.66)	- (-)	- (-)	343.36 (327.66)
8) Others	- (-)	- (-)	0.26 (-)	0.26 (-)
9) Closing Balances as on December 31, 2008 Receivable towards software and consultancy income	296.62 (727.10)	- (-)	- (-)	296.62 (727.10)
Advances	41.69 (130.65)	- (-)	- (-)	41.69 (130.65)
Payable towards services and reimbursement of cost	113.31 (303.94)	- (-)	- (-)	113.31 (303.94)
10) Employee Stock Options (Nos)				
a) Employee Stock Options - Rusi Brij* - P R Chandrasekar	- (-)	1,415,499 (-)	- (-)	1,415,499 (-)
b) Restricted Stock Options Granted during the year (Nos) - P R Chandrasekar	- (-)	329,846 (-)	- (-)	329,846 (-)
c) Performance Stock Options Granted during the year (Nos) - P R Chandrasekar	- (-)	399,243 (-)	- (-)	399,243 (-)

Note : Previous year figures are given in brackets.

* Number of Stock options granted during the year 450,000 (previous year 450,000) and outstanding as of date of cessation as Key Management Personnel 112,500 (as of December 31, 2007 450,000)

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

(Rupees in Millions)

Transaction	Current Year Amount	Previous Year Amount
a) Loans given		
Subsidiaries		
Granted during the year		
- Risk Technology International Limited	79.60	4.27
		<u>4.27</u>
Repaid / adjusted during the year		
- Hexaware Technologies Inc.	-	98.54
- Risk Technology International Limited	40.00	-
		<u>98.54</u>
b) Software & Consultancy Income		
Subsidiaries		
- Hexaware Technologies Inc.	1215.15	1206.92
- Hexaware Technologies UK Ltd.	347.26	338.79
- Hexaware Technologies GmbH.	651.09	613.17
		<u>2158.88</u>
c) Expenditure		
Software and development expenses – subcontracting charges		
- Hexaware Technologies Inc.	440.16	526.31
Reimbursement of Cost		
- Hexaware Technologies Inc.	13.41	3.04
- Hexaware Technologies UK Ltd	23.34	20.04
- Hexaware Technologies Asia Pacific Pte Ltd	5.64	5.42
Receiving of Services		
- Risk Technology International Limited	1.25	2.28
- Caliber Point Business Solutions Ltd	1.13	5.80
		<u>562.89</u>
Remuneration		
Key Management Personnel		
- Atul K. Nishar	5.68	5.07
- P.K.Sridharan	7.44	7.15
		<u>12.22</u>
d) Income		
Interest & Other Income		
Subsidiaries		
- Hexaware Technologies Inc.	-	4.27
- Caliber Point Business Solutions Ltd	-	0.83
- Risk Technology International Limited	4.55	-
		<u>5.10</u>
e) Recovery of cost / Advances during the year		
Subsidiaries		
- Hexaware Technologies Inc.	194.20	177.90
- Hexaware Technologies UK Ltd.	101.29	108.87
		<u>286.77</u>
f) Investment in Equity (including share application Money)		
Addition during the year		
Subsidiaries		
- FocusFrame Inc.	4.76	118.13
- Caliber Point Business Solutions Ltd	-	29.92
		<u>148.05</u>

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

(Rupees in Millions)

Name of party	Relationship	Amount outstanding as at 31-12-2008	Maximum amount outstanding during the year
Hexaware Technologies Inc.	Wholly Owned Subsidiary	- (-)	- (98.01)
Risk Technology International Limited.	Wholly Owned Subsidiary	39.60 (-)	54.60 (-)

Notes

- The interest rate applicable to the above loans / advances is as follows:
 - Hexaware Technologies Inc. = LIBOR + 500 basis points (the loan was repayable on demand)
 - Risk Technology International Limited @ 12% per annum (the loan is repayable on demand)
- Loans to employees as per the Company's policy are not considered.
- There are no investments by the loanee in the shares of the Company.
- Recoverable cost / Recoverable advances not included above
- Figures for the previous year are given in brackets.

7) **Segments:**

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

8) **Earnings Per Share (EPS)**

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

(Rupees in Millions)

Particulars	Year 2008	Year 2007
Net profit / (loss) after tax	367.58	(107.61)
Less : Preference dividend and tax thereon	-	25.67
Net Income available to equity shareholders for basic EPS	367.58	(133.28)
Weighted average outstanding equity shares considered for basic EPS (Nos.)	143,628,484	136,000,143
Basic Earnings per share	2.56	(0.98)
Net Income available to equity shareholders for basic EPS	367.58	(133.28)
Add : Preference dividend and tax thereon	-	-
Net profit / (loss) after tax for diluted EPS	367.58	(133.28)
Weighted average outstanding equity shares considered for basic EPS (Nos.)	143,628,484	136,000,143
Add : Effect of dilutive issue of stock options and preference shares (including share application money received on exercise of options) (Nos.)	970,582	845,735
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	144,599,066	136,845,878
Diluted Earnings per share	2.54	(0.98)*

* Same as basic since anti-dilutive

9) a) **Managerial Remuneration:**

(Rupees in Millions)

Particulars	For the year ended 31-12-2008	For the year ended 31-12-2007
Executive Directors		
- Salaries and allowances	11.84	10.96
- Contribution to Provident and Other funds	0.52	0.51
- Perquisites	0.75	0.75
Total	13.11	12.22
Non Executive Directors		
- Commission	3.26	-

Notes:

- 1) The above does not include value of gratuity benefit and benefit towards leave balances since the same is actuarially valued for the Company as whole
 - 2) Above amount does not include remuneration paid by subsidiary company to the directors aggregating to Rs. 103.67 million (Previous year Rs. 48.84 million) and stock based compensation expense recognized in employment expenses aggregating to Rs 12.45 Million.
 - 3) Managerial remuneration for the year includes Rs 7.44 Million paid to executive director upto the date of his retirement viz 17th December 2008.
 - 4) Managerial remuneration for the year ended December 31, 2007 includes Rs 2.11 Million being the remuneration paid to the director of the holding Company which was in excess of the limits prescribed under schedule XIII of the Companies Act, 1956. The limit was effected in 2007 on account of exceptional loss. Accordingly an application has been made to the Central Government for approval and the approval is awaited.
- b) Computation of net profit in accordance with Section 198 read with section 309 (5) of the Companies Act, 1956 and calculation of commission payable to non-whole time directors.

(Rupees in Millions)

Particulars	For the Year ended 31-12-2008	
Net Profit after tax from ordinary activities		367.58
Add :		
Remuneration to whole time director	13.11	
Director Sitting Fees	1.60	
Provision for doubtful debts	26.78	
Depreciation as per books of Accounts	197.61	
Provision for Taxation	44.24	
Loss on sale of fixed Assets	7.10	
Commission to Non-whole time Director	3.26	
		293.70
Less :		
Profit on sale of Investment (Net)	1.97	
Depreciation as envisaged under Section 350 of the Companies Act	197.61	
Expenditure over income under Section 349 (4) (L)	59.21	
		258.79
Net Profit on which commission is payable		402.49
Maximum allowed as per Companies Act, 1956 at 1%		4.02
Commission provided for		3.26

Note : No commission was payable in the pervious year to the management personnel in view of the loss for the year and consequently no computation of net profit has been given for the said year.

10) Employee benefit plans:

i) Defined contribution plans viz Provident Fund and Superannuation Fund

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

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

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

Amounts recognized as expenses towards contributions to provident fund and other funds, superannuation funds by the Company are Rs 101.30 Million (Previous year Rs. 99.29 Million) and Rs 2.45 Million (Previous year Rs. 1.80 Million) respectively for the year ended December 31, 2008.

ii) Post employment defined benefit plans:

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

The following table sets out the status of the gratuity plan for the year ended December 31, 2008 as required under AS 15 (Revised)

(Rupees in Millions)

	2008	2007
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	129.91	104.46
Current Service Cost	38.20	32.68
Interest Cost	12.48	7.51
Actuarial (gain)	25.94	(6.41)
Benefits Paid	(8.68)	(8.33)
Closing Defined Benefit Obligation	197.85	129.91
Change in the Fair Value of Assets		
Opening in Fair value of assets	41.15	36.19
Expected Return on Plan Assets	3.13	3.14
Actuarial Gain	1.66	0.16
Contribution by Employer	19.16	9.99
Benefits Paid	(8.68)	(8.33)
Closing Fair Value of Plan Assets	56.42	41.15
Net Liability	141.43	88.76
Net Liability as per Actuarial Valuation	141.43	88.76
Additional provision made for resigned employees	5.32	-
Liability as per Balance Sheet (Refer Schedule 6)	146.75	88.76

(Rupees in Millions)

Expense for the year:	2008	2007
Current Service Cost	38.21	32.68
Interest on Defined Benefit Obligation	12.48	7.51
Expected Return on Plan Assets	(3.13)	(3.14)
Net Actuarial Losses / (Gain)	24.28	(6.57)
Total Included in Employment Expenses	71.84	30.48

Actual Return on Plan Assets	4.80	3.30
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Category of Assets as on December 31, 2008 Insurer Managed Fund	56.42	41.15
--	-------	-------

Financial Assumptions at the Valuation Date:

	2008	2007
Discount rate	5.90%	7.75%
Rate of increase in compensation levels of covered employees	7.50%	10% p.a. for the first year and 6% p.a.
Expected Rate of return on plan assets (*)	7.25%	8%

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

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

Asset allocations

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

- 11) The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals recognised in the Profit and Loss Account under various non-cancellable operating leases is Rs. 179.77 Million (Previous Year Rs. 162.70 Million). Sublease rentals recognised in the profit and loss account on account of subleasing of the leased premises is Rs 22.54 Million (Previous year Rs.1.15 Million). The future minimum lease payments and payment profile of the said leases are as follows:

(Rupees in Millions)

	As at 31.12.2008	As at 31.12.2007
Not later than one year	115.59	176.43
Later than one year but not later than five years	94.99	177.85
Later than five years	13.48	23.74
	224.06	378.02

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

(Rupees in Millions)

	As at 31.12.2008	As at 31.12.2007
Not later than one year	40.89	0.55
Later than one year but not later than five years	77.32	-
	118.21	0.55

12) The Company has investments in equity shares of subsidiary company viz Risk Technology International Limited aggregating Rs. 8.50 Million and has given loan which is outstanding as at year end for an amount aggregating Rs 39.60 Million. The said company continues to suffer losses and has negative net worth at the year end. Considering that this is only the second year of operations of the said company and its business plan showing growth in operations and profitability and continued financial support of the Company, in the opinion of the management, no provision is considered necessary on account of investments/loans at this stage.

13) Derivative Instruments:

a) The Company has following outstanding derivatives instruments:

- (i) Forward exchange contracts to Sell US Dollar 148 Million, Sell Euro 5.60 Million and Sell GBP 2.65 Million (Previous Year US Dollar 489 Million, Euro 30.50 Million and GBP 40 Million) are outstanding as of December 31, 2008.
- (ii) Currency Options outstanding as at Balance Sheet date Sell US Dollar 17 Million (Previous year Sell Euro/USD 65 Million, Buy USD/CHF 33 Million, Sell USD/CHF 3 Million, Buy/Sell USD/JPY 34 Million)
- (iii) Fair value (net loss) of the derivative instruments identified as cash flow hedges is Rs. 1364.83 Million as at December 31, 2008 including Rs 1234.05 Million recognized as effective portion of Hedging Reserve as at December 31, 2008 which is expected to be reclassified to the profit and loss account over two years.
- (iv) The Company, during the year, based on the announcement of the ICAI (Accounting for derivatives), has accounted for derivative forward exchange contracts at fair values considering the principles of recognition and measurement stated in AS-30 'Financial Instruments: Recognition and Measurement. Consequent upon such change, the profit after tax for the year ended December 31, 2008 is lower by Rs 25.50 million and reserves and surplus are lower by Rs 1370.23 Million.

b) As of the balance sheet date the Company has the net receivable foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to Rs 366.74 Million (Previous year Rs.356.31 Million)

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

(Rupees In Millions.)

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

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

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

(Rupees in Millions)

Particulars	For the year ended 31.12.2008	For the year ended 31.12.2007
II. CIF value of Import		
a) Capital Goods	180.98	143.56
III. Expenditure in Foreign Currency:		
a) Foreign travelling expenses*	6.13	12.90
b) Software Development Expenses*	732.30	832.48
c) Employment Expenses*	137.40	90.33
d) Rent*	4.28	5.68
e) Business promotion, seminar and conference expenses	2.47	1.24
f) Legal and professional charges	14.62	14.69
g) Communication expenses*	2.84	2.81
h) Miscellaneous*	32.01	20.37

*Includes expenses in foreign branches

IV. Remittance in Foreign currency on account of dividend

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

Particulars	Final Dividend-2007 (Final Dividend-2006)	Interim Dividend-2008 (Interim Dividend-2007)
Net amount remitted (Rs. In Millions)	- (0.74)	0.39 (0.67)
Number of shares held by non-resident share-holders	- (919,763)	796,267 (836,189)
Year to which dividend relates	- (2006)	2008 (2007)
Number of Non resident Shareholders	- (572)	701 (564)

Figures for the previous year are given in brackets.

Particulars	For the year ended 31.12.2008	For the year ended 31.12.2007
V. Earnings in foreign currency:		
a) Income from software solutions and consulting services	4805.75	4437.74
b) Interest Income	-	4.27
c) Other Income	-	0.27

- 16) The Company's subsidiary, FocusFrame Inc. USA, has, subsequent to year end merged with another wholly owned subsidiary viz. Hexaware Technologies Inc., such merger being expected to provide synergies in operations and result in improved profitability of the merged entity.
- 17) The figure for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figures of the current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

Signatures to Schedule 1 to 12

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Atul K. Nishar
(Executive Chairman)

Dr. Alka A. Nishar
(Director)

Shailesh Haribhakti
(Director)

Prateek Aggarwal
(Chief Financial Officer)

For and on behalf of the Board

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

L. S. Sarma
(Director)

Sunish Sharma
(Director)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Preeti Mehta
(Director)

Bharat Shah
(Director)

Place : Mumbai
Date : 16th February, 2009

Balance Sheet Abstract & Company's General Business Profile

I. Registration Details

 Registration No.

1	1	-	6	9	6	6	2
---	---	---	---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet Date

3	1	1	2	2	0	0	8
---	---	---	---	---	---	---	---

II. Capital Raised during the year (Rupees in Millions)

Public Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Bonus Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Right Issue

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Private Placement

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

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

Total Liabilities

				8	4	8	1
--	--	--	--	---	---	---	---

Total Assets

				8	4	8	1
--	--	--	--	---	---	---	---

Sources of Funds

Subscribed & Paid-up Capital

				2	8	7
--	--	--	--	---	---	---

Reserves & Surplus

				5	4	9	8
--	--	--	--	---	---	---	---

Unsecured Loans

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Share Application Money & Warrants

										1
--	--	--	--	--	--	--	--	--	--	---

Secured Loans

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets

				2	7	0	5
--	--	--	--	---	---	---	---

Net Current Assets

				1	0	4	1
--	--	--	--	---	---	---	---

Accumulated Losses

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

Investments

				2	0	4	0
--	--	--	--	---	---	---	---

Misc. Expenditure

								N	I	L
--	--	--	--	--	--	--	--	---	---	---

IV. Performance of Company (Rupees in Millions)

Turnover and Other Income

				5	1	9	7
--	--	--	--	---	---	---	---

Profit Before Tax

				4	1	2
--	--	--	--	---	---	---

Earning Per Share in Rs. - Basic & Diluted

B	A	S	I	C				2	.	5	6
---	---	---	---	---	--	--	--	---	---	---	---

D	I	L	U	T	E	D				2	.	5	4
---	---	---	---	---	---	---	--	--	--	---	---	---	---

Total Expenditure

				4	7	8	5
--	--	--	--	---	---	---	---

Profit After Tax

				3	6	8
--	--	--	--	---	---	---

Dividend Rate %

										5	0
--	--	--	--	--	--	--	--	--	--	---	---

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)

		8	5	2	4	9	0
--	--	---	---	---	---	---	---

Product Description

S	O	F	T	W	A	R	E				
---	---	---	---	---	---	---	---	--	--	--	--

D	E	V	E	L	O	P	M	E	N	T	
---	---	---	---	---	---	---	---	---	---	---	--

 Atul K. Nishar
 (Executive Chairman)

 Dr. Alka A. Nishar
 (Director)

 Shailesh Haribhakti
 (Director)

 Prateek Aggarwal
 (Chief Financial Officer)

For and on behalf of the Board

 P. R. Chandrasekar
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 L. S. Sarma
 (Director)

 Sunish Sharma
 (Director)

 Bhagwant Bhargawe
 (Company Secretary & Head Legal)

 Preeti Mehta
 (Director)

 Bharat Shah
 (Director)

 Place : Mumbai
 Date : 16th February, 2009



HEXAWARE TECHNOLOGIES LIMITED

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

PROXY FORM

For Shares in Dematerialised form

DP ID
CLIENT ID

For Shares in Physical mode

REGD. FOLIO NO.
NO. OF SHARES HELD

I/We _____ s/o, w/o, d/o _____ residing at _____

_____ being member/ member(s) of

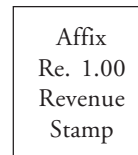
Hexaware Technologies Limited hereby appoint Mr./Ms. _____ residing at _____

_____ or failing him/her

Mr./Ms. _____ residing at _____

_____ as my/our proxy to vote for me/us and on my/our behalf at the Sixteenth Annual General Meeting of the Company to be held on Tuesday, the 5th day of May, 2009 at 3:00 p.m. at M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001, and at any adjournment thereof.

Signed this _____ day of _____, 2009



Signature

(Please sign across the Stamp)

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

HEXAWARE TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

For Shares in Dematerialized form

DP ID
CLIENT ID

For Shares in Physical mode

REGD. FOLIO NO.
NO. OF SHARES HELD

I certify that I am a registered shareholder/ proxy for the registered shareholder of the Company. I hereby record my presence at the Sixteenth Annual General Meeting of the Company held on Tuesday, the 5th day of May, 2009 3:00 p.m. at M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001 and at any adjournment thereof.

Member's / proxy's name in BLOCK letters

Member's / proxy's Signature

(Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over the same at the entrance of the meeting Hall.)

