HEXAWARE

Automate Everything

Cloudify Everything

Transform Customer Experiences

ANNUAL REPORT 2017

CONTENTS

Revenue Growth
Y-o-Y
11.52%

EBITDA Growth
(after ESOP/RSU cost)
Y-o-Y
13.67%

PAT Growth
Y-o-Y
19.20%

To view the online version of this report or for other information log on to www.hexaware.com

Corporate Information

Registered Office
152, Millennium Business Park,
Sector - III, 'A' Block, TTC Industrial Area,
Mahape, Navi Mumbai - 400 710
Tel.: +91 22 4159 9595
Fax: +91 22 4159 9578
Website: www.hexaware.com
Email: Investori@hexaware.com
CIN: L72900MH1992PLC069662

Registrar & Share Transfer Agent
Karvy Computershare Pvt. Ltd.
Karvy Selenium, Tower B, Plot 31-32, Gachibowli,
Financial District, Hyderabad - 500 032
Tel: +91 40 6716 2222
Fax: +91 40 2342 0814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

Investor Relations Centre
24B, Rajabahadur Mansion, Ground Floor, Ambalal
Doshi Marg, Fort, Mumbai - 400 023
Tel: + 91 22 6623 5454

Company Secretary
Mrs. Gunjan Methi


Siruseri, Chennai


Millennium Business Park, Navi Mumbai


Hinjewadi, Pune

Aligning itself to the ever-evolving global digital landscape, Hexaware has reoriented its business strategy to make it more relevant in the current global business framework. Scaling its 'Shrink IT. Grow Digital' philosophy to make it more far-reaching and impactful, the company has pillared its new strategy on the three cornerstones of **'AUTOMATE EVERYTHING', 'CLOUDIFY EVERYTHING' and 'TRANSFORM CUSTOMER EXPERIENCE'.**

While expanding its 'Shrink IT' strategy to the wider arena of Automation and scaling' Grow Digital' into a Transformational Experience for its Customers, Hexaware has concurrently articulated the third element of its futuristic strategy as 'Cloudification', to align itself with the top global trends impacting humanity.

This new mantra is not just a simple business agenda aimed at maximising value for the company's stakeholders, but a cultural ethos focussed on ensuring greater delight for its customers.

Embarking on The New Journey

FY 17 saw the company lay the foundations for building the platform to embark on its journey of translating its new strategy into real deliverables. The approach was two-pronged, encompassing a cultural transformation among the employees and strengthening the leadership core.

With 10 senior leaders joining the team during FY 17 to bring in 10x execution experience, the Hexaware leadership proposition ascended new levels of proficiency during FY 17. Creation of nine new leadership roles across verticals enabled the company to strengthen its global delivery network manifold.

At the same time, the cultural ethos underwent a remarkable reorientation in tandem with the new strategy. As part of this transformation, employees actively imbued the Automation First approach to give a major boost to the company's capabilities to drive value-creation for its stakeholders. The success of this endeavour is evident from the fact that majority of Hexawarians participated in bottom-up innovation, while 70% of the 2,800 ideas posted by employees were implemented, yielding USD 54 mn in savings for customers in last three years, coupled with 1,170,698 manhours/year.

A robust platform for future growth is, thus, well in place and Hexaware, with its industry-best performance, is ready for the next leap in its transformational journey on the strength of its excellent team, focussed strategy, differentiated services and superior delivery.

Expanding Frontiers

Building a new vertical structure around the new theme, with a Professional Services vertical added to strengthen the core, Hexaware underwent a rebranding exercise in FY 17. The marketing function of the company has reoriented its outreach strategy to promote the brand and communicate the differentiated message to all stakeholders.

Board of Directors

1. **Mr. P. R. Chandrasekar**
Independent Director

2. **Mrs. Meera Shankar**
Independent Director

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

4. **Mr. Kosmas Kalliarekos**
Director

5. **Mr. Bharat Shah**
Independent Director

6. **Mr. Dileep Choksi**
Independent Director

7. **Mr. Jimmy Mahtani**
Vice Chairman

8. **Mr. Christian Oecking**
Independent Director

9. **Mr. Basab Pradhan**
Independent Director

10. **Mr. Atul Nishar**
Chairman

The Management Team

R. Srikrishna
Chief Executive Officer

Ashok Harris
President – Global Delivery

Rajesh Kanani
Chief Financial Officer

Amberin Memon
Chief People Officer

Vijay Iyer
Chief Sales Officer, Americas

Amrinder Singh
Senior Vice President – Europe Operations

Amalesh Mishra
Vice President, APMEA Operations

Ravi Vaidyanathan
President & Global Head – Banking and Financial Services

Vinod Chandran
President and Global Head – Infrastructure Management Services

Chinmoy Banerjee
Ex. VP & Global Head – Hexaware Business Process Services

Senthil Nayagam K.
Senior Vice President & Global Operations Head, ETS

Milan Bhatt
SVP and Global Head – Healthcare and Insurance

Srinivasan Panchapakesan
Sr VP & Global Head – ATM Business & H&I Delivery

Aparna Jairam
Chief Marketing Officer

Aravind Kashyap
Senior Vice President & Global Head – Manufacturing and Consumer

Krishna Kumar
Chief Technology Officer

Sandeep Dhar
President & Global Head, Customer Experience Transformation

Arun Ramchandran
Executive Vice President & Global Head – Professional Services

Eswar Venkatachalam
Vice President & Head, Travel & Transportation

From the Desk of the Chairman

Dear Shareholders,

In the evolving industry landscape, with digital disruptions becoming more critical to the transformation of the overall customer experience, our strategic decision to scale up our digital engagement is a vital driver of our growth philosophy.

Moving beyond 'Shrink IT' to 'Automate Everything', and concurrently expanding the ambit of 'Grow Digital' to cover the broader ethos of 'Transform Customer Experience', we have added new vistas to our digital approach by clearly bringing the element of 'Cloudify Everything' out of the realm of the subtle to make it the third concrete pillar of our business strategy.

This transformation is not just aligned to our Change mantra, but is also rooted in our vision to continuously unlock greater shareholder value, while ensuring consistent customer delight. The ability to be proactive in adopting the latest technologies to harness the emerging opportunities across our business segments is a key differentiator of our customer-centric digital strategy. Concurrently, we have strengthened our capacity to be nimble and agile in responding to the myriad challenges that threaten to obstruct our onward journey, giving a distinctive edge to our customer orientation.

Steered by the aim to drive business benefit and unlock value for our customers, we are constantly striving to be their strategic partner rather than a mere IT vendor, as we continue to prove year after year with our focus on early adoption of the most contemporary technological upgradations in the industry. In line with this approach, we have made significant investments in new technologies, such as Blockchain/Artificial Intelligence/Machine Learning, which are designed to provide best-in-breed solutions to our customers.

We are also cognizant of the need to have a highly engaged workforce to translate our digital agenda into stakeholder value. To this end, we are continually working towards the creation of an enabling environment for our employees to thrive and follow their passion. We believe in people empowerment as a tool for the effective realisation of our goals, and are constantly encouraging our employees to be the agents of change and to take ownership for driving the engine of the company's holistic growth.

We believe in people empowerment as a tool for the effective realisation of our goals, and are constantly encouraging our employees to be the agents of change and to take ownership for driving the engine of the company's holistic growth.

This cultural transformation is not limited to our workforce but extends to our leadership, which we have strengthened during the year through the formulation of new leadership roles across organisation. I see this initiative emerging as a vital component of our efforts to further enhance the effectiveness of our global delivery network, as we reach out to more and more customers around the world.

The journey towards new frontiers of progress has just begun. I invite you all to be a part of this journey as we continue to scale new levels of digital transformation to create a more transformational experience for our customers.

With my very best wishes,
Atul Nishar

CEO's Message

The Automation element of our strategy remains, of course, the most important and pivotal to our success in achieving our short and long term goals.

Dear Stakeholders,

I am delighted to announce that your company has done exceptionally well in 2017. Hexaware's revenue soared by an industry leading growth rate of 15.6% while the PAT grew by 23.5% in USD terms, thus concluding yet another year of robust performance. In the last three years, Hexaware has been the fastest organically growing IT services company and we have done so while maintaining industry leading profitability growth. We have delivered the best returns in the industry to our shareholders.

Each Vertical, Geo and Horizontal of your company witnessed healthy growth led by 23.2% growth in BFS and over 55% growth in APAC as well as IMS. Our active customer base stood at 221 at the end of FY17 with 88 million-dollar clients. Your company also won New deals with new logos worth USD 180mn on back of our successful Shrink IT, Grow Digital strategy.

Amid the transforming industry environment, the role of CIOs and Technology Officers is undergoing momentous changes, leading to the emergence of a new set of expectations from companies like ours. No longer limited to the narrow compass of saving money, CIOs and Technology Officers are now assuming a far bigger function to become integral to our revenue generation model.

This change has paved the way for a dramatic technological and cultural transformation across our business value chain, necessitating the creation of a new enabling environment for achieving greater collaboration between the Man and the Machine to deliver superior service to our customers. As we surge towards our goal of becoming the first company with half the work done by machines, we have initiated the process of developing a new eco-system to drive our mission.

RE-IMAGINING THE FUTURE

At the heart of this change agenda is our decision to partially redefine our strategy, moving forward from `Shrink IT, Grow Digital' to focus on the three broader themes of `Automate Everything', `Cloudify Everything' and `Transform Customer Experiences.' This strategic transformation encompasses a deep-rooted change in every facet of our business functions, spanning the entire gamut of technology, people and consumer engagement, which in turn requires a systematic synergisation of the various elements steering our growth strategy.

The Automation element of our strategy remains, of course, the most important and pivotal to our success in achieving our short and long term goals. It is our strong belief that the future of Automation lies in Artificial Intelligence / Machine Learning (AI/ML), which alone can facilitate automation of human thinking and decision-making in a risk-free manner.

To put it simply, we realised that instead of humans learning technology, it was now time for technology to learn humans, and time also for us to re-imagine the future, in order to address the needs of our customers more effectively and seamlessly. Our AI/ML adoption is facilitating our move towards strengthening our customer interface and we shall continue to move aggressively forward towards greater automation in the year ahead.

At the same time, as we move onwards in our journey of technological upgradation, we shall also be proactive in adopting new technologies in other aspects of our business chain. Blockchain is one such technology which we see emerging as a major platform for the industry's growth. In fact, we believe that, going forward, Blockchain will be to transactions and contracts, as well as to exchange of value, what internet was to information. And we shall take all possible steps to prepare ourselves for this transformation, which we see happening not too far into the future.

TRANSFORMING THE CULTURE

As we scale up our technological engagement levels to reach out to customers at their doorstep, in the language they understand, we understand the need for creating a new transformational culture to match the demands of the evolving business landscape.

We are fully aware that what is true for automation today is what was true for outsourcing 20 years ago. At that time, those who embraced outsourcing, performed well. Similarly, those who embrace automation today will reap its benefits.

Our new value proposition is aligned to this philosophy, with focus on imbuing the organisation with a culture of automation, in which our people help us in identifying the opportunities for automation. As part of this cultural transformation, we are moving from a system of having specialised engineers to having full stack developers, with significant money and effort being spent on re-training the workforce.

Our focus now is on developing a new kind of work ethos where every person in the organisation is imbued with a culture of automation, cognizant of the fact that if, in the next 10 years, they are not running robots, then robots will end up running them.

The success of this cultural transformation endeavour can be gauged from the response of our employees to our bottom-up automation approach, with more than 46% of them participating in the exercise. We also have a YouTube channel called BUD-Bottom up disruption - a platform for employees to share their stories on work done by them in the field of automation.

Amid the transforming industry environment, the role of CIOs and Technology Officers is undergoing momentous changes, leading to the emergence of a new set of expectations from companies like ours. No longer limited to the narrow compass of saving money, CIOs and Technology Officers are now assuming a far bigger function to become integral to our revenue generation model.

Our change philosophy is, in fact, completely geared towards promoting a culture of automation across the organisation, with even our leadership team, which we are proud to claim to be the best in the world, aligned to it.

What makes our leadership team quite effective in delivering to customer expectations is that all of them come with extensive experience of running very large businesses in very large organisations, and hence know what it takes to scale, and are also aware of the pitfalls of the old models.

We are exceptionally proud of the fact that for 2017, we have been ranked the highest in the industry in a third-party customer delight survey, wherein we scored the highest on all the four parameters that were measured. We have also been ranked among the top two IT outsourcing service providers for two consecutive years by Whitelane research, indicating that we are, indeed, on the right track of our strategic direction.

Going forward, I am confident that this approach will drive even greater success for the company, and unlock higher value for all the stakeholders. With the commitment of our leadership team, and the dedicated efforts of our employees, I see the road ahead packed with new possibilities and bigger opportunities for our collective growth.

Wishing you all the very best for the year ahead.

Warm regards,
R. Srikrishna

The Entity Driving the Strategy

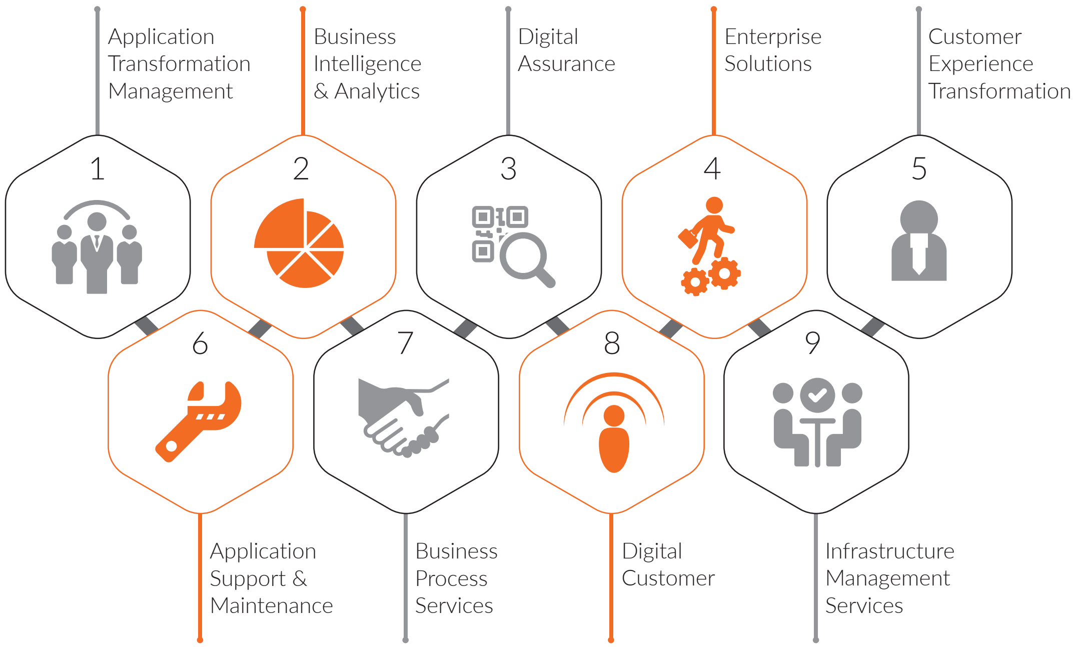
An organisation rooted in a legacy of delivering excellence in IT, BPO and Consulting services to its clients, Hexaware is a fast-growing and automation-led global powerhouse with an expanding international footprint.

With a client portfolio encompassing some of the fastest-growing sectors of the world economy, the company leverages its technological prowess and people passion to facilitate customer success and drive value for all stakeholders. The company provides distinctive services and solutions in the areas of Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Travel, Transportation and Logistics to promote ease of business and customer delight.

Hexaware's digitally empowered workforce, comprising 13,700+ employees, lives the company's philosophy of 'customer success, first and always' by imbibing its core values to drive the success of its business strategy. Drawn from around 20 countries and 80 leading global academic institutions, this diversified workforce is constantly working on an innovation-led approach to realise the company's vision "to continuously amplify human potential through the use of digital technologies".

The company, in operation since 1990, reaches out to customers in over two dozen languages, in every major time zone, and in every major regulatory zone of the world, through a well-established global delivery model encompassing a multi-faceted strategy. A formidable mix of 160+ proprietary tools and accelerators, spanning robotic process automation, hyper-converged technology, design thinking, rapid prototyping and customised service offerings, enables Hexaware to deliver a wide gamut of services to its customers, seamlessly and effectively.

The Services Portfolio



Mission

To transform how IT services are delivered and to be the first IT services company in the world to have half of the workforce as digital.

Core Values

- We ensure customer satisfaction by adding value and honouring commitments at all times.
- We build transparent, lasting relationships, and stand for integrity and mutual trust.
- We encourage an entrepreneurial attitude and instil in our employees the desire to excel.
- We embrace and respect diversity while working together as one Hexaware.
- We foster a learning environment and nurture innovative thinking.
- We are committed to building shareholder value and maintaining high standards of corporate governance.
- We strive to be an eco-friendly organisation and inculcate good corporate citizenship.

The Marketing Value Proposition

Leveraging digital innovation to deliver personalised and integrated customer experience, across channels, the company's marketing team has successfully launched its rebranding strategy to reach out to the internal and external stakeholders. A new campaign has been designed to address discontinuities in IT engagements while the social media is being aggressively used to connect more deeply with customers. A revamped website, themed deliverables for sales pursuits, along with new marketing collaterals and branding guidelines/templates, are helping Hexaware steer its new brand strategy.

Key Alliance Partners

Partnerships with leading digital solutions providers are a critical component of Hexaware's business model.

Certifications

With value delivery central to its strategic focus, Hexaware is continuously strengthening its quality thrust, as manifest in its various certifications.

- Multi Model CMMI - DEV & SVC Version 1.3 - Level 5 by CMMI Institute, SEI, Carnegie Mellon017.
- ISO 9001-2015 awarded by Det Norske Veritas for Analysis, Design, Construction Testing, Delivery and Maintenance of Commercial Application Software.
- ISO/IEC 27001:2013 awarded by Det Norske Veritas for provision of IT solutions, services and consulting and BPO services.
- ISO 20000-1:2011 awarded by Det Norske Veritas for provision of IT solutions, services.

Strategised to Succeed

With the aim of delighting customers and pushing up stakeholder value, the Hexaware strategy delivered holistic success across the matrix of its operational and economic parameters during FY 17.

Recent Wins

- Global Service Desk for a leading pharmaceutical company.
- Operations Transformation for a financial admin outsourcing & software company.
- Infrastructure support for a communications services provider.
- Digital Workplace services for a facilities management services company.
- Innovation & Transformation for a global imaging technology provider.

Hexaware entered into a strategic partnership with global business software company leading in the space of business process automation and CRM, in order to offer accelerated Cloud-based solutions to customers.

Key Financial Highlights (In USD terms)

15.6%
Growth in Revenue
in $ terms

23.5%
PAT growth
in $ terms

17.5%
EBITDA growth
in $ terms

56.8%
APAC growth

USD
180 mn
Worth of
new logo / deals won

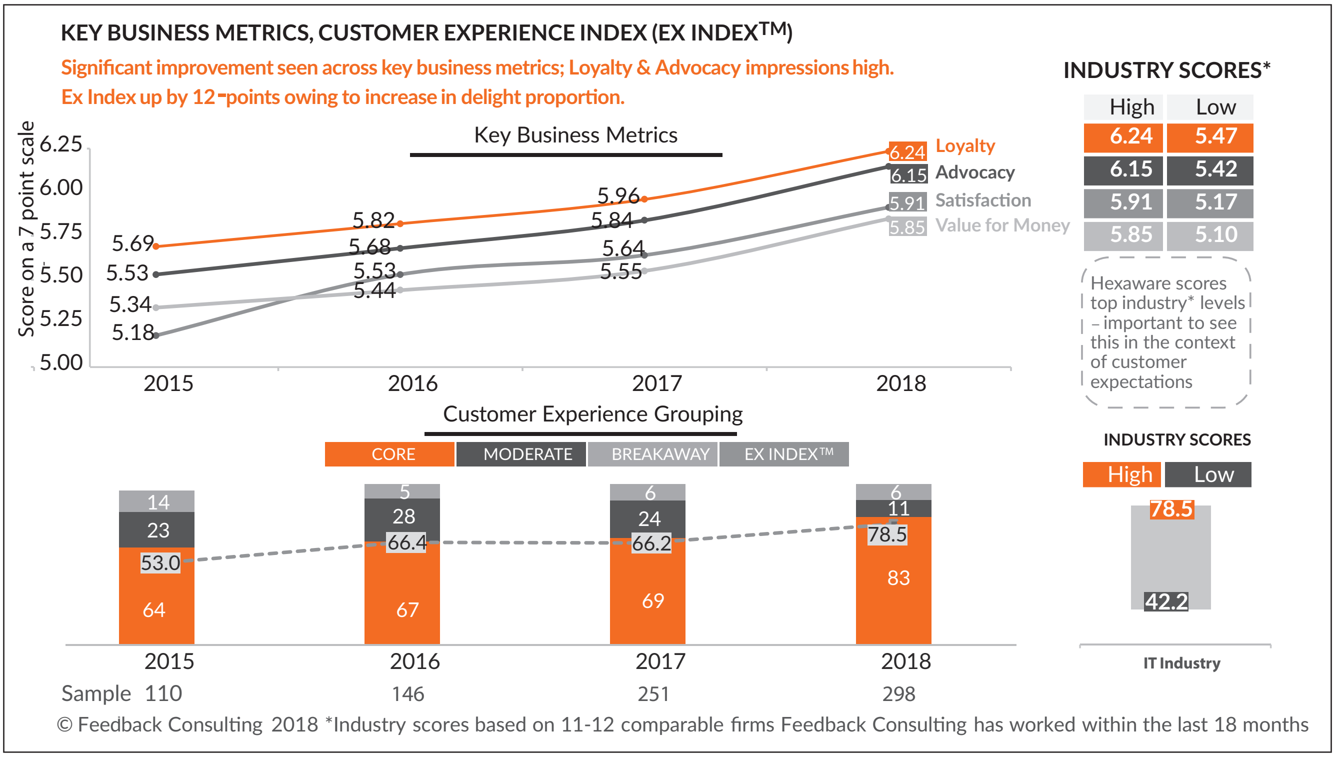
Revenue Breakup (By Vertical)

- BFS **43.5%**
- Manufacturing & Consumer **27.3%**
- Healthcare & Insurance **16.2%**
- Travel & Transportation **13.0%**

Revenue Breakup (By Geography)

- Americas **79.8%**
- Europe **11.4%**
- RoW **8.8%**

A Scorecard of Excellence - Annual customer delight survey



Automate Everything

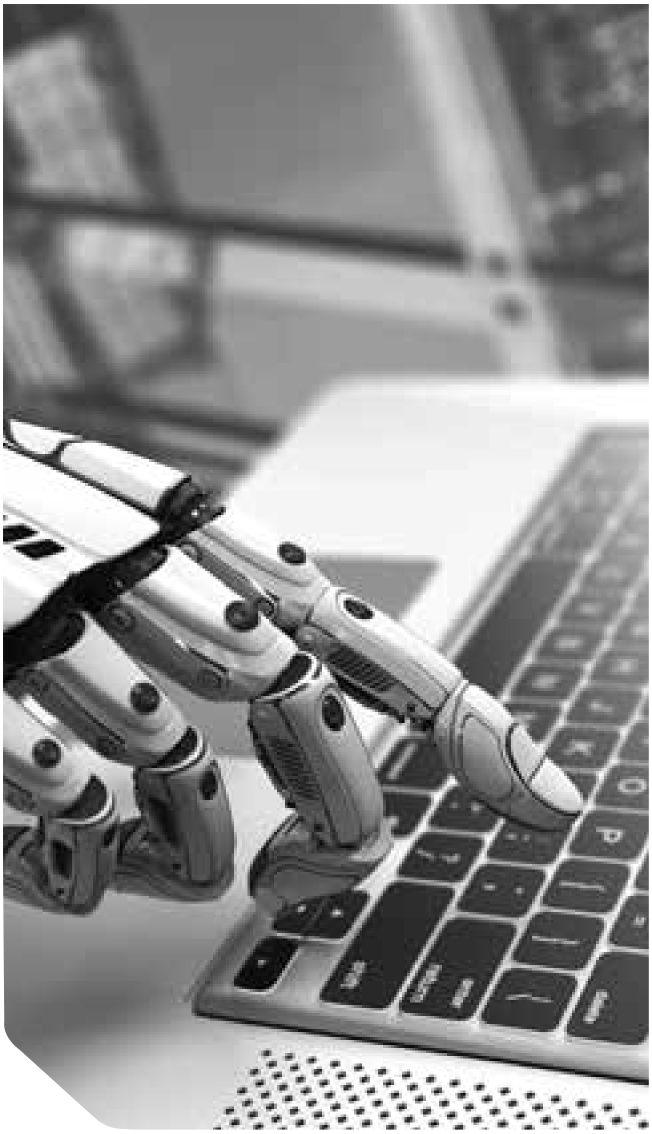
Automation is the platform for Hexaware to leverage its innovative prowess to deliver solutions designed to steer enterprise and business success. The company's automation-led philosophy extends beyond the boundaries of digitisation to encompass a more overarching approach towards businesses. It powers business processes and their applications to create an infrastructure that, in turn, helps to empower customers.

At the root of the automation focus of Hexaware is the ultimate goal of transforming customer experience through automated infrastructure and operations management, which combine to reduce costs while minimising human intervention. The company's strategic model for the realisation of this goal is simple – incentivise employees for automating work and, at the same time, deploy cutting-edge technologies to implement automation across the customers' technological and business landscape.

So, while Hexaware's 'Automation First' approach provides customers with an end-to-end test-automation set-up for helping their Quality Assurance teams to enhance quality, its Integrated Design2Execution (iD2e) platform is a tool to help boost productivity.

Hexaware's Digital Assurance practice enables enterprises to be digital disruptors in their market place, with the company emerging a trusted partner for businesses and enterprises striving to adapt to the dynamic changes in technology. Providing a digital transformation backed by domain specialisation, Hexaware creates value for its customers through continuous innovation.

From Robotic Process Automation and providing next-gen IT infrastructure to support the customers' evolving needs, to offering them Workplace Lifecycle Management (WLM), Hexaware's service offerings are centred on promoting a new Automation culture to steer future growth, for itself and for its clients.



Cloudify Everything

Embedded in Hexaware's new business strategy is an acknowledgement of the importance of pooling resources and services, usually over the Internet, from where they can be quickly and effortlessly accessed and provisioned.

Cognizant of the fact that the Cloud technology is no longer confined to the simplistic notion of lifting and shifting workloads, Hexaware has moved aggressively into the enterprise cloud services domain. At the heart of this service proposition is the realisation that designing and building native Cloud applications is fundamentally distinct from traditional in-premise development. The company's service portfolio in this field is focussed on helping enterprises optimise IT, boost agility and cut down costs as they move towards a digital future.

Hexaware has an expert and experienced team of Cloud consultants who help clients harness the Cloud ecosystem to their advantage. Operating in a robust and distinctive framework that facilitates client migration to the Cloud, these consultants help in navigating the change with reduced complexity in the process.

From helping enterprises build the necessary ecosystem for defining, validating and implementing Cloud solutions with higher velocity, to accelerating their change journey through CloudSwift solution, Hexaware helps customers in seamless Cloud migration and management.

Transform **Customer Experience**

Faced with the challenges of bringing together diverse and complex technologies in the new-age milieu governed by the digital world, enterprises often fumble when it comes to delivering consistent and superior customer experience. Customer interaction thus becomes a major casualty as businesses move towards Automation and Cloudification of their systems and processes.

The complex task of managing and improving customer experience requires the ability to weave together the various existing diversities and complexities through a design-led approach, which Hexaware has evolved to the level of excellence. It is an ability ingrained in the company's extensive experience and proven track record of having delivered a host of high-end services to customers over the years.

Hexaware has developed multiple touchpoints that provide enterprises with a robust platform to reach out to their customers. These include data sciences for micro-segmenting customers and engineering through design thinking, lean and six-sigma, and customised delivery. The focus is on helping enhance and integrate diverse systems, and improving performance and scalability through Cloud, for multiple clients, across diverse industries.

From Big Data testing and modernisation for the processing of huge volumes of data, to facilitating the transition of enterprises from legacy applications to modern platforms, Hexaware's customer experience service portfolio carries with it an assurance of innovation, speed, flexibility and cost-effectiveness. This approach also helps businesses in achieving low cost engagement with customers through conversational UIs (robotics).

A Diversified Experiential Transformation-Verticals

Our transformational agenda is steered by the changing needs and aspirations of customers spanning diverse industries and sectors. Our vertical offering revolves around the new norm of transformative digitalisation, enabling enterprises to deliver a smooth multi-channel experience to their customers.

A Diversified Experiential Transformation-Verticals

Banking and Financial Services

In the Banking and Financial Services segment, which has emerged as the company's biggest revenue earner, Hexaware's rich experience in partnering with leading global banks and financial institutions enables it to offer broad-based solutions that meet the evolving needs of the banking industry.

The company's analytics and data management solutions, delivered through a process-driven approach, help banks successfully on-board the 'data to digital' change vehicle. This helps them achieve the desired end-to-end transformation of their operations through optimised data management in a digitally transformed environment. The thrust in this vertical is on providing banking and financial companies with the analytic support to boost their enterprise resilience, increase cross-selling opportunities, enhance customer value, and maximise their wallet share.

Hexaware's portfolio in BFS encompasses the full gamut of banking and financial operations: Asset Management & Wealth, Retail & Private Banking, Mortgage Services, Asset Servicing, Commercial & Investment Banking, and Leasing.

A Diversified Experiential Transformation-Verticals

Healthcare and Insurance

Managing complex digital transformations in the Healthcare and Insurance sector requires disruptive interventions of the highest order, which Hexaware specialises in providing as a trusted partner of repute. In the ever-evolving digital environment, Hexaware's 'tailored-to-customer-needs' approach plays a pivotal role in enabling the healthcare and insurance industries to build a strong data foundation. The thematic premise of this approach lies in the need for these industries to build a composable enterprise with differentiated systems that help them leverage the digital platform for the next level of transformation.

In the Healthcare and Insurance industry sector, Hexaware caters to the evolutionary digital needs in Healthcare & Life Sciences, and Insurance, besides providing best-in-class BPO Services to its clients.

A Diversified Experiential Transformation-Verticals

Travel and Transportation

The demand for personalised service in this segment is virtually revolutionising the way travel and transportation companies look at digitisation. Efficiency is the buzz word for these companies, which are increasingly moving towards a more customised approach to cater to individual customer demands and aspirations. Hexaware, with its relevant experience and capabilities, provides them the necessary solution to augment their operational efficiencies and scale up revenues.

Hexaware uses its core capabilities and delivers innovation-centric solutions to mine multiple streams of data from across organisations so that they are able to integrate, harmonise and interpret that data instantaneously. The channel effect thus triggered helps T&T companies give customers the personal experience they desire in the changing demand environment, which is centred on more personalised messages and customised promotions.

Hexaware partners with T&T companies across Airlines & Airports, Transportation & Logistics, and Travel & Hospitality through its bouquet of solutions for passenger travel, ticketing & reservations, cargo, revenue management, web-booking & e-Commerce, CRM & loyalty, crew management, MRO, baggage & airport operations.

Hexaware has been recently recognised as a 'High Performer' in HfS' report titled '2017 Blueprint report for Travel and Hospitality Customer Engagement Services' for its innovative and execution capabilities in this sector.

Manufacturing and Consumer

Hexaware's competencies and capabilities in the Manufacturing and Consumer sector stem from its deep domain knowledge acquired from years of working with some of the world's leading corporations in this segment. It leverages its experience across various industry segments to help customers streamline processes, optimise IT systems, engineer a digital footprint and strengthen their data backbone for deeper business insights.

Hexaware's engagement in the Manufacturing & Consumer vertical covers Discrete Manufacturing, Hi-tech, Engineering and Construction, Retail, Education and Telecom.

A Diversified Experiential Transformation-Verticals

Professional Services

Amid a rapidly changing market and demand scenario, the Professional Services industry is today in the midst of a digital churn, with innovation and trust the key to success. Helping existing players align themselves to the new competitive environment, Hexaware facilitates their journey of transformation through a bouquet of advanced services that enable such firms to reimagine trust and efficaciously utilise the latest digital technology enablers, such as automation, IoT, blockchain and cognitive computing. With its deep domain expertise, Hexaware delivers platform-based solutions to strengthen the industry's ability to harness the growing market opportunity, globally, through secure integration of information and data.

Hexaware's value offerings in the Professional Services vertical extend to a host of business segments, including Tax, Audit & Accounting, Advisory & Consulting, Legal, Risk & Compliance, People & Talent Management, Information Services & Platforms.

Delighting Customers Around the World

Map not to scale. For illustrative purposes only.

Americas

USA
- Reston, Virginia
- Iseline, New Jersey
- Alpharetta, Georgia
- Dunwoody, Georgia

Canada
- Ontario

Mexico
- Coahuila (Saltillo)

Brazil
- São Paulo

EMEA

Romania
- Bucharest

UK
- London

Germany
- Frankfurt

Sweden
- Stockholm

Russia
- Tver

The Netherlands
- Hoofddorp

Belgium

France
- Paris

Hungary
- Budapest

Poland
- Warsaw

UAE
- Dubai

APAC

India
- Mumbai
- Chennai
- Pune
- Nagpur
- Bengaluru
- Coimbatore
- Noida

China
- Shanghai

Hongkong

Singapore

Japan
- Tokyo

Australia

Transforming People Experience

Empowerment of the Human Resource Capital is a key to implementing the transformational agenda undertaken by Hexaware. With its focus on equipping its people not just to meet but to exceed customer expectations, the company has put in place a robust platform for building the competence, capabilities and technical expertise of its employees. The company's HR strategy is focused on providing transformation and growth opportunities to its people in line with the evolving industry trends, and with the ultimate aim of providing customer delight.

Talent recruitment

Talent being a key component of its people strategy, Hexaware strengthened its recruitment efforts during the year through continued employee referrals, job fairs, social media and campus recruitment drives. Addition of 1,590 employees during FY 17 took the company's employee strength to 13,705, with 26.85% of the workforce being women, thus underlining Hexaware's commitment to gender diversity.

Youthfulness and agility in talent is a manifestation of Hexaware's new brand identity, centred on building the transformational agenda of the company in a more vibrant and dynamic environment.

Talent retention

Comprehensive hiring and ongoing deployment processes remained the critical ingredients of its efforts to attract and retain high calibre talent through the year. With a strong Rewards & Recognition programme, which is linked to its Performance Management system, the company has further reduced its attrition rate as it moves concertedly forward to build itself as a 'Great Place to Work'.

To imbibe its employees with a greater sense of accountability and ownership, Hexaware has in place a robust system of performance indicators to measure and promote success.

Talent management

Steered by its new strategic growth philosophy, Hexaware is focussed on developing a strong internal pipeline of talent by providing its employees multiple opportunities to innovate, progress and drive customer value. The thrust is on grooming employees for future leadership roles, in which the company's Learning and Development arm – Hexavarsity – plays an important role through our skill intervention, technical competency development and project end feedback programmes.

- Hexaware launched an exclusive **High Performers Club (HPC)** programme during FY 17, with the aim to boost consistency and excellence. Club membership is restricted only to the company's consistent top achievers.
- Over 4,384 employees participated in 'Brainbox' to post nearly 1096 ideas for helping the company save time and money.
- Fun@Work activities continued to help consultants relax, rewind and rejuvenate themselves through the year.

Transforming Societal Experience

Driven by its inclusive growth agenda, Hexaware continued to strengthen its CSR presence during FY 17. The company invested in several new initiatives during the year to reach out more effectively to the communities in the areas of its presence, augmenting its efforts to give back to the society with the support of every Hexawarian.

Hexaware's CSR activities are classified into four broad categories. While the Flagship Programmes are conceptualised, funded and run by Hexaware, the Programmes aligned to India's Key Development Theme are in line with India's main development agenda and help to foster effective partnerships between NGOs and the government, leading to social development. The Sustainability Employee Engagement Programmes and the niche Stakeholder Management Programmes, respectively, involve employees and management teams in the company's CSR activities.

The company has a holistic approach to CSR to promote the wellbeing of all stakeholders from a social, environmental and ethical standpoint.

Hexaware's CSR agenda is mainly focussed on Education, Women Empowerment, Environment, Health and Sanitation, Natural Calamities and Disaster Relief, Rural Development etc.

Flagship Programmes

Smile Twin e-Learning Programme

Hexaware continued its engagement with Smile Twin e-Learning Programme (STeP), an initiative of the Smile Foundation aimed at sustainable development and economic uplift of the underprivileged youth, in Mumbai, Pune and Chennai. The target is to train about 300 people in basic management/employability skills.

V-Excel Trust Vocational Training Programme and Early Intervention Programme

The company is collaborating with V-Excel to financially support the latter's Vocational Training and Early Intervention programme, to prepare and help people with disability to gain meaningful livelihood, and support and diagnose kids under 5, respectively.

Rainbow Home

Hexaware is financially supporting Rainbow Homes to work with 150 girl children, who are homeless and are living on the streets, in the field of Education.

Apne Aap Women's Collective (AAWC)

Hexaware undertook 'Udaan' along with 'Umeed' programme through its implementation partner-Apne Aap Women's Collective (AAWC), in the second year of the collaboration.

Pankh–Vocation Training for People with Disability

Hexaware supports Pankh (Trust for Retailers and Retail Associated of India-Train Trust) for the vocational training of 315 people with disabilities.

Space Kidz India

Hexaware is associated with Space Kidz India, an organisation creating International experiential learning for students in the field of Science, Technology, Art and Culture, on the following projects: Education trips to NASA, Euro Space Centre and Yuri Gagarin Space Centre and Supporting the Innovative Ideas to provide a platform to the winners of the competitions conducted by Space Kidz India.

Programmes aligned with the National theme

Antar Bharti Balgram Yojna

Hexaware continued its engagement with India Sponsorship Committee by supporting their flagship programme-Antar Bharti Balgram Yojna, aimed at giving quality education, nutrition etc. to orphaned and destitute children.

Yuva–Evolution

Starting with infrastructural enhancement at 5 municipal schools in Vapi, Gujarat, through the 'Evolution' programme in support of Yuva (Manav Sadhana), Hexaware scaled up its engagement during FY 17 to 10 government schools.

Sustainability Employee Engagement Programmes

Fulfil a Kid's Wish

Hexaware partnered with 13 orphanages and special schools fulfiled wishes of around 1,000 children in Chennai, Mumbai, Pune, Delhi, Bengaluru, Nagpur and Coimbatore.

HexaRun-For Greener Tomorrow

Version 2.0 of the flagship 5-km HexaRun, to promote environment conservation, got bigger and better with increased participation from employees both in Chennai and Mumbai.

Tree Plantation @ Chennai, Mumbai and Nagpur

A tree plantation drive was organised in association with various NGOs, with Hexawarians planting around to make way for better living spaces.

Stakeholder Management Programmes

Hexaware – Scholarship for School and College students

Hexaware Scholarship has started supporting underprivileged and meritorious students to support their current or higher studies.

Portable Ventilator (Healthcare initiative)

Nine-year-old child, suffering from a rare condition known as Auto Immune Disorder, is under ventilator support 24/7. Due to high hospital expenses, she has been kept under home care in a remote Senji village in Tamil Nadu. Hexaware has been supporting this girl since last two years and has recently sponsored a portable ventilator to ensure uninterrupted health care and survival with an 8 to 12-hour power back-up, in addition to a powered wheel chair so that she can move freely to go to school.

Clean and Safe Neighbourhood

Every quarter, Hexaware 's self-implement Programmes related to Clean and Safe Neighbourhood ensures that the community in and around Hexaware's Campus is clean and hygienic, and uses environmental friendly technology to reduce the strain on non-renewable energy sources. Hexaware has launched various initiatives like Steel Dustbins in Millennium Business Park (MBP), changed open drainage to closed ones around Siruseri Campus, laid over HT cable, which was a possible threat to public safety as an underground line, installed 50 solar-powered street lamps in the MBP and beautified the landscape with plants and trees around the Siruseri campus. In addition to this, we have beautified the external area of our new Pune office with stone pitching, barbed fence and landscape with plants and trees and constructed a bus shelter in Siruseri as well.

Validating Success

Endorsing the success of Hexaware's futuristic business strategy are the various awards and recognitions that it continues to earn year after year. 2017 saw the company find mention in some of the key reports released across business functions.

Won UXINDIA's Gold DesignX 2017 Award

Honoured and "Highly Commended" for the "Digital Transformation Project of the Year" awards at the GSA Awards UK 2017

Secured #1 Spot in 2017 UK Outsourcing Study conducted by Whitelane Research and PA Consulting Group

Everest Group PEAK Matrix™ recognised the Company as a 'Major Contender' in Business Process Services

Positioned as a 'LEADER' for Workday Services in Nelson Hall's Cloud-based HR Services NEAT Report 2017

Positioned as a 'LEADER' in Nelson Hall NEAT Report for RPA & AI in Banking 2017

Named within the Top 15 Sourcing service providers by Information Services Group (ISG)

Won the coveted 'Challenge the Future Award 2017' hosted by ISG for 'Most Promising Pilot'

Recognised as a Strong Performer in Continuous Testing Providers' Evaluation, by an Independent Research Firm

Conferred with WCRC's Brand of the Year Award 2017

Bestowed with an award from Kamikaze Media as part of their Customer Loyalty Awards, 2017 under the category of 'Best Use of Data Analytics in Predictive Modelling'

Re-appraised at level 5 of CMMI Institute's Capability Maturity Model Integration (CMMI), 2017

For additional awards, kindly refer to the Directors' Report section

10-Year Consolidated Financial Highlights

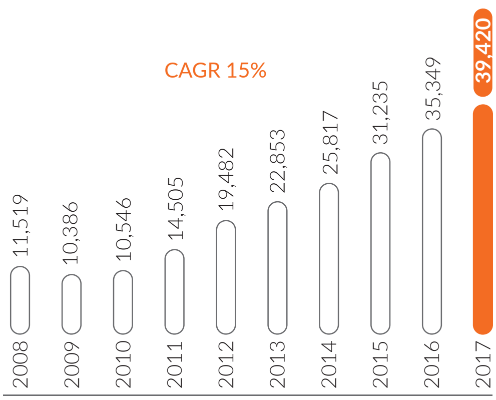
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenue	39,420	35,349	31,235	25,817	22,853	19,482	14,505	10,546	10,386	11,519
EBITDA before ESOP/RSU Cost	6,901	6,010	5,569	4,776	5,122	4,041	2,615	912	1,989	1,216
EBITDA after ESOP/RSU Cost	6,552	5,764	5,358	4,776	5,122	4,040	2,613	905	1,976	1,201
EBIT	5,919	5,211	4,876	4,336	4,736	3,716	2,366	663	1,705	917
Profit Before Tax	6,406	5,604	5,046	4,181**	4,795	4,040	3,075	1,168	1,445	745
Profit After Tax	4,995	4,192	3,932	3,202**	3,791	3,276	2,670	1,076	1,342	590
Net Worth	20,073	17,409	14,332	12,906	11,992	12,038	10,162	9,655	8,497	6,625
Loan Funds	-	-	-	-	-	-	-	112	163	195
Capital Expenditure	957	2,223	1,367	604	411	744	633	340	252	1,154
Cash and Bank Balance (including restricted balance & mutual funds)	5,521	4,482	4,428	4,939	6,564	4,472	4,606	4,753	4,118	2,849
Growth ratios										
Revenue (%)	12	13	21	13	17	34	38	2	(10)	11
EBITDA (%) (After RSU Cost)	14	8	12	(7)	27	55	189	(54)	65	33
EBIT (%)	14	7	12	(8)	27	57	257	(61)	86	38
Profit Before Tax (%)	14	11	19	(11)	19	31	163	(19)	94	(40)
Profit After Tax (%)	19	7	23	(16)	16	23	148	(20)	128	733
Performance ratios										
EBITDA Margin before ESOP/RSU Cost (%)	17.5	17.0	17.8	18.5	22.4	20.7	18.0	8.6	19.2	10.6
EBITDA Margin after ESOP/RSU Cost (%)	16.6	16.3	17.2	18.5	22.4	21.0	18.0	9.0	19.0	10.0
EBIT Margin (%)	15.0	14.7	15.6	16.8	20.7	19.0	16.0	6.0	16.0	8.0
Net Profit Margin (%)	12.7	11.9	12.6	12.4	16.6	17.0	18.0	10.0	13.0	5.0
Tax /Total Revenue (%)	3.6	4.0	3.6	3.8	4.0	4.0	3.0	1.0	1.0	1.0
Effective Tax Rate (%)	22.0	25.2	22.1	23.4	21.0	19.0	13.0	8.0	7.0	21.0
Balance Sheet ratios										
Return on Average Net Worth (%)	26.65	26.41	28.87	25.72	31.55	30.00	27.00	12.00	18.00	9.00
Debt Equity Ratio (%)	-	-	-	-	-	-	-	1	2	3
Per Share Ratio										
Dividend Payout Ratio (%)	29	60	80	105	103	57	51	47	18	28
Earnings Per Share – Basic (₹)	16.79	13.89	13.05	10.87	12.70	11.09	9.13	3.72 *	4.67 *	2.06 *
Cash Earnings Per Share (₹)	16.05	15.66	13.04	13.68	11.15	7.31	4.72	0.41	4.96	2.37
Dividend Per Share (₹)	4.00	5.50	8.65	9.45	11.10	5.40	4.00	3.00	1.40	1.00

FY 16 figures are restated as per Ind AS where as numbers from 2008 to 2015 are as per Indian GAAP (Refer note 2.1 and 3 of Consolidated Financial Statement)

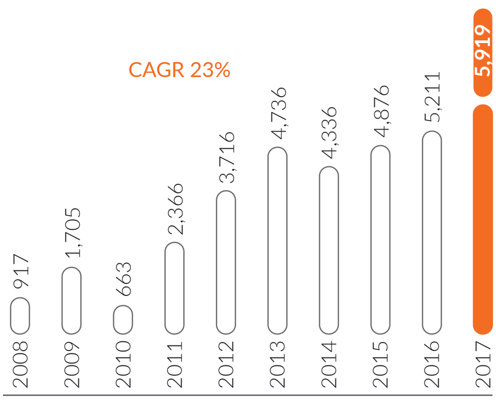
* retrospectively adjusted for the bonus shares issued in 2011
** after exceptional item

10-Year Consolidated Financial Highlights

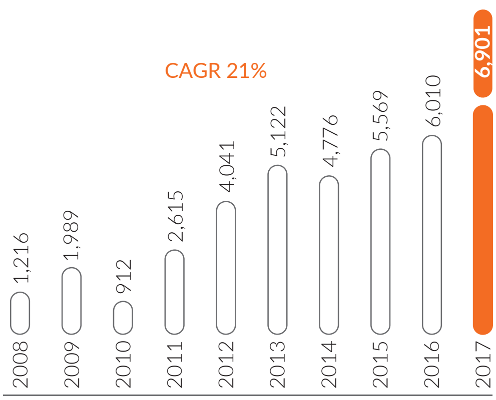
Revenue growth ₹ Mn



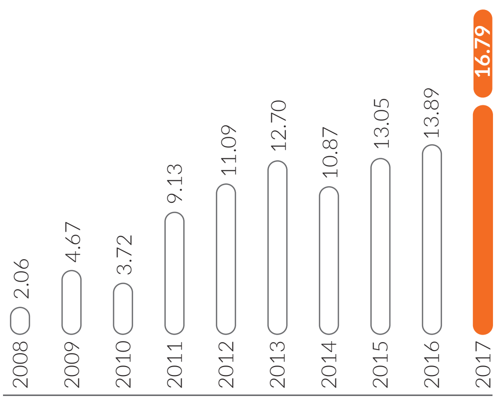
EBIT ₹ Mn



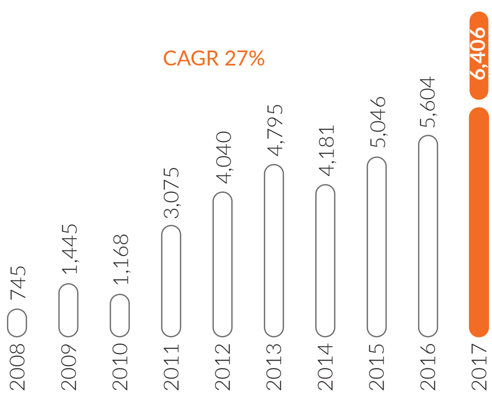
EBITDA ₹ Mn*



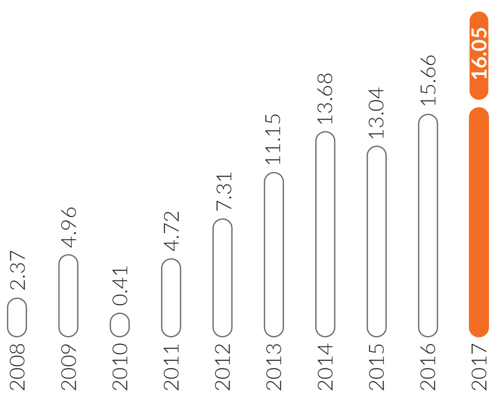
Earnings per share ₹ (Basic)



PBT ₹ Mn



Cash earnings per share ₹

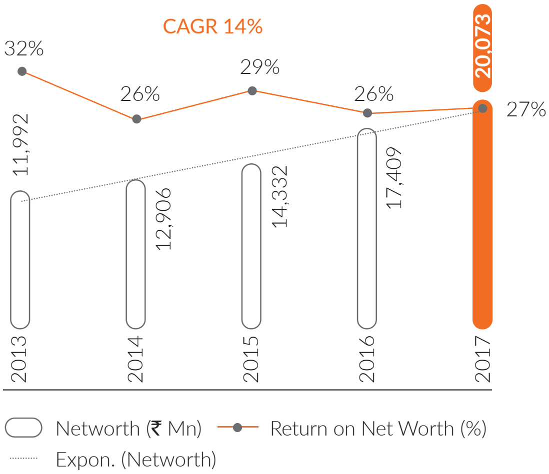


Cash from operations ÷ number of equity shares

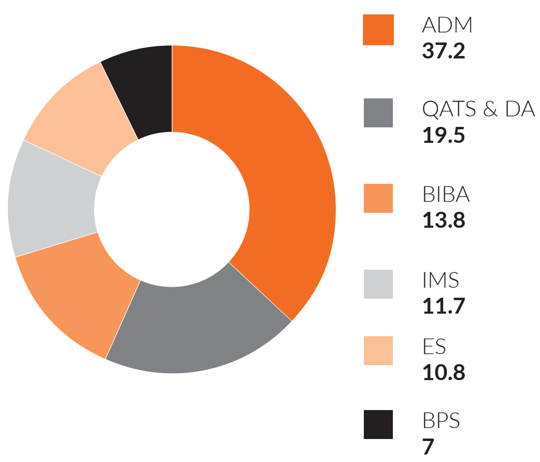
Figures for FY 16 and FY 17 given above are as per Ind AS, previous year are as per Indian GAAP

*EBITDA is before RSU cost.

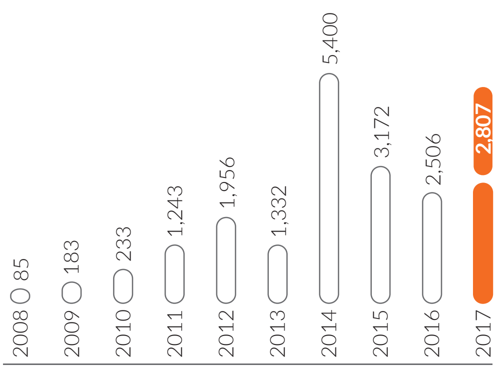
Networth ₹ Mn



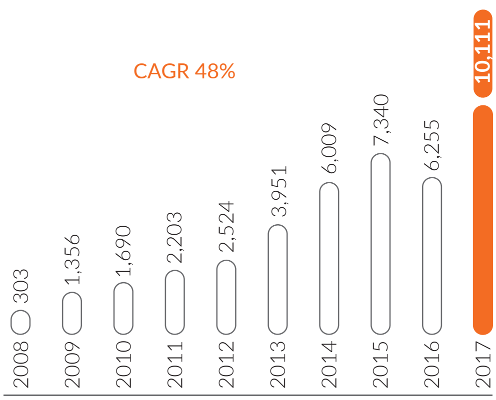
Horizontal split %



Payout to shareholders ₹ Mn
(Including Tax & Buyback)



Market capitalisation ₹ crore



A YEAR DEFINED BY OUR PURSUIT OF **ONE DEGREE MORE**

2017 began with a strong reaffirmation of our core values of high performance and the pursuit of excellence. Our enthusiasm and single-minded mission for perfection was encapsulated in the powerful 'One Degree More' programme. This was all about the stretch in commitment and innovation that powers the transition from good to great. It underpinned the wide range of initiatives and campaigns we undertook, over the years, to drive home our absolute adherence to pushing performance to the next level.

2017 was special because this magic was evident in so many spheres of our work. Right at the beginning of the new year, the team was energised by the exciting theme; the common thread running through all our initiatives was our mantra of high performance. In our High Performers Club (HPC), we handpicked the performers, and rewarded them for their sterling effort. The HPC is not just about recognising success, but also rewarding the rigour that goes behind making it a sustained effort. Consistent performance was key for membership to this select club. This year we saw a lot of Hexawarians do extraordinary things and it was a privilege to honour their commitment.

A key milestone of 2017 was the unveiling of the new Hexaware brand identity. It is emblematic of the energy of our exciting work ecosystem. It has become the guidepost for us to design and implement programmes that bring the same passion and energy to all touchpoints of our organisation. The launch of the new identity made a big impact in setting the design voice

of several of our campaigns and initiatives last year. We took inspiration from its contemporary design an imbibed the fluidity and modernism it represents. The new Hexaware believes in boldly striding forward; our logo symbolises this courage and now our communication uses these values as a constant beacon.

Another highlight of 2017 was the launch of the completely reinvented StationH–Hexaware's global intranet portal. This project also resonated with our collective focus to go One Degree More-when we started the task of relaunching StationH, we were clear that we were going to steer clear from mere incremental improvements. We had to present StationH in an entirely new light-one that was contemporary, intelligent and intuitive. Several teams worked together tirelessly to bring this to fruition. In fact, we can proudly say that the new StationH is a celebration of the admirable stretch made by so many people, across teams.

2017 also saw Yuva, traditionally a landmark event for the BPS unit, emerge in its new avatar with both BPS and IT teams coming together. The quality of the competition was exceptional but what was most heartening was the incredible drive of our Hexawarians, across teams and across regions. The success of Yuva 2017 was a testimony to the spirit of One Degree More; in spite of high pressure jobs, the way our employees rallied to make it so memorable and vibrant epitomizes the great energy in our organisation.

Our aim was to provide the tools, knowledge and methodology that would help employees unlock new levels of performance. Our 'Naturally Awesome' campaign sought inspiration from the natural world to drive excellence in the workplace. Be it BrainBox, Innowizz, Referral Premier League – Hexawarians contributed in large numbers – going that extra mile. This year, too, we conducted the Employee Passion Survey that garnered great participation across Hexaware. We have taken all the feedback into consideration and incorporated it into our plan for the coming year.

With great pride, we carried forward this spirit of doing more even in our Corporate Social Responsibility (CSR) initiatives. At Hexaware, we are committed to behaving ethically and contributing towards the betterment of the local community that we are a part of and society at large. The past year saw us stepping up our game on this front, including the "Enhancing Employability" initiative with SMILE that has got 6 youthful Hexawarians in our BPS processes and the 7 students who have been given the opportunity for holistic development at the Antar Bharti Balgram, and many other ways that the Helping Hands of Hexaware have impacted lives of people around us.

Hexawarians have done us proud. Each one of us has gone that one degree more – as an individual, as a team and as an organisation. And together we have made 2017 the milestone that it turned out to be. We look forward to the same zest and passion in the coming year and the collective excitement only spurs us on to continue going the extra mile, going One Degree More.

Statutory Reports
and
Financial Statements

Notice

Notice is hereby given to all the members of Hexaware Technologies Limited (the "Company") that the Twenty Fifth Annual General Meeting of the Members of the Company will be held on Thursday, May 03, 2018 at 3.00 p.m. at 4th Floor, Rangaswar Auditorium, Yashwantrao Chavan Centre, General Jagannath Bhosale Marg, near Mantralaya, Mumbai 400 021 to transact the following business:

ORDINARY BUSINESS:

Item no 1 – Adoption of accounts

To receive, consider and adopt the Audited Balance Sheet as at December 31, 2017 and the Audited Profit and Loss Account for the financial year ended as on that date together with the Reports of the Board of Directors and the Auditors thereon.

Item no 2 – Confirmation of dividend

To confirm the Interim Dividend aggregating to ₹ 4.00/- per equity share of ₹ 2/- each, already paid for the financial year ended December 31, 2017.

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

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

Item no 4 - Appointment of Statutory Auditors

To consider and approve the appointment of Statutory Auditors of the Company to hold office for a period of Five years until the conclusion of the 30th Annual General Meeting and to fix their remuneration and to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014, (including any re-enactment or modification thereto), and such other applicable provisions, if any, M/s. B S R & Co. LLP, Chartered Accountants, Mumbai, with registration number 101248W / W- 100022 be and are hereby appointed as the Statutory Auditors of the Company to fill the casual vacancy caused due to resignation of M/s. Price Waterhouse Chartered Accountants LLP, Mumbai, at a remuneration as may be mutually agreed to, between the Board of Directors and M/s. B S R & Co. LLP, plus applicable taxes, out-of-pocket expenses, travelling and other expenses, in connection with the work of audit to be carried out by them, to hold office of Statutory Auditor till the conclusion of the Thirtieth Annual General Meeting subject to ratification of appointment by the members in every Annual General Meeting."

SPECIAL BUSINESS:

5. Ordinary Resolution

Appointment of Mr. P R Chandrasekar as a Non-Executive Independent director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. P R Chandrasekar (holding DIN 02251080), a non-executive Director of the Company, who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for one year w.e.f. January 01, 2018 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

6. Special Resolution

Re-appointment of Mrs. Meera Shankar as a Non-Executive Independent director

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

Notice

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mrs. Meera Shankar (holding DIN 06374957), a non-executive Director of the Company, who is eligible for reappointment and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013, be and is hereby re- appointed as an Independent Director of the Company to hold office for two consecutive years w.e.f. April 11, 2018 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

By Order of the Board of Directors
For Hexaware Technologies Limited

Sd/-
Gunjan Methi
Company Secretary

Date: April 03, 2018
Place: Mumbai

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

NOTES:

1. The Explanatory Statement, for item nos. 5 and 6, pursuant to Section 102 of the Companies Act, 2013, is annexed hereto and forms part of this notice. The relevant details as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, of persons seeking appointment / re-appointment as Directors under Item No. 3, 5 & 6 of the Notice, are also annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A FORM OF PROXY IS ENCLOSED, AND IF INTENDED TO BE USED, SHOULD BE RETURNED TO THE COMPANY DULY COMPLETED NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE AFORESAID MEETING. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

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

4. Shareholders are requested to intimate the change in their address, if any, quoting the folio number to the Company. Members are requested to register their e-mail address and changes therein with the Depositories/ Registrar and Share Transfer Agent.

5. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by NSDL, on all resolutions set forth in this Notice. The facility of electronic voting system shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through electronic voting system. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on April 26, 2018 are entitled for remote e-voting on the Resolutions set forth in this Notice. Any person who is not a Member as on the cut off date should treat this Notice for information purposes only.

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

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

8. The Register of Members and Share Transfer Books of the Company shall be closed on Friday, April 13, 2018, in terms of the provisions of Section 91 of the Companies Act, 2013 and the applicable regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

9. Those Members who have so far not encashed their dividend warrants for final dividend 2010 and for the financial year 2011 onwards, may approach the Registrar and Share Transfer Agents, M/s. Karvy Computershare Private Limited, for making their claim without any further delay as the said unpaid dividends will be transferred to the Investor Education and Protection Fund of the Central Government pursuant to the provisions of Companies Act. Further Ministry of Corporate Affairs has recently notified new Rules namely "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" which have come into force from September 7, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been paid or claimed for seven consecutive years in the name of IEPF Suspense Account. The details of unpaid / unclaimed dividend and number of shares liable to be transferred are available on our website: www.hexaware.com

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

11. A sum of ₹ 32,35,702/- has been transferred to the Investor Education and Protection Fund in the year 2017 towards unclaimed/unpaid dividend for the year 2009 and 2010.

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

13. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, NECS/ ECS mandates, nominations, power of attorney, change of address/name, etc., to their Depository Participant only and not to the Company's Registrars

Notice

and Transfer Agents. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar and Transfer Agents to provide efficient and better service to the Members. Members holding shares in physical form are requested to advice such changes to the Company's Registrar and Transfer Agents, Karvy Computershare Private Limited.

14. Members are requested to:

    a. Intimate to the Company's Registrar and Share Transfer Agent/Depository Participant, changes, if any, in their respective addresses along with Pin Code number at an early date.

    b. Quote folio numbers/DP ID – Client ID in all their correspondence.

    c. Consolidate holdings into one folio in case of multiplicity of folios with names in identical order.

    d. Update Bank details with the Registrar and Share Transfer Agent / Depository Participant to avail receipt of dividend by ECS/ NECS facility.

15. Non-Resident Shareholders are requested to inform the Company immediately about:

    a. The change in the Residential Status on return to India for permanent settlement;

    b. The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.

16. Corporate Members are requested to send a duly certified copy of the board resolution authorizing their representative to attend and vote at the Annual General Meeting.

17. The Certificate from the Auditors of the Company certifying that the Employees Stock Option Scheme of the Company is being implemented in accordance with the applicable SEBI guidelines and in accordance with the resolutions of the general meeting passed earlier, will be available for inspection to the Members at the Annual General Meeting. Members seeking any information relating to the Accounts may write to the Finance Department of the Company at its registered office at 152, Millennium Business Park, Sector -III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710 or send an email at Investori@hexaware.com.

18. Members are requested to bring their copies of the Annual Report for the meeting.

19. As communicated earlier, members holding shares in physical form are requested to get them dematerialized, as the shares of the Company are under compulsory demat system.

20. M/s. S. N. Ananthasubramanian & Co., Practicing Company Secretary has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

21. As a part of 'Green Initiative in Corporate Governance,' Ministry of Corporate Affairs (MCA) is allowing companies to send various documents to their shareholders electronically. Hence the Company will be sending all documents such as the Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc. and other communication to the members in electronic form at the email address provided by the members and made available to the Company by the Depository/ Registrar & Share Transfer Agents (RTA). It is encouraged that members support this green initiative and update their email address registered with RTA / Depository to ensure that all communication sent by the Company are received at the desired email address. Please let us know in case you wish to receive the above documents in paper mode. For members who have not registered their email addresses with the Depositories, physical copies are being sent by the permitted modes. The Notice of the Meeting is also posted on the website of the Company at www.hexaware.com.

22. Re-appointment of Directors: At the ensuing Annual General Meeting, Mr. Jimmy Mahtani, Director of the Company retires by rotation and being eligible offers himself for re-appointment. Mrs. Meera Shankar is being reappointed for a period of two years as an Independent Director of the Company. Mr. P R Chandrasekar is being appointed as an Independent Director of the Company for a period of one year w.e.f January 01, 2018. They are not related to any of the Directors of the Company. The information pertaining to the Director retiring by rotation/appointed/re-appointed to be provided in terms of regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard for General Meeting is furnished in the Statement on Corporate Governance published in this Annual Report.

23. The route map of the venue of the meeting is given in the Notice.

EXPLANATORY STATEMENT FOR ITEM NOS. 3, 4, 5 & 6 PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 3

Director, Mr. Jimmy Mahtani (DIN: 00996110), retires by rotation, and being eligible, seeks re-appointment. Kindly refer the report on Corporate Governance for information in respect of appointment of Mr. Jimmy Mahtani, pursuant to the Secretarial Standard on General Meetings. Your Directors recommend the resolution for approval of members.

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

Item no. 4

The Board of Directors at the Board Meeting held on February 08, 2018 appointed M/s. B S R & Co. LLP, Chartered Accountants, Mumbai, with registration number 101248W / W- 100022 to fill the casual vacancy caused due to resignation of M/s. Price Waterhouse Chartered Accountants LLP, Mumbai.

As per the provisions of Companies Act, 2013 read with rules made thereunder a causal vacancy caused due to resignation of Statutory Auditor needs to be approved by the members in a general meeting within three months. Accordingly, the Board of Directors have recommended the appointment of M/s. B S R & Co. LLP, Chartered Accountants Mumbai to the members of the company for their approval at the Annual General Meeting by way of passing an ordinary resolution to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the Thirtieth Annual General Meeting .

M/s. B S R & Co. LLP, Chartered Accountants, Mumbai, have conveyed their consent to be appointed as the Statutory Auditors of the Company along with the confirmation that, their appointment, if approved by the shareholders, would be within the limits prescribed under the Act.

Your Directors recommend the resolution for approval of members.

None of the Directors and Key Managerial Personnel of the Company or their relatives is concerned or interested in the proposed item no. 4 except to the extent of their shareholding.

Item no. 5 & 6:

The Board of Directors, pursuant to the provisions of Section 161 of the Act and applicable rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 re-appointed Mrs. Meera Shankar (DIN 06374957) for a period of 2 years and appointed Mr. P R Chandrasekar (DIN 02251080) as an Additional Director in the capacity of an Independent Director holding office upto the date of the Annual General Meeting The Company has received notice in writing from a member proposing the candidature of Mrs. Meera Shankar and Mr. P R Chandrasekar as Independent Directors of the Company. The reappointment of Director is made as a result of performance evaluation of Directors.

The Nomination & Remuneration Committee has recommended and the Board has approved the re-appointment of Mrs. Meera Shankar and appointment of Mr. P R Chandrasekar as Independent Directors as per their letters of appointment for a period of two years from April 11, 2018 and for a period of one year from January 01, 2018 respectively.

Mrs. Meera Shankar and Mr. P R Chandrasekar, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, Mrs. Meera Shankar and Mr. P R Chandrasekar fulfill the conditions specified in the Act and the rules framed thereunder for reappointment/appointment as Independent Director and they are independent of the management.

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

All the relevant documents, contracts, the terms and conditions of the re-appointment of Mrs. Meera Shankar and appointment of Mr. P R Chandrasekar as Independent Directors of the Company shall be open for inspection by the Members at the Registered Office of the Company between 10:00 am to 1:00 pm on all working day, (Monday to Friday) except Saturdays, Sundays and holidays upto the date of Annual General Meeting and the same shall be available at the time of Annual General Meeting.

Kindly refer the report on Corporate Governance for information in respect of appointment of Mrs. Meera Shankar and Mr. P R Chandrasekar, pursuant to the Secretarial Standard on General Meetings.

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

1. **Mrs. Meera Shankar** joined the Indian Foreign Service in 1973. From the early stages in her career, she has held critical responsibilities. She joined the Prime Minister's Office in 1985 and served there till 1991, dealing with foreign policy and security issues. In addition, she

Notice

handled work related to other ministries including HRD, environment & forests, tourism and women & child development at different periods. She led the commercial wing in the Indian embassy in Washington as Minister (Commerce) till 1995, where she supported the economic transformation in India, and laid the foundation for the remarkable growth in trade & investment ties between India and the United States. She was closely associated with the negotiations for a new textile agreement with the US which led to a substantial increase in India's quotas amounting to about $500 million in additional Indian exports to the US.

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

She has been a very successful diplomat, having managed many sensitive issues in her ambassador roles. She has held key responsibilities covering the full range of diplomacy. She was the Director General of the Indian Council for Cultural Relations (ICCR) and the Co-ordinator for counter terrorism. She has managed bilateral issues with India's neighbours - Nepal, Bhutan, Bangladesh and Sri Lanka and promoted regional cooperation through the SAARC forum. She was also the additional secretary responsible for the UN and international security.

She holds a Master's degree in Arts and English literature.

2. **Mr. P R Chandrasekar** was the CEO of the Company from June 2008 till July 2014. He has a successful track record of driving revenue growth for companies and experienced in mergers & acquisitions, business development, channel development, and strategic initiatives. Prior to joining Hexaware, he was President (Americas and Europe) at Wipro and was responsible for the strategic development of the company's business in those regions. Mr. P R Chandrasekar joined Wipro in May 2000 from GE India, where he served as Director, Business Development. He holds a degree in engineering from Indian Institute of Technology, Madras (IIT-M) and an MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai University.

Vast experience of Mrs. Meera Shankar and Mr. P R Chandrasekar in various areas, will help the Company to decide future business strategies for growth of the Company.

For other details such as age, qualifications, experience, number of meetings of the Board attended during the year, remuneration drawn and relationship with other Directors and Key Managerial Personnel in respect of Mrs. Meera Shankar and Mr. P R Chandrasekar, please refer to the Corporate Governance Report. Terms and conditions of appointment of Mr. P R Chandrasekar and re-appointment of Mrs. Meera Shankar are available on our website at www.hexaware.com/investor/

Pursuant to Secretarial Standards on General Meetings, the summary of performance evaluation of Mrs. Meera Shankar is as follow:

She helps in bringing judgment on the Board of Directors' deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct. She participates constructively and actively in the meetings of the Board / committees of the Board in which she is a member.

The Board recommends the Ordinary Resolution set out at Item No. 5 and Special Resolution set out at Item no.6 of the Notice for approval by the Members.

Except Mrs. Meera Shankar and Mr. P R Chandrasekar and except to the extent of their shareholding, if any , in the Company, none of the Directors and Key Managerial Personnel of the Company or their relatives are concerned or interested in the proposed Resolution as set out as Item no. 5 and 6 in the Notice.

By Order of the Board of Directors
For Hexaware Technologies Limited

Sd/-
Gunjan Methi
Company Secretary

Date: April 03, 2018
Place: Mumbai

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

Route Map for the venue of the meeting

VENUE:

4th Floor, Rangaswar Auditorium, Yashwantrao Chavan Centre,
General Jagannath Bhosale Marg, Near Mantralaya, Mumbai 400 021
Prominent Land Mark: Mantralaya, Mumbai

Directors' Report

TO

THE MEMBERS,

The Directors are pleased to present their Twenty Fifth Annual Report, on the business and operations of Hexaware Technologies Limited (hereafter referred to as 'the Group' or 'The Company') together with audited financial statements for the financial year ended December 31, 2017.

The financial statements are prepared in accordance with Indian Accounting Standards ('Ind AS'). In accordance with the notification issued by Ministry Corporate Affairs, the Group has adopted Ind AS with effect from January 1, 2017 being first Ind AS financial statement with transition date of January 1, 2016. Accordingly, figures for the fiscal year (FY) 2016 has been restated in accordance with Ind AS (refer note 2.1 and 3 of consolidated financial statements).

Financial Performance:

Global Operations: (USD million)

	FY 2017	FY 2016
Income from Operations	607.49	525.55
EBITDA before ESOP/ RSU cost	106.41	89.44
EBITDA after ESOP/ RSU cost	101.02	85.77
Profit from Operations *	91.26	77.56
Profit before Tax	98.75	83.37
Profit after Tax including share in profit of associate	77.03	62.36
Total Customers	221	220
Average account size	2.75	2.39

(₹ million)

	FY 2017	FY 2016
Income from Operations	**39,420.14**	**35,348.99**
EBITDA before ESOP/RSU cost	6,901.14	6,010.30
EBITDA after ESOP/RSU cost	6,551.64	5,763.56
Profit from Operation *	5,918.87	5,211.03
Add: Exchange Rate Gain (net)	449.62	355.93
Add: Other Income	35.82	38.41
Less: Interest	(1.19)	(1.41)
Profit before share in profit of associate	**6,403.12**	**5,603.96**
Add: Share in profit of associate	2.70	-
Profit before Tax	**6,405.82**	**5,603.96**
Less: Provision for Taxation	1,410.56	1,412.34
Profit after Tax	**4,995.26**	**4,191.62**
Other Comprehensive Income (OCI)	91.86	262.29
Total Comprehensive Income	**5,087.12**	**4,453.91**

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

India Operations: (₹ million)

	FY 2017	FY 2016
Income from Operations	15,241.07	13,930.41
EBITDA after ESOP/RSU cost	4,894.66	4,563.49
Profit from Operations *	4,401.30	4,140.31
Add: Exchange Rate Gain (net)	537.40	284.64
Add: Other Income	29.16	35.61
Less: Interest	(0.62)	(1.14)
Profit before Tax	**4,967.24**	**4,459.42**
Less: Provision for Taxation	857.64	945.10
Profit after Tax	**4,109.60**	**3514.32**
Total Comprehensive Income for the year	4,194.13	3,508.05
Add: Balance brought forward from previous year	4,886.20	3,887.80
Other Comprehensive Income (OCI)	84.53	(6.27)
Add: Transfer from Special Economic Zone Reinvestment Reserve	487.22	174.30
Balance available for appropriation	**9,567.55**	**7,570.15**
Appropriation		
Interim dividend including tax on dividend	1,428.09	2,506.22
Transfer to Special Economic Zone Reinvestment Reserve	178.35	177.73
Expense on buyback of shares	12.15	-
Balance carried to Balance Sheet	**7,948.96**	**4,886.20**

Note: During the year, the Company merged its wholly owned subsidiary Risk Technology International Limited with itself. The said merger has been accounted for using pooling of interest method as if the merger had occurred from January 1, 2016. Accordingly, prior period figures of India operation (Standalone financial statements) are restated (refer note 31 of standalone financial statements).

Results of Operations

a) Global operations:

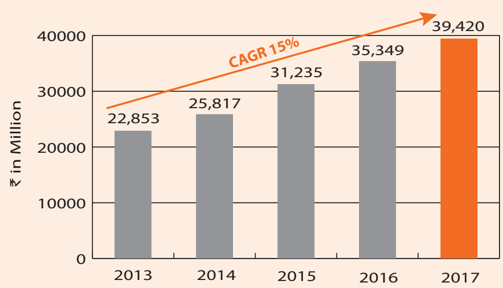
Income from operations increased to ₹ 39,420.14 million in 2017 from ₹ 35,348.99 million in 2016, growth of 11.5%. The growth in Dollar terms was 15.6%, reaching USD 607.49 million in 2017 from 525.55 million in 2016. Revenue in constant currency was USD 606.1 million in 2017, growth of 15.3%. Growth was driven largely by volume increase, aided by higher onsite mix.

EBITDA after RSU costs increased to USD 101.02 million in 2017 compared to USD 85.77 million in 2016, growth of 17.8%. In INR terms, it saw growth of 13.7% and increased to ₹ 6,551.64 million in 2017 compared to ₹ 5,763.56 million in 2016.

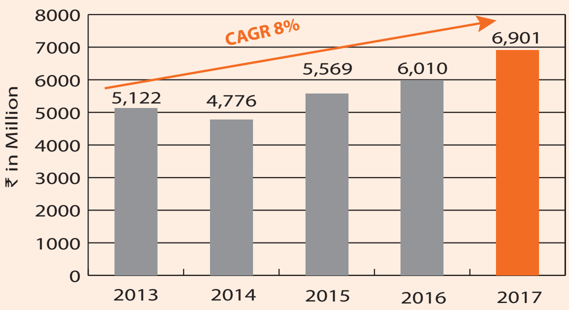
Profit from Operations (profit before Exchange rate difference, Interest, Other income and Provision for taxation) was at ₹ 5,918.87 million in 2017 as against ₹ 5,211.03 million in 2016, growth of 13.6%. The growth in profit from operations without considering RSU cost under long term incentive plan was 14.9%.

Profit before tax grew 14.3% to ₹ 6,405.82 million in 2017 compared to ₹ 5,603.96 million in 2016.

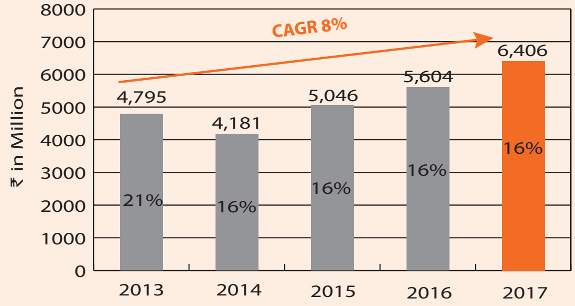
Income from operations



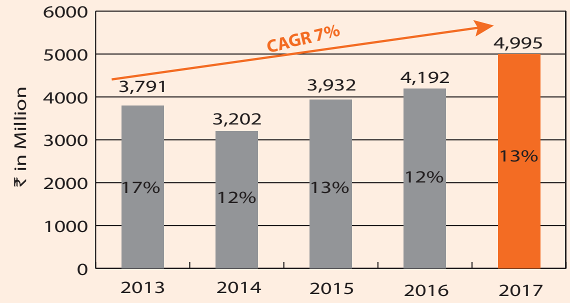
EBITDA before RSU cost



PBT Margin



PAT Margin



Profit after tax stood at ₹ 4,995.26 million in 2017 as compared to a profit of ₹ 4,191.62 million in 2016, growth of 19.2%. PAT margins in Rupee terms were at 12.7% in 2017 compared to 11.9% in 2016.

Material changes from end of financial year till date of report

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

Company's major achievements in 2017

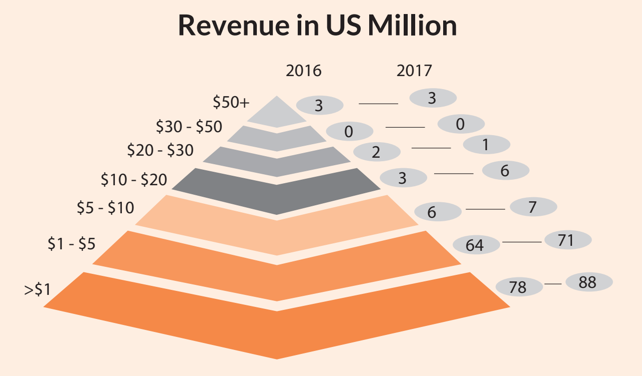
The Company's investments in building the growth momentum has started paying off with the Group achieving stellar growth both in revenue as well as in profits.

- ✓ In 2017, growth in revenue was 11.5% in INR terms and 15.6% in USD terms compared to 2016.
- ✓ EBITDA after ESOP/RSU cost growth in 2017 was 17.8% in USD terms and 13.7% in INR terms during the year 2017.
- ✓ Profit for the year grew at 23.5% in USD terms and 19.2% in INR terms.
- ✓ Diluted EPS grew by 20% in 2017 over 2016.
- ✓ Return on net-worth continues to be above 25%.
- ✓ The Company has strong order book with the New Logo (NN) TCV booking of ~USD180 million during the year, growth of 18% compared to FY 2016.

Over the past few years the focus has been increasing the client base which has started to materialise. The Company added 10

Directors' Report

clients contributing over USD 1 million revenue, of which 4 clients contributed between USD 5-20 million revenue during the year. The revenue from the current top 5 has increased by 14%, from next 5 increased by 8% and from next 10 increased by 22%. The Company is poised to see the shaping of pyramid.



b) India operations:

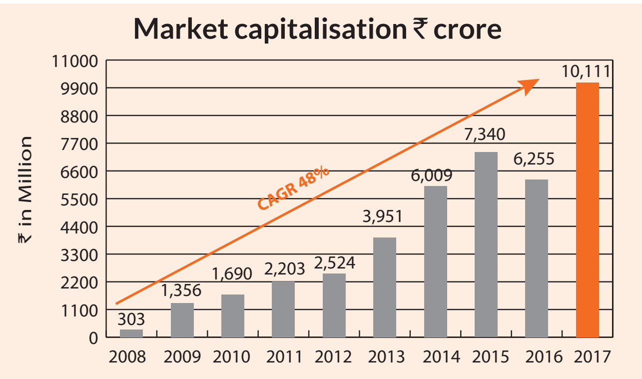
In the year 2017, the revenue of the standalone legal entity increased by 9.4 % to ₹ 15,241.07 million in comparison with revenue of ₹ 13,930.41 million in the previous year. The net profit after tax was ₹ 4,109.60 million as compared to ₹ 3,514.32 million in 2016 showing growth of 16.9%.

Share capital

The paid-up Share Capital of the Company as on December 31, 2017 was ₹ 593.61 million comprising of 296,803,757 Equity Shares of ₹ 2/- each. During the year 470,397 shares were exercised under different ESOP schemes.

The Company during the year completed the buyback of 5,694,835 shares at a price of ₹ 240/- per share, another form of rewarding the shareholders.

The market capitalization of the Company as on December, 31, 2017 was at ₹ 101,106.20 million (USD 1,582.88 million). The market capitalization is calculated on the basis of closing prices of ₹ 340.65 on The National Stock Exchange and the closing exchange rate of 1 USD = INR 63.875 as of December 31, 2017.



Other equity (Reserve and surplus and other comprehensive income)

The Securities premium reserve balances stood at ₹ 3,517.94 million which is after utilisation of ₹ 1,366.76 million for the purpose of buy-back of shares.

The balance of the Retained earnings after the appropriations for the year is ₹ 7,948.96 million.

Forex Mark-To-Market: The year-end cash flow hedging reserve (net of tax) stood at gain of ₹ 465.83 million, as compared ₹ 240.78 million in the previous year recognised in accordance with the hedge accounting provision of IndAS 109 Financial Instruments.

The Company recorded ₹ 732.44 million in as Share options outstanding reserve being amortisation of compensation cost of RSU's granted to the employees of the Group.

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

In summary, total other equity stood at ₹ 14,823.34 million.

Dividend

During the year 2017, the Company paid four interim dividends on equity shares, Q4 2016 ₹ 1.00 (50%), Q1 2017 – ₹ 1.00 (50%), Q2 2017 – ₹ 1.00 (50%), Q3 2017 – ₹ 1.00 (50%) totalling to ₹ 4.00 per share (200%).

The board of Directors at its meeting held on February 7, 2018 declared interim dividend of ₹ 1.00 (50%) for the Q4 2017.

The Board of Directors have not recommended payment of any final dividend and interim dividends as aforesaid be considered as final. The total dividend declared and paid in 2017 on account of interim dividend & tax thereon amounts to ₹ 1,428.09 million.

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

	Q1	Q2	Q3	Q4	Total
Dividend	296.33	296.68	296.73	296.80	1,186.54
Tax	60.33	60.40	60.41	60.41	241.55
Total	**356.66**	**357.08**	**357.14**	**357.21**	**1,428.09**

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

Particulars of loan, guarantee or investments

Loan, guarantees and investments covered under section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report. Please refer note no. 6A, 6B, 8A, 8B and note no. 24 of Standalone Financial Statements.

Subsidiaries and associates

During the year 2017, the Company formed three Wholly Owned Subsidiaries in Hong Kong, Sweden & China and two step down subsidiary companies in US primarily to cater needs of customer.

The total amount of initial investment in these companies are given below:

Sr. No.	Name of Company	₹ Million
1	Hexaware Technologies Hong Kong Limited	16.13
2	Hexaware Technologies Nordic AB	0.40
3	Shanghai Hexaware Information Technologies Company Limited	Nil
4	Hexaware Technology and Business Solutions Inc. (subsidiary of Hexaware Technologies Inc.) (closed during the year)	Nil
5	Digitech Technologies Incorporated (subsidiary of Hexaware Technologies Inc.)	Nil

During the year 2017, the Company has also invested further funds in the following wholly owned subsidiary. The total further investment in the subsidiary is given below:

Sr. No.	Name of Company	₹ Million
1	Guangzhou Hexaware Information Technologies Company Limited	6.41

On July 6, 2017, Hon'ble National Company Law Tribunal has approved merger of the wholly owned subsidiary company M/s. Risk Technology International Limited with the Company and it is effective from July 27, 2017.

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

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

Business Strategy

Out of the top 10 trends impacting humanity ranging from end of cancer to hyperconnected world, 7 are themed on Automation, Machine Learning and Artificial Intelligence. Hexaware is on a journey to transform how IT services are delivered and be the first IT services company in the world where majority of workforce talks about Digital - keeping ourselves in line with the top trends impacting humanity. The Company strives to do so with its basic philosophies of delighting customers while generating profitable growth for our its investors.

There are three pillars to Hexaware's business strategy:

1. **GTM Strategy:** The Company has outlined a 3-pronged GTM strategy for its business.

   a. **Automate Everything:** In order to achieve its to make its workforce digital in a big way, the Company is building a culture where its employees are incentivised for automating work. The Company is tapping into cutting edge technologies of AI/ML and Blockchain to implement automation at scale for our clients. Hexaware's motto to automate everything stems from a comprehensive top-down view, starting from customer experience, moving onto underlying business processes and their applications and ending with the infrastructure that empowers them. The automation solution that the Company offers is infused with self-healing application management along with fully automated infrastructure and operations management. Ultimately resulting in lowered costs, minimal human intervention and dramatically improved end-user experience.

   b. **Cloudify Everything:** Cloud technology, today, is so much more than just lifting and shifting workloads. Hexaware's enterprise cloud services help enterprises in realizing a digital future, all while optimizing IT, increasing agility and reducing cost. The Company understands that designing and building native cloud applications is fundamentally different from traditional in-premise development. The Company's cloud consultants help in navigating the change and take advantage of the cloud ecosystem. Migrate faster and operate in new environment better and cheaper with its unique and proven framework. Hexaware can help reduce complexity and leverage cloud better, irrespective of customer corporate landscape.

   c. **Transform Customer Experience:** A vast majority of enterprises don't deliver consistent & superior customer experience (CX). The complexities in delivering superior CX are manifold, but mainly it is on bringing together diverse and complex technologies. The Company believes that Natural language will be the most common way humans interact with businesses and machines; & this will transform CX management, again. A design-led approach helps stitch these capabilities together and narrowing focus to help clients build Customer Experience, hitherto delivering ultimate value to them.

2. **Culture:** No strategy can see the light of the day until every employee has imbibed the strategy and is living it day in and day out. Hexawarians around the world are proud of the Automation first approach as evident from the fact that majority of Hexawarians participated in bottom-up innovation. 70% out of 2800 ideas posted by employees have been implemented resulting in almost USD54mn savings for customers in last 3 years and a saving of 1,170,698 man-hours/year. Hexaware automates low skilled activities, fosters a culture of David vs. Goliath with a chip on the shoulder attitude.

3. **Leadership:** One of the corner-stones of the Company's growth and transformation over the last few years has been its fabulous leadership team. The Company added as many as 10 senior leaders in 2017 who joined Hexaware with 10x execution experience. The Company believes that its leadership is one of the best in the industry.

Directors' Report

The Company has seen tremendous success with this strategy and as an outcome the Company is proud to be the fastest organically growing IT services company with industry leading shareholder returns. The Company is rated number one in Whitelane's 2017 UK and 2016 European IT Outsourcing study. The Company continues to remain nimble and closely aligned to the customer needs to keep marching towards the path to sustainable growth.

Delivery Centers

India based Global Delivery Centers

Mumbai:

The Company has two Offshore Development Centers (ODCs) at Millennium Business Park in Mahape, Navi Mumbai. One of these is the registered office of the Company. Both this ODC's houses around 1,700 employees.

The Company's BPS arm operates out of two service centers in the same complex, with around 1,600 employees providing BPS services to its global clients in shift mode.

The Company has also taken premises on long-term lease for its IT and BPS operation in the SEZ facility named Loma IT Park, Ghansoli, Navi Mumbai with seating capacity of 1,600 employees including for BPS operations. There are around 630 employees working from this center.

Chennai:

There are around 4,170 IT Professional employees working from the Company's 27 acre campus in Chennai. This campus has employee-friendly amenities like recreation center, library and gymnasium facilities – offering plenty of avenues for relaxation and rejuvenation as well as knowledge enhancement through Hexavarsity – the Company's in- house Learning and Development University.

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

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

Currently seating capacity is expanded to 5,500 seats in Phase 1. The Company has also constructed Phase 2 with approximately 3,300 seats.

The BPS arm also operates out of another two facilities in Chennai of which one is in SEZ unit with seating capacity of 1,975. The combined strength of around 930 employees operates from these facilities.

Pune:

In Pune, the Company has moved to its own SEZ campus at Hinjewadi from January, 2017. The first phase of this campus has seating capacity of 1,900 seats. Around 520 IT Professional employees are currently operating from this campus.

Nagpur:

The Company owns 20 acres of land in MIHAN SEZ, Nagpur, a tier II city. This facility is currently operational with around 500 employees and has seating capacity to accommodate 1,104 professionals in different shifts.

Bengaluru:

This facility in the India's IT capital of Bengaluru has capacity of 50 seats which is fully occupied.

Coimbatore:

Hexaware BPS arm has a facility in Coimbatore with seating capacity of 256 employees and around 250 employees are working from this facility for providing BPS services to its global clients in shift mode.

Noida:

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

Overseas GlobalDelivery Centers

Alpharetta, GA (USA)

The Company has Global Delivery Centre (GDC) at Alpharetta in the state of Georgia, USA with seating capacity of 170 employees. 150 IT professional employees are currently working from this delivery center.

Dunwoody, GA (USA):

The Company has Global Delivery Centre (GDC) at Dunwoody in the state of Georgia, USA with seating capacity of 220 and currently 190 IT professional employees are working from this delivery Centre.

Reston, Virginia (USA):

The company has delivery centre at Sunrise Valley in the state of Virginia with seating capacity of 53 , which is fully occupied.

Amsterdam (Netherlands):

The Company has Global Delivery Centre (GDC) at Amsterdam with seating capacity of 12 and currently 10 IT professional employees are working from this delivery Centre.

Saltillo (Mexico):

The Company has a strong presence in Mexico with a near-shore Delivery Centre at Saltillo with employee's seating capacity of 491. While Mexico offers cost competitiveness compared to the United States of America, the country also provides immense benefits in the form of same time zone, enables immediate response and access to a vast talent pool and an untapped emerging market. The Company intends to leverage its near shore Delivery Centre to cater to several global clients as an addition to the other existing options of continuing operations in the USA or in the Company's locations in India. Currently around 350 IT and BPS Professional Employees are working from this delivery Centre.

Tver (Russia):

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

Bucharest (Romania):

The Company has Global Delivery Centre (GDC) at Bucharest (Romania).

Guangzhou, China:

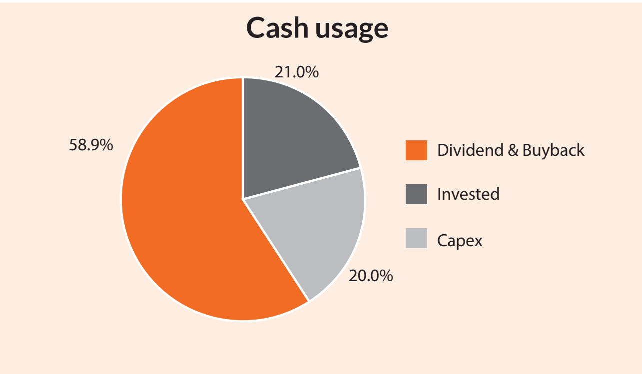
The Company has center in Guangzhou, China for its BPS operation with a small office.

Cash Flow (Consolidated)

The cash generated from operations in 2017 was ₹ 4,762.40 million. The Company has invested ₹ 956.78 million in property, plant and equipment and intangible assets, mainly for new development centre in Chennai and Pune to cater long term need and to provide quality support to global delivery operations and sales.

During the year, the Company paid dividend including dividend tax of ₹ 1,428.09 million. The Company also used ₹ 1,378.91 million on buy-back of shares.

The Company has received ₹ 12.39 million from issue of shares. As of December 31, the cash position of the Company was ₹ 5,332.22 million including the restricted bank balance, equivalent in USD 83.48 million. Including the Mutual Fund investments (cash equivalent), the total cash & bank balance was at ₹ 5,521.41 million equivalent USD 86.44 million.



Human Resource Capital

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

Exceeding customers' expectations requires a high level of focus, competence and technical expertise. The Company strengthened its recruitment efforts through continued employee referrals, job fairs, social media & campus recruitment drives. Over the last year, the Company has added 1,590 employees, taking the total strength to 13,705 from 12,115 at the end of the previous year. The Company is focused towards attracting and retaining high calibre employees through comprehensive Hiring and on-going Deployment processes. The Company's Gender Diversity is more evident now with a healthy 26.85% of our workforce being women.

The Company takes pride in its continued focus on employee retention. In its sustained efforts to make Hexaware a Great Place to Work, the focus has been on furthering employees' career aspirations. This focus strengthened by the Rewards & Recognition program has helped reduce the attrition rate from 16.1% last year to 13.1% as on December 31, 2017. The Company believes that its workforce lives its brand and to that end the HR team is always working on initiatives that help build an engaging organization. Today, the youthfulness and the agility in its talent reflects the new brand identity of Hexaware.

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

Talent Management - Asset Development

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

The company's focus is to develop a strong internal pipeline of talent and to provide a platform for talented individuals to shine, innovate and create value for its clients. The company is abreast of the emerging market trends and is at the fore front of "Shrink IT, Grow Digital" mantra. The company focusses on Talent Management through interventions at every step of the way, right from Hiring to Retention.

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

To help smoothen the process of Performance Management and to familiarize the people with the nuances of the tool, the Company has regular connect sessions and specific learning modules designed by the HR team. The Performance Management System has an

Directors' Report

inbuilt structured and streamlined process to objectively evaluate one's performance against pre-defined goals. The PMS also has the functionality to identify future talent needed by the organization and a pipelined approach to groom the future leaders of Hexaware in collaboration with its Learning and Development arm: Hexavarsity. The Company helps hone the skills of its consultants through various training interventions, regular Hackathons both internal and those organized by its service partners. The Technical Competency Development Program (TCDP) run by the Learning and Development team focusses on aligning the technical skills of its people to their specific roles. The new Project End Feedback system ensures that consultants get feedback for every project that they work on and are aware of their areas of improvement.

The Company focuses on holistic employee development. In its quest for consistency and excellence, the Company rewards its top performers and in 2017 the Company launched the exclusive High Performers Club (HPC) program, the membership to which is restricted only to its consistent top achievers.

Another popular initiative at Hexaware that helps to tap into the collective intelligence of its talent is Brainbox. This is a platform for the consultants to post ingenious ideas that go a long way in helping its customers save time and money. In 2017 over 4,384 employees have participated in this initiative and nearly 1,096 ideas were posted. The passion of the people in contributing to this initiative is evident from the participation and reflects our belief in creating a highly engaged customer centric talent pool.

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

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

Information Security

Information Security assurance has become a critical requirement in the prevailing threat landscape of digital world. The thought leadership, dynamic alignment with the industry best practices, smart tools and latest technology have become essential for customer confidence thorough secured business operations.

The Company had invested substantially in advanced technology adoption, latest tools and competent work force. Ensuring the adequacy and compliance to global Certification standards and assessments had been the baseline requirement of Information Security of the company to assure Confidentiality, Integrity and Availability of Information. In addition to planned audits and assessments, surprise checks are done for sustainable compliance, customer confidence and secured operations. Emerging legal and regulatory requirements in addition to the existing ones provide an opportunity to minimize risk and progress through continuous improvement in the industry forefront. Some such initiatives include GDPR and Privacy Shield compliance of the company. The resilience to provide service and business continuity during natural, man-made or technical disruptions had been well thought through and has resulted in preparedness, capability and event response processes which are rehearsed for readiness. Imbibing security culture in every employee through continued education and awareness is planned and executed with periodic Management review.

Quality Assurance

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

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

The Company commissioned a survey on customer delight for 2017 by Feedback Consulting, an independent market research firm to capture customer expectations and measure customer experience. On a scale of -100 to 100, the Company scored the highest score of 78.5 as against an industry score ranging from 42.2 to 78.5. There is a significant improvement seen across key business metrics, as well as in the overall score of 66.2 achieved in fiscal 2016.

Benefits to customers:

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

The Company harnesses the power of knowledge gained by its employees working on their customer accounts, by encouraging them to create value addition ideas. In the last three years, the employees have posted over 2,800 ideas proposing value additions under categories like bring automation / productivity improvement, financial savings, and accelerate the time to market the customer's products and services. 1,950 of these ideas have been successfully delivered generating a saving of over USD 54 millon in last 3 years, which is being approved by the esteemed customers. In year 2017, employees have delivered value added savings worth USD24.3

million by delivering 716 ideas to the customers. This amounted to 4% of the revenues in 2017 and ~45% of the employees have proudly participated in this initiative. The Brain Box platform has promoted the culture of deep expertise, value creation attitude, extraordinary proficiency in the customer's business function, technical engineering, knowledge sharing and problem solving approach thereby identifying and delivering values to the customers at no extra cost to them. Through a structured governance and rewards program, the Company suitably rewards its employees passion and best values adds on quarterly basis, which is personally driven by the CEO, Mr. R Srikrishna, which made more and more employees participating in this CVA culture.

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

The customers have benefited as a result of high quality of delivery and support, stringent information security practices and flexible and proactive approach. Hexaware's understanding of customer's business and technology landscape enables it to provide comprehensive multi-service solutions along with cost reduction for the customer. This has resulted in high levels of customer delight and repeat business.

Company focused on Corporate Governance

Good governance facilitates efficient and effective management that can deliver stakeholder value over the longer term. It is a reflection of the Company's culture, policies, relationship with stakeholders, commitment to values and ethical business conduct. In the same spirit, timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the Company is an important part of the Company's corporate governance.

Hexaware's Board exercises its fiduciary responsibilities in the widest sense of the term. The company's disclosures seek to attain the best practices in corporate governance. The Company also endeavors to enhance long-term shareholder value and respects minority rights in all its business decisions.

The Company has two "Big 4" firms as auditors - Price Waterhouse Chartered Accountants LLP was Statutory Auditors for the financial year ended December 31, 2017 and KPMG as its Internal Auditors. Ernst & Young are the tax advisors of the Company. The Board of Directors at its meeting held on February 08, 2018 appointed BSR & Co. LLP, Chartered Accountants, Mumbai as Statutory Auditors in place of Price Waterhouse Chartered Accountants LLP.

The Company's Board of Directors comprises eminent professionals in their respective fields with rich experience in policy-making and strategy formulation. All the major committees of the Board are headed by Independent Directors and the Company has followed Cadbury Committee's recommendation of having two different individuals as Chairman & CEO for several years. The Company was the winner of the prestigious Golden Peacock Award for excellence in Corporate Governance for the year 2011 and 2015 and won the Special Commendation in the year 2009 and 2013.

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

Awards & Recognition:

- Hexaware has been mentioned in High Potentials category in the report titled "Capital Markets Operations- HFS Blueprint" Dated 12th January 2017 by Analyst Reetika Joshi.
- Forrester mentions Hexaware as "STRONG PERFORMERS" in their Wave Report titled" Continuous Testing Service Providers, Q3 2017", dated 27th July 2017 by Analyst Diego Lo Giudice.
- Hexaware has been mentioned among the Testing Vendors in the HfS report titled "Application Testing Services Supporting Digital Transformation 2017" dated 24th August 2017 by Analyst Tom Reuner.
- Hexaware has been mentioned in "Major Contenders" category in the Everest report titled "Healthcare Payer IT Services PEAK Matrix 2017" dated 31st October, 2017 by Analyst Abhishek Singh.
- Hexaware featured in Everest Group's 'IT Service Provider of the year awards 2017 dated 13 th April 2017.
- Hexaware has been mentioned in "High Performers" category in the HfS report titled "Application Development & Management Services 2017" Dated 7th September 2017 by Analyst Phil Fersht & Jamie Snowdown.
- Hexaware has been mentioned in "Major Contenders" category in the Everest report titled "Healthcare Provider IT Services" dated 9th November 2017 by Abhishek Singh.

Additional awards and recognisations are given in page no. 26.

Risk Management

Risk Management is an enterprise wide function that aims at assessing threats to business sustainability and mitigating those threats. The Board of Directors and senior management team with deep industry experience develop frameworks and methodologies for assessing and mitigating risks. The Board has also formed Strategy and Risk Committee to oversee activities related to risk minimization.

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

Directors' Report

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

Insurance

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

Errors & Omissions/ Cyber Liability/General Liability: In a global services business, customers insist on taking suitable insurance covers like - Errors & Omission (Professional Indemnity), Cyber Liability and Commercial General Liability. The Company has taken appropriate level of insurance covers with reputed insurers/re-insurers to protect the Company from any third party liability claims that may arise at any point of time.

Directors' & Officer's Liabilities (D&O) /Employment Practices Liability Insurance (EPLI) / Crime: D&O policy covers the Directors & Officers of the Company against the risk of third party claims arising out of their actions / decisions, which may have resulted in financial loss to any third party. The Company has appropriately insured itself to mitigate such risks emanating from any third party. EPLI Insurance protects the Company from claims from employees or third parties on account of any actual or alleged Employment Practice Violation. Crime insurance protects the Company from loss of money, securities or other financial loss arising from any fraudulent or criminal activity of employees or third parties.

Property / Employee Benefits: The Company has insured its various properties & facilities against the risk of fire, damage, theft etc. so that the financials are not impacted by such unfortunate events. The employees of the Company are covered under various employee benefit insurances that provide cover for Hospitalization, Accidental Disability and Death.

Internal Financial Control Systems

The Company has presence across multiple countries, and has a large number of employees, suppliers and other partners collaborate to provide solutions to its customer needs. The Management has laid down proper and adequate system for internal financial controls to be followed to ensure safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial disclosures. This ensures that all transactions are authorised, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition there are operational controls.

The Company has adopted accounting policies which are in line with the Accounting Standards (Ind AS) notified under the Companies Act, 2013 [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Companies Act. These are in accordance with generally accepted accounting principles in India. Changes in policies, if any, are approved by the Audit Committee in consultation with the Statutory Auditors.

The policies to ensure uniform accounting treatment are prescribed to the subsidiaries of the Company. The accounts of the subsidiary companies are audited and certified by their respective auditors for consolidation.

The Company has constituted an Audit Committee comprising of 5 (Five) professionally qualified and well experienced Directors, who review the operational efficiency, adequacy and effectiveness of systems, processes, and Internal finance control of the Company.

In addition to this, the Company continued to engage KPMG as its Internal Auditor for the year ended December 31, 2017. The Internal Auditors findings are discussed with the process owners and suitable corrective actions are taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations. During the year, the Company continued to implement suggestions and recommendations by the internal auditor and audit committee to improve the control environment.

The further details regarding internal financial controls are included in the Management Discussion and Analysis, which form part of this report. Report of statutory auditor on the internal financial control is also included in this report on page 154.

HexaVarsity

Hexaware's Learning and Development Team

People Development is a very important function in a knowledge industry such as Hexaware. The Company is strongly focussed on learning and development through Hexavarsity, its corporate University. During the year, Hexavarsity conducted several programs for continuous learning and development of its people for technical competency development, Account Specific Training and Knowledge base and peer-to-peer learning. In recognition of its people development efforts, the company won the prestigious award for "Best Organizational Development Programme 2017" in the 6th edition of the National Awards for Excellence in Training and Development, hosted by WHRD Congress, for the Ignite OD Initiative.

Fresher Training Program

The company's Fresher intake program is an important channel for bringing in fresh talent into the organization. During the year, the company designed and launched a new path-breaking training program for Fresher training to address the growing requirements of its clients for full stack Agile developers. This program includes a rigorous foundation training covering hands-on full stack agile development using 20+ technologies to deliver a product and a strong behavioural training to prepare freshers for corporate life. This is followed by a Technology and Domain specific covering in the

Horizontal and Vertical focus areas. On-line assessments, Project Evaluation and Peer evaluation are also conducted at regular intervals to ensure the highest quality in the organization. During the year, 180 Freshers successfully completed the program and were allotted to projects.

During the year, Hexavarsity also conducted a training program for Senior Management Trainees and Management Trainees. This program covers technology and Vertical orientation, leadership programs and behavioural training. A total of 11 Senior Management Trainees and 16 Management Trainees successfully completed their training and were inducted into your organization.

New Role Based Certification Framework

During the year, HexaVarsity has initiated a full re-design of its methodology for training and development to develop talent in line with current business demands. The new role based certification framework emphasizes on assessment to certify consultant as fit for a role. All employees go through a strong foundation program, followed by a role-specific training in line with project requirements. This is followed by a four stage assessment process that measures one's ability to apply knowledge leading to a final certification. The Performance management will be based on an individual's potential and successful completion of Role based certification. The new frame work is expected to be rolled out in 2018.

Agile Readiness Program

To meet the growing needs for Agile based development, Hexavarsity launched an 'Agile Readiness Program', to deliver Agile concepts to consultants across globe. This program concentrates on key aspects of Agile based development and enables the employees to acquire Agile knowledge, get internal certification and demonstrate knowledge in real time environment. During 2017, 1223 consultants have been successfully Agile certified.

Communication Skills

Hexavarsity also rolled-out a program to improve English Language Proficiency in the organization at all levels. The employees have achieved a significant improvement in their communication skills helping them in their day to day interactions with peers and customers.

Professional Certifications

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

Related party transactions

During the financial year 2017, the Company has entered into transactions with related parties as defined under Section 2(76) of the Companies Act, 2013, all of which were in the ordinary course of business and on arm's length basis and in accordance with the provisions of the Companies Act, 2013, read with the Rules issued thereunder and the Listing Regulations.

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

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

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

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

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

Employee Stock Option Plans (ESOP)

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

Pursuant to the approval of the shareholders through postal ballot on September 29, 2017, period of Vesting and period of exercise in 'Hexaware Technologies Limited Employee Stock Options Plan 2015' has been amended as follow:

1. Period of vesting has been increased from maximum period of four years from the date of grant of options to maximum period of eight years from the date of grant of options.
2. Period of exercise has been increased from maximum period of three years from the date of vesting of options to maximum period of seven years from the date of vesting of options.

During the year 2017, following were the exercise made by employees and grant made to employees/director under ESOPs: 470,397 options were exercised and the Company allotted 470,397 equity shares of INR 2/- each to the employees on such exercise. These shares have been listed on the BSE Limited and National Stock Exchange of India Limited. 22,95,605 Restricted Stock Units (RSUs) were granted exercisable at a price of ₹ 2/- under 2015 scheme during the year 2017 as explained below:

- February 06, 2017 - 1,11,000 RSUs.
- April 25, 2017 - 7,31,600 RSUs.
- July 31, 2017 - 1,98,511 RSUs granted to Mr. R Srikrishna, CEO & Executive Director.
- July 31, 2017 - 10,02,690 RSUs.
- November 1, 2017 - 2,51,804 RSUs.

Details of the shares issued under Employee Stock Option Plan (ESOP), and also the disclosures in compliance with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and

Directors' Report

Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are available on the website of the company at the following link : http://hexaware.com/investors/ No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company at the time of Grant.

Fixed deposits

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

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

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

Directors' Responsibility Statement

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

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

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

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

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

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

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

Directors and Key Managerial Personnel

Mr. P R Chandrasekar having DIN 02251080 was appointed as an Independent Director of the Company for one year w.e.f January 1, 2018 on existing terms and conditions including remuneration.

Mrs. Meera Shankar having DIN 06374957 was reappointed as an Independent Director of the Company for two years w.e.f April 11, 2018 on existing terms and conditions including remuneration.

Re-appointments

In accordance with the provisions of Companies Act, 2013, Mr. Jimmy Mahtani, Director of the Company, retires by rotation at this Annual General Meeting and, being eligible; offers himself for re-appointment at the Annual General Meeting.

The information of Directors seeking appointment / re- appointment at the Annual General Meeting to be given to the shareholders as per regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is being provided separately on Page No. 97 & 98 of this Annual Report. Members are requested to refer the said section of the Corporate Governance Report.

Number of Meetings of the Board

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

Declaration by Independent directors

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

Board Evaluation

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

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

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

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

In a separate meeting of Independent Directors held on December 21, 2017, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated.

Training of Independent Directors

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

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

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

Committees of the Board

The Board of Directors has following committees:

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

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

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

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

Whistle blower policy

The Company has established a vigil mechanism/framed a whistle blower policy. The policy enables the employees and other stakeholders to report to the management instances of unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This policy is reviewed annually by the Audit Committee to check the effectiveness of the policy. No personnel has been denied access to the Audit Committee. The provisions of this policy are in line with the provisions of Section 177 (9) of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy is available on the website of the company at : http://hexaware.com/investors/

Statutory Auditor

The Board of Directors of the Company in its meeting held on February 8, 2018 appointed BSR & Co. LLP, Chartered Accountants, Mumbai as Statutory Auditors to fill the casual vacancy caused due to resignation of the existing auditors Price Waterhouse Chartered Accountants LLP.

The appointment of BSR & Co. LLP, Chartered Accountants has been put forth before the members at the forth coming Annual General Meeting for their approval.

In terms of provisions of section 139 of the Companies Act, 2013, M/s. BSR & Co. LLP, Chartered Accountants have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act. As required under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Statutory Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their audit reports on the financial statements for the year ended December 31, 2017.

Internal Auditor

Internal Audit for the year ended December 31, 2017 was done by KPMG and Internal Audit report for every quarter was placed before the Audit Committee.

Secretarial Auditor

M/s. Makarand M Joshi & Co., Practising Company Secretary was appointed to conduct the Secretarial Audit of the Company for the year ended December 31, 2017 as per the provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder. The Secretarial Audit report for the year ended December 31, 2017 is annexed to Board's report as **Annexure 3**. There are no qualifications, reservations or adverse remarks made by Secretarial Auditor in his report.

Buyback of Shares:

The Company bought back 5,694,835 equity shares of the Company for an aggregate amount of ₹ 1,366,760,400/- during 2017. The final settlement date for buyback was February 22, 2017 and Extinguishment of Shares was completed by March 01, 2017. Further details / documents relating to buyback are available on our website at http://hexaware.com/investors/

Significant/Material Orders Passed by the Regulators

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

Corporate Social Responsibility

Pursuant to the provisions of section 135 of the Companies Act, 2013, the Company spent INR 70.17 Million towards CSR activities for the year ended December 31, 2017. The contents of the CSR policy and initiatives taken by the Company on Corporate Social Responsibility during year ended December 31, 2017 as per the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **Annexure 4** to this Report and CSR policy of the Company is available on our website at www.hexaware.com. The Composition of CSR Committee is given in the Corporate Governance Report.

The overall CSR Expenditure has increased from INR 41.21 million during the financial year 2016 to INR 70.17 million during the financial year 2017. During the financial year 2017, the Company has partnered with implementing agencies of repute and has committed to incur expenditure for CSR initiatives in the coming years through structured programs and projects. These projects and programmes

Directors' Report

are ongoing and have a qualitative longer term impact on the beneficiaries. Hexaware has achieved to 84.57% of CSR obligation.

Hexaware stays committed to its corporate social responsibility and intends to continually increase the impact of its CSR initiatives. The Company will make concerted efforts to spend the prescribed CSR amount in the subsequent years.

Extract of annual return

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

Financial year

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

Particulars of Directors and Employees

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

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

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

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

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

Workshops and awareness programs are organized for sensitizing the employees with the provisions of the Act and orientation programs for the members of the Internal Committee. The following is the summary of the complaints received and disposed of during the financial year 2017:

a) No. of complaints received during the year: 06

b) No. of complaints disposed of: 06

c) No. of complaints pending : NIL

Green initiatives

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

Electronic copies of the Annual Report 2017 and Notice of the 25th Annual General Meeting are being sent to all members whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report 2017 and the Notice of the 25th Annual General Meeting are being sent by the permitted mode. Members requiring physical copies can send a request to the Company.

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

Business Responsibility Report

The 'Business Responsibility Report' (BRR) of the Company for the year 2017 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Acknowledgment

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

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Date: April 03, 2018
Place: Mumbai

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134 (3) (m) OF THE COMPANIES ACT, 2013, AND RULES MADE THEREUNDER.

Conservation of Energy:

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

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

The Company has installed 220KW Rooftop solar system in its Siruseri Campus. Power generated in 2017 from this system is 3,17,061 Units. This results in avoiding of Green House Gas emission of about 190 tons of CO_2 (Carbon dioxide).

"Aerators" are installed in wash basin taps at pantry, food court and rest rooms to minimize water usage. 30KL per day and 7920KL per annum (22 working days/month) is saved in year 2017.

Wind energy to the tune of 84 lakh units is availed in year 2017 through 3rd party Private power agency.

About 3 lakh Units are saved in year 2017 by running low capacity (132 TR) air cooled screw chillers (with modified pumping system and interlinking of all blocks) instead of high capacity water cooled centrifugal chillers (407 TR) for after office hours comfort AC support during working days (from 5.30pm to late night) and weekends/ holidays.

Sewage Treatment Plant water is treated and used for gardening @160KL per day (working day). In year 2017, 46694KL STP treated water is recycled and reused. The Company undertakes several green campaigns throughout its locations.

LED light fittings are installed at Pune campus to save energy while comparing with CFL and T5 light fixtures.

Modular UPS units are installed at Pune campus for optimum loading and energy efficient utilization.

Technology Absorption:

The Company continues to adopt and use the latest technologies to improve the productivity and quality of its services. The Company's core business demands adoption of emerging technologies to stay ahead of competition. The Company has made significant investments in area of Digitalization of systems to bring Operational efficiencies and reduce cycle time.

The Company has taken following initiatives during 2017 to improve the productivity and quality of its services:

- Use of HireCraft for managing our recruitment, assessment and onboarding
- Use of Cloud (AWS), and SaaS (Github and Jira) in the internal software development in my organization (CTO org)
- Office 365 productivity suite for moving email to the cloud for majority of employee mailboxes with disaster recovery and archival capabilities. New workloads / capabilities of Office 365 suite for personal productivity are being rolled out to entire Hexaware population in a phased manner. At the same time, the Company has also attached tremendous significance to indigenous development and upgrade of technology through its own extensive research and development team. The benefits derived from these processes are phenomenal and have improved the quality of its world class services. It has also helped in diversifying the services portfolio while increasing cost efficiency. The Company has a significant percentage of its lateral talent drawn from major global players with a good understanding of their internal technology and consulting processes, engineering practices and knowledge centers. The Company has made representations in multiple industry seminars and conferences – useful in absorbing contemporary trends in technology and business processes from the industry.

Research & Development:

The Company has a state-of-the-art Research and Development wing carrying on Research and Development activities to create Intellectual Property for the Company. This is in line with the Company's established philosophy of maintaining and sustaining leadership status. The Company perpetuates in-house thought leadership through establishment of structured organizational frameworks. It includes top down innovation themes & crowd sourcing bottom up innovation.

Hexaware Innovation lab is staffed by dedicated Innovation architects, full stack developers as well as consultants by rotation working here to exchange ideas and produce the desired results. Innovation lab pursues all R & D activities within the organization. The innovation lab is an- enabler to drive customer's business objectives. It's not a pure play R&D lab, rather more aligned to the business and the customer needs. The key goal of this lab is to drive thought leadership & future proofing for Hexaware & its customers

Innovation lab has three key pillars based on specific focus areas & goals

a) Offering Engineering Lab

b) Research & Development

c) Co-Innovation

Key focus area for the R&D lab in 2017 was in the area of transforming customer experience using Machine learning & artificial intelligence.

Directors' Report

Customer Experience Transformation

We today live in the cross roads of rapidly changing customer expectations. Every customer wants a consistent personalized experience when interacting with a company - its products, services and brands.

Customers connect with their brands in multiple ways. Connection channel includes walk-in facilities, 1800 – dial-ins to customer care centers, home page on the web, self-service web portals, SMSes, mobile apps & social media presence to help drive conversations. While many of these have helped and have shown increase in revenue with better customer connect, we still do have continuous challenges with growing customer segments, demographics and their ever-growing expectations.

Customer engagement channels today are either human-managed thereby lack in providing consistent experiences or have a pre-requisite of getting familiar with IT systems such as web pages & mobile apps. Most companies today still struggle to identify a plan of action to provide a consistent customer experience that helps in growing customers, sales and brand loyalty significantly.

Hexaware through customer experience transformation initiative helps customers in disrupting their customer connects and processes by providing consistent multi-channel customer experience through extreme automation, robotics & virtual agents (Chat & Voice Bots). All powered by artificial intelligence.

The solution acts as a bridge between system designed by IT and those designed for humans, there by transitioning from user adapting to learn technology to technology adapting and learning from users.

Hexaware believes customer experience is not about visual design and usability. It's about how we reimagine every step of the customer & employee journey & their touch points by providing a better Human computer interactions. Hexaware Innovation lab has built & launched solutions powered by artificial intelligence to enable enterprises in providing multi-channel engagement to their employees and customers. Multi-channel engagement covers whole host of human computer interactions including voice, emotion, gestures, visuals, touch & messaging.

Hexaware multi-channel virtual agents cover enterprise grade bot implementation covering all social messengers & enterprise chats, home automations devices, all personal voice assistants in smart phones, most leading front office solutions & AI enabled telephony services.

Virtual agents unlike human agents are cost effective, reliable, consistent, hyper personalized, intuitive, elastic to demand, always on, present across channels and always ready to assist customers.

Every decade the industry faces a new class of consumers. We live in period, where consumers are 'Digitally Entitled'. The playbook for the digitally entitled consumers is dynamic and time honored, informative and collaborative. At innovation Labs, we rightly cater to the new-age consumers with solutions that offer Enterprise class solutions built using disruptive technologies.

Foreign Exchange Earnings and Outgo

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

(₹ million)

	Year 2017	Year 2016
Foreign Exchange Earnings	14,166.84	13,184.80
Foreign Exchange outgo	941.83	1,113.54

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Date: April 03, 2018
Place: Mumbai

Annexure - 1 FORM NO. AOC - 1

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

a) Subsidiaries

(₹ Million)

Sr. No.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Name of the Subsidiary	Hexaware Technologies Inc- USA	Hexaware Technologies UK Ltd - UK	Hexaware Technologies GMBH - Germany	Hexaware Technologies Asia Pacific Pte Ltd - Singapore	Hexaware Technologies Ltd - Mexico, Mexico S.De. R.L. De.C.V. - Mexico	Hexaware Technologies Canada Ltd - Canada	Hexaware Technologies DO Brazil Ltd., - Brazil	Guangzhou Hexaware Information Technologies Company Limited - China	Hexaware Technologies Saudi LLC - Saudi Arabia	Hexaware Technologies Romania SRL - Romania	Hexaware Technologies LLC - Russia	Hexaware Technologies Hong Kong Ltd - Hongkong	Hexaware Technologies Nordic AB - Sweden	Digitech Technologies Inc. - USA	Shanghai Hexaware Information Technologies Company Limited - China
Reporting currency and exchange rate as on the date of the relevant financial year in case of foreign subsidiaries	USD 63.875	GBP 86.2825	Euro 76.525	SGD 47.8125	MXN 3.2446	CAD 50.965	BRL 19.2853	CNY 9.8209	SAR 17.0325	RON 16.4491	RUB 1.1044	HKD 8.1725	SEK 7.7825	USD 63.875	CNY 9.8209
Share Capital	513.02	186.97	13.84	23.91	26.24	1.19	0.34	12.96	8.52	1.85	173.65	15.90	0.39	-	-
Reserve and Surplus	2,809.60	319.12	279.09	409.88	310.66	81.83	3.46	(8.02)	(5.80)	(44.15)	(91.94)	2.20	-	-	-
Total Assets	9,769.75	1,129.23	415.37	665.00	423.24	97.25	9.03	4.99	8.52	36.51	133.28	26.11	0.39	-	-
Total Liabilities	6,447.13	623.13	122.44	231.21	86.33	14.23	5.23	0.06	5.80	78.81	51.57	8.02	-	-	-
Investments	0.02	2.06	0.19	18.11	-	-	-	-	-	-	-	-	-	-	-
Turnover *	28,854.81	3,024.42	682.16	1,170.35	801.06	113.81	24.54	1.64	-	-	56.10	50.88	-	-	-
Profit / (Loss) before taxation *	989.96	93.39	21.94	357.82	44.05	8.74	0.55	(3.24)	(3.29)	(41.37)	(36.79)	2.66	-	-	-
Provision for taxation *	463.32	20.32	8.04	45.93	12.52	2.32	0.02	-	-	-	-	0.44	-	-	-
Profit / (Loss) after taxation *	526.64	73.07	13.90	311.89	31.53	6.42	0.53	(3.24)	(3.29)	(41.37)	(36.79)	2.22	-	-	-
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

* Converted at average exchange rates

b) Associates

Name of the Associate	Experis Technology Solutions Pte Ltd - Singapore
Latest Balance Sheet Date	31st December 2017
Shares of Associate held by the company on the year end (7)	250,000
Amount of Investment in Associate (In ₹ Million)	16.95
Extent of Holding (in percentage)	20%
Profit for the year considered in consolidation (In ₹ Million)	2.7
Profit for the year not considered in consolidation (In ₹ Million)	NIL

Notes:

1) Risk Technology International Limited (Merged with Parent vide NCLT order dated July 06, 2017
2) Shanghai Hexaware Information Technologies Company Limited formed on December 15, 2017
3) Digitech Technologies Inc. formed on November 23, 2017 (Subsidiary of Hexaware Technologies Inc.)
4) Hexaware Technologies Nordic AB formed on September 7, 2017
5) Hexaware Technologies Hong Kong Limited formed on April 24, 2017
6) Hexaware Technology & Business Solutions, Inc. formed on March 23, 2017 and closed on August 17, 2017 (Subsidiary of Hexaware Technologies Inc.)
7) Held by Hexaware Technologist Asia Pacific Pte. Ltd.

For and on behalf of Board of Directors

Atul K. Nishar
Chairman

Date: February 07, 2018
Place: Mumbai

Directors' Report

Annexure - 2 FORM NO. AOC-2

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

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

1	Details of contracts or arrangements or transactions not at arm's length basis	There are no contracts or arrangements or transactions with related parties which are not at arm's length
2	Details of material contracts or arrangements or transactions at arm's length basis	
(a)	Name(s) of the related party and nature of relationship:	Wholly owned subsidiaries
		Hexaware Technologies Inc, USA ("HTInc")
		Hexaware Technologies UK Limited, UK ("HTUK")
(b)	Nature of contracts/arrangements/transactions:	Software, consultancy and ITES income
(c)	Duration of the contracts / arrangements/transactions:	Ongoing.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	The Company is providing IT/ITES Offshore Services (generally services are performed in India) to HTI and HTUK's clients including monitoring and supervisory support in relation to the delivery of software solutions and customization, testing and installation and ITES services
		During the year, the total income earned from HTInc and HTUK was ₹ 8,118.86 million and ₹ 1,068.63 million, respectively. The transactions of recovery of cost from HTInc. was ₹ 564.24 million.
(e)	Date(s) of approval by the Board, if any:	Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.
(f)	Amount paid as advances, if any:	Nil

For and on behalf of Board of Directors

Atul K. Nishar
Chairman
Date: April 03, 2018
Place: Mumbai

Annexure - 3 FORM NO. MR.3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31st December, 2017

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on December 31, 2017 (hereinafter called the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment **(External Commercial Borrowings are not Applicable to the Company during the Audit Period)**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not Applicable to the Company during the Audit Period)**;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

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

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

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

We further report that

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

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

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

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

Directors' Report

We further report that during the audit period

A. the Company has allotted 4,70,397 Equity Shares pursuant to Exercise of the Option granted under different schemes of the Company.

B. the Board of Director in the Meeting dated 25.10.2016 approved the proposal for Buyback of 56,94,835 Equity Shares at Maximum Rs. 240/- per share, which is more than 10% of paid up capital and free reserve and for which the Company has passed the Special Resolution via postal ballot dated December 22, 2016. The final letter of offer was submitted to SEBI/Stock Exchanges on January 24, 2017 and the extinguishment of Equity Shares took place on February 28, 2017.

C. wholly owned subsidiary ´Risk Technology International Limited' was merged with the Company vide order dated July 6, 2017 passed by National Company Law Tribunal.

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

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place: Mumbai
Date: 30.03.2018

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

'Annexure A'

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

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

Makarand Joshi
Partner
FCS No. 5533
CP No. 3662

Place: Mumbai
Date: 30.03.2018

Annexure - 4

CSR Report - 2017

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

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

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

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

      The CSR Policy adopted by Hexaware is available in the given web link:

      http://hexaware.com/fileadd/csr-policy.pdf

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

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

   The members of the CSR committee as on December 31, 2017:

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

3. **Average net profit of the company for last three financial years - INR 4,148.71 million**

4. **Prescribed CSR Expenditure (two per cent. of the amount, as in item 3 above) - INR 82.97 million**

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

   (a) Total amount to be spent for the financial year: INR 82.97 million

   (b) Amount unspent, if any: INR 12.80 million

Directors' Report

(c) Manner in which the amount spent during the financial year is detailed below.

S.No.	CSR Project or activity identified	Sector in which project is covered	Projects or Programs	Amount Outlay (budget) on Project or Programs (₹ in million)	Amount spent on the projects or programs (₹ in million)	Cumulative expenditure up to the reporting period (₹ in million)	Amount Spent: Direct or through implementing agency
			1. Local area or other 2. Specify the state and district where projects or programs were undertaken		1. Direct Expenditure 2. Overheads		
1	Vocational training centre and support for Persons with Disability	Promoting employment enhancing vocation skills and livelihood enhancement projects among differently abled	Chennai	4.06	2.72	3.96	Through implementing agency: V- Excel Educational Trust
2	Digital and Financial Education	Promoting education	Chennai	2.98	1.35	2.77	Through implementing agency: America India Foundation Trust
3	Digital literacy program for employability	Promoting employment enhancing vocation skills and livelihood enhancement among youth	Mumbai and Pune	9.12	6.88	8.49	Through implementing agency: Smile Foundation
4	Udaan and Umeed- Empowerment of Women and their children by providing alternative livelihood opportunities for women in red light area	Eradicating hunger, poverty and malnutrition, promoting education	Mumbai	3.32	2.99	2.99	Through implementing agency: Apne Aap Women's Collective
5	Clean and Safe Neighbourhood	Ensuring environmental sustainability	Chennai, Pune and Mumbai	11.15	6.27	7.25	Direct
6	Antar Bharti Balgram Yojna - Holistic development of underprivileged children	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, promoting education, enhancing vocational skills, livelihood enhancement	Lonavala	4.66	2.51	3.23	Through implementing agency: India Sponsorship Committee
7	Supporting digital literacy	Promoting education	Pune	19.09	14.26	15.46	Through implementing agency: Avasara Leadership Institute
8	Holistic development and nurturing of underprivileged children	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, promoting education, enhancing vocational skills, livelihood enhancement	Pune, Bangalore, Chennai	5.65	4.52	5.65	Through implementing agency: SOS Children's Village
9	Healthcare initiative using IOT	Promoting preventive health care	Chennai	1.00	0.98	0.98	Direct

S.No.	CSR Project or activity identified	Sector in which project is covered	Projects or Programs	Amount Outlay (budget) on Project or Programs (₹ in million)	Amount spent on the projects or programs (₹ in million)	Cumulative expenditure up to the reporting period (₹ in million)	Amount Spent: Direct or through implementing agency
10	Promoting children education	Promoting education	Mumbai	0.67	0.67	0.67	Through implementing agency: Save the Children
11	Promoting children education	Promoting education	Mumbai	0.19	0.19	0.19	Through implementing agency: Vidya and Child
12	Promoting education for person with disability	Promoting education including special education	Mumbai	0.67	0.67	0.67	Through implementing agency: Helen Keller International
13	Training people with disability	Promoting education including special education	Mumbai	0.41	0.41	0.41	Through implementing agency: Jai Vakeel Foundation
14	Providing education to the underprivileged	Promoting education	Mumbai	0.67	0.67	0.67	Through implementing agency: Teach to Lead
15	Providing vocational training to person with mental disability	Promoting education, including special education and employment enhancing vocational skills	Mumbai	0.25	0.25	0.25	Through implementing agency: Manav Foundation
16	Promoting Education	Promoting Education	Mumbai	0.52	0.52	0.52	Through implementing agency: United Way
17	Promoting hygiene, sanitation practices in 10 Government Schools	Promoting Education	Mumbai	6.00	5.40	5.40	Through implementing agency: Yuva Unstoppable
18	Providing complete care program including healthcare and education support to girls on living on the streets	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, promoting education	Chennai	5.40	4.86	4.86	Through implementing agency: Rainbow Homes
19	Providing training to people with disability to get employment in retail industry	Promoting education, including special education and employment enhancing vocational skills	Pune and Mumbai	3.54	3.19	3.19	Through implementing agency: Trrain
20	Providing Scholarship to 200 underprivileged and meritorious students to support higher studies	Promoting Education	Pune	4.00	3.20	3.20	Through implementing agency: IDEA
21	Providing digital literacy in 10 Government Schools through setting up of computer labs	Promoting Education	Chennai	5.00	2.00	3.00	Through implementing agency: Team Everest
22	Providing support to students to take up interest in Aerospace, Aeronautics, Robotics	Promoting Education	Mumbai	5.00	3.00	3.00	Through implementing agency: Space Kids India
23	Monitoring, Evaluation of projects, administrative and other expenses	-		2.66	2.66	2.66	
Total				**96.01**	**70.17**	**79.47**	

Directors' Report

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

   The overall CSR Expenditure has increased from INR 41.21 million during the financial year 2016 to INR 70.17 million during the financial year 2017. During the financial year 2017, the Company has partnered with implementing agencies of repute and has committed to incur expenditure for CSR initiatives in the coming years through structured programs and projects. These projects and programmes are ongoing and have a qualitative longer term impact on the beneficiaries. Hexaware has achieved to 84.57% of CSR obligation.

   Hexaware stays committed to its corporate social responsibility and intends to continually increase the impact of its CSR initiatives. The Company will make concerted efforts to spend the prescribed CSR amount in the subsequent years.

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

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

R Srikrishna
CEO and Executive Director

Bharat Shah
Chairman CSR Committee

Place : Mumbai
Date : April 03, 2018

Annexure - 5

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.12.2017

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

I.	REGISTRATION & OTHER DETAILS:		
1	CIN	L72900MH1992PLC069662	
2	Registration Date	20/11/1992	
3	Name of the Company	HEXAWARE TECHNOLOGIES LIMITED	
4	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company	
5	Address of the Registered office & contact details	152, Millenium Business Park, Sector 3rd 'A' Block , TTC Industrial Area Mahape, Navi Mumbai 400710 Tel: +91 22 4159 9595 Fax: +91 22 41599578 www.hexaware.com Email id:Investori@hexaware.com	
6	Whether listed company	Yes	
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	**Karvy Computershare Private Limited** **Unit: Hexaware Technologies Limited**	
		Corporate office:	Investor Relation Centre:
		Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Hyderabad - 500 032 Contact details: Tel: +91 040 67161632 Fax number: +91 40 23420814 Email: einward.ris@karvy.com Website: www.karvycomputershare.com	24 B, Rajabahadur Mansion, Ground Floor, Amabalal Doshi Marg, Fort, Mumbai – 400 023 Tel: 022 66235454 Email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of shares held	Applicable Section
1	HT Global IT Solutions Holdings Limited 3rd Floor, 335 NeXTeracon Tower 1, Cybercity, Ebene, Mauritius.	Foreign Company	Holding	71.2	2(46)
2	Hexaware Technologies Inc. 101 Wood Avenue South, Suite 600, Iselin, New Jersey 08830 USA	Foreign Company	Subsidiary	100	2(87)
3	Hexaware Technologies GmbH, Germany B5 Atricom, Lyonerstrasse 15, D-60528 Frankfurt am Main Germany	Foreign Company	Subsidiary	100	2(87)
4	Hexaware Technologies UK Limited Level 19, 40 Bank Street, Canary Wharf, London – E14 5NR	Foreign Company	Subsidiary	100	2(87)
5	Hexaware Technologies Asia Pacific Pte. Limited 180, Cecil Street, # 09-03, Bangkok Bank Building, SINGAPORE 69546	Foreign Company	Subsidiary	100	2(87)
6	Hexaware Technologies Canada Limited 2 Robert Speck Parkway, Suite 735, Mississauga, ON L4Z 1H8.	Foreign Company	Subsidiary	100	2(87)
7	Hexaware Technologies Mexico S de RL De CV Avenida San Angel # 240 Piso 3, Fracc. San Agustin, Saltillo, Coah. C.P. 25215, Mexico	Foreign Company	Subsidiary	100	2(87)

Directors' Report

SN	Name and address of the Company	CIN/GLN	Holding Subsidiary/ Associate	% of shares held	Applicable Section
8	Hexaware Technologies Do Brazil Limited Rua Vergueiro 1.421, Conjunto 1102, Vila Mariana – Sao Paulo CEP 04.101-000	Foreign Company	Subsidiary	100	2(87)
9	Guangzhou Hexaware Information Technologies Company Limited Room 711, 7/F, Main Tower, Guangdong International Building, No.339 Huanshi Road East, Yuexiu District, Guangzhou	Foreign Company	Subsidiary	100	2(87)
10	Hexaware Technologies LLC Russian Fedreration,170100, Tver, Industrialnaya building 7	Foreign Company	Subsidiary	100	2(87)
11	Hexaware Technologies Romania SRL Bucharest, Grigore Cobalcescu Street, number 46, 2nd Floor, Room no.12, 1st District	Foreign Company	Subsidiary	100	2(87)
12	Hexaware Technologies Saudi LLC C/0 Dhabaan and Partners, Home Offices, Villa No:11, P.O. Box 245555	Foreign Company	Subsidiary	100	2(87)
13	Hexaware Technologies Hong Kong Limited RM 1906, 19/F LEE Garden One, 33 Hysan Avenue Causeway Bay Hong Kong	Foreign Company	Subsidiary	100	2(87)
14	Hexaware Technologies Nordic AB HMR Redovisning AB, Tellusvagen, 5A, 186 36 Vallentuna	Foreign Company	Subsidiary	100	2(87)
15	Digitech Technologies Inc 101 Wood Avenue South, Suite 600, Iselin, New Jersey 08830	Foreign Company	Subsidiary	100	2(87)
16	Hexaware Information Technologies (Shanghai)Company Limited No. 108, 26, Maple Road, China (Shanghai) free trade zone	Foreign Company	Subsidiary	100	2(87)
17	Experis Technology Solutions PTE LTD 10 HOE Chiang Road # 21 - 04/05 Keppel Towers, Singapore 089315	Foreign Company	Associate	20	2(6)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-01-2017]				No. of Shares held at the end of the year [As on 31-12-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	-	-	-	0.00%	-	-	-	0.00%	0.00%
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	215,047,193	-	215,047,193	71.20%	211,318,590	-	211,318,590	71.20%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	215,047,193	-	215,047,193	71.20%	211,318,590	-	211,318,590	71.20%	0.00%
TOTAL (A)	215,047,193	-	215,047,193	71.20%	211,318,590	-	211,318,590	71.20%	0.00%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-01-2017]				No. of Shares held at the end of the year [As on 31-12-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	19,107,148	6,525	19,113,673	6.33%	21,838,961	4,080	21,843,041	7.36%	1.03%
b) Banks / FI	638,208	4,080	642,288	0.21%	50,559	3,200	53,759	0.02%	-0.19%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	20,820	-	20,820	0.01%	-	-	-	0.00%	-0.01%
g) FIIs	30,309,048	1,700	30,310,748	10.04%	39,641,968	1,090	39,643,058	13.36%	3.32%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (IEPF)	-	-	-	0.00%	742,866	-	742,866	0.25%	0.00%
Sub-total (B)(1):-	50,075,224	12,305	50,087,529	16.58%	62,274,354	8,370	62,282,724	20.98%	4.40%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	3449751	24542	3,474,293	1.15%	746672	14317	760,989	0.26%	-0.89%
ii) Overseas	10	-	10	0.00%	10	-	10	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	22,783,248	3,544,264	26,327,512	8.72%	15007110	2892788	17,899,898	6.03%	-2.69%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	2900710	-	2,900,710	0.96%	1904025	-	1,904,025	0.64%	-0.32%
c) Others (specify)							-		
Non Resident Indians	2018522	419945	2,438,467	0.81%	1937725	294040	2,231,765	0.75%	-0.06%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	6000	-	6,000	0.00%	6000	-	6,000	0.00%	0.00%
Clearing Members	822832	-	822,832	0.27%	240826	-	240,826	0.08%	-0.19%
Trusts	20033	-	20,033	0.01%	19370	-	19,370	0.01%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2):-	32,001,106	3,988,751	35,989,857	11.92%	19,861,738	3,201,145	23,062,883	7.77%	-4.15%
Total Public (B)	82,076,330	4,001,056	86,077,386	28.50%	82,136,092	3,209,515	85,345,607	28.75%	0.25%
C. Shares held by Custodian for GDRs & ADRs	903,616	-	903,616	0.30%	139,560	-	139,560	0.05%	-0.25%
Grand Total (A+B+C)	298,027,139	4,001,056	302,028,195	100.00%	293,594,242	3,209,515	296,803,757	100.00%	

(ii) Shareholding of Promoter

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	HT GLOBAL IT SOLUTIONS HOLDINGS LIMITED	215,047,193	71.20%	0	211,318,590	71.20%	0	0.00%
2		-	0.00%	0	-	0.00%	0	0.00%
3		-	0.00%	0	-	0.00%	0	0.00%
4		-	0.00%	0	-	0.00%	0	0.00%

Directors' Report

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

Sr. No.	Particulars	Shareholding at the beginningof the year		Date	Reason	Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company			No. of Shares	% total shares of the Company	No. of shares	% of total shares of the company
						3728603			
	At the beginning of the year	215047193	71.20						
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):			28/02/2017	Buyback of Shares	(3,728,603)	1.23	211,318,590	71.20
	At the end of the year	211318590	71.20						

(iv) Shareholding Pattern of top ten Shareholders

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

Sr. No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year (01-01-2017)		Shareholding at the end of the year (31-12-2017)	
	Name of Shareholder	**No. of Shares**	**% of the total Shares**	**No. of Shares**	**% of the total Shares**
1	HDFC TRUSTEE COMPANY LTD	8,512,000	2.82	18,885,481	6.36
2	T. ROWE PRICE INTERNATIONAL DISCOVERY FUND	6,213,210	2.06	6,662,556	2.24
3	SBI MAGNUM MIDCAP FUND	1,255,447	0.42	2,877,744	0.97
4	AVIVA INVESTORS - EMERGING MARKETS EQUITY SMALL Cap FUND	1,586,964	0.53	2,221,465	0.75
5	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIE'S OF VANGUARD INTERNATIONAL EQUITY INDEX FUND	1,155,823	0.38	1,938,838	0.65
6	EMERGING MARKETS CORE EQUITY PORTFOLIO (THE PORTFOLIO) OF DFA INVESTMENT DIMENSIONS GROUP INC.	1,526,511	0.51	1,661,915	0.56
7	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA INVESTMENT TRUST COMPANY	1,440,758	0.48	1,197,434	0.40
8	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	1,229,443	0.41	1,177,209	0.40
9	ISHARES CORE EMERGING MARKETS MAURITIUS CO	614,565	0.20	1,095,567	0.37
10	GMO IMPLEMENTATION FUND A SERIES OF GMO TRUST	1,321,786	0.44	1,068,246	0.36

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

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**BHARAT DHIRAJLAL SHAH**						
	At the beginning of the year	01.01.2017		30,000	0.01%	30,000	0.01%
	Changes during the year	28.02.2017	Buyback	(525)	0.00%		
	At the end of the year	31.12.2017			0.00%	29,475	0.01%
2	**ATUL KANTILAL NISHAR**						
	At the beginning of the year	01.01.2017		1,000	0.00%	1,000	0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year	31.12.2017			0.00%	1,000	0.00%
3	**BASAB PRADHAN**						
	At the beginning of the year	01.01.2017		15,000	0.00%	15,000	0.01%
	Changes during the year				0.00%		0.00%
	At the end of the year	31.12.2017			0.00%	15,000	0.01%

Key Managerial Personnel							
1	**RAJESH N KANANI**						
	At the beginning of the year	01.01.2017		26,984	0.01%	26,984	0.01%
	Changes during the year	28.02.2017	Buyback	(534)	0.00%		
		31.03.2017	Sale	(16,000)	-0.01%		
	At the end of the year	31.12.2017			0.00%	10,450	0.00%
2	**GUNJAN SUMIT METHI**						
	At the beginning of the year	01.01.2017		926	0.00%	926	0.00%
	Changes during the year	10.08.2017	ESOP	6,000			
	At the end of the year	31.12.2017			0.00%	6,926	0.00%

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Amt. ₹/Lacs)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ Million)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	R Srikrisna	(₹/Lac)
	Designation	CEO & Executive Director	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3.73	3.73
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-
2	Stock Option	49.87	49.87
3	Sweat Equity		-
4	Commission		-
	- as % of profit		-
	- others, specify		-
5	Others, please specify		-
	Total (A)	53.60	53.60
	Ceiling as per the Act		248.10

i. Above does not include remuneration of ₹ 68.88 million paid by overseas subsidary of the Company

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

Directors' Report

B. **Remuneration to other Directors**

(₹ In Millions)

Sr. No.	Particulars of Remuneration	Fee for attending board and committee meetings	Commission	Others, please specify	Total Amount
	Independent Directors				
1	Bharat D Shah	0.360	6.464		6.824
	Dileep C Choksi	0.280	6.464		6.744
	Basab Pradhan	0.320	6.464		6.784
	Christian T Oecking	0.360	6.464		6.824
	Meera Shankar	0.300	6.464		6.764
	Total (1)	**1.620**	**32.320**		**33.940**
2	**Other Non-Executive Directors**				
	Kosmas Kalliarekos	-	-		
	Jimmy L Mahtani	-	-		
	Atul Kantilal Nishar	-	-		
	P R Chandrasekar	-	6.464		6.464
	Total (2)	-	6.464		6.464
	Total (B)=(1+2)	1.620	38.784		40.404
	Total Managerial Remuneration				92.384
	Overall Ceiling as per the Act [u/s 197(1) (i)]				545.82

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

(₹ In Millions)

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount
	Name	**Rajesh N Kanani**	**Gunjan Methi**	**(₹/Lac)**
	Designation	**CFO**	**CS**	
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.97	1.72	7.69
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.11	0.43	1.54
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option		1.24	1.24
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total	**7.08**	**3.39**	**10.47**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure - 6

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

	2017
(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	Based on annualised cost to company basis (excluding stock option compensation cost)
R Srikrishna - CEO and Executive Director (excluding remuneration paid by subsidiary company)	8.89
Non-executive directors - Commission (*)	
Bharat D Shah	12.93
Dileep C Choksi	12.93
Basab Pradhan	12.93
Christian T Oecking	12.93
Meera Shankar	12.93
P R Chandrasekar	12.93
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Based on annualised cost to company basis (excluding stock option compensation cost)
R Srikrishna - CEO and Executive Director	0.00%
Non-executive directors - Commission (#)	
Bharat D Shah	0.00%
Dileep C Choksi	0.00%
Basab Pradhan	0.00%
Christian T Oecking	0.00%
Meera Shankar	0.00%
P R Chandrasekar	0.00%
Rajesh Kanani, CFO	0.00%
Gunjan Methi, CS	3.55%
(iii) the percentage increase in the median remuneration of employees in the financial year	There is no change in median remuneration during the year
(iv) the number of permanent employees on the rolls of company;	10,152
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentile increase in salaries (excluding ESOP cost) of employees other than KMP's was 7% whereas increase in remuneration to KMP was not more than 5%
(vi) affirmation that the remuneration is as per the remuneration policy of the company.	Remuneration is as per policy of the Company

* based on the average currency exchange rate for the year
# determined on the basis of the base currency value as per terms of appointment

Business Responsibility Report

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

Section A: General Information about the Company

1. Corporate identity number (CIN) of the Company: L72900MH1992PLC069662
2. Name of the Company: Hexaware Technologies Limited
3. Registered address: 152, Millennium Business Park, Sector III 'A' Block TTC Industrial Area Mahape, Navi Mumbai 400710
4. Website: www.hexaware.com
5. E-mail id: Investori@hexaware.com
6. Financial year reported: January 1, 2017 to December 31, 2017
7. Sector(s) that the Company is engaged in(Industrial activity code-wise):

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

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

   There are over 30 global locations

   i. Number of International Locations (details of major 5): Please refer page no. 188 for Global Presence.

   ii. Number of National Locations: Please refer page no. 22 & 188 for National Presence.
10. Markets served by the Company:

    North America, Europe and Asia Pacific

Section B: Financial Details of the Company

		FY 2017 Standalone (₹ Million)	FY 2017 Consolidated (₹ Million)
1.	Paid up Capital	593.61	593.61
2.	Total Turnover		
	(a) Revenue from operations	15,241.07	39,420.14
	(b) Exchange rate gain (net)	537.40	449.62
	(b) other Income	29.16	35.82
3.	Profit after tax	4,109.60	4,995.26

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

   The Company has spent INR 70.17 Million during the Financial Year 2017 on CSR activities. This amounts to 84.57% of the amount required to be spent on CSR.
5. List of activities in which expenditure in 4 above has been incurred:-
   1. Education, Woman Impowerment
   2. Environment
   3. Heath and Sanitation
   4. Rural Development

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

Section C: Other Details

i. Does the Company have any Subsidiary Company/ Companies? – Yes, the Company has 15 Subsidiaries (including stepdown Subsidaries) as on December 31, 2017.

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

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

Section D: BR Information

1. Details of Director/Directors responsible for BR

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

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

   Details of directors are given under the Corporate Governance Report on page 78 and 79 of the Annual report.

   b) Details of the BR head:

Sr.no.	Particulars	Details
1.	DIN Number	06496417
2.	Name	Mrs. Amberin Memon
3.	Designation	Chief People Officer
4.	Telephone no.	022 – 4159 9595
5.	Email id	Investori@hexaware.com

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

(a) Details of Compliances:

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

Sr. no.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for....	Yes	Yes	Yes	Yes	Yes	Yes Note: 7	No Note: 8	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
3	Does the policy conform to any national / international standards?	Note:1	Note:1	Note:1	Note:1	Note:1	Note:1	NA	Note:1	Note:1
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/appropriate Board Director?	Yes	NA Note: 6	NA Note: 6	Yes	NA Note: 6	Yes	NA	Yes	Yes
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes
6	Indicate the link for the policy to be viewed online?	NA Note:3	NA Note:3	NA Note:3	Yes Note:2	Yes Note:3	Yes Note:2	NA	Yes Note2	NA Note3
7	Has the policy been formally communicated to all relevant internal and External stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	Yes Note: 8	Yes	Yes
8	Does the company have in-house structure to implement the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	Yes

Business Responsibility Report

Note 1: The policies are framed as per applicable law and as per Industry standards.

Note 2: It has been Company's practice to upload policies on Company's website for the information of all the stakeholders. The Code of Conduct for Directors, the code of conduct of Independent Directors, the Code of Conduct for senior management, whistle blower policy and CSR Policy are available on the websitehttp://hexaware.com/investors/.

Note 3: The policy is uploaded on intra company website and access of the same is available to all the employees of the Company.

Note 4: While there may not be formal consultation with all stakeholders, the relevant policies have evolved over a period of time by taking inputs from concerned internal stakeholders.

Note 5: While your Company has not carried out independent audit of the policies, the Internal Audit Function periodically looks at the implementation of the policies.

Note 6 : The Policy is approved by respective department heads of the Company.

Note 7: Environment protections is thirst area in CSR Policy and Company has taken many initiatives during 2017 relating to Environment protection.

Note 8: The Company does not have separate policy for advocacy, however Company participates in providing various suggestions / comments submitted by trade and industry chambers to respective government departments.

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

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

3. Governance related to BR

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

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

Section E: Principle-wise performance

Principle 1

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

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

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

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

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

Sr.no.	Particular	Number of complaints received during the year	Number of Complaints resolved	Percentage of Complaints satisfactorily resolved
1.	Complaints from Shareholder	16	16	100
2.	Complaints from Employees under Sexual harassment	06	06	100
3.	Complaints from Employees under whistle blower*	05	03	60

*Other 2 Complaints are being reviewed.

Principle 2:

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

The Company is entirely a services Company and thus essentially, a non-energy intensive organization, all of which fundamentally are premised on improving resource efficiency and reducing environmental footprint.

The Company has sponsored a portable ventilator to ensure uninterrupted health care and survival of patient, who is suffering from a rare condition known as Auto Immune Disorder.

The Company strives to responsibly use resources, and is committed to sustainable development. It intends to minimize the potentially harmful effects on the environment from its operations and endeavours to re-use rather than dispose whenever possible. The Company also promotes recycling and reusing materials.

The Company has initiated a project called 'Clean and Safe Neighbourhood' as an effort to ensure that the community in and around Hexaware's campus is clean and hygienic, and uses environmental friendly technology to reduce the strain on non-renewable energy sources. The Company's campus in Chennai and Pune have been designed under green initiatves, complaint with Leeds standard.

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

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

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

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

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

The Company has installed 220KW Rooftop solar system in its Siruseri Campus. Power generated in 2017 from this system is 3,17,061 Units. This results in avoiding of Green House Gas emission of about 190 tons of CO_2 (Carbon dioxide).

"Aerators" are installed in wash basin taps at pantry, food court and rest rooms to minimize water usage. 30KL per day and 7920KL per annum (22 working days/month) is saved in year 2017.

LED light fittings are installed at Pune campus to save energy while comparing with CFL and T5 light fixtures.

Modular UPS units are installed at Pune campus for optimum loading and energy efficient utilization.

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

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

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

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

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

Business Responsibility Report

The criteria for selection of vendors depends on nature of goods and services, quality, reliability and price. As per procurement process of the Company, purchase manager and head procurement select the vendors for all purchase request received from various departments. The Company generally gives priority to local and small producers for procurements. The Company makes continuous efforts to develop and maintain local small vendors in order to have timely delivery with optimum cost and best quality.

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

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

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

OWC (Organic Waste Converter) is installed at Siruseri campus to convert garden and food court waste into manure.

Sewage Treatment Plant water is treated and used for gardening @160KL per day (working day). In year 2017, 46694KL STP treated water is recycled and reused.

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

Principle 3:

1. Please indicate the Total number of employees – 13,705 including subsidiaries and contract employees
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis – 1112
3. Please indicate the Number of permanent women employees – Total women employees were 3641 including women employees on contract basis
4. Please indicate the Number of permanent employees with disabilities-06
5. Do you have an employee association that is recognized by management- No
6. What percentage of your permanent employees is members of this recognized employee association – NA
7. Please indicate the Number of complaints relating to child labor, forced labor, involuntary labor, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. no.	Category	No. of complaints filed during the financial year	No. of Complaints pending as on end of the financial year
1.	Child labor/forced labor/involuntary Labor	0	0
2.	Sexual harassment	6	6

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

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

The Company has conducted fire safety drill at various locations wherein all the employees were imparted training on fire evacuation, handling of fire extinguishers and methods to evacuate people those who are in need.

Please refer section under HexaVarsity on page 48 and 49 of Directors' report and under Human resources and industrial relations on page 103 of Management Discussion and Analysis Report detailing training / re-skilling initiatives of the Company which covers all technical employees including contract employees.

During 2017, the Company has circulated Woman Safety hand book to all woman employees of the Company that provides very useful and practical information on Safety awareness, Legal Guidelines and Self Defense Techniques.

Principle 4:

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

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

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

Principle 5:

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

   Policy covers all subsidiaries, contractors etc.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

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

Sr. no.	Particular	Number of complaints received during the year	Number of Complaints resolved	Percentage of Complaints satisfactorily resolved
1.	Complaints from Shareholder	16	16	100
2.	Complaints from Employees under Sexual harassment	06	06	100

Principle 6:

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

   Environment protection is one of the key areas of CSR initiatives of the Company. It covers entire group and its contractors.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Hexaware strives to responsibly use resources, and is committed to sustainable development. It intends to minimize the potentially harmful effects on the environment from its operations and endeavours to re-use rather than dispose whenever possible. Hexaware also promotes recycling and reusing materials.

   Hexaware has initiated a project called 'Clean and Safe Neighbourhood' as an effort to ensure that the community in and around Hexaware's campus is clean and hygienic, and uses environmental friendly technology to reduce the strain on non-renewable energy sources. As the part of the program, following activities were undertaken:

   - **Solar Light Installation:** Installed 50 solar powered street lamps in the MBP
   - **Landscaping:** Beautified the landscape with plants and trees around the Siruseri campus
   - **Stone Pitching, Barbed Fence and Plantation:** Hexaware has beautified the external area of new Pune office with stone pitching, barbed fence and landscape with plants and trees
   - **Tree Plantation @ Chennai, Mumbai and Nagpur:** Tree Plantation is a unique programme which can save the humanity to some extent. This becomes more necessary when we consider the importance of trees in keeping our environment clean. Considering the importance of Tree plantation for healthy Environment, the Company has organized mass tree plantation drive in association with various NGOs. Hexawarians participated enthusiastically in large numbers to make the space that we live in a better place.

     Going a step beyond the planting of saplings, the company sensitized the participants and the onlookers to be more conscious of the impact of our actions on the planet that we live in.
   - HexaRun- For Greener Tomorrow: Version 2.0 of the flagship event HexaRun, a 5-km run got bigger and better this year with the increase in participation from employees both in Chennai and Mumbai. In all, over 450 employees participated wholeheartedly in doing their bit for the environment. In addition to the run, tree saplings and terrace gardening seeds were also distributed among all the participants to encourage them to be more environment conscious.
   - Mug Movement - Say NO to disposable cups: To spread awareness on Cancer and to encourage its prevention on the World Cancer Day (Feb 4th), the company ran a week-long initiative on 'Say No to Disposable Cups'. The focus of the movement was on the impact of plastic usage on the health as well as the environment. The idea was to create awareness about the harmful repercussions of the usage of plastic and to encourage employees to use reusable mugs instead of disposable ones.

Business Responsibility Report

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

   The Company is very serious regarding environmental risk and have taken various initiatives to reduce the environmental risk.

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

   Not Applicable

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

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

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

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

   Yes, these are within the permissible limits.

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

   The Company has not received any show cause / Legal Notice from CPCB / SPCB during the year

Principle 7:

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

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

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

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others). Yes

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

Principle 8

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

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

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

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

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

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

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

Total amount spent on community development projects during Financial Year 2017 through CSR was ₹ 70.17 million. Details of the project undertaking are given under CSR Report on page no.59 of Annual Report.

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

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

Principle 9

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

   None

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

   Hexaware is software solution provider hence question is not applicable.

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

   There is no such case against the Company.

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

   Customer satisfaction survey is done on periodical basis to measure the level of satisfaction of customer. As per a survey conducted by Feedback Consulting (an independent firm), the Company's composite score of customer satisfaction in 2017 stepped up to 78.5 highest in the industry and substantial improvement compared to 66.2 in 2016. The Company raked highest ranking in all 4 individual metrics viz. Loyalty, Advocacy, Satisfaction, Value for money.

Corporate Governance Report for the year 2017

1. Brief Statement on philosophy on Code of Governance:

Our Corporate Governance reflect our value system which embraces our culture, policies, relationship with various stockholders. It is one of the essential pillars for building an efficient and sustainable environment. Strong leadership and effective corporate governance practices have always been priorities of the Company.

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organization. The Company considers fair and transparent corporate governance as one of its most core management tenets. The Company has adopted a Code of Conduct for its Directors, Employees, and has also adopted a Code of Conduct to regulate, monitor and report trading by insiders and also a fair disclosure code. Some of the important best practices of Corporate Governance framework are timely and accurate disclosure of information regarding the financial position, performance, ownership and governance of the Company.

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

There is a separation of the role of Chairman of the Board and the Chief Executive Officer; a practice that has been in place for more than 15 years in the Company. The Company has adopted the Code of Conduct for Board of Directors, Senior Management Personnel, Prevention of Insider Trading and Whistle Blower policy. Further, the Company provides detailed disclosures in quarterly financial statements to show where the funds are invested/ held in a safe manner. With the focus on the core corporate governance principles of accountability, transparency and integrity and adoption of suitable global, local and industry best practices, the Company is moving ahead in its pursuit of excellence in corporate governance. The Code of conduct of Board of Directors and senior management personnel are available on the website of the Company at http://hexaware.com/investors/.

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

2. Board of Directors:

2.1 Composition and category of Directors:

The composition of the Board of Directors of the Company represents an optimum combination of professionalism, knowledge and experience. The Board comprises of ten (10) Directors as on December 31, 2017. Of these, nine Directors are Non-Executive and five amongst them are Independent Directors. Mr. Atul K. Nishar is Non-Executive Chairman of the Board. Mrs. Meera Shanker (DIN: 06374957) was reappointed as an Independent Director w.e.f 11th April, 2018 for a period of two years, Mr. P R Chandrasekar (DIN: 02251080) was appointed as Non-Executive Independent Director of the Company for one year w.e.f. January 1, 2018.

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

The composition of the Board of Directors of the Company as on December 31, 2017 is given below:

Name	Designation	Category	Shareholding as on December 31, 2017
Mr. Atul Nishar* (DIN 00307229)	Chairman	Non Independent Non-Executive	1000
Mr. Jimmy Mahtani (DIN 00996110)	Vice Chairman	Non Independent Non-Executive	Nil
Mr. R. Srikrishna (DIN 03160121)	CEO & Executive Director	Non-Independent Executive	Nil

Name	Designation	Category	Shareholding as on December 31, 2017
Mr. Kosmas Kalliarekos (DIN 03642933)	Director	Non-Independent Non-Executive	Nil
Mr. P. R. Chandrasekar** (DIN 02251080)	Director	Non-Independent Non-Executive	Nil
Mr. Bharat Shah*** (DIN 00136969)	Director	Independent Non-Executive	29,475
Mr. Dileep Choksi (DIN 00016322)	Director	Independent Non-Executive	Nil
Mr. Basab Pradhan (DIN 00892181)	Director	Independent Non-Executive	15,000
Mr. Christian Oecking (DIN 03090264)	Director	Independent Non-Executive	Nil
Mrs. Meera Shankar (DIN 06374957)	Director	Independent Non Executive	Nil

* Shares held by Mr. Atul Nishar's family members are as follows : Dr. (Mrs.) Alka Atul Nishar - Wife 1,000 shares, Mr. Saharsh Parekh – son–in–law 3,43,720 Shares and Ms. Priyanka - Daughter 3,15,690 Shares.

** Mr. P R Chandrasekar (DIN 02251080) was appointed as an Independent Director of the Company for one year w.e.f January 1, 2018.

*** Bharat Shah HUF is holding 49,114 shares as on 31st December, 2017 and holding of Mr. Bharat Shah as on 31st March 2018 19,475 Shares.

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

The attendance of the Directors at the Board Meeting and the Annual General Meeting held during the year 2017 was as follows:

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

Notes:

i. None of the Directors of the Company hold membership of more than ten Committees nor is a Chairperson of more than five committees (as specified in regulation 26), across all companies of which he / she is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at December 31, 2017 have been made by the Directors.

ii. The committees considered for the above purpose are those as specified in regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. Audit Committee and Stakeholders Relationship Committee.

iii. Video Conferencing facilities are also used to facilitate directors travelling / residing abroad or at other locations to participate in the meetings and counted for the purpose of attendance.

Corporate Governance Report for the year 2017

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

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

During the year six Board Meetings were held respectively on February 07, 2017, March 08, 2017, April 24, 2017, July 31, 2017, November 1, 2017 and December 21, 2017.

The necessary quorum was present for all the meetings.

During the year 2017, information as mentioned in Schedule II as per regulation 17 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been placed before the board for its consideration.

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

During the year a separate meeting of the Independent Directors was held on December 21, 2017 to review the performance of Non-Independent Directors, Chairperson and the board as a whole.

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

2.4 Relationship between the Directors inter-se:

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

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

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

2.6 Familiarization programme of Independent Director of the Company:

In order to enable the Directors to fulfil the governance role, comprehensive presentations are made on various business opportunities, business models, risk minimization procedures, new initiatives of the Company. Changes in domestic/overseas corporate and industry scenario including their effect on the Company, statutory matters are also presented to the directors during the Board Meetings. The Board Meetings are generally conducted between 6 to 8 hours and Board Meetings were held on February 7, 2017, March 8, 2017, April 24, 2017, July 31, 2017, November 1, 2017 and December 21, 2017. The details of familiarization programme of Independent Directors of the Company is available on the website of the Company at the following link http:// hexaware.com/investors/

3. Audit Committee:

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

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

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

3.1 Composition, name of Members and Chairman:

The Audit Committee of the Company as on December 31, 2017 comprised of the following members: Mr. Dileep Choksi (Chairman), Mrs. Meera Shankar, Mr. Jimmy Mahtani, Mr. Christian Oecking, Mr. P R Chandrasekar, all being Non-Executive Directors and three of them being Independent Directors.

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

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

During the year, the Audit Committee met four times respectively on February 6, 2017, April 24, 2017, July 31, 2017, November 1, 2017 and the necessary quorum was present at the meetings.

Mr. Dileep Choksi, Chairman of Audit Committee had attended the Annual General Meeting held on April 24, 2017 and answered the queries raised by the shareholders.

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

3.2 Broad terms of reference:

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

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board of Directors for approval, with particular reference to
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with listing and other legal requirements relating to financial statements;
    f. Disclosure of any related party transactions;
    g. Modified opinion (s) in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
7. Approval or any subsequent modification of transactions of the company with related parties;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11 Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Discussion with internal auditors of any significant findings and follow up there on;
14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

Corporate Governance Report for the year 2017

17. To review the functioning of the Whistle Blower mechanism;

18. Approval of appointment of Chief Financial officer after assessing the qualifications, experience and background, etc. of the candidate;

19. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

3.3 Meetings and Attendance during the year 2017:

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

4. Nomination and Remuneration Committee:

4.1 Brief description and terms of reference:

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

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

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

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

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

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

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

4.2 Composition, name of members and chairperson:

The Nomination and Remuneration Committee of the Company as on December 31, 2017 comprised of the following members : Mr. Basab Pradhan (Chairman), Mr. Kosmas Kalliarekos, Mr. Jimmy Mahtani, Mr. Christian Oecking and Mr. Bharat Shah all being Non-Executive Directors and Majority are Independent Directors.

4.3 Meeting and attendance during the year 2017:

During the year, the Nomination & Remuneration Committee met 4 (four) times that is on February 6, 2017, April 25, 2017, July 31, 2017 and November 1, 2017. Necessary quorum was present at the meeting.

The attendance record is as per the table given below :

Name of the Director	Category	No. of meetings held during the year	Attended
Mr. Basab Pradhan - Chairman	Independent	4	4
Mr. Christian Oecking	Independent	4	4
Mr. Bharat Shah	Independent	4	4
Mr. Jimmy Mahtani	Non-Independent	4	4
Mr. Kosmas Kalliarekos	Non-Independent	4	2

4.4 Performance evaluation criteria:

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

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

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

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

In a separate meeting of Independent Directors held on December 21, 2017, performance of Non-Independent directors, performance of the board as a whole and performance of the Chairman was evaluated.

5. Remuneration of Directors:

5.1 Remuneration Policy:

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

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

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

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

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

5.2 Details of pecuniary relationship or transactions of the Non- Executive Directors with the Company during year 2017:

Sr. No.	Name of Director	Commission (in ₹)	Sitting Fees (in ₹)	ESOP
1.	Mr. Atul Nishar	NIL	NIL	NIL
2.	Mr. Jimmy Mahtani	NIL	NIL	NIL
3.	Mr. Kosmas Kalliarekos	NIL	NIL	NIL
4.	Mr. P. R. Chandrasekar	6,464,750	NIL	NIL
5.	Mr. Bharat Shah	6,464,750	360,000	NIL
6.	Mr. Basab Pradhan	6,464,750	320,000	NIL
7.	Mr. Christian Oecking	6,464,750	360,000	NIL
8.	Mrs. Meera Shankar	6,464,750	300,000	NIL
9.	Mr. Dileep Choksi	6,464,750	280,000	NIL

Corporate Governance Report for the year 2017

5.3 Criteria of making payments to Non-Executive Directors:

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

For the year 2017, the Board of Directors approved payment of commission to the Independent Directors Mr. Bharat Shah, Mr. Dileep Choksi, Mr. Basab Pradhan, Mr. Christian Oecking, Mrs. Meera Shankar based on their terms of appointment aggregating to USD 500,000 and USD 100,000 to Mr. P R Chandrasekar, Non - Executive Director. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

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

5.4 Criteria of making payments to Executive Director:

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

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

The company has made 5 year contract with Executive Director which includes remuneration covering all above aspects mentioned above.

5.5 Disclosure with respect to remuneration:

₹ million

	Mr. R Srikrishna
Salary and allowance	3.73
Benefits *	49.87
Bonus	-------
Pension	-------
Fixed Components	-------
Performance linked incentives	-------
Severance fees	-------
Total	53.60
Notice Period	90 days

*** Note :**

i. Above does not include remuneration of ₹ 68.88 million paid by overseas subsidiary of the Company.

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

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

On July 31, 2017, 198,511 Restricted Stock Units (RSUs) were granted at a price of ₹ 2/- to Mr. R Srikrishna, CEO & Executive Director under the Employee Stock Option Scheme 2015 convertible into equal number of equity shares of the company, which shall vest after one year.

6. Stakeholders Relationship Committee:

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

- Resolving investor's complaints and strengthening of investor relations
- Monitoring and reviewing service functioning of Registrar and TransferAgents
- Review process of share transfers, non-receipt of annual reports, Dividend payments, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints etc.

Shareholders Services:

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

a) Procedure for Dematerialization of shares;

b) Procedure for transfer of shares;

c) Procedure for transmission of shares;

d) Change of address;

e) Dividend;

f) Nomination Facility;

g) Loss of Share Certificates;

h) Rights as a Shareholder;

i) Details of shares due for transfer to IEPF, details of unclaimed dividend, process for refund of Dividend and Shares from IEPF;

j) Registrar / Share Transfer Agent;

k) Details of Compliance officer / Designated official responsible for assisting and handling investor grievances;

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

m) Investor Education and Protection Fund details

6.1 Composition, meeting and attendance of the Committee meetings:

The Stakeholders Relationship Committee of the Company as on December 31, 2017 comprised of the following members: Mr. Atul Nishar (Chairman), Mr. Basab Pradhan, Mr. Dileep Choksi and Mr. P R Chandrasekar all being Non-Executive Directors and half of them are Independent Directors.

During the year, the Stakeholders Relationship Committee met 4 (Four) time that is on February 7, 2017, April 25, 2017, July 31, 2017 and November 1, 2017.

Necessary quorum was present at the meeting.

The attendance record is as per the table given below:

Name of the Director	Category	No. of meetings held during the year	Attended
Mr. Atul Nishar - Chairman	Non - Independent	4	4
Mr. P R Chandrasekar	Non-Independent	4	4
Mr. Basab Pradhan	Independent	4	4
Mr. Dileep Choksi	Independent	4	4

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

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

6.3 Summary of Shareholders Complaints:

Number of Complaints received	16
Number of Complaints not solved to the satisfaction of Shareholders	NIL
Number of Pending Complaints	NIL

Corporate Governance Report for the year 2017

7. CSR Committee:

The Corporate Social Responsibility Committee of the Company as on December 31, 2017 comprised of the following members: Mr. Bharat Shah (Chairman), Mr. Atul Nishar, Mrs. Meera Shankar and Mr. Christian Oecking all being Non-Executive Directors and majority of them are Independent Directors.

The scope of the committee is to :

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to Companies Act, 2013;

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

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

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

Meeting and attendance during the year 2017:

During the year, the Corporate Social Responsibility Committee met 4 (Four) time that is on February 6, 2017, April 25, 2017, July 31, 2017 and November 1, 2017. Necessary quorum was present at the meeting.

The attendance record is as per the table given below:

Name of the Director	Category	No. of meetings held during the year	Attended
Mr. Bharat Shah - Chairman	Independent	4	4
Mr. Atul Nishar	Non-Independent	4	4
Mr. Christian Oecking	Independent	4	4
Mrs. Meera Shankar	Independent	4	4

8. Strategy and Risk Committee:

The Strategy and Risk Committee of the Company as on December 31, 2017 comprised of the following members: Mr. Atul Nishar (Chairman), Mr. Jimmy Mahtani, Mr. Kosmas Kalliarekos, Mr. P R Chandrasekar, Mr. Basab Pradhan and Mr. Bharat Shah, all being Non-Executive Directors.

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

Meeting and attendance during the year 2017:

During the year, the Strategy and Risk Committee met 3 (Three) times that is on February 6, 2017, April 25, 2017 and July 31, 2017.

Necessary quorum was present at the meeting.

The attendance record is as per the table given below:

Name of the Director	Category	No. of meetings held during the year	Attended
Mr. Atul Nishar - Chairman	Non-Independent	3	3
Mr. P R Chandrasekar	Non-Independent	3	3
Mr. Jimmy Mahtani	Non-Independent	3	3
Mr. Kosmas Kalliarekos	Non-Independent	3	1
Mr. Bharat Shah	Independent	3	3
Mr. Basab Pradhan	Independent	3	3

9. Other Committees:

There are no other Committees other than Five Committees mentioned above.

10. Risk Management:

Risk Management at Hexaware is considered as very important function. It is backed by qualified team of experts in the industry. The Company has well defined Enterprise Risk Management (ERM) framework in place. The primary objective of ERM function is to implement a framework that augments risk response decisions and reduce surprises. ERM programme involves risk identification, assessment and risk mitigation planning for strategic, operational, financial and compliance related risks across various levels of the organization.

The Board of Directors and senior management team recurrently assess the operations and operating environment to identify potential risks and take necessary mitigation actions. The Board has formed Strategy and Risk Committee to oversee activities related to risk minimization.

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

11. General Body Meetings:

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

Financial year	General Meeting	Location	Date	Time	Particulars of special resolution passed
2016	24th Annual General Meeting	M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/ Kala Ghoda, Mumbai - 400 001	Monday, April 24, 2017	4:00 p.m.	1. Re-appointment of Mr. Bharat Shah as a Non-Executive Independent Director 2. Re-appointment of Mr. Dileep Choksi as Non-Executive Independent director
2015	23rd Annual General Meeting	M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/ Kala Ghoda, Mumbai - 400 001.	Tuesday, August 30, 2016	3.00 p.m.	1. Re-appointment of Independent Director, Mr. Basab Pradhan, Independent Director for a period of Three years. 2. Re-appointment of Independent Director, Mr. Christian Oecking, Independent Director for a period of Three years. 3. Change in Place of keeping the Register of Members, Index of Members etc
2014	22nd Annual General Meeting	M. C. Ghia Hall, 4th Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, behind Prince of Wales Museum/ Kala Ghoda, Mumbai - 400 001.	Thursday, May 7, 2015	4.00 p.m.	1. Amendment to Articles of Association of the Company. 2. Payment to Non-Whole Time Directors. 3. Approval of Hexaware Technologies Limited Employee Stock Option Plan 2015 and grant of Employee Stock Options to employees of the Company thereunder. 4. Grant of Employee Stock Options to the employees of the subsidiary Company (ies) of the Company under Hexaware Technologies Limited Employee Stock Options Plan 2015.

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

Corporate Governance Report for the year 2017

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

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

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

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

11.3 Postal Ballot:

During the year, pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) made thereunder), the Company passed the Special Resolution for Variation of terms of ESOP Scheme 2015 by postal ballot, the details of voting are given below:

Category	Mode of voting	No. of shares held (1)	No. of votes polled (2)	% of Votes polled on outstanding shares (3)=[(2)/(1)]*100	No. of votes – in favour (4)	No. of votes – against (5)	% of votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	E-Voting	211,318,590	211,318,590	100.0000	211,318,590	0	100.0000	0.0000
	Poll							
	Postal Ballot (if applicable)							
	Total	**211,318,590**	**211,318,590**	**100.0000**	**211,318,590**	**0**	**100.0000**	**0.0000**
Public-Institutions	E-Voting	58613115	52,532,494	89.6258	29,357,639	23,174,855	55.8847	44.1153
	Poll							
	Postal Ballot (if applicable)							
	Total	**58,613,115**	**52,532,494**	**89.6258**	**29,357,639**	**23,174,855**	**55.8847**	**44.1153**
Public- Non Institutions	E-Voting	26,796,432	233,678	0.8720	219,819	13,859	94.0692	5.9308
	Poll		124,372	0.4641	121,888	2,484	98.0028	1.9972
	Postal Ballot (if applicable)							
	Total	**26,796,432**	**358,050**	**1.3362**	**341,707**	**16,343**	**95.4356**	**4.5644**
Total		**296,728,137**	**264,209,134**	**89.0408**	**241,017,936**	**23,191,198**	**91.2224**	**8.7776**

M/s. S. N. Ananthasubramanian & Co., Practicing Company Secretary, was appointed as the Scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

Procedure for Postal Ballot:

In compliance with Sections 108, 110 and other applicable provisions of the Companies Act, 2013 read with the Rules issued thereunder, the Company provided electronic voting (e-voting) facility to all its members. The Company engaged the services of NSDL for the purpose of providing e-voting facility to all its members. The members were given the option to vote either by physical ballot or through e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the Register of Members / list of beneficiaries as on cut-off date. The postal ballot notice was sent to members in electronic form to the email addresses registered with the depository participants / Company's Registrar & Share Transfer Agents. The Company also published notice in the newspapers declaring the details of completion of dispatch and other requirements under the Companies Act, 2013 and the Rules issued thereunder.

Voting rights were reckoned on the paid up value of shares of the the Company in the names of the shareholders as on the cut - off date. Members desiring to vote through physical ballot were requested to return the forms, duly completed and signed so as to reach the Scrutinizer before the close of the voting period. Members desiring to exercise their votes by electronic mode were requested to vote before the close of business hours on the last date of e-voting.

The Scrutinizer submitted his report to Mr. Dileep Choksi , Independent Director after the completion of scrutiny and the consolidated results of the voting by postal ballot were then announced and displayed on the website of the Company (www.hexaware.com), besides being communicated to the Stock Exchanges and Registrar & Share Transfer Agents. The date of declaration of results of Postal Ballot was the date on which the resolution was deemed to have been passed, approved by requisite majority.

12. Means of Communication:

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

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

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

13. General Shareholder information:

13.1 Twenty Fifth Annual General Meeting:

Date	**May 03, 2018**
Time	3:00 pm
Venue	4th Floor, Rangaswar Auditorium, Yashwantrao Chavan Centre, General Jagannath Bhosale Marg, near Mantralaya, Mumbai 400 021

13.2 Financial Calendar for the year 2017:

Financial year	**January 1, 2017 to December 31, 2017**
Dividend Payment	1st Interim Dividend was paid on May 12, 2017 @ ₹ 1.00 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 2nd Interim Dividend was paid on August 18, 2017 @ ₹ 1.00 per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 3rd Interim Dividend was paid on November 16, 2017 @ ₹ 1.00/- per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting. 4th Interim Dividend was paid on February 23, 2018 @ ₹ 1.00/- per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.
Book Closure	April 13, 2018
Listing on Stock Exchanges	1. BSE India Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023.
	2. National Stock Exchange of India Limited, Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai – 400 051.

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

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

March 31, 2018	By May 15, 2018
June 30, 2018	By August 14, 2018
September 30, 2018	By November 14, 2018
December 31, 2018	By February 28, 2019
Annual General Meeting for the year ending December 31, 2018	On or before June 30, 2019

Corporate Governance Report for the year 2017

13.3 Scrip Information:

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

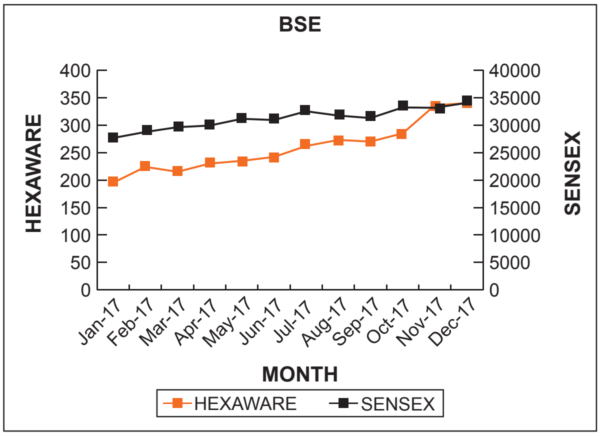
Corporate Identification number of the Company (CIN): L72900MH1992PLC069662

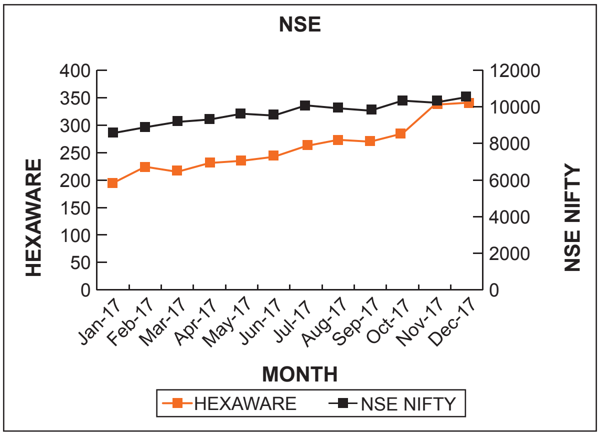
13.4 Stock Market Data:

The high / low of the shares of the Company from January 2017 to December 2017 is given below :

Month	Bombay Stock Exchange (₹)		National Stock Exchange (₹)	
	High	Low	High	Low
January'17	216.30	191.50	216.35	191.20
February'17	225.05	187.50	225.30	187.80
March'17	229.90	213.30	230.00	213.15
April'17	233.50	199.75	233.95	199.25
May'17	261.00	226.10	261.45	226.20
June'17	267.50	228.00	267.75	228.10
July'17	264.75	235.00	264.90	236.00
August'17	281.35	246.00	281.90	242.40
September'17	283.00	258.85	284.20	259.00
October'17	303.00	261.75	293.70	261.55
November'17	349.00	276.00	349.20	274.55
December'17	349.40	316.90	349.90	314.55

13.5 Stock Performance:





13.6 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. Karvy Computershare Private Limited as the Registrar and Share Transfer Agents of the Company. Their complete postal address is as follows:

Karvy Computershare Private Limited
Unit: Hexaware Technologies Limited

Corporate office:	Investor Relation Centre:
Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Hyderabad - 500 032 Contact details: Tel. No. : +91 40 67161632 Fax number : +91 40 23420814 Email : einward.ris@karvy.com Website: www.karvycomputershare.com	24 B, Rajabahadur Mansion, Ground Floor, Amabalal Doshi Marg, Fort, Mumbai - 400 023 Tel: 022 66235454 Email : einward.ris@karvy.com Website: www.karvycomputershare.com

13.7 Share Transfer system:

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

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

13.8 Distribution of Shareholding:

As on December 31, 2017

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares held	% of Shareholding
1 - 500	73,430	92.29	9,194,605	3.10
501 - 1000	3,644	4.58	2,727,617	0.92
1001 - 2000	1,330	1.67	1,994,776	0.67
2001 - 3000	307	0.39	777,745	0.26
3001 - 4000	218	0.27	784,270	0.26
4001 - 5000	96	0.12	449,867	0.15
5001 - 10000	211	0.27	1,544,235	0.52
10001 & above	326	0.41	279,330,642	94.11
TOTAL	**79,562**	**100.00**	**296,803,757**	**100.00**

Corporate Governance Report for the year 2017

Categories of Shareholding (as on December 31, 2017):

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters Holdings	211,318,590	71.20
2.	Mutual funds/ UTI	21,843,041	7.36
3.	Banks/ Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutions)	50,259	0.02
4.	FIIs/ FPI/ GDR	39,782,618	13.40
5.	Others:		
	- Private Corporate Bodies	760,989	0.26
	- Indian Public	20,791,115	7.00
	- NRIs / Foreign Nationals / OCBs	2,237,775	0.75
	- Trust	19,370	0.01
	Sub Total	23,809,249	8.02
	TOTAL	**296,803,757**	**100.00**

Pledge of Shares: None of the promoters have pledged shares in Hexaware as on December 31, 2017.

13.9 Dematerialization of Shares and liquidity:

Procedure for dematerialization / rematerialization of shares:

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

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

98.92 % of the issued capital of your Company has been dematerialized up to December 31, 2017.

Go Green initiative:

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

13.10 Dividend payment date:

The Board has paid the 1st interim dividend on May 12, 2017 @ ₹ 1.00 per share (50%), 2nd Interim dividend on August 18, 2017 @ ₹ 1.00 per share (50%), 3rd Interim Dividend on November 16, 2017 @ ₹ 1.00 per share (50%) and 4th Interim Dividend on February 23, 2018 @ ₹ 1.00/- per share (50%) which may be confirmed by the shareholders at the ensuing Annual General Meeting.

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

1. Global Depository Receipts (GDR):

   The Company has closed its GDR programme during the year 2017. The outstanding GDR as on December 31, 2017 is 1,39,560 which shall be the cancelled within 1 year from the closure date.

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

2. Warrants / Options:

1. 179,250 Options outstanding under ESOP Scheme 2007 entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price being the latest available closing price of the shares on the Stock Exchange, which recorded the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Board / Remuneration Committee at which the Securities were granted or at such price as the Board / Remuneration Committee may determine. The options shall vest in four equal instalments or as determined at the discretion of the Committee.

2. 2,904,239 Restricted Stock Units outstanding under the ESOP 2008 Scheme entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price of ₹ 2/-. The RSUs shall vest based on performance parameters as decided by the Committee.

3. 6,583,746 Restricted Stock Units outstanding under the ESOP 2015 Scheme entitles the holder to get allotted one Equity share of ₹ 2/- each in the Company at an exercise price of ₹ 2/-. The RSUs shall vest based on performance parameters as decided by the Committee.

   Assuming all the Options granted, under the ESOP Schemes of the Company, which, would vest, be exercised and converted into Equity shares of the Company, the total number of Equity shares would increase by 9,667,235 of ₹ 2/- each.

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

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

13.13 Plant Locations (Hexaware Technologies Limited, India):

Registered Office & Offshore Development Centre	152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Centre	1, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Centre	157, Millennium Business Park, Sector III, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Centre / Hexaware BPS	Loma IT Park Developers Pvt. Ltd., IT/ITES SEZ, Plot No. G4/1, Ground floor, TTC Industrial Area, Thane Belapur Road, Ghansoli, Navi Mumbai - 400 710.	Navi Mumbai
Offshore Development Centre	SIPCOT IT Park, Navalur Post, Siruseri - 603 103.	Chennai
Offshore Development Centre	Plot No.19, Rajiv Gandhi Infotech Park, MIDC-SEZ, Phase-III, Hinjewadi 411 057 (SEZ), Pune.	Pune
Offshore Development Centre	"Indiqube Zeta", 2nd Floor, BBMP Khata No.835/39/1124/765 Survey # 49/5,52/1,52/2,53 and 54 Kaikondrahalli Village, Varthur Hobli, Sarjapur Main Road, Bengaluru - 560035.	Bengaluru
Hexaware BPS :	Bldg. No 3, Sector - II, Millennium Business Park, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710, Maharashtra India.	Navi Mumbai
Hexaware BPS :	Prince Infocity II, 2nd floor, No.283/3A, 283/4A & 283 /4B, No.141, Kottivakkam Village, Kandanchavadi, Chennai 600 096. Tamilnadu.	Chennai
Hexaware BPS :	Survey no (Part) 38, 39,41,42 and 43 in village Khapri & Dahegoan, MIHAN, SEZ - MADC Nagpur - 441108, Maharashtra.	Nagpur
Hexaware BPS :	A-3, Elysium Central, Puliyakulam Road, Ramanathapuram, Coimbatore - 641045. Tamilnadu.	Coimbatore

Corporate Governance Report for the year 2017

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

Pursuant to the provisions of Companies Act, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account, is required to be transferred by the Company to the Investor Education and Protection Fund ('IEPF'), established by the Central Government under the provisions of the Companies Act. Shareholders are advised to claim the un-encashed dividend lying in the unpaid dividend account of the Company before the due date. A sum of ₹ 32,35,702/- has been transferred to the Investor Education and Protection Fund in the year 2017 towards unclaimed/unpaid dividend for the year 2009 and 2010.

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

During the Year 742,866 Shares were transferred to IEPF Account with NSDL.

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

Date of declaration of dividend	Dividend for the year	Last date for Claiming unpaid Dividend
April 27, 2011 (Final)	2010	June 2, 2018
May 6, 2011 (Interim)	2011	June 11, 2018
July 27, 2011 (Interim)	2011	September 1, 2018
October 20, 2011 (Interim)	2011	November 25, 2018
April 27, 2012 (Final)	2011	June 3, 2019
April 27, 2012 (Q1 Interim)	2012	June 3, 2019
July 31, 2012 (Q2 Interim)	2012	September 6, 2019
November 1, 2012 (Q3 Interim)	2012	December 08, 2019
April 29, 2013 (Q1 Interim)	2013	June 4, 2020
April 30, 2013 (Final)	2012	June 5, 2020
July 19, 2013 (Q2 Interim)	2013	August 24, 2020
February 7, 2014 (Q4 Interim)	2013	March 15, 2021
April 25, 2014 (Final - 2013)	2013	May 31, 2021
April 29, 2014 (Q1 Interim - 2014)	2014	June 04, 2021
July 22, 2014 (Q2 Interim - 2014)	2014	August 27, 2021
Nov. 05, 2014 (Q3 Interim - 2014)	2014	December 11, 2021
February 10, 2015 (Q4 Interim - 2014)	2014	March 18, 2022
April 29, 2015 (Q1 Interim - 2015)	2015	June 4, 2022
August 4, 2015 (Q2 Interim - 2015)	2015	September 9, 2022
November 3, 2015 (Q3 Interim - 2015)	2015	December 9, 2022

Date of declaration of dividend	Dividend for the year	Last date for Claiming unpaid Dividend
February 3, 2016 (Q4 Interim - 2015)	2015	March 11, 2023
May 4, 2016 (Q1 Interim - 2016)	2016	June 10, 2023
July 28, 2016 (Q2 Interim- 2016)	2016	September 02, 2023
October 25, 2016 (Q3 Interim - 2016)	2016	November 30, 2023
February 7, 2017 (Q4 Interim - 2016)	2016	March 14, 2024
April 24, 2017 (Q1 Interim – 2017)	2017	May 29, 2024
July 31, 2017 (Q2 Interim – 2017)	2017	September 4, 2024
November 03, 2017 (Q3 Interim–2017)	2017	December 6, 2024
February 07, 2018 (Q4 Interim–2017)	2017	March 14, 2025

13.15 Investor Correspondence:

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

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

Shareholders can contact the following Officials for financial matters:

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

Following is the address for correspondence with the Company:

Hexaware Technologies Limited

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

'A' Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710. E-mail: Investori@hexaware.com

13.16 Website:

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

14. Other Disclosures:

(a) There are no materially significant transactions with related parties i.e. with the Promoters, Directors, Management, subsidiaries or relatives that may have potential conflict of interest with the Company at large. Transactions with related parties are disclosed in Note No. 24 to the Standalone Accounts of the Company in the Annual Report.

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

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

Corporate Governance Report for the year 2017

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

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

(i) Auditors qualification: Nil

(ii) Separate posts of Chairman and CEO

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

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

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

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

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

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

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

For and on behalf of the Board

Atul K. Nishar
(Chairman)

Place : Mumbai
Date : April 3, 2018

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

Name of the Director	Mr. Jimmy Mahtani	Mrs. Meera Shankar	Mr. P R Chandrasekar
Brief Resume	Mr. Jimmy Mahtani is a Managing Director with Baring Private Equity Asia and is primarily responsible for Baring Private Equity's investments in India and South East Asia.	Mrs. Meera Shankar joined the Indian Foreign Service in 1973, from the early stages in her career, Mrs. Meera Shankar has held critical responsibilities. Mrs. Meera Shankar joined the Prime Minister's Office in 1985 and served there till 1991, dealing with foreign policy and security issues. In addition, she handled work related to other ministries including HRD, environment & forests, tourism and women & child development at different periods. Mrs. Meera Shankar worked as India's Ambassador to Germany and the US.	Mr. P. R. Chandrasekar has a successful track record of driving revenue growth for companies and is experienced in mergers & acquisitions, business development, channel development and strategic initiatives.
Experience / Expertise	Mr. Jimmy Mahtani has been with Baring since 2006 and has led investments in infrastructure, education, financial services and consumer goods companies. He was previously a Vice President with General Atlantic Partners in Mumbai and he was responsible for India investments with a focus on the technology and financial services sectors.	Mrs. Meera Shankar led the commercial wing in the Indian embassy in Washington as Minister (Commerce) till 1995, where she supported the economic transformation in India and laid the foundation for the remarkable growth in trade & investment ties between India and the United States. Mrs. Meera Shankar was closely associated with the negotiations for a new textile agreement with the US which led to a substantial increase in India's quotas amounting to about $500 million in additional Indian exports to the US. Mrs. Meera Shankar was India's Ambassador to Germany, from 2005 to 2009, a period of intense engagement and strengthening of Indo-German ties. Mrs. Meera Shankar last assignment before retirement was as India's ambassador to the US, during which Indo-US ties became much closer with the relationship being seen as one of the most defining partnerships of the twenty first century. Mrs. Meera Shankar has been a very successful diplomat, having managed many sensitive issues in her ambassador roles. Mrs. Meera Shankar has held key responsibilities covering the full range of diplomacy. Mrs. Meera Shankar was the Director General of the Indian Council for Cultural Relations (ICCR) and the Co-ordinator for counter terrorism. Mrs. Meera Shankar has managed bilateral issues with India's neighbours - Nepal, Bhutan, Bangladesh and Sri Lanka - and promoted regional cooperation through the SAARC forum. Mrs. Meera Shankar was also the additional secretary responsible for the UN and international security.	Mr. P R Chandrasekar was CEO of Hexaware Technologies Limited since June 2008 to July 2014. Prior to this, Mr. P R Chandrasekar was President (Americas and Europe) at Wipro and was responsible for the strategic development of the company's business in those regions. Mr. P R Chandrasekar joined Wipro in May 2000 from GE India, where he served as Director, business development
Age	41	67	62
Date of Birth	October 27, 1976	October 9, 1950	September 28, 1955
Date of first Appointment	October 11, 2013	April 11, 2016	June 2, 2008

Corporate Governance Report for the year 2017

Name of the Director	Mr. Jimmy Mahtani	Mrs. Meera Shankar	Mr. P R Chandrasekar
Qualification	Mr. Jimmy Mahtani graduated with honors from Georgetown University, where he received a B.Sc. in Business Administration with a triple major in Finance, International Business and Marketing	Master in Arts and English Literature.	Mr. P. R. Chandrasekar holds a degree in engineering from Indian Institute of Technology, Madras (IIT-M) and an MBA from Jamnalal Bajaj Institute of Management Studies, Mumbai University
Relationship between Directors inter-se and with Manager and other KMPs	Mr. Jimmy Mahtani is not related to any other Director, Manager and other KMPs of the Company.	Mrs. Meera Shankar is not related to any other Director, Manager and other KMPs of the Company.	Mr. P R Chandrasekar is not related to any other Director, Manager and other KMPs of the Company.
Names of Companies in which he/ she is Director and the membership of Committees of the Board	Mr. Jimmy Mahtani is holding Directorship in RSP Design Consultants (India) Private Limited, CMS Info Systems Limited, and Hexaware Technologies Limited. Mr. Jimmy Mahtani is holding membership in the following committees of Hexaware Technologies Limited : 1. Nomination and Remuneration Committee. 2. Audit Committee. 3. Strategy and Risk Committee	Mrs. Meera Shankar is holding Directorship in Hexaware Technologies Limited, Adani Transmission Limited, ITC Limited and Pidilite Industries Limited Mrs. Meera Shankar is holding membership in the following committees: ITC Limited: 1. Nomination and Remuneration Committee 2. Corporate Social Responsibility Committee Pidilite Industries Limited 1. Corporate Social Responsibility Committee Adani Transmission Limited 1. Audit Committee 2. Nomination and Remuneration Committee Hexaware Technologies Limited 1. Audit Committee 2. Corporate Social Responsibility Committee	Mr. P R Chandrasekar is holding Directorship in Hexaware Technologies Limited. Mr. P R Chandrasekar is holding membership in the following committees of Hexaware Technologies Limited: 1. Audit Committee 2. Stakeholders Relationship Committee 3. Strategy and Risk Committee
Shareholding	Mr. Jimmy Mahtani is not holding any Shares of the Company	Mrs. Meera Shankar is not holding any Shares of the Company	Mr. P R Chandrasekar is not holding any Shares of the Company

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members,
HEXAWARE TECHNOLOGIES LTD

We have examined the compliance of conditions of corporate governance by HEXAWARE TECHNOLOGIES LTD ("the Company"), for the year ended on December 31, 2017, as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

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

For Makarand M. Joshi & Co
Practicing Company Secretaries

Makarand Joshi
Partner

Place: Mumbai
Date: 13th March, 2018

Corporate Governance Report for the year 2017

CEO AND CFO CERTIFICATION

We hereby certify that:-

A. We have reviewed financial statements and the cash flow statement for the quarter and year ended December 31, 2017 and that to the best of our knowledge and belief:

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the quarter/year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit committee:

   1. significant changes in internal control over financial reporting during the quarter year;

   2. significant changes in accounting policies during the quarter/year and that the same have been disclosed in the notes to the financial statements; and

   3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Mr. R Srikrishna
CEO & Executive Director

Mr. Rajesh Kanani
Chief Finance Officer

Date: February 7, 2018

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

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

As Chief Executive Officer and Executive Director of Hexaware Technologies Limited and as required by Schedule V (D) of the Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, I hereby declare that all the Board members and senior management personnel of the Company as identified by the Company considering the requirements in this respect, have affirmed compliance with the Code of Conduct for the financial year 2017.

R Srikrishna
CEO & Executive Director

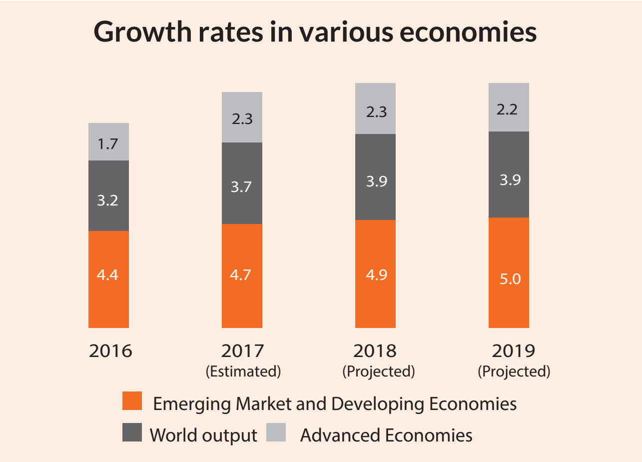
Date: February 7, 2018
Place: Mumbai

Management Discussion and Analysis

Global economic overview

The global economic situation is stabilizing. The world output is estimated to have grown by 3.7% in 2017, as against 3.2% witnessed in 2016. The healthy growth in the world economy has been majorly driven by positive surprises in the European and Asian economies. The tax rate cut by United States will have an overall favorable impact, while in short term impact in the United States will be mostly driven by the investment in response to the policy changes. In the near term, pickup in activity and easier financial conditions reinforce each other, leading to cyclical rebound. In the next two years, the upward revisions to the global outlook is mainly driven by advanced economies growth momentum, this forecast reflects the expectation of a favorable global financial conditions and strong sentiment.

(Source: IMF report dated Jan 2018).



(Source: IMF report dated Jan 2018)

Indian economic overview

India is now one of the fastest growing emerging markets in the world, registering a growth of over 7%. This growth is largely driven by the accelerated pace of structural reforms, focus towards a rule-based policy framework, improvement in the ease of doing business. The past year has been marked by major taxation reform "Goods and Services Tax" to rationalize and reduce rates, and simplify compliance burdens. On the Direct tax front the plans to reduce the corporate income tax rate and broaden the base will also promote growth. As a reflection of the cumulative actions to improve the business environment, India's rank jumped 30 spots on the World Bank's Ease of Doing Business rankings. Although higher oil prices kept Fiscal deficit and inflation higher than expected, Economic survey suggest that if the pace of structural reform continues and fiscal stability is kept under control, growth in medium term has potential to reach 8%.

(Source: Economic survey 2017-18)

IT Industry Overview

Global IT sector

According to latest Gartner Report, Worldwide IT spending is projected to witness a growth of 4.4% in 2018 to reach $3.7 trillion. This growth will be primarily driven by Enterprise software, IT services and Communications services. Enterprise Software spending is expected to grow 9.58% in 2018, while the IT services spending are expected to grow 5.57% in 2018 to reach $985 billion. Communication Services is expected to continue the majority of the IT spend with a share of almost 39% of the total IT Spending.

Worldwide IT Spending Forecast (in US $ billions)

	2017 Spending	2017 Growth (%)	2018 Spending	2018 Growth (%)
Data Center Systems	178	4.71%	179	0.56%
Enterprise Software	355	8.90%	389	9.58%
Devices	667	5.71%	704	5.55%
IT Services	933	4.36%	985	5.57%
Communications Services	1,393	1.24%	1,427	2.44%
Overall IT	3,527	3.80%	3,683	4.42%

Source: Gartner (December 2017)

Global IT spending has witnessed an overall growth, as have the traditional markets. Cloud segment technologies, (which enhance the digital workplaces such as work-stream collaboration), workforce analytics and video message-oriented middleware, to Security, Storage and Analytics have all collaborated to enable an enterprise's digital transformation efforts. Digital business transformation is an effort to create connected platforms and new industry revenue streams.

Key highlights of growth drivers:

Enterprise Software: Enterprise Software is expected to register a growth of 8.3% to reach $425 billion. Under its ambit, Infrastructure software is expected to grow at 5.9% in 2018 and at a CAGR of 5.8% till 2021.

IT Services: The IT service segment is expected to grow at CAGR of 4.8% till 2021, to reach the market size of $1.1 trillion. Amongst which, Infrastructure as a service shall be the highest contributor to the growth while more traditional infrastructure outsourcing service delivery is expected to contract.

Communications Services: The consumer mobile services sector is expected to grow at a rate of 2.5% annually till 2021. The shift has been seen in Asian markets where the users are reducing mobile data-only connections and thus shifting from tablets to mobile phones.

(Source: Gartner Report dated December 2017)

Management Discussion and Analysis

Indian IT sector overview

India remains one of the fastest growing countries in terms of digital adoption. According to McKinsey Global Institute, India's Digital Index rose from 18 to 29 (on a scale of 1 to 100) during 2014-2017. India is second-placed amongst the 17 emerging and mature digital economies and now has reached base of Internet subscribers to 431 million. Indian IT industry has now reached the size of about USD 160 billion in 2017, employing almost 4 million engineers. India has embraced digital on almost all fronts in its journey. But still there are challenges that need to be overcome before the vision of Digital India can be achieved. India is witnessing a transformational shift from the traditional IT spends to digital IT spends. Of the total IT spends, digital spends contributed 4% in 2014 which has reached to 14% in 2017 and is projected to reach 38% in 2025.

Year	2014	2017	2025
Traditional Spends	96%	86%	62%
Digital Spends	4%	14%	38%

(Source: NASSOM report dated December 2017 and https://economictimes.indiatimes.com/tech/ites/how-the-indian-it-services-sector-is-seeking-to-make-its-biggest-transformation/articleshow/60502487.cms)

Business overview

Hexaware Technologies Limited is one of the fastest growing IT enterprises that provides IT, Business Process Outsourcing solutions and consulting services to its clients globally. Hexaware Technologies Limited aims to revolutionize the traditional IT approach with its strategies. The Company's robotic process automation, hyper-converged technology, design thinking, rapid prototyping and customized service offerings has enabled global companies to address various business issues with pointed and effective business strategies. Despite of tough times in the Indian IT industry, Hexaware Technologies Limited delivered healthy revenue growth (in US$ terms) of 15.6% in 2017 outperforming its peers. The Company clocked orders worth US$ 180 million from new customers clocking approximately 18% growth as compared to last year. During the year, a new sub vertical called 'Professional Services' was launched to cater to industry segments like Accounting, Legal & other forms of professional services.

The Company is on a transformation journey, helping organizations reimagine their businesses, shrink IT costs, enhance their business operations, accelerate digital transformation and maximize returns using its 'Shrink IT Grow Digital strategy'. With over 13,700 employees, the Company believes in the philosophy "Your Success is Our Focus". The Company's key domains are Banking, Capital Markets, Travel, Transportation, Logistics, Hospitality, Healthcare, Insurance, Professional Service, Manufacturing & Consumer. The main activity of the Company involves integration, development support, testing services and implementation across all chief project software systems.

Capabilities

Hexaware Technologies Limited specializes in providing bouquet of services across areas such as:

- Application Development and Maintenance.
- Business Intelligence and Analytics.
- Business Process Services.
- Digital Assurance and Testing.
- Enterprise Solutions.
- Infrastructure Management Services.

Business Strategy

1. Go To Market (GTM) Strategy

- Automate Everything which is the evolution from "Shrink IT". The Company is building a culture where the employees are incentivized for automating work using cutting edge technologies. The Company's motto is to automate everything at workplace resulting in lowered costs, minimal human intervention and significant improvement in end-user experience.
- Cloudify Everything was embedded in both these to be an independent platform. The Company aims to use enterprise cloud services to optimize IT, increasing agility and reducing cost. The Company's cloud consultants help in navigating the change from traditional systems and take advantage of the cloud ecosystem thereby reducing complexity and leveraging cloud better, irrespective of corporate landscape.
- Transform Customer experience: The Company believes that to interact with businesses and a machine, Natural language is the most common means. The Company's design-led approach, helps nourish these capabilities together to deliver ultimate value to them.

2. Culture

To run the Company with an all-round focus, Automation is what the Company believes is the first approach of all its employees. This is visible by the fact that 45% of people participated in bottom-up innovation and 70% of the ideas posted by employees have been implemented in 2017. The Company is focused to maintain the quality led growth by adding limited new customers to make sure healthy customer experience.

3. Leadership

The Company enjoys one of the best senior leadership in the industry. This leadership has led to this transformational journey. In Continuation to this quest, over 10 senior leaders with execution experience of 10 times, has joined the Company during last year.

Competitive strengths

Domain expertise and specialized sector-specific offerings: Hexaware Technologies Limited has offerings and presence in key high growth verticals viz. banking and financial, travel and transportation, healthcare and insurance, manufacturing, consumer and others. Serving these areas for two long decades, the Company has developed deep expertise in each vertical by focused approach on certain niche areas. In the banking and financial services industry, the Company focuses on the capital markets whereas in the travel and transportation segment, the Company is known for its specialised offerings which cover the lifecycle of airline customers as well as crew members. Furthermore, the Company possesses the expertise to work on specific trading platforms like Eagle, Charles River and Aladdin, among others.

Cementing relationships and retaining it: The Company's enriched experience, global service capabilities and delivery model has allowed it to provide niche services to global customers in a timely and cost effective manner. The Company now proudly enjoys longstanding relationships with its top-10 clients (tenure is around 11 years on an average). Repeat business has accounted for around 94% of total revenues in the past three years. Revenues from the top-10 clients grew by 12% from USD 297 million in 2016 to USD 334 million in 2017. The Company follows a systematic approach where the Company's consultants spend the first five years gaining insights of the client's business processes. The Company's CVA portal emphasizes on crowdsourcing (bottom-up innovation) on a daily basis.

Improving Qualitative consistency: As per a survey conducted by Feedback Consulting (an independent firm), the Company's composite score of customer satisfaction in 2017 stepped up to 78.5 highest in the industry and substantial improvement compared to 66.2 in 2016. The Company raked highest ranking in all 4 individual metrics viz. Loyalty, Advocacy, Satisfaction, Value for money.

This improvement in operational performance did not come by harvesting the business. The Company actually made substantial investments in the business through the year and added 10 people in the leadership level during 2017. The Company hired CTO he joined during the year, the Company has a new vertical head in MNC; a newly formed sub vertical in professional services, head for that; a new Head for Enterprise Services; Global delivery Heads for each vertical, that was not a role the company had before, that is an additional role which was created. So there were substantial investments that were made across the board which positions the Company well for sustained performance in the future.

Hexaware Tops Whitelane Research's 2017 UK IT Outsourcing Study. The Company has been ranked No. 1 among the top service providers in overall customer satisfaction in White lane's 'IT Outsourcing Study' and has achieved the highest level of satisfaction in the IT services industry. Hexaware also ranked No. 1 on the General Satisfaction (84%) KPIs, Price Level KPIs (86%). It was also ranked No. 2 on the KPIs including Service Delivery (83%), Account management (81%), Proactivity (76%), Business Value Understanding (81%), Contract Flexibility (84%).

From the above facts it is evident that the client satisfaction is of utmost importance to the Company. The Company strongly believes that these indicators give clear roadmap to drive future growth and generate incremental revenues in the years to come.

Improving sales and marketing capabilities and ensuring robust service delivery: The Company has planned and significantly devoted its time and resources in building an efficient sales and marketing team. The fully enthusiastic team is engaged in winning new clients and servicing existing clients with best-in-class services via tools like dedicated account delivery management team which works closely with the mining teams. By this approach, the Company has been highly successful in improving client relationships and has delivered constant revenue growth.

Integrated reporting

1. Human Capital

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

During the year 2017, the Company planned and executed several Training interventions for employees on diverse areas such as technical skills, behavioral skills, Business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and Code of conduct and product training.

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

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

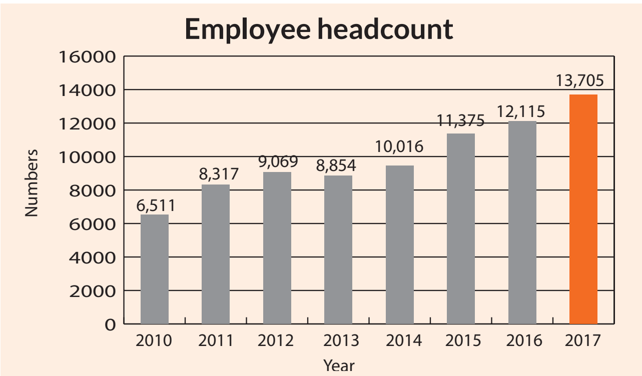
- The HR Shared Service teams are mapped to different geographies for higher accountability. They are primarily responsible for resolving day to day employee queries.
- The HR Business Partner teams are aligned to the business verticals and horizontals and are responsible to drive employee engagement, talent management and key people processes.

Management Discussion and Analysis

- The Corporate HR team includes Centers of Expertise catering to functional areas such as:
  - Compensation and Benefits
  - People processes and Policy Design
  - Organizational Capability Development
  - Talent acquisition

Awards

Hexaware won the prestigious World HRD Congress award in various categories such as "Organization with Innovative HR Practices", "CSR", "Dream Company to Work For" and "Fun at work". Each of these HR awards is a distinct recognition to mark the accomplishments of HR professionals across the globe. Hexaware is proud to be ranked as the 20th Dream company to work for among all the participating companies.



Key HR initiatives of 2017

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

Regular engagement activities and surveys are conducted to sense the pulse of the employees and improve their motivation levels. This strengthens the work culture and delivery which lightens the work place atmosphere and enhances employee experience and well-being. The FB@work tool helps employees connect and collaborate with people across the organization at global locations. The Passion survey which was conducted by the Great Place to Work Institute for the 3rd year in a row indicated a steady growth in the satisfaction index of employees. The survey of 2017 also gave an insight into the areas that the company needs to work on to ensure that we keep moving forward in our journey to make Hexaware a great place to work. The relaunched StationH portal provides a one stop shop for employees to get information about all the organization wide processes and policies.

Motivated Employees

The Company supports and promotes transparent communication and healthy interactions between leaders and employees at large, focusing on creating an open and friendly environment. With the implementation of effective change management processes, there exists a clear line of communication among the employees and collectively they work with the mindset of achieving the organizational goals. The Company has put in place various mechanisms that constantly motivate the work force to view the Company's vision and work dedicatedly towards future growth plans. The Company's mantra for 2017 was "One degree More" and the year saw all employees work together to live this belief.

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

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

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

Employee engagement

Hexaware is geared towards implementing employee engagement initiatives that keep its employees fully engaged in their jobs and emotionally invested in committing themselves by adding value to their team and advancing the organization's initiatives. Employees attend the regular HR pulse and skip meetings which help in ironing out their concerns and providing the required clarifications. The Company provides its employees with a clear road map of the organizations goals and vision during the various Open Houses and Town hall meetings.

As part of its engagement initiatives, the company keeps organizing workshops and seminars on diverse topics such as:

- De-stress camp
- Healthy eating workshops
- Financial management
- Medical camps
- Aadhar card camp
- Hexaware kid's day
- Prevention of sexual harassment training

Employee welfare

The Company has a lot of Employee welfare activities and schemes to improve and enhance the quality of life for the employee. In its endeavor to improve employee welfare, the company is invariably exploring value driven initiatives.

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

- Nutritionist and Doctor-on-call: Wellbeing programs in the company have a positive impact on its people and lead to improved team engagement levels, cohesiveness and increased productivity. The company has appointed an in-house doctor for consultation within the campus as well as on-call. The nutritionists work with the catering vendors to ensure the quality of the food that employees eat.

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

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

Diversity

The Company has strongly embedded diversity and inclusion into the organizational culture. It has developed an ecosystem focused towards development and advancement of the diverse workforce. The company fosters inclusion by learning about the cultural backgrounds, lives and interests of employees outside of the workplace and ensure that all employees can partake in decision making and professional opportunities for advancement. The Company has a healthy percentage of women employees which stands at 26.6% of our total workforce. The Company has a dedicated group W@H (Women At Hexaware) which conducts women specific activities like Self Defense Workshops, Women Day's celebration, parenting workshop etc. The company also respects the diversity of culture and nationalities and has workforce spanning over multiple countries globally.

Women employees at Hexaware Technologies Limited

Year	2012	2013	2014	2015	2016	2017
No.	2369	2741	2582	3216	3634	3641

2. Intellectual Capital

The Company has a state-of-the-art Research and Development wing carrying on Research and Development activities to create Intellectual Property for the Company. This is in line with the Company's established philosophy of maintaining and sustaining leadership status. The Company perpetuates in-house thought leadership through establishment of structured organizational frameworks. It includes top down innovation themes & crowd sourcing bottom up innovation.

Hexaware Innovation lab is staffed by dedicated Innovation architects, full stack developers as well as consultants by rotation working here to exchange ideas and produce the desired results. Innovation lab pursues all R & D activities within the organization. The innovation lab is an enabler to drive customer's business objectives. It's not a pure play R&D lab, rather more aligned to the business and the customer needs. The key goal of this lab is to drive thought leadership & future proofing for Hexaware & its customers

Key focus area for the R&D lab in 2017 was in the area of transforming customer experience, transformation using Machine learning & Artificial Intelligence.

Customer Experience Transformation – pure intellect play

We today live in the cross roads of rapidly changing customer expectations. Every customer wants a consistent personalized experience when interacting with company - its products, services and brands.

Customers connect with their brands in multiple ways. Connection channel includes walk-in facilities, 1800 – dial-ins to customer care centres, home page on the web, self-service web portals, SMSes, mobile apps & social media presence to help drive conversations. While many of these have helped and have shown increase in revenue with better customer connect, the company still does have continuous challenges with growing customer segments, demographics and their ever-growing expectations.

Customer engagement channels today are either human-managed thereby lack in providing consistent experiences or have a pre-requisite of getting familiar with IT systems such as web pages & mobile apps. Most companies today still struggle to identify a plan

Management Discussion and Analysis

of action to provide a consistent customer experience that helps in growing customers, sales and brand loyalty significantly.

Hexaware through customer experience transformation initiative helps customers in disrupting their customer connects and processes by providing consistent multi-channel customer experience through extreme automation, robotics & virtual agents (Chat & Voice Bots). All powered by artificial intelligence.

The solution acts as a bridge between system designed by IT and those designed for humans, there by transitioning from user adapting to learn technology to technology adapting and learning from users.

Hexaware believes customer experience is not about visual design and usability. It's about how the company reimagines every step of the customer & employee journey & their touch points by providing a better Human computer interactions. Hexaware Innovation lab has built & launched solutions powered by artificial intelligence to enable enterprises in providing multi-channel engagement to their employees and customers. Multi-channel engagement covers whole host of human computer interactions including voice, emotion, gestures, visuals, touch & messaging.

Hexaware multi-channel virtual agents covers enterprise grade bot implementation covering all social messengers & enterprise chats, home automations devices, all personal voice assistants in smart phones, most leading front office solutions & AI enabled telephony services.

Virtual agents unlike human agents are cost effective, reliable, consistent, hyper personalized, intuitive, elastic to demand, always on, present across channels and always ready to assist customers.

Every decade the industry faces a new class of consumers. We live in period, where consumers are 'Digitally Entitled'. The playbook for the digitally entitled consumers is dynamic and time honored, informative and collaborative. At innovation Labs, the company rightly caters to the new-age consumers with solutions that offers Enterprise class solutions built using disruptive technologies.

3. Social and relationship capital

Customers

The Hexaware ecosystem revolves around the premise of delivering absolute satisfaction and exponential value to all its customers. This makes it imperative that Hexaware pursues the path of continuous innovation. A steadfast commitment to excellence is vital to constantly deliver more value to our customers. The Brainbox Platform embodies its philosophy of continuous improvement and value addition, which becomes its driving force in ensuring greater customer delight. Brainbox serves as a platform to ignite Hexawarians to innovate with fresh ideas and add value to our stakeholders. Hexaware has helped in the transformation of enterprises, through a newer, exciting human centered process based on Design Thinking in tandem with Intelligent Process Automation.

Hexaware is in constant touch with the customers at appropriate levels through a strong governance framework. Hexaware is committed in providing personal attention to every relationship. Hexaware has dedicated Account Managers for each customer, which helps in improved decision making, agility and ensuring that every customer need is understood and addressed. The Vertical Heads and Vertical Delivery Heads interact and engage with customers via regular governance meetings, business review meetings and customer visits. The Competency Service Line heads also interact regularly with the customers to give them an update on the latest technology. The CEO visits customers' CXO regularly.

Hexaware has sustained its commitment to the highest levels of quality, best-in-class service management, robust information security practices and mature business continuity processes that have collectively helped achieve significant milestones during the year. While sustaining existing external benchmarks and certifications, the company has added new certifications and further enhanced its programs and initiatives. The company continues to adhere to international quality standard certifications such as ISO 9001-2015, ISO 27001:2013, ISO 20000-1:2011, CMMI - DEV & SVC Version 1.3 - Level 5, ISAE3402 and SSAE16 SOC-2 Type II. The Company conducted a survey on customer delight for 2017 from Feedback Consulting, an independent market research firm. On a scale of -100 to 100, the Company scored the industry best score of 78.5. This is a remarkable improvement as compared to 66.2 achieved in fiscal 2016.

Investors

The company's endeavors are to, not merely, report true and fair financial results in a timely manner but also communicate the business outlook, risks and opportunities transparently to the investor community. The company deploys multiple channels of communications to keep the investors informed about various development and events.

Hexaware's senior management leaders along with its dedicated Investor Relations team participate in various forums like investor conferences and investor road shows, in addition to hosting investors and equity analysts.

The quarterly results, regulatory filings, transcripts of earnings call, media presentations and schedule of investor interactions are available at https://hexaware.com/investors/

The Company sends Annual Report and Notice of the Annual General Meeting electronically to those shareholders whose email addresses are registered with the Company / Depository Participant(s). For members who have not registered their email addresses, physical copies of the Annual Report and the Notice of the Annual General Meeting are sent in the permitted mode. Members requiring physical copies send a request to the Company and physical copy of Annual Report is dispatched to them.

The Company sends periodic reminders to shareholders who have not claimed their dividend.

All price sensitive information and matters that are material to shareholders are disclosed to the respective Stock Exchanges where the securities of the Company are listed. All submissions to the Exchanges are made through the respective electronic filing systems.

The Company's website provide complete information on Board of Directors, management team, Services, Industries, policies, corporate governance. The section on 'Investors' contains financial details, shareholding patterns, quarterly corporate Governance Report, information relating to Stock Exchange filings , details of Registrars & Transfer Agents, details of unpaid / unclaimed dividend.

The company has a Board-level Stakeholders Relationship Committee to examine and redress investors' complaints. The status on complaints and share transfers are reported to the entire Board periodically.

4. **Natural Capital – Refer Annexure to Directors' report for conservation of energy**

5. **Financial Capital – Refer section "Financial Year 2017 at a glance" page no. 110 onwards**

6. **Manufactured capital**

   Manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services, including:

   - buildings
   - equipment
   - infrastructure (such as roads, ports, bridges, and waste and water treatment plants)

   Manufactured capital is often created by other organizations, but includes assets manufactured by the reporting organization for sale or when they are retained for its own use.

   The deployment of the capital is adequately represented in financial capital and through impacts to natural capital. Hence this report does not cover manufactured capital separately.

Risks and Mitigation Strategy

Being diversified into various business verticals and geographies, Hexaware Technologies Limited is prone to multiple factors that affect the performance of the Company. Some significant risks that could affect the operations at the Company have been identified as below:

- **Regulatory and Compliance Risk:**

  The Company's business operations are spread across various geographies and offers wide range of services to its clients which results in the Company getting exposed to various regulatory requirements risks such as the issue of H1B visas or regulatory changes which the new US administration is likely to make which may add to woes of the Indian IT sector.

Mitigation Strategy:

The Company has well defined regulatory compliance framework to track regulatory compliances globally and has defined owners for various compliance. The framework is not only designed to avoid violation of laws and regulations, but also to protect the Company's ethical standards.

Cross functional contract review team analyses the contracts that the company enters with the clients. Agreement/Contract risk is approved by senior Management after thorough analysis.

Global operational teams are made aware of compliance related issues to ensure adherence to contractual commitments. Internal audit reviews client contracts on regular basis. There are finance heads / HR heads in each geography who are responsible for the compliances. They are abreast with laws of their country.

Hexaware has actively worked towards mitigating this risk by establishing a number of offices abroad, hiring a local workforce and shifting some of its projects nearshore even though it is difficult to predict regulatory changes. One such example would be the Company's office in Saltillo, Mexico, which is in the same time zone as the US East Coast, making client servicing easier. Hexaware's Mexico office is manned by indigenous employees. There is a focus on recruitment of management trainees from US universities as well as recruitment of laterals onsite.

During the past few years, Hexaware expanded its delivery presence in the European region by opening of global delivery centre (GDC) in Bucharest (Romania), Tver (Russia) GDCs that Hexaware already uses to service its European and global clients. The Company also plans to open delivery center in Poland and increase its strength in Netherlands.

- **Information and Cyber Security Risk:**

  It has emerged as top risk across industries as companies are moving towards new technologies such as mobile computing, internet of things, cloud computing etc. With the dynamic threat landscape of highly technical nature, this risk is perceived as top of every company agenda internationally due to the possibilities of sophisticated targeted attacks, increasing ransomware threats, malware, data leakage and other security failures.

Mitigation Strategy:

Company has well matured Information Security Management System with Policies, Processes and Controls to minimize the Cyber Security risks. The governance and management of Security compliance and risk is reviewed periodically. Company has dedicated security professionals certified in various domains of security and securing IT processing Assets of the Company and of the Customers. The Company has invested in security technologies such as Firewall, Intrusion Prevention System, Advanced Persistent Threat Control system, Web filtering System, Antivirus solutions, Advanced Threat Protection, data leakage prevention, Security Information and Event Management tools, Security Operations Centre etc. to protect its computing environment from external attacks.

Company is ISO 27001 Certified and also engages external Auditing bodies to carry out Type-2 Assessment of SSAE16 and ISAE3402 for SOC1 and SOC2 annually. Internal and external Penetration Testing are conducted to manage the security vulnerabilities. Cyber Security alignment with NIST Cyber Security Framework is underway for the latest benchmarking of security practices. Company conducts periodic internal and external audits to measure the effectiveness of the processes and improves the processes continuously for Security Governance, Risk and Compliance. The business resilience

Management Discussion and Analysis

of the company is ensured by a time tested Business Continuity Plan with Disaster Recovery capabilities in case of disruptions due to natural, technical, man-made and pandemic incidents. The Incident Response and Management team carries out root cause analysis on security incidents and take both corrective and preventive measures quickly and ensures that Confidentiality, Integrity and Availability of information are not compromised.

The Company provides the access rights as policy considering roles and responsibility to prevent unauthorized use / download of software. The process also ensures periodic scanning of computers.

- **Competition from peers:**

  The Company faces, competition from Tier 1 companies/ tier 2 companies. Customers for various reasons including to diversify geographical or vendor concentration risk, seek to reduce their dependence on any one country or vendor and may seek to outsource their operations to other countries or vendors. In addition, some of the Company's clients have sought to outsource their operations to onsite providers of outsourcing services.

Mitigation Strategy:

At Hexaware, the prime focus has been of strengthening strategic partnership with its client. The Company has its presence in countries where client requires its services. We have multiple service offering covering entire range of IT needs of the client. The Company has very deep relationship with its customers, its average relationship with top 10 customer is 11 years.

The company has embarked upon expansion of onsite presence with increasing delivery center capability in US, creating new center in Europe to cater to client in Europe meeting regulatory requirements.

The company adheres to presale accountability to drive bid in each vertical. Dedicated sales teams including senior leaders are involved in large deals in market.

- **Talent unavailability:**

  Lag in deployment of resources for earning revenue, non-availability of relevant skill / skilled staff especially in the new age domains such as digital offerings resulting in revenue loss.

Mitigation Strategy:

The company has put in place processes and tools for constant monitoring of the resource in the pool as well as resource on the project getting released for quick deployment. Resources in pool as well as projects are being upskiiled / reskilled and appropriate HR actions taken. There is centralised process to forecast the resource requirements based on RFP's / pipelines followed by monitored hiring plans. Forecasting and hiring for the resources with the current and upcoming skill set / trained in latest technology / domain so as to make them available for the rapid deployment to the projects.

- **Data Privacy Risk:**

  The leakage and misuse of confidential data and proprietary information increases the risk of non-compliances of privacy and data protection laws. These breaches can also damage the brand reputation and relationships.

Mitigation Strategy:

The Company has well placed strategies to ensure Privacy & Data Protection Framework which includes governance, policies, privacy impact assessments, training, data mapping, incident management, and awareness. The dedicated team has put in place policies for addressing privacy from both client's and corporate perspectives. The Company's policies and process ensures robust data protection measures required.

- **HR Related Risk:**

  The Company operates in the industry which is highly dependent on talent and capabilities of its personnel. The Company needs to continuously invest in employee training and development which is intellectual capital for firms. Employee attrition is a major threat that drains the Company's intellectual capital and renders un-competitiveness.

Mitigation Strategy:

The Company has very effective people management systems and strategies, these have resulted to retained attrition levels to as low as 13.1% as on 31st December 2017. This was lowest in past few quarters. The Company is focused on building a robust training framework to cater to the development needs of employees across leadership level. This includes professional, functional, technical and leadership development interventions.

- **Technology Risks:**

  This is the era where technology change has become very evident and it becomes important for the Company to continuously review and upgrade its technology, resources and processes to mitigate technical obsolescence.

Mitigation Strategy:

The Company operates in various technology platforms and is not restricted to any one or few. The Company has developed competencies in various technologies, platforms and operating environments and offers a wide range of technology options to clients to choose from, for their business needs.

The Company has been Increasing the service offerings including into new age technology like automation and digital. Bundling of offerings to provide value add to the customer with overall reduction in IT cost to customer.

The Company invests heavily on the continuous training by resources. It is also encouraging innovation in service delivery / solution offerings.

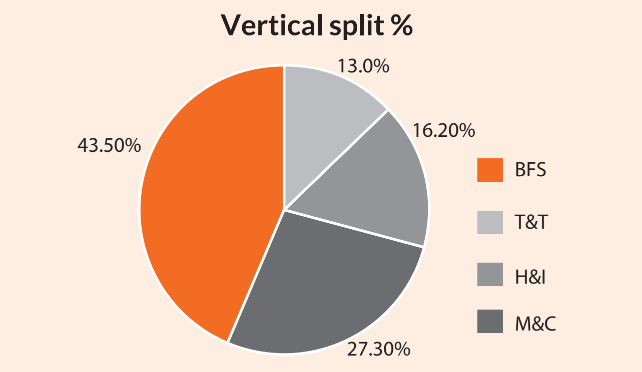
Over the past couple of years, the Company has strengthened sales team with hunters and farmers to win new client and existing account mining by providing differentiated services / solution by use of automation / RPA. New heads have been inducted who has relevant experience in the field.

- **Industry risk:**

  The Company caters to almost every sector like banking and financial services, travel and transportation, Healthcare to name a few. Any sectorial downturn will slow-down or affect our business performance.

Mitigation Strategy:

Over the decades, the Company has developed firm grip on various sectors and thus is familiar with the business cycle and performance of them. This has helped the Company to reduce dependency on any one area or sector. The revenue concentration is fairly balanced, with 43.5% revenues coming from the BFSI vertical and balance 56.5% coming from across other verticals. Further, the Company also offers Building differentiated solutions / offering within the vertical sub-segments.



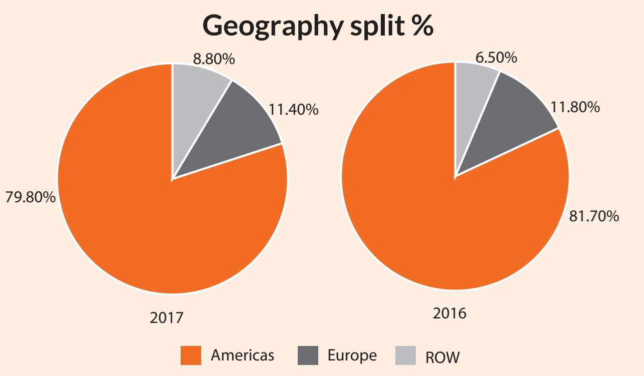
- **Revenue concentration risk:**

a) Concentration of business from customers from limited geography

Mitigation Strategy:

Expansion of onsite presence with increasing delivery center capability in US, creating new centers in Europe to cater to client in Europe meeting regulatory requirements. The company has opened offices and centers recently in Sweden/ China/ Romania/ Russia/ Hong Kong etc.

Increased focus on markets other than US i.e. in Europe, APAC, AMEA region with dedicated hunting and farming teams.



b) Client concentration - dependence on few customers

Mitigation Strategy:

The Company is increasing portfolio of customer contributing > 1 Million revenue a year. The company is managing its top customers well and it can be gauged from the following:

- Very long relationship with customers.
- Top 5, 10 or 20 customers revenue has grown by 14%, 12% and 14% respectively in FY 2017 compared to FY 2016.
- Expansion of client base with high revenue. Customer contributing over $ 1Mn increased to 88 from 78 in previous year, between $ 1 to 5 Mn to 71 from 64, between $ 10 to 20 Mn to 6 from 3.
- In FY 2017, many new customers entered top 20 bucket
- customer satisfaction survey rating of 78.5 in FY 2017 being highest in the industry and substantial improvement from rating of 66.2 in FY 2016. Ratings are in the scale of -100 to 100.

- **Foreign currency risks:**

  The Company earns sizable revenue in foreign currency which exposes it to exchange rate fluctuation risks.

Mitigation Strategy:

The Company monitors currency movements closely and follows a structured hedging program approved by the Board. As on December 31, 2017, the Company had the following hedges maturing over the course of the next eight quarters:

- USD 152.88 mn at an average exchange rate of 70.98
- Euro 3.90 mn at an average exchange rate of 82.16
- GBP 7.50 mn at an average exchange rate of 91.87

The Company has systematic hedging policy approved by the Committee of Board and it has been effective in protecting the risk.

- **Disaster Recovery/ Business Continuity:**

  The Company may be vulnerable to risks due to natural calamities / disasters which may impact business operations and even pose a risk to employee safety.

Management Discussion and Analysis

Mitigation Strategy:

The Company has a structured business continuity management plan that addresses disruptions at every level of business like city level, country level and even at floor level. The plan framework minimizes the impact of outages which includes recovery sites, intra-city redundancies, work from home etc. Business continuity plan was activated during the Chennai events and was successful in minimizing business impact as well as supporting employee safety requirements.

- **Liquidity risk:**

  For the Company, the threat to its liquidity could be a risk factor. The liquidity refers to the ability of the Company to meet its cash, collateral and vendor obligations.

Mitigation Strategy:

Hexaware has been a zero-debt company for the past seven years. The Company has cash and bank balances including investments in mutual funds (current investment) agreegating to ₹ 5,521 million as on 31st December 2017. The Company has been maintaining efficient cash conversion ratio which is above 70% (cash flow from operations ÷ EBITDA before ESOP cost).

- **Credit risk:**

  Large number of revenue transactions are on credit. Default or inability of the client to pay on time will impact the profitability.

Mitigation Strategy:

The Company has effective receivable management system to maintain the Days Sales Outstanding ratio in a favourable position. DSO ranges from 45 days to 50 days only.

Focused review of unbilled revenue to check on long pending item to bill. DSO with unbilled have been in range of 70 to 75 days.

The focus has been on adding large and diverse clients to the portfolio, thus minimising the credit risk.

Internal control systems and their adequacy

Hexaware Technologies Limited's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company. The Company's internal controls are in-line with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable operational and financial information, complying with applicable statutes and ensuring compliance of corporate policies. At Hexaware Technologies Limited, we have established adequate framework which requires a Company to identify and analyse risks and manage appropriate responses. The Company strictly followed the statute, laws, rules and regulations of the land. It ensures stringent compliance at all levels and across all business units and departments for safeguarding its assets, prevention and detection of fraud and errors, completeness of accounting records and timely preparations of financial statements. These systems are regularly reviewed by the statutory and internal auditors. Significant audit observations and follow up actions thereon are reviewed by the Audit Committee.

Report of the statutory auditors on the adequacy and effectiveness of internal finance controls is included on page no. 154 of this annual report

Financial Year 2017 at a glance

During the year, the Company made a transition in preparation of financial statements to Ind AS and thus previous year figures are realigned with the new reporting format (refer note 2.1 and 3 of consolidated financial statements).

- Hexaware in FY 2017 delivered industry leading growth across all parameters.
- Revenue in FY 2017 increased by 15.6% to USD 607.5 million which in constant currency terms stood at USD 606.1 million, up 15.3% compared to FY 2016.
- Revenue in INR terms increased to ₹ 39,420 million, an increase of 11.5% compared to FY 2016
- In FY 2017, EBITDA after RSU cost stood at ₹ 6,552 million, increase of 13.7% compared to FY 2016
- PAT increased to ₹ 4,995.26 million in FY 2017, up 19.2% compared to ₹ 4,191.62 million in FY 2016
- Earnings per share (basic EPS) of ₹ 16.79, up 20.9% in FY 2017 and diluted EPS grew by 20.3% to ₹ 16.56.
- The dividend distribution of ₹ 4 per share on equity share of ₹ 2 each in FY 2017 in addition to the buyback of shares at ₹ 240 per share during the year.

Consolidated Balance Sheet

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

   a) Total additions to fixed assets was ₹ 1,308.45 million. Of the total addition, ₹ 476.67 million was in buildings largely at our Pune campus, ₹ 319.40 million was in respect of plant and machinery including computer systems, ₹ 376.38 million for office equipment and ₹ 124.35 million for furniture and fixtures. The additions largely were at our Pune campus which became operational in FY 2017.

   b) Addition to intangibles of ₹ 62.88 million represent software purchases for internal use.

   c) Capital work in progress (CWIP) stood at ₹ 2,563.06 million as at December 31, 2017 compared to ₹ 3,233.19 million as at December 31, 2016. The CWIP is largely in respect of infrastructure development at Chennai and Pune.

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

2. **Investments**

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

b) During the previous year, the Company through its wholly owned subsidiary in Singapore had invested in associate company Experis Technology Solutions Pte. Limited, representing 20% ownership interest. During the year, the Group has accrued ₹ 2.70 million of shares in profit of associate using equity method accounting. This investment is considered to be of strategic importance wherein Company would provide IT/ITES services to the customers sourced through the associate company, who in turn will source business through business relations of majority partner.

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

3. **Other financial assets**

(₹ million)

	Non-current		Current		Total	
	2017	2016	2017	2016	2017	2016
Interest accrued on bank deposits	0.78	0.94	1.06	0.49	1.84	1.43
Foreign currency derivative assets	136.10	127.69	586.24	232.42	722.34	360.11
Restricted bank balances	34.55	29.94	-	-	34.55	29.94
Security deposits for premises and others	227.95	211.89	6.28	34.70	234.23	246.59
Employee advances (net)	-	-	47.97	63.48	47.97	63.48
	399.38	**370.46**	**641.55**	**331.09**	**1,040.93**	**701.55**

Total other financial assets increased by ₹ 339.38 million comprising of:

a) Increase in foreign currency derivative assets (mark to market gain on forward exchange contracts designated as hedges) by ₹ 362.23 million which increased to ₹ 722.34 million as at December 31, 2017 compared to balance of ₹ 360.11 million as at December 31, 2016.

b) Increase in restricted bank balances by ₹ 4.61 million. These bank balances are restricted, being given as margin money.

The increase above was partially offset by decrease in:

a) Decrease in security deposits for premises and others by ₹ 12.36 million as we have surrendered lease premises in Pune and Bangalore and addition of a lease premises in Chennai.

b) Decrease in employee advances by ₹ 15.51 million.

4. **Deferred tax assets**

Deferred tax assets increased from ₹ 1,252.20 million to ₹ 1,335.54 million, an increase by ₹ 83.34 million. It comprises of tax effect of temporary difference and MAT credit entitlement. The Company records net positions as assets and liabilities based on tax jurisdictions considering rights to offset. Note no. 10 of the Consolidated Financial Statements provides components of assets and liabilities

5. **Income-tax assets (net)**

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

a) Non-current portion of income-tax receivables increased by ₹ 31.94 million to ₹ 348.44 million in FY 2017 from ₹ 316.50 million in FY 2016.

b) Current portion of income-tax receivable increased to ₹ 72.63 million in FY 2017 from ₹ 21.49 million in FY 2016, increase of ₹ 51.14 million.

6. **Other assets**

(₹ million)

	Non-current		Current		Total	
	2017	2016	2017	2016	2017	2016
Capital Advances	1.37	25.16	-	-	1.37	25.16
Prepaid Expenses relating to leasehold land	525.04	531.76	-	-	525.04	531.76
Other Prepaid Expenses	226.25	160.50	448.81	365.80	675.06	526.30
Indirect taxes recoverable	81.10	78.94	143.85	143.35	224.95	222.29
Others	-	-	12.56	4.11	12.56	4.11
	833.76	**796.36**	**605.22**	**513.26**	**1,438.98**	**1,309.62**

Other assets increased to ₹ 1,438.98 million from ₹ 1,309.62 million, increase by ₹129.36 million mainly on account of following.

a) Increase in other prepaid expenses ₹ 148.76 million, balance of which at the end of FY 2017 was ₹ 675.06 million compared to ₹ 526.30 million as at end of FY 2016.

b) Above increase was partially offset by decrease in capital advances by ₹ 23.79 million and prepaid expenses relating to leasehold land by ₹ 6.72 million on amortization of lease premium.

7. **Trade receivables and Unbilled**

Trade receivables as at December 31, 2017 stood at ₹ 5,360.31 million as against balance of ₹ 4,376.04 million as at December 31, 2016, an increase of 22.5%. Day's sales outstanding (DSO) stood at 50 days compared with 45 days at the end of 2016. The DSO is one of best compared amongst the industry peers.

DSO with unbilled stood at 73 days as on December 31, 2017 verses 68 days as on December 31, 2016.

8. **Cash and cash equivalent and Other bank balances**

Cash and cash equivalents aggregates to ₹ 5,147.41 million as at December 31, 2017, increase by ₹ 1,021.05 million from ₹ 4,126.38 million as at December 31, 2016.

Management Discussion and Analysis

Other bank balances representing balances held for the unclaimed dividend stood at ₹ 150.26 million at the end of FY 2017 compared to ₹ 137.66 million at the end of FY 2016.

Total cash & bank balance including investment in Mutual Fund was at ₹ 5,521.41 million as on December 31, 2017 equivalent of USD 86.44 million

9. Share Capital

The paid-up share capital of the Company as at December 31, 2017 was ₹ 593.61 million comprising 296,803,757 Equity Shares of ₹ 2 each. During the year, 470,397 shares were allotted under ESOP plans. During the year, the Company bought-back 5,694,835 shares representing 1.9% of total issued equity shares from the shareholders of the Company on a proportionate basis by way of a tender offer route at a price of ₹ 240 per equity share for an aggregate amount of ₹ 1,366.76 million by utilization of securities premium account.

10. Other Equity

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

Total other equity increased by ₹ 2,674.05 million to ₹ 19,479.14 million as at December 31, 2017 from ₹ 16,805.09 million as at December 31, 2016.

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

a) The net reduction in the securities premium reserve balance was ₹ 1,290.79 million. During the year, the Company utilized ₹ 1,366.76 million from the balance in securities premium for the purpose of buy-back of shares. The Company transferred ₹ 65.13 million to securities premium from stock option outstanding account on exercise of stock options by the employees. The Company also received ₹ 10.84 million from the employees on exercise of stock options.

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

c) Retained earnings balance increased by ₹ 3,970.01 million. Profit for the year was ₹ 4,995.26 million, other comprehensive income for the year (part of retained earnings) was ₹ 84.53 million representing actuarial gains net of tax effect thereon.

   Dividend distribution during the year was ₹ 1,428.09 million. During the year, the net amount transferred from special economic zone re-investment was ₹ 308.87 million.

d) Share option outstanding account increased by ₹ 284.37 million. During the year the Company recorded ₹ 349.50 million of stock based compensation in relation to its RSU plans and transferred ₹ 65.13 million to securities premium on exercise of options by the employee.

e) Capital redemption reserve balance as at December 31, 2017 is ₹ 11.39 million which relates to the buy-back of shares during the year. This is created in accordance with the provisions of the Companies Act, 2013.

f) Special Economic Zone (SEZ) re-investment reserve – During the year, the Company transferred ₹ 178.35 million to SEZ reserve from the balance in retained earnings and ₹ 487.22 million was transferred from the SEZ reserve to the retained earnings being utilization for acquisition of plant and machinery. The balance of ₹ 24.08 million is to be utilized within 3 years from the date of creation as per provisions of the Income-tax Act, 1961.

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

   i.) Currency translation reserve is on account of conversion of foreign operations from their functional currency to reporting currency of the Company which is INR. The balance as at December 31, 2017 is ₹ 1,109.70 million. The same will be transferred to profit and loss on disposal of foreign operations.

   ii.) Hedging reserve balance consists of mark to market gain on foreign currency forward contracts designated as hedges, to hedge the foreign currency risk. The balance as at December 31, 2017 stood at ₹ 465.83 million net of tax impact as against ₹ 240.78 million as at December 31, 2016.

11. Borrowings

The Group does not have any borrowings. Fund requirements are managed with the internal accruals.

12. Other financial liabilities

(₹ million)

	Non-current		Current		Total	
	2017	2016	2017	2016	2017	2016
Unclaimed dividend	-	-	150.25	137.66	150.25	137.66
Capital creditors	25.55	29.03	125.54	397.49	151.09	426.52
Deposit received from customer	-	-	0.03	0.03	0.03	0.03
Employee liabilities	-	-	1,323.12	1,237.73	1,323.12	1,237.73
Foreign currency derivative liabilities	3.40	0.19	4.49	1.80	7.89	1.99
Others	2.21	1.95	-	-	2.21	1.95
	31.16	31.17	1,603.43	1,774.71	1,634.59	1,805.88

Other financial liabilities decreased by ₹ 171.29 million to ₹ 1,634.59 million as at December 31, 2017 as compared to balance of ₹ 1,805.88 million as at December 31, 2016.

The decrease is largely due to payment of capital creditors which reduced by ₹ 275.43 million due to completion of Chennai and Pune projects.

The above increase was partly offset by increase in employee liabilities by ₹ 85.39 million in FY 2017 on account of increase in employee numbers. Unclaimed dividend balance has increased from ₹ 137.66 million at the end of FY 2016 to ₹ 150.25 million at the end of FY 2017, increase of ₹ 12.60 million. This balance represents the dividend not claimed by the shareholders for which the Company maintains adequate bank balance specially earmarked in accordance with the provisions of the Companies Act, 2013.

13. Provisions

a) Non-current

Gratuity liability decreased to ₹ 179.35 million as at December 31, 2017 from ₹ 268.04 million as at December 31, 2016. The decrease is largely on account of funding made to the plan. The parent Company in India provides gratuity benefits for its employees wherein the plan is funded with the fund balance kept with Life Insurance Corporation of India. The gratuity liability is based on the valuation from the actuary.

b) Current

The balance represents the provision towards compensated absences and other short-term employee benefits. The provision as at December 31, 2017 decreased to ₹ 699.61 million i.e. decrease of ₹ 14.63 million compared to balance as at December 31, 2016 of ₹ 714.24 million.

Provisions others reduced to ₹ 7.67 million, from ₹ 171.93 million last year. The reduction was on account of payment of ₹ 111.89 million and adjustment of ₹ 52.37 million during the year. The reduction is mainly on account of outflow/adjustment on account of employee benefit obligation on contract acquisition in previous years.

14. Trade and other payables

It comprises of trade payables and accrued expenses. Total balance as at December 31, 2017 was ₹ 2,204.23 million as compared to balance of ₹ 1,958.64 million as at December 31, 2016.

Of the total, trade payables increased marginally by ₹ 0.78 million to balance of ₹ 1,292.02 million as at December 31, 2017.

Accrued expenses increased to ₹ 912.21 million as at December 31, 2017 an increase of ₹ 244.81 million from the balance as at December 31, 2016 of ₹ 667.40 million. The accrual has increased mainly on account of increase in general business activity.

15. Other current liabilities

It includes unearned revenue and statutory liabilities. Other current liabilities stood at ₹ 589.67 million as at end of 2017 as compared to ₹ 595.47 million at end of 2016.

Unearned revenue balance as at December 31, 2017 was ₹ 217.99 million compared to ₹ 252.33 million as at December 31, 2016 i.e. decrease by ₹ 34.34 million. The decrease is primarily due to advance billing done to customers.

Statutory liabilities represent liabilities not due as at the end of the year. It increased by ₹ 28.54 million to ₹ 371.68 million as at December 31, 2017 as compared to balance as at December 31, 2016 of ₹ 343.14 million.

16. Current tax liabilities

It represents provision for income-taxes, net of advance tax. The balance as at December 31, 2017 decreased to ₹ 65.28 million as compared to balance of ₹ 186.45 million as at December 31, 2016.

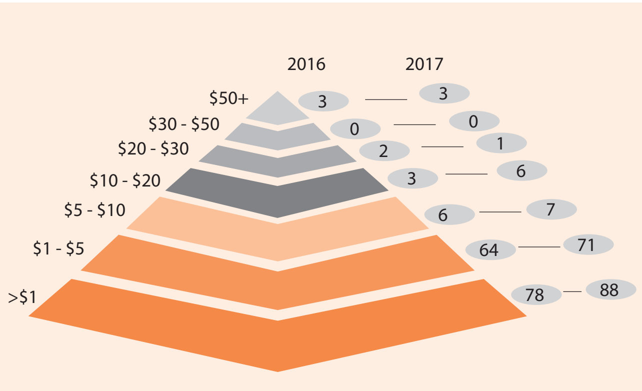
Consolidated results (P&L)

1. Income from operations

Income from operations increased to ₹ 39,420.14 million in 2017 from ₹ 35,348.99 million in 2016, growth of 11.5%. The growth in Dollar terms was 15.6%, reaching USD 607.49 million in 2017 from 525.55 million in 2016. Revenue in constant currency was USD 606.1 million in 2017, growth of 15.3%. Growth was driven largely by volume increase, aided by higher onsite mix. Onsite revenue proportion increased in 2017 to 64.9% compared to 61.9% in 2016.

Our repeat business continues to be around 94%.

Over the past few years our focus has been on increasing the client base which has started to materialized. We added 10 clients contributing over $ 1 million revenue of which 4 clients contributed between $ 5-$20 million revenue during the year. The revenue depth has been increasing despite of challenges in the two accounts. The revenue from the top 5 has increased by 14%, from next 5 increased by 8% and from next 10 increased by 22%. We are poised to see the shaping of pyramid.



2. Other income

Other income reduced to ₹ 35.82 mn from ₹ 38.41 mn in 2016; the reduction is mainly attributed to reduction in dividend, interest and miscellaneous income.

Management Discussion and Analysis

3. **Exchange rate gain**

   Exchange rate gain increase in FY 2017 to ₹ 449.62 million as compared to ₹ 355.93 million in FY 2016. This has resulted due to systematic foreign currency hedging program and movement of various currencies during the year.

4. **Software and development expenses**

   In fiscal 2017, software and development expense increased to ₹ 7,391.93 mn from ₹ 6,300.81 mn in the previous year, i.e. an increase of 17.3%. As a percentage to sales, these expenses were 18.75% compared to 17.82% in 2016, the increase attributed to higher subcontracting and travel costs at onsite.

5. **Employee benefit expenses**

   The employment expenses with stock based compensation costs (RSU costs) increased to ₹ 21,686.54 mn from ₹ 19,943.93 mn, an increase of 8.7%.

   Ratio of employee cost-to-revenue marginally improved to 55.02% in 2017 as against 56.42% in 2016. The worldwide employee count including subcontractors was 13,705 as of 31st December 2017, an increase of 1590 compared to headcount of 12,115 as of 31st December 2016.

   In Financial Year 2016, the Company instituted long-term incentive plan in the form of grant of Restricted Stock Units (RSU). The compensation cost recognized using fair value method for these RSU is ₹ 349.50 mn for the 2017 which is included in employee benefit expenses.

6. **Operations and other expenses**

   Operations and other expenses increased to ₹ 3,790.03 mn in 2017 from ₹ 3,340.69 mn in 2016, an increase of 13.5%. Increase was largely of service charges, legal and professional charges, repairs and maintenance, rent and utilities costs. As a percentage to revenue, these costs were 9.61% in 2017 compared to 9.45% in 2016.

7. **Depreciation and amortisation**

   Depreciation and amortisation expense increased to ₹ 632.77 mn in 2017 compared to ₹ 552.53 mn in 2016, increase of ₹ 80.24 mn largely due to additions of infrastructure at Pune campus and computers and softwares.

8. **Income-tax expense**

   Total tax expense reduced to ₹ 1,410.56 mn in 2017 compared to ₹ 1,412.34 mn in 2016. Effective tax rate decreased to 22.03% compared to 25.20% in previous year mainly due to increase in exempt income due to new business being executed from new SEZ's : with partial offset on account of increase in one time deferred tax charge on change in tax rates in USA.

9. **Profitability**

   The Companies profit before tax increased to ₹ 6,406 million in FY 2017 as compared to ₹ 5,604 million in FY 2016, increase by 14.3%. As a percentage to revenue profit before tax improved to 16.3% in FY 2017 from 15.9% in FY 2016 i.e. improved by 30 bps.

   Profit after tax increased to ₹ 4,995 million in FY 2017 as compared to ₹ 4,192 million in FY 2016, increase by 19.2%. As a percentage to revenue profit after tax improved to 12.7% in FY 2017 from 11.9% in FY 2016 i.e. improved by 80 bps.

   EPS-basic increased by ₹ 2.90 to ₹ 16.79 for FY 2017 compared to ₹ 13.89 for FY 2016.

Consolidated cash flow

₹ million

	2017	2016
Net cash from operations	4,762.40	4,729.77
Net cash used in investing activities	(938.00)	(1,998.57)
Net cash used in financing activities	(2,795.80)	(2,494.21)
Net increase in cash and cash equivalent	1,028.60	236.99

During the FY 2017, out of the cash from operations of ₹ 4,762.40 million, ₹ 938.00 million was used in investing activities largely towards acquisition of property plant and equipment and intangibles of ₹ 956.78 million. Financing activities was largely towards payment of dividend of ₹ 1,428.09 million as well as for the buy-back of shares including expenses towards buy-back both aggregating ₹ 1,378.91 apart from receiving ₹ 12.39 from issue of shares/ share application money.

Net increase in cash and cash equivalent during the year was ₹ 1,028.60 million.

Cautionary statements

Certain statements in this Management's Discussion and Analysis Report concerning the future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, ability to manage growth, intense competition in IT services including those factors which may affect company's cost advantage, wage increases in India, company's ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, company's ability to manage its international operations, reduced demand for technology in key focus areas, disruptions in telecommunication networks, company's ability to successfully complete and integrate potential acquisitions, liability for damages on company's service contracts, the success of the companies in which Hexaware has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry.

For and on behalf of the Board of Directors

Atul K. Nishar
Chairman

Date: April 03, 2018
Place: Mumbai

Independent Auditors' Report

TO THE MEMBERS OF HEXAWARE TECHNOLOGIES LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Hexaware Technologies Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate company (refer Note 4 to the attached consolidated Ind AS financial statements), comprising of the Consolidated Balance Sheet as at December 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associate company in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Ind AS Financial Statements. The respective Board of Directors of the companies included in the Group and of its associate company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate company, respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 8 in the Other Matters paragraph below, other than the unaudited financial information as certified by the management and referred to in paragraph 9 in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associate company as at December 31, 2017, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matters

8. We did not audit the financial statements of eleven subsidiaries whose financial statements reflect total assets of ₹ 2,860.63 million and net assets of ₹ 1,638.79 million as at December 31, 2017, total revenue of ₹5,811.16 million, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 348.45 million and net cash flows amounting to ₹ 242.95 million for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. These financial statements have been audited by other auditors

Independent Auditors' Report

whose reports have been furnished to us by the Management, and our opinion on the Consolidated Ind AS Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

9. The Consolidated Ind AS Financial Statements also include the Group's share of total comprehensive income (comprising of profit) of ₹ 2.7 million for the year ended December 31, 2017 as considered in the Consolidated Ind AS Financial Statements, in respect of one associate company whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the Consolidated Ind AS Financial Statements insofar as it relates to the amounts and disclosures included in respect of this associate company and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associate company, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

   Our opinion on the Consolidated Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters noted in paragraphs 8 and 9 above with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

10. The comparative financial information of the Group as of and for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 prepared in accordance with Ind AS included in these Consolidated Ind AS Financial Statements have been audited by the predecessor auditor who had audited the statutory consolidated financial statements for the years ended December 31, 2016 and December 31, 2015. The predecessor auditor has expressed an unmodified opinion on the comparative financial information and the opening balance sheet vide report dated July 17, 2017.

    Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.

    b) In our opinion, proper books of account as required by law maintained by the Holding Company incorporated in India including relevant records relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and records of the Holding Company.

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company incorporated in India including relevant records relating to the preparation of the Consolidated Ind AS Financial Statements.

    d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2017 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company incorporated in India is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

       i) The Consolidated Ind AS Financial Statements disclose the impact, if any, of pending litigations as at December 31, 2017 on the consolidated financial position of the Group, and its associate company – Refer Note 30 to the Consolidated Ind AS Financial Statements.

       ii) The Group and its associate company had long-term contracts including derivative contracts as at December 31, 2017 for which there were no material foreseeable losses.

       iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company incorporated in India during the year ended December 31, 2017.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
Partner
Membership No. 105869

Place : Mumbai
Date : February 7, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Hexaware Technologies Limited on the consolidated Ind AS financial statements for the year ended December 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended December 31, 2017, we have audited the internal financial controls over financial reporting of Hexaware Technologies Limited (hereinafter referred to as "the Holding Company") as of that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding Company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
Partner
Membership No. 105869

Place : Mumbai
Date : February 7, 2018

Consolidated Balance Sheet as at December 31, 2017

(₹ Million)

Particulars	Notes	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	5	3,580.32	2,791.00	2,957.07
Capital work-in-progress		2,563.06	3,233.19	1,160.35
Goodwill	6	1,656.29	1,761.18	1,715.34
Other intangible assets	7	177.06	234.45	234.51
Financial assets				
- Investments	8A	24.23	21.53	4.58
- Unbilled revenue		-	-	39.69
- Other financial assets	9A	399.38	370.46	196.75
Deferred tax assets (net)	10	1,335.54	1,252.20	1,169.73
Income tax asset (net)		348.44	316.50	342.24
Other non-current assets	11A	833.76	796.36	832.98
Total non-current assets		**10,918.08**	**10,776.87**	**8,653.24**
Current assets				
Financial assets				
- Investments	8B	189.19	188.50	409.33
- Trade receivables	12	5,360.31	4,376.04	4,405.78
- Cash and cash equivalents	13A	5,147.41	4,126.38	3,864.46
- Other Bank Balances	13B	150.26	137.66	120.28
- Unbilled revenue		2,368.50	2,638.51	1,978.38
- Other financial assets	9B	641.55	331.09	185.84
Current Tax Assets (net)		72.63	21.49	25.67
Other current assets	11B	605.22	513.26	397.61
Total current assets		**14,535.07**	**12,332.93**	**11,387.35**
Total assets		**25,453.15**	**23,109.80**	**20,040.59**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	14	593.61	604.06	603.13
Other Equity		19,479.14	16,805.09	14,598.53
Total equity		**20,072.75**	**17,409.15**	**15,201.66**
Non-current liabilities				
Financial liabilities - Other financial liabilities	16A	31.16	31.17	52.25
Provisions - Employee benefit obligations in respect of Gratuity		179.35	268.04	182.06
Total non-current liabilities		**210.51**	**299.21**	**234.31**
Current liabilities				
Financial Liabilities				
- Trade and other payables	17	2,204.23	1,958.64	1,577.10
- Other financial liabilities	16B	1,603.43	1,774.71	1,562.04
Other current liabilities	18	589.67	595.47	642.44
Provisions				
- Employee benefit obligations in respect of compensated absences and others		699.61	714.24	628.79
- Others	19	7.67	171.93	89.78
Current tax liabilities (net)		65.28	186.45	104.47
Total current liabilities		**5,169.89**	**5,401.44**	**4,604.62**
Total liabilities		**5,380.40**	**5,700.65**	**4,838.93**
Total equity and liabilities		**25,453.15**	**23,109.80**	**20,040.59**

The accompanying notes 1 to 32 form an integral part of the consolidated financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
(Partner)
Membership Number : 105869

Place : Mumbai
Dated : 7th February, 2018

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
R. Srikrishna (CEO & Executive Director)
Jimmy Mahtani (Vice Chairman)
Dileep Choksi (Director)
Bharat Shah (Director)
P. R. Chandrasekar (Director)
Meera Shankar (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
Rajesh Kanani (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Consolidated Statement of Profit and Loss for the year ended December 31, 2017

(₹ Million)

Particulars	Notes	For the year ended December 31, 2017	For the year ended December 31, 2016
INCOME			
Revenue from operations		39,420.14	35,348.99
Exchange rate difference (net)		449.62	355.93
Other income	20	35.82	38.41
Total income		**39,905.58**	**35,743.33**
EXPENSES			
Software and development expenses	21	7,391.93	6,300.81
Employee benefits expense	22	21,686.54	19,943.93
Operation and other expenses	23	3,790.03	3,340.69
Interest - others		1.19	1.41
Depreciation and amortisation expense	5, 7	632.77	552.53
Total expenses		**33,502.46**	**30,139.37**
Profit before tax and share in profit of associate		**6,403.12**	**5,603.96**
Share in profit of associate		2.70	-
Profit before tax		**6,405.82**	**5,603.96**
Tax expense	10		
- Current		1,530.47	1,566.06
- Deferred (Credit)		(119.91)	(153.72)
		1,410.56	1,412.34
Profit for the year		**4,995.26**	**4,191.62**
Other comprehensive income (OCI):			
i) Items that will not be reclassified to profit or loss			
- Remeasurement of defined benefit plan		103.24	(7.93)
- Income tax relating to items that will not be reclassified to profit or loss		(18.71)	1.66
ii) Items that will be reclassified to profit or loss			
- Net change in fair value of cash flow hedges		259.65	306.81
- Exchange differences in translating the financial statements of foreign operations		(217.72)	39.89
- Income tax relating to items that will be reclassified to profit or loss		(34.60)	(78.14)
Total other comprehensive income		91.86	262.29
Total comprehensive income for the year		**5,087.12**	**4,453.91**
Earnings per share (In Rupees)			
Basic	26	16.79	13.89
Diluted		16.56	13.77

The accompanying notes 1 to 32 form an integral part of the consolidated financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
(Partner)
Membership Number : 105869

Place : Mumbai
Dated : 7th February, 2018

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
R. Srikrishna (CEO & Executive Director)
Jimmy Mahtani (Vice Chairman)
Dileep Choksi (Director)
Bharat Shah (Director)
P. R. Chandrasekar (Director)
Meera Shankar (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
Rajesh Kanani (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Consolidated Statement of Changes In Equity

for the year ended December 31, 2017

A Equity Share Capital

(₹ Million)

Particulars	December 31, 2017	December 31, 2016
Outstanding at the beginning of the year	604.06	603.13
Add: On issue of shares during the year	0.94	0.93
Less: On shares bought back during the year	(11.39)	-
Outstanding at the end of the year	**593.61**	**604.06**

B Other Equity

(₹ Million)

Particulars	Share application money pending allotment	Reserves and Surplus				Other comprehensive income		Total
		Securities premium reserve	Other reserves (Note 15)	General reserve	Retained earnings	Foreign currency translation reserve	Cashflow hedge reserve (CFHR)	
Balances as at January 1, 2017	-	4,808.73	783.90	2,144.05	7,678.04	1,149.59	240.78	16,805.09
Profit for the year	-	-	-	-	4,995.26	-	-	4,995.26
Other comprehensive income	-	-	-	-	84.53	(217.72)	225.05	91.86
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**5,079.79**	**(217.72)**	**225.05**	**5,087.12**
Dividend paid (including dividend tax)	-	-	-	-	(1,428.09)	-	-	(1,428.09)
Buy-back of shares	-	(1,366.76)	11.39	-	(12.15)	-	-	(1,367.52)
Shares Issued on exercise of options	-	10.84	-	-	-	-	-	10.84
Tax benefit on Share based compensation	-	-	-	-	21.59	-	-	21.59
Transfer to special economic zone reserve, net	-	-	(308.87)		308.87	-	-	-
Received / transferred on exercise of Stock Options	0.61	65.13	(65.13)	-	-	-	-	0.61
Compensation related to employee share based payments	-	-	349.50	-	-	-	-	349.50
As at December 31, 2017	**0.61**	**3,517.94**	**770.79**	**2,144.05**	**11,648.05**	**931.87**	**465.83**	**19,479.14**
Balances as at January 1, 2016	**-**	**4,772.37**	**557.96**	**2,144.05**	**6,002.34**	**1,109.70**	**12.11**	**14,598.53**
Profit for the year	-	-	-	-	4,191.62	-	-	4,191.62
Other comprehensive income	-	-	-	-	(6.27)	39.89	228.67	262.29
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4,185.35**	**39.89**	**228.67**	**4,453.91**
Dividend paid (including dividend tax thereon)	-	-	-	-	(2,506.22)	-	-	(2,506.22)
Shares Issued on exercise of options	-	12.13	-	-	-	-	-	12.13
Transfer to special economic zone reserve, net	-	-	3.43	-	(3.43)	-	-	-
Received / transferred on exercise of Stock Options	-	24.23	(24.23)	-	-	-	-	-
Compensation related to employee share based payments	-	-	246.74	-	-	-	-	246.74
As at December 31, 2016	**-**	**4,808.73**	**783.90**	**2,144.05**	**7,678.04**	**1,149.59**	**240.78**	**16,805.09**

The accompanying notes 1 to 32 form an integral part of the consolidated financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
(Partner)
Membership Number : 105869

Place : Mumbai
Dated : 7th February, 2018

For and on behalf of the Board of Directors

Atul K. Nishar
(Chairman)

R. Srikrishna
(CEO & Executive Director)

Jimmy Mahtani
(Vice Chairman)

Dileep Choksi
(Director)

Bharat Shah
(Director)

P. R. Chandrasekar
(Director)

Meera Shankar
(Director)

Basab Pradhan
(Director)

Christian Oecking
(Director)

Rajesh Kanani
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Consolidated Cash Flow Statement

for the year ended December 31, 2017

(₹ Million)

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
Cash Flow from operating activities		
Net Profit before tax	6,405.82	5,603.96
Adjustments for:		
Depreciation and amortization expense	632.77	552.53
Employee stock option compensation cost	349.50	246.74
Interest income	(8.79)	(5.52)
Provision for doubtful accounts (net of write back)	29.26	(27.55)
Debts and advances written off	13.89	16.00
Dividend from investments	(8.45)	(12.44)
(Profit) on sale of property, plant and equipment (net)	(2.61)	(0.84)
Exchange rate difference (net) - unrealised	0.90	(0.91)
Interest expense	1.19	1.41
Share in profit of associate	(2.70)	-
Operating profit before working capital changes	**7,410.78**	**6,373.38**
Adjustments for:		
Trade receivables and other assets	(1,268.83)	(929.67)
Trade payables and other liabilities	368.08	733.17
Cash generated from operations	**6,510.03**	**6,176.88**
Direct taxes paid (net)	(1,747.63)	(1,447.11)
Net cash from operating activities	**4,762.40**	**4,729.77**
Cash flow from investing activities		
Purchase of property, plant and equipment	(956.78)	(2,222.67)
Proceeds from sale of property, plant and equipment	2.65	5.65
Purchase of investments	(3,768.45)	(7,162.44)
Proceeds from sale/ redemption of investments	3,767.75	7,383.27
Investment in associate	-	(16.95)
Dividend from investments	8.45	12.44
Interest received	8.38	2.13
Net cash (used in) investing activities	**(938.00)**	**(1,998.57)**
Cash flow from financing activities		
Proceeds from issue of shares / share application money (net)	12.39	13.06
Buy-back of shares (including expenses incurred on buy-back)	(1,378.91)	-
Interest paid	(1.19)	(1.41)
Dividend paid (including corporate dividend tax)	(1,428.09)	(2,505.86)
Net cash (used in) financing activities	**(2,795.80)**	**(2,494.21)**
Net Increase / (decrease) in cash and cash equivalents	1,028.60	236.99
Cash and cash equivalents at the beginning of the year	4,126.38	3,864.46
Add: Unrealised loss/ (gain) on foreign currency cash and cash equivalents	(7.57)	24.93
Cash and cash equivalents at the end of the year (Refer Note 13A)	**5,147.41**	**4,126.38**

The accompanying notes 1 to 32 form an integral part of the consolidated financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
(Partner)
Membership Number : 105869

Place : Mumbai
Dated : 7th February, 2018

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
R. Srikrishna (CEO & Executive Director)
Jimmy Mahtani (Vice Chairman)
Dileep Choksi (Director)
Bharat Shah (Director)
P. R. Chandrasekar (Director)
Meera Shankar (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
Rajesh Kanani (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Notes forming part of Consolidated Financial Statements

1 Corporate Information

Hexaware Technologies Limited ("Hexaware" or "the Company") is a public limited company incorporated in India. The Holding Company together with its subsidiaries ("the Group") is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing, consumer and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, digital assurance and testing.

2 Significant Accounting Policies

2.1 Statement of Compliance

The Consolidated financial statements comply in all material aspects with Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Ind AS with effect from January 1, 2017. These are the Group's first Ind AS financial statements. The date of transition to Ind AS is January 1, 2016. Refer note 3.2 for the details of transition to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Group has presented a reconciliation under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP" or "Indian GAAP") to Ind AS.

2.2 Basis of Preparation

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair values as explained in the accounting policies below.

2.3 Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The financial statement of the Group are consolidated on line-by-line basis by adding together like items after eliminating intra group transactions and unrealised gain/ loss from such transaction. These financial statements are prepared by applying uniform accounting policies used in Group.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

(ii) Associates

Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the acquisition date.

2.4 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

Key source of estimation uncertainty which may cause material adjustments:

(i) Revenue recognition

The Group uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Group to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date and can be reasonable estimated.

(ii) Income-tax

The major tax jurisdictions for the Group is India and United States of America, though the Group also files tax returns in other overseas jurisdiction. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

(iii) Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where actual future cash flows are less than expected, a material impairment loss may arise.

(iv) Others
Others areas involving estimates relates to actuarial assumptions used to determine the carrying amount of defined benefit obligation, estimation of fair value of share based payment transactions and useful lives of Property, Plant and Equipment.

2.5 Business Combinations

The Group accounts for its business acquisitions using the acquisition method of accounting. Aquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meets the condition of recognition are recognised at their fair values at the acquisition date.

Fair value of purchase consideration in excess of fair value of net assets acquired is recognised as goodwill. If the fair value of identifiable asset and liabilities exceed the cost of acquisition, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognised as capital reserve.

The interest of non-controlling shareholders is initially measured either at fair value or at the non-controlling interests proportionate basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent change in equity of subsidiaries.

Business Combinations arising from transfer of interest in entities that are under common control are accounted on historical cost basis. The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity is recorded in shareholders' equity.

2.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of a business (see note 2.5 above) less accumulated impairment losses, if any.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.7 Revenue Recognition

Revenue is measured at fair value of consideration received or receivable.

a) Revenues from software solutions and consulting services are recognized based on specified terms of contract.

In case of contract on time and material basis, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The Group uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

Amount received or billed in advance of services performed are recorded as unearned revenue.

Unbilled services represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

Revenue from business process management arises from unit-priced contracts, time based contracts and cost based projects. Such revenue is recognised as the services are performed. It is billed in accordance with the specific terms of the contract with the client.

b) Revenue is reported net of discount and indirect taxes.

c) Dividend income is recognised when the shareholders right to receive payment has been established.

d) Interest Income is recognised using effective interest rate method.

2.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) Finance Lease
Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value and liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability so as to achieve a constant rate of interest on the remaining balance of liability.

b) Operating Leases
Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation.

Notes forming part of Consolidated Financial Statements

2.9 (a) Functional and presentation currency

Consolidated financial statements of the Group are measured using the currency of the primary economic environment in which each entity operates. The functional currency of the Company is Indian Rupees whereas the functional currency of foreign subsidiaries and associate is the currency of their countries of incorporation. These consolidated financial statements are presented in millions of Indian Rupees (₹)

(b) Foreign currency

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of the Balance Sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss, except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date of Balance Sheet. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Items in the statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in Other comprehensive income.

2.10 Borrowing Cost

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

2.11 Employee Benefits

a) Post-employment benefits and other long term benefit plan

Payments to defined contribution retirement schemes are recognised as an expense when the employees have rendered service entitling them to such benefits.

For defined benefit schemes and other long term benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is reflected immediately in the balance sheet with a charge or credit recognized in the other comprehensive income in respect of defined benefit schemes and in the statement of profit and loss in respect of other long term benefit plans in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of plan amendment. The retirement benefit liability recognized in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and / or reduction in future contributions to the scheme.

The service cost (including past service cost as well as gains and losses on settlement and curtailments) and net interest expenses or income is recognised as employee benefits expense in the profit or loss.

b) Short term employee benefit

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

2.12 Share based compensation

Equity settled share based payments to employees and directors are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period based on periodic estimate of the equity instruments that will eventually vest, with the corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest with the impact of revision recognised in the profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share option outstanding account.

2.13 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid or recovered from the domestic and overseas tax authorities using enacted or substantively enacted tax rates after taking credit for tax relief available for export operations in Special Economic Zone (SEZ).

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profits, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Deferred tax liabilities are recognised for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations under tax holiday scheme, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Advance taxes and provisions for current income taxes as well as deferred tax assets and liabilities are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the entity intends to settle the asset and liability on a net basis.

2.14 Property, Plant and Equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as follows:

Asset Class	Estimated useful Life
Buildings	60 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	8 years
Vehicles	4 years

Improvement to Leasehold Premises are amortised over the lease period or useful life of an asset whichever is lesser.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.15 Intangible assets

Intangible assets with finite useful lives that are acquired are initially recognised at cost in case of separately acquired assets and at fair value in case of acquisition in business combination. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment loss, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. Following table summarises the nature of intangibles and the estimated useful lives.

Asset Class	Estimated useful Life
Software licenses	3 years
Customer contracts / relations	5 years

Amortisation method, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.16 Impairment

a) Financial assets (other than at fair value)

The Group assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109.

“Financial Instrument” requires expected credit losses to be measured through a loss allowance. The Group recognises lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

b) Non-financial assets

(i) Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group’s cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount,

Notes forming part of Consolidated Financial Statements

the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

(ii) Tangible and Intangible assets

At the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.17 Provisions

Provisions are recognised when the Group has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the group will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

2.18 Non derivative financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

a) Financial assets and financial liabilities – subsequent measurement

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held with a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(iv) Cash and cash equivalents

The Group considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(v) Financial liabilities

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

b) Share capital

Equity shares

Incremental costs directly attributable to the issue or re-purchase of equity shares, net of any tax effects, are recognised as a deduction from equity.

2.19 Derivative financial instruments and hedge accounting

The Group enters into foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The Group at the inception documents and designates these instruments as cash flow hedges. Accordingly, the Group records the cumulative gain or loss arising from change in fair values on effective cash flow hedges in the cash flow hedge reserve within the other comprehensive income until the forecasted transaction occurs. Gain or loss arising from change in fair values of component excluded from the assessment of hedge effectiveness as well as the ineffective portion of the designated hedges and derivative instruments that do not qualify for hedge accounting are recognized immediately in the profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, terminated or exercised without replacement or rollover as part of the hedging strategy or when the hedge no longer meets the criteria for hedge accounting, the net cumulative gain or loss recognised in hedging reserve at that time remains in equity and is recognised in profit or loss when the forecasted transaction affects profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is immediately transferred to the profit or loss for the period and is grouped under exchange rate difference.

2.20 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3. First-time adoption of Ind AS

These are Group's first consolidated financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing these financial statements for the year ended December 31, 2017, comparative financial statements for the year ended December 31, 2016 and opening Ind AS balance sheet at January 1, 2016 (the Group's date of transition). In preparing its opening balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the Previous GAAP.

An explanation of how the transition from Previous GAAP to IndAS has affected the Group's financial position, financial performance and cashflows is set out in the following tables and notes.

3.1 Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has availed the following material exemptions:

a) Ind AS 103, Business Combintions has not been applied to acquisitions, which are considered businesses under Ind AS that occurred before January 1, 2016. Use of this exemption means that the Previous GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

b) In case of Share-based payment transaction, the Group has elected to apply the share based payment exemption as available on application of Ind AS 102, Share Based Payment. Accordingly, the Group has applied Ind AS 102 only to grants which remained unvested as of transition date i.e January 1, 2016.

c) On transition to Ind AS, the group has elected to continue with the carrying value of all its property, plant and equipment and intangible assets recognised as at January 1, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets.

3.2 Reconciliation between Previous GAAP and Ind AS :

(i) Equity Reconciliation:

(₹ Million)

Particulars	Notes	December 31, 2016	January 1, 2016
Equity under Previous GAAP		17,111.01	14,332.06
Proposed dividend and tax thereon	(a)	363.51	871.09
Deferred tax adjustment on CFHR	(f)	(81.99)	(3.85)
Buy-back related cost recognised as other asset to be adjusted against equity in year 2017	(c)	7.12	-
Others	(g)	9.50	2.36
Equity under Ind AS		**17,409.15**	**15,201.66**

Notes forming part of Consolidated Financial Statements

(ii) Comprehensive income Reconciliation:

(₹ Million)

Particulars	Notes	Year ended December 31, 2016
Net Income under Previous GAAP		**4,171.09**
Adjustment for remeasurement of defined benefit plan	(b)	6.27
Buy-back related cost recognised as other asset to be adjusted against equity in year 2017	(c)	7.12
Others	(g)	7.14
Net Income under Ind AS		**4,191.62**
Adjustment for remeasurement of defined benefit plan	(b)	(6.27)
Changes in OCI other than actuarial gain/ (loss)		268.56
Comprehensive Income under Ind AS		**4,453.91**

(iii) Cash flow Reconciliation:

There are no material changes in cashflows reported in previous GAAP in comparison with Ind AS

Notes to reconciliation of transition to Ind AS from previous GAAP:

a) Under Previous GAAP, a liability is recognized in respect of proposed dividend on the Company's equity shares, even though the dividend is approved subsequent to the reporting date. Under Ind AS, liability for dividend is recognized only during the period such dividend is approved and the liability in respect thereof is crystallized. Consequently, there is an increase in equity under Ind AS by ₹ 363.51 million and ₹ 871.09 million as at December 31, 2016 and January 1, 2016, respectively.

b) Under Ind AS, the actuarial (gains)/ losses in respect of defined benefit plans are recognised in Other Comprehensive Income. Under previous GAAP, they were recognised in the Statement of Profit or Loss. This has resulted in increase in profit by ₹ 6.27 million for the year ended December 31, 2016. However, this does not result in any change in net equity.

c) Under Ind AS, costs incurred for issuing or acquiring its own equity instruments are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Accordingly, buy-back related expenses amounting to ₹ 7.12 million are recognised as prepaid expenses under the head other assets and have been adjusted against equity on completion of buy-back of equity shares. Consequently equity as at and profit for the year ended December 31, 2016 has increased by ₹ 7.12 million.

d) In respect of share based payments (ESOP), the Group had followed intrinsic valuation method for grants made upto March 31, 2015 which was permitted under the previous GAAP, subsequent to which the Group adopted fair value method for recognising shared based compensation cost. Under Ind AS, intrinsic value method is not permitted. Consequently, the unvested grants as at January 1, 2016 which were measured using intrinsic value method have been remeasured using fair values. This has resulted in a decrease in share options outstanding account in Other Equity by ₹ 7.10 million and corresponding increase in retained earnings by the same amount. Thus, there is no impact on net equity. There is no impact on the total comprehensive income for the year ended December 31, 2016.

e) Under Ind AS, long term leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Premium paid relating to leasehold lands are recognized as other assets. Under Previous GAAP, the same were recognised in property, plant and equipment. Thus, ₹ 537.23 million and ₹ 421.23 million of such payments have been reclassified from property, plant and equipment to other assets as on December 31, 2016 and January 1, 2016 respectively.

f) Under Ind AS, tax consequences of transactions are recognised in the same manner as the recording of the related transactions. Accordingly, the tax consequences of items recognised in OCI (primarily cash flow hedge reserve) of ₹ 81.99 million and ₹ 3.85 million as at December 31, 2016 and January 1, 2016 respectively have been recognised in OCI. This was not recognised under previous GAAP which followed the timing difference approach for recognising deferred tax.

g) Others - relates to adjustment on account of operating leases to the extent of ₹ 9.50 million and ₹ 2.36 million as at December 31, 2016 and January 1, 2016, respectively. This has resulted in increase in net income by ₹ 7.14 million for the year ended December 31, 2016.

h) The Company had measured long-term investments at cost and current investments at lower of cost and fair value in the previous GAAP. Under Ind AS, the Company has elected to measure long-term equity investments at fair value through OCI, while short-term investments in mutual funds at fair value through profit or loss. This change of measurement, however, did not have any impact on the profit for the previous year ended December 31, 2016 and equity as at December 31, 2016 and January 1, 2016.

i) Pursuant to the Guidance note on Division II-Ind AS Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India, the Company has regrouped the provision for the employee benefits obligation towards compensated absences of ₹ 166.02 million and ₹ 140.61 million as at December 31, 2016 and January 1, 2016, respectively, under current liabilities from non-current liabilities.

4 Entities to consolidation

The consolidated financial statements present the consolidated accounts of Hexaware Technologies Limited with the following wholly owned subsidiaries and associate accounts drawn upto the same reporting date as that of the Company.

	Name of the Entity	Country of Incorporation	For the year ended December 31, 2017							
			Net Assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
			% of Consolidated	₹ Million	% of Consolidated	₹ Million	% of Consolidated	₹ Million	% of Consolidated	₹ Million
1	Hexaware Technologies Limited (Parent)		59.76%	11,995.22	82.30%	4,111.05	100.00%	91.86	82.62%	4,202.91
	Wholly owned subsidiaries									
1	Hexaware Technologies Inc.	USA	32.21%	6,464.90	10.54%	526.64	-	-	10.35%	526.64
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	0.40%	80.58	0.63%	31.53	-	-	0.62%	31.53
3	Hexaware Technologies UK Ltd	UK	2.59%	520.53	1.46%	73.07	-	-	1.44%	73.07
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore	2.75%	552.23	6.24%	311.89	-	-	6.13%	311.89
5	Hexaware Technologies GmbH	Germany	1.47%	295.36	0.28%	13.90	-	-	0.27%	13.90
6	Hexaware Technologies Canada Limited	Canada	0.03%	6.33	0.13%	6.42	-	-	0.13%	6.42
7	Hexaware Technologies DO Brazil Ltd , Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil	0.01%	1.20	0.01%	0.53	-	-	0.01%	0.53
8	Guangzhou Hexaware Information Technologies Company Limited	China	0.02%	4.25	-0.06%	(3.24)	-	-	-0.06%	(3.24)
9	Hexaware Technologies LLC	Russia	0.41%	81.71	-0.74%	(36.79)	-	-	-0.72%	(36.79)
10	Hexaware Technologies Saudi LLC	Saudi Arabia	0.04%	8.30	-0.07%	(3.29)	-	-	-0.06%	(3.29)
11	Hexaware Technologies Romania SRL (Formed on September 28, 2016) (Subsidiary of Hexaware Technologies UK Ltd.)	Romania	0.18%	36.14	-0.83%	(41.37)	-	-	-0.81%	(41.37)
12	Hexaware Technology & Business Solutions, Inc. (Closed on August 17, 2017) (Subsidiary of Hexaware Technologies Inc.)	USA	0.00%	-	0.00%	-	-	-	0.00%	-
13	Hexaware Technologies Hong Kong Limited (Formed on April 24, 2017)	Hong Kong	0.03%	5.97	0.04%	2.22	-	-	0.04%	2.22
14	Hexaware Technologies Nordic AB (Formed on September 7, 2017)	Sweden	0.00%	0.39	0.00%	-	-	-	0.00%	-
15	Digitech Technologies Inc. (Formed on November 23, 2017) (Subsidiary of Hexaware Technologies Inc.)	USA	0.00%	-	0.00%	-	-	-	0.00%	-
16	Shanghai Hexaware Information Technologies Company Limited (Formed on December 15, 2017)	China	0.00%	-	0.00%	-	-	-	0.00%	-
	Associate									
1	Experis Technology Solutions Pte. Ltd. (20% ownership interest by Hexaware Technologies Asia Pacific Pte Limited)	Singapore	0.10%	19.64	0.05%	2.70	-	-	0.05%	2.70
	Total		**100.00%**	**20,072.75**	**100.00%**	**4,995.26**	**100.00%**	**91.86**	**100.00%**	**5,087.12**

Note - Risk Technology International Limited (Merged with Parent vide NCLT order dated July 06, 2017)

Notes forming part of Consolidated Financial Statements

4 Entities to consolidation (Cont'd)

	Name of the Entity	Country of Incorporation	For the year ended December 31, 2016							
			Net Assets		Share in profit or loss		Share in OCI		Share in total comprehensive income	
			% of Consolidated	₹ Million	% of Consolidated	₹ Million	% of Consolidated	₹ Million	% of Consolidated	₹ Million
1	Hexaware Technologies Limited (Parent)		70.69%	12,306.40	83.84%	3,514.40	100.00%	262.29	84.79%	3,776.69
	Wholly owned subsidiaries									
1	Hexaware Technologies Inc.	USA	22.85%	3,977.54	13.27%	556.33	-	-	12.49%	556.33
2	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico	0.39%	67.87	3.04%	127.46	-	-	2.86%	127.46
3	Hexaware Technologies UK Ltd	UK	2.65%	461.56	1.89%	79.20	-	-	1.78%	79.20
4	Hexaware Technologies Asia Pacific Pte Limited	Singapore	1.02%	176.82	-1.47%	(61.59)	-	-	-1.38%	(61.59)
5	Hexaware Technologies GmbH	Germany	1.47%	255.44	0.47%	19.50	-	-	0.44%	19.50
6	Hexaware Technologies Canada Limited	Canada	-0.01%	(2.03)	0.15%	6.49	-	-	0.15%	6.49
7	Hexaware Technologies DO Brazil Ltd, Brazil (Subsidiary of Hexaware Technologies UK Ltd)	Brazil	-0.03%	(5.97)	0.04%	1.66	-	-	0.04%	1.66
8	Guangzhou Hexaware Information Technologies Company Limited	China	0.01%	1.79	-0.09%	(3.65)	-	-	-0.08%	(3.65)
9	Hexaware Technologies LLC	Russia	0.68%	118.70	-1.04%	(43.39)	-	-	-0.97%	(43.39)
10	Hexaware Technologies Saudi LLC	Saudi Arabia	0.04%	7.06	-0.06%	(2.71)	-	-	-0.06%	(2.71)
11	Hexaware Technologies Romania SRL (Formed on September 28, 2016) (Subsidiary of Hexaware Technologies UK Ltd.)	Romania	0.16%	27.02	-0.05%	(2.08)	-	-	-0.05%	(2.08)
	Associate									
1	Experis Technology Solutions Pte. Ltd. (20% ownership interest by Hexaware Technologies Asia Pacific Pte Limited w.e.f. December 16, 2016)	Singapore	0.10%	16.95	-	-	-	-	-	-
	Total		**100.00%**	**17,409.15**	**100.00%**	**4,191.62**	**100%**	**262.29**	**100.00%**	**4,453.91**

5 Property, Plant and Equipment (PPE)

PPE consist of the following:

(₹ Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Improvements	Total
COST								
At January 1, 2017	0.15	2,251.90	1,891.81	621.88	24.80	866.95	135.49	5,792.98
Additions	-	476.67	319.40	124.35	4.96	376.38	6.69	1,308.45
Disposals	-	-	(76.51)	(0.39)	(10.02)	(3.04)	(0.40)	(90.36)
Translation exchange difference	-	-	(7.28)	(3.17)	(0.11)	(0.34)	(5.78)	(16.68)
At December 31, 2017	**0.15**	**2,728.57**	**2,127.42**	**742.67**	**19.63**	**1,239.95**	**136.00**	**6,994.39**
ACCUMULATED DEPRECIATION								
At January 1, 2017	-	264.26	1,474.15	472.04	20.47	706.60	64.46	3,001.98
Charge for the year	-	46.59	251.01	50.83	1.75	134.53	29.39	514.10
Disposals	-	-	(76.47)	(0.39)	(10.02)	(3.04)	(0.40)	(90.32)
Translation exchange difference	-	-	(6.41)	(1.95)	(0.11)	(0.47)	(2.75)	(11.69)
At December 31, 2017	**-**	**310.85**	**1,642.28**	**520.53**	**12.09**	**837.62**	**90.70**	**3,414.07**
NET CARRYING AMOUNT								
At December 31, 2017	**0.15**	**2,417.72**	**485.14**	**222.14**	**7.54**	**402.33**	**45.30**	**3,580.32**
COST								
At January 1, 2016	0.15	2,250.89	1,763.17	604.72	26.48	834.51	105.68	5,585.60
Additions	-	1.01	173.19	27.00	0.17	41.94	33.57	276.88
Disposals	-	-	(49.76)	(12.72)	(1.90)	(11.27)	(6.94)	(82.59)
Translation exchange difference	-	-	5.21	2.88	0.05	1.77	3.18	13.09
At December 31, 2016	**0.15**	**2,251.90**	**1,891.81**	**621.88**	**24.80**	**866.95**	**135.49**	**5,792.98**
ACCUMULATED DEPRECIATION								
At January 1, 2016	-	223.72	1,293.90	434.65	19.30	617.70	39.26	2,628.53
Charge for the year	-	40.54	224.67	46.16	2.80	97.64	28.86	440.67
Disposals	-	-	(49.67)	(11.30)	(1.68)	(9.93)	(6.74)	(79.32)
Translation exchange difference	-	-	5.25	2.53	0.05	1.19	3.08	12.10
At January 1, 2016	**-**	**264.26**	**1,474.15**	**472.04**	**20.47**	**706.60**	**64.46**	**3,001.98**
NET CARRYING AMOUNT								
At December 31, 2016	**0.15**	**1,987.64**	**417.66**	**149.84**	**4.33**	**160.35**	**71.03**	**2,791.00**
At January 1, 2016 (Deemed cost, refer note 3.1(c))	**0.15**	**2,027.17**	**469.27**	**170.07**	**7.18**	**216.81**	**66.42**	**2,957.07**

Notes:

i) Plant and machinery includes computer systems.

ii) Buildings includes office premises taken on long term finance lease of gross value amounting to ₹ 345.47 million and ₹ 345.47 million as at December 31, 2017 and December 31, 2016 and net carrying value amounting to ₹ 261.81 million and ₹ 268.66 million as at December 31, 2017 and December 31, 2016 respectively.

6 Goodwill

Goodwill recognised of ₹ 1,656.29 Million is in respect of acquisition of FocusFrame Inc. in the year 2006. The said goodwill is towards the Quality Assurance and Testing Services (QATS) business.

Goodwill is tested for impairment on an annual basis. The recoverable amount is determined based on its fair value less cost of disposal. Considering the assumptions below, there was no impairment as of December 31, 2017, December 31, 2016 and January 1, 2016, respectively.

The assumptions used in determining the recoverable amount for the annual testing as at December 31, 2017 and 2016 is summarized below:

- Discount rate is based on the Weighted Average Cost of Capital (WACC) of the Company which is 13.37% (previous year 13.05%)
- Gross margin of 38.5% (Previous year 38.5%), EBITDA margin of 19.5% (Previous year 19.5%) and growth rate of 5% - 10% (Previous year 5% - 10%).

These estimates are likely to differ from future actual results of operations and cash flows.

An analysis of the sensitivity of the computation to a combined change in key parameters (gross margin, discount rates and growth rate), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

Notes forming part of Consolidated Financial Statements

Following is a summary of changes in the carrying amount of goodwill:

	₹ Million
As at January 1, 2016	1,715.34
Translation exchange rate difference	45.84
As at December 31, 2016	1,761.18
Translation exchange rate difference	(104.89)
As at December 31, 2017	1,656.29

7 Intangible assets

Intangible assets consist of the following:

(₹ Million)

Particulars	Software licenses	Customer Contracts/Relations	Total
COST			
At January 1, 2017	536.40	142.44	678.84
Additions	62.88	-	62.88
Disposals	-	-	-
Translation exchange difference	(4.53)	(0.57)	(5.10)
At December 31, 2017	**594.75**	**141.87**	**736.62**
ACCUMULATED AMORTISATION			
At January 1, 2017	410.20	34.19	444.39
Amortisation for the year	86.89	31.78	118.67
Disposals	-	-	-
Translation exchange difference	(3.02)	(0.48)	(3.50)
At December 31, 2017	**494.07**	**65.49**	**559.56**
NET CARRYING AMOUNT			
At December 31, 2017	**100.68**	**76.38**	**177.06**
COST			
At January 1, 2016	452.53	115.55	568.08
Additions	87.81	-	87.81
Disposals	(4.34)	-	(4.34)
Translation exchange difference	0.40	26.89	27.29
At December 31, 2016	**536.40**	**142.44**	**678.84**
ACCUMULATED AMORTISATION			
At January 1, 2016	331.43	2.14	333.57
Amortisation for the year	82.91	28.95	111.86
Disposals	(4.32)	-	(4.32)
Translation exchange difference	0.18	3.10	3.28
At December 31, 2016	**410.20**	**34.19**	**444.39**
NET CARRYING AMOUNT			
At December 31, 2016	**126.20**	**108.25**	**234.45**
At January 1, 2016	**121.10**	**113.41**	**234.51**
(Deemed cost, refer note 3.1(c))			

Amortisation is included in statement of profit or loss under the line item "Depreciation and amortisation expenses".

8 Investments

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
A	**Non Current Investments in Equity shares (unquoted)**			
	Investment in Associate			
	250,000 shares of USD 1/- each in Experis Technology Solutions Pte. Ltd.	19.65	16.95	-
	Other Investments			
	At fair value through Other Comprehensive Income			
	240,958 equity shares of ₹ 10/- each in Beta Wind Farm Pvt. Ltd.	4.58	4.58	4.58
		24.23	21.53	4.58
B	**Current Investments in Mutual Funds (unquoted)**			
	At fair value through profit or loss account			
	Mutual fund units	189.19	188.50	409.33

9 Other financial assets (unsecured) (considered good)

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
A	**Non-current**			
	Interest accrued on bank deposits	0.78	0.94	0.51
	Foreign currency derivative assets	136.10	127.69	25.58
	Restricted bank balances (a)	34.55	29.94	33.81
	Security deposits for premises and others	227.95	211.89	136.85
		399.38	**370.46**	**196.75**

(a) Restriction on account of bank deposits held as margin money, earmarked for the non-fund based credit facility.

.

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
B	**Current**			
	Interest accrued on bank deposits	1.06	0.49	1.05
	Foreign currency derivative assets	586.24	232.42	34.42
	Security deposits for premises and others (a)	6.28	34.70	9.70
	Employee advances (Net)	47.97	63.48	140.67
		641.55	**331.09**	**185.84**

(a) Exclude deposits aggregating ₹ 34.56 million, ₹ 34.56 million and ₹ 35.15 million provided as doubtful of recovery basis the expected credit loss model as of December 31, 2017, December 31, 2016 and January 1, 2016 respectively.

10 Income taxes

10.1 Income tax expense is allocated as follows:

(₹ Million)

Particulars	For year ended December 31, 2017	For year ended December 31, 2016
Income tax expense as per the Statement of Profit and Loss	1,410.56	1,412.34
Income tax included in Other Comprehensive Income on:		
a) Net change in fair value of cash flow hedges	(34.60)	(78.14)
b) Remeasurement of defined benefit plan	(18.71)	1.66
	1,357.25	**1,335.86**

10.2 The reconciliation of estimated income tax expense at the Indian statutory income tax rate to the income tax expenses reported in statement of profit and loss is as follows:

(₹ Million)

Particulars	For year ended December 31, 2017	For year ended December 31, 2016
Profit before income-tax	6,405.82	5,603.96
Expected tax expense at the enacted tax rate of 34.608% in India	2,216.93	1,939.42
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Income exempt from tax	(923.72)	(607.87)
Tax effect of non-deductible expenses	6.06	23.92
Taxes of earlier years	(11.11)	5.60
Impact of change in tax rate	110.65	-
Tax rate differential at different jurisdictions	(4.58)	60.51
Others	16.33	(9.24)
Income tax expense recognised in the Statement of Profit and Loss	**1,410.56**	**1,412.34**

Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In India, substantial part of operations is carried from units in Special Economic Zones notified by the Government which also benefit from the tax exemptions. These units are eligible for the deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. 50 percent tax benefit is also available for a further period of five years subject to the unit meeting defined conditions of further investments. In respect of certain jurisdictions, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year.

Notes forming part of Consolidated Financial Statements

10.3 Components of deferred taxes as at:

(₹ Million)

Particulars	January 1, 2016	Recognised in profit or loss	Recognised in OCI *	December 31, 2016	Recognised in profit or loss	Recognised in OCI *	Recognised in equity	December 31, 2017
Deferred tax assets								
Allowance for doubtful debts and advances	18.60	9.44	0.23	28.27	(2.81)	(0.54)	-	24.92
Employee benefit obligations	356.09	80.81	6.66	443.56	(102.42)	(19.97)	-	321.17
Provision for severance pay	40.82	33.09	1.13	75.04	(69.86)	(2.64)	-	2.54
Minimum alternate tax credit carry forward	917.48	41.11	-	958.59	275.18	-	-	1,233.77
Share based payment	-	-	-	-	35.07	-	21.59	56.66
Others	0.27	0.11	(0.05)	0.33	6.48	(0.02)	-	6.79
Total	**1,333.26**	**164.56**	**7.97**	**1,505.79**	**141.64**	**(23.17)**	**21.59**	**1,645.85**
Deferred tax liabilities								
Unrealised gain on cash flow hedges	3.85	-	78.14	81.99	-	34.60	-	116.59
Depreciation	159.68	10.84	1.08	171.60	21.73	0.39	-	193.72
Total	**163.53**	**10.84**	**79.22**	**253.59**	**21.73**	**34.99**	**-**	**310.31**
Net deferred tax asset	**1,169.73**	**153.72**	**(71.25)**	**1,252.20**	**119.91**	**(58.16)**	**21.59**	**1,335.54**

* Including in foreign currency translation reserve

Deferred tax liability on undistributed earnings of subsidiaries amounting to ₹ 188.13 million as at December 31, 2017 is not recognized, as the parent company generally reinvests earnings of subsidiaries in the future growth plans of subsidiaries and does not get these distributed by way of dividend or otherwise. Accordingly the group has concluded that it is not probable that such temporary difference will reverse in the forseeable future.

11 Other assets (unsecured)

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
A	**Non-Current**			
	Capital Advances	1.37	25.16	353.35
	Prepaid Expenses relating to leasehold land *	525.04	531.76	416.59
	Other Prepaid Expenses	226.25	160.50	7.85
	Indirect taxes recoverable	81.10	78.94	55.19
		833.76	**796.36**	**832.98**

* includes unamortized lease premium in respect of one parcel of leasehold land allotted to the company at Nagpur for which the final lease agreement is being executed amounting to ₹ 80.78 million and ₹ 81.69 million and ₹ 82.60 million as at December 31, 2017, December 31, 2016 and January 1, 2016 respectively

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
B	**Current**			
	Prepaid Expenses	448.81	365.80	234.57
	Indirect taxes recoverable	143.85	143.35	160.59
	Others	12.56	4.11	2.45
		605.22	**513.26**	**397.61**

12 Trade Receivables (unsecured)

(₹ Million)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Considered good	5,360.31	4,376.04	4,405.78
Considered doubtful	102.71	74.81	103.29
Less: Allowance for doubtful receivables	(102.71)	(74.81)	(103.29)
	5,360.31	**4,376.04**	**4,405.78**

The age wise breakup of trade receivables, net of allowances is given below:

(₹ Million)

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Not due	3,450.46	2,976.86	2,890.92
Due less than 180 days	1,899.85	1,344.09	1,488.38
Due greater than 180 days	10.00	55.09	26.48
	5,360.31	**4,376.04**	**4,405.78**
Average age (days)	50	45	49
Movement in allowance for doubtful receivables			
Balance at the beginning of the year	74.81	103.29	
Expense for the year	44.43	18.72	
Amounts recovered during the year	(30.42)	(61.73)	
Written-off during the year	13.89	14.53	
Balance at the end of the year	**102.71**	**74.81**	

13 Cash and bank balances

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
A	**Cash and cash equivalents**			
	Remittance in transit	-	-	2.06
	Cash in hand	0.01	-	0.03
	In current accounts with banks	5,098.66	2,704.04	3,858.72
	Bank deposit accounts with less than 3 months maturity	48.74	26.91	3.65
	Earmarked balances with banks for buy back	-	1,395.43	-
	Unclaimed dividend accounts	150.26	137.66	120.28
	Margin money with banks	34.55	29.94	33.81
		5,332.22	**4,293.98**	**4,018.55**
	Less: Restricted bank balances	(184.81)	(167.60)	(154.09)
		5,147.41	**4,126.38**	**3,864.46**
B	**Other Bank Balances**			
	Restricted bank balances in respect of unclaimed dividend	150.26	137.66	120.28
		150.26	**137.66**	**120.28**

Notes forming part of Consolidated Financial Statements

14 Equity Share Capital

14.1 Authorised capital

(₹ Million)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
525,000,000 (475,000,000 as at December 31, 2016 and January 1, 2016) Equity shares of ₹ 2 each	1,050.00	950.00	950.00
1,100,000 Series "A" Preference Shares of ₹ 1,421 each	1,563.10	1,563.10	1,563.10

14.2 Issued, subscribed and paid-up capital

(₹ Million)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Equity shares of ₹ 2 each	**593.61**	**604.06**	**603.13**

Reconciliation of number of shares

(₹ Million)

Particulars	As at December 31, 2017	As at December 31, 2016
Shares outstanding at the beginning of the year	302,028,195	301,562,897
Shares issued during the year	470,397	465,298
Shares bought back during the year	(5,694,835)	-
Shares outstanding at the end of the year	296,803,757	302,028,195

14.3 Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.

14.4 Details of shares held by shareholders holding more than 5% shares

(₹ Million)

Name of Shareholder		As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
HT Global IT Solutions Holdings Ltd. (Holding Company)	No. of shares held	211,318,590	215,047,193	215,047,193
	% of holding	71.20%	71.20%	71.31%
HDFC Trustee Company Ltd.	No. of shares held	18,885,481	-	-
	% of holding	6.36%	-	-

14.5 During the year, the Company bought back 5,694,835 shares at ₹ 240 per share aggregating ₹ 1,366.76 million by utilisation of Securities premium. The cost relating to buy-back is charged to other equity.

14.6 Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units under the ESOP 2008 and 2015 scheme. Each option entitles the holder to one equity share of ₹ 2 each. 9,667,235 options were outstanding as on December 31, 2017 (9,264,407 options as on December 31, 2016 and 9,844,513 options as on January 1, 2016). (Refer note 25).

14.7 The dividend per share recognised as distribution to equity shareholders during the year ended December 31, 2017 was ₹ 4.00 per share (year ended December 31, 2016 ₹ 6.90 per share).

15 Other reserves

(₹ Million)

		Particulars	As at December 31, 2017	As at December 31, 2016
15.1	(a)	**Share option outstanding account**		
		Opening balance	448.07	225.56
		Add: Compensation related to employee share based payments	349.50	246.74
		(Less): Transferred on exercise of stock options	(65.13)	(24.23)
		Closing Balance	**732.44**	**448.07**
	(b)	**Capital reserve (amalgamation reserve)**		
		Balance as per last balance sheet	2.88	2.88
	(c)	**Capital redemption reserve**		
		Opening balance	-	-
		Add: On buyback of shares during the year	11.39	-
		Closing Balance	**11.39**	**-**
	(d)	**Special Economic Zone (SEZ) Re-Investment reserve**		
		Opening balance	332.95	329.52
		Add: Transfer from retained earnings	178.35	177.73
		(Less): Transfer to retained earnings on utilization for acquisition of plant and machinery	(487.22)	(174.30)
		Closing balance	**24.08**	**332.95**
		Total other reserves	**770.79**	**783.90**

15.2 Description of component of other equity

(a) Securities premium reserve is used to record the premium received on issue of shares to be utilized in accordance with the provisions of the Act.

(b) General reserve represents appropriation of profits by the Company.

(c) Retained earnings comprise of the accumulated undistributed earnings.

(d) Share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium upon exercise of stock options by employees.

(e) Capital redemption reserve is created on buy-back of the equity shares in accordance with the provisions of the Act.

(f) The Special Economic Zone Re-Investment Reserve has been created out of profit of eligible SEZ units as per provisions of section 10AA (1)(ii) of the Income–tax Act, 1961 for acquiring new plant and machinery.

Notes forming part of Consolidated Financial Statements

16 Other financial liabilities

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
A	**Non-current**			
	Capital creditors	25.55	29.03	27.27
	Foreign currency derivative liabilities	3.40	0.19	23.81
	Others	2.21	1.95	1.17
		31.16	**31.17**	**52.25**
B	**Current**			
	Unclaimed dividend *	150.25	137.66	119.92
	Capital creditors	125.54	397.49	389.57
	Deposit received from customer	0.03	0.03	0.38
	Employee liabilities	1,323.12	1,237.73	1,036.83
	Foreign currency derivative liabilities	4.49	1.80	15.34
		1,603.43	**1,774.71**	**1,562.04**

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

17 Trade and other payables

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Trade payables	1,292.02	1,291.24	981.88
Accrued expenses	912.21	667.40	595.22
	2,204.23	**1,958.64**	**1,577.10**

18 Other liabilities

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Current			
Unearned revenues	217.99	252.33	275.13
Statutory liabilities	371.68	343.14	367.31
	589.67	**595.47**	**642.44**

19 Provisions - Others

(₹ Million)

Particulars	As at December 31, 2017	As at December 31, 2016
Provision at the beginning of the year	171.93	89.78
Provision made during the year	-	140.02
Paid during the year	(111.89)	(16.49)
Adjusted during the year	(52.37)	(41.38)
Provision at the end of the year	**7.67**	**171.93**

Above represents provisions towards expenditure relating to employee benefit obligations on contract acquisition, the outflow for which is expected within the next year.

20 Other income

(₹ Million)

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2017
Dividend	8.45	12.44
Interest income	8.79	5.52
Profit on sale of property, plant and equipment (net)	2.61	0.84
Miscellaneous income	15.97	19.61
	35.82	**38.41**

21 Software and development expenses

Consultant travel and related expenses	1,686.34	1,572.86
Software expenses *	5,705.59	4,727.95
	7,391.93	**6,300.81**
* includes sub- contracting charges	5,564.97	4,567.90

22 Employee benefits expense

Salary and allowances	18,690.41	17,169.70
Contribution to provident, other funds and benefits	2,163.10	2,055.56
Staff welfare expenses	483.53	471.93
Employee stock option compensation cost (Refer note no 25)	349.50	246.74
	21,686.54	**19,943.93**

22.1 Employee benefit plans

i) Provident Fund and Superannuation Fund and other similar funds

a) In respect of employees in India

Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. In respect of the Company's employees enrolled with the Hexaware Technologies Limited Employees Provided Fund Trust (the 'Trust'), the Company pays a part of the contributions to the Trust. The remaining portion of Company's contribution in respect of such employees and entire contribution in respect of other employees is contributed to the Government administered employee Provident and Pension Fund.

The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the fund position and assumptions mentioned below, there is no shortfall as at 31st December 2017.

(₹ Million)

Particulars	December 31, 2017	December 31, 2016	January 1, 2016
Present value of benefit obligation	2,934.93	2,529.28	2,178.84
Fair value of plan assets	2,934.93	2,529.28	2,178.84
Expected Investment Return	8.75%	8.68%	8.91%
Remaining term of maturities of plan assets	6.89 years	6.97 years	7.41 years
Expected guaranteed interest rates	8.65%	8.65%	8.75%

Certain employees of the Company are entitled to benefits under the superannuation plan, a defined contribution plan. The Company makes quarterly voluntary contributions under the superannuation plan to LIC based on a specified percentage of

Notes forming part of Consolidated Financial Statements

each covered employees salary and recognises such contributions as an expense when incurred and has no further obligation to the plan beyond such contributions.

During the year, the Group has recognized expenses towards contributions to provident fund and other funds and superannuation funds of ₹ 317.03 million (Previous year ₹ 280.85 million) and ₹ 8.33 million (Previous year ₹ 5.04 million), respectively.

b) The Group, during the year ended December 31, 2017 contributed ₹ 696.93 million (Previous year ₹ 665.99 million) towards various other defined contributions plans and benefits of subsidiaries located outside India as per laws of the respective country.

ii) Gratuity Plan

The Company makes annual contribution to the Employee's Company Gratuity Assurance Scheme, administered by the Life Insurance Corporation of India ('LIC'), a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment based on completed years of service or part thereof in excess of six months based on the employee's service and last drawn salary at the time of leaving. The employees do not contribute towards this plan and the full cost of providing these benefits are met by the Company. Vesting occurs on completion of specified years of service.

The following table sets out the status of the gratuity plan for the year ended December 31:

(₹ Million)

Particulars	2017	2016
Change in Defined Benefit Obligation		
Opening defined benefit obligation	**647.55**	**544.30**
Current service cost	133.19	116.35
Interest cost	41.70	42.08
Adjustment for remeasurement of defined benefit plan		
- Actuarial loss/(gains) arising from change in financial assumptions	(30.83)	91.50
- Actuarial loss/(gains) arising from change in demographical assumptions	(20.31)	(2.94)
- Actuarial loss/(gains) arising on account of experience changes	(52.09)	(83.37)
Benefits paid	(60.16)	(60.37)
Closing defined benefit obligation	**659.05**	**647.55**
Change in the Fair Value of Assets		
Opening fair value of plan assets	**440.89**	**415.27**
Interest on plan assets	31.21	34.87
Remeasurement due to actual return on plan assets less interest on plan assets	-	(2.74)
Contribution by employer	137.84	53.86
Benefits paid	(60.16)	(60.37)
Closing fair value of plan assets	**549.78**	**440.89**
Net liability as per actuarial valuation	**109.27**	**206.66**
Expense charged to statement of profit and loss:		
Current service cost	133.19	116.35
Net interest on defined benefit plan	10.49	7.24
Total Included in Employment expenses	**143.68**	**123.59**
Amount recognised in other comprehensive income:		
Remeasurement of defined benefit plan due to -		
- changes in financial assumptions	(30.83)	91.50
- changes in demographical assumptions	(20.31)	(2.94)
- Experience adjusments	(52.09)	(83.37)
- Actual return on plan assets less interest on plan assets	-	2.74
Total amount recognised in other comprehensive income	**(103.23)**	**7.93**
Actual return on plan assets	**31.21**	**32.13**
Category of assets -Insurer Managed Fund #	**549.78**	**440.89**

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

The Company is expected to contribute ₹ 100 million to gratuity funds in the year ending 31st December, 2018.

Financial assumptions at the valuation date	2017	2016
Discount rate	7.45%	6.70%
Rate of increase in compensation levels of covered employees *	6% to 10%	6% to 10%
Rate of Return on Plan assets	7.45%	6.70%

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

The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:

Impact on defined benefit obligation	December 31, 2017		December 31, 2016	
	Discount Rate	Salary Escalation Rate	Discount Rate	Salary Escalation Rate
Increase in 50 bps	-4.21%	4.49%	-5.02%	5.36%
Decrease in 50 bps	4.52%	-4.22%	5.44%	-5.00%

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity profile	(₹ Million)
Year 1	62.85
Year 2	57.42
Year 3	54.69
Year 4	55.20
Year 5	55.13
Thereafter	1,183.20

The weighted average duration to the payment of these cash flows is 8.72 years.

Notes forming part of Consolidated Financial Statements

23 Operation and Other Expenses

(₹ Million)

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
Rent	409.58	390.34
Rates and taxes	42.41	40.32
Travelling and conveyance	815.92	828.02
Electricity charges	236.91	213.71
Communication expenses	271.53	293.03
Repairs and maintenance	451.53	380.13
Printing and stationery	40.74	36.01
Auditors remuneration	33.65	39.03
Legal and professional fees	270.58	174.03
Advertisement and business promotion	304.44	287.59
Bank and other charges	13.76	9.95
Directors' sitting fees	2.49	1.98
Insurance charges	51.88	52.91
Debts and advances written off	13.89	16.00
Provision for doubtful accounts (net of write back)	29.26	(27.55)
Staff recruitment expenses	213.73	187.69
Service charges	326.17	222.12
Miscellaneous expenses	261.56	195.38
	3,790.03	**3,340.69**

24 The Group takes on lease offices space and accommodation for its employees under various operating leases. The lease term ranges between 1 year to 5 year with option to renew.

The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year are ₹ 409.58 million (Previous year ₹ 390.34 million).

The future minimum lease payments and payment profile of the non-cancellable operating leases as at December 31:

(₹ Million)

Particulars	2017	2016
Not later than one year	466.92	335.37
Later than one year and not later than five years	434.82	607.31
Total	**901.74**	**942.68**

25 Employee share based compensation

25.1 The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2002, 2007, 2008 and 2015 plan. Under the plans, the employees of the Company as well as its subsidiaries are granted options/ Restricted Stock Options (RSU) entitling them to one equity share of ₹ 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. During the year, the Company extended the vesting period (at an option of the RSU holder) by one year for the certain RSU's holders, The modification did not have material impact. The Options / RSU's vest over a period of 1 to 5 years from the date of grant on the basis of service period and/or achievement of performance conditions. The maximum time available to exercise upon vesting is 6 years.

25.2 The particulars of number of options granted and lapsed under the aforementioned:

	ESOP - 2002		ESOP - 2007		ESOP - 2008		ESOP - 2015		Total	
Particulars	Options (nos.)	Weighted avg. ex. price per option (₹)	Options (nos.)	Weighted avg. ex. price per option (₹)	Options (nos.)	Weighted avg. ex. price per option (₹)	Options (nos.)	Weighted avg. ex. price per option (₹)	Options (nos.)	Weighted avg. ex. price per option (₹)
Outstanding as at the beginning of the year	-	-	427,750	62.79	3,632,751	2.00	5,203,906	2.00	9,264,407	4.81
	(23,000)	(12.45)	(839,575)	(48.69)	(4,124,814)	(2.00)	(4,857,124)	(2.00)	(9,844,513)	(6.01)
Granted during the year	-	-	-	-	-	-	2,295,605	2.00	2,295,605	2.00
	(-)	(-)	(-)	(-)	(-)	(-)	(1,048,312)	(2.00)	(1,048,312)	(2.00)
Exercised during the year	-	-	181,750	61.62	25,742	2.00	262,905	2.00	470,397	25.04
	(23,000)	(12.45)	(334,325)	(37.55)	(69,843)	(2.00)	(38,130)	(2.00)	(465,298)	(28.06)
Lapsed during the year	-	-	66,750	57.14	684,170	2.00	671,460	2.00	1,422,380	4.59
	(-)	(-)	(77,500)	(18.97)	(422,220)	(2.00)	(663,400)	(2.00)	(1,163,120)	(3.13)
Outstanding as at the end of the year	-	-	179,250	66.07	2,922,839	2.00	6,565,146	2.00	9,667,235	3.19
	(-)	(-)	(427,750)	(62.79)	(3,632,751)	(2.00)	(5,203,906)	(2.00)	(9,264,407)	(4.81)
Exercisable as at the end of the year	-	-	179,250	66.07	246,094	2.00	428,988	2.00	854,332	15.44
	(-)	(-)	(427,750)	(62.79)	(271,836)	(2.00)	(548,099)	(2.00)	(1,247,685)	(22.84)

The weighted average share price on the date of exercise of options / RSU during the year was ₹ 215.29 and ₹ 220.80 for the year ended December 31, 2017 and December 31, 2016 respectively.

* Previous year figures are gven in brackets

25.3 Range of exercise price and weighted average remaining contractual life (in months) for the options outstanding:

Range of exercise price	**December 31, 2017**		**December 31, 2016**		**January 1, 2016**	
	Options/ RSU's (Nos)	**Life**	**Options/ RSU's (Nos)**	**Life**	**Options/ RSU's (Nos)**	**Life**
2- 12.45	9,487,985	38	8,836,657	47	9,263,738	55
40.28	-	-	57,000	7	57,000	19
59.08 - 79.85	179,250	3	370,750	15	523,775	27
Total	**9,667,235**		**9,264,407**		**9,844,513**	

25.4 The fair values of RSU's granted in year 2017 and 2016 are determined using Black Scholes Option pricing model using following principal assumptions:

Particulars	**2017**	**2016**
Weighted Average share price (₹)	247.04	213.63
Dividend Yield (%)	1.40 - 2.82	3.73 - 4.14
Expected Life (years)	1.25 - 4.35	1.32 - 3.85
Risk free interest rate (%)	6.26 - 6.73	6.41 - 7.42
Volatility (%)	28.97 - 37.13	37.03 - 39.39
Weighted Average fair value (₹)	232.32	189.47

The expected volatility is determined based on historical volatility.

Notes forming part of Consolidated Financial Statements

26 Earnings per share (EPS)

(₹ Million)

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
The components of basic and diluted EPS were as follows:		
Net profit after tax (₹ Million)	4,995.26	4,191.62
Weighted average outstanding equity shares considered for basic EPS (Nos.)	297,430,061	301,814,066
Basic earnings per share (In ₹)	16.79	13.89
Weighted average outstanding equity shares considered for basic EPS (Nos.)	297,430,061	301,814,066
Add : Effect of dilutive issue of stock options (Nos.)	4,272,786	2,630,374
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	301,702,847	304,444,440
Diluted earnings per share (In ₹)	16.56	13.77

27 Related party disclosures

Names of related parties

Ultimate Holding Company and it's subsidiaries

Baring Private Equity Asia GP V. LP, Cayman Island (Ultimate holding entity) (control exists)

The Baring Asia Private Equity Fund V, LP, Cayman Island

Baring Private Equity Asia V Mauritius Holding (4) Limited, Mauritius

Holding Company (control exists)

HT Global IT Solutions Holdings Limited, Mauritius

Associate

Experis Technology Solutions Pte Ltd., Singapore

Key Management Personnel (KMP)

Executive Director and CEO

R. Srikrishna

Non-executive directors

Atul K Nishar

Kosmas Kalliarekos

Jimmy Mehtani

Dileep Choksi

Bharat Shah

P. R. Chandrasekar

Meera Shankar

Christian Oecking

Basab Pradhan

(₹ Million)

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
Transactions		
Holding company		
Reimbursement of cost	3.82	-
Associate		
Software and consultancy income	110.79	-
Remuneration to KMP and directors		
Short term employee benefits	72.61	74.55
Share based payment	49.87	48.55
Commission and other benefits to non-executive directors	40.41	40.33

Closing balances as at	December 31, 2017	December 31, 2016	January 1, 2016
Receivables from associate	18.85	-	-
Payable to / provision for KMP and directors	64.05	71.95	66.79

28 Financial Instruments

28.1 The carrying value / fair value of financial instruments (other than investment in associate) by categories is as follows:

(₹ Million)

December 31, 2017	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	5,147.41	-	-	-	5,147.41
Other bank balances	150.26	-	-	-	150.26
Investments in mutual fund units	-	189.19	-	-	189.19
Trade receivables	5,360.31	-	-	-	5,360.31
Unbilled revenue	2,368.50	-	-	-	2,368.50
Other financial assets	318.59	-	-	722.34	1,040.93
Investments in equity shares	-	-	4.58	-	4.58
	13,345.07	**189.19**	**4.58**	**722.34**	**14,261.18**
Trade payables	2,204.23	-	-	-	2,204.23
Other financial liabilities	1,626.70	-	-	7.89	1,634.59
	3,830.93	**-**	**-**	**7.89**	**3,838.82**

(₹ Million)

December 31, 2016	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	4,126.38	-	-	-	4,126.38
Other bank balances	137.66	-	-	-	137.66
Investments in mutual fund units	-	188.50	-	-	188.50
Trade receivables	4,376.04	-	-	-	4,376.04
Unbilled revenue	2,638.51	-	-	-	2,638.51
Other financial assets	341.44	-	-	360.11	701.55
Investments in equity shares	-	-	4.58	-	4.58
	11,620.03	**188.50**	**4.58**	**360.11**	**12,173.22**
Trade payables	1,958.64	-	-	-	1,958.64
Other financial liabilities	1,803.89	-	-	1.99	1,805.88
	3,762.53	**-**	**-**	**1.99**	**3,764.52**

(₹ Million)

January 1, 2016	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	3,864.46	-	-	-	3,864.46
Other bank balances	120.28	-	-	-	120.28
Investments in mutual fund units	-	409.33	-	-	409.33
Trade receivables	4,405.78	-	-	-	4,405.78
Unbilled revenue	2,018.07	-	-	-	2,018.07
Other financial assets	322.59	-	-	60.00	382.59
Investments in equity shares	-	-	4.58	-	4.58
	10,731.18	**409.33**	**4.58**	**60.00**	**11,205.09**
Trade payables	1,577.10	-	-	-	1,577.10
Other financial liabilities	1,575.14	-	-	39.15	1,614.29
	3,152.24	**-**	**-**	**39.15**	**3,191.39**

Carrying amount of cash and cash equivalents, other bank balances, trade receivables, unbilled revenue, trade payables, other financial assets and liabilities approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of, other financial assets and liabilities subsequently measured at amortised cost is not significant in each of the years presented.

Notes forming part of Consolidated Financial Statements

28.2 Fair value hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

The following table presents fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ Million)

December 31, 2017	Level I	Level II	Level III	Total
Mutual fund units	189.19	-	-	189.19
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	722.34	-	722.34
	189.19	**722.34**	**4.58**	**916.11**
Derivative financial liabilities	**-**	**7.89**	**-**	**7.89**

December 31, 2016	Level I	Level II	Level III	Total
Mutual fund units	188.50	-	-	188.50
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	360.11	-	360.11
	188.50	**360.11**	**4.58**	**553.19**
Derivative financial liabilities	**-**	**1.99**	**-**	**1.99**

January 1, 2016	Level I	Level II	Level III	Total
Mutual fund units	409.33	-	-	409.33
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	60.00	-	60.00
	409.33	**60.00**	**4.58**	**473.91**
Derivative financial liabilities	**-**	**39.15**	**-**	**39.15**

Valuation Technique

Investment in mutual funds is measured at the redemption price declared by the mutual fund. Derivatives are measured basis the counterparty quotes obtained. Cost of investments in equity shares is considered to be representative of fair value.

28.3 Financial risk management

The Group has identified the risks under verticals like Geographic and client concentration risk, credit risk, foreign currency fluctuation risk and liquidity risk. The Group has formulated policies, procedures and strategies for managing risks which is affirmed by our global CEO and CFO, after consultation with all business units, functions and department heads.

Geographic and client concentration risk

In year 2017, Americas contributed 81.12% (year 2016 - 82.86%) of the Group's total revenue. The Group continues to expand its global footprint to diversify geographic concentration though Americas remains largest market for the IT industry. The Group's exposure to the US regions is in line with the global industry practices. The Group will continue to invest in the region. There are a number of other growth factors in Americas such as favour for capitalism, highest per capita income, innovation driven culture and focus to retain high end work that allow us to identify and address the pockets of inefficiencies in the most optimum way.

55.00% of the revenue of the year 2017 is generated from top 10 clients (year 2016 - 56%). Any loss or major downsizing by these clients may impact Group's profitability. Further, excessive exposure to particular clients will limit Group's negotiating capacity and expose us to higher credit risk.

The Group is able to maintain a diversified high quality client roster that can be accessed through the depth of relationships with existing clients.

The Group's growth strategy involves a mix of new client addition and mining the accounts of existing clients. As we add more clients and grow our revenues from the existing clients, we naturally reduce our dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with higher margins due to lower associated cost and higher cost predictability.

Credit risk

Since most of our transactions are done on credit, we are exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose us to credit risk and can impact our profitability. Our maximum credit exposure is in respect of trade receivables of ₹ 5,360.31 million, ₹ 4,376.04 million and ₹ 4,405.78 million as at December 31, 2017, December 31, 2016 and January 1, 2016 respectively and unbilled revenue of ₹ 2,368.50 million, ₹ 2,638.51 million and ₹ 2018.07 million as at December 31, 2017, December 31, 2016 and January 1, 2016 respectively.

We have adopted an effective receivable management system to control the Days' Sales Outstanding (DSO). Our DSO including unbilled revenue is 73 days, 68 days and 72 days as on December 31, 2017, December 31, 2016 and January 1, 2016 respectively, placing us favourably when compared with other companies in the IT industry. Refer Note No 12 for the age wise analysis of trade receivables that are not due as well as past due and allowance for the doubtful receivables.

Top 10 customer dues (including unbilled revenue) contribute 43.9% of the total outstanding as at December 31, 2017 (47.5% as at December 31, 2016).

Cash and cash equivalents and mutual funds are neither past due nor impaired. Cash and cash equivalents include deposits with banks and financial institution with high credit-ratings assigned by credit-rating agencies. The investment in liquid mutual fund units are measured at fair value through profit and loss.

Foreign Currency fluctuations Risk

Foreign exchange fluctuations is one of the key risks impacting our business. The offshore part of the revenue remains exposed to the risk of Rupee appreciation which is functional currency of the Company vis-a-vis the US Dollar, the Euro and other foreign currencies, as largely, the costs incurred are in Indian Rupees and the revenue/ inflows are in foreign currencies. The contracts we enter into with our customers tend to run across several years and many of these contracts are at fixed rates, therefore any appreciation in the Indian rupee vis-à-vis foreign currencies will affect our margins.

The Foreign Exchange Risk Management Policy authorized by the Forex Committee of the Board takes these circumstances into account and authorizes hedging on a systematic basis. These risks have been effectively addressed by the processes and controls laid out in the Foreign Exchange Risk Management Policy. The hedge ratio assigned to the exposures depends on the time horizon in which they fall, the near term exposures get a higher ratio whereas the farther exposures get a lower ratio. This graded approach ensures that hedges are spread across the hedge horizon in a tapered down manner. The exposure as indicated below is net of derivative contracts entered into by the Company.

(₹ Million)

The following table analyses foreign currency risk from financial instruments as at December 31, 2017:

	USD	EUR	GBP	Others*
Net financial assets	3,891.70	459.78	194.61	644.42
Net financial liabilities	365.90	85.32	69.68	58.53
Net assets/(liabilities)	**3,525.80**	**374.46**	**124.93**	**585.89**

The following table analyses foreign currency risk from financial instruments as at December 31, 2016:

	USD	EUR	GBP	Others*
Net financial assets	3,925.13	211.82	58.69	208.79
Net financial liabilities	1,076.23	20.83	13.03	13.05
Net assets/(liabilities)	**2,848.90**	**190.99**	**45.66**	**195.74**

The following table analyses foreign currency risk from financial instruments as at January 1, 2016:

	USD	EUR	GBP	Others*
Net financial assets	3,695.16	228.48	219.29	298.23
Net financial liabilities	1,247.91	0.59	55.32	42.62
Net assets/(liabilities)	**2,447.25**	**227.89**	**163.97**	**255.61**

Notes forming part of Consolidated Financial Statements

10% depreciation/appreciation of the respective foreign currencies vis-a-vis functional currency of the Company and its subsidiaries would result in the increase/ decrease in Group's profit before tax approximately by ₹ 461.11 million, ₹ 328.13 million for the year ended December 31, 2017 and December 31, 2016, respectively.

*Others include currencies such as Singapore Dollars, Canadian Dollars, United Arab Emirates Dirhams, Philippine Pesos, Japanese Yen, Australian Dollars etc.

The Group uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies.

The Group had outstanding hedging instrument in the form of foreign currency forward contracts as at:

(₹ Million)

Currency hedged (Sell contracts)	December 31, 2017	December 31, 2016	January 1, 2016
USD	152.88	141.82	156.94
Euro	3.90	4.20	5.60
GBP	7.50	4.20	4.20

The weighted average forward rate for the hedges outstanding as at December 31, 2017 is ₹ 70.98, ₹ 82.16 and ₹ 91.87 (As at December 31, 2016 ₹ 72.57, ₹ 81.26 and ₹ 101.71) for USD, Euro and GBP, respectively. The hedges mature over the eight quarters.

10% depreciation/appreciation of the respective foreign currencies with respect to closing exchange rate would result in the increase/ decrease in Group's other comprehensive income approximate by ₹ 948.12 million and ₹ 900.56 million for the year ended December 31, 2017 and December 31, 2016 respectively.

The movement in accumulated other comprehensive income on account of derivatives designated as cash flow hedges is as under:

(₹ Million)

Particulars	For year ended December 31, 2017	For year ended December 31, 2016
Balance at the beginning of the year	240.78	12.11
Less: Net gains transferred to statement of profit or loss on occurrence of forecasted hedge transaction	(595.35)	(147.35)
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	855.00	454.16
Less : Deferred tax on CFHR	(34.60)	(78.14)
Balance at the end of the year	**465.83**	**240.78**

There were no material hedge uneffectiveness for the year ended December 31, 2017 and December 31, 2016.

Liquidity risk

The Group needs continuous access to funds to meet short and long term strategic investments. The Group's inability to meet such requirements in stipulated period may hamper growth plan and even ongoing operations. Further, the Group's inability to quickly convert assets into cash without incurring any material loss will expose it to liquidity risks.

Over the years, the Group has increased its liquidity position by improving its DSO and maintaining high cash / bank balance and investments.

As at December 31, 2017, the Group had total cash, bank balance and investments of ₹ 5,521.41 million (as at December 31, 2016 ₹ 4,482.48 million) which constitutes approximately 21.76% of total assets (2016 - 19.40%). The Group does not have any debt.

The tables below provide details of the contractual maturities of significant financial liabilities as at:

(₹ Million)

As at December 31, 2017	Less than 1 year	1-5 years	Total
Trade payables	2,204.23	-	2,204.23
Derivative financial liabilities	4.49	3.40	7.89
Others (Refer note 16)	1,598.94	27.76	1,626.70
Total	**3,807.66**	**31.16**	**3,838.82**

As at December 31, 2016	Less than 1 year	1-5 years	Total
Trade payables	1,958.64	-	1,958.64
Derivative financial liabilities	1.80	0.19	1.99
Others (Refer note 16)	1,772.91	30.98	1,803.89
Total	**3,733.35**	**31.17**	**3,764.52**

As at January 1, 2016	Less than 1 year	1-5 years	Total
Trade payables	1,577.10	-	1,577.10
Derivative financial liabilities	15.34	23.81	39.15
Others (Refer note 16)	1,546.70	28.44	1,575.14
Total	**3,139.14**	**52.25**	**3,191.39**

Interest rate risk

The Group does not have any debt. The balances with banks is in the form of fixed interest rate deposits. Accordingly, the Group is not exposed to significant interest rate risk.

Capital management

The Group's objectives when managing capital is to maintain optimal capital structure to continue to provide for adequate capital in the business, returns for shareholders and benefits for other stakeholders in the form of dividends, return of capital or issue of new shares.

29 Segment disclosures

29.1 The reportable business segments have been identified taking into account the services offered to customers globally operating in different industry segments based on management approach. The Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on analysis of various performance indicators by below business. The Group's organization structure reflects the industry segmentation. Following are the business segments:

(i) Travel and Transportation (T & T)

(ii) Banking and financial services (BFS)

(iii) Healthcare and Insurance (H & I)

(iv) Manufacturing, Consumer and Others (MC&O)

Revenues and expenses directly attributable to segments are reported under each reportable business segment. Common expenses which are not directly identifiable to each reporting segment have been allocated to each reporting segment on the basis of associated revenues of the segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses.

Assets and liabilities used in the Group's business are not been identified to any of the reportable business segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.

(₹ Million)

Year ended December 31, 2017	T & T	BFS	H & I	MC&O	Total
Revenue	5,141.89	17,132.14	6,371.06	10,775.05	39,420.14
Expenses	(3,771.69)	(15,002.33)	(5,164.80)	(8,929.68)	(32,868.50)
Segment Profit	1,370.20	2,129.81	1,206.26	1,845.37	6,551.64
Less: Depreciation					(632.77)
Add: Exchange rate differences					449.62
Add: Other income					35.82
Less: Interest					(1.19)
Add: Share in net profit of associate					2.70
Profit Before Tax					**6,405.82**
Tax expense					1,410.56
Profit after tax					**4,995.26**

Notes forming part of Consolidated Financial Statements

(₹ Million)

Year ended December 31, 2016	T & T	BFS	H & I	MC&O	Total
Revenue	5,064.84	14,413.78	5,920.47	9,949.90	35,348.99
Expenses	(4,196.94)	(12,779.20)	(4,645.23)	(7,964.06)	(29,585.43)
Segment Profit	867.90	1,634.58	1,275.24	1,985.84	5,763.56
Less: Depreciation					(552.53)
Add: Exchange rate differences					355.93
Add: Other income					38.41
Less: Interest					(1.41)
Add: Share in net profit of associate					-
Profit Before Tax					**5,603.96**
Tax expense					1,412.34
Profit after tax					**4,191.62**

29.2 Geographic disclosures

(a) The Group's primary source of revenue is from customers in Americas region (primarily USA) and Europe region.

(₹ Million)

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
Americas	31,976.72	29,290.24
Europe	4,185.02	4,071.58
India	1,083.90	762.40
Rest of the world	2,174.50	1,224.77
Total	**39,420.14**	**35,348.99**

(b) The information regarding geographical non-current assets is as follows:

(₹ Million)

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Americas	1,919.39	1,957.69	1,755.28
Europe	184.43	182.70	162.55
India	6,956.59	6,858.18	5,191.20
Rest of the world	98.52	134.11	133.46
Total	**9,158.93**	**9,132.68**	**7,242.49**

29.3 Customer information

Customer accounting for the revenue in excess of 10% of the Group revenue:

(₹ Million)

Customer	Segment	For the year ended December 31, 2017	For the year ended December 31, 2016
Customer A	BFS	5,344.42	4,922.08
Customer B	MC&O	5,093.42	4,272.69
Customer C	BFS	4,002.49	

All of above are categorised in Americas geography.

30 Contingent liabilities and commitment

30.1 Contingent liabilities

Claims not acknowledged as debt amounts to ₹ 28.14 million (₹ 28.14 million as on December 31, 2016 and ₹ 28.14 million as on January 1, 2016), being a claim from landlord of a premise occupied by the Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.

30.2 Claims for taxes on income

Where Company is in appeal

Income tax demands of ₹ 9.59 million (₹ 9.59 million as on December 31, 2016 and ₹ 9.74 million as on January 1, 2016) have been raised in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merit, expects favourable outcome. Accordingly, no provision against such demand is considered necessary.

30.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) as at December 31, 2017 is ₹ 56.90 million (As at December 31, 2016 ₹ 280.93 million, January 1, 2016 ₹ 1,722.76 million)

31 Material events after Balance Sheet date

There is no significant event after reporting date which requires amendments or disclosure to these consolidated financial statements except the matter mentioned below:

The Board of Directors, at its meeting held on February 7, 2018 has declared interim dividend of ₹ 1/- per equity share (50%). This would result in cash outflow of ₹ 357.23 Million including corporate dividend tax of ₹ 60.42 million.

32 Approval of the financial statements

The financial statements were approved for issue by the Board of Directors on February 7, 2018.

Independent Auditors' Report

TO THE MEMBERS OF HEXAWARE TECHNOLOGIES LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of Hexaware Technologies Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Companies Act 2013. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2017, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The standalone Ind AS financial statements of the Company as at and for the year ended December 31, 2017 include the Ind AS financial statements of Risk Technology International Limited (the "Transferor Company") consequent to its merger into the Company (refer Note 31 to the standalone Ind AS financial statements). We did not audit the Ind AS financial statements of the Transferor Company as at and for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 included in the standalone Ind AS financial statements of the Company, whose Ind AS financial statements reflect total assets of ₹ 1,427.26 million as at December 31, 2016 and ₹ 483.35 million as at January 1, 2016, net assets of

₹ 68.79 million as at December 31, 2016 and ₹ 76.96 million as at January 1, 2016, total comprehensive loss (comprising of loss) of ₹ (-) 8.17 million for the year ended December 31, 2016, total revenue of ₹ Nil for the year ended December 31, 2016 and net cash outflows amounting to ₹ 0.36 million for the year ended December 31, 2016 as considered in the standalone Ind AS financial statements. The said Ind AS financial statements of the Transferor Company have been audited by the predecessor auditor who had audited the statutory financial statements of the Transferor Company for the years ended December 31, 2016 and December 31, 2015. The predecessor auditor has expressed an unmodified opinion on the Ind AS financial statements of the Transferor Company as at and for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 vide report dated July 14, 2017.

10. The comparative financial statements of the Company (other than of the Transferor Company referred to in paragraph 9 above) as at and for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the statutory financial statements for the years ended December 31, 2016 and December 31, 2015. The predecessor auditor has expressed an unmodified opinion on the comparative financial statements and the opening balance sheet vide report dated July 17, 2017.

    Our opinion on the standalone Ind AS financial statements is not modified in respect of the matters noted in Paragraphs 9 and 10 above and with respect to our reliance on the work performed and the report of the other and the predecessor auditors.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. As required by Section 143 (3) of the Act, we report that:

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

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

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on December 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i The Company has disclosed the impact, if any, of pending litigations as at December 31, 2017 on its financial position in its standalone Ind AS financial statements – Refer Note 30;

ii. The Company has long-term contracts including derivative contracts as at December 31, 2017 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended December 31, 2017.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
Partner
Membership No. 105869

Place: Mumbai
Date: 7th February, 2018

Annexure A to Independent Auditor's Report

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of Hexaware Technologies Limited on the standalone Ind AS financial statements as of and for the year ended December 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Hexaware Technologies Limited ("the Company") as of December 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
Partner
Membership No. 105869

Place: Mumbai
Date: 7th February, 2018

Annexure B to Independent Auditor's Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Hexaware Technologies Limited on the standalone Ind AS financial statements as of and for the year ended December 31, 2017

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds and lease agreements, as applicable, of immovable properties, as disclosed in Note 4 on Property, Plant and Equipment and included in "Prepaid expenses relating to leasehold land" in Note 9A to the financial statements, are held in the name of the Company, except as disclosed in footnote to Note 9A to the financial statements and except in case of properties acquired by entities that have since been amalgamated with the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, income tax, service tax, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, service tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at December 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	1.10	Assessment year 2009-10	Assessing officer
Income Tax Act, 1961	Income Tax	2.76	Assessment year 2011-12	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	0.40	Assessment year 2012-13	Commissioner of Income tax (Appeals)

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required under Indian Accounting Standard 24 – Related Party Disclosures specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him to which Section 192 of the Act applies. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse Chartered Accountants LLP**
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
Partner
Membership No. 105869

Place: Mumbai
Date: 7th February, 2018

Balance Sheet as at 31st December, 2017

(₹ Million)

Particulars	Notes	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	4	3,413.61	2,579.39	2,759.18
Capital work-in-progress		2,571.66	3,236.10	1,182.19
Other intangible assets	5	82.08	100.86	104.66
Financial assets				
- Investments	6A	2,028.40	1,997.42	1,923.77
- Other financial assets	8A	352.52	336.85	164.37
Deferred tax assets (net)	7C	1,027.02	847.46	821.68
Income tax asset (net)		356.43	316.51	341.50
Other non-current assets	9A	615.41	648.63	826.06
Total non-current assets		**10,447.13**	**10,063.22**	**8,123.41**
Current assets				
Financial assets				
- Investments	6B	189.19	188.50	409.33
- Trade receivables	10	4,142.29	2,733.56	3,970.97
- Cash and cash equivalents	11A	882.53	2,065.80	1,100.26
- Other bank balances	11B	150.26	137.66	120.28
- Unbilled revenue		329.92	495.77	351.66
- Other financial assets	8B	961.07	605.64	531.90
Other current assets	9B	316.00	285.68	280.53
Total current assets		**6,971.26**	**6,512.61**	**6,764.93**
Total assets		**17,418.39**	**16,575.83**	**14,888.34**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	593.61	604.06	603.13
Other equity		14,823.34	12,838.82	11,349.45
Total equity		**15,416.95**	**13,442.88**	**11,952.58**
Non-current liabilities				
Financial liabilities -Other financial liabilities	14A	5.61	4.00	28.74
Provisions - Employee benefit obligations towards gratuity		170.67	261.03	174.66
Total non-current liabilities		**176.28**	**265.03**	**203.40**
Current liabilities				
Financial liabilities				
Trade and other payables	15			
(i) Dues of micro and small enterprises		0.57	2.48	-
(ii) Others		820.33	1,523.23	1,596.14
Other financial liabilities	14B	617.64	826.75	741.40
Other current liabilities	16	149.76	146.24	172.68
Provisions				
- Employee benefit obligations towards compensated absences and others		210.69	228.35	197.01
- Others	17	5.82	86.67	-
Current tax liabilities (net)		20.35	54.20	25.13
Total current liabilities		**1,825.16**	**2,867.92**	**2,732.36**
Total liabilities		**2,001.44**	**3,132.95**	**2,935.76**
Total equity and liabilities		**17,418.39**	**16,575.83**	**14,888.34**

The accompanying notes 1 to 34 form an integral part of the financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP

Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
(Partner)
Membership Number : 105869

Place : Mumbai
Dated : 7th February, 2018

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
R. Srikrishna (CEO & Executive Director)
Jimmy Mahtani (Vice Chairman)
Dileep Choksi (Director)
Bharat Shah (Director)
P. R. Chandrasekar (Director)
Meera Shankar (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
Rajesh Kanani (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Statement of Profit and Loss for the year ended 31st December, 2017

(₹ Million)

Particulars	Notes	For year ended December 31, 2017	For year ended December 31, 2016
INCOME			
Revenue from operations		15,241.07	13,930.41
Other Income	18	29.16	35.61
Exchange rate difference (net)		537.40	284.64
Total income		**15,807.63**	**14,250.66**
EXPENSES			
Software and development expenses	19	547.01	447.47
Employee benefits expense	20	7,763.42	7,184.27
Operation and other expenses	21	2,035.98	1,735.18
Interest - others		0.62	1.14
Depreciation and amortisation expense	4, 5	493.36	423.18
Total expenses		**10,840.39**	**9,791.24**
Profit before tax		**4,967.24**	**4,459.42**
Tax expense	7		
Current		1,071.80	1,049.02
Deferred (credit)		(214.16)	(103.92)
		857.64	945.10
Profit for the year		**4,109.60**	**3,514.32**
Other comprehensive income			
i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		103.24	(7.93)
Income tax relating to items that will not be reclassified to profit or loss		(18.71)	1.66
ii) Items that will be reclassified to profit or loss			
Net change in fair value of cash flow hedges		259.65	306.81
Income tax relating to items that will be reclassified to profit or loss		(34.60)	(78.14)
Total other comprehensive income		309.58	222.40
Total comprehensive income for the year		**4,419.18**	**3,736.72**
Earnings per share (in Rupees)	23		
Basic		13.82	11.64
Diluted		13.62	11.54

The accompanying notes 1 to 34 form an integral part of the financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
(Partner)
Membership Number : 105869

Place : Mumbai
Dated : 7th February, 2018

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
R. Srikrishna (CEO & Executive Director)
Jimmy Mahtani (Vice Chairman)
Dileep Choksi (Director)
Bharat Shah (Director)
P. R. Chandrasekar (Director)
Meera Shankar (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
Rajesh Kanani (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Statement of Changes in Equity for the year ended 31st December, 2017

A. Equity Share Capital

(₹ Million)

Particulars	As at December 31, 2017	As at December 31, 2016
Outstanding at the beginning of the year	604.06	603.13
Issued during the year	0.94	0.93
Bought back during the year	(11.39)	-
Outstanding at the end of the year	593.61	604.06

B. Other Equity

(₹ Million)

Particulars	Share application money pending allotment	Reserves and Surplus				Other comprehensive income	Total
		Securities Premium Reserve	Other Reserves (Note No.13)	General reserve	Retained Earnings	Cashflow Hedge Reserve (CFHR)	
Balances as at January 1, 2017	-	4,808.73	785.40	2,117.71	4,886.20	240.78	12,838.82
Profit for the year	-	-	-	-	4,109.60	-	4,109.60
Other comprehensive income	-	-	-	-	84.53	225.05	309.58
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**4,194.13**	**225.05**	**4,419.18**
Cash dividend paid (including dividend tax)	-	-	-	-	(1,428.09)	-	(1,428.09)
Buy-back of shares	-	(1,366.76)	11.39	-	(12.15)	-	(1,367.52)
Shares Issued on exercise of Options	-	10.84	-	-	-	-	10.84
Transfer to special economic zone reserve, net	-	-	(308.87)	-	308.87	-	-
Received / transferred on exercise of Stock Options	0.61	65.13	(65.13)	-	-	-	0.61
Compensation related to employee share based payments	-	-	349.50	-	-	-	349.50
As at December 31, 2017	**0.61**	**3,517.94**	**772.29**	**2,117.71**	**7,948.96**	**465.83**	**14,823.34**
Balances as at January 1, 2016	-	4,772.37	559.46	2,117.71	3,887.80	12.11	11,349.45
Profit for the year	-	-	-	-	3,514.32	-	3,514.32
Other comprehensive income	-	-	-	-	(6.27)	228.67	222.40
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**3,508.05**	**228.67**	**3,736.72**
Cash dividend paid (including dividend tax thereon)	-	-	-	-	(2,506.22)	-	(2,506.22)
Shares Issued on exercise of Options	-	12.13	-	-	-	-	12.13
Transfer to special economic zone reserve, net	-	-	3.43	-	(3.43)	-	-
Received / transferred on exercise of Stock Options	-	24.23	(24.23)	-	-	-	-
Compensation related to employee share based payments	-	-	246.74	-	-	-	246.74
As at December 31, 2016	**-**	**4,808.73**	**785.40**	**2,117.71**	**4,886.20**	**240.78**	**12,838.82**

The accompanying notes 1 to 34 form an integral part of the financial statements

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
(Partner)
Membership Number : 105869

Place : Mumbai
Dated : 7th February, 2018

For and on behalf of the Board of Directors

Atul K. Nishar
(Chairman)

R. Srikrishna
(CEO & Executive Director)

Jimmy Mahtani
(Vice Chairman)

Dileep Choksi
(Director)

Bharat Shah
(Director)

P. R. Chandrasekar
(Director)

Meera Shankar
(Director)

Basab Pradhan
(Director)

Christian Oecking
(Director)

Rajesh Kanani
(Chief Financial Officer)

Gunjan Methi
(Company Secretary)

Cash Flow Statement for the year ended 31st December, 2017

(₹ Million)

Particulars	For year ended December 31, 2017	For year ended December 31, 2016
Cash Flow from operating activities		
Net Profit before tax	4,967.24	4,459.42
Adjustments for:		
Depreciation and amortization expense	493.36	423.18
Employee stock option compensation cost	221.33	246.74
Interest income	(7.86)	(5.24)
Provision for doubtful accounts (net of writeback)	1.45	(38.51)
Debts and advances written off	3.30	15.18
Dividend from current investments	(8.45)	(12.44)
(Profit) on sale of property, plant and equipments (PPE) and intagible assets (net)	(2.44)	(1.55)
Exchange rate difference (net) - unrealised	(6.86)	0.81
Interest expense	0.62	1.14
Operating profit before working capital changes	**5,661.69**	**5,088.73**
Adjustments for:		
Trade receivables and other assets	(1,253.69)	1,147.54
Trade payables and other liabilities	(739.20)	104.05
Cash generated from operations	**3,668.80**	**6,340.32**
Direct taxes paid (net)	(1,164.28)	(993.28)
Net cash from operating activities	**2,504.52**	**5,347.04**
Cash flow from investing activities		
Purchase of PPE, Intangible assets and CWIP including advances	(894.36)	(2,051.71)
Interest received	7.63	11.24
Purchase of current investments	(3,768.45)	(7,162.44)
Proceeds from sale/ redemption of current Investments	3,767.75	7,383.27
Investment in subsidiaries	(22.95)	(81.68)
Dividend from current investments	8.45	12.44
Proceeds from sale of PPE	2.51	2.13
Net cash (used in) investing activities	**(899.42)**	**(1,886.75)**
Cash flow from financing activities		
Proceeds from issue of shares / share application money (net)	12.39	13.06
Buy-back of shares (including expenses incurred on buy-back)	(1,378.91)	-
Interest paid	(0.62)	(1.14)
Dividend paid (including corporate dividend tax)	(1,428.09)	(2,505.86)
Net cash (used in) financing activities	**(2,795.23)**	**(2,493.94)**
Net (decrease) / increase in cash and cash equivalents	(1,190.13)	966.35
Cash and cash equivalents at the beginning of the year	2,065.80	1,100.26
Unrealised loss / (gain) on foreign currency cash & cash equivalents	6.86	(0.81)
Cash and cash equivalents at the end of the year (Refer note 11)	**882.53**	**2,065.80**

As per our report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N-500016
Chartered Accountants

Sumit Seth
(Partner)
Membership Number : 105869

Place : Mumbai
Dated : 7th February, 2018

For and on behalf of the Board of Directors

Atul K. Nishar (Chairman)
R. Srikrishna (CEO & Executive Director)
Jimmy Mahtani (Vice Chairman)
Dileep Choksi (Director)
Bharat Shah (Director)
P. R. Chandrasekar (Director)
Meera Shankar (Director)
Basab Pradhan (Director)
Christian Oecking (Director)
Rajesh Kanani (Chief Financial Officer)
Gunjan Methi (Company Secretary)

Notes to Financial Statement

1 Corporate Information

Hexaware Technologies Limited ("Hexaware" or "The Company") is a public limited company incorporated in India. The Company is engaged in information technology consulting, software development and business process management. Hexaware provides multiple service offerings to its clients across various industries comprising travel, transportation, hospitality, logistics, banking, financial services, insurance, healthcare, manufacturing, consumer and services. The various service offerings comprise application development and management, enterprise package solutions, infrastructure management, business intelligence and analytics, business process, digital assurance and testing.

2 Significant Accounting Policies

2.1 Statement of Compliance

The financial statements comply in all material aspects with Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS with effect from January 1, 2017. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is January 1, 2016. Refer note 3.2 for the details of transition to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP" or "Indian GAAP") to Ind AS.

2.2 Basis of Preparation

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair values as explained in the accounting policies below.

2.3 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

Key source of estimation uncertainty which may cause material adjustments:

2.3.1 Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date and can be reasonably estimated.

2.3.2 Income-tax

The major tax jurisdictions for the Company is India though the Company also files tax returns in overseas jurisdiction. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

2.3.3 Others

Others areas involving estimates relates to actuarial assumptions used to determine the carrying amount of defined benefit obligation, estimation of fair value of share based payment transactions and useful lives of Property Plant and Equipment.

2.4 Revenue Recognition

Revenue is measured at fair value of consideration received or receivable.

(a) Revenues from software solutions and consulting services are recognized based on specified terms of contract.

In case of contract on time and material basis, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage-of-completion method. The company uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated.

Amount received or billed in advance of services performed are recorded as unearned revenue.

Unbilled services represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

Revenue from business process management arises from unit-priced contracts, time based contracts and cost based projects. Such revenue is recognised as services are performed. It is billed in accordance with the specific terms of the contract with the client.

(b) Revenue is reported net of discount and indirect taxes.

(c) Dividend income is recognised when the shareholders right to receive payment has been established.

(d) Interest Income is recognised using effective interest rate method.

2.5 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(a) Finance Lease

Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value and liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability so as to achieve a constant rate of interest on the remaining balance of liability.

(b) Operating Leases

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation.

2.6 (a) Functional and presentation currency

These financial statements are presented in millions of Indian Rupees (₹), the currency of the primary economic environment in which the Company operates.

(b) Foreign currency

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of Balance Sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss, except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the Balance Sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2.7 Borrowing Cost

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

2.8 Employee Benefits

(a) Post-employment benefits and other long term benefit plan

Payments to defined contribution retirement schemes are recognised as an expense when the employees have rendered service entitling them to such benefits.

For defined benefit schemes and other long term benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is reflected immediately in the balance sheet with a charge or credit recognized in the other comprehensive income in respect of defined benefit schemes and in the statement of profit and loss in respect of other long term benefit plans in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of plan amendment. The retirement benefit liability recognized in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the lower of the amount determined as the defined benefit liability and the present value of available refunds and / or reduction in future contributions to the scheme.

The service cost (including past service cost as well as gains and losses on settlement and curtailments) and net interest expenses or income is recognised as employee benefits expense in the profit or loss.

(b) Short term employee benefit

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered

Notes to Financial Statement

by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year, statutory employee profit sharing and bonus payable.

2.9 Share based compensation

Equity settled share based payments to employees and directors are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period based on periodic estimate of the equity instruments that will eventually vest, with the corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest with the impact of revision recognised in the profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to the share option outstanding account.

2.10 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid or recovered from the domestic and overseas tax authorities using enacted or substantively enacted tax rates after taking credit for tax relief available for export operations in Special Economic Zone (SEZ).

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profits, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations under tax holiday scheme, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Advance taxes and provisions for current income taxes as well as deferred tax assets and liabilities are presented in the Balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the entity intends to settle the asset and liability on a net basis.

2.11 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as follows:

Asset Class	Estimated useful Life
Buildings	60 years
Computer Systems (included in Plant and Machinery)	3 years
Office Equipment	5 years
Electrical Fittings (included in Plant and Machinery)	8 years
Furniture and Fixtures	8 years
Vehicles	4 years

Improvement to Leasehold Premises are amortised over the lease period or useful life of an asset whichever is lesser.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.12 Intangible assets

Intangible assets with finite useful lives that are acquired are initially recognised at cost in case of separately acquired assets and at fair value in case of acquisition in business combination. Subsequent to initial recognition, intangible assets are reported at cost less accumulated amortisation and impairment loss, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. Software licenses are amortised over three years.

Amortisation method, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An intangible asset is derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.13 Impairment

(a) Financial assets (other than at fair value)

The company assesses at each balance sheet date, whether a financial asset or a group of financial assets is impaired. Ind AS 109, "Financial Instruments" requires expected credit losses to be measured through a loss allowance. The company recognises lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

(b) Non-financial assets

Tangible and Intangible assets

At the end of each reporting period, the company assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.14 Provisions

Provisions are recognised when the company has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the company will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

2.15 Non-derivative financial instruments

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A Financial assets and financial liabilities – subsequent measurement

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held with a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(iv) Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any.

(v) Cash and cash equivalents

The company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash

Notes to Financial Statement

equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(vi) Financial liabilities

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

B Share capital

Equity shares

Incremental costs directly attributable to the issue or re-purchase of equity shares, net of any tax effects, are recognised as a deduction from equity.

2.16 Derivative financial instruments and hedge accounting

The company enters into foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. These instruments are initially measured at fair value and are re-measured at subsequent reporting dates. The company at the inception documents and designates these instruments as cash flow hedges. Accordingly, the company records the cumulative gain or loss arising from change in fair values on effective cash flow hedges in the CFHR within the other comprehensive income until the forecasted transaction occurs. Gain or loss arising from change in fair values of component excluded from the assessment of hedge effectiveness as well as the ineffective portion of the designated hedges and derivative instruments that do not qualify for hedge accounting are recognized immediately in the profit or loss.

Hedge accounting is discontinued when the hedging instrument expires, terminated or exercised without replacement or rollover as part of the hedging strategy or when the hedge no longer meets the criteria for hedge accounting, the net cumulative gain or loss recognised in hedging reserve at that time remains in equity and is recognised in profit or loss when the forecasted transaction affects profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is immediately transferred to the profit or loss for the year and is grouped under exchange rate difference.

2.17 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3 First-time adoption of Ind AS

These are Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing these financial statements for the year ended December 31, 2017 comparative financial statements for the year ended December 31, 2016 and opening Ind AS balance sheet at January 1, 2016 (the date of transition). In preparing its opening balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the Previous GAAP.

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cashflows is set out in the following tables and notes.

3.1 Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has availed the following material exemptions:

(a) In respect of investment in subsidiaries, the Company has elected to adopt carrying values under previous GAAP as on the date of transition in its separate financial statements.

(b) In case of Share-based payment transaction, the Company has elected to apply the share based payment exemption as available on application of Ind AS 102, Share Based Payment. Accordingly, the Company has applied Ind AS 102 only to grants which remained unvested as of transition date i.e. January 1, 2016.

(c) On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment and intangible assets recognised as at January 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of property, plant and equipment and intangible assets.

3.2 **Reconciliation between Previous GAAP and Ind AS :**

(i) **Equity Reconciliation:**

(₹ Million)

Particulars	Note	As at December 31, 2016	As at January 1, 2016
Equity under Previous GAAP		**13,228.22**	**11,099.52**
Proposed dividend and tax thereon	(a)	363.51	871.09
Deferred tax adjustment on CFHR	(f)	(81.99)	(3.85)
Impact of common control merger transaction	(j)	(83.48)	(16.54)
Buy-back related cost recognized as other asset to be adjusted against equity in 2017	(c)	7.12	-
Others	(g)	9.50	2.36
Equity under Ind AS		**13,442.88**	**11,952.58**

(ii) **Comprehensive income Reconciliation:**

(₹ Million)

Particulars	Note	Year ended December 31, 2016
Net Income under Previous GAAP		**3,560.73**
Adjustment for remeasurement of defined benefit plan	(b)	6.27
Impact of common control merger transaction	(j)	(66.94)
Buy-back related cost recognized as other asset to be adjusted against equity in 2017	(c)	7.12
Others	(g)	7.14
Net Income under Ind AS		**3,514.32**
Adjustment for remeasurement of defined benefit plan	(b)	(6.27)
Changes in Other Comprehensive Income (OCI) other than actuarial gain / (loss)		228.67
Comprehensive Income under Ind AS		**3,736.72**

(iii) **Cash flow Reconciliation:**

There are no material changes in cashflows reported in previous GAAP in comparison with Ind AS.

Notes to reconciliation of transition to Ind AS from previous GAAP:

a) Under Previous GAAP, a liability is recognized in respect of proposed dividend on the Company's equity shares, even though the dividend is approved subsequent to the reporting date. Under Ind AS, liability for dividend is recognized only during the period such dividend is approved and the liability in respect thereof is crystallized. Consequently, there is an increase in equity under Ind AS by ₹ 363.51 million and ₹ 871.09 million as at December 31, 2016 and January 1, 2016, respectively.

b) Under Ind AS, the actuarial (gains)/ losses in respect of defined benefit plans are recognised in Other Comprehensive Income. Under previous GAAP, they were recognised in the Statement of Profit or Loss. This has resulted in increase in profit by ₹ 6.27 million for the year ended December 31, 2016. However, this does not result in any change in net equity.

c) Under Ind AS, costs incurred for issuing or acquiring its own equity instruments are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. Accordingly, buy-back related expenses amounting to ₹ 7.12 million are recognised as prepaid expenses under the head other assets and have been adjusted against equity on completion of buy-back of equity shares. Consequently equity as at and profit for the year ended December 31, 2016 has increased by ₹ 7.12 million.

d) In respect of share based payments (ESOP), the Company had followed intrinsic valuation method for grants made upto March 31, 2015 which was permitted under the previous GAAP, subsequent to which the Company adopted fair value method for recognising shared based compensation cost. Under Ind AS, intrinsic value method is not permitted. Consequently, the unvested grants as at January 1, 2016 which were measured using intrinsic value method have been remeasured using fair value. This has resulted in a decrease in share options outstanding account in Other Equity by ₹ 7.10 million and corresponding increase in retained earnings by the same amount. Thus, there is no impact on net equity. There is no impact on the net income for the year ended December 31, 2016.

Notes to Financial Statement

e) Under Ind AS, long term leases of land are classified as operating leases unless the title to the leasehold land is expected to be transferred to the Company at the end of the lease term. Premium paid relating to leasehold lands are recognized as other assets. Under Previous GAAP, the same were recognised in property, plant and equipment. Accordingly, ₹ 537.23 million and ₹ 421.23 million of such payments have been reclassified from property, plant and equipment to other assets as on December 31, 2016 and January 1, 2016, respectively.

f) Under Ind AS, tax consequences of transactions are recognised in the same manner as the recording of the related transactions. Accordingly, the tax consequences of items recognised in OCI (cash flow hedge reserve) of ₹ 81.99 million and ₹ 3.85 million as at December 31, 2016 and January 1, 2016, respectively have been recognised in OCI. This was not recognised under previous GAAP which followed the timing difference approach for recognising deferred taxes.

g) Others - relates to adjustments on account of operating lease to the extent of ₹ 9.50 million and ₹ 2.36 million as at December 31, 2016 and January 1, 2016, respectively. This has resulted in increase in net income by ₹ 7.14 million for the year ended December 31, 2016.

h) The Company had measured Long-term investments at cost and current investments at lower of cost and fair value under the previous GAAP. Under Ind AS, the Company has elected to measure long-term equity investments at fair value through OCI, while short-term investments in mutual funds at fair value through profit or loss. This change of measurement, however, did not have any impact on the profit for the previous year and equity as at December 31, 2016 and January 1, 2016, respectively.

i) Pursuant to the Guidance note on Division II -IndAS Schedule III to the Companies Act, 2013 issued by the Institute of Chartered Accountants of India, the Company has regrouped the provision for the employee benefits obligation towards compensated absences of ₹ 166.02 million and ₹ 140.61 million as at December 31, 2016 and January 1, 2016, respectively, under current liabilities from non-current liabilities.

j) Pursuant to merger of Risk Technology International Limited (RTIL) a common control transaction, the equity balance has decreased by ₹ 83.48 million and ₹16.54 million as on December 31, 2016 and January 1, 2016, respectively. Also, this has decreased the net income by ₹ 66.94 million for the year ended December 31, 2016. (refer note 31).

4 Property, Plant and Equipment (PPE)

PPE consist of the following : (₹ Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Leasehold Improvements	Total
COST								
At January 1, 2017	0.15	2,251.90	1,670.82	513.13	22.91	815.53	4.97	5,279.41
Additions	-	482.59	283.77	112.09	4.96	372.34	-	1,255.75
Disposals	-	-	(76.51)	(0.39)	(10.02)	(2.66)	-	(89.58)
At December 31, 2017	**0.15**	**2,734.49**	**1,878.08**	**624.83**	**17.85**	**1,185.21**	**4.97**	**6,445.58**
ACCUMULATED DEPRECIATION								
At January 1, 2017	-	264.26	1,316.97	414.43	18.57	681.70	4.09	2,700.02
Charge for the year	-	46.73	206.98	39.94	1.75	125.23	0.83	421.46
Disposals	-	-	(76.47)	(0.39)	(10.02)	(2.63)	-	(89.51)
At December 31, 2017	**-**	**310.99**	**1,447.48**	**453.98**	**10.30**	**804.30**	**4.92**	**3,031.97**
NET CARRYING AMOUNT								
At December 31, 2017	**0.15**	**2,423.50**	**430.60**	**170.85**	**7.55**	**380.91**	**0.05**	**3,413.61**

4 Property, Plant and Equipment (PPE) (Contd..)

PPE consist of the following :

(₹ Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Leasehold Improvements	Total
COST								
At January 1, 2016	0.15	2,250.89	1,574.19	508.94	24.64	784.39	4.97	5,148.17
Additions	-	1.01	133.58	4.61	0.17	33.62	-	172.99
Disposals	-	-	(36.95)	(0.42)	(1.90)	(2.48)	-	(41.75)
At December 31, 2016	**0.15**	**2,251.90**	**1,670.82**	**513.13**	**22.91**	**815.53**	**4.97**	**5,279.41**
ACCUMULATED DEPRECIATION								
At January 1, 2016	-	223.72	1,169.28	380.32	17.45	595.12	3.10	2,388.99
Charge for the year	-	40.54	184.45	34.52	2.80	88.90	0.99	352.20
Disposals	-	-	(36.76)	(0.41)	(1.68)	(2.32)	-	(41.17)
At December 31, 2016	**-**	**264.26**	**1,316.97**	**414.43**	**18.57**	**681.70**	**4.09**	**2,700.02**
NET CARRYING AMOUNT								
At December 31, 2016	**0.15**	**1,987.64**	**353.85**	**98.70**	**4.34**	**133.83**	**0.88**	**2,579.39**
At January 1, 2016 (deemed cost refer note 3.1 (c))	0.15	2,027.17	404.91	128.62	7.19	189.27	1.87	2,759.18

Notes:

i) Plant and machinery includes computer systems.

ii) Buildings includes office premises taken on long term finance lease of gross value amounting to ₹ 345.47 million and ₹ 345.47 million as at December 31, 2017 and December 31, 2016 and net carrying value amounting to ₹ 261.81 million and ₹ 268.66 million as at December 31, 2017 and December 31, 2016 respectively.

5 Intangible assets

(₹ Million)

Intangible assets consist of the following :

Particulars	Software Licenses
COST	
At January 1, 2017	458.32
Additions	53.12
Disposals	-
At December 31, 2017	511.44
ACCUMULATED AMORTISATION	
At January 1, 2017	357.46
Amortisation for the year	71.90
Disposals	-
At December 31, 2017	429.36
NET CARRYING AMOUNT	
At December 31, 2017	82.08
COST	
At January 1, 2016	391.14
Additions	67.18
Disposals	-
At December 31, 2016	458.32
ACCUMULATED AMORTISATION	
At January 1, 2016	286.48
Amortisation for the year	70.98
Disposals	-
At December 31, 2016	357.46
NET CARRYING AMOUNT	
At December 31, 2016	100.86
At January 1, 2016 (deemed cost refer note 3.1 (c))	104.66

Amortisation is included in statement of profit or loss under the line item “Depreciation and amortisation expense”.

Notes to Financial Statement

6 Investments

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
A	**Non-Current Investments in Equity shares (unquoted)**			
	Investments in equity instruments of subsidiaries (at cost)			
	30,026 common stock at no par value in Hexaware Technologies Inc., U.S.A.	1,632.68	1,632.68	1,632.68
	2,167,000 shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.	154.64	154.64	154.64
	500,000 shares of Singapore $ 1/- each fully paid up in Hexaware Technologies Asia Pacific Pte. Ltd., Singapore	12.48	12.48	12.48
	3,618 shares of face value 50 euro each fully paid up in Hexaware Technologies Gmbh., Germany	7.57	7.57	7.57
	1 common stock at no par value in Hexaware Technologies Canada Limited, Canada	0.73	0.73	0.73
	1 participation share of no par value in Hexaware Technologies Mexico S De R.L. De C.V.	29.42	29.42	29.42
	40 (December 31, 2016 20, January 1, 2016 5) shares at no par value in Guangzhou Hexaware Information Technologies Company Limited	13.14	6.72	1.66
	Entire Share Capital in Hexaware Technologies Limited Liability Company, Russia	148.60	148.60	80.01
	45,000 shares of SAR 10/- each in Hexaware Technologies Saudi LLC	8.03	-	-
	1,945,000 shares of HKD 1/- each in Hexaware Technologies Hong Kong Limited	16.13	-	-
	500 shares of SEK 100/- each in Hexaware Technologies Nordic AB	0.40	-	-
		2,023.82	**1,992.84**	**1,919.19**
	Other Investments			
	At fair value through Other Comprehensive Income			
	240,958 equity shares of ₹ 10/- each in Beta Wind Farm Pvt. Ltd.	4.58	4.58	4.58
		2,028.40	**1,997.42**	**1,923.77**
B	**Current Investments in Mutual Funds (unquoted)**			
	At fair value through profit and loss account			
	Mutual fund units	189.19	188.50	409.33

7

(₹ Million)

Particulars		For year ended December 31, 2017	For year ended December 31, 2016
7A	**Income taxes**		
	Income tax expense is allocated as follows :		
	Income tax expense as per the Statement of Profit and Loss	857.64	945.10
	Income tax included in Other Comprehensive Income on :		
a)	Gain / (Loss) on cash flow hedges	34.60	78.14
b)	Remeasurement of defined benefit plan	18.71	(1.66)
		910.95	**1,021.58**
7B	The reconciliation of estimated income tax expense at the Indian statutory income tax rate to the income tax expenses reported in statement of profit and loss is as follows:		
	Profit before income-tax	4,967.24	4,459.42
	Expected tax expense at the enacted tax rate of 34.608% in India	1,719.06	1,543.32
	Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense :		
	Income exempt from tax	(906.73)	(623.67)
	Tax effect of non-deductible expenses	14.38	11.55
	Short provision of taxes of earlier years	16.67	0.15
	Others	14.26	13.75
		857.64	**945.10**

Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In India, substantial part of operations is carried from units in Special Economic Zones notified by the Government which also benefit from the tax exemptions. These units are eligible for the deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits or gains for a further five years. 50 percent tax benefit is also available for a further period of five years subject to the unit meeting defined conditions of further investments. In respect of certain jurisdictions, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year.

(₹ Million)

	Particulars	January 1, 2016	Recognised in profit or loss	Recognised in OCI	December 31, 2016	Recognised in profit or loss	Recognised in OCI	December 31, 2017
7C	**Components of deferred taxes:**							
	Deferred tax assets							
	Allowance for doubtful debts and advances	10.07	9.18	-	19.25	0.38	-	19.63
	Employee benefit obligations	67.49	36.82	-	104.31	(11.65)	-	92.66
	Provision for severance pay	-	30.00	-	30.00	(27.98)	-	2.02
	Minimum alternate tax credit carry forward	917.49	41.10	-	958.59	275.18	-	1,233.77
	Total	995.05	117.10	-	1,112.15	235.93	-	1,348.08
	Deferred tax liabilities							
	Unrealised gain on cash flow hedges	3.86	-	78.14	82.00	-	34.60	116.60
	Depreciation	169.51	13.18	-	182.69	21.77	-	204.46
	Total	173.37	13.18	78.14	264.69	21.77	34.60	321.06
	Net deferred tax asset	821.68	103.92	(78.14)	847.46	214.16	(34.60)	1,027.02

Deferred income tax assets have not been recognized on temporary differences amounting to approximately ₹ 411.11 million as at December 31, 2017 associated with investment in subsidiaries as it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statement

8 Other financial assets (unsecured) (considered good)

(₹ Million)

	Particulars	As at 31st December, 2017	As at 31st December, 2016	As at 1st January, 2016
A	**Non-current**			
	Interest accrued on bank deposits	0.60	0.94	0.51
	Foreign currency derivative assets	136.10	127.69	25.58
	Restricted bank balances (a)	7.35	7.41	10.22
	Security deposits for premises and others	208.47	192.78	128.06
	Share application in subsidiary	-	8.03	-
		352.52	**336.85**	**164.37**

(a) Restriction on account of bank deposits held as margin money, earmarked for the non-fund based credit facility.

(₹ Million)

	Particulars	As at 31st December, 2017	As at 31st December, 2016	As at 1st January, 2016
B	**Current**			
	Interest accrued on bank deposits	1.06	0.49	1.05
	Foreign currency derivative assets	586.24	232.42	34.42
	Security deposits for premises and others (a)	4.13	31.47	6.27
	Loans and advances to related parties (Refer note no. 24)	187.56	145.79	251.07
	Employee advances	182.08	195.47	239.09
		961.07	**605.64**	**531.90**

(a) Exclude deposits aggregating ₹ 34.56 million, ₹ 34.56 million and ₹ 35.15 million provided as doubtful of recovery basis the expected credit loss model as of December 31, 2017, December 31, 2016 and January 1, 2016 respectively.

9 Other assets (unsecured)

	Particulars	As at 31st December, 2017	As at 31st December, 2016	As at 1st January, 2016
A	**Non-current**			
	Capital advances	1.37	25.16	345.13
	Prepaid expenses relating to leasehold land *	525.03	531.79	416.60
	Other prepaid expenses	7.91	11.69	8.18
	Indirect taxes recoverable	81.10	79.99	56.15
		615.41	**648.63**	**826.06**

* inlcludes unamortised lease premium in respect of one parcel of leasehold land alloted to the company at Nagpur for which final lease agreement is being executed amounting to ₹ 80.78 million, ₹ 81.69 million and ₹ 82.60 million as at December 31, 2017, December 31, 2016 and January 1, 2016 respectively.

	Particulars	As at 31st December, 2017	As at 31st December, 2016	As at 1st January, 2016
B	**Current**			
	Prepaid expenses	173.18	150.37	128.64
	Indirect taxes recoverable	140.29	134.19	150.42
	Others	2.53	1.12	1.47
		316.00	**285.68**	**280.53**

10 Trade Receivables (unsecured)

(₹ Million)

Particulars	As at 31st December, 2017	As at 31st December, 2016	As at 1st January, 2016
Considered good	4,142.29	2,733.56	3,970.97
Considered doubtful	29.05	28.36	66.67
Less: Allowance for doubtful receivables	(29.05)	(28.36)	(66.67)
	4,142.29	**2,733.56**	**3,970.97**
The Company's credit period generally ranges from 30 - 60 days. The age wise break up of trade receivables, net of allowances is given below.			
Not Due	1,336.14	1,927.29	1,661.93
Due less than 180 days	2,799.48	785.82	2,284.58
Due more than 180 days	6.67	20.45	24.46
	4,142.29	**2,733.56**	**3,970.97**
Average age (days)	99	72	112
Movement in allowance for doubtful receivables			
Balance at the beginning of the year	28.36	66.67	
Expense for the year	23.27	11.32	
Amounts recovered during the year	(21.82)	(49.23)	
Exchange rate fluctuations	(0.76)	(0.40)	
Balance at the end of the year	**29.05**	**28.36**	

11 Cash and bank balances

Particulars	As at 31st December, 2017	As at 31st December, 2016	As at 1st January, 2016
A Cash and cash equivalents			
Remittance in transit	-	-	2.06
In current accounts with banks	844.82	643.46	1,094.55
Bank deposit accounts with less than 3 months maturity	37.71	26.91	3.65
Earmarked balances with banks for buyback	-	1,395.43	-
Unclaimed dividend accounts	150.26	137.66	120.28
Margin money with banks	7.35	7.41	10.22
Less: Restricted bank balances	(157.61)	(145.07)	(130.50)
	882.53	**2,065.80**	**1,100.26**
B Other bank balances			
Restricted bank balances held in unclaimed dividend accounts.	150.26	137.66	120.28
	150.26	**137.66**	**120.28**

Notes to Financial Statement

12 Equity Share Capital

(₹ Million)

	Particulars	December 31, 2017 Amount	December 31, 2016 Amount	January 1, 2016 Amount
12.1	**Authorised capital**			
	525,000,000 (475,000,000 as on December 31, 2016 and January 1, 2016) Equity shares of ₹ 2 each	1,050.00	950.00	950.00
	1,100,000 Series "A" Preference Shares of ₹1,421 each	1,563.10	1,563.10	1,563.10
12.2	**Issued, subscribed and paid-up capital**			
	Equity shares of ₹ 2 each	593.61	604.06	603.13
12.3	**Reconciliation of number of shares**			
	Shares outstanding at the beginning of the year	302,028,195	301,562,897	
	Shares issued during the year	470,397	465,298	
	Shares bought back during the year	(5,694,835)	-	
	Shares outstanding at the end of the year	296,803,757	302,028,195	

12.4 Rights, preferences and restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 2 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all liabilities, in proportion to their shareholding.

12.5 Details of shares held by shareholders holding more than 5% shares

Name of Shareholder		December 31, 2017	December 31, 2016	January 1, 2016
HT Global IT Solutions Holdings Ltd. (Holding Company)	No. of shares held	211,318,590	215,047,193	215,047,193
	% of holding	71.20%	71.20%	71.31%
HDFC Trustee Company Limited	No. of shares held	18,885,481	-	-
	% of holding	6.36%	-	-

12.6 During the year ended December 31, 2017, the Company bought back 5,694,835 shares at ₹ 240/- per share aggregating ₹ 1,366.76 million by utilisation of Securities premium. The cost relating to buy-back is charged to other equity.

12.7 Shares reserved for issue under options

The Company has granted employee stock options under ESOP 2002, 2007 and 2008 schemes and restricted stock units (RSU's) under the ESOP 2008 and 2015 scheme. Each option / RSU entitles the holder to one equity share of ₹ 2 each. 9,667,235 options / RSU's were outstanding as on December 31, 2017 (9,264,407 options as on December 31, 2016 and 9,844,513 options as on January 1, 2016).

12.8 The dividend per share recognised as distribution to equity shareholders during the year ended December 31, 2017 was ₹ 4.00 per share (year ended December 31, 2016 ₹ 6.90 per share).

13 Other reserves

(₹ Million)

		Particulars	December 31, 2017	December 31, 2016
13.1	a)	Share options outstanding account		
		Opening Balance	448.07	225.56
		Add : Compensation related to employee share based payments	349.50	246.74
		(Less) : Transferred on exercise of stock options	(65.13)	(24.23)
		Closing Balance	**732.44**	**448.07**
	b)	Capital reserve (amalgamation reserve)		
		Balance as per last balance sheet	**4.38**	**4.38**
	c)	Capital redemption reserve		
		Opening balance	-	-
		Add : On buyback of shares during the year	11.39	-
		Closing Balance	**11.39**	**-**
	d)	Special Economic Zone Re-Investment Reserve		
		Opening Balance	332.95	329.52
		Add : Transfer from retained earnings	178.35	177.73
		Less: Transfer to retained earnings on utilisation for acquisition of plant & machinery	(487.22)	(174.30)
		Closing Balance	**24.08**	**332.95**
		Total other reserves	**772.29**	**785.40**

13.2 Description of component of other equity

a) Securities premium reserve is used to record the premium received on issue of shares to be utilized in accordance with the provisions of the Act.

b) General reserve represents appropriation of profits by the Company.

c) Retained earnings comprise of the accumulated undistributed earnings.

d) Share options outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account are transferred to securities premium upon exercise of stock options by employees.

e) Capital Redemption reserve is created on buy-back of the equity shares in accordance with the provisions of the act.

f) The Special Economic Zone Re-Investment Reserve has been created out of profit of eligible SEZ units as per provisions of section 10AA (1)(ii) of the Income–tax Act, 1961 for acquiring new plant and machinery.

Notes to Financial Statement

14 Other financial liabilities

(₹ Million)

	Particulars	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
A	**Non-current**			
	Capital creditors	-	1.86	3.39
	Foreign currency derivative liabilities	3.40	0.19	23.81
	Accrued expenses	2.21	1.95	1.54
		5.61	**4.00**	**28.74**
B	**Current**			
	Unclaimed dividend *	150.26	137.66	119.92
	Capital creditors	120.48	392.34	340.63
	Deposit received from customer	0.03	0.03	-
	Employee liabilities	342.38	294.92	265.51
	Foreign currency derivative liabilities	4.49	1.80	15.34
		617.64	**826.75**	**741.40**

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

15 Trade and other payables

	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Trade payables	493.36	1,241.22	1,355.22
Accrued expenses	327.54	284.49	240.92
	820.90	**1,525.71**	**1,596.14**

16 Other liabilities

Current	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Unearned revenues	5.49	9.60	25.54
Statutory liabilities	144.27	136.64	147.14
	149.76	**146.24**	**172.68**

17 Provisions - Others

(₹ Million)

Particulars	As at December 31, 2017	As at December 31, 2016
Provision at the beginning of the year	86.67	-
Provision made during the year	-	90.00
Paid during the year	(51.37)	-
Adjusted during the year	(29.48)	(3.33)
Provision at the end of the year	**5.82**	**86.67**

Above represents provisions towards expenditure relating to employee benefit obligations on contract acquisition, the outflow for which is expected within the next year.

(₹ Million)

	Particulars	For year ended December 31, 2017	For year ended December 31, 2016
18	**Other income**		
	Dividend	8.45	12.44
	Interest income	7.86	5.24
	Profit on sale of PPE (net)	2.44	1.55
	Miscellaneous income	10.41	16.38
		29.16	**35.61**
19	**Software and development expenses**		
	Consultant travel and related expenses	211.63	180.18
	Software expenses *	335.38	267.29
		547.01	**447.47**
	* includes sub- contracting charges	309.73	238.49
20	**Employee benefits expense**		
	Salary and allowances	6,731.01	6,178.62
	Contribution to provident and other funds	464.12	423.88
	Staff welfare expenses	346.96	335.03
	Employee stock option compensation cost (Refer note no. 26)	221.33	246.74
		7,763.42	**7,184.27**
21	**Operation and other expenses**		
	Rent	216.04	187.46
	Rates and taxes	24.31	23.50
	Travelling and conveyance	378.90	355.06
	Electricity charges	229.20	208.47
	Communication expenses	165.99	172.53
	Repairs and maintenance	309.88	281.05
	Printing and stationery	31.55	26.06
	Auditors remuneration		
	- Audit fees	5.73	5.54
	- Tax audit fees	1.30	1.68
	- Certification work, taxation and other matters	2.23	5.25
	Legal and professional fees	159.53	115.05
	Advertisement and business promotion	83.53	72.44
	Bank and other charges	6.49	4.22
	Directors' sitting fees	1.75	1.22
	Insurance charges	17.95	14.74
	Debts and advances written off	3.30	15.18
	Provision for doubtful accounts (net of write back)	1.45	(38.51)
	Staff recruitment expenses	112.30	66.00
	Service charges	185.68	154.38
	Miscellaneous expenses	98.87	63.86
		2,035.98	**1,735.18**

Notes to Financial Statement

22 Financial Instruments

22.1 The carrying value / fair value of financial instruments (excluding investments in subsidiaries) by categories is as follows:

(₹ Million)

December 31, 2017	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	882.53	-	-	-	882.53
Other bank balances	150.26	-	-	-	150.26
Investments in mutual fund units	-	189.19	-	-	189.19
Trade receivables	4,142.29	-	-	-	4,142.29
Unbilled revenue	329.92	-	-	-	329.92
Other financial assets	591.25	-	-	722.34	1,313.59
Investments in equity shares	-	-	4.58	-	4.58
	6,096.25	**189.19**	**4.58**	**722.34**	**7,012.36**
Trade payables	820.90	-	-	-	820.90
Other financials liabilities	615.36	-	-	7.89	623.25
	1,436.26	**-**	**-**	**7.89**	**1,444.15**

(₹ Million)

December 31, 2016	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	2,065.80	-	-	-	2,065.80
Other bank balances	137.66	-	-	-	137.66
Investments in mutual fund units	-	188.50	-	-	188.50
Trade receivables	2,733.56	-	-	-	2,733.56
Unbilled revenue	495.77	-	-	-	495.77
Other financial assets	582.38	-	-	360.11	942.49
Investments in equity shares	-	-	4.58	-	4.58
	6,015.17	**188.50**	**4.58**	**360.11**	**6,568.36**
Trade payables	1,525.71	-	-	-	1,525.71
Other financials liabilities	828.76	-	-	1.99	830.75
	2,354.47	**-**	**-**	**1.99**	**2,356.46**

(₹ Million)

January 1, 2016	Amortised Cost	Fair value through profit and loss	Fair value through other comprehensive income	Derivative instrument in hedging relationship	Total carrying / fair value
Cash and cash equivalents	1,100.26	-	-	-	1,100.26
Other Bank Balances	120.28				120.28
Investments in mutual fund units	-	409.33	-	-	409.33
Trade receivables	3,970.97	-	-	-	3,970.97
Unbilled revenue	351.66	-	-	-	351.66
Other financial assets	636.27	-	-	60.00	696.27
Investments in equity shares	-	-	4.58	-	4.58
	6,179.44	**409.33**	**4.58**	**60.00**	**6,653.35**
Trade payables	1,596.14	-	-	-	1,596.14
Other financials liabilities	730.99	-	-	39.15	770.14
	2,327.13	**-**	**-**	**39.15**	**2,366.28**

Carrying amount of cash and cash equivalents, other bank balances, trade receivables, unbilled revenue, trade payables, other financial assets and liabilities approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of, other financial assets and liabilities subsequently measured at amortised cost is not significant in each of the years presented.

Fair value hierarchy

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

The following table presents fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(₹ Million)

December 31, 2017	Level I	Level II	Level III	Total
Mutual fund units	189.19	-	-	189.19
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	722.34	-	722.34
	189.19	**722.34**	**4.58**	**916.11**
Derivative financial liabilities	-	7.89	-	7.89

December 31, 2016	Level I	Level II	Level III	Total
Mutual fund units	188.50	-	-	188.50
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	360.11	-	360.11
	188.50	**360.11**	**4.58**	**553.19**
Derivative financial liabilities	-	1.99	-	1.99

January 1, 2016	Level I	Level II	Level III	Total
Mutual fund units	409.33	-	-	409.33
Investments in equity shares	-	-	4.58	4.58
Derivative financial assets	-	60.00	-	60.00
	409.33	**60.00**	**4.58**	**473.91**
Derivative financial liabilities	-	39.15	-	39.15

Valuation Technique

Investment in mutual funds is measured at the redemption price declared by the mutual fund. Derivatives are measured basis the counterparty quotes obtained. Cost of investment in equity shares is considered to be representative of fair value.

22.2 Financial risk management

The Company has identified the risks under verticals like Geographic and client concentration risk, credit risk, foreign currency fluctuation risk and liquidity risk. The Company has formulated policies, procedures and strategies for managing risks which is affirmed by global CEO and CFO, after consultation with all business units, functions and department heads.

Geographic and client concentration risk

In year 2017, Americas contributed 74% of the Company's total revenue (previous year 75%). The Company continues to expand its global footprint to diversify geographic concentration though Americas remains largest market for the IT industry. The Company's exposure to the US regions is in line with the global industry practices. The Company will continue to invest in the region. There are a number of other growth factors in Americas such as favour for capitalism, highest per capita income, innovation driven culture and focus to retain high end work that allow us to identify and address the pockets of inefficiencies in the most optimum way.

81% and 82% of the revenue of 2017 and 2016, respectively is generated from top 10 clients, the concentration is high for standalone as customers include subsidiaries wherein contracts with end customers are entered by such subsidiaries. At consolidated level, the concentration of revenue from top 10 customers is at 55% for the year 2017. Any loss or major downsizing by these clients may impact

Notes to Financial Statement

Company's profitability. Further, excessive exposure to particular clients will limit Company's negotiating capacity and expose to higher credit risk.

The Company is able to maintain a diversified high quality client roster that can be accessed through the depth of relationships with existing clients.

The Company's growth strategy involves a mix of new client addition and mining the accounts of existing clients. As we add more clients and grow our revenues from the existing clients, we naturally reduce our dependence on the large clients. Moreover, large clients allow quick scaling up of revenues and they come with higher margins due to lower associated cost and higher cost predictability.

Credit risk

Since most of our transactions are done on credit, we are exposed to credit risk on accounts receivable. Any delay, default or inability on the part of the client to pay on time will expose us to credit risk and can impact our profitability. Our maximum credit exposure is in respect of trade receivables of ₹ 4,142.29 million, ₹ 2,733.56 million and ₹ 3,970.97 million as at December 31, 2017, December 31, 2016 and January 1, 2016 respectively and unbilled revenue of ₹ 329.92 million, ₹ 495.77 million and ₹ 351.66 million as at December 31, 2017, December 31, 2016 and January 1, 2016, respectively.

Top 10 customer dues contribute 88% of the total outstanding as at December 31, 2017 and as at December 31, 2016.

Cash and cash equivalents and investments in mutual funds are neither past due nor impaired. Cash and cash equivalents include deposits with nationalised banks. The investment in liquid mutual fund units are measured at fair value through profit and loss.

Foreign Currency fluctuations Risk

Foreign exchange fluctuations is one of the key risks impacting our business. The offshore part of the revenue remains exposed to the risk of Rupee appreciation which is functional currency of the Company vis-a-vis the US Dollar, the Euro and other foreign currencies, as largely, the costs incurred are in Indian Rupees and the revenue/ inflows are in foreign currencies. The contracts we enter into with our customers tend to run across several years and many of these contracts are at fixed rates, therefore any appreciation in the Indian rupee vis-à-vis foreign currencies will affect our margins.

The Foreign Exchange Risk Management Policy authorized by the Forex Committee of the Board takes these circumstances into account and authorizes hedging on a systematic basis. These risks have been effectively addressed by the processes and controls laid out in the Foreign Exchange Risk Management Policy. The hedge ratio assigned to the exposures depends on the time horizon in which they fall, the near term exposures get a higher ratio whereas the farther exposures get a lower ratio. This graded approach ensures that hedges are spread across the hedge horizon in a tapered down manner. The exposure as indicated below is net of derivative contracts entered into by the Company.

(₹ Million)

The following table analyses foreign currency risk from financial instruments as at December 31, 2017:

Particulars	USD	EUR	GBP	Others*
Net financial assets	3,146.84	78.41	124.30	300.94
Net financial liabilities	334.98	5.87	7.51	3.04
Net assets/(liabilities)	**2,811.86**	**72.54**	**116.80**	**297.90**

(₹ Million)

The following table analyses foreign currency risk from financial instruments as at December 31, 2016:

Particulars	USD	EUR	GBP	Others*
Net financial assets	3,125.02	39.19	58.69	123.31
Net financial liabilities	1,076.23	19.78	4.06	8.92
Net assets/(liabilities)	**2,048.79**	**19.41**	**54.63**	**114.39**

10% depreciation/appreciation of the respective foreign currencies vis-a-vis functional currency of the Company would result in the increase/ decrease in Company's profit before tax approximately by ₹ 329.91 million and ₹ 223.72 million for the year ended December 31, 2017 and December 31, 2016, respectively.

*Others include currencies such as Singapore Dollars, Canadian Dollars, United Arab Emirates Dirhams, Philippine Pesos, Japanese Yens, Australian Dollars etc.

The Company uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on trade receivables and forecasted cash flows denominated in certain foreign currencies.

Outstanding hedges by way of forward contracts are as follows :

(₹ Million)

Currency Hedged	As at December 31, 2017	As at December 31, 2016	As at January 1, 2016
Sell USD	152.88	141.82	156.94
Sell Euro	3.90	4.20	5.60
Sell GBP	7.50	4.20	4.20

The weighted average forward rate for the hedges outstanding as at December 31, 2017 is ₹ 70.98, ₹ 82.16 and ₹ 91.87 (As at December 31, 2016 ₹ 72.57, ₹ 81.26 and ₹ 101.71) for USD, Euro and GBP, respectively. The hedges mature over the eight quarters.

10% depreciation/appreciation of the respective foreign currencies would result in the increase/ decrease in Company's other comprehensive income approximate by ₹ 948.12 million and ₹ 900.56 million for the year ended December 31, 2017 and December 31, 2016, respectively.

The movement in accumulated other comprehensive income on account of derivatives designated as cash flow hedges is as under:

(₹ Million)

Particulars	For year ended December 31, 2017	For year ended December 31, 2016
Balance at the beginning of the year	240.78	12.11
Less: Net gains transferred to statement of profit or loss on occurrence of forecasted hedge transaction	(595.35)	(147.35)
Add: Changes in the fair value of the effective portion of outstanding cash flow hedges	855.00	454.16
Less : Deferred tax adjustment on CFHR	(34.60)	(78.14)
Balance at the end of the year	**465.83**	**240.78**

There were no material hedge ineffectiveness for the year ended December 31, 2017 and December 31, 2016.

Liquidity risk

The Company needs continuous access to funds to meet short and long term strategic investment requirements. The Company's inability to meet such requirements in stipulated period may hamper growth plan and even ongoing operations. Further, the Company's inability to quickly convert assets into cash without incurring any material loss will expose it to liquidity risks.

As at December 31, 2017, the Company had total cash / bank balance and investments in Mutual Funds of ₹ 1,229.33 million (as at December 31, 2016 ₹ 2,399.37 million) which constitutes approximately 7% of total assets (previous year 14%). The Company does not have any debt.

The tables below provide details of the contractual maturities of significant financial liabilities as at:

(₹ Million)

As at December 31, 2017	Less than 1 year	1-2 years	Total
Trade and other payables	820.90	-	820.90
Derivative financial liabilities	4.49	3.40	7.89
Others (Refer note 14)	613.15	2.21	615.36
	1,438.54	**5.61**	**1,444.15**

Notes to Financial Statement

(₹ Million)

As at December 31, 2016	Less than 1 year	1-2 years	Total
Trade and other payables	1,525.71	-	1,525.71
Derivative financial liabilities	1.80	0.19	1.99
Others (Refer note 14)	824.95	3.81	828.76
	2,352.46	**4.00**	**2,356.46**

(₹ Million)

As at January 1, 2016	Less than 1 year	1-2 years	Total
Trade and other payables	1,596.14	-	1,596.14
Derivative financial liabilities	15.34	23.81	39.15
Others (Refer note 14)	726.06	4.93	730.99
	2,337.54	**28.74**	**2,366.28**

Interest rate risk

The Company does not have any debt. The balances with banks and financial institution is in the form of current account, fixed interest rate deposits. Accordingly , the Company is not exposed to significant interest rate risk.

Capital management

The Company's objectives when managing capital is to maintain optimal capital structure to continue to provide for adequate capital in the business, returns for shareholders and benefits for other stakeholders in the form of dividends, return of capital or issue of new shares.

23 Earnings per share

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

Particulars	For the year ended December 31, 2017	For the year ended December 31, 2016
Net profit after tax (₹ Million)	4,109.60	3,514.32
Weighted average outstanding equity shares considered for basic EPS (Nos.)	297,430,061	301,814,066
Basic earnings per share (In ₹)	**13.82**	**11.64**
Weighted average outstanding equity shares considered for basic EPS (Nos.)	297,430,061	301,814,066
Add : Effect of dilutive issue of stock options (Nos.)	4,272,786	2,630,374
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	301,702,847	304,444,440
Diluted earnings per share (In ₹)	**13.62**	**11.54**

24 Related party disclosures

Name of the Related Parties	Country
Ultimate Holding company and its Subsidiaries	
Baring Private Equity Asia GP V. LP (ultimate holding entity) (control exists)	Cayman Island
The Baring Asia Private Equity Fund V, LP	Cayman Island
Baring Private Equity Asia V Mauritius Holding (4) Limited	Mauritius
Holding Company (control exists)	
HT Global IT Solutions Holdings Limited	Mauritius
Subsidiaries	
Hexaware Technologies Inc.	United States of America
Hexaware Technologies UK Ltd.	United Kingdom
Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
Hexaware Technologies GmbH.	Germany
Hexaware Technologies Canada Ltd.	Canada
Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
Hexaware Technologies DO Brazil Ltd, Brazil(1)	Brazil
Guangzhou Hexaware Information Technologies Company Limited	China
Hexaware Technologies LLC	Russia
Hexaware Technologies Saudi LLC	Saudi Arabia
Hexaware Technologies Romania SRL(2)	Romania
Hexaware Technology and Business Solutions, Inc.(3)	USA
Hexaware Technologies Hong Kong Limited(4)	China
Hexaware Technologies Nordic AB(5)	Sweden
Digitech Technologies Incorporated(6)	USA
Shanghai Hexaware Information Technologies Company Limited(7)	China
Associate	
Experis Technology Solutions Pte Ltd(8)	Singapore
Key Management Personnel (KMP)	
Executive Director and CEO	
Mr. R Srikrishna	
Non-executive directors	
Mr. Atul K Nishar	
Mr. Jimmy Mahtani	
Mr. Kosmas Kalliarekos	
Mr. Dileep Choksi	
Mr. Bharat Shah	
Mr. P R Chandrasekar	
Ms. Meera Shankar	
Mr. Christian Oecking	
Mr. Basab Pradhan	

Notes:
1. Subsidiary of Hexaware Technologies UK Ltd
2. Subsidiary of Hexaware Technologies UK Ltd, formed on September 28, 2016
3. Subsidiary of Hexaware Technologies Inc, formed on March 23, 2017 and closed on August 17, 2017
4. Formed on April 18, 2017
5. Formed on September 7, 2017
6. Subsidiary of Hexaware Technologies Inc, formed on November 13, 2017
7. Formed on December 15, 2017
8. Associate of Hexaware Technologies Asia Pacific Pte Ltd w.e.f. December 16, 2016.

Notes to Financial Statement

Details of transactions and balances with party wise details for transactions in excess of 10% of the total transactions

(₹ Million)

Nature of transactions	Name of the Related party and Relationship	For the year ended December 31, 2017	For the year ended December 31, 2016
Investment made	**Subsidiaries**		
	Guangzhou Hexaware Information Technologies Company Limited	6.42	5.06
	Hexaware Technologies Saudi LLC	-	8.03
	Hexaware Technologies Nordic AB	0.40	-
	Hexaware Technologies Hong Kong Limited	16.13	-
	Hexaware Technologies LLC - Russia	-	68.59
		22.95	**81.68**
Software and consultancy income	**Subsidiaries**		
	Hexaware Technologies Inc.	8,118.86	6,362.66
	Hexaware Technologies UK Ltd.	1,068.63	1,010.92
	Others	451.97	533.66
		9,639.46	**7,907.24**
	Associate		
	Experis Technology Solutions Pte Ltd	103.73	-
		103.73	**-**
Software and development expenses -subcontracting charges	**Subsidiaries**		
	Hexaware Technologies Inc.	152.64	181.83
		152.64	**181.83**
Reimbursement of cost to	**Subsidiaries**		
	Hexaware Technologies UK Ltd.	23.80	14.09
	Hexaware Technologies Asia Pacific Pte Ltd	-	2.82
	Hexaware Technologies Inc.	15.60	0.99
	Others	0.05	0.05
		39.45	**17.95**
Recovery of cost from	**Subsidiaries**		
	Hexaware Technologies Inc. ((including recovery of ESOP cost ₹ 128.17 Million during 2017)	564.24	446.75
	Hexaware Technologies UK Ltd.	242.00	248.78
	Others	41.35	33.81
		847.59	**729.34**
	Holding Company		
	HT Global IT Solutions Holdings Limited	3.82	-
		3.82	**-**
Remuneration to KMP and Directors			
	Short term employee benefits	3.73	3.82
	Share based payment	49.87	48.55
	Commission and other benefits to non-executive directors	40.41	40.33
		94.01	**92.70**

Outstanding Balances (₹ Million)

Name of the Related party and Relationship	As at 31st December 2017	As at 31st December 2016	As at 1st January 2016
Subsidiaries			
Investment in equity (Including share application money) (Refer note no 6A & 6B)	2,023.82	2,000.87	1,919.19
Trade and other receivable			
- Hexaware Technologies Inc	3,008.39	1,743.35	2,885.15
- Others	317.75	176.14	295.48
	3,326.14	**1,919.49**	**3,180.63**
Trade payable - towards services and reimbursement of cost			
- Hexaware Technologies Inc	280.35	1,036.23	1,127.76
- Others	12.06	5.37	62.56
	292.41	**1,041.60**	**1,190.32**
Trade receivable from Associate	18.85	-	-
Payable to / Provision for KMP's and Directors	38.55	38.10	31.98

25 The Company takes on lease office space and accommodation for its employees under various operating leases. The lease term ranges between 1 year to 5 year with option to renew. The lease rentals towards operating lease agreements recognised in the Statement of Profit and Loss for the year is ₹ 216.04 million (Previous year ₹ 187.46 million)

The future minimum lease payments and payment profile of the non-cancellable operating leases are as follows:

(₹ Million)

Particulars	As at 31st December 2017	As at 31st December 2016	As at 1st January 2016
Not later than one year	177.02	143.50	39.62
Later than one year and not later than five years	180.22	232.29	90.94
	357.24	**375.79**	**130.56**

26 Share Based Compensation

a) The Remuneration and Compensation Committee ('Committee') of the Company administers the stock options plans viz. ESOP 2002, 2007, 2008 and 2015 plan. Under the plans, the employees of the Company as well as its subsidiaries are granted options/ Restricted Stock Options (RSU) entitling them to one equity share of ₹ 2/- each for each option granted. Exercise price is the market price of the shares of the Company at the grant date or the price determined by the Committee. During the year, the Company extended the vesting period (at an option of the RSU holder) by one year for the certain RSU's holders. The modification did not have material impact. The Options / RSU's vest over a period of 1 to 5 years from the date of grant on the basis of service period and/or achievement of performance conditions. The maximum time available to exercise upon vesting is 6 years.

b) The particulars of number of options granted and lapsed under the aforementioned Schemes are tabulated below

Particulars	ESOP - 2002		ESOP - 2007		ESOP - 2008		ESOP - 2015		Total	
	Options (nos.)	Weighted ex. Price per share (₹)	Options (nos.)	Weighted ex. Price per share (₹)	Options/ RSU's (nos.)	Weighted ex. Price per share (₹)	RSU's (nos.)	Weighted ex. Price per share (₹)	Options/ RSU's (nos.)	Weighted ex. Price per share (₹)
Outstanding at the beginning of the year	-	-	427,750	62.79	3,632,751	2.00	5,203,906	2.00	9,264,407	4.81
	(23,000)	(12.45)	(839,575)	(48.69)	(4,124,814)	(2.00)	(4,857,124)	(2.00)	(9,844,513)	(6.01)
Granted during the year	-	-	-	-	-	-	2,295,605	2.00	2,295,605	2.00
	(-)	(-)	(-)	(-)	(-)	(-)	(1,048,312)	(2.00)	(1,048,312)	(2.00)
Exercised during the year	-	-	181,750	61.62	25,742	2.00	262,905	2.00	470,397	25.04
	(23,000)	(12.45)	(334,325)	(37.55)	(69,843)	(2.00)	(38,130)	(2.00)	(465,298)	(28.06)
Lapsed during the year	-	-	66,750	57.14	702,770	2.00	652,860	2.00	1,422,380	4.59
	(-)	(-)	(77,500)	(18.97)	(422,220)	(2.00)	(663,400)	(2.00)	(1,163,120)	(3.13)
Outstanding at the year end	-	-	179,250	66.07	2,904,239	2.00	6,583,746	2.00	9,667,235	3.19
	(-)	(-)	(427,750)	(62.79)	(3,632,751)	(2.00)	(5,203,906)	(2.00)	(9,264,407)	(4.81)
Exercisable as at the year end	-	-	179,250	66.07	246,094	2.00	428,988	2.00	854,332	15.44
	(-)	(-)	(427,750)	(62.79)	(271,836)	(2.00)	(548,099)	(2.00)	(1,247,685)	(22.84)

Previous year figures are given in bracket

Notes to Financial Statement

c) The weighted average share price of options exercised on the date of exercise was ₹ 215.29 per share and ₹ 220.80 per share for the year ended December 31, 2017 and December 31, 2016 respectively.

d) Range of exercise price and weighted average remaining contractual life (in months) for the options outstanding:

Range of exercise price	As ast 31st December 2017		As ast 31st December 2016		As at 1st January 2016	
	Options/ RSU's (Nos)	Life	Options/ RSU's (Nos)	Life	Options/ RSU's (Nos)	Life
2- 12.45	9,487,985	38	8,836,657	47	9,263,738	55
40.28	-	-	57,000	7	57,000	19
59.08 - 79.85	179,250	3	370,750	15	523,775	27
Total	**9,667,235**		**9,264,407**		**9,844,513**	

e) The fair values of the RSU's granted in year 2017 and 2016 are determined using Black Scholes Option pricing model using following assumptions:

Particulars	Year 2017	Year 2016
Weighted Average fair value (₹)	232.32	189.47
Weighted Average share price (₹)	247.04	213.63
Dividend Yield (%)	1.40- 2.82	3.73- 4.14
Expected Life (years)	1.25- 4.35	1.32-3.85
Risk free interest rate (%)	6.26- 6.73	6.41- 7.42
Volatility (%)	28.97- 37.13	37.03- 39.39

The expected volatility is determined based on historical volatility.

27 Employee benefit plans

i) Provident Fund, Superannuation Fund and Other Similar Funds

Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary. In respect of the Company's employees enrolled with the Hexaware Technologies Limited Employees Provided Fund Trust (the 'Trust'), the Company pays a part of the contributions to the Trust. The remaining portion of Company's contribution in respect of such employees and entire contribution in respect of other employees is contributed to the Government administered employee Provident and Pension Fund.

The interest rate payable by the Trust to the beneficiaries every year is being notified by the Government. The Company has an obligation to make good the short fall, if any, between the return from the investments of the trust and the notified interest rate. The actuary has accordingly provided a valuation and based on the fund position and assumptions mentioned below, there is no shortfall as at December 31, 2017.

(₹ Million)

Particulars	As at 31st December 2017	As at 31st December 2016	As at 1st January 2016
Present value of benefit obligation	2,934.93	2,529.28	2,178.84
Fair value of plan assets	2,934.93	2,529.28	2,178.84
Expected Investment Return	8.75%	8.68%	8.91%
Remaining term of maturities of plan assets	6.35 years	6.97 years	7.41 years
Expected guaranteed interest rates	8.65%	8.65%	8.75%

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

During the year, the Company has recognized expenses towards contributions to provident fund and other funds and superannuation funds of ₹ 317.03 million (Previous year ₹ 280.85 million) and ₹ 8.33 million (Previous year ₹ 5.04 million), respectively.

ii) Gratuity Plan

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

The following table sets out the status of the gratuity plan for the year ended December 31 : (₹ Million)

Particulars	Year 2017	Year 2016
Change in Defined Benefit Obligation		
Opening defined benefit obligation	**647.55**	**544.30**
Current service cost	133.19	116.35
Interest cost	41.71	42.08
Adjustment for remeasurement of defined benefit plan		
- Actuarial loss/(gains) arising from change in financial assumptions	(30.83)	91.50
- Actuarial loss/(gains) arising from change in demographical assumptions	(20.31)	(2.94)
- Actuarial loss/(gains) arising on account of experience changes	(52.09)	(83.37)
Benefits paid	(60.16)	(60.37)
Closing defined benefit obligation	**659.05**	**647.55**
Change in the Fair Value of Assets		
Opening fair value of plan assets	**440.89**	**415.27**
Interest on plan assets	31.21	34.87
Remeasurement due to actual return on plan assets less interest on plan assets	-	(2.74)
Contribution by employer	137.83	53.86
Benefits paid	(60.16)	(60.37)
Closing fair value of plan assets	**549.78**	**440.89**
Net liability as per actuarial valuation	**109.27**	**206.66**
Expense charged to statement of profit and loss:		
Current service cost	133.19	116.35
Net Interest on defined benefit plan	10.49	7.24
Total Included in Employment expenses	**143.68**	**123.59**
Amount recognised in other comprehensive income:		
Remeasurement of defined benefit plan due to -		
- changes in financial assumptions	(30.83)	91.50
- changes in demographical assumptions	(20.31)	(2.94)
- Experience adjustments	(52.09)	(83.37)
- Actual return on plan assets less interest on plan assets	-	2.74
Total amount recognised in other comprehensive income	**(103.24)**	**7.93**
Actual return on plan assets	**31.22**	**32.13**
Category of assets - Insurer Managed Fund #	**549.78**	**440.89**

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

The Company is expected to contribute ₹100 million to gratuity funds for the year ending December 31, 2018

Financial assumptions at the valuation date	Year 2017	Year 2016
Discount rate	7.45%	6.70%
Rate of increase in compensation levels of covered employees *	6% to 10%	6% to 10%
Rate of Return on Plan assets	7.45%	6.70%

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

Notes to Financial Statement

The following table summarises the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points:

Impact on defined benefit obligation	**As at 31st December 2017**	
	Discount Rate	**Salary Escalation Rate**
Increase in 50 bps	-4.21%	4.49%
Decrease in 50 bps	4.52%	-4.22%

Impact on defined benefit obligation	**As at 31st December 2016**	
	Discount Rate	**Salary Escalation Rate**
Increase in 50 bps	-5.02%	5.36%
Decrease in 50 bps	5.44%	-5.00%

Projected plan cash flow

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date.

Maturity profile	**₹ Million**
Year 1	62.85
Year 2	57.42
Year 3	54.69
Year 4	55.20
Year 5	55.13
Thereafter	**1,183.20**

The weighted average duration to the payment of these cash flows is 8.72 years.

28 Segments

As per Ind AS 108 on "Operating Segments", segment reporting information has been provided under the notes to the consolidated financial statements.

29 Corporate Social Responsibility

a) Gross Amount required to be spent by the Company during the year is ₹ 82.97 million (Previous year ₹ 80.68 million)

b) Amount spent during the year on :

₹ Million

Sr. No.	**Particulars**	**Amount Paid**	**Amount yet to be paid**	**Total**
1	Construction/ acquisition of any asset	- (-)	- (-)	- (-)
2	On purpose other than (1) above	70.02 (40.75)	0.15 (0.46)	70.17 (41.21)

30 Contingent liabilities and commitments

30.1 **Contingent liabilities**

Claims not acknowledged as debt ₹ 28.14 million (₹ 28.14 million as at December 31, 2016 and ₹ 28.14 million as at January 1, 2016), being a claim from landlord of a premise occupied by the Company in an earlier year. The Company is confident of successfully contesting the aforesaid matter and does not expect any outflow on this count.

30.2 **Claims for taxes on income**

Where Company is in appeal

Income tax demands of ₹ 9.59 million (₹ 9.59 million as on December 31, 2016 and ₹ 9.74 million as on January 1, 2016) have been raised in respect of assessments completed in earlier year, arising from certain disallowances by the Income tax authorities. The Company has appealed against the orders and based on merit, expects favourable outcome. Hence, no provision against such demand is considered necessary.

30.3 Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) ₹ 56.90 million (₹ 280.93 million as at December 31, 2016 and ₹ 1,722.76 million as at January 1, 2016)

31 The shareholders of the Company at its extra ordinary general meeting held on April 24, 2017 ("The Transferor Company") approved the scheme of the merger of Risk Technology International Limited ("RTIL"), a wholly owned subsidiary with itself, which was approved by the National Company Law Tribunal ("NCLT") vide its order dated July 6, 2017. In accordance with the scheme and Appendix C to the Ind AS 103 Business Combination, the said merger has been accounted using the pooling of interest method.

a) All assets and liabilities have been recorded at their respective carrying values, after eliminating inter-company balances.

b) The share capital of RTIL of ₹ 95 million has been adjusted against the investment in the books of the Company of ₹ 93.50 million and the resultant difference of ₹ 1.50 million has been credited to the Capital Reserve.

c) The accumulated debit balance of Profit and Loss of RTIL is adjusted to the General Reserve amounting to ₹ 18.04 million.

d) The financial statements and information in respect of prior periods are restated as if the said merger had occurred from the beginning of the preceding period i.e. January ,1 2016. Material restatement to assets and liabilities after eliminating inter company balances are stated below :

(₹ Million)

Sr. No.	Particulars	As at 31st December 2016	As at 1st January 2016
1	**Non current assets:**		
	Capital work-in-progress	1,070.54	76.76
	Capital advances	20.95	129.79
	Prepaid expenses	268.61	271.82
2	**Current other financial liabilities**		
	Capital Creditors	143.58	28.18

32 Disclosure pursuant to amount due to Micro, Small and Medium enterprise is as under:

(₹ Million)

Particulars	As at 31st December 2017	As at 31st December 2016	As at 1st January 2016
Amount due to vendor	-	-	-
Principal amount paid (includes unpaid beyond the appointed date)	0.57	2.48	-
Interest due and paid /payable for the year	-	-	-
Interest accrued and remaining unpaid	-	-	-

Due to Micro, Small and Medium enterprise have been determined to the extent such parties have been identified on the basis of information collected by the management.

33 Material events after Balance Sheet date

There is no significant event after reporting date which requires adjustments or disclosure to the financial statements except the matter mentioned below:

The Board of Directors, at its meeting held on February 7, 2018 has declared interim dividend of ₹ 1/- per equity share (50 %). This would result in cash outflow of ₹ 357.23 Million including corporate dividend tax of ₹ 60.42 million.

34 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on February 7, 2018.

CONTACT US

UNITED STATES
NA Head Office
101 Wood Avenue South,
Suite 600, Iselin,
New Jersey 08830, USA
Tel. : 609-409-6950
Fax.: 609-409-6910

Development Center
Alpharetta
Lakeview I, 1105 Lakewood
Parkway, Alpharetta, GA 30009

Reston
13461 Sunrise Valley Dr.,
Reston, VA 20171

Atlanta
5775 Peachtree Dunwoody Road,
Suite 600, Atlanta, GA 30342

Sales
Dallas Communications Complex
- 400 East Royal Lane, Building 3,
Suite 290 # 02 , Irving, Texas

CANADA
2 Robert Speck Parkway,
Suite # 735, Mississauga,
Ontario L4Z 1 H8
Tel.: 905-276-3673 ext. 2502
Fax: (905) 306-7542

MEXICO
Av. San Angel # 240, Piso 3,
Valle San Agustin, Saltillo, Coahuila,
Mexico, C.P. 25215
Tel.: +52 (844) 8961180
Fax: +52 (844) 8960001

RUSSIA
Building 7, Industrialnaya street,
Tverskaya obl, Tver,
Russian Federation - 170100

BRAZIL
Alameda Santos,
1470, Conjunto 704,
CEP 01418 -100
Sao Paulo - SP, Brasil

UNITED KINGDOM
Level 19
40 Bank Street, London E14 5NR
Tel.: +44 (0)2077 154 100
Fax: +44 (0)2077 154 101

GERMANY
B5 Atricom, Lyonerstrasse 15
D-60528 Frankfurt am Main,
Germany
Tel.: +49 (0) 69 244 50 66 0
Fax: +49 (0) 69 244 50 66 99

FRANCE
37 rue Collange
92300 Levallois Perret
Paris, France
Tel.: +33 1 42708188
Fax: + 33 1 42706665

NETHERLANDS
Holland office center,
Building No.2, Kruisweg 823,
2132 NG, Hoofddorp,
The Netherlands
Tel.: + 31 23 5570962
Fax: +3123 557 5538

SWITZERLAND
Chemin Frank Thomas
34-1208 GENEVA
Case Postale 6550
1211 Geneva 6
Switzerland
Tel.: +41 22 737 49 20
Fax: +41 22 735 5188

AUSTRIA
Am Heumark 13,
1030 VIENNA,
AUSTRIA
Tel. : + 43 1 717630
Fax: + 43 1 7176350

SPAIN
C SANTALO 10 PLANTA 1,
08021 BARCELONA,
SPAIN
Tel.: +34 932411670
Fax: +34 932008220

LATVIA
Dignajas iela 3C - 16A
Riga LV-1004, LATVIA

ROMANIA
AFI Park 4, 2nd Floor
4A Timisoara Blvd., District 6,
061328 Bucharest, Romania

SWEDEN
Tellusvagen 5 A,
186 36 Vallentuna
Stockholm
Sweden

SINGAPORE
180 Cecil Street
#11-02 Bangkok Bank Bldg.,
Singapore - 069546

JAPAN
6F VORT Kanda,
1-3-1, Kajicho Chiyoda-ku,
Tokyo 101-0044, Japan
Tel.: +81+3258-5162
Fax: +81-3-3258-5163

AUSTRALIA
Level 26,
44 Market Street Sydney, NSW
Australia - 2000

UNITED ARAB EMIRATES
P.O. Box No.: 293808,
Dubai Airport Free Zone,
Dubai, UAE
Tel.: +971 47017298
Fax: +971 47017299

SAUDI ARABIA
Kingdom of Saudi Arabia
Office No . 406- A,
Al Olaya Mazaya Tower, Riyadh

CHINA
Room 711,7/F, Main Tower,
Guangdong International Building,
339 Huanshi Road East,
Yuexiu District,
Guangzhou, 510 098. PR China,
Phone: +86 20 36105253

HONG KONG
RM 1906, 19/F, Lee Garden one,
33, Hysan Avenue Causeway Bay,
Hong Kong

INDIA
Mumbai
REGISTERED OFFICE
152, Millennium Business Park,
Sector - III, 'A' Block,
TTC Industrial Area, Mahape,
Navi Mumbai - 400 710.
Tel.: 91-22-67919595
Fax: 91-22-67919500

Bldg I, Millennium Business Park,
Sector - III, 'A' Block,
TTC Industrial Area Mahape,
Navi Mumbai - 400 710.
Tel.: +91-22-67561000
Fax: +91-22-2778 2322

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

Hexaware - BPS
Bldg No.3, Sector - II, 'A' Block,
Millennium Business Park,
TTC Industrial Area, Mahape,
Navi Mumbai - 400 710.
Tel.: +91-22-27783300
Fax: +91-22-27782370

Hexaware - Mumbai SEZ
Loma IT Park Developers Pvt.Ltd.,
IT/ITES SEZ, Plot No. G4/1, Ground
floor, TTC Industrial Area, Mahape,
Thane Belapur Road, Ghansoli,
Navi Mumbai - 400 710

Pune
Plot No. 19, Rajiv Gandhi Infotech
Park, MIDC-SEZ,
Hinjewadi, Phase III,
Pune - 411 057.
Tel.: +91-020-4212 8000
Fax: +91-020-4212 8500

Nagpur
Hexaware - BPS
Survey No. (Part) 38,39,41,42
and 43 in Village Khapri &
Dahegoan, MIHAN, SEZ-MADC.
Nagpur - 441 108.
Tel.: +91-7104-660800
Fax: +91-7104-660801

Chennai Campus
H5, sipcot IT Park, Navallur Post,
Siruseri, Kancheepuram District,
Chennai - 603 103.
Tel.: +91-44-47451000
Fax: +91-44-27470111

Hexaware - BPS
Prince Infocity II, 2nd floor,
No.283/3A, 283/4A & 283 /4B,
No.141, Kottivakkam Village,
Kandanchavadi,
Chennai - 600 096, Tamilnadu.
Tel.: +91-44-6630 7000
Fax: +91-44-6630 7010

Hexaware - BPS
North Block, Phase II,
IG-3, Infra Limited SEZ,
Pallavaram - Thoraipakkam 200
Ft Rd, Thoraipakkam,
Chennai - 600 097, Tamilnadu.
Tel.: +91-44 - 4679 1300

Bengaluru
"Indiqube Zeta"
2nd Floor, BBMP Khata No.
835/39/1124/765
Survey # 49/5,52/1,52/2,53 and 54
Kaikondrahalli Village,
Varthur Hobli,
Sarjapur Main Road,
Bengaluru - 560 035.

Coimbatore
Hexaware - BPS
A-3, Elysium Central, 2nd Floor,
A-Wing, Puliyakulam Road,
Sungam Junction,
Opp Carmel Garden School,
Ramanathapuram,
Coimbatore - 641 045.

Noida
Advant IT Park Private Limited
Tower -II
Unit No. B-202 , 2nd Floor
Plot No. 7, Sector -142
Expressway Noida
Noida, Delhi. Pin - 201305

HEXAWARE

HEXAWARE TECHNOLOGIES LIMITED

Registered Office: Bldg 152, Millennium Business Park, Sector III, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.
Phone : 022 - 4159 95 95; Fax : 022 -4159 9578 | website : www.hexaware.com; email : Investori@hexaware.com
CIN: L72900M H1992PLC069662

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Company: HEXAWARE TECHNOLOGIES LIMITED

Registered Offce: Bldg 152, Millennium Business Park, Sector III, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710

Name of the member		
Registered Address		
E-Mail ID		
DP ID		Folio No/ Client ID:

I/ We being the member (s) holding ____________ Shares of the above named company, hereby appoint

1. Name ______________________________
   Address: ______________________________
   Email ID ______________________________
   Signature: ______________________________ ., or failing him/her
2. Name ______________________________
   Address: ______________________________
   Email ID ______________________________
   Signature: ______________________________ ., or failing him/her
3. Name ______________________________
   Address: ______________________________
   Email ID ______________________________
   Signature: ______________________________

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the Company, to be held on Thursday, May 03, 2018 at 3.00 p.m. at 4th Floor, Rangaswar Auditorium, Yashwantrao Chavan Centre, General Jagannath Bhosale Marg, near Mantralaya, Mumbai 400 021 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No:

1. Adoption of accounts
2. Confirmation of dividend
3. Re-appointment of Mr. Jimmy Mahtani
4. Appointment of Statutory Auditors
5. Appointment of Mr. P R Chandrasekar as a Non-Executive Independent director
6. Re-appointment of Mrs. Meera Shankar as a Non-Executive Independent director

Affix
₹ 1/-
Revenue
Stamp

Signed this ____________ day of ____________,2018.

Signature of the shareholder

Signature of Proxy holder(s)

Note: 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any onther Member.

HEXAWARE

HEXAWARE TECHNOLOGIES LIMITED

Registered Office: Bldg 152, Millennium Business Park, Sector III, A Block, TTC Industrial Area, Mahape, Navi Mumbai - 400 710.
Phone : 022 - 4159 95 95; Fax : 022 -4159 9578 | website : www.hexaware.com; email : Investori@hexaware.com
CIN: L72900MH1992PLC069662

ATTENDANCE SLIP

Full Name of the Shareholder / Proxy
(in Block Letters) ______________________________

Folio No. or Client / DP ID No.: ______________________________

No. of Shares held.: ______________________________

I /we hereby record my presence at the 25th Annual General Meeting of the Company held on Thursday, May 03, 2018 at 3.00 p.m. at 4th Floor, Rangaswar Auditorium, Yashwantrao Chavan Centre, General Jagannath Bhosale Marg, near Mantralaya, Mumbai - 400 021.

______________________	______________________
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.)












HEXAWARE

152, Millennium Business Park, Sector - III, 'A' Block,
TTC Industrial Area, Mahape, Navi Mumbai - 400 710
Tel.: +91 22 4159 9595 | Fax: +91 22 4159 9578 | www.hexaware.com

Email: Investori@hexaware.com | CIN: L72900MH1992PLC069662

WYATT Prism COMMUNICATIONS (info@wyatt.co.in)

Printed at Repro