"Chairman's Communique"

Dear Shareholder,

DIFFERENT PEOPLE – ONE HEXAWARE, this is the new mantra each and every Hexawarian is extremely proud of.

At Hexaware Technologies, we have close to 7000 people working in 18 nations spread across 32 offices worldwide. These are people who originate in different regions, have diverse cultures, speak different languages and come from various parts of the world. But at Hexaware they all have a common thread that unites them. This unity is driven by a purpose and a passion that each Hexawarian exudes. The binding factor that determines this unity is the will and commitment:

- to make a difference to our clients,
- to build careers of our employees and mentor them and
- to create shareholder value.

Individuals from different backgrounds, be it an Indian, an American, a Canadian, a Mexican, a Chinese, a Japanese, an Australian, a Singaporean, a Malaysian, or people belonging to different countries in Europe – England, Germany, France, Belgium, Holland all are united under one common umbrella – HEXAWARE.

Passion, excellence, continuity, relationship building, commitment and values are a few of the pillars of this ONE HEXAWARE while our employees, clients, business partners, investors and stake holders together form our foundation.

Any company which has a strong foundation and strong pillars can withstand the test of times. We at Hexaware strongly believe these pillars and the foundation are and will be the driving force of our success now and in the years to come.

The year 2007 has been a year of achievements and challenges for us at Hexaware. The global headcount figure crossed the 7000 mark. The record client addition of 66 during the year took the total number of active clients to 175. Currently your Company has 60 Fortune 500 / Global 500 clients. We also acquired 10 acres of land in Nagpur, a tier II city, at a SEZ location. This is in addition to the SEZ lands we possess in Chennai and Pune. Also, Hexaware has a 14 acre land in Navi Mumbai, expected to be declared as a SEZ soon. This year witnessed Hexaware expanding its boundaries further internationally, with the second delivery center in Mexico.

We completed the first full year of FocusFrame's operations as a wholly owned subsidiary of Hexaware and launched a joint venture Risk Tech in 2007, where Hexaware owns 85% stake.

During this year, we also witnessed a number of challenges. Strengthening of the rupee, escalating costs, global slowdown were some of the hindrances we faced.

I would also like to share with you some of our achievements during the year:

- We moved a notch higher on the NASSCOM rankings of the top 20 IT Software and Service Exporters from India and ranked 11th this year (2006- 2007).

- Your company was selected among the Leaders category for 'The 2007 Global Outsourcing 100' by the International Association of Outsourcing Professionals (IAOP).

- Your company was positioned by Gartner Inc. in the niche quadrant for 'Magic Quadrant for ERP Service Providers and Offshore Applications Services, North America 2007' report.

- Your company continues to rank among the Top 20 Best IT employers in India by DQ-IDC. A highlight this year was our ranking among the top 3 employers with highest number of women working for the organisation and ranking second for the highest number of women in the managerial cadre.

- 'Tomorrow's Giants' - that's what Businessworld, one of the leading business magazines in India, identified us as.

- Your company featured again in BusinessWeek's annual list of Asia's Hot Growth Companies this year. Of the 13 companies that made it to this prestigious list, Hexaware ranked sixth among the Indian companies and first among the Indian IT companies.

As we stride towards 2008, we will optimize the opportunities that come our way and continue to invest in competency building, so that we can achieve the goals we have set for ourselves.

As I conclude, I want to express my heartfelt gratitude to all our employees, our clients, our business partners, our investors and our stakeholders for their support and belief in us and for standing by us at all times. All the different people involved to create ONE HEXAWARE. We at Hexaware believe in the abilities of these different people who come together to form one Company.

I am grateful to you, the shareholders for partnering with Hexaware and we look forward to your ongoing support in all our future endeavours.

We truly cherish and value your commitment to Hexaware.

Yours Sincerely,

Atul K. Nishar
Executive Chairman

Date: June 2, 2008

BOARD OF DIRECTORS

ATUL K. NISHAR
Executive Chairman

P. R. CHANDRASEKAR
Global CEO & Vice-Chairman

RUSI BRIJ
Vice-Chairman

P. K. SRIDHARAN
President & Executive Director

L. S. SARMA
Director

DR. (MRS.)ALKA A. NISHAR
Director

MARK DZIALGA
Director

DR. BAKUL DHOLAKIA
Director

SHAILESH HARIBHAKTI
Director

PREETI MEHTA
Director

S. K. MITRA
Director

SUNISH SHARAMA
Alternate Director to Mark Dzialga

PRATEEK AGGARWAL
Chief Finance Officer

MR. BHAGWANT P. BHARGAWE
Company Secretary

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

BANKERS
IDBI BANK
CITI BANK

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

REGISTRAR & SHARE TRANSFER AGENT
Sharepro Services (India) Private Limited
Unit : Hexaware Technologies Limited
3rd Floor, Satam Estate, Cardinal Gracious Road,
Andheri (East), Mumbai – 400099.
Tel : 2821 5168 - 69
Fax : 2837 5646

MANAGEMENT TEAM

Atul K. Nishar
Founder and Executive Chairman

P. R. Chandrasekar
Global CEO & Vice-Chairman

Rusi Brij
Vice-Chairman

P. K. Sridharan
President & Executive Director

Sunil Surya
President – Europe Operations

Ashok Bildikar
President – BPO

Yogendra Shah
Sr. Vice President – Asia Pacific

Moorthi Chokkanathan
Executive Vice – President
& Head – India Operations

Ramanan R V
Chief Software Architect
& Head – Global Delivery

G. R. Raju
Chief Technology Officer &
Head – Insurance Practice

Prateek Aggarwal
Chief Finance Officer

Deependra Chumble
Chief People Officer

Bhagwant Bhargawe
Head - Legal & Company Secretary

CONTENTS

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of Hexaware Technologies Limited will be held on Monday, the 30th day of June, 2008 at 4.00 p.m. at M. C. Ghia Hall, 2nd floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai-400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended December 31, 2007 and the Balance Sheet as on that date together with the Reports of the Board of Directors' and Auditors' thereon.

2. To confirm an interim dividend declared on equity shares as final dividend.

3. To confirm an interim dividend declared on preference shares as final dividend.

4. To appoint a Director in place of Mr. L. S. Sarma, who retires by rotation, and being eligible, offers himself for re-appointment.

5. To appoint a Director in place of Mr. Mark Dzialga, who retires by rotation, and being eligible, offers himself for re-appointment.

6. To appoint a Director in place of Mr. Shailesh Haribhakti, who retires by rotation, and being eligible, offers himself for re-appointment.

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

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

SPECIAL BUSINESS:

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

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

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

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

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

    "RESOLVED THAT pursuant to the provisions of Section 314 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Mr. P. R. Chandrasekar, Director of the Company to hold an office or place of profit as a Director of Hexaware Technologies Inc., USA, a wholly owned subsidiary of the Company and to the payment of remuneration of a sum not exceeding US $ 1,200,000 (US Dollar Twelve Lakhs only) per annum by Hexaware Technologies Inc., USA in addition to other benefits as per the rules of the company and the annual increment being not exceeding 15% per annum, in his capacity as a Director of Hexaware Technologies Inc., USA."

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

    "RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the ESOP Guidelines") [including any statutory modification(s) or re-enactment of the Act or the ESOP Guidelines for the time being in force], the Listing Agreement entered into with the Stock Exchanges where the securities of the Company are listed or other relevant authority, from time to time, to the extent applicable and subject to such other conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Remuneration & Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), the Board be and is hereby authorized to create, grant/offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including Directors of the Company, whether working in India or abroad or otherwise, except the Promoter Directors, under the Employee Stock Option Scheme–2008 (hereinafter referred to as the "ESOP Scheme 2008"], such number of equity shares and/or equity linked instruments (including Options/Warrants), and/or Restricted Stock Units (RSU's), and/or Performance Options, exercisable into equity shares, and/or any other instruments or securities (hereinafter collectively referred to as "Securities") which shall not exceed two percent of the issued equity shares of the Company as on the date of grant of option(s) convertible into equivalent number of Securities, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board/Committee.

RESOLVED FURTHER THAT the said Securities may be granted/allotted directly to such employees/ directors of the Company in accordance with the ESOP Scheme 2008, framed and as tabled before the Board or ESOP Scheme 2008 or through a trust which may be set up by the Board/Committee of Directors of the Company in any permissible manner.

RESOLVED FURTHER THAT the issue of Securities to any non-resident employee(s), non-resident Director(s) shall be subject to such approvals, permissions or consents as may be necessary from Reserve Bank of India or any other relevant authority in this regard.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the ESOP Guidelines.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted upon exercise under the ESOP Scheme 2008, on the stock exchanges where the Company's shares are listed as per the terms and conditions of the listing agreement entered into with the stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue or allotment or listing of the Securities under the ESOP Scheme 2008 or through trust, the Board/Committee be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect and make any modifications, changes, variations, alterations or revisions in the said ESOP Scheme 2008 or to suspend, withdraw or revive the ESOP Scheme 2008 from time to time as per the discretion of the Board/Committee and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board/Committee to secure any further consent or approval of the shareholders of the Company.**"**

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the ESOP Guidelines") [including any statutory modification(s) or re-enactment of the Act or the ESOP Guidelines for the time being in force], the Listing Agreement entered into with the Stock Exchanges where the securities of the Company are listed or other relevant authority, from time to time, to the extent applicable and subject to such other conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Remuneration & Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), the Board be and is hereby authorized to create, grant/offer, issue and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Subsidiary Company(ies), including Directors of the Subsidiary Company(ies), whether working in India or abroad or otherwise, except the Promoter Directors, under the Employee Stock Option Scheme – 2008 [hereinafter referred to as the "ESOP Scheme 2008"], such number of equity shares and/or equity linked instruments (including Options/

Warrants), and/or Restricted Stock Units (RSU's), and/or Performance Options exercisable into equity shares, and/or any other instruments or securities (hereinafter collectively referred to as "Securities") (subject to the ceiling limit referred to in resolution 11 above) which shall not exceed two percent of the issued equity shares of the Company as on the date of grant of option(s) convertible into equivalent number of Securities including permanent employees of the Company, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board/Committee.

RESOLVED FURTHER THAT the said Securities may be granted/allotted directly to such employees/ directors of the Company in accordance with the ESOP Scheme 2008 framed as tabled before the Board or ESOP Scheme 2008 framed through a trust which may be set up by the Board/Committee of Directors of the Company in any permissible manner.

RESOLVED FURTHER THAT the issue of Securities to any non-resident employee(s), non-resident Director(s) shall be subject to such approvals, permissions or consents as may be necessary from Reserve Bank of India or any other relevant authority in this regard.

RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the existing equity shares of the Company.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the ESOP Guidelines.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of the Securities allotted upon exercise under the ESOP Scheme 2008, on the stock exchanges where the Company's shares are listed as per the terms and conditions of the listing agreement with the stock exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue or allotment or listing of the Securities under the ESOP Scheme 2008 or through trust, the Board/Committee be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect and make any modifications, changes, variations, alterations or revisions in the said ESOP Scheme 2008 or to suspend, withdraw or revive the ESOP Scheme 2008 from time to time as per the discretion of the Board/Committee and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties or doubts that may arise in this regard without requiring the Board/Committee to secure any further consent or approval of the shareholders of the Company."

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

    "RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act"), and in accordance with the provisions of the Memorandum and Articles of Association of the Company, provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the ESOP Guidelines") [including any statutory modification(s) or re-enactment of the Act or the ESOP Guidelines for the time being in force], the Listing Agreement entered into with the Stock Exchanges where the securities of the Company are listed, and such approvals, permissions or consents as may be necessary from Reserve Bank of India or any other relevant authority in this regard, from time to time, to the extent applicable and subject to such other conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Remuneration & Compensation Committee which the Board may constitute to exercise its powers, including the powers, conferred by this resolution), the Board be and is hereby authorized to grant/offer, issue and allot equity linked instruments (including Options/Warrants), and/or Restricted Stock Units (RSU's), and/or Performance Options exercisable into equity shares to Mr. P. R. Chandrasekar, Director of the Company and a Director of the Subsidiary Company under the Employee Stock Option Scheme 2002, 2007 or 2008 [hereinafter referred to as the "ESOP Schemes"], in any one year exceeding 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options, convertible into equivalent number of Securities at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board/Committee.**"**

By Order of the Board of Directors

Bhagwant Bhargawe

Company Secretary

Place: Mumbai

Date: June 2, 2008

Registered Office:

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

Registrar and Share Transfer Agent:

Sharepro Services (India) Private Limited

Unit: Hexaware Technologies Limited

Satam Estate, 3rd Floor, Cardinal Gracious Road, Andheri (E), Mumbai – 400 099.

NOTES:

1) The Explanatory Statements in respect of item nos. 8 to 13, pursuant to Section 173(2) of the Companies Act, 1956, are annexed hereto and form part of the Notice.

2) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3) Members/Proxies should bring the enclosed Attendance Slip duly filled in, for attending the Meeting.

4) All documents referred to in the Notice and Explanatory Statements are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) from 10.00 a.m. to 1.00 p.m. up to the date of the Meeting except holidays.

5) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 24th June, 2008 to Monday, 30th June, 2008 both days inclusive, in terms of the provisions of Section 154 of the Companies Act, 1956 and the applicable Clauses of the Listing Agreement entered into with the Stock Exchanges.

6) Those Members who have so far not encashed their dividend warrants for the financial year ended 31st December, 2000 onwards, may approach the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited, at the address mentioned elsewhere in the Notice for the payment without any further delay as the said unpaid dividend will be transferred to the Investor Education and Protection Fund of the Central Government pursuant to Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts which were unclaimed and unpaid for a period of 7 years and transferred to Investor Education and Protection Fund of the Central Government.

7) Members are entitled to nominate a person in whom his/her shares in the Company shall vest in the event of his/her demise by filling up Form No. 2B. The shareholders are requested to avail of this facility. The duly filled in and signed nomination form No. 2B should be sent to the Registrar and Share Transfer Agent, M/s. Sharepro Services (India) Private Limited at the address mentioned elsewhere in the Notice.

8) Members are requested to:

   (a) intimate to the Company's Registrar and Share Transfer Agent, changes, if any, in their respective addresses along with pin code number at an early date.

   (b) quote folio numbers in all their correspondence.

   (c) consolidate holdings into one folio in case of multiplicity of folios with names in identical order.

9) Non-Resident Indian Shareholders are requested to inform the Company immediately:

   (a) the change in the Residential Status on return to India for permanent settlement;

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

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

11) The Certificate from the Auditors of the Company certifying that the Employees Stock Option Scheme of the Company is being implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as amended, and in accordance with the resolution of the general meeting will be available for inspection to Members at the Annual General Meeting.

12) Members seeking any information relating to the Accounts may write to the Company Secretary of the Company at its registered office at 152, Millennium Business Park, Sector -III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai – 400 710, for the attention of Company Secretary or send an email at investorinfo@hexaware.com.

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

14) Re-appointment of Directors:

    At the ensuing Annual General Meeting, Mr. L. S. Sarma, Mr. Mark Dzialga and Mr. Shailesh Haribhakti retire by rotation and being eligible offer themselves for re-appointment. Approval of the members is sought for appointment of Mr. S. K. Mitra and Mr. P. R. Chandrasekar, Additional Directors, as Directors liable to retire by rotation. The information pertaining to these Directors to be provided in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges are furnished in the Statement on Corporate Governance published in this Annual Report.

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

ITEM NO. 8

The Board of Directors of the Company appointed Mr. S. K. Mitra as an Additional Director with effect from November 30, 2007 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. He holds office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a Member proposing the candidature of Mr. S. K. Mitra as a Director of the Company.

Mr. S. K. Mitra has done M. Sc. from Kolkatta University and Masters of Business Administration from USA. He started his career with Standard Chartered Bank where he was instrumental in advising several domestic and international business houses in setting up manufacturing projects in India, assisted in respect of regulatory approvals, in structuring project financing and raising funds from Banks, Financial Institutions and the capital markets. He was also involved in Merger and Amalgamation (M&A) activities on behalf of Corporate Clients.

He joined American Express Bank in 1985 and was the Head of Corporate Banking and Investment Banking in India. He switched over to asset management in 1990 in the early stage of development of the industry in India and set up the GIC Mutual Fund.

He joined the Aditya Birla Group as Director, Financial Services in June 1994 and was responsible for setting up the highly respected and successful financial services activities for the Group.

He was a member of Board, Executive Committee, Investment Committee, Audit Committee of various companies in financial services of Birla Group including on the Board of Aditya Birla Nuvo, one of the flagship companies of the said Group.

He has been on the Board of Aditya Birla Management Corporation Ltd. – the supervisory Board of the Group companies. He has vast experience in setting up and running new ventures in financial services, to develop differential business strategies for rapid growth, to develop and manage relationship with foreign multinational investors and in dealing with regulators.

He has contributed articles in reputed financial publications and has delivered talks in domestic and international conferences.

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

Except Mr. S. K. Mitra, none of the Directors is concerned or interested in the resolution.

ITEM NO. 9

The Board of Directors of the Company appointed Mr. P. R. Chandrasekar as an Additional Director with effect from June 2, 2008 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. He holds office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a Member proposing the candidature of Mr. P. R. Chandrasekar as a Director of the Company.

Mr. P. R. Chandrasekar holds a degree in Mechanical Engineering from the Indian Institute of Technology, Madras (IITM). He is also Masters of Business Administration from Jamnalal Bajaj Institute, University of Bombay. Mr. P. R. Chandrasekar joins us from a leading global software company from India where he has been responsible for strategic development of business in America and Europe. He headed Europe and oversaw the rapid growth of the said firm's business in the said market. He has been the head of Business Development, responsible for Mergers and Acquisitions, Channel Development and Dot Net Business resulting in the said firm becoming a leading IT services and BPO provider.

Mr. Chandrasekar started his career with ICI India in 1979 and thereafter switched over to a consulting firm in California in the year 1986 till 1995. He has also worked with GE Medical Systems based in India from 1995 till 2000.

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

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

ITEM NO. 10

Mr. P. R. Chandrasekar, Director of the Company has been appointed as Global Chief Executive Officer and Vice Chairman of the Board and would be actively involved with the management of the affairs of Hexaware Technologies Inc., USA, a wholly owned subsidiary of the Company and shall be instrumental in spearheading for the growth of the said subsidiary in the U.S. The Board of Hexaware Technologies Inc., USA, has appointed him as a member of its Board on a remuneration not exceeding US $ 1,200,000 (US Dollar Twelve Lakhs only) per annum, in addition to other benefits as per the rules of the company and the annual increment not exceeding 15% per annum in his capacity as a Director of Hexaware Technologies Inc., USA.

The remuneration payable to Mr. P. R. Chandrasekar by Hexaware Technologies Inc., USA would be in excess of the limits prescribed under section 314 and would tantamount to holding an office or place of profit in the said subsidiary, which would necessitate prior approval of the shareholders by a Special Resolution.

Your Directors recommend the Resolution at Item No. 10 for your approval.

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

ITEM NO. 11 & 12

The Board has identified the need to recognize and reward the talent and contribution of permanent employees of the

Company including employees of the subsidiary companies and to enable them to participate in the growth and financial success of the company. In view of the above, the Board has formulated a Scheme in accordance with the ESOP Guidelines, 1999 to offer securities to the employees (including employees of the subsidiary companies) under the "Employee Stock Option Scheme – 2008" (ESOP Scheme 2008). The Board has accordingly decided to seek approval of the shareholders of the Company.

Disclosures as per Regulation 6.2 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended:

Sr. No.	Particulars	Disclosures
1.	Total no. of Options / Restricted Stock Units (RSU's) / Performance Options / Shares / Securities that could be issued under the Scheme.	Up to two percent (2%) of the aggregate number of issued equity shares of the Company, from time to time, on the date(s) of grant of such Securities to eligible employees (or such other adjusted figure for any bonus, stock splits or consolidations or other re-organization of the capital structure of the Company as may be applicable from time to time).
2.	Identification of classes of employees entitled to participate in the ESOP	All employees of the Company and Subsidiary Companies, including Directors (including Whole-time Directors) of the Company and its subsidiaries and as may be decided by the Remuneration & Compensation Committee constituted for the purpose.
3.	Vesting, requirement of Vesting and maximum period of vesting	The vesting period shall commence on the expiry of one year from the date of grant of Securities, and may extend up to 4 years from the date of grant or such further or other period as the Board/Committee may determine, from time to time.The Securities would vest subject to continued employment with the Company or its subsidiaries. In addition to this, the Board/Committee may specify performance criteria/conditions to be met subject to which securities would vest in the employee. The Securities may vest in tranches subject to the terms and conditions stipulated by the Remuneration & Compensation Committee.
4.	Exercise Price or Pricing formula	The Securities would be issued at a market price (Exercise Price), which would be the latest available closing price on the Stock Exchange, which records the highest trading volume in the Company's equity shares on the date prior to the date of the meeting of the Board/Remuneration & Compensation Committee at which the Securities are granted or at such price as the Board/Remuneration & Compensation Committee may determine.
5.	Exercise Period and the Process of Exercise	The exercise period will commence from the date of vesting and will expire not later than 7th year from the date of the grant of the Securities or such other period as may be decided by the Remuneration & Compensation Committee, from time to time.
6.	Method of Valuation /Accounting of the Employee share based payment plans	Intrinsic Value Method.
7.	Appraisal process for determining the eligibility of the employees for ESOP	The appraisal process for determining the eligibility of the employees will be in accordance with the ESOP Scheme 2008 or as may be determined by the Remuneration & Compensation Committee at its sole discretion.
8.	Maximum number of options / Restricted Stock Units (RSU's) / Performance Options / Shares / Securities to be issued per employee and in the aggregate	The maximum number of options/Restricted Stock Units (RSU's) / Performance Options / Securities granted to any employee including Directors of the Company, except for Mr. Chandrasekar as mentioned in Resolution No. 13 hereof, in any one year will not exceed 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Company.
9.	Disclosure and Accounting	The Company will comply with the disclosure and accounting policies, as applicable. In case the Company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used fair value of the options shall be disclosed in the Directors' Report and also the impact of this difference on profits and Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.

In terms of the provision of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and ESOP Guidelines, 1999, approval of the shareholders is sought to the issue of Securities, pursuant the ESOP Scheme 2008, not exceeding in aggregate, two percent of the number of issued equity shares of the Company, from time to time, as on the date(s) of grant of securities under the ESOP Scheme 2008.

The number of options which the participants actually receive at the end of the performance period will be decided by the Board/Committee of Directors and will depend upon the achievement of Hexaware Technologies Limited's Performance targets. The performance levels will be reviewed for each subsequent grant to reflect the market conditions and internal financing planning. It is only an enabling resolution. As and when this limit gets exhausted in future, the Company will seek fresh approval from the Members.

The Board recommends the resolution as set out in item no. 11 & 12 of the Notice for your approval.

All of the Directors, except Mr. Atul K. Nishar – Executive Chairman and Dr. (Mrs.) Alka A. Nishar – Director of the Company may be deemed to be interested in the resolution to the extent of benefit they may derive under the ESOP Scheme 2008.

ITEM NO. 13

Guideline No. 6.3(B) of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("the ESOP Guidelines") prescribes for approval of shareholders of the Company by a separate resolution in the general meeting, if the grant of options to identified employee(s), including Directors of the Company, in any one year exceeds 1% of the issued equity share capital (excluding outstanding warrants and conversions) at the time of grant of options.

The Board proposes to grant equity linked instruments (including Options/Warrants), and/or Restricted Stock Units (RSU's), and/or Performance Options exercisable into equity shares to Mr. P. R. Chandrasekar, Director of the company and a Director of the Subsidiary Company, in aggregate, in excess of 1% of the issued equity shares of the Company under the prevailing Employee Stock Option Schemes at the time of grant, convertible into equivalent number of Securities, in one or more tranches, at such price, and on such terms and conditions as may be fixed or determined by the Board/Committee.

Your Directors recommend the Resolution at Item No. 13 for your approval.

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

By Order of the Board of Directors

Bhagwant Bhargawe
Company Secretary

Place : Mumbai
Date : June 2, 2008

Registered Office:

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

DIRECTORS' REPORT

To the members,

Your Directors are pleased to present their Fifteenth Annual Report, to the members, on the business and operations of Hexaware Technologies Limited (hereafter referred to as 'Hexaware') together with Audited Accounts for the financial year ended December 31, 2007.

Financial Performance:

Global Operations:

Year ended December 31	2007 Rs. Million	2006 Rs. Million	Y–o–Y Growth %
Income from Operations	10,398.03	8,482.14	22.6
Other Income	288.71	244.15	18.3
Total Income from Operations	10,686.74	8,726.29	22.5
Profit before Depreciation & Tax	1,468.91	1,561.34	(5.9)
Less: Depreciation	235.48	198.58	18.6
Profit before Taxation and Exceptional Items	1,233.43	1,362.76	(9.5)
Exceptional Loss – Loss on foreign currency transactions (net)	1,029.95	–	–
Profit Before Tax	203.48	1,362.76	(85.1)
Less: Provision for Taxation	132.69	120.43	10.2
Profit after Tax before Minority Interest	70.79	1,242.33	(94.3)
Minority Interest in loss of subsidiary	(1.50)	–	–
Profit after Tax and Minority Interest	72.29	1,242.33	(94.2)

India Operations:

Year ended December 31	2007 Rs. Million	2006 Rs. Million	Y–o–Y Growth %
Income from Operations	4,687.96	4,126.92	13.6
Other Income	269.45	490.12	(45.0)
Total Income from Operations	4,957.41	4,617.04	7.4
Profit before Depreciation, Tax & Exceptional Loss	1,132.54	1,382.98	(18.1)
Exceptional Loss on foreign currency transactions (net)	1,029.95	–	–
Less: Depreciation	165.87	156.70	5.9
Profit before Taxation	(63.28)	1,226.28	(105.2)
Less: Provision for Taxation	44.33	39.67	11.8
Net Profit after tax	(107.61)	1,186.61	(109.1)
Add: Balance b/f from previous year	1,608.66	904.06	
Balance available for appropriation	1,501.05	2,090.67	
Appropriation			
Transfer to/(from) General Reserve	–	200.00	
Interim Dividend*	128.37	112.65	
Proposed final Dividend	–	127.89	
Dividend for previous year	0.84	6.78	
Tax on Dividends	25.76	34.69	
Balance carried to Balance Sheet	1,346.08	1,608.66	

* Interim dividend includes dividend on Preference shares for the year 2007.

Results of Operations

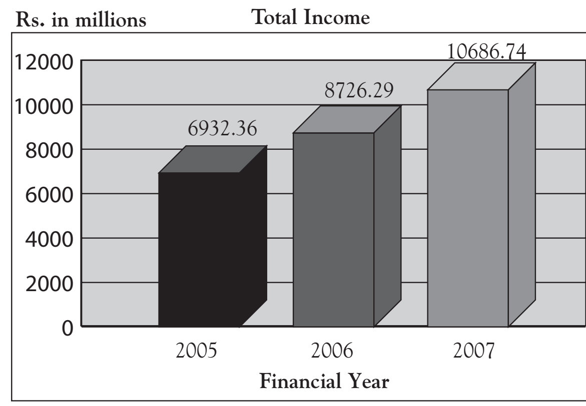
a) Global operations

Your Company has recorded a consolidated income (as per Indian GAAP) of Rs. 10,686.74 million in 2007 as compared to Rs. 8,726.29 million in 2006. The revenue from operations grew by 22.6% to Rs. 10,398.03 million in 2007 from Rs. 8,482.14 million in 2006. Your Company has achieved robust growth for the year 2007 from the global IT software services & BPO business.

Profit after Tax decreased by 94.2 % to Rs. 72.29 million in 2007 as compared to a profit of Rs. 1,242.33 million in 2006.Your Company has booked a net loss of Rs. 1,029.95 million as an exceptional one-off loss on foreign currency transactions which has adversely affected the profit after Tax of the company.

Some of the major achievements of your Company in 2007 are:

- During the year, 66 new clients were added, highest addition ever. The record client addition of 66 during the year took the total number of active clients to 175. Currently, your Company has 60 Fortune 500 / Global 500 clients.
- Your Company's strategy to mine high potential existing accounts has resulted in an increase in the million dollar clients from 41 to 54 . Out of above seven accounts were in the $5 - $10 million band and four clients billed more than $10 million each on a trailing twelve month basis.
- The year 2007 saw a healthy order book addition for your company, in each of the quarters, both from existing and new clients. Many new orders booked in 2007 from existing clients were for higher revenue commitments. For instance, your Company has signed a multi-million dollar deal with one of its largest existing clients to manage a set of internal applications including Enterprise Applications and customized applications in BA/ BI and Testing Solutions. The total size of the 3-year deal is in excess of $18 million and provides for 30% increase over the current revenue with the same client.
- One of Hexaware's strategic customers extended the duration of their total application management contract by another three years. Hexaware has been managing a set of internal applications including BI/BA, PeopleSoft, Siebel and Mainframe Systems for the past 3 years. The total size of the deal is in excess of $50 million.
- In the last quarter of the year, Focus Frame, a subsidiary of your company, added one of the world's largest broad-based manufacturers of health care products as its first client to deliver software services from India-based delivery centers.



- During the second half of the financial year, your company added a leading integrated multi-module core-banking application developer as a strategic partner. Through this alliance, your company has added one of the largest Mexican retail bank as a client for implementing specific modules of the core-banking application. This relationship is being nurtured and delivered from the global delivery center based in Mexico, the newly opened development centre.
- During the last quarter of 2007, your company added a marquee client in the financial valuation, pricing and data services. Building on this significant new win, your company plans to launch a new service offering with this unique combination of IT and BPO services in the BFSI domain.

b) India operations

Your Company has recorded a total income of Rs. 4,957.41 million in 2007 compared to Rs. 4,617.04 million in 2006, demonstrating a growth of 7.4%. The revenue from the Software business grew by 13.6% to Rs. 4,687.96 million in 2007 from Rs. 4,126.92 million in the previous year. The net loss after tax was 107.61 million as compared to a profit of Rs. 1,186.61million in 2006 mainly due to booking of a net loss of Rs. 1,029.95 million as an exceptional one-off loss on foreign currency transactions.

Your Company has successfully unwound all the foreign exchange option contracts and had provisioned for the financial loss arising from the same in last quarter of 2007, with no carryover to 2008.

Reserves

During the year, your Company does not propose to transfer any amount to the General Reserve.

Dividend

a) **Preference Dividend**

During the year 2007, your Company paid an amount of Rs. 2,19,42,638/- as interim dividend @ 2.95% for 181 days on 10,55,570 Series 'A' Redeemable and/or Optionally Convertible Preference Shares.

b) **Equity Dividend**

During the year 2007, your Company declared and paid an interim dividend @ 40% (Re. 0.80/-) per share on equity shares aggregating to Rs. 106,430,868/-.

c) **Final Dividend**

Your Directors do not recommend any final dividend on the Preference and Equity shares.

The total cash outgo on account of total dividend & tax thereon amounts to Rs. 150.19 million. The break up of dividend is as under:

Total Dividend	Preference Shares	Equity Shares
128,373,506/-	2,19,42,638/-	106,430,868/-

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

As per Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, an amount of Rs. 8,14,965/-, for the financial year 1999 towards unclaimed dividends was transferred during the year to the Investor Education and Protection Fund.

Share capital

During the year 2007, the paid-up Share Capital of your Company increased to Rs. 287.23 million comprising of 14,36,16,485 equity shares of Rs. 2/- each.

During the year, upon exercise of warrants / options, 1,62,080 equity shares of Rs. 2/- each were allotted under the Employee Stock Option Scheme 1999 and 9,18,080 equity shares of Rs. 2/- each under Employee Stock plan – 2002 respectively.

Pursuant to the Special Resolution passed by the shareholders at the Extra-Ordinary General Meeting held on September 11, 2007, for adoption of Employee Stock Option Scheme 2007, 40,40,000 options were granted to the employees/ Directors of the Company.

During the year 1,055,570, 2.95% Series 'A' Redeemable and/or Optionally Convertible Preference Shares of Rs. 1421/- each issued & allotted to GA Global Investments Limited were redeemed by issue of unregistered American Depository Receipts (ADRs) represented by 10,555,700 equity shares of Rs. 2/- each.

The market capitalization of your Company as on December 31, 2007 was at Rs. 12,286.39 million (US$ 315.04 millions). The market capitalization is calculated on the basis of closing price of Rs. 85.55/- as of December 31, 2007.

Investment

During the year, your Company made an investment of Rs. 8.51 million in new subsidiaries out of which Rs. 8.50 million was invested in Risk Technology International Limited, a subsidiary of the company. With this investment, Company's holding has become 85% in the said subsidiary company.

The other investment was in participation share in another subsidiary, Hexaware Technologies (Mexico) S De R L De C V amounting to Rs. 0.01 million.

Infrastructure

Your Company intends to continue to invest in physical and technological infrastructure to support the growing worldwide sales and delivery operations. In terms of technology infrastructure, Hexaware is making optimum investments in latest technology to win customer's trust & confidence as also to improve operational efficiencies. In terms of physical infrastructure Hexaware is making adequate investment to support the scaling up of operations which will provide a world class work ambience to its employees, which in turn helps in recruiting and retaining the best talent. The company currently operates out of the following facilities in India:

- **Pune**

  In line with the anticipated growth and vision, during the year, your company has expanded its presence by taking on lease 37,892 sq. feet at A3 Building, E-Space, Nagar Road in Pune to seat 350 Software Professionals.

- **Nagpur**

  Your company and Caliber Point, the 100% subsidiary of your company, together have acquired 10 acres of land in Nagpur, a tier II city, at a SEZ location. The campus will scale up to accommodate 3,000 people through multiple phases, first phase of which is expected to be ready for occupation from the last quarter of 2008.

- **Madurai**

  Your Company has also acquired 5 acres of land at Madurai for its subsidiary Caliber Point.

- **Chennai**

  Your company has consolidated the operations by securing a lease for bigger premises in Ambattur of 120,000 sq.ft to seat 1,400 software professional and de leased the existing HT2 & HT 4 buildings.

- **Siruseri Campus**

  The 1st phase of Green Campus in Siruseri, Chennai, one of India's largest campuses became partially operational in March 2008. The total capacity of this

1st phase of the environment friendly and world-class facility will be around 5,000 software professionals and will be available for occupation by end of 2008.

Human Resource Capital

Your Company recognizes that “Human Capital” is its principal asset. Your company has initiated programs to induct the best talent from leading engineering and business schools across the country and overseas, to create a diverse intellectual pool and ensure sufficient talent scale-up for anticipated business.

- Your company increased its headcount to 7,068 as on December 31, 2007.
- To attract and retain people, your company provides a judicious combination of attractive career-personal growth and a lucrative performance-based compensation structure.
- Your company has introduced an improved and enhanced Performance Management System that follows a balanced score card approach providing greater insights to individual capabilities and performance.

Business

- During the year, your Company re-aligned its business and technology service offerings successfully to the global business environment by re-aligning its offshore and onsite business structure.
- Your Company continues to expand its testing service offerings at a brisk pace, which reinforces our expertise in Independent Testing and Verification services. The testing services unit is the fastest growing business segment. The integration of FocusFrame with your Company has taken off well, thereby your Company now encompasses a complete range of testing services across the globe.
- Your Company has successfully formed a range of service offerings around Enterprise Risk Management through its Joint Venture Company Risk Technologies International Limited and its subsidiaries in US and UK. The various offerings under this include operational risk, credit risk, asset liability management risk and market risk solutions, there by expanding your company’s service offerings in BFSI space.
- Your Company expanded its offerings in Transportation by adding offerings for Hospitality and Third Party Logistics (3PL) companies, thereby enabling the Company to strengthen its position as niche service provider.
- During the year, your Company has expanded its presence overseas by opening up its 2nd near-shore state-of-the-art development center in Mexico with an aim to offer services from the same time zone as Americas and easy access of talent pool, which will help in creating a scalable model.
- Your Company seeks to selectively expand its global presence to enhance its ability to service clients. Your Company plans to accomplish this by establishing new sales and marketing offices, representative offices and global development centers to expand its global footprint.

Operations

a. Multi-Cultural Dimension

Your Company operates on a global platform, working with many Fortune 500 customers in North America, Europe and Asia Pacific. This gives your company a unique understanding and access to not only the business practices but also the cultural and work-ethics in different regions and corporate leaders.

b. Process and Methodologies

Your Company has developed and institutionalized innovative project management and transition/ change management methodologies to ensure timely, consistent and accurate delivery of superior quality technology solutions, to improve operational efficiency and to maintain a high level of customer satisfaction.

Your company benchmarks its processes and methodologies against globally recognized quality standards and guidelines on an ongoing basis.

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

c. Leadership in Focus Areas

Your Company has demonstrated leadership and expertise in focus areas like attaining global leadership role in PeopleSoft services, leading IT solution providers for the Transportation & Hospitality Industry, one of the fastest growing independent testing services provider and a fast emerging IT services provider in Germany.

d. Enhance our niche areas

Your company differentiates itself by focusing on niche service offerings, emerging technologies, new industry trends, and pervasive business issues that confront its clients. In recent years, your company has added new service offerings, such as Enterprise risk management services, capital market services and business analytics services, which are major contributors to the growth of your company.

e. Right sized Company

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

f. **Nurturing and retaining Talent**

As indication to these efforts, your Company has the distinction of being among India's best IT employers for three consecutive years ranking among the Top 20 in Dataquest-IDC's Annual Best Employer Survey in 2005, 2006 and 2007. The Company facilitates and supports a number of key initiatives that provide an enabling environment to enrich employee experience and stimulate employee performance. This has ensured that your Company enjoys lower attrition rates than the industry average which has translated into a strong competitive advantage based on a reputation for continuity and efficient execution of business.

g. **Enhance brand visibility**

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

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

h. **Process oriented Company**

Your Company has appointed KPMG as its Internal Auditors. Your company continues to strengthen its internal systems and control mechanisms in all its departments.

Quality and Security

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

Your company's Chennai and Mumbai centers were assessed against CMMI Level 5 - Dev Ver1.2 and the findings of the appraisal were presented by KPMG, India on 31st March 2007. Software Engineering Institute (SEI) has accepted the SCAMPI appraisal and awarded CMMI v1.2 Level 5 for the Chennai and Mumbai delivery centers. This assessment status will be valid till 31st March 2011.

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

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

The following initiatives will be the focus for the year 2008:

- Promote development and usage of productivity tools through Centers of Excellence
- Leverage high maturity practice expertise to expand process consultancy business
- Set the processes and benchmarks for Deming and Golden Peacock awards

Talent Management – Asset Development

Your Company places great importance on nurturing and retaining the best skills in the industry. Moreover, it is careful in aligning the needs of your Company with aspirations of its employees. Your company has the distinction of being among India's best IT employers for three consecutive years ranking among the Top 20 in Dataquest-IDC's Annual Best Employer Survey in 2005, 2006 and 2007. At the end of the year, your Company's employee strength stood at 7,068 as compared to 5,829 in the previous year. Your Company has, over the years, made consistent efforts to retain and nurture talent by providing quality work, opportunities for capability enhancement and leadership development, and a work culture of meritocracy, learning and initiative. Your company also provides world class infrastructure and facilities to employees, and offers wealth creation programs like ESOPs. The attrition rate stood at 17.5% on an annualized basis.

HexaVarsity

Your company continues to focus on its strategy to remain as a multi-niche player in the IT & ITES segment by developing competencies and enhancing the technological quotient of the company. Your company firmly believes that developing project management skills with focus on quality management increases productivity and process driven approach in the organization.

HexaVarsity ensures smooth Induction of fresh engineers and lateral recruits in the company, and conducts Technical, Functional and Domain related skill development programs for the existing employees. HexaVarsity has separate stream of programs for Leadership and Management Development. The induction and foundation training program for Fresh Engineer Graduates for Indians as well as Foreign nationals has been institutionalized and is playing an important role in development of skilled manpower. Early Intervention Program will enhance the intake quality along with reduction in Foundation Training Program. Role based training gives the assurance for high performance of the leaders at all levels. Your company's collaborations with Universities, Academic Institutes and Professional Bodies enables your company to implement the most innovative training approaches and best practices followed in industry. Your company is using the Technological advancements in training methologies to ensure consistent delivery cutting across the geographical boundaries. Diversified spectrum of Training approaches ensures that your company is always ready for current and future business challenges and have short term as well as long term plan to ensure the growth.

Corporate Social Responsibility (CSR)

"We make a living by what we get; we make a life by what we give" is what your company believes in.

Your Company firmly believes that actual growth cannot be quantified in money and its equivalents. Your Company is committed to, and has been committed over the years, to help social causes.

H3O – Helping Hands from Hexaware is our Corporate Social Responsibility (CSR) initiative which inculcates the spirit of 'giving back to the society' and has been consistently taking up social responsibility projects in Mumbai and Chennai to facilitate the health and education of the underprivileged children and has received an overwhelming response.

Some of the CSR initiatives undertaken by your company are listed below:

- A heart surgery was sponsored for a needy person, costing Rs. 1,65,000/- from the funds contributed by employees.
- Thiruvalluvar Gurukulam Middle School run by "South India Scheduled Tribes Welfare Association" has 850 children from economically backward sector. At present, homes are being run at 5 places with 650 children, including 100 scheduled Tribal children (called Erullar). So far around 1000 gypsies and other nomadic children have benefited and have also sustained their life in overseas also. Your company undertook the renovation of the Thiruvalluvar Gurukulam in 2006. The inauguration of the Gurukulam took place in 2007 and your Company was actively involved with the co-ordination. The Company employees also celebrated the Annual Day and Independence Day with the children.
- Your company arranged blood donation camps at all the towers of the company at Chennai.
- Voluntary contributions in cash/coupons from employees in case of natural disasters or in response to acts of God.
- Your Company celebrated Diwali at one of the orphanage in Chennai in November 2007 and Christmas in December 2007.
- Your company announced a Payroll Giving Program for employees through GiveIndia, a non-profit organization. The formal launch of this program took place in September 2007. GiveIndia is a non-profit organization dedicated to helping people donate to good NGOs. Payroll giving is a programme where employees can donate a small part of their salary, every month, to a cause of their choice.

Milestones

- Selected in the Leaders category for 'The 2007 Global Outsourcing 100' by the International Association of Outsourcing Professionals (IAOP).
- Your company featured in Business Week's annual list of Asia's Hot Growth Companies for the second consecutive year. Your company ranked 6th among the 13 Indian companies and 53rd among Asia's 100 companies with annual sales below $ 500 million.
- Your company has the distinction of being among India's best IT employers for three consecutive years ranking among the Top 20 in Dataquest-IDC's Annual Best Employer Survey in 2005, 2006 and 2007.
- A survey of 'Women in IT' by Dataquest-IDC conducted in 2007 recognised your company among the top 3 employers with highest number of women working for the organisation. Your company ranked second in the survey for the highest number of women in the managerial cadre.
- Your company was positioned by Gartner Inc. in the niche quadrant for 'Magic Quadrant for ERP Service Providers, North America, 2007' report as well as in the 'Magic Quadrant for North American Offshore Applications Services, 2007' report.
- Your company was Ranked No. 11 for 2006 - 2007 in the NASSCOM's (India's National Association of Software and Service Companies) Top 20 IT Software and Services Exporters from India.
- Your company was identified as one of India's best mid-sized companies and has been labelled as one of "Tomorrow's Giants" by Business World, one of the leading business magazines in India. Additionally, Business World ranked Hexaware as the 10th biggest wealth creator among mid size companies across all industry verticals.

Outlook

The year 2007 was a year of consolidation and the year 2008 will be a year of Innovation in our Service offerings and in operational excellence. Your company expects to witness and participate in significant advances towards Service Oriented Architecture (SOA) and Software as a Service (SaaS).

Outsourcing and offshoring trends signify increased offshoring due to margin pressures at the times of global slow down.

Your company's key revenue stream for the year 2008 will continue to come from the key service offerings in the vertical and horizontal practices. Independent testing will provide a good stimulus for growth along with the enterprise solutions. These platforms continue to be the focus of your Company, on which new verticals & horizontals will be built. In addition to that your Company is confident to win new businesses with premium for the focused service offerings. With the visibility of a formidable order book, your company is confident of strengthening business in terms of quality, client base, geographies, verticals & horizontal services by which every stakeholder's value is expected to be enhanced.

Corporate Governance and Management Discussion and Analysis

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

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

Management Discussion and Analysis is also annexed.

Directors' Responsibility Statement

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

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

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

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

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

Employee Stock Option Plans (ESOP)

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

During the year under review, your Company allotted 1080160 equity shares of Rs. 2/- each on exercise of Stock Warrants / Options. These shares have been listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Pursuant to the Special Resolution passed by the shareholders at an Extra-Ordinary General Meeting held on September 11, 2007, the Employee Stock Option Scheme 2007 has been approved and 4,040,000 options were granted to the employees/Directors. The Board/Compensation Committee of the Board at their meeting held on June 2, 2008 granted 61,20,749 Stock Options, convertible into equal number of equity shares of the Company, under the Employee Stock Option Scheme - 2007 to the Employees/Directors of the Company (including Employees/Directors of the subsidiary companies).

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

The details of the Warrants / Options granted under the 1999, 2002 and 2007 plans are given as under:

Disclosures in compliance with the SEBI Guidelines and Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI:

Sr. No.	Description	ESOP - 1999		ESOP - 2002		ESOP - 2007	
1	Method used for accounting of the employee share-based payment plans	Intrinsic value method		Intrinsic value method		Intrinsic value method	
2	If Intrinsic value method is used, impact for the accounting period had the fair value method been used on the following -						
	Net results (in Rs.)	0.19 Million		10.57 Million		12.26 Million	
	Earnings per Share (EPS)(in Rs.)						
	- Basic	0.17 Consolidated (1.15) Standalone		0.17 Consolidated (1.15) Standalone		0.17 Consolidated (1.15) Standalone	
	- Diluted	0.17 Consolidated (1.14) Standalone		0.17 Consolidated (1.14) Standalone		0.17 Consolidated (1.14) Standalone	
3	Description of each type of employee share-based payment plan that existed at any time during the period including the following -						
	Total number of options under the plan	18,000,000		11,049,145		7,179,992	
	Vesting Requirements	Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee. Deferred - 33.33% on each successive of the grant date or as per the discretion of the Committee. Loyalty - 100% on the successive anniversary of of the grant date or as per the discretion of the Committee.		Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee.		Vesting 25% on each successive anniversary of the grant date or as per the discretion of the Committee.	
	Maximum term to grant options from scheme becoming effective	10 years		7 years		7 years	
	Method of Settlement	Equity Settled		Equity Settled		Equity Settled	
4	Number and weighted average exercise prices of stock, warrants / options for each of the following groups of warrants / options-	Number of Warrants	Weighted Average Exercise Price (Rs.)	Number of options	Weighted Average Exercise Price (Rs.)	Number of options	Weighted Average Exercise Price (Rs.)
	- Outstanding at the beginning of the period	1,362,250	9.00	3,723,680	72.21	—	—
	- Granted during the period	—	—	—	—	4,040,000	109.00
	- Lapsed during the period	852,915	9.00	1,428,490	73.05	—	—
	- Exercised during the period	486,240	9.00	918,080	38.38	—	—
	- Outstanding at the end of the period and	23,095	9.00	1,377,110	93.89	4,040,000	109.00
	- Exercisable at the end of the period	23,095	9.00	929,230	75.89	—	—
5	Number of options vested	23,095		929,230		—	
6	Total number of shares arising as a result of exercise	162,080		918,080		—	
7	Money realised by exercise of options (Rs.)	1,458,720		35,234,145		—	

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007
8	Employeewise details of options granted to -			
	- Senior management personnel	Nil	Nil	934,000 options to 7 senior management personnel as under Name / No. of Options Rusi Brij 450,000 Sunil Surya 175,000 Yogendra Shah 90,000 Moorthi Chokkanathan 75,000 R V Ramanan 81,000 G R Raju 18,000 Deependra Chumble 45,000
	- Employees holding 5% or more of the total number of warrants/options granted during the year	Nil	Nil	NiL
	- Identified employees who were granted warrant/option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants/options and conversions) of the Company at the time of grant.	Nil	Nil	Nil
9	For stock options exercised during the period the weighted average share price at the date of exercise. If options were exercised on a regular basis throughout the period, the weighted average share price during the period.	As disclosed in point 4 above		
10	For stock options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life (vesting period + exercise period). If the range of the exercise prices is wide, the outstanding options should be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and cash that may be received upon exercise of those options.	The said schemes provide for the exercise of the warrants / options at any time after the vesting and hence the warrants / options do not have any contractual life and accordingly the same has not been disclosed. The price range for ESOP 1999 is Rs. 9/- and the number of outstanding options are 23,095. The price range for ESOP 2007 is Rs. 109/- and the number of outstanding options are 4,040,000. Number options outstanding under ESOP 2002 falls into the following range of exercise price Price Range (Rs.) / Nos. 9 – 25 365615 70.6 – 101 370820 135 – 171 640675 Total 1377110		

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007
11	For stock options granted during the period, the weighted average fair value of those options at the grant date and information on how the fair value was measured including the following -	No grants made during the current year	No grants made during the current year	30-Oct-07 34.31
	- Option pricing model used			Black Scholes Option Pricing Model
	- Inputs to that model including -			
	weighted average share price (Rs)			107.00
	exercise price (Rs)			109.00
	expected volatility			38.76% to 47.59%
	option life (comprising vesting period + exercise period)			4.25 years
	expected dividends			0.91%
	risk-free interest rate			7.53% to 7.94%
	any other inputs to the model including the method used and the assumptions made to incorporate the effects of expected early exercise.			—
	- Determination of expected volatility, including explanation to the extent expected volatility was based on historical 'volatility			Based on historical volatility.
	- Any other features of the option grant were incorporated into the measurement of the fair value, such as market conditions.			—
12	For other instruments granted during the period (i.e., other than stock options) -	No other instruments were granted during the year	No other instruments were granted during the year	No other instruments were granted during the year
	- Number and weighted average fair value of those instruments at the grant date			
	- Fair Value determination in case -			
	(a) fair value not measured on the basis of an observable market price			
	(b) whether and how expected dividends were incorporated			
	(c) whether and how any other features were incorporated			

Sr. No.	Description	ESOP - 1999	ESOP - 2002	ESOP - 2007
13	For employee share-based payment plans that were modified during the period - - Explanation of those modifications - Incremental fair value granted (as a result of those modifications) - Information on how incremental fair value granted was measured, consistently with the requirements as set out in points 7 and 8 above.	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year	No modifications were made to the schemes during the year
14	Total expense recognised for the period for employee share-based payment plans	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)
15	Separate disclosure of that portion of the total expense that arises from transactions accounted for as equity-settled employee share-based payment plans	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)
16	For liabilities arising from employee share-based payment plans - Total carrying amount at the end of the period - Total intrinsic value at the end to the period for which the right of the employee to cash or other assets had vested by the end of the period.	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)	Nil (As the intrinsic value is 0)
17	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option (in Rupees)	0.34 Consolidated (0.98) Standalone	0.34 Consolidated (0.98) Standalone	0.34 Consolidated (0.98) Standalone

Post split the diluted earnings per share were Rs. 0.34/- and Rs. 8.99/- for the financial year ended December 31, 2007 and December 31, 2006 respectively.

Fixed deposits

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

Insurance

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

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

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

Subsidiaries

In accordance with the provisions laid down in Section 212 of the Companies Act, 1956 your Company is required to attach the Directors' Report, Balance Sheet and Profit and Loss Account of the subsidiaries to its Balance Sheet. As per the requirements under Section 212 (8) of the Companies Act, 1956, your Company had applied for the necessary application to the Central Government which has been conferred with the power to grant exemption from the aforesaid requirement. In this regard, your Company has received an approval from the Government of India, Ministry of Company Affairs, vide their letter no. 47/424/2007 – CL – III dated December 4, 2007 granting an exemption from attaching the audited accounts of the subsidiaries to this Annual Report for the financial year ended December 31, 2007, except for one of the subsidiary company, Specsoft Technologies India Limited, the Directors' Report, Balance Sheet and Profit and Loss Account of which is attached and forms part of this Annual Report. Audited Accounts of all subsidiaries of the Company are available at the Registered Office of the Company for inspection by members. The Company will make available these documents upon request by any member of the Company.

A Statement, as directed by the ministry, furnishing particulars of the subsidiaries, forms part of this Annual report and is available at the Registered Office of the Company for inspection by members. The Company will make available the said document upon request by any member of the Company.

Directors

In accordance with the Articles of Association of the Company, Mr. L. S. Sarma, Mr. Mark Dzialga and Mr. Shailesh Haribhakti, Directors of the Company, retire by rotation at this Annual General Meeting and, being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

Your Directors appointed Mr. S. K. Mitra as an Additional Independent Director with effect from November 30, 2007 and Mr. P. R. Chandrashekar as an Additional Director, Global Chief Executive Officer and Vice-Chairman with effect from June 2, 2008 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. Mr. S. K. Mitra & Mr. P. R. Chandrasekar hold office up to the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a member proposing the candidature of Mr. S. K. Mitra and Mr. P. R. Chandrasekar as a Director of the Company liable to retire by rotaion.

The shareholders information as necessitated in Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of companies in which Mr. Shailesh Haribhakti, Mr. L. S. Sarma, Mr. Mark Dzialga, Mr. S. K. Mitra and Mr. P. R. Chandrasekar are Directors etc. is being provided separately in the Annexure on Page 41 of the Corporate Governance Report of this Annual Report. Members are requested to refer the said section of the Corporate Governance Report.

Other appointments

Mr. Bhagwant Bhargawe has joined as the Company Secretary and Compliance officer of the company w.e.f. February 21, 2008. Mr. Bhagwant Bhargawe is M.Com, LL.B, Fellow Company Secretary and a Cost Accountant. He brings with him over 25 years experience in Accounts, Legal, Company Secretarial and other fields. He has worked with Voltas Ltd., Hindustan Unilever Ltd., Abbott Laboratories Ltd., Geometric Solutions Co. Ltd., and Kwality Ice Creams Group. He joins us from Wire and Wireless (India) Ltd. He has been involved in Group Secretarial and legal matters, Strategy formations, Joint Venture Formations, Intellectual Property Rights (IPR) protections.

In view of the resignation of Mr. Rajesh Ghonasgi as the Chief Financial Officer of the company, Mr. Prateek Aggarwal has joined your company as the Chief Financial Officer of the company w.e.f. June 2, 2008. Mr. Aggarwal is a commerce graduate and has obtained his Masters degree from IIM Calcutta. He brings with him 16.5 years of rich experience in finance. He has been CFO of various businesses over the last 6.5 years (FMCG, SPO & IT Services).

Auditors

Pursuant to the recommendation of the Audit Committee at their meeting held on February 21, 2008 for re-appointment of M/s. Deloitte Haskins & Sells as Statutory Auditors of the Company, for the financial year 2008, the Board of Directors have, at their meeting held on February 21, 2008 approved the re-appointment of M/s. Deloitte Haskins & Sells as the Statutory Auditors of the Company for the financial year 2008 and to hold office till the conclusion of the next Annual General Meeting scheduled to be held in 2009. In terms of provisions of Section 224 of the Companies Act, 1956, M/s. Deloitte Haskins & Sells retire at this Annual General Meeting and being eligible, offer themselves for re-appointment. In terms of provisions of section 224(1B) of the Companies Act, 1956, M/s. Deloitte Haskins & Sells have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act.

Particulars of employees

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

Acknowledgment

Your Directors place on record their sincere appreciation of the customers, clients, bankers, Government of India and other countries, Registrar and Share Transfer Agents, vendors and Technology Partners for the support extended. Your Directors are also deeply touched by the efforts, sincerity and loyalty displayed by the employees without whom the growth was unattainable. Your Directors wish to thank the investors and shareholders for placing immense faith in them and the plans designed for growth of your Company. Your Directors seek, and look forward to the same support during the future years of growth. Your Directors hope that they can continue to satisfy you better in the years to come.

For and on behalf of the Board of Directors

Atul K. Nishar
Executive Chairman

Place: Mumbai
Date: June 2, 2008

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO FORMING PART OF DIRECTORS REPORT IN TERMS OF SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, AND RULES MADE THEREUNDER.

CONSERVATION OF ENERGY:

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

TECHNOLOGY ABSORPTION:

Your Company believes that in addition to progressive thought, it is imperative to invest in research and development to ascertain future exposure and prepare for challenges. In its endeavor to obtain and deliver the best, your Company has entered into alliances / tie-ups with major global players in the I.T. Industry, to harness and tap the latest and the best of technology in its field, upgrade itself in line with the latest technology in the world and deploy / absorb technology wherever feasible, relevant and appropriate. At the same time, Hexaware has also attached tremendous significance to indigenous development and upgrade technology through its extensive Research and Development operations. The benefits derived from these processes are phenomenal and have improved the quality of our world class services. It has also helped in diversifying the services portfolio while increasing cost efficiency.

RESEARCH & DEVELOPMENT:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The details of Foreign Exchange Earnings and Outgo are mentioned in Point No. 19, Para III, IV & V of Schedule 12(B) of Notes forming part of the Hexaware Technologies Ltd. India. Accounts.

For and on behalf of the Board of Directors

Atul K. Nishar
Executive Chairman

Place : Mumbai
Date : June 2, 2008

Hexaware TECHNOLOGIES

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees Rules)1975 and forming part of the Director's Report for the year ended 31st December, 2007

Sr. No.	Name	Age (Years)	Designation	Gross Remuneration	Qualification & Experience (Years)	Date of Joining	Last Employment and Designation
A	**Employed throughout the year**						
1	Atul K Nishar	53	Executive Chairman	5,073,592	B.Com, ACA.	1-Jan-04	Founder
2	Akshay Bochia	41	Associate Vice President	2,735,239	B Com, MBA IT, 20 Years	17-Oct-96	Reliance Consulting Services, System Manager
3	Amberin Memon	46	Vice President	3,138,051	B.A, PGDBM, 18 Years	1-Jun-99	Philips India Ltd., Project Leader
4	Baalasundaram K	57	Senior Vice President	4,169,966	B.A., 35 Years	1-Apr-01	Hexaware Technologies Ltd.
5	David Paul K Abraham	45	Assistant Vice President	2,982,104	B.A. DCA, DSM, PGDHRM, 24 Years	5-Aug-98	John Crane Engg Sealing Systems Ltd, Manager Information
6	Deependra L Chumble	44	Senior Vice President	6,485,928	B Com, MBA, 18 Years	1-Sep-06	J.P.Morgan Chase - Head HR
7	Jayaraman Thiyagarajan	45	Associate Vice-President	2,805,051	B.Sc. PGD., 20 Years	2-Sep-02	Infosys Technologies, Group Project Manager
8	Jyotirmoy Dasgupta	54	Vice President	3,214,045	BE, M.S., 32 Years	21-Dec-98	Patni Computer Systems Ltd. Director
9	K Senthilnayagam	44	Vice President	5,331,089	B.Com. ICWAI, 18 Years	26-Sep-03	Gecadital International Services, Vice President- Service line leader
10	Krishna Kumar C	37	Assistant Vice President	2,700,792	B.Tech, Fellow IIM-C, 14 Years	4-Oct-04	KPMG, Project Manager
11	Madhavi Malineni	40	Assistant Vice President	2,783,010	BE, PGDPMHR, 16 Years	21-Jan-02	Cedar Enterprise ,Engagement Manager
12	Moorthi Chokkanathan	47	Executive Vice President	6,569,514	B.E, MBA, 26 Years	2-Apr-01	DSQ Software Ltd.
13	Narendra Sharma	46	Vice President	5,062,953	M.Sc., MBA, 22 Years	26-Dec-01	Internal Solutions Ltd.- Practice Director
14	Nirmala Gopalakrishnan	51	Assistant Vice President	2,604,908	BSc, MSc, 16 Years	16-Nov-98	DSQ Datasystem Ltd., Manager Quality
15	P Srinivasan	38	Senior Vice President	2,682,453	BSc., PGDip, 17 Years	4-Sep-06	iSoft R & D Ltd, GM Solutions
16	P.K. Sridharan	59	President & Executive Director	7,151,063	M.Tech, 34 Years	1-Apr-01	Hexaware Technologies Ltd.
17	P.N. Sridharan	51	Vice President	3,159,501	B.Sc.,B Tech,M.S,Ph.D, 28 Years	5-Sep-03	Cognizant Technology Solutions, Director- Cognizant Academy
18	Prakash Ramachandran	45	Assistant Vice President	2,492,371	M Tech, BE - 21 Years	27-May-99	TCS, Project Manager
19	R. Subramaniam	56	Vice President	3,167,567	B Sc, M Sc, - 33 years	1-Apr-01	Hexaware Technologies Ltd.
20	Rajesh B Ghonasgi	46	Chief Financial Officer	4,560,064	B.Com, FCA., ACS, ICWAI, 21 Years	8-Jul-02	ICICI Venture Funds Mgmt Co.Lts.- CFO
21	Rajesh Kanani	48	Vice President	3,014,374	B.Com., ACA, ICWAI, 22 Years	20-Dec-93	Usha Martin Industries Ltd, Dy Manager Finance
22	Rama Kumar Poothrikovil	45	Assistant Vice President	2,564,016	B.E - 22 Years	7-May-01	Ross Product Division, Sr. System Analyst
23	Ramamoorthy Srinivasan	46	Assistant Vice President	2,546,516	B Sc - 25 Years	1-Jul-98	ITC Ltd.,Sr System Analyst,
24	Ramanan R.V.	43	Executive Vice President	6,650,186	M Tech, 19 Years	21-Oct-02	Orbitech Solutions India Limited, Sr. Vice President & Chief Architect
25	Sadhukhan Pradip	48	Associate Vice President	2,442,280	M Tech, PGD, BE - 23 years	3-Apr-00	Exide Industries, Sr. Manager IT
26	Sanjeev Shukla	39	Assistant Vice President	2,759,418	BA , MBA, 12 Years	6-Feb-06	Oracle Corp,
27	Sridhar Rangachari	41	Associate Vice-President	2,815,666	B.E., PGDM, 20 Years	1-Dec-04	Zensar Technologies, General Manager,
28	Sriram Vaidyanathan	40	Associate Vice President	3,042,913	BSc, MSW, 18 Years	28-Jun-06	iNautix Technology (I) Pvt Ltd, Group Mgr - India HR
29	Uday Kumar Reddy	44	Vice President	5,322,066	B.A, MCA,19 Years	3-Nov-03	Polaris Software Lab Ltd, Head- Wealth Management Group
30	V Ramakrishnan	50	Associate Vice-President	2,653,215	MBA, M Tech, B Tech, 26 Years	2-Apr-01	CPU Software Consultants, Director
31	V Sundararajan	41	Associate Vice-President	2,904,442	B.Tech, M.S. 20 Years	19-Nov-03	Electronic Data Systems, Sr. Consultant
32	V.B. Singh	53	Vice President	3,520,796	B Tech., 25 Years	1-Nov-00	Datamatics Ltd, Vice President
B	**Employed for part of the Year**						
1	Abhijit Talukdar	39	Associate Vice President	1,246,487	B.E. MBA, 14 Years	12-Jun-00	Deloitte & Touche Tech, System Analyst
2	Bharadwaj S	45	Assistant Vice President	1,354,830	B Tech, MBA, 21 Years	1-Mar-06	ISG Novasoft, SAP Practice Head & Quality Head
3	Chandrashekhar Vaze	42	Associate Vice President	3,690,944	B.E., PGDM, 14 Years	31-Mar-03	IBM, Principal Consultant
4	Dilip Thosar	46	Vice President	2,239,978	B Tech , PGDM IIMA, 11 Years	12-Feb-07	ISRC Pvt. Ltd. - GM
5	Dr. N G Pradeep	38	Associate Vice President	1,805,835	Fellow IIMB, PGDFM, BE - 12 Years	1-Jun-07	Mercer Human Resource Consulting - Principal Consultant
6	Goutam Bakshi	47	Assistant Vice President	515,653	M Tech , 23 Years	4-Oct-06	Ness Technologies, Program Director
7	Janaki S	50	Vice President	1,724,462	B.Sc.,M.Sc.PGDM.26 Years	7-Feb-05	Satyam Computer Services Ltd, Asst. Vice President
8	K N Ananth	49	Vice President	2,474,219	BA , CQA, 25 Years	1-Apr-07	Polaris Software Lab Ltd, Head of Quality
9	K Baskaran	46	Vice President	1,270,729	B.Com,I.C.W.A.I., 24 Years	3-Nov-03	Keane India Ltd,General Manager,
10	K.N. Narayanan	49	Senior Vice President	2,585,280	B.E., 27 Years	1-Apr-01	Hexaware Technologies Limited
11	Lakshmi Vedanarayanan	39	Associate Vice-President	3,373,426	B E, 16 Years	11-Oct-04	Price Waterhouse, Sr Managing Consultant
12	Naishadh Desai	43	Associate Vice-President	2,499,566	B Com, LLb, ACS, 22 Years	5-Oct-98	M/S Kollmorgen Tandon India - Finance Manager
13	Navneet Bhushan	41	Vice President	1,088,054	PGDIPR, M Tech, MSc, BSc, 17 Years	3-Sep-07	Wipro Technologies, Principal Conslultant,
14	Nikhil Mokashi	43	Associate Vice President	1,105,615	MS, B Sc - 13 Years	21-Aug-07	Shure Co.,Director,
15	Prakash Pande	43	Assistant Vice President	889,989	M Sc, MCM, 17 Years	3-Apr-00	Birla Soft, Project Manager
16	Reji George	41	Vice President	2,553,424	MSc, PGD, M Tech, B Tech - 16 Years	22-Jan-07	Kale Consultants - Sr VP Global Sales
17	Satish Kumar Subbiah	35	Assistant Vice President	1,287,129	B Tech, 12 Years	1-Sep-06	Yantra Solution, AVP,
18	Sivakumar Sarma	52	Assistant Vice President	905,420	B Com, 17 Years	28-Sep-98	State bank Of Hyderabad, Head
19	Sriram Shankaranarayanan	48	Vice President	1,664,128	B Com, CA, 23 Years	6-Jun-07	Polaris - Head Capital Market & Asset Mgt.
20	Sulochana Ganesan	58	Senior Vice President	4,377,163	B.A. (Hons) 23 Years	1-Apr-01	Hexaware Technologies Limited
21	Suman Seal	39	Associate Vice President	1,751,848	B Com - 13 Years	16-Apr-07	Wipro Technologies - Head Recruitment
22	Sundaram Krishnan	57	Vice President	271,753	M Sc, 33 Years	4-Sep-00	LIC of I Ltd , Head,
23	T M Natarajan	49	Vice President	1,728,215	MBA, BBA - 25 Years	2-Jul-07	Polaris - Global Testing Head
24	V Venkata Narayana	37	Vice President	1,777,706	B.E, 12 Years	9-Apr-07	SAP Americas & SAP Lab, LLC, National Product Mgr & Tech Global Support Manager

Notes:

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

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)
Place: Mumbai
Date: 21st February, 2008

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

(Rupees in Millions)

1.	Name of the Subsidiary	Hexaware Technologies Inc., USA	Hexaware Technologies GmbH, Germany	Hexaware Technologies UK Limited, UK	Hexaware Technologies Asia Pacific Pte. Limited, Singapore	Hexaware Technologies Canada Limited, Canada	Hexaware Technologies, Mexico S de RL De CV, Mexico	Risk Technology International Limited, India	Risk Technology International Ltd., USA	Risk Technologies (UK) Limited, UK	Caliber Point Business Solutions Limited, India	Specsoft Technologies India Limited, India	FocusFrame Inc, USA	Focus Frame Mexico S de RL De CV, Mexico	FocusFrame UK Limited, UK	FocusFrame Europe BV, Netherland
2.	The Financial Year of the Company ended on	31st December, 2007	31st December, 2007	31st December, 2007	31st October, 2007	31st December, 2007	31st December, 2007	31st December, 2007	31st December, 2007	31st December, 2007	31st December, 2007	31st December, 2007	31st December, 2007	31st December, 2007	31st December, 2007	31st December, 2007
3.	Holding Company	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Limited, India	Risk Technology International Limited, India	Risk Technology International Limited, India	Hexaware Technologies Limited, India	Hexaware Technologies Inc., U.S.A.	Hexaware Technologies Limited, India	Focus Frame Inc., U.S.A.	Focus Frame Inc., U.S.A.	Focus Frame Inc., U.S.A.
4.	Holding Company's Interest	100%	100%	100%	100%	100%	100%	85%	100%	100%	100%	100%	100%	100%	100%	100%
5.	Shares held by the holding Company in the Subsidiary	23,026 Common Stock at no par value	3,618 equity shares of Euro 50 each	30,67,000 equity shares of GBP 1 each	5,00,000 equity shares of S$ 1 each	1 Common Stock of no par value	2 participation share of 3000 Pesos	850,000 equity shares of Rs. 10 each		1 ordinary share of GBP 1 each	11,780,000 equity shares of Rs. 10 each	50,061 equity shares of Rs. 10 each	1000 Common Stock at no par value	2 Participation Share of 3000 Pesos	1 Ordinary Share of GBP 1 each	1800 Common Stock of Euro 10 each
6.	Reporting Currency	USD	EURO	GBP	SD	CAD	MXN	INR	USD	GBP	INR	INR	USD	MXN	GBP	EURO
7.	Exchange Rate	39.42	57.99	78.93	27.18	40.18	3.62		39.42	78.93			39.42	3.62	78.93	57.99
8.	Capital	316.42	10.49	242.09	13.59	0.94	0.01	10.00	—	—	117.80	0.50	0.14	0.01	—	1.04
9.	Reserves	139.20	49.64	7.73	17.69	15.24	(14.41)	(12.45)	(2.43)	(5.56)	184.28	(0.50)	110.04	14.09	(15.44)	62.46
10.	Total Assets	1,363.94	392.79	442.60	77.14	29.93	23.38	3.19	8.79	1.25	375.56	—	362.21	57.61	21.40	112.39
11.	Total Liabilities	908.32	332.66	192.78	45.86	13.75	37.78	5.64	11.22	6.81	73.48	—	252.81	43.51	36.84	48.89
12.	Details of Investments	—	—	—	—	—	—	—	—	—	—	—	0.78	—	—	—
13.	Turnover	4,440.01	1,285.86	886.92	204.46	81.87	7.69	2.31	2.88	0.67	519.90	—	798.92	224.96	82.58	233.45
14.	Profit/(Loss) Before Taxation	159.58	25.18	(2.65)	21.34	7.48	(14.41)	(12.42)	(2.43)	(5.56)	40.91	—	(15.37)	15.29	(6.00)	42.65
15.	Provisions for Taxation	62.74	8.91	0.86	5.04	2.68	-	0.03	—	—	0.86	—	(7.23)	(0.35)	—	10.93
16.	Profit/(Loss) After Taxation	96.84	16.27	(3.51)	16.30	4.80	(14.41)	(12.45)	(2.43)	(5.56)	40.05	—	(8.14)	15.64	(6.00)	31.72
17.	Proposed Dividend, if any	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
18.	Material Change between the end of the Financial Year of the subsidiary Company and the Company's Financial year ended December 31, 2007															
	a. Fixed Assets	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	b. Investments	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	c. Money Lent	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	d. Money borrowed other than those for meeting Current Liabilities	N.A.	N.A.	N.A.	NIL	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Notes :

1) There has been no change in holding Company's interest in the subsidiaries between the end of financial year or the last of the financial years of subsidiary and the end of the holding Company's financial year.

2) Risk Technology International Limited, India, a Joint Venture Company was formed on 27.07.2007 with 85% of holding by Hexaware Technologies Limited and 15% by Pemtrad International Limited. Risk Technology International Ltd., U.S.A. and Risk Technologies (UK) Limited, U.K. are subsidiaries of Risk Technology International Limited, India.

3) Share Capital of Risk Technologies International Ltd., U.S.A. showing Nil balance as Company has received 100 USD, towards 1 share, from Risk Technology International Limited, India, pending for allotment as on 31-12-2007, subsequently alloted.

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Place: Mumbai
Date: 21st February, 2008

Hexaware TECHNOLOGIES

Report on Corporate Governance

The detailed report on Corporate Governance, for the Financial year January 1, 2007 to December 31, 2007 as per the format prescribed by SEBI and incorporated in clause 49 of the Listing Agreement is set out below:

1 **Company's philosophy on Code of Corporate Governance:**

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

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

2. **Board of Directors:**

2.1 **Composition and category of Directors:**

The Board of Directors of your Company comprises of eleven directors as at December 31, 2007 representing the optimum combination of professionalism, knowledge and experience. Of these, six directors are non-executive and independent directors. The Chairman of the Board is an Executive Chairman.

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

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

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

*Resigned w.e.f. March 05, 2008
**Resigned w.e.f. April 24, 2007
***Appointed w.e.f. June 02, 2008
Appointed w.e.f. November 30, 2007

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

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

During the year, eight board meetings were held respectively on February 15, 2007, March 23, 2007, April 24, 2007, June 25, 2007, July 18, 2007, September 11, 2007, October 18, 2007 and November 26, 2007.

The attendance of the directors at the Board Meeting and the Annual General Meeting held during the year 2007 was as follows:

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

Notes : -

1. Resigned as Director of the Company w.e.f. March 05, 2008.
2. Appointed as Additional Director w.e.f. November 30, 2007.
   # Out of this, in case of one company viz. Mangal Keshav Securities Ltd., his directorship is subject to regulatory formalities.
3. Mr. P. G. Kakodkar resigned as Director of the Company w.e.f. April 24, 2007.
4. None of the Directors of the Company holds membership of more than ten Committees nor is a Chairperson of more than five committees (as specified in Clause 49), across all companies of which he/she is a director. Necessary disclosures regarding Committee positions in other Indian public companies as at December 31, 2007 have been made by the Directors.
5. The committees considered for above purpose are those as specified in existing Clause 49 of the Standard Listing Agreement(s) i.e. Audit Committee and Shareholders/Investors Grievance Committee.
6. Information placed before the Board for consideration is specified in Clause 2.4.

2.3 **The details of directorship of the company's directors in other Indian public companies are given below:**

Name of Director	Other directorship details
Mr. Atul K. Nishar	NIL
Dr. (Mrs.) Alka Atul Nishar	NIL
Mr. L. S. Sarma	Granules India Limited Caliber Point Business Solutions Limited SpecSoft Technologies India Limited
Mr. A. P. Kurian *	Association of Mutual Fund in India (AMFI) Geojit Financial Services Limited National Stock Exchange of India Limited Muthoot Capital Services Limited Granules India Limited
Mr. Rusi Brij	DQ Entertainment Limited – India Caliber Point Business Solutions Limited Risk Technology International Limited
Mr. P. K. Sridharan	NIL
Mr. Mark Dzialga	Genpact Limited
Dr. Bakul Dholakia	Reliance Natural Resources Limited Ashima Limited Oil & Natural Gas Corporation Limited (ONGC) Nachmo Knitex Limited Shipping Corporation of India Limited
Mr. Shaliesh V. Haribhakti	Pantaloon Retail (India) Limited Ambuja Cement Limited Everest Kanto Cylinder Limited Morarjee Textiles Limited Mahindra Lifespace Developers Limited Blue Star Limited Kotak Mahindra Private Equity Trustee Limited Fortune Financials Services (India) Limited ACC Limited Hercules Hoists Limited Akruti Nirman Limited Great Offshore Limited LIC Pension Fund Ltd. Future Capital Holdings Ltd.
Mr. Sunish Sharma ###	Infotech Enterprises Ltd.
Ms. Preeti Mehta	Balmer Lawrie Van Leer Limited
Mr. Subrata Kumar Mitra#	SKP Securities Limited Suashish Diamonds Limited Mangal Keshav Securities Limited##
Mr. P. R. Chandrasekar**	NIL

* Resigned as Director of the Company w.e.f. March 05, 2008.
**Appointed as Additional Director w.e.f. June 02, 2008.
Appointed as Additional Director w.e.f. November 30, 2007.
Subject to regulatory formalities.
Mr. Sunish Sharma is an Alternate Director in Infotech Enterprises Ltd. However, in accordance with provisions of Sub – Section (d) of Section 278 of the Companies Act, 1956, holding a position of alternate director is excluded while calculating the number of Directorship under Section 275 of the Companies Act, 1956.

2.4 Information provided to the Board:

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

1. Annual operating plans of businesses, capital budgets, updates.
2. Quarterly results of the Company and its operating divisions or business segments.
3. Minutes of the Audit Committee and other committees.
4. Information on recruitment and remuneration of senior officers just below the Board level.
5. Materially important litigations, show cause, demand, prosecution and penalty notices.
6. Fatal or serious accidents.
7. Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
8. Details of any joint venture or collaboration agreement or new client wins.
9. Any issue, which involves possible public liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
10. Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
11. Significant development in the human resources front and significant labour problems and their proposed solution.
12. Sale of material nature of investments, subsidiaries, assets which is not in the normal course of business.
13. Non-compliance of any regulatory or statutory provisions or listing requirements as well as shareholder services as non-payment of dividend and delays in share transfer.

During the year, certain foreign currency transactions (financial derivatives) as required under Clause 49 Annexure 1A (14) of the listing agreement were not placed before the Board of Directors. Plese also refer to Note 7 to Schedule 12 (B) to the financial statements.

The Board of Directors took measures including strengthening of internal controls in this area to limit further risks of advderse exchange rate movement after they became aware of the said transactions. The said transactions have been settled since.

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

1) **Mr. L. S. Sarma,** aged 79 years, has been the Director of Hexaware Technologies Limited since March 2000. He has had distinguished career in banking and finance industry and has worked for Punjab National Bank, Reserve Bank of India and IDBI (One of the India's largest financial institution). Mr. Sarma is an expert in International Finance and Trade. He was General Manager of IDBI. IDBI was pioneer in Project Finance in India. Mr. Sarma was a member of various committees on Export Finance and Construction Contracts. He represented IDBI on the committee for setting up the Export Import Bank of India.

After his retirement from IDBI he has been a director and consultant for various Banks and Export bodies. Since April 1999 he has been a representative of Bostwana Export Development and Investment Authority.

2) **Mr. Mark Dzialga**, aged 44 years, has been the Director of Hexaware Technologies Limited since May 2006. Mr. Mark Dzialga is based in the United States, is a Managing Director of General Atlantic LLC, a leading global private equity firm providing capital for growth of companies. He has been a director of numerous public and private companies including General Atlantic LLC and affiliated entities, Emdeon Business Services, Genpact Limited, Webloyalty Holdings Inc., Network Solutions LLC. Prior to joining General Atlantic in 1998, he was the Co-Head of the High Technology Merger Group at Goldman Sachs. At Goldman Sachs, he has advised many of the firm's technology clients on mergers, acquisitions and restructurings.

3) **Mr. Shailesh V. Haribhakti**, aged 52 years, has been the Director of Hexaware Technologies Limited since May 2006. He is a leading Chartered Accountant and fellow of the Institute of Chartered Accountants of India, Certified Internal Auditor, Certified Financial Planner, Graduate Cost Accountant and Certified Fraud Examiner. He contributed to shaping of India's economic policy through his association as the Chairman of Corporate Governance Committee of ASSOCHAM. He was the chairman of WIRC of ICAI, President of BMA and President of IIA, Bombay. Presently Mr. Shailesh V. Haribhakti is Director on the Board of several companies including ACC Limited, Blue Star Ltd., Ambuja Cement Limited and Pantaloon Retail (India) Ltd.

The shareholders information as necessitated in Clause 49 of the Listing Agreement pertaining to brief resume, expertise in functional areas, names of companies in which he is a Director etc. is being provided separately in Annexure on page No. 41 of the Corporate Governance Report section. Members are requested to refer the said section of the Corporate Governance Report.

3. Audit Committee:

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

The Committee oversees the work carried out by the management, internal auditors on the financial reporting process and the safeguards employed by them.

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

3.1 Broad terms of reference:

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

(a) To oversee the Company's financial reporting process and the disclosure of its financial information and to ensure that the financial statements are correct, sufficient and credible.

(b) To recommend the appointment/re-appointment/removal of external auditors, fixing audit fees and to approve payments for any other services.

(c) To review with management the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices
- Major accounting entries based on exercise of judgment by management
- Qualifications in the draft audit report
- Significant adjustments arising out of audit
- The going concern assumption
- Compliance with the accounting standards
- Compliance with Stock Exchanges and legal requirements concerning financial statements
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large

(d) To review, with Management, the quarterly financial statements before submission to the Board for approval.

(e) To review and approve annual accounts of the Company and recommend to the Board for consideration or otherwise.

(f) To review with Management, performance of external and internal auditors and review the adequacy/efficacy of internal control systems.

(g) To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

(h) To discuss with internal auditors about any significant findings and follow-up thereon.

(i) To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(j) To discuss with external auditors before the audit commences, the nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.

(k) To review the Company's financial and risk management policies.

(l) To look into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

3.2 Composition, Name of Members and Chairman:

The Audit Committee of the Company during the year comprised of four Members out of which three are non-executive and independent Directors and one is non-executive non-independent Director. Mr. Shailesh V. Haribhakti (Chairman), Mr. L. S. Sarma and Mr. A. P. Kurian are Non-Executive and Independent Directors and Mr. Mark Dzialga, is Non-Executive and Non-Independent Director. Mr. A. P. Kurian resigned w.e.f. March 05, 2008. Mr. Sunish Sharma is an alternate to Mr. Mark Dzialga and a Non-Executive and Non-Independent Director.

All members of the Audit Committee have accounting and financial management expertise. Mr. Shailesh V Haribhakti, FCA, is the Chairman of the Audit Committee and has got accounting and financial management expertise. Mr. Shailesh Haribhakti Chairman of the Audit Committee had attended the Annual General Meeting (AGM) of the Company held on April 24, 2007 to answer queries raised by the shareholders.

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

During the year, the Audit Committee met 7 (seven) times respectively on January 25, 2007, February 14, 2007, April 24, 2007, July 18, 2007, August 21, 2007, October 18, 2007 and November 23, 2007 and the necessary quorum was present at the meeting.

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

3.3 Meetings and Attendance during the Year 2007:

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. Shailesh V. Haribhakti– Chairman	Non-Executive and Independent	7	7
Mr. L. S. Sarma	Non-Executive and Independent	7	6
Mr. A. P. Kurian*	Non-Executive and Independent	7	6
Mr. Mark Dzialga	Non-Executive and Non-Independent	7	1
Mr. Sunish Sharma#	Non-Executive and Non-Independent	7	6

*Resigned w.e.f. March 05, 2008.

Alternate Director to Mr. Mark Dzialga.

4. Remuneration & Compensation Committee:

4.1 Brief description and terms of reference:

The Remuneration & Compensation Committee ("Committee") of the Company comprises of Mr. L.S. Sarma (Chairman), Dr. Bakul Dholakia, Mr. Rusi Brij and Mr. P.K. Sridharan. Mr. A. P. Kurian, member of this committee resigned w.e.f. March 05, 2008. The scope of this Committee is to determine the compensation of Executive Directors and senior management. The Committee also approves, allocates and administers the Employee Stock Option Schemes and other matters as prescribed by the Listing Agreement from time to time.

4.2 Remuneration Policy:

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

4.3 Meetings and Attendance during the Year 2007:

During the year, Remuneration and Compensation Committee met 3 (three) times respectively on March 22, 2007, March 30, 2007 and October 18, 2007 and 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	
		Held	Attended
Mr. L. S. Sarma – Chairman	Non-Executive and Independent	3	3
Mr. P. K. Sridharan	Executive and Non-Independent	3	3
Mr. Rusi Brij	Non-Executive and Non-Independent	3	1
Mr. A. P. Kurian*	Non-Executive and Independent	3	3
Dr. Bakul Dholokia	Non-Executive and Independent	3	1

*Resigned w.e.f. March 05, 2008.

4.4 Details of Remuneration paid or payable to Directors during the year 2007:

Name of Director	**Mr. Atul K. Nishar –** Executive Chairman Amount in Million (Rs.)	**Mr. P. K. Sridharan –** President and Executive Director Amount in Million (Rs.)
Salary and Allowances	4.05	6.91
Perquisites	0.76	Nil
Contribution to Provident Fund and Other Funds	0.27	0.24
Total	5.08	7.15
Performance Incentives	Nil	(Included in 6.91 above) 2.29

During the year, the salary of the Executive Chairman and President & Executive Director was revised in accordance with the approval granted by the Board of Directors of the Company and members of the Company. The increase was made in line with the average increase which is being made for the employees of Hexaware and the same was approved by the Remuneration and Compensation Committee.

The remuneration paid to Mr. P. K. Sridharan is Rs. 2.11 million in excess of the limit prescribed under Schedule XIII to the Companies Act, 1956 and in respect of which company is in process of making application for seeking Central Government approval.

Performance Incentives payable to Mr. P. K. Sridharan is an amount limited as may be determined by the Committee or Board thereof subject to a maximum of Rs. 27,00,000/- p.a. based on such performance parameters as may be laid down by the Committee or Board.

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

Name of the Director	ESOP 2007	Sitting Fees for attending Board / Committee Meeting	Notice Period
	No. of Options granted	Gross Amount in Rs.	
Mr. Atul K. Nishar	Nil	–	3 months
Dr. (Mrs.) Alka Nishar	Nil	–	N.A
Mr. L. S. Sarma	Nil	440,000	N.A
Mr. A. P. Kurian *	Nil	380,000	N.A
Mr. P. G. Kakodkar **	Nil	20,000	N.A
Mr. Rusi Brij	450,000	–	N.A
Mr. P. K. Sridharan	Nil	–	3 months
Mr. Shailesh V Haribhakti	Nil	350,000	N.A
Dr. Bakul Dholakia	Nil	60,000	N.A
Mr. Mark Dzialga	Nil	Nil	N.A
Ms. Preeti Mehta	Nil	180,000	N.A.
Mr. S. K. Mitra ***	Nil	–	N.A.

* Resigned as Director of the Company w.e.f. March 05, 2008.
** Resigned as Director of the Company w.e.f. April 24, 2007.
***Appointed as Additional Director w.e.f. November 30, 2007.

During the year, Kanga & Co. a legal firm, where Ms. Preeti Mehta, a non-executive director is a partner has been paid Rs. 3,45,000/- as professional fees for legal services. The professional fees paid to the firm are not considered material to impinge on the independence of Ms. Preeti Mehta.

ESOP - 2007

Each Option entitles the holder to exercise the right to apply for and seek allotment of one Equity Share of Rs. 2/- each at a price of Rs. 109/- per share. The Options are to be exercised on specified dates in four equal installments beginning September 11, 2008 onwards in every Calendar Year at the discretion of the Remuneration & Compensation Committee. Exercising price is as per SEBI guidelines in force as on the date of grant.

4.6 Non-executive directors:

The Company pays Sitting Fees of (a) Rs.20,000/- per meeting to its Non-Executive Directors for attending meetings of the Board and (b) Rs.20,000/- per meeting with effect from March 22, 2007 for attending meetings of Committees of the Board. At the Tenth Annual General Meeting of the Company, members have approved payment of commission to the Non-Executive Directors within the ceiling of 1% of the net profits of the Company as computed under the applicable provisions of the Companies Act, 1956. The said commission will be decided each year by the Board of Directors and distributed amongst the Non-Executive Directors. This year the Board of Directors have decided not to pay any commission to the Non-Executive Directors. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending meetings.

During the year, Company has paid commission for the financial year 2006 on pro-rata basis to all Non-Executive Directors of the Company amounting to Rs.3.56/- million in view of the contributions made by them towards the growth of the Company.

5. Shareholders/Investors Grievance Committee:

5.1 Scope of Shareholders Grievances Committee's activities:

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

Shareholders Services:

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

a. Communication for unpaid dividend

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

a. Procedure for Dematerialization of shares;
b. Procedure for transfer of shares;
c. Procedure for transmission of shares;
d. Change of address;
e. Dividend;
f. Nomination Facility;
g. Loss of shares Certificates;
h. Right as a shareholder;
i. Result of Postal Ballot, if any;
j. Facility of online Shareholders'/ Investors' Satisfaction Survey on a continuous basis

5.2 Composition, Meetings and Attendance of Committee:

The composition of the Committee is given below:

Name of the Director	Category	No. of meetings held during the year	
		Held	Attended
Mr. A. P. Kurian – Chairman*	Non-Executive and Independent	1	1
Mr. P. K. Sridharan	Executive and Non-Independent	1	1
Mr. L. S. Sarma	Non-Executive and Independent	1	1

* Resigned w.e.f. March 5, 2008.

During the year, one meeting was held on February 13, 2007 and necessary quorum was present at the meeting.

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

Nature of Complaints	Year 2007		
	Received	Cleared	Pending
Transfer, Transmission etc.	3	3	–
Dividend, Interest & redemption	6	6	–
Annual Report	12	12	–
TOTAL	**21**	**21**	**–**

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

Pending Transfers:

There were 5 (Five) transfers, involving 950 (Nine Hundred Fifty) Equity Shares pending as on December 31, 2007. These transfers have been processed and shares have been dispatched in January 2008.

5.4 Company Secretary and Compliance officer:

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

6. Risk Management:

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

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

7. Details of Annual General Meeting:

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

Financial Year	General Meeting	Location	Date	Time
2007	14th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Tuesday, 24th April, 2007	3.00 P.M.
2006	13th Annual General Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Thursday, 29th June, 2006	3.00 P.M.
2005	12th Annual Gerneral Meeting	M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.	Monday, 4th April, 2005	11.30 A. M.

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

Financial Year	General Meeting	Sr. No	Particulars of Special Resolutions Passed
2007	14th Annual General Meeting	1.	Re-appointment of Mr. Atul K. Nishar as Executive Chairman for an additional period of three years w.e.f. January 1, 2007 to December 31, 2009 and increase in/revision of remuneration payable to him w.e.f. April 1, 2007.
		2.	Re-appointment of Mr. P. K. Sridharan as President and Executive Director for an additional period of three years w.e.f. January 7, 2007 to January 6, 2010 and increase in/revision of remuneration payable to him w.e.f. April 1, 2007.
		3.	Authorising Board of Directors to appoint Branch Auditors for its branches in India/abroad, in consultation with Company's Auditors and fix their remuneration.
2006	13th Annual General Meeting	1.	Alteration of Articles of Association by inserting new Articles enabling Investment by GA Global Investments Ltd.
		2.	Alteration of Articles of Association enabling buy-back of securities by the company.
2005	12th Annual General Meeting	1.	Alteration of Clause V of Memorandum of Association and Article 3 of the Articles of Association consequent to sub-division of equity shares by reducing the nominal face value of Equity Shares of the Company.
		2.	Enhancing the investment limit by Foreign Institutional Investors from 75% to 100% subject to the condition that the equity share holding of each FII/SEBI approved sub-account FII in the Company shall not at any time exceed 10% of its total paid up share capital.
		3.	Consent of Shareholders to Mr. Atul Nishar for holding and continue to holding office or place of profit as Director in 100% subsidiaries of the company viz. Hexaware Technologies Inc., U.S.A., Hexaware Technologies UK Ltd., UK and Hexaware Technologies Asia Pacific Ltd., Singapore, wholly owned subsidiaries of the Company and to the payment of an aggregate remuneration to him by the aforesaid subsidiaries in his capacity as a Director.
		4.	Consent of Shareholders to Dr(Mrs.) Alka Nishar for holding and continue to holding office or place of profit as Director in 100% subsidiaries of the company viz. Hexaware Technologies UK Ltd., UK and Hexaware Technologies Asia Pacific Ltd., Singapore, wholly owned subsidiaries of the Company and to the payment of an aggregate remuneration to her by the aforesaid subsidiaries in her capacity as a Director.
		5.	Increase in the remuneration payable to Mr. Rusi Brij, Director of Hexaware Technologies Inc. U.S.A. in excess of limits prescribed under section 314 and tantamount to holding of an office of profit in the subsidiary of the Company.
		6.	Payment of sitting fees to non-executive directors, including independent directors within the maximum permissible limits prescribed under the Companies Act, 1956.

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

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

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

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

7.3 POSTAL BALLOT:

No Postal Ballot was conducted during the year.

8. Disclosures:

(a) There are no transactions with related parties i.e. with the Promoters, Directors, Management, subsidiaries or relatives that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in note no. 5 of schedule 12B to the Accounts of the Company in the Annual Report.

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

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

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

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

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

(b) **Auditors qualification:** Nil

(c) **Training of Board Members:**

(i) Every month a synopsis of MIS and any amendment related to Company Law/ any important tax related regulations are being sent/discussed to/with all the Directors of the Company.

(d) Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit on quarterly basis to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL and the shares issued from time to time were listed with the Stock Exchanges.

(e) Details of utilisation of proceeds from Preferential Issue for financial year 2007:

		(Rs.)
i)	Investment in Chennai Siruseri campus project	860,442,172
ii)	Investment in Land at Pune – Hinjewadi	100,000,000
iii)	Investment in Land at Nagpur – MADC	30,000,000

9. Means of Communication:

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

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

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

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

10. General Shareholder Information:

10.1 Fifteenth Annual General Meeting

Date	**June 30, 2008**
Time	**4.00 P.M.**
Venue	**M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K Dubhash Marg, Behind Prince of Wales Museum / Kala Ghoda, Mumbai – 400 001.**

10.2 Financial Calendar for the Year 2007

Financial year	January 1 2007 to December 31, 2007
Dividend Payment	Interim Dividend paid on August 4, 2007 @ 40% which will be confirmed as final dividend by shareholders at the ensuing Annual General Meeting.
Book Closure	Tuesday, June 24, 2008 to Monday, June 30, 2008. (both days inclusive).
Listing on Stock Exchanges	1) **Bombay Stock Exchange Limited** Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023. 2) **National Stock Exchange of India Limited** Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051. Global Depository Receipts listed on 3) **London Stock Exchange** Old Broad Street, London EC2N 1HP, United Kingdom

Financial reporting for the quarter ending (tentative and subject to change)	
March 31, 2008	By April 28, 2008
June 30, 2008	By July 31, 2008
September 30, 2008	By October 31, 2008
December 31, 2008	By February 28, 2009
Annual General Meeting for the year ending December 31, 2008	On or before June 30, 2009

10.3 Registered Office:

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

10.4 Scrip Information:

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

10.5 Stock Market Data:

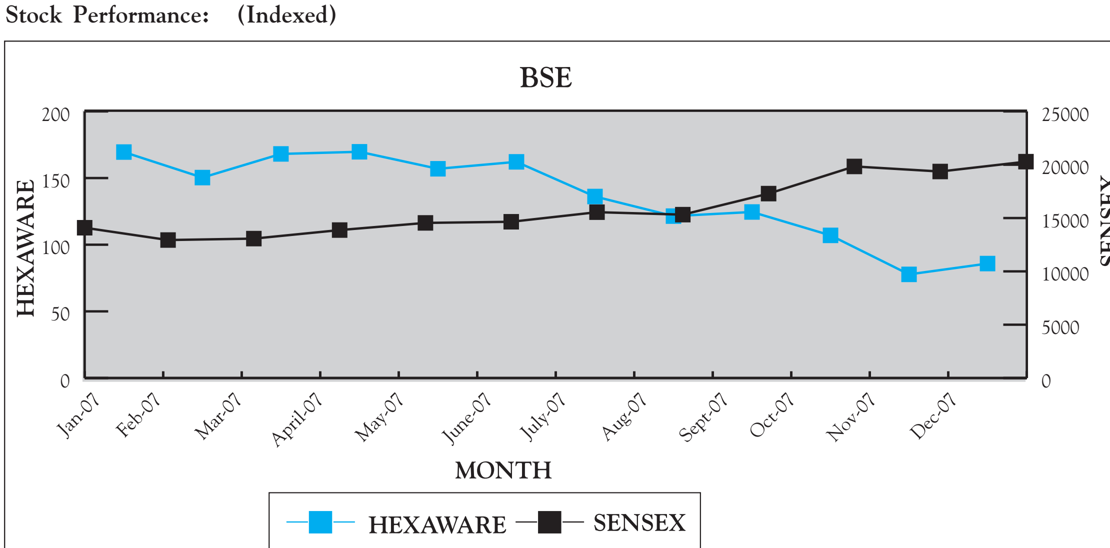
The high/low of the shares of the Company from January 2007 to December 2007 is given below:

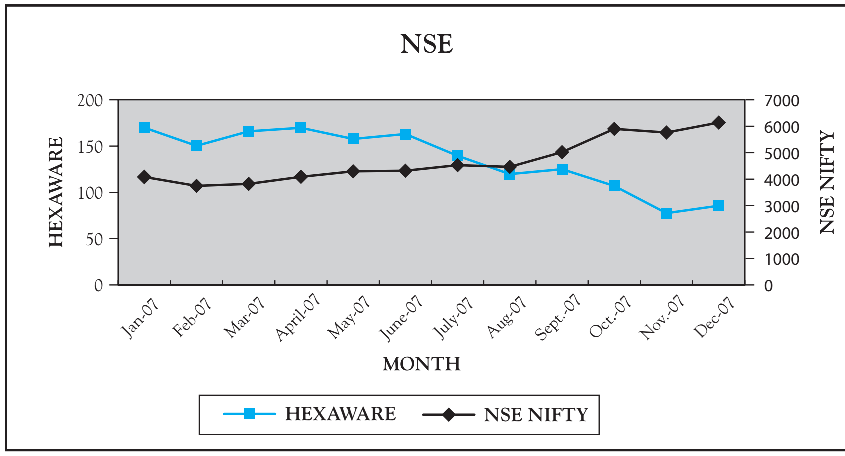
Month	Bombay Stock Exchange (Rs.)		National Stock Exchange (Rs.)	
	High	Low	High	Low
January'07	204.00	166.00	205.00	165.60
February'07	183.00	149.75	182.90	149.75
March'07	172.00	141.05	172.00	142.60
April'07	186.00	161.65	186.95	158.10
May'07	176.20	152.00	176.40	151.65
June'07	172.70	145.40	172.35	150.05
July'07	171.00	129.45	171.25	129.00
August'07	135.95	110.60	136.75	110.50
September'07	134.60	119.35	134.85	119.00
October'07	130.00	106.00	134.80	106.00
November'07	109.50	71.10	109.00	72.00
December'07	86.95	75.00	86.80	74.90

During the year, there has been trading of Company's GDR's on London Stock Exchange, the details are as under

Date	Total GBP Value	Total USD Value	Total Trades	Total Volume
May 1, 2007	1,915	3,800	1	2,000
November 1, 2007	3,643	7,480	1	6,800
Total	5,558	11,280	2	8,800

10.6. Stock Performance: (Indexed)





10.7 Registrar and Share Transfer Agent:

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

M/s Sharepro Services (India) Private Limited
Unit: **Hexaware Technologies Limited**
Satam Estate, 3rd Floor, Cardinal Gracious Road,
Chakala, Andheri (East),
Mumbai - 400 099
Tel. : +91 22 28215168/28215169
Fax : + 91 22 28375646
E-mail : sharepro@vsnl.com

10.8 Share Transfer system:

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

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

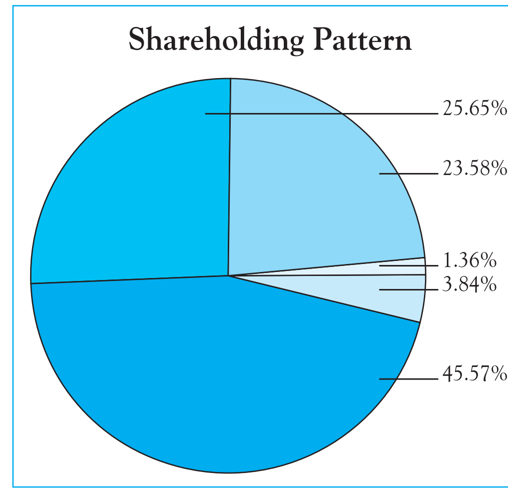
The Committee of Directors (Shareholders / Investors Grievances) usually approves transfer of shares every 15 to 30 days.

10.9 Distribution of Shareholding:

	As on December 31, 2007			
No. of Equity Shares held	**No. of Share holders**	**% of Share holders**	**Total No. of Shares held**	**% of share holding**
1-500	90,383	93.99	10,635,931	7.41
501-1000	3,315	3.45	2,587,740	1.80
1001-2000	1,223	1.27	1,848,970	1.29
2001-3000	379	0.39	962,274	0.67
3001-4000	195	0.20	694,356	0.48
4001-5000	134	0.14	628,192	0.44
5001-10000	244	0.25	1,736,350	1.21
10001 and above	292	0.31	124,522,672	86.70
TOTAL	**96,165**	**100.00**	**143,616,485**	**100.00**

Categories of Shareholding (as on December 31, 2007):

Sr. No.	Category of Holder	No. of shares	% of Equity
1	Promoters Holdings	33,870,664	23.58
2.	Mutual funds / UTI	1,958,527	1.36
3.	Banks/ Financial Institutions / Insurance Companies (Central / State Govt. Institutions / Non Govt. Institutions)	5,510,923	3.84
4.	FIIs /GDR	65,446,169	45.57
5.	**Others :**		
	- Private Corporate Bodies	12,404,452	8.64
	- Indian Public	22,064,015	15.36
	- NRIs/OCBs/	2,249,781	1.57
	- Trust	111,954	0.08
	Sub Total	**36,830,202**	**25.65**
	TOTAL	**143,616,485**	**100.00**



10.10 Dematerialization of Shares and liquidity:

Procedure for dematerialization / rematerialization of shares.

Shareholders seeking demat/remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate a electronic request and will send the physical share certificates to Registrars and Share Transfer Agents ("the Registrar") of the Company. Upon receipt of the request and share certificates, 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.

98.03% of the issued capital has been dematerialized upto December 31, 2007.

10.11 Dividend payment date: The Board has declared and paid the interim dividend on August 4, 2007 @ 40% and the same dividend will be confirmed as final dividend by shareholders at the ensuing Annual General Meeting.

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

1. Global Depository Receipts (GDR):

The outstanding GDR as on December 31, 2007 is 89,780.

The outstanding unregistered ADR as on December 31, 2007 is 10,555,700 and does not have impact on equity.

2. Warrants / Options:

1. 1,80,00,000 Warrants allotted under ESOP Scheme 1999 entitles the holder to get allotted one equity share of Rs. 2/- each in the Company for every block of 3 warrants at a price of Rs. 9/- per Equity share within a period of ten years commencing from February 1, 2001 (exercise period) and any proportionate entitlement arising out of any corporate actions in accordance with the said Scheme.

2. 1,10,49,145 Options allotted under ESOP Scheme 2002 entitles the holder to get allotted one Equity share of Rs. 2/- each in the Company at an exercise price being the market price on the date of grant of options or average closing price on the primary Stock Exchanges, whichever is high or such price that may be determined by the Remuneration & Compensation Committee ('Committee'). The options shall vest in four equal installments or as determined at the discretion of the Committee.

3. 40,40,000 Options allotted under ESOP Scheme 2007 entitles the holder to get allotted one Equity share of Rs. 2/- each in the Company at an exercise price being the latest available closing price of the shares on the Stock Exchange, which records 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 are granted or at such price as the Board/Remuneration Committee may determine. The options shall vest in four equal installments or as determined at the discretion of the Committee.

   Assuming all the Warrants / Options, granted but either not exercised or vested, under all the three ESOP Schemes of the Company, would vest, be exercised and converted into Equity shares of the Company, the total number of Equity shares would increase by 54,24,808 shares of Rs. 2/- each.

10.13 Plant Locations:

Registered Office & Offshore Development Center	152, Sector–III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710	Mumbai
	1, Sector – III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Mumbai
	8, Sector – III, Millennium Business Park, TTC Industrial Area, Mahape, Navi Mumbai – 400 710.	Mumbai
Offshore Development Center	Hexaware Towers, (HT-1),51/3, G. N. Chetty Road, T Nagar, Chennai – 600 017	Chennai
Offshore Development Center	Hexaware Towers, (HT-5), RR Skyline - 3rd & 4th Floor, Plot No. 18, 19 & 20 SIDCO Industrial Estate, Ambattur, Chennai 600 058.	Chennai
Offshore Development Center	SIPCOT IT Park, Navalur Post, Siruseri - 603 103.	Chennai
Offshore Development Center	ESpace - IT Park, Bldg. No. A3, Survey No. 46/1, Vadgaon Sheri, Nagar Road, Pune-411 014.	Pune
Offshore Development Center	Unitech World Cyber Park, Tower B, 1st Floor, Sector – 39, Gurgaon – 122 001, Haryana.	Gurgaon

10.14 Transfer of unclaimed dividend to Investor Education and Protection Fund

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

Date of declaration / payment of dividend	Dividend for the year	Due date for transfer to IEPF
June 19, 2001	2000	August 24, 2008
June 9, 2004	2003	August 14, 2011
April 4, 2005	2004	June 9, 2012
October 27, 2005 (Interim)	2005	January 01, 2013
June 29, 2006	2005	September 03, 2013
July 18, 2006 (Interim)	2006	September 22, 2013
April 24,2007 (Final)	2006	June 29, 2014

An amount of Rs. 8,14,965/- for the financial year 1999, towards unclaimed dividends was transferred during the year to the Investor Education and Protection Fund.

10.15 Investor Correspondence

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

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

Shareholders can contact the following Officials for financial related matters:

Name	E-Mail ID	Telephone Number	Fax No.
Rajesh Kanani	rajeshk@hexaware.com	+91 22 67919595	+91 22 67919623
P. K. Sridharan	pks@hexaware.com	+91 22 67919595	+91 22 67919623

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

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

At the ensuing Annual General Meeting, Mr. L. S. Sarma, Mr. Shailesh V. Haribhakti and Mr. Mark Dzialga, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment. Mr. Subrata Kumar Mitra and Mr. P. R. Chandrasekar have been appointed on the Board as Additional Directors of the company w.e.f. November 30, 2007 and June 2, 2008 respectively. The brief resume, experience and functional expertise and the membership on various Boards and Committees of Directors proposed to be appointed / re-appointed at serial no. 4, 5, 6, 8 and 9 of the Notice of 15th Annual General Meeting, as per the revised Corporate Governance code defined under clause 49 of the Listing Agreement are furnished below :

Name of the Director	Mr. L. S. Sarma	Mr. Mark Dzialga	Mr. Shailesh V. Haribhakti	Mr. Subrata Kumar Mitra	Mr. P. R. Chandrasekar
Date of Birth	11-Oct-1928	10-Jan-1964	12-Mar-1956	January 16, 1948	September 28, 1955
Age	79	44	52	60	52
Date of first Appointment	March 11, 2000	May 25, 2006	May 25, 2006	November 30, 2007	June 02, 2008
Experience in specific functional area	Expert in International Finance and Trade	Wide experience in Information Technology Services & Financial Services.	Wide experience across variety of Industries	Banking and Financial Services over more than three decades.	Wide experience in Informaion Technology Services
No. of Shares held in the Company	Nil	Nil	Nil	Nil	Nil
Qualification	Masters Degree in Commerce (First Class), CAIIB	B. S. degree from Canisius College and MBA from the Columbia University Graduate School of Business	Fellow Member of the ICAI, Certified Internal Auditor, Certified Financial Planner, Graduate Cost Accountant and Certified Fraud Examiner.	M Sc and Masters of Business Administration from USA	Mechanical Engineering from Indian Institute of Technology, Madras (IITM), MBA from University of Bombay.
List of Companies in which directorship held	Granules India Limited CaliberPoint Business Solutions Limited SpecSoft Technologies India Limited	General Atlantic LLC and affiliated entities Emdeon Business Services Genpact Limited Webloyalty Holdings, Inc. Network Solutions, LLC	Pantaloon Retail (India) Limited Ambuja Cement Limited Everest Kanto Cylinder Limited Morarjee Textiles Limited Mahindra lifespace Developers Limited Blue Star Limited Kotak Mahindra Private Equity Trustee Limited Fortune Financials Services (India) Limited ACC Limited Hercules Hoists Limited Akruti Nirman Limited Great Offshore Limited LIC Pension Fund Ltd. Future Capital Holdings Ltd.	SKP Securities Limited, Suashish Diamonds Limited, *Mangal Keshav Securities Limited	Hexaware Technologies Inc. USA
Chairman / Members of the Committee of the Board of Companies in which he is Director #	Granules India Limited [Audit Committee – Chairman, Compensation Committee–Chairman, Share Holders' / Investors Grievance Committee - Chairman] Caliber Point Business Solutions Limited [Audit Committee – Member, Remuneration & Compensation Committee–Member]	Nil	Pantaloon Retail (India) Limited [Audit Committee – Chairman] Ambuja Cement Limited [Audit Committee – Member] Morarjee Textiles Limited [Audit Committee – Chairman] Mahindra Lifespace Developers Limited [Audit Committee – Member] Blue Star Limited [Audit Committee – Member] ACC Limited [Audit Committee – Member] Akruti Nirman Limited [Audit Committee – Chairman] Future Capital Holdings Limited [Audit Committee – Chairman] [Remuneration & Compensation Committee – Member] Great Offshore Limited [Audit Committee – Member]	Nil	Nil

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

* Subject to regulatory formalities

CEO AND CFO CERTIFICATION

We hereby certify that :-

(a) We have reviewed financial statements and the cash flow statement for the year ended December 31, 2007 and that to the best of our knowledge and belief:

 (i) these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

 (ii) these financial statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct as applicable to the Board of Directors and Senior Management.

(c) We accept responsibility for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

 (i) significant changes in internal control during the year

 (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

 (iii) Instances of significant fraud of which they 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.

Rusi Brij	Mr. P. K. Sridharan	Mr. Rajesh B Ghonasgi
Vice – Chairman & CEO	President & Executive Director	Chief Finance Officer
Date: February 20, 2008		

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

To the members of Hexaware Technologies Limited,

We have examined the compliance of conditions of Corporate Governance by Hexaware Technologies Limited, for the year ended 31st December 2007, as stipulated in clause 49 of the Listing Agreement of the said compliance with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 read with comments in para 2.4 of the Corporate Governance Report together with Note 7 of Schedule 12(B) to the financial statements of the company, regarding non placing of certain foreign currency transaction, before the Board of Directors as required by Clause 49 Annexure IA (14), subsequently settled and strengthening of internal controls in this respect as detailed in the comments, we certify that, the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For **Deloitte Haskins & Sells**

Chartered Accountants

P. R. Barpande

Partner

Membership No.15291

Date: June 2, 2008

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

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

As Vice-Chairman and Chief Executive Officer of Hexaware Technologies Limited and as required by Clause 49 (I) (D) (ii) of the Listing Agreement of the Stock Exchanges in India, I hereby declare that all the Board members and senior management personnel of the Company as identified by the Company considering the requirements in this respect under clause 49 (I)(D), of Corporate Governance, have affirmed compliance with the Code of Conduct for the financial year 2007.

Rusi Brij

Vice-Chairman and CEO

Place: Mumbai

Date: February 20, 2008

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

1. Overview

Treading a differentiated path

Hexaware is at the forefront of a new generation of offshore IT service providers that offer differentiated services and is adept in delivering specific business technology solutions. Your Company's strength lies in its innate ability to understand the requirements of its clients and to continuously build the competencies and capabilities to provide integrated IT and BPO solutions unique to client specific needs and industry demands. Your Company's position as a leader in its chosen segments gives it the strength to invest in domains and technology capabilities ahead of the demand curve; to de-risk client engagements; and to differentiate through flexible business models and value added services.

Your Company focuses on bringing about business impact to its clients by maximizing returns on their investments in IT and Business Process Outsourcing. Your Company's unique capabilities augmented by a clear understanding of industry trends and deep knowledge of global business models allows it to leverage strong partnerships, intrinsic technology innovations and talent to deliver excellence through global delivery.

Hexaware has achieved market leadership in the domain areas of HR IT, Airlines and Leasing as well as possesses strong capabilities in the BFSI segment which are high growth business areas in the outsourcing space. Your Company leverages strategic partnerships with global leaders in technology and business solutions, with the goal of providing clients with end-to-end business solutions.

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

2. Industry Structure and Developments

Rapidly changing global economic and business conditions and technological innovation are creating an increasingly competitive environment that is driving companies to transform their operations globally. To address the changing needs, your Company is focusing on its core competencies and using strategic partners to manage their applications and products, improve productivity and manage operations more efficiently. While the expectations of the customers have increased manifold there continues to be an increased motivation to satisfy the clients with improved quality of service and accelerated delivery schedules with a focus on developing long term relationships and strengthening strategic partnerships.

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

There is a growing need for global companies to look for specialists with experience in their areas of business, technology and operations to drive their companies' strategic goals and objectives.

3. Key Business Areas

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

- **Enterprise Solutions:**
- **PeopleSoft Services**

  One of your Company's primary focuses is on PeopleSoft that includes HCM, FSCM, CRM and EPM solutions. Your company is staffed with a large number of senior managers, functional experts & technical experts who bring a plethora of experience in a variety of industries including Banking, Insurance, Manufacturing, Airlines, Finance and Education.

  Your company has been positioned by Gartner Inc. in the niche quadrant 'Magic Quadrant for ERP Service Providers, North America 2007' report.

- **SAP Services**

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

  Your Company helps enterprises leverage SAP Solutions to efficiently manage enterprise resource planning (ERP), proactively handle supply chain management (SCM) and build sales and marketing efficiency through customer relationship management (CRM).

Your company has built solution accelerators around ERP packages like SAP that guarantee a huge reduction in project time lines and corresponding benefits in cost for its customers.

- **Oracle Services**

  Your company pursues a vision of providing focused solutions in Oracle ERP products. This has enabled its customers to maximize their investment and reduce total cost of ownership in discrete and process manufacturing, financials, SCM, CRM and distribution industry verticals and horizontals. Our solutions include HRMS, financials, manufacturing, supply chain & distribution, CRM and leasing.

- **Microsoft Dynamics Services**

  Your company has a dedicated practice to provide end to end solutions to its customers using Microsoft Dynamics in the areas of consulting, implementation, support & maintenance, upgrade, consolidation & integration, independent verification & validation services.

  Your company has a pool of talented, certified functional and technical consultants who has rich experience and in-depth knowledge on Microsoft Dynamics to provide solution across various business domains.

- **CRM Services**

  Your Company specializes in providing CRM Services by identifying customer service standards and optimising and realigning the customer's processes towards meeting their strategic goals and objectives.

- **Business Intelligence & Analytics**

  Your Company offers Business Intelligence Solutions that can provide the right information to everyone in your enterprise - including in-depth analysis and reporting capabilities that are required to understand business, make the right decisions, gain competitive edge and increase profitability.

- **HR IT Services**

  Your Company has enabled the automation of all the HR systems and HR processes that support employee management from "Recruit to Retire" functions within the organization.

  Covering "Recruit to Retire" HR functions, your company's service range is designed to serve as a bridge between HR strategy, processes and technologies - thereby enabling HR to better align with an ever increasing business role. Payroll Application, HR Application Outsourcing, Enterprise Learning Management, Portal Implementation/Integration and HR Analytics are key components of your company's solution set.

- **Application Development & Management**

  Your Company's Application Development and Management (ADM) Services steer business processes and promote business growth by focusing on impacting operational efficiency.

- **Legacy Modernization Services**

  Your Company has integrated legacy modernization service offerings that include application re-engineering, web services for CICS translation, application optimization and DB2 migration services.

  Your company is an ideal partner to manage its customers' legacy renewal risks whilst they concentrate on their 'core' business & other 'strategic' initiatives.

- **Technology Consulting Services**

  Your company assesses different technology strategies for its customers. These strategies are then structured - through strategic, architectural, operational and implementation roadmaps - to complement business goals and objectives.

  Your company has demonstrated capabilities in delivering business transformations through multiple legacy modernization and BPO engagements with leading global customers in the areas of offshore advisory, application portfolio management services and architecture technology consulting services.

- **Testing Services**

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

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

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

- **BPO Services**

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

- **Enterprise Risk Management Services**

  Your company has entered into a Joint Venture Agreement with Pemtrad International Limited to launch Risk Technology International Ltd. (RiskTech). The new entity is focusing exclusively on offering a comprehensive suite of technology-intensive solutions in the domain of enterprise risk and compliance management, primarily for financial institutions worldwide. RiskTech will have offices in UK, USA and India.

4 Opportunities and Strengths

A. Opportunities:

Your company continues to focus on its strategy of being a multi-niche player and gaining the lion's share of the opportunities available in its chosen segments. The strengths built by your company in these areas with concerted efforts & learning from various client engagements, over the years, place it in good stead to win the opportunities in its niches. Your company will focus on winning the race in the years to come by aligning its service delivery along the following lines:

- Your company believes in broadening the canvas of technical services delivered by it. From being a Peoplesoft oriented company, the company has successfully built competencies in other ERP packages like SAP and Oracle, thereby developing itself into a comprehensive Enterprise Solutions Provider. This strategy of adding related service areas to its chosen niche open new vistas of growth for your company.
- Your company has also worked over the years on developing new service areas. The joint venture, RiskTech is a good example in this area whereby your company has been able to introduce a new service offering in the form of Enterprise Risk Management for its clients.
- Your Company works in actively pursuing the opportunities in its existing geographies and at the same time tries to build a foothold in new geographies. Our growing presence in Middle East and Australia over the last 2 years is a testimonial to this effect. Your company shall continue to focus on venturing into new geographies where we find scalable and meaningful business opportunities for our service offerings.
- Your company's growing focus on providing services to its clients from various geographies, which provide the benefit of multiple time zones and availability of multinational talent pool, has augur well for the company. The company currently operates from its offshore delivery centers spread across four cities in India and 3 near shore delivery centers. This strategy to provide services to the customers from different time zones is expected to open gates for various significant opportunities for your company.
- Your company has observed an increasing demand for its various services being packaged as a single product, from its various customers. Such combined service offerings have helped your company win multiple large opportunities in the past. Such offerings were customized for the customer in the past. The ability of your company to create new service offerings around such combination of its multiple niches should open a world of new opportunities.

  The combination of these strategies put together shall pave the path for your company to grow the existing accounts that have a potential to grow large as well as to acquire new customers.

B. Strengths:

a. Innovative & Flexible Contract Mechanism

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

b. Long-term mutually beneficial customer relationships

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

Your company's track record of delivering high quality solutions across the entire software life cycle and the strong domain expertise helps to strengthen these relationships leading to repeat business and high customer retention.

c. Develop in-depth industry knowledge

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

d. **Optimized Operational Performance**

Your company's strength lies in its consultative, pro-active and result-oriented approach to extracting optimum results for its clients through delivery excellence. Your Company is dedicated to achieving world-class delivery standards through a resolute focus on continuous improvements. It has attained high standards of process maturity, which have helped to deliver a strong business performance in 2007.

e. **Employer of Choice**

Your company believes that it has the best talent in the Indian technology services industry and is committed to remain as an employer of choice. Your Company has been ranked amongst the top twenty "Best IT Employers" in the DQ IDC Survey in 2007 for the third year running. Your company was ranked 6th in terms of employee satisfaction among the 250 Companies rated.

Your company's training programs, through its training arm HexaVarsity, ensure that employees enhance their skills in alignment with its requirements and are readily deployable. Your company also organizes seminars and training programs on a regular basis to help improve overall personality of its employees. The training programs include induction programs for the fresh graduate engineers and lateral hires. Role based leadership and management programs for the existing employees help them take on larger responsibilities.

5. **Business Outlook**

The year 2007 was a year of consolidation and the year 2008 will be a year of Innovation in our Service offerings and in operational excellence. Your company expects to witness and participate in significant advances towards SOA & SaaS.

Outsourcing and offshoring trends signify increased offshoring due to cost pressures on the Business As Usual parts.

Your company's key revenue stream for the year 2008 will continue to come from the key service offerings in the veritical and horizontal practices. Independent testing will provide a good stimulus for growth along with the enterprise solutions. These platforms continue to be the focus of your Company, on which new verticals & horizontals will be built. In addition to that your Company is confident to win new businesses with premium for the focused service offerings. With the visibility of a formidable order book, your company is confident of strengthening business in terms of quality, client base, geographies, verticals & horizontal services by which every stakeholder's value is expected to be enhanced.

6. **Risks and Risk Management**

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

Risk Management

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

The risks analyzed are discussed below: -

(i) **Revenue Concentration Risks:**

Service Concentration

Your company's business model is built on specializing in few vertical domains. Your company is able to charge premium rates on the basis of specialization and is able to add new clients largely on account of favorable references from existing customers. On the vertical front, the revenues aggregate as follows:

	2007 (%)	2006 (%)
BFSI	**36.6**	**39.0**
Travel & Transportation	**17.9**	**16.6**
Capital Market/Asset Management	**5.2**	**5.7**
Manufacturing	**29.3**	**30.62**
Others	**11.0**	**8.08**
Total	**100.0**	**100.0**

Your company has four main technology services in addition to the more generic Application Development & Management. Your company focuses on Enterprise Applications, Testing Services, HR IT and Business Intelligence &

Analytics. On the technological services front, the revenues aggregates as follows:

	2007 (%)	2006 (%)
E-Commerce/ ADM	35.8	46.9
Enterprise Applications (ERP)	31.5	33.8
Testing Services	16.9	4.9
HR IT	6.9	7.1
Business Intelligence & Analytics	2.6	2.0
Others	6.3	5.3
Total	100.0	100.0

Your Company has undertaken efforts that the revenue mix should be from the entire gamut of service offerings. During the current year, your Company will continue to gain strength in the testing space, especially with the successful integration of FocusFrame Inc.

Client Concentration

Your company primarily focuses on enhancing the quality of customers and keeps working in order to further the depth of strategic relationship with the customers. The former enables your company to acquire customers with large IT budgets and win highly referential customers. The latter enables your company to engage effectively to offer multiple services and increase the revenues from every customer. As a testimony to these two attributes, your company generated about 87% of revenues from existing clients through repeat business. Some of the key client-related metrics are detailed below:

Description	2007	2006
Billed Clients	175	129
Clients added during the year	66	49
% of revenues from the largest client	9.1	8.1
% of revenues from the top 5 clients	32.5	32.3
% of revenues from the top 10 clients	46.9	47.1
Number of US$ 1 million clients	54	41
Number of US$ 1-5 million clients	43	32
Number of US$ 5-10 million clients	7	5
Number of clients over US$ 10 million	4	4

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

Geographic Concentration

Significant geographical concentration of business in a particular country or a geographical region exposes your Company to a higher dependency and creates potential downside risk. A high level of concentration in a particular geographical region could potentially lead to risk from over exposure to that specific region's political and economic volatility.

Your company continues to explore new markets, which also acts as a trigger to increase the total revenues. While, your Company is focusing on entering the new geographical area, North America stands to be the major revenue market. Your Company has established leadership in the German market and expects to leverage this position in continental Europe further in 2008.

The revenues from the emerging markets such as ASEAN region and Far East have improved significantly in 2007. This has set the platform for exponential growth in this region over the next couple of years.

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

	2007 (%)	2006 (%)
North America	66.7	69.3
Europe	26.7	25.6
Rest of the world	6.6	5.1
Total	100.0	100.0

(ii) Financial Risks:

a) Foreign Currency

The Rupee appreciation of 11% during 2007 has impacted the operations both by way of margin and translation profits, the 12.5% appreciation of Euro against the USD has however provided some relief. Your company currently has sufficient USD-INR hedges in place to take care of future currency movements. Your company will continue to mitigate the impact of the adverse movement in the currencies by appropriately hedging its exposures against the various currencies.

Exceptional Loss: The Company, in the month of November 2007, reported about having entered into foreign currency transactions (financial derivatives) which were not disclosed to the senior management and the Board of Directors.

These transactions have since been settled and the net loss on account of such transactions aggregated to Rs 1,029.95 million. The said loss being one time and non recurring has been considered and disclosed as an exceptional item in the Profit and Loss account. Refer Note No. 7 to schedule 12 (B) to the financial statements of Hexaware Technologies Ltd. India.

With a view to adopting the best practices in the Industry and thereby improve its internal controls your company appointed KPMG to study the existing Treasury processes and give their recommendations. Your Company currently is in the process of implementing these recommendations.

b) **Liquidity**

By adopting effective receivable management system, liquidity of your Company has improved every year. During the year, the cash & cash equivalent (including investment in Mutual Fund/Bonds)balances accounted 32.6% of your Company's assets.

(iii) Legal and Contractual Compliance

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

(iv) Disaster risk

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

7. Internal Control Systems

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

During the year, certain transactions entered into by the Company, relating to foreign exchange derivatives, were not communicated to the Board of Directors and senior management. Refer Note No. 7 to schedule 12 (B) to the financial statements. As a result, the Company suffered an exceptional foreign exchange loss aggregating Rs. 1029.95 and the transactions were unwound since.

With a view to adopting the best practices in the Industry and thereby improve its internal controls the Company appointed KPMG to study the existing Treasury processes and give their recommendations. The Company currently is in the process of implementing these recommendations.

The Audit Committee comprising of Independent Directors of the Company, during the year, has decided to renew KPMG as Internal Auditor for another year w.e.f. 1st January, 2008. The Internal Audit will help to ensure that the systems and processes are implemented with adequate internal controls and assets are safeguarded.

8. Financial Highlights – Consolidated Financial Statements

Balance Sheet movements:

a) **Share Capital**

During the year 2007, the paid-up Share Capital of your Company decreased to Rs. 287.23 million from Rs. 1,763.92 million, comprising of 143,616,485 equity shares of Rs. 2/- each. The decrease in paid-up capital was on account of Redemption of 1,055,570 Redeemable Preference Shares.

b) **Reserves and Surplus**

Your Company's global reserves increased by 20.32% to Rs. 6770.86 million from Rs. 5627.49 million in the previous year. This growth is attributed to share premium amount on allotment of 10,555,700 equity shares of the face value of Rs. 2/- each against unregistered American Depository Receipts issued by the Company on conversion of Series 'A' Redeemable and/or optionally convertible Preference shares at a premium of Rs. 140.10 each.

c) **Fixed Assets**

During the year, the net block of assets has grown to 8.55% over previous year. The additions to fixed assets were at Rs. 549.56 million. The primary reasons for addition to fixed assets are (i) Lease premium in respect of land allotted to the company at Pune amounting to Rs. 200.00 million and (ii) investments in computers & software amounting to Rs. 141.64 millions. Capital work in Progress (CWIP) has increased to Rs. 927.49 million from Rs. 336.22 million mainly on account of Siruseri Campus in Chennai.

d) **Investments**

During the year, investments decreased to Rs. 2,309.67 million from Rs. 2,616.73 million in 2006, mainly on account of funding in Siruseri campus in Chennai.

e) **Sundry Debtors**

During the year, sundry debtors amounted to Rs. 2,160.19 million as against Rs. 2,233.94 million in the previous year. During 2007, your Company made provisioning of Rs. 127.60 million for the doubtful debtors.

f) **Cash and Cash Equivalents**

During the year, your Company generated a net cash flow of Rs. 892.45 million from the operating activities as compared to Rs. 1177.59 million in the previous year. The net cash flow from operations and dividend/inflow from mutual fund was used to finance the capital expenditure (including capital work-in-progress) of Rs. 1005.14 million.

Your Company is debt-free and maintains sufficient cash to finance the strategic objectives. Liquidity is important so as to enable ourselves in case of deviation of the market and if it demands to mitigate the financial and business risk involved.

g) Deferred Tax Assets and Deferred Tax Liability

Your Company accounts for deferred tax in compliance with the Accounting Standard issued by the Institute of Chartered Accountant of India. Your Company has recognized the deferred tax asset of Rs. 51.98 million against Rs. 49.28 million in 2006, mainly on account of provision for employee benefits and your Company has recognized the deferred tax liability of Rs. 7.25 million as against Rs. 52.39 million in 2006, mainly on account of provision of debtors and advances and depreciation.

h) **Current Liabilities and Provisions**

During the year, the current liability and provisions have increased to Rs. 2,792.66 million as against Rs. 1565.61 million in 2006. This is mainly on account of increase in other liabilities by Rs. 1,147.48 million largely on account of the provision for the exceptional loss from foreign currency transaction and in respect of earn out consideration/test accelerator sale consideration payable to erstwhile shareholders of FocusFrame as per terms of contract. Other provisions amount is arrived at after considerig no provision for proposed dividend and tax thereon and higher provisioning of compensated absences / gratuity.

9. Results of Global Operation

a. Income

During the year, the revenue from operations grew by 22.59% to Rs. 10398.03 compared to Rs. 8482.14 million in 2006. Whereas, after provision for tax company showed a profit of Rs. 70.79 million as against the profit of Rs. 1242.33 Millions in the year 2006. Majority of the revenues were repeat revenues from the existing clients. This reflects the effective client account management.

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

(in percentage)

Revenue by location	2007	2006
Onsite	64	61
Offshore	36	39
Total	100	100

During the year, the billing rates for onsite was at US$ 67.09 per hour and offshore rate was at US$ 23.41 per hour. The blended utilization was at 68%.

b. Other income

During the year, global other Income was reported at Rs. 288.71 million as compared to Rs. 244.15 million in the previous year, a increase of 18.25%. The other income was mainly from dividend earned from current investments.

c. **Expenses**

Software Development expenses

During the year, your Company's Software and Development expenses increased to Rs. 1598.86 million compared to Rs. 1371.95 million in 2006, a growth of 16.54%. The increase was attributed on account of increase in business operations.

Employment expenses

Your Company's Employment expenses increased to Rs. 6148.76 million in 2007 from Rs. 4662.15 million in 2006, an increase of 31.89%. As a percentage of software revenues, employment expenses increased to 59.13% for the year 2007 from 54.96% for the year 2006.

Administration and other expenses

Your Company's Administration expenses increased to Rs. 1486.96 million in 2007 from Rs. 1127.69 million in 2006. This increase is mainly due to increased business and added costs due to new software development centres and offices. As a percentage of software revenues, administrative and other expenses increased to 14.13% for the year 2007 from 13.29% for the year 2006.

10. Operating margin

Global Operating profit (EBITDA) decreased to Rs. 1470.16 million in 2007 from Rs. 1564.50 million in the year 2006, a decrease of 6% over the previous year.

11. **Depreciation**

During the year, the depreciation has increased to Rs. 235.48 million from Rs. 198.58 million in the year 2006 with the increase in fixed asset base.

12. **Provision for Taxation**

During the year, the provision for taxation was at Rs. 132.69 million compared to Rs. 120.43 million mainly on account of MAT and increase in Fringe Benefit Tax. As a percentage of Profit before Tax and exceptional item, the provision for taxation has increased to 10.75% compared to 8.84% in 2006.

13. **Net Profit**

The net profit for the year 2007 amounted to Rs. 72.29 million as against Rs. 1242.33 million for the year 2006. The decrease in the profits was mainly on account of the exceptional loss on foreign exchange transactions.

14. Dividend

Your Company declared a dividend (i) @ 2.95% on 1,055,570 Series 'A' Redeemable and/or Optionally Convertible Preference Shares of Rs. 21.94 million as interim dividend and (ii) 40% interim dividend on equity shares for the current year aggregating to Rs. 106.43 million. The total gross amount of dividend (preference and equity) for the year 2007 is Rs. 128.37 million The tax on distributed profits, payable by your Company would amount to Rs. 25.76 million. Your directors do not recommend any final dividend to be paid to the shareholders.

15. **Transaction in which the management is interested in their personal capacity**

During the year 2007, there are no materially significant related party transactions entered into with the management that may have potential conflict with the interest of your Company. For detailed discussion, refer note No. 5 of Part B in Notes to Hexaware Technologies Ltd. (India) Accounts on page 97.

16. Material development in HR/industrial Relation front, including number of employees

One of the key areas of the company has been developing functional competencies among human resources. Key organizational initiatives have gone a long way in infusing new skills and fostering a climate of learning and collaboration. There is a continuous drive to develop and deploy people practices to improve business results through improved employee engagement.

Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management and human asset refresher are corner stones of the organization.

During the year, your Company's employee strength stood at 7068 as compared to 5829 in the previous year.

Cautionary Statement

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

For and on behalf of the Board

Atul K. Nishar
Executive Chairman

Place: Mumbai
Date: June 2, 2008

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

1. We have audited the attached consolidated balance sheet of Hexaware Technologies Limited ("the Company") and its subsidiaries ("the Group"), as at 31st December, 2007 and the consolidated profit and loss account and the consolidated cash flow statement of the Group for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. They have been prepared on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

3. a) We did not audit the financial statements of certain subsidiaries, whose financial statements reflect the Group's share of total assets of Rs. 1,054.13 million as at 31st December, 2007, total revenues of Rs. 2,742.36 million and net cash inflows amounting to Rs. 29.99 million for the year then ended. These financial statements and other financial information, other than to the extent stated in paragraph 3(b) below, have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of other auditors.

   b) As the audited financial statements as at and for the year ended December 31, 2007 of a subsidiary company were not available, the Group's share of total assets as at 31st December, 2007 of Rs. 82.88 million, total revenues for the year then ended of Rs. 215.37 million and net cash inflows for the year then ended of Rs. 2.87 million and the notes to financial statements, have been recognized/disclosed in the financial statements on the basis of unaudited financial statements as at and for the year ended 31st December, 2007 as provided by the management of that subsidiary company.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21,'Consolidated Financial Statements'.

5. Without qualifying our report, we invite attention to Note 18 to Schedule 13B regarding excess remuneration of Rs. 2.11 million (Previous Year Rs. Nil) to a director in respect of which an application is made to Central Government for approval as detailed in the note.

6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Group as at 31st December, 2007;

   b) in the case of the consolidated profit and loss account, of the consolidated profit of the Group for the year ended on that date; and

   c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountant

P. R.Barpande
Partner
Membership No. 15291

Mumbai, dated 21st February, 2008

CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2007

(Rupees in Millions)

Particulars	Schedule	As at 31st December, 2007		As at 31st December, 2006	
SOURCES OF FUNDS					
Share Holders' Funds :					
a) Share Capital	"1"	287.23		1,763.92	
b) Share Warrants (Refer Note No. 7(I)A of Schedule 13 B)		0.38		0.41	
c) Share Application Money		1.02		3.44	
d) Reserves and Surplus	"2"	6,770.86		5,627.49	
			7,059.49		7,395.26
Loan Funds :	"3"				
Unsecured Loans			-		0.34
Deferred Tax Liability (Net) (Refer Note No. 5(c) of Schedule 13 B)			7.25		52.39
Total			7,066.74		7,447.99
APPLICATION OF FUNDS					
Fixed Assets :	"4"				
a) Gross Block		3,346.94		2,959.41	
b) Less: Depreciation and Amortization		997.32		794.75	
c) Net Block		2,349.62		2,164.66	
d) Capital Work-in-progress		927.49		336.22	
			3,277.11		2,500.88
Investments :	"5"		2,309.67		2,616.73
Deferred Tax Asset (Net) (Refer Note No. 5(c) of Schedule 13 B)			51.98		49.28
Current Assets, Loans And Advances :	"6"				
a) Sundry Debtors		2,160.19		2,233.94	
b) Cash and Bank Balances		902.11		797.39	
c) Loans and Advances		1,154.39		812.93	
d) Other Current Assets		3.95		2.45	
		4,220.64		3,846.71	
Less:					
Current Liabilities and Provisions :	"7"				
a) Current Liabilities		2,333.38		1,102.52	
b) Provisions		459.28		463.09	
		2,792.66		1,565.61	
Net Current Assets			1,427.98		2,281.10
Total			7,066.74		7,447.99
Significant Accounting Policies & Notes forming part of Accounts	"13"				

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

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Rusi Brij
(Vice Chairman & CEO)

P. K. Sridharan
(President & Executive Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

A. P. Kurian
(Director)

S. K. Mitra
(Director)

Rajesh B. Ghonasgi
(Chief Financial Officer)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Place : Mumbai
Date : 21st February, 2008

Hexaware TECHNOLOGIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Rupees in Millions)

Particulars	Schedule	For The Year Ended 31st December, 2007		For The Year Ended 31st December, 2006	
INCOME					
Software and Consultancy		10,398.03		8,482.14	
Other Income	"8"	288.71		244.15	
			10,686.74		8,726.29
EXPENDITURE					
Software and Development Expenses	"9"	1,598.86		1,371.95	
Employment Expenses	"10"	6,148.76		4,662.15	
Administration and Other Expenses	"11"	1,468.96		1,127.69	
Interest	"12"	1.25		3.16	
Depreciation and Amortization	"4"	235.48		198.58	
			9,453.31		7,363.53
Profit Before Tax and Exceptional Item			1,233.43		1,362.76
Less : Exceptional Loss - Loss on Foreign Currency Transactions (Net) (Refer Note no. 11 to Schedule 13B)			1,029.95		-
Profit Before Tax			203.48		1,362.76
Less : Provision for Taxation:					
- Income Tax - Current (Net of Rs. 4.69 Million [Previous Year including Rs.2.18 Million] in respect of earlier years)		142.10		115.31	
- Income Tax - Deferred (including prior year Rs. Nil (Rs. 3.00 Million))		(34.35)		(11.30)	
- MAT Credit Entitlement (Refer Note No. 5(b) of Schedule 13B)		(2.53)		(8.40)	
- Fringe benefit Tax		27.30		24.59	
- Wealth Tax		0.17		0.23	
			132.69		120.43
Profit After Tax before Minority Interest			70.79		1,242.33
Minority Interest in Loss of Subsidiary			(1.50)		-
Profit after Tax and Minority Interest			72.29		1,242.33
Add : Balance brought forward from Previous Year			1,894.79		1,134.47
Balance available for Appropriation			1,967.08		2,376.80
Appropriations :					
Interim Dividend (Interim and Final for 2007 and Interim for 2006)					
Equity		106.43		104.53	
Preference		21.94		8.12	
Proposed Dividend					
Equity		-		105.58	
Preference		-		22.31	
Dividend for Previous Year		0.84		6.78	
Dividend Tax (includes Rs. 3.94 Million (Rs. Nil) being short provision of earlier year on account of change in tax rate)		25.76		34.69	
Transfer to General Reserve		50.00		200.00	
			204.97		482.01
Balance carried to Balance Sheet			1,762.11		1,894.79
Earnings per share (in Rupees) (Refer note no. 10 of Schedule 13 B)					
Basic			0.34		9.46
Diluted			0.34		8.99
Face value of Equity Shares (in Rupees)			2.00		2.00
Significant Accounting Policies & Notes forming part of Accounts	"13"				

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

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

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(Vice Chairman & CEO)

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A. P. Kurian
(Director)

S. K. Mitra
(Director)

Rajesh B. Ghonasgi
(Chief Financial Officer)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Place : Mumbai
Date : 21st February, 2008

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Rupees in Millions)

		For the Year		Previous year
A	**Cash Flow from operating activities**			
	Net Profit before tax	203.48		1,362.76
	Adjustments for:			
	Depreciation and amortization	235.48		198.58
	Interest Income	(19.86)		(17.05)
	Dividend from Current Investments	(181.43)		(113.67)
	Profit on sale of Investments (Net)	(7.21)		(31.52)
	Exceptional Loss on Foreign Currency transactions (Net) (Refer Note no. (a) of Schedule 7)	900.91		-
	Loss/(Profit) on sale of fixed assets	0.63		(9.00)
	Exchange Rate Difference	(0.65)		0.69
	Provision for diminution in value of Investment	21.73		-
	Interest Expense	1.25		3.16
	Operating profit before working capital changes	1,154.33		1,393.95
	Adjustments for:			
	Trade and other receivables	(465.21)		(274.40)
	Trade and other payables	461.61		167.35
	Cash generated from operations	1,150.73		1,286.90
	Direct Taxes Paid	(258.28)		(109.31)
	Net cash from operating activities		892.45	1,177.59
B	**Cash flow from investing activities**			
	Additions to fixed assets	(1,005.14)		(722.10)
	Proceeds from sale of fixed assets	3.04		14.85
	Interest received	18.36		17.06
	Purchase of Trade Investments	(21.73)		-
	Purchase of Current Investments	(7,411.54)		(10,911.06)
	Acquisition of Subsidiaries and purchase of business	-		(1,125.50)
	Proceeds from Sale of Investments	7,725.81		8,978.80
	Dividend from Current Investments	181.43		113.67
	Net cash used in investing activities		(509.77)	(3,634.28)
C	**Cash flow from financing activities**			
	Proceeds from issue of share capital	33.26		2,986.77
	Share Application money	1.02		3.44
	Proceeds from issue of shares to Minority Share holder in Subsidiary	1.50		-
	Interest paid	(1.25)		(3.16)
	Dividend paid	(299.56)		(216.69)
	Repayments of long term and other borrowings	(0.34)		(61.87)
	Net Cash (used in) / from financing activities		(265.37)	2,708.49
	Net Increase in Cash and Cash equivalents		117.31	251.80
	Cash and Cash equivalents at the beginning of the year		786.03	534.23
	Cash and Cash equivalents at the end of the year		903.34	786.03

Notes:

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

	For the Year	Previous year
Cash and Bank Balances (including EEFC account balances)	902.11	797.39
Less: Effect of changes in Exchange rate	23.08	(4.42)
Less: Fixed Deposits under lien with Banks	(21.85)	(6.94)
Total Cash and Cash equivalents	903.34	786.03

2. Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.
3. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 “Cash Flow Statement” (AS 3).
4. The figure for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figure of the current year.

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

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

For and on behalf of the Board

Atul K. Nishar (Executive Chairman)
Rusi Brij (Vice Chairman & CEO)
P. K. Sridharan (President & Executive Director)
L. S. Sarma (Director)
Preeti Mehta (Director)
Shailesh Haribhakti (Director)
A. P. Kurian (Director)
S. K. Mitra (Director)
Rajesh B. Ghonasgi (Chief Financial Officer)
Bhagwant Bhargawe (Company Secretary & Head Legal)

Place : Mumbai
Date : 21st February, 2008

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2007		As at 31st December, 2006	
SCHEDULE "1" - SHARE CAPITAL				
AUTHORISED				
175,000,000 Equity Shares of Rs. 2/- each		**350.00**		350.00
3,000,000 Preference Shares of Rs. 100/- each*		**300.00**		300.00
1,100,000 Series "A" Preference Shares of Rs. 1421/- each * * (Refer Note II below)		**1,563.10**		1,563.10
		2,213.10		2,213.10
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
EQUITY :				
143,616,485 (131,980,625) Equity Shares of Rs. 2/- each fully paid.		**287.23**		263.96
PREFERENCE :				
Nil (1,055,570) Series "A" Redeemable and/or Optionally Convertible Preference Shares of Rs. 1421/- each converted during the year. (Refer Note no. I-7 below)		**-**		1,499.96

Notes:

I) Of the above Equity Shares:-

1) 11,134,625 Equity Shares of Rs. 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite Scheme of Reconstruction and Arrangement.
2) 36,188,870 Equity Shares of Rs. 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/Securities Premium Account.
3) 10,452,965 Equity Shares of Rs. 2/- each fully paid up have been allotted against Global Depository Receipts issued by the Company.
4) 50,000,000 Equity Shares of Rs.2/- each fully paid up issued to the Shareholders of erstwhile Hexaware Technologies Limited ('HTL') without receiving consideration in cash in accordance with the Composite Scheme of Reconstruction and Arrangement.
5) 3,863,060 (3,700,980) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 1999.
6) 8,136,475 (7,218,395) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2002.
7) 10,555,700 (Nil) Equity Shares of Rs.2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/or Optionally Convertible Preference Shares at a premium of Rs. 140.10 each as per the terms of issue.

   Particulars of options on unissued Share Capital (Refer Note no. 7 of the Schedule 13 B)

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

Particulars	As at 31st December, 2007		As at 31st December, 2006	
Total		**287.23**		1,763.92
SCHEDULE "2" - RESERVES AND SURPLUS				
Securities Premium Account				
As per last Balance Sheet	**3,164.93**		1,749.60	
Add : Received during the year (Including Rs. 1,478.85 million Refer Note No. I-7 To Schedule "1")	**1,513.42**		1,521.40	
Less : Share Issue Expenses	**-**		59.14	
Less: Provision for premium payable on redemption of Redeemable and / or Optionally Convertible Preference Shares	**-**		46.93	
Add : Provision for premium payable on redemption of Redeemable and / or Optionally Convertible Preference Shares written back since no longer required on conversion (Refer Note no. I-7 of Schedule 1)	**46.93**		-	
		4,725.28		3,164.93
General Reserve				
As per last Balance Sheet	**563.66**		363.66	
Add : Transfer from Profit and Loss Account (In respect of Subsidiary Company Rs. 50 million (Rs. Nil))	**50.00**		200.00	
Less : Transitional provision adjustment - Employee benefits (Net of Defered Tax) (Refer Note no. 16 of Schedule 13B)	**123.20**		-	
		490.46	-	563.66

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2007		As at 31st December, 2006	
Amalgamation Reserve				
As per last Balance Sheet		**2.88**		2.88
Currency Translation Reserve				
As per last Balance Sheet	**1.23**		(15.97)	
(Deduction)/Addition during the year (Net)	**(211.10)**		17.20	
		(209.87)		1.23
Surplus in Profit and Loss Account		**1,762.11**		1,894.79
Total		**6,770.86**		5,627.49

SCHEDULE "3" - LOAN FUNDS

Particulars	As at 31st December, 2007	As at 31st December, 2006
Unsecured Loans		
Short Term Loan From Others	-	0.34
Total	-	0.34

SCHEDULE "4" – FIXED ASSETS

	GROSS BLOCK					DEPRECIATION / AMORTIZATION					IMPAIRMENT LOSS		NET BLOCK	
Sr. No. Particulars	As at 01.01.2007	Additions	Assets Taken Over on Acquisition	Deductions/ Adjustments	As at 31.12.2007	As at 01.01.2007	For The Year	Assets Taken Over on Acquisition	Deductions/ Adjustments	As at 31.12.2007	As at 1.1.2007	Deductions	As at 31.12.2007	As at 31.12.2006
A Goodwill on consolidation (Refer Note no. 15 of Schedule 13B)	1,024.77	118.13	–	121.09	1,021.81	–	–	–	–	–	–	–	1,021.81	1,024.77
B **TANGIBLE ASSETS**														
Own Assets														
1 Land – Freehold	0.15	–	–	–	0.15	–	–	–	–	–	–	–	0.15	0.15
Land - Leasehold (Refer note no.1)	207.34	200.00	–	–	407.34	2.15	4.35	–	–	6.50	–	–	400.84	205.19
2 Building (Refer Note no. 2)	434.42	–	–	–	434.42	26.70	7.47	–	–	34.17	–	–	400.25	407.72
3 Plant and Machinery (Includes Computer Systems)	940.48	141.64	–	32.14	1,049.98	611.66	167.82	–	26.74	752.74	–	–	297.24	328.82
4 Furniture and Fixtures	299.93	20.44	–	1.20	319.17	128.62	38.97	–	1.35	166.24	–	–	152.93	171.31
5 Improvements to Leasehold Premises	7.20	1.71	–	0.74	8.17	3.47	1.88	–	0.43	4.92	–	–	3.25	3.73
6 Vehicles	43.66	18.96	–	5.40	57.22	21.64	11.04	–	3.77	28.91	–	–	28.31	22.02
Leased Assets														
Furniture and Fixtures	1.46	–	–	1.46	–	0.51	0.11	–	0.62	–	–	–	–	0.95
C Intangible Assets														
Softwares (Refer note no. 3)	–	48.68	–	–	48.68	–	3.84	–	–	3.84	–	–	44.84	–
Current Year	**2,959.41**	**549.56**	**–**	**162.03**	**3,346.94**	**794.75**	**235.48**	**–**	**32.91**	**997.32**	**–**	**–**	**2,349.62**	**2,164.66**
Previous Year	1,564.30	1,412.70	44.41	62.00	2,959.41	630.16	198.58	19.09	53.08	794.75	3.06	3.06	2,164.66	
Capital Work in Progress													927.49	336.22
Total													**3,277.11**	**2,500.88**

Notes:

1 Includes Rs. 367.98 million and Rs.5.13 million being lease premium and accumulated amortization respectively in respect of leasehold land alloted to the Company at Pune and at Navi Mumbai for which final lease agreement is being executed

2 Includes gross block of Rs. 150.21 million (Previous year Rs. 150.21 million) and accumulated depreciation of Rs 16.59 million (Previous year Rs 14.14 million), acquired in the earlier year, along with land from MIDC, at Mumbai, for which final agreement is being executed.

3 Additions to Software includes Software product; Gross block of Rs. 19.71 million and accumulated depreciation of Rs. 3.43 million

4 Capital Work in Progress is in respect of Building under construction, Land acquisition, Plant and Machinery & Furnishing of building and includes capital advances.

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

Particulars	Gross Block	Depreciation
Goodwill on Consolidation	121.09	–
TANGIBLE ASSETS		
Own Assets		
Plant and Machinery	12.72	9.98
Furniture and Fixtures	1.23	0.50
Improvements to Leasehold Premises	0.74	0.43
Vehicles	0.59	0.12
Leased Assets		
Furniture and Fixtures	0.16	0.06
Intangible Assets		
Computer Softwares	–	–
Current Year	136.53	11.09
Previous year	(1.80)	(1.72)

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars		As at 31st December, 2007			As at 31st December, 2006	
SCHEDULE "5" - INVESTMENTS						
A Long Term						
1 **Trade Investments - Unquoted**						
(At Cost less Provision for Diminution in value of Investment)						
118 (Nil) No. 2 Series A Preferred Shares of 500,000 Yen each in ROA International Company Limited		21.73			-	
Less : Provision for Diminution in value of Investment		(21.73)			-	
			-			-
2 **Non Trade Investments (At Cost)**						
Unquoted						
Investment in Long Term Capital Gain Bonds	**Nos**			**Nos**		
(Bond of Rs. 10,000/- each unless otherwise stated)						
National Bank of Agriculture and Rural Development	3,000	30.00		3,000	30.00	
National Housing Bank	2,000	20.00		2,000	20.00	
Rural Electrification Corporation	1,450	14.50		1,450	14.50	
			64.50			64.50
B **Current Investments**						
Non Trade Investment (Unquoted)						
Investment in Mutual Funds Schemes						
(At Cost or fair value whichever is lower)						
(unit of Rs. 10/- each unless otherwise stated).						
Name of Mutual Fund Schemes	**Units**			**Units**		
Duetsche Money plus Fund Institutional Weekly Dividend	-	-		58,596,028	586.92	
Kotak FMP 3 M Series 7	-	-		15,754,432	157.54	
Reliance Fixed Horizon Fund - 1 Quarterly Plan Series IV	-	-		31,499,502	315.00	
Reliance Fixed Horizon Fund - Plan B Series IV	-	-		77,329,556	773.30	
Prudential ICICI FMP - Series 34-3 Month Plan A	-	-		31,175,683	311.76	
ABN Amro FMP - Series 3 Quarterly Plan E	-	-		5,000,000	50.00	
ABN Amro FTP - Series 4 Quarterly Plan B	-	-		15,444,305	154.44	
Prudential ICICI FMP - Series 32 Plan D	-	-		5,000,000	50.00	
Prudential ICICI FMP - Series 32 Plan E	-	-		5,351,978	53.52	
Principal Income Fund - Growth Plan	-	-		5,744,683	99.75	
ABN Amro Flexible Short Term Plan Ser D - Quarterly Div- Red.	5,416,630	54.16		-	-	
ABN Amro Interval Fund Monthly Plan A Dividend - Red.	16,632,651	166.33		-	-	
Birla Sunlife Interval Income - Institutional - Monthly Series 2 - Dividend	5,000,000	50.00		-	-	
DWS Credit Opportunities Cash Fund - Dividend Plan	25,661,085	258.53		-	-	
DWS Short Term maturity Fund - Weekly Dividend Option	9,037,588	92.75		-	-	
ICICI Prudential Institutional short Term Plan - DR - Fortnightly - Reinvestment Dividend	14,143,335	157.38		-	-	
ICICI Prudential Interval Fund Quarterly Interval Plan -1 Retail Dividend - Reinvest Dividend	5,806,783	58.07		-	-	
ICICI Prudential Short Term Plan - Dividend Reinvestment - Fortnightly - Reinvest Dividend	868,550	9.43		-	-	
ING Fixed Maturity Fund - XXX - Dividend	8,097,460	80.97		-	-	
Kotak Bond (Short Term) - Monthly Dividend	16,898,404	169.87		-	-	
Reliance Liquid Fund Treasury Plan - Institutional Option - Daily Dividend Option	7,430,124	113.59		-	-	
Reliance Short Term Fund - Retail Plan - Dividend Plan	60,865,354	642.73		-	-	
Reliance Quarterly Interval Fund - Series III - Institutional Dividend Plan	5,105,777	51.06		-	-	
Templeton India Short Term Income Plan Institutional - Weekly Dividend Reinvestment (Face Value Rs. 1000/-)	305,555	308.58		-	-	
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series - I - Dividend Plan - Reinvestment	3,170,922	31.71		-	-	
ICICI Prudential Flexible Income Plan	46	0.01		-	-	
			2,245.17			2,552.23
TOTAL			2,309.67			2,616.73
(i) Aggregate cost / fair value of quoted investments.			-			-
(ii) Aggregate value of unquoted investments. (At Cost / Fair value)			2,309.67			2,616.73
			2,309.67			2,616.73
(iii) Current Investment includes amount of Rs. 727.33 million (Rs. 1,546.16 million) invested out of unutilised funds from preferential allotment of shares.						

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars	As at 31st December, 2007		As at 31st December, 2006	
SCHEDULE "6" - CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors (Unsecured)				
Debts Outstanding for a period exceeding six months	194.91		117.17	
Other debts	2,092.88		2,149.90	
	2,287.79		2,267.07	
Less: Provision for doubtful accounts	127.60		33.13	
		2,160.19		2,233.94
Sundry Debtors				
Considered Good	2,160.19		2,233.94	
Considered Doubtful	127.60		33.13	
	2,287.79		2,267.07	
Cash And Bank Balances				
Cash in hand and Remittance in Transit (Including Cheques on hand Rs. 0.11 million (Rs. 0.43 million))	47.40		91.78	
I. Bank Balances with Scheduled Banks				
In Fixed Deposit Accounts	188.96		6.73	
[Includes Interest Accrued of Rs. 1.79 million (Rs. 0.47 million)]				
[Includes Deposits of Rs. 15.18 million (Rs. 4.55 million) under Lien with Banks for guarantees given by Bank to various Government authorities / Leased premises]				
In Exchange Earner's Foreign Currency Account	39.82		57.76	
In Current Accounts	187.88		259.61	
II. Bank Balances with Others				
In Fixed Deposit Accounts	7.75		8.02	
[Includes Interest Accrued of Rs.0.03 million (Rs. 0.03 million)] [Includes Deposits of Rs. 6.67 million (Rs. 2.39 million) under lien with banks for Guarantees given by bank to various authorities]				
In Current Accounts	430.30		373.49	
		902.11		797.39
Loans and Advances (Unsecured)				
Advances recoverable in cash or in kind or for value to be received.	327.88		332.39	
Deposits	330.38		212.79	
Unbilled services	388.45		208.51	
Advance Income Tax (net of provision for tax)	105.99		52.69	
Advance Fringe Benefit Tax (net of provision for tax)	4.16		-	
MAT credit entitlement (Refer Note no. 5(b) of Schedule 13B)	2.53		8.40	
	1,159.39		814.78	
Less: Provision for Doubtful Advances	5.00		1.85	
		1,154.39		812.93
Loans and Advances				
Considered Good	1,154.39		812.93	
Considered Doubtful	5.00		1.85	
	1,159.39		814.78	
Other Current Assets				
Interest Accrued on Investments		3.95		2.45
Total		4,220.64		3,846.71

SCHEDULES TO CONSOLIDATED BALANCE SHEET

(Rupees in Millions)

Particulars		As at 31st December, 2007			As at 31st December, 2006	
SCHEDULE "7" - CURRENT LIABILITIES AND PROVISIONS						
Current Liabilities						
Sundry Creditors						
I) Total outstanding dues of Micro Enterprises and Small Enterprises		-			-	
II) Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		317.31			258.11	
Liability for Leased Assets		-			0.22	
Unearned Revenues		90.26			64.66	
Other Liabilities #		1,896.93			749.45	
Unclaimed Dividend *		9.17			7.94	
Deposits Received for Leased Premises		19.71			22.14	
* This figure does not include any amount due and outstanding to be credited to Investor Education and Protection Fund.		2,333.38			1,102.52	
# Other liabilities includes liabilities towards :						
a) Rs. 900.91 million (Rs. Nil) in respect of foreign currency transactions settled subsequent to year end (Refer Note no. 11 of Schedule 13B)						
b) Rs. 115.98 million (Rs. Nil) in respect of Earnout consideration payable (Refer Note no. 15 of Schedule 13B)						
c) Rs. 70.95 million (Rs. Nil) (which is net of taxes of Rs.47.30 million) directly credited to erstwhile shareholders of a subsidiary, on sale of Test Accelerator IP ('IP') having a nil value in accordance with the 'Agreement and Plan of Merger' entered into with the said Erstwhile Shareholders.						
d) Rs. Nil (Rs.8.18 million) payable to the Erstwhile Option holders of a Subsidiary Company, in accordance with the terms of agreement & plan of merger.						
Provisions						
- Provision for Compensated Absences		329.18			196.94	
- Proposed Dividend		-			127.89	
- Corporate Tax on Dividend		-			17.94	
- Provision for Gratuity and Other Retirement Benefits		93.87			7.00	
- Provision for Taxation (Net of Advance Tax)	44.33			59.64		
Less: MAT Credit availed during the year	8.40	35.93		-	59.64	
- Provision for Fringe Benefit Tax (Net of Advances)		0.30			6.75	
- Provision for redemption of Redeemable and/or Optionally Convertible Preference Shares		-			46.93	
			459.28			463.09
Total			2,792.66			1,565.61

Hexaware TECHNOLOGIES

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	For the year ended 31st December, 2007		For the year ended 31st December, 2006	
SCHEDULE "8" - OTHER INCOME				
Dividend from Current Investments		181.43		113.67
Profit on sale of Current Investments (Net)		7.21		31.52
Interest Income				
From Long Term Investments	3.33		3.27	
From Others (Tax Deducted at source Rs. 0.29 million (Rs. 0.07 million))	16.53		13.78	
		19.86		17.05
Profit on sale of Fixed Assets (Net)		-		9.00
Rental Income (Tax deducted at source Rs. 6.46 million (Rs. 6.78 million))		24.97		25.80
Grant Income		3.56		-
Miscellaneous Income		51.68		47.11
(Includes provisions/credit balances write backs since no longer required / payable Rs. 3.65 million (Rs. 5.27 million))				
Total		288.71		244.15
SCHEDULE "9" - SOFTWARE AND DEVELOPMENT EXPENSES				
Consultant Travel and related expenses		753.82		606.43
Software expenses (Includes Subcontracting charges Rs. 732.41 million (Rs. 720.75 million))		845.04		765.52
Total		1,598.86		1,371.95
SCHEDULE "10" - EMPLOYMENT EXPENSES				
Salary and Other allowances		5,400.44		4,089.95
Contribution to Provident and Other Funds		554.73		423.74
Staff Welfare Expenses		193.59		148.46
Total		6,148.76		4,662.15
SCHEDULE "11" - ADMINISTRATION AND OTHER EXPENSES				
Rent		297.67		160.42
Rates & Taxes		11.63		11.98
Travelling and Conveyance Expenses		346.73		278.33
Electricity Charges		85.66		59.27
Communication Expenses		178.34		132.73
Repairs and Maintenance				
Buildings	6.08		5.47	
Plant & Machinery	25.38		16.45	
Others	34.98		24.28	
		66.44		46.20
Printing and Stationery		33.99		23.50
Auditors Remuneration				
Audit Fees	9.34		5.14	
Audit of US GAAP Accounts	1.97		1.96	
Tax Audit Fees	1.23		1.12	
Limited Reviews, Certification Work, Taxation and Other Matters	2.92		2.17	
Out of Pocket Expenses	0.10		0.07	
		15.56		10.46
Legal and Professional Fees		166.45		88.58
Advertisement and Publicity		64.57		69.39
Seminar, Conference and Business Promotion		65.76		59.73
Bank ond Other Charges		20.41		13.71

SCHEDULES TO CONSOLIDATED PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	For the year ended 31st December, 2007	For the year ended 31st December, 2006
Exchange Rate Difference (Net) (Refer Note no. 12 of Schedule 13B)	**(280.99)**	(37.52)
Director's Sitting Fees	**2.07**	0.51
Insurance Premium	**36.29**	33.33
Loss on Sale of Fixed Assets (Net)	**0.63**	-
Provision for Dimunition in value of Investment	**21.73**	-
Debts and Advances written off (Net of recovery of Rs. 2.18 million (Rs. Nil))	**44.12**	-
Donation	**1.51**	0.13
Provision for Doubtful debts (Net of Bad debts written off Rs.Nil (Rs.15.26 million) and net of write back of Rs. 5.91 million (Rs. Nil))	**97.88**	12.05
Provision for Doubtful Advances (Net of irrecoverable advances written off Rs. 1.79 milliion (Rs. Nil))	**5.14**	2.08
Staff Recruitment Expenses	**58.76**	55.17
Service Charges	**61.78**	57.72
Miscellaneous Expenses	**66.83**	49.92
Note : Miscellaneous Expenses includes Stamp duty & filing fees, Hiring Charges, Registrar and Share Transfer Expenses, Membership & Subscription etc.		
TOTAL	**1,468.96**	1,127.69

SCHEDULE "12" - INTEREST EXPENSES

Particulars	For the year ended 31st December, 2007	For the year ended 31st December, 2006
On Fixed Loans	**-**	3.16
Others	**1.25**	-
TOTAL	**1.25**	3.16

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

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

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

The financial statements of subsidiaries used in the consolidation are drawn upto the same reporting date as that of the holding company, viz December 31, 2007.

2. Principles of Consolidation

a) The financial statements of the holding company and its subsidiaries have been consolidated on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and any unrealized gain or losses on balances remaining within the group in accordance with the Accounting Standard (AS 21) "Consolidated Financial Statements".

b) The financial statements of the holding company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances.

c) The excess of the cost to the holding company of its investments in each of the subsidiaries over and above the share of equity in the respective subsidiary, on the acquisition date, is recognized in the financial statements as goodwill which is tested for impairment on an annual basis.

d) Minority interest in the net assets of consolidated subsidiaries consists of:

i) The amount of equity attributable to minorities at the date on which investment in the subsidiary is made and

ii) the minorities' share of movements in equity since the date the parent-subsidiary relationship comes into existence

Minority interest's in share of net profit/loss for the year is identified and adjusted against the profit after tax of the Company. Excess of loss attributable to the minority over the minority interest in the equity of the subsidiary is absorbed by the Company

3. Use of Estimates

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

4. Revenue Recognition

i. Revenues from software solutions and consulting services are recognized on specified terms of contract in case of contract on time basis and in case of fixed price contracts revenue is recognized using percentage of completion method of accounting. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as unearned revenue. Unbilled services included in loans and advances represents amount recognized based on services performed in advance of billing in accordance with contract terms.

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

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

iv. Interest Income is recognised on time proportion basis

5. Fixed Assets

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

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

6. Depreciation and Amortisation

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

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

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

7. **Investments**

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

8. **Foreign Currency Transaction / Translation**

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

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

In respect of forward contracts (other than derivatives described below) that are designated as hedges of highly probable forecasted transactions/firm commitment, the AS 11 (Revised), 'The effect of changes on foreign exchange rates' , is not currently applicable to exchange differences arising from such instruments. Accordingly, such exchange differences are recorded in the period of settlement. The premium or discount on such contracts is amortized over the life of the contract

In respect of forward contracts that relate to foreign currency asset/liabilities at the balance sheet date, the premium or discount on such contracts is amortized over the life of the contract. The exchange difference measured by the change in exchange rate between the inception dates of the contract/last reporting date as the case may be and the balance sheet date is recognized in the profit and loss account.

Other financial derivatives are accounted on the basis of their settlement and the resultant realized gain/loss on settlement is recognized in the profit and loss account.

Foreign Branches

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

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

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

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

10. **Employee Benefits** (Refer note 14 to Schedule 13(B))

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

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

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

b) Short term employee benefits:

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

11. Borrowing Cost

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

12. Leases

Finance Lease

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

Operating Leases

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

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

13. Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard (AS 22) “Accounting for Taxes on Income”, Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted or substantively enacted tax rates. At each Balance Sheet date the Company reassesses unrealised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be. Fringe benefit tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961, and the Guidance Note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI). Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on “Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961” issued by ICAI. (Refer note no. 5 of schedule 13 B).

14. Impairment of assets

At the end of each year, the Company determines whether a provision should be made for impairment loss on assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS 28) “Impairment of Assets”. Where the recoverable amount of any assets is lower than its carrying amount, a provision for impairment loss on assets is made for the difference.

15. Grants

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

16. Share based compensation

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

17. Provisions, Contingent Liabilities and Contingent assets

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

B) NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

1. Description of Business

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

2. Subsidiaries to consolidation

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

Name of the Subsidiary company	Country of Incorporation	Extent of Holding (%) as on 31.12.2007
Hexaware Technologies Inc.	United States of America	100%
FocusFrame Inc	United States of America	100%
FocusFrame Mexico S de RL De CV *	Mexico	100%
Hexaware Technologies Mexico S de RL De CV (from 5-5-2007)	Mexico	100%
Hexaware Technologies UK Ltd.	United Kingdom	100%
FocusFrame UK Limited *	United Kingdom	100%
FocusFrame Europe BV *	Netherland	100%
Hexaware Technologies Asia Pacific Pte Limited.	Singapore	100%
Hexaware Technologies Gmbh.	Germany	100%
Hexaware Technologies Canada Limited.	Canada	100%
Caliber Point Business Solutions Ltd.	India	100%
Risk Technology International Limited (from 27-7-2007)	India	85%
Risk Technology International Ltd.**(from 24-10-2007)	United States of America	85%
Risk Technologies (UK) Limited** (from 20-9-2007)	United Kingdom	85%
Specsoft Technologies India Ltd ***	India	100%

* Subsidiaries of Focus Frame Inc, USA
** Subsidiaries of Risk Technology International Ltd - India
*** Subsidiary of Hexaware Technologies Inc.

3. Contingent Liabilities

(Rupees in Millions)

	Particulars	As at 31-12-2007	As at 31-12-2006
A	Claims against the Company not acknowledged as Debts	42.62	37.73
B	Income tax disputed in appeal and pending decision, Company is hopeful of getting a favourable decision	19.41	5.76

4. Estimated amount of contracts remaining to be executed on capital account not provided for (Net of Advances) Rs 1,061.59 million (Previous year Rs. 1,107.60 million).

5. Income Taxes

a) Current income tax expense comprises of taxes on income from operations in India and foreign jurisdictions. In respect of certain entities in the group, where the income tax year is different from the accounting year, provision for current tax is made on the basis of income for the respective accounting year, which will be adjusted considering the total assessable income for the tax year. Tax expense relating to overseas operation is determined in accordance with the tax laws applicable in countries where such operations are domiciled

b) Considering the expected future profitability and taxable positions in the subsequent years, the Company has recognized the 'MAT Credit entitlement' as an asset by crediting the Profit and Loss Account for an amount aggregating Rs.2.53 million (Previous Year Rs. 8.40 million) and disclosed under 'Loans and advances' (Schedule 6).

c) The breakup of the deferred tax assets and deferred tax liability is as under:

(Rupees in Millions)

	Particulars	As at 31.12.2007	As at 31.12.2006
(A)	**Deferred Tax Assets**		
	Provision for doubtful debts and advances	9.38	8.68
	Depreciation	0.34	1.62
	Employee Benefits	38.11	30.34
	Others	4.15	8.64
	Deferred Tax Assets (Net)	**51.98**	**49.28**
(B)	**Deferred Tax Liabilities**		
	Depreciation	–	3.22
	Items offered to tax on cash basis	24.82	50.81
		24.82	54.03
	Less:		
	Deferred Tax Assets		
	Provision for doubtful debts and advances	7.93	–
	Depreciation	3.25	–
	Employee Benefits	6.39	1.64
		17.57	1.64
	Deferred Tax Liabilities (Net)	**7.25**	**52.39**

6. a) The Company takes on lease offices space, accommodation and vehicles for its employees under various operating leases . The lease rentals recognised in the Profit and Loss Account for the year are Rs. 247.75 million (Previous year Rs.160.42 million) .The future minimum lease payments and payment profile of the said leases are as follows:

(Rupees in Millions)

	As at 31.12.2007	As at 31.12.2006
Not later than one year	243.63	147.73
Later than one year but not later than five years	316.56	166.42
Later than five years	23.74	30.02
Total	**583.93**	**344.17**

b) The Company has taken furniture and fixtures on finance leases, which expired in August 2007. The lease rentals were charged on the basis of agreed terms. The said furniture is capitalized using interest rates determined at the inception of the lease.

The aggregate maturities under these finance leases are as follows:

(Rupees in Millions)

	Total minimum lease Payments outstanding		Future interest outstanding		Present value of minimum lease payments	
	2007	2006	2007	2006	2007	2006
Not later than one year	–	0.22	–	0.01	–	0.21
Later than one year but not later than five years	–	–	–	–	–	–
Total	–	0.22	–	0.01	–	0.21

c) The Company has given furnished and equipped premises on operating lease, the income from non cancellable operating lease amounting to Rs. 24.97 million (Previous Year Rs. 25.80 million) is included in 'Other Income', Schedule 8. Details of lease assets and the future minimum lease rental receivables under the said lease is as under

(Rupees in Millions)

Type Of Assets	Gross block as on 31.12.2007	Accumulated depreciation upto 31.12.2007	Depreciation provided for the year 2007
Premises	105.92 (105.92)	9.90 (8.17)	1.73 (1.73)
Plant and Machinery	32.90 (32.90)	23.26 (17.27)	5.99 (5.99)
Furniture and Fixtures	43.66 (43.66)	22.51 (16.88)	5.63 (5.90)

(Rupees in Millions)

	As at 31.12.2007	As at 31.12.2006
Not later than one year	16.25	17.74
Later than one year but not later than five years	–	–
Total	16.25	17.74

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

(I) In respect of holding Company:

a) 6,410,820 (6,897,060) warrants under Employee Stock Option Scheme – 1999 (ESOP 1999) aggregating Rs. 0.38 million (Previous year Rs. 0.41 million) of Rs. 0.06 each are outstanding as at December 31, 2007 and 2006 respectively. Each block of 3 warrants entitles the holder to get one equity share of Rs. 2/- each at a price of Rs. 9/- per share within a period of ten years commencing from February 1, 2001(exercise period) in accordance with the said Scheme. The particulars of warrants granted and lapsed under the Scheme are tabulated below under (d).

b) 2,912,650 (3,830,730) Options are outstanding as at December 31, 2007 and 2006 respectively under Hexaware Technologies Limited – Employee Stock Option ('ESOP – 2002') ('the Plan') at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The Options shall vest in four equal instalments or as determined at the discretion of the Committee. No Options shall be granted after March 31, 2009. The particulars of options granted and lapsed under the Scheme are tabulated below under (d).

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

Grant Date	No. of Options granted	Exercise Price	Vesting period
July 1, 2006	122,000	Rs. 135	July 1, 2007 to June 30, 2011
November 6, 2006	35,000	Rs. 171	November 6, 2007 to November 5, 2011

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

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

Grant Date	No. of Options granted	Exercise Price	Vesting period
October 30, 2007	4,040,000	Rs. 109	Until October 18, 2011

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

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

	ESOP– 1999		**ESOP–2002**		**ESOP–2007**	
	Warrants (nos.)	**Weighted avg. ex. Price (Rs.)**	**Option (nos.)**	**Weighted avg. ex. Price (Rs.)**	**Option (nos.)**	**Weighted avg. ex. Price (Rs.)**
Outstanding as at the beginning of the year	1,362,250 (1,765,170)	9.00 (9.00)	3,723,680 (5,797,015)	72.21 (53.81)	- (-)	- (-)
Granted during the year	- (-)	- (-)	- (157,000)	- (143.03)	4,040,000 (-)	109 (-)
Exercised during the year	486,240 (188,865)	9.00 (9.00)	918,080 (1,989,185)	38.38 (20.60)	- (-)	- (-)
Lapsed during the year	852,915 (214,055)	9.00 (9.00)	1.428,490 (241,150)	73.05 (101.85)	- (-)	- (-)
Outstanding as at the year end	23,095 (1,362,250)	9.00 (9.00)	1,377,110 (3,723,680)	93.89 (72.21)	4,040,000 (-)	109 (-)
Exercisable as at the year end	23,095 (1,302,250)	9.00 (9.00)	929,230 (2,141,425)	75.89 (53.12)	- (-)	- (-)

Figures for the previous year are given in brackets.

Notes :

i) The aforesaid Schemes of the Company provide for the exercise of the warrants/options at any time after the vesting and hence the warrants / options do not have any contractual life and accordingly the same has not been disclosed.

ii) Number of options outstanding under ESOP 2002 scheme falls into following range of exercise prices

Price range Rs.	Current Year (Nos.)	Previous year (Nos.)
9 – 25	365,615	1,479,085
70.6 – 101	370,820	1,140,845
135 – 171	640,675	1,103,750
Total	**1,377,110**	**3,723,680**

(II) In respect of subsidiary Company:

a) During the year one of the subsidiary Company formed the "Employee Stock Option Scheme (ESOP) 2007" which was approved by the Shareholders of the said Company in its meeting held on 11th September, 2007. The Company granted 3,53,400 options under the Scheme which was duly approved by the Remuneration/ Compensation Committee of the Board of the Directors of the said Company at their meeting held on 11th September, 2007.

Details of the options granted during the year under the scheme is as under:

Grant Date	No. of Options granted	Exercise Price	Vesting period
September 11, 2007	353,800	Rs. 50	Until September 11, 2011

Fair value as at grant date was Rs. 35 per share

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

b) The particulars of number of Options granted and lapsed under the aforementioned schemes are tabulated below:-

	ESOP – 2007
Opening Balance	Nil
Granted during the year	3,53,400
Exercised During the year	Nil
Cancelled/Lapsed During the year	Nil
Closing Balance	3,53,400

(III) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by Rs 14.40 million (previous year Rs. 1.72 million) and earnings per share as reported would be lower as indicated below:

Particulars	Current year	Previous year
Basic Earning per share		
– As reported (In Rupees)	0.34	9.46
– Adjusted (In Rupees)	0.24	9.45
Diluted Earning per share		
– As reported (In Rupees)	0.34	8.99
– Adjusted (In Rupees)	0.24	8.98

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

	Holding Company			Subsidiary Company
	ESOP 2002		ESOP 2007	ESOP 2007
Particulars	**Grant dated 01-07-2006**	**Grant dated 6-11-2006**	**Grant dated 30-10-2007**	**Grant dated September 11, 2007**
Dividend yield (%)	0.87	0.87	0.91	0
Expected life (years)	10.5 years	10.5 years	10.5 years	4 years
Risk free interest rate (%)	6.51 - 7.52	7.40 - 7.57	7.53 - 7.94	7.62
Expected Volatility (%)*	43.06 - 57.58	41.16 - 55.92	38.76 - 47.59	51.68

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

8. **Related Parties**

Names of related parties and description of relationship:

Key Management Personnel

Mr. Atul K. Nishar – Executive Chairman

Mr. Rusi Brij – Vice Chairman and Chief Executive Officer

Mr. P. K. Sridharan – Executive Director

Mr. Ashok Bildikar – President and Executive Director (Caliber Point Business Solutions Ltd)

Mr. Sunil Surya – Whole Time Director (Hexaware Technologies UK Ltd)

Dr. (Mrs.) Alka A. Nishar – Director

Mr. Vaughn Paladin - Whole Time Director (FocusFrame Inc.)

Mr. Surinder Chawla – Whole Time Director (FocusFrame Inc.)

Mr. Albert Vissar – Whole Time Director (FocusFrame Europe BV)

Mr. Yogendra Shah – Whole Time Director (Hexaware Technologies Asia Pacific Pte Ltd)

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

Hexaware Technologies Employee Stock Option Trust

1.	**Receiving of services**	**Remuneration**	**Employee stock options granted**
		(Rupees in Millions)	Nos.
	Mr. Atul K. Nishar	16.01 (15.83)	– (–)
	Mr. Rusi Brij	27.78 (27.96)	450,000 (–)
	Dr. (Mrs.) Alka A. Nishar	10.13 (9.80)	– (–)
	Mr. P. K. Sridharan	7.15 (7.09)	– (–)
	Mr. Ashok Bildikar	9.41 (6.75)	353,400* (–)
	Mr. Sunil Surya	15.31 (15.19)	175,000 (–)
	Mr Vaughn Paladin	18.89 (1.22)	– (–)
	Mr Surinder Chawla	18.72 (1.22)	– (–)
	Mr Yogendra Shah	9.32 (6.85)	90,000 (–)
	Mr Albert Vissar	– (0.82)	18,000 (–)

* Employee stock options of a subsidiary Company

2. **Loans given** (Rupees in Millions)

	Sunil Surya	Yogendra Shah	P K Sridharan	Others
Opening balance as on January 1, 2007	– (4.65)	1.07 (–)	– (0.32)	0.41 (0.43)
Add: Given during the year	4.64 (–)	– (2.89)	– (–)	0.90 (–)
Less: Repaid during the year	– (4.65)	1.07 (1.82)	– (0.32)	0.90 (0.02)
Closing balance as on December 31, 2007	4.64 (–)	– (1.07)	– (–)	0.41 (0.41)

Figures for the previous year given in brackets.

9. Segments

(Rupees in Millions)

Primary Segment : Business Segments						
	Travel and Transportation	**Banking Financial Services & Insurance**	**Capital markets/ Asset Management**	**Manu-facturing**	**Others**	**Total**
Segment Revenue	1864.43 (1410.16)	3802.63 (3307.43)	539.84 (483.39)	3048.06 (2598.27)	1143.07 (682.89)	10398.03 (8482.14)
Segment Results	312.90 (290.99)	406.86 (561.08)	104.41 (105.21)	307.64 (260.19)	49.64 (102.88)	1181.45 (1320.35)
Less: Unallocable expenses (including exceptional loss)						1265.43 (198.58)
Add: Other Income						288.71 (244.15)
Less: Interest						1.25 (3.16)
Profit before tax						203.48 (1362.76)
Less: Provision for taxation						132.69 (120.43)
Profit after tax before minority interest						70.79 (1242.33)
Other Information - Segment Assets						
Goodwill	– (–)	– (–)	– (–)	– (–)	1021.81 (1024.77)	1021.81 (1024.77)
Secondary Segment – Geographic Segment						
	America	**Europe**	**India**	**Rest of the World**	**Total**	
Revenue attributable to location of customers	6939.05 (5881.85)	2777.70 (2173.41)	222.87 (159.40)	458.41 (267.48)	10398.03 (8482.14)	
Segment assets based on their locations	1472.19 (1226.56)	920.96 (894.72)	6365.18 (5802.70)	79.26 (64.85)	8837.59 (7988.83)	
Additions to fixed assets (including capital work in progress)	42.52 (22.88)	1.97 (3.66)	978.12 (695.46)	0.09 (0.10)	1022.70 (722.10)	
Goodwill	931.79 (934.49)	90.02 (90.28)	– (–)	– (–)	1021.81 (1024.77)	

Notes:

1. The Company has identified business segment as the primary segment. Segments have been identified taking into account the services offered to customers globally operating in different industry segments, differing risks and returns, the organizational structure and the internal reporting system.
2. In line with the change in the organisation structure with effect from January 1, 2007, the Company has realigned its business segments and accordingly the figures for the previous year have been regrouped to confirm to the current year.
3. Assets and liabilities contracted have not been identified to any of the reportable primary segments as the assets are used interchangeably between segments and it is not practicable to reasonably allocate the liabilities to individual segments. Accordingly, no disclosure relating to segment assets and segment liabilities are made.
4. Figures for the previous year are given in brackets.

10. Earnings Per Share (EPS)

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

(Rupees in Millions)

Particulars	Current Year	Previous year
Net Profit after tax	72.29	1,242.33
Less: Preference dividend and tax thereon	25.67	34.70
Net Profit available to equity shareholders for basic EPS	**46.62**	**1207.63**
Weighted average outstanding equity shares considered for basic EPS (Nos.)	136,000,143	127,619,067
Basic Earning per share (in Rupees)	**0.34**	**9.46**
Net Profit available to equity shareholders for basic EPS	**46.62**	**1207.63**
Add : Preference dividend and tax thereon	–	34.70
Net Profit after tax for diluted EPS	72.29	1242.33
Weighted average outstanding equity shares considered for basic EPS (Nos.)	136,000,143	127,619,067
Add : Effect of dilutive issue of stock options and preference shares (including share application money received on exercise of options) (Nos.)	845,735	10,550,268
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	136,845,878	138,169,335
Diluted Earnings Per Share (in Rupees)	**0.34**	**8.99**

11. The Parent Company, in the month of November 2007, reported about having entered into foreign currency transactions (financial derivatives) which were not communicated to the senior management and the Board of Directors. These transactions have since been settled and the net loss on account of such transactions aggregates to Rs 1,029.95 million at the year end. The said loss being one time and non recurring has been considered and disclosed as an exceptional item in the Profit and Loss account.

12. The Company, during the year, suffered a foreign exchange loss of Rs. 748.96 million, which is aggregate of foreign exchange gain (net) of Rs 280.99 million and exceptional foreign exchange loss (net) of Rs 1029.95 million as stated in the Note No. 11 of schedule 13 (B).Considering the aggregate loss on foreign currency transactions during the year as aforesaid, the foreign exchange loss of exceptional nature of Rs 1,029.95 million has been disclosed as stated in the Note No. 11 of schedule 13 (B) and the balance amount of Rs 280.99 million (gain) has been disclosed under 'Administration and other expenses' and previous years figures have been accordingly regrouped.

13. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets, which in accordance with Accounting Standard 11 ('AS 11') on "The Effects of Changes in Foreign Exchange Rates" were previously adjusted to the carrying values of the relevant fixed assets are now recognized in the Profit and Loss account in accordance with AS 11 (Revised) the impact of which is not material for the year ended 31 December 2007.

14. Employee benefit plans

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

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

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

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

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

The amounts recognised as expense towards contributions to provident fund and superannuation fund Rs. 107.28 Million and Rs. 2.86 Million respectively during the year ended December 31, 2007.

b) The Company contributed Rs. 204.83 Million towards various other defined contributions plans of subsidiaries located outside India during year ended December 31, 2007 as per laws of the respective country.

ii) Defined benefit plans:

In respect of holding Company and its subsidiaries in India:

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

The following table sets out the status of the funded/unfunded gratuity plan for the year ended December 31, 2007 as required under AS 15 (Revised)

(Rupees in Million)

	Current Year
Change in Defined Benefit Obligation	
Opening Defined Benefit Obligation	107.71
Current Service Cost	33.79
Interest Cost	7.75
Actuarial (gain)	(7.28)
Benefits Paid	(8.42)
Closing Defined Benefit Obligation	133.55
Change in the Fair Value of Assets	
Opening Fair value of assets	37.35
Expected Return on Plan Assets	3.30
Actuarial Gain	0.16
Contribution by Employer	11.77
Benefits Paid	(8.42)
Closing Fair Value of Plan Assets	44.16
Net Liability	89.39

Expense for the year

	2007
Current Service Cost	33.79
Interest on Defined Benefit Obligation	7.75
Expected Return on Plan Assets	(3.30)
Net Actuarial (Gain)	(7.44)
Total Included in Employment Expenses	30.80

Actual Return on Plan Assets	3.45

Category of Assets as on December 31, 2007	
Insurer Managed Fund	44.16

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

	2007	2007
	Parent Company	**Subsidiary Company**
Discount rate	7.75%	7.5%
Rate of increase in compensation levels of covered employees	10% p.a. for the first year and 6% p.a. thereafter	5%
Expected Rate of return on plan assets (*)	8%	7.5%

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

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

Asset allocations:

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

15 a) The Parent Company, in the previous year, purchased shares of FocusFrame Inc ('FF USA') on payment of an initial upfront consideration of Rs. 1164.51 million in accordance with an agreement with the selling shareholders, which stipulated payment of initial upfront consideration. The terms of purchase also provide for 'Earnout Payments' (contingent consideration) to all the selling shareholders being additional consideration payable over two years subject to achievement of earnout conditions.

During the year, the Parent Company based on the achievement of earnout conditions applicable to the year, computed the earnout consideration aggregating Rs. 115.98 million and accounted the same as additional cost of shares (investment). In accordance with the agreement with the selling shareholders, they have the right of acceptance or otherwise of such consideration computation, the timeline of which falls subsequent to the approval of accounts of the Company by the Board of Directors. However, in the opinion of the Company, no material variation is expected to the amount already provided in accounts in this respect**.** The earnout consideration (contingent consideration) payable over next year is not expected to exceed US $ 6.30 million equivalent to Rs. 248.31 million (based on closing exchange rate). The consideration so payable would be accounted in the books of account in the year of achieving earnout conditions.

b) Goodwill represents the excess of cost of acquisition of investment over the Company's share in the equity of FocusFrame Inc, a subsidiary company, acquired in the previous year and has been disclosed in the fixed asset schedule (Refer Schedule 4). The said subsidiary company's profitability, inspite of achieving higher turnover during the year, reduced consequent to provision of amounts recoverable from debtor parties and increased employee costs. The said company has excellent orders on hand and expects continued growth in revenues as per management plans, which would, improve its profitability substantially in the near future. On that basis, in the opinion of the parent company, there is no impairment in the value of the goodwill which needs to be recognized at this stage

16. Consequent to the Revised Accounting Standard (AS -15) "Employee Benefits" read with recent guidance on implementation of AS-15 issued by the Institute of Chartered Accountants of India, effective from January 1, 2007, the Company has reviewed and revised its accounting policy in respect of employee benefits. Consequent upon the change, profit before tax for the year ended December 31, 2007 is lower by Rs. 60.13 million In accordance with the transitional provisions contained in the Accounting Standard, the difference of Rs. 123.20 million between the liability in respect of gratuity and compensated absences existing on the date of adoption under the revised policy and the liability that would have been recognized at the same date under the previous accounting policy, net of deferred tax of Rs. 1.22 million, has been adjusted against the opening balance in the general reserve.

17. The Ministry of Company Affairs, Government of India vide its order no. 47/424/2007-CL-III dated 4th December, 2007 issued under section 212(8) of the Companies Act, 1956, has exempted the Company from attaching the Balance Sheet and Profit and Loss Account of all but one subsidiaries under section 212(1) of the Companies Act, 1956. As per the order, information on aggregate basis relating to subsidiary companies are attached along with the statement under section 212 of the Companies Act, 1956 and have been disclosed in Directors Report in para "Subsidiaries".

18. The remuneration to a Director of a parent Company paid / provided aggregating to Rs. 2.11 million (Previous year Rs Nil) which is in excess of limit under Schedule XII of the Indian Companies Act, 1956 and in respect of which Company is in process of making application for seeking Central Government approval.

19. Figures for the previous year have been regrouped / rearranged wherever necessary to correspond with the figures of current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current years financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

Signature to Schedules 1 to 13

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Rusi Brij
(Vice Chairman & CEO)

P. K. Sridharan
(President & Executive Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

A. P. Kurian
(Director)

S. K. Mitra
(Director)

Rajesh B. Ghonasgi
(Chief Financial Officer)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Place : Mumbai
Date : 21st February, 2008

AUDITOR'S REPORT

To the shareholders of Hexaware Technologies Limited

1. We have audited the attached Balance Sheet of Hexaware Technologies Limited as at 31st December 2007, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
   c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
   e) On the basis of the written representations received from the directors as on 31st December, 2007 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31st December 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   f) Without qualifying our report, we invite attention to Note 11(4) to Schedule 12B regarding remuneration of Rs. 2.11 million (Previous Year Rs. Nil) to a director, in respect of which an application is made to Central Government for approval as detailed in the note
   g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      i) in the case of the balance sheet, of the state of affairs of the Company as at 31st December, 2007;
      ii) in the case of the profit and loss account, of the loss for the year ended on that date; and
      iii) in the case of the cash flow statement, of the cash flows for the year ended as on that date.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No. 15291

Place : Mumbai
Dated : 21st February, 2008

ANNEXURE TO THE AUDITOR'S REPORT

Re: Hexaware Technologies Limited

Referred to in Paragraph 3 of our report of even date

i) In respect of its fixed assets:

a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As per information and explanation given to us, physical verification of fixed assets was carried out by the management during the year and no material discrepancies were noticed by the management on such verification. In our opinion, the frequency of verification is reasonable.

c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

ii) The activities of the Company and the nature of its business do not involve the use of inventory. Accordingly, clause 4(ii) of the Companies (Auditor's Report) Order is not applicable.

iii) The Company has not granted or taken any loan secured/unsecured, to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause 4 (iii) of the Companies (Auditor's Report) Order is not applicable to the Company.

iv) In our opinion, and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and nature of its business for purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal control system.

v) According to the information and explanation given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956, that need to be entered in a register required to be maintained under that section. Therefore, the provisions of clause 4 (v) of the Companies (Auditor's Report) Order are not applicable to the Company.

vi) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve bank of India and the provisions of Sec 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.

vii) A firm of Chartered Accountants appointed by the Management carried out internal audit during the year. They have submitted their draft report, which is under discussion. In our opinion, the internal audit system of the Company is commensurate with its size and nature of business.

viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act. Therefore the provisions of clause 4 (viii) of the Companies (Auditor's Report) Order are not applicable to the Company.

ix) a) The Company has generally been regular in depositing with the appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess, investor education and protection fund and any other material statutory dues applicable to it. According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st December, 2007 for a period of more than six months from the date they became payable.

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

Name of statute	Nature of the dues	Amount Rupees in Millions	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demands	2.39	Assessment Year 2001-02	Income Tax Appellate Tribunal

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

xi) In our opinion and according to the information and explanations given to us, the Company has not borrowed any amounts from banks and financial institutions or by issue of debentures and hence the question of default in repayment of dues does not arise.

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

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

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

xv) On the basis of information and explanations given to us, the Company has not given any guarantee for loans taken from financial institutions and/or banks by others.

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

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

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

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

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

xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the company was noticed or reported during the year. In relation to the foreign currency transactions referred to in Note 7 to schedule 12B, we are represented that the same were not fraudulent in nature.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No. 15291

Place : Mumbai
Dated : 21st February, 2008

Hexaware TECHNOLOGIES

BALANCE SHEET AS AT 31ST DECEMBER, 2007

(Rupees in Millions)

Particulars	Schedule	As at 31st December, 2007		As at 31st December, 2006	
SOURCES OF FUNDS					
Share Holders' Funds :					
a) Share Capital	"1"	287.23		1,763.92	
b) Share Warrants (Refer Note No. 3(a) of Schedule 12B)		0.38		0.41	
c) Share Application Money		1.02		3.44	
d) Reserves and Surplus	"2"	6,517.10		5,340.13	
			6,805.73		7,107.90
Total			6,805.73		7,107.90
APPLICATION OF FUNDS					
Fixed Assets :	"3"				
a) Gross Block		1,875.15		1,547.98	
b) Less: Depreciation and amortization		794.47		641.99	
c) Net Block		1,080.68		905.99	
d) Capital Work-in-Progress		919.03		327.24	
			1,999.71		1,233.23
Investments :	"4"		4,344.66		4,495.17
Current Assets, Loans and Advances :	"5"				
a) Sundry Debtors		1,238.50		1,152.97	
b) Cash and Bank Balances		488.11		421.86	
c) Loans and Advances		825.16		774.87	
d) Other Current Assets		3.95		2.45	
		2,555.72		2,352.15	
Less :					
Current Liabilities and Provisions :	"6"				
a) Current Liabilities		1,835.89		679.94	
b) Provisions		258.47		292.71	
		2,094.36		972.65	
Net Current Assets			461.36		1,379.50
Total			6,805.73		7,107.90
Significant Accounting Policies and Notes Forming Part of Accounts	"12"				

Schedules 1 To 12 form an Integral Part of the Accounts

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Rusi Brij
(Vice Chairman & CEO)

P. K. Sridharan
(President & Executive Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

A. P. Kurian
(Director)

S. K. Mitra
(Director)

Rajesh B. Ghonasgi
(Chief Financial Officer)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Place : Mumbai
Date : 21st February, 2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Rupees in Millions)

Particulars	Schedule	For The Year Ended 31st December, 2007		For The Year Ended 31st December, 2006	
INCOME					
Software and Consultancy		4,687.96		4,126.92	
Other Income	"7"	269.45		490.12	
			4,957.41		4,617.04
EXPENDITURE					
Software and Development Expenses	"8"	994.91		948.44	
Employment Expenses	"9"	2,199.48		1,703.87	
Administration and Other Expenses	"10"	630.44		580.72	
Interest	"11"	0.04		1.03	
Depreciation and amortization	"3"	165.87		156.70	
			3,990.74		3,390.76
Profit Before Tax and Exceptional item			966.67		1,226.28
Less : Exceptional Loss on foreign currency transactions (net)			1,029.95		–
(Refer Note No. 7 of Schedule 12B)					
(Loss) / Profit Before Tax			(63.28)		1,226.28
Less : Provision For Taxation					
Income Tax - Current		18.97		24.79	
(including for prior years Rs. Nil (Rs. 1.36 million)					
MAT Credit Entitlement		–		(8.40)	
Fringe Benefit Tax		25.20		23.05	
Wealth Tax		0.16		0.23	
			44.33		39.67
(Loss) / Profit After Tax			(107.61)		1,186.61
Add : Balance brought forward from Previous Year			1,608.66		904.06
Balance Available For Appropriation			1,501.05		2,090.67
Appropriations :					
Interim Dividend (Interim and final for 2007 and interim for 2006)					
Equity		106.43		104.53	
Preference		21.94		8.12	
Proposed Dividend					
Equity		–		105.58	
Preference		–		22.31	
Dividend for previous year		0.84		6.78	
Dividend Tax		25.76		34.69	
(Includes Rs. 3.94 million (Rs. Nil) being short provision of earlier year on account of change in tax rate)					
Transfer to General Reserve		–		200.00	
			154.97		482.01
Balance Carried To Balance Sheet			1,346.08		1,608.66
Earnings Per Share (in Rupees)					
(Refer Note No. 10 of Schedule 12B)					
Basic			(0.98)		9.03
Diluted			(0.98)		8.59
Face value of Equity Shares (in Rupees)			2		2
Significant Accounting Policies and Notes Forming Part of Accounts	"12"				

Schedules 1 To 12 form an Integral Part of the Accounts

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Rusi Brij
(Vice Chairman & CEO)

P. K. Sridharan
(President & Executive Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

A. P. Kurian
(Director)

S. K. Mitra
(Director)

Rajesh B. Ghonasgi
(Chief Financial Officer)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Place : Mumbai
Date : 21st February, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Rupees in Millions)

		Current Year	Current Year	Previous year
A	**Cash flow from operating activities**			
	Net (Loss) / Profit before tax and after exceptional items	**(63.28)**		1,226.28
	Adjustments for :			
	Depreciation and amortization	**165.87**		156.70
	Dividend from current investments	**(180.45)**		(113.34)
	Interest income	**(11.90)**		(12.98)
	Provision for diminution in value of Investment written back (net)	**–**		(260.23)
	Profit on sale of investments (net)	**(7.24)**		(30.41)
	Exceptional Loss on foreign currency transactions (net) (Refer Schedule 6, note (a))	**900.91**		–
	Loss / (Profit) on sale of fixed assets (net)	**0.81**		(6.77)
	Interest expense	**0.04**		1.03
	Provision for diminution in value of Investment	**21.73**		–
	Exchange rate difference (Refer Note 1 below)	**(1.14)**		0.68
	Operating Profit before working capital changes	**825.35**		960.96
	Adjustments for :			
	Trade and other receivables	**(114.23)**		170.77
	Trade and other payables	**194.30**		125.66
	Cash generated from operations	**905.42**		1,257.39
	Direct taxes paid	**(95.14)**		(40.84)
	Net cash from operating activities		**810.28**	1,216.55
B	**Cash flow from investing activities**			
	Additions to fixed assets	**(935.89)**		(635.97)
	Purchase of trade investments	**(62.31)**		(1,209.51)
	Purchase of other investments	**(7,343.54)**		(10,847.71)
	Interest received	**10.40**		12.98
	Proceeds from sale of investments	**7,657.85**		8,912.57
	Dividend from current investments	**180.45**		113.34
	Proceeds from sale of fixed assets	**2.73**		12.18
	Net cash used in investing activities		**(490.31)**	(3,642.12)
C	**Cash flow from financing activities**			
	Proceeds from issue of shares	**33.25**		2,986.77
	Share application money	**1.02**		3.44
	Interest paid	**(0.04)**		(1.03)
	Dividend paid (including corporate dividend tax)	**(299.56)**		(216.69)
	Repayments of long term and other borrowings	**–**		(10.66)
	Net cash (used in) / from financing activities		**(265.33)**	2,761.83
	Net Increase in cash and cash equivalents		**54.64**	336.26
	Cash and cash equivalents at the beginning of the year		**418.67**	82.41
	Cash and cash equivalents at the end of the year (Refer Note No. 1 below)		**473.31**	418.67

Notes:

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

	Current Year	Previous year
Cash and Bank Balances (Refer Schedule 5 of the Balance Sheet)	**488.11**	421.86
Less: Unrealised gain / (loss) on foreign currency cash and cash equivalents	**0.58**	(0.56)
Less: Fixed Deposits under lien with Banks	**14.22**	3.75
Total Cash and Cash equivalents	**473.31**	418.67

2. Purchase of Fixed Assets (including movements in Capital work in progress) are considered as a part of investing activities.
3. The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 (AS 3) "Cash Flow Statement".
4. The Previous year's figures have been regrouped wherever necessary.

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Rusi Brij
(Vice Chairman & CEO)

P. K. Sridharan
(President & Executive Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

A. P. Kurian
(Director)

S. K. Mitra
(Director)

Rajesh B. Ghonasgi
(Chief Financial Officer)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Place : Mumbai
Date : 21st February, 2008

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As At 31st December, 2007	As At 31st December, 2006
SCHEDULE "1" - SHARE CAPITAL		
Authorised		
175,000,000 Equity Shares Of Rs. 2/- each	**350.00**	350.00
3,000,000 Preference Shares Of Rs. 100/- each *	**300.00**	300.00
1,100,000 Series "A" Preference Shares of Rs. 1421/- each *	**1,563.10**	1,563.10
* (See Note II below)		
	2,213.10	2,213.10
Issued, Subscribed and Paid-up Capital		
Equity :		
143,616,485 (131,980,625) Equity Shares of Rs. 2/- each Fully Paid.	**287.23**	263.96
Preference :		
Nil (1,055,570) Series "A" Redeemable and/ or optionally convertible Preference Shares of Rs. 1421/- each converted during the year	–	1,499.96
(See Note I-7 below).		
Total	**287.23**	1,763.92

Notes:

I) Of the above Equity Shares:-

1) 11,134,625 Equity Shares of Rs. 2/- each have been allotted as fully paid up without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.
2) 36,188,870 Equity Shares of Rs. 2/- each have been allotted as fully paid up by way of Bonus Share by capitalisation of General Reserve/Securities Premium Account.
3) 10,452,965 Equity Shares of Rs. 2/- each fully paid up have been allotted against Global Depository receipts issued by the Company.
4) 50,000,000 Equity Shares of Rs.2/- each fully paid up issued to the shareholders of erstwhile Hexaware Technologies Limited ('HTL') without receiving consideration in cash in accordance with the Composite scheme of Reconstruction and Arrangement.
5) 3,863,060 (3,700,980) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 1999.
6) 8,136,475 (7,218,395) Equity Shares of Rs.2/- each fully paid up have been allotted to employees under ESOP 2002.
7) 10,555,700 (Nil) Equity Shares of Rs.2/- each fully paid up have been allotted against unregistered American Depository Receipts (ADR) issued by the Company on conversion of Series "A" Redeemable and/ or optionally convertible Preference Shares at a premium of Rs. 140.10 each as per the terms of issue.

Particulars of options on unissued share capital (Refer Note No. 3 of Schedule 12B)

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

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As At 31st December, 2007		As At 31st December, 2006	
SCHEDULE "2" - RESERVES AND SURPLUS				
Securities Premium Account				
As Per Last Balance Sheet	3,164.93		1,749.60	
Add : Received during the year (including Rs. 1,478.85 million, Refer Note I-7 to Schedule "1")	1,513.41		1,521.40	
Less : Share issue expenses	–		59.14	
Less : Provision for premium payable on redemption of redeemable and /or optionally convertible preference shares	–		46.93	
Add : Provision for premium payable on redemption of redeemable and /or optionally convertible preference shares written back since no longer required on conversion.	46.93		–	
(Refer Note No. I-7 to Schedule "1")				
		4,725.27		3,164.93
General Reserve				
As Per Last Balance Sheet	563.66		363.66	
Add : Transferred from Profit and Loss Account	–		200.00	
Less : Transitional provision adjustment - employee benefits	120.79		–	
(Refer Note No. 12 of Schedule 12B)				
		442.87		563.66
Amalgamation Reserve				
As Per Last Balance Sheet		2.88		2.88
Surplus in Profit and Loss Account		1,346.08		1,608.66
Total		6,517.10		5,340.13

SCHEDULE "3" – FIXED ASSETS

		GROSS BLOCK				DEPRECIATION AND AMORTIZATION				NET BLOCK	
Sr. No.	Particulars	As at 01.01.2007	Additions	Deductions/ Adjustments	As at 31.12.2007	As at 01.01.2007	For The Year	Deductions/ Adjustments	As at 31.12.2007	As at 31.12.2007	As at 31.12.2006
	Tangible Assets										
1	Land – Freehold	0.15	–	–	0.15	–	–	–	–	0.15	0.15
2	Land – Leasehold (Refer Note No. 1 below)	207.34	200.00	–	407.34	2.15	4.35	–	6.50	400.84	205.19
3	Building (Refer Note No.3 below)	342.84	–	–	342.84	23.99	5.98	–	29.97	312.87	318.85
4	Plant & Machinery (Includes Computer Systems)	721.08	84.41	10.45	795.04	483.90	117.07	9.63	591.34	203.70	237.18
5	Furniture & Fixtures	243.15	12.25	2.80	252.60	112.68	29.73	1.24	141.17	111.43	130.47
6	Vehicles	33.42	18.47	3.68	48.21	19.27	8.30	2.52	25.05	23.16	14.15
	Intangible Assets										
1	Software	–	28.97	–	28.97	–	0.44	–	0.44	28.53	–
Current Year		1,547.98	344.10	16.93	1,875.15	641.99	165.87	13.39	794.47	1,080.68	905.99
Previous Year		1,259.18	308.73	19.93	1,547.98	499.81	156.70	14.52	641.99	905.99	
	Capital Work In Progress (In respect of building under construction/capital advances including towards acquisition of land.)									919.03	327.24
										1,999.71	1,233.23

Notes:

1 Includes Rs. 367.98 million and Rs.5.13 million being lease premium and accumulated amortization respectively in respect of leasehold land alloted to the Company at Pune and at Navi Mumbai for which final lease agreement is being executed.

2 Additions to Plant & Machinery are net off Rs. Nil (Previous year Rs. 0.05 million) on account of exchange difference. (Refer Note No. 20 of Schedule 12B)

3 Includes Gross block Rs. 150.21 million (Previous year Rs. 150.21 million) and accumulated depreciation of Rs. 16.59 million (Previous year Rs.14.14 million), acquired in the earlier year along with land from MIDC, at Mumbai, for which the final agreement is being executed.

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	Nos.	As At 31st December, 2007		Nos.	As At 31st December, 2006	
SCHEDULE "4" - INVESTMENTS						
A Long Term :						
1 Trade Investments - Unquoted						
(i) Investment In Subsidiaries (at cost)						
23,026 (23,026) common stock at no par value In Hexaware Technologies Inc., U.S.A.		345.28			345.28	
3,067,000 (3,067,000) shares of 1 GBP each fully paid up in Hexaware Technologies UK Ltd.		218.87			218.87	
5,00,000 (5,00,000) shares of Singapore $ 1/- each fully paid up in Hexaware Technologies Asia - Pacific Pte. Ltd. Singapore		12.48			12.48	
3,618 (3,618) shares of face value 50 euro each fully paid up in Hexaware Technologies Gmbh, Germany		7.57			7.57	
1 (1) common stock at no par value in Hexaware Technologies Canada Limited, Canada		0.73			0.73	
11,780,000 (10,900,000) shares of Rs. 10/- each fully paid up in Caliber Point Business Solutions Limited		158.92			129.00	
1,000 (1000) common stock at no par value in Focus Frame Inc., U.S.A. (Refer Note No. 15 and 17 of Schedule 12B)		1,282.64			1,164.51	
850,000 (Nil) shares of Rs. 10/– each fully paid up in Risk Technology International Limited		8.50			–	
1 (Nil) participation share of no par value in Hexaware Technologies (Mexico) S De R.L. De C.V.		0.01			–	
			2,035.00			1,878.44
(ii) Others (at cost less provision for diminution in value of investment) (Unquoted)						
118 (Nil) no.2 series A Preferred Shares of 500,000/– Yen each in ROA International Co., Ltd.		21.73			–	
Less : Provision for diminution in value of Investment		21.73			–	
			–			–
2 Non Trade Investments (at cost) (Unquoted)						
Investment in long term Capital Gain Bonds	**Nos.**			**Nos.**		
(Bonds of Rs. 10,000/– each, unless otherwise stated)						
National Bank of Agriculture and Rural Development	3,000	30.00		3,000	30.00	
National Housing Bank	2,000	20.00		2,000	20.00	
Rural Electrification Corporation	1,450	14.50		1,450	14.50	
			64.50			64.50

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	Units	As At 31st December, 2007	Units	As At 31st December, 2006
B Current Investments				
Non Trade Investments (Unquoted)				
Investment in Mutual Funds				
(At cost or fair value, whichever is lower)				
(Unit of Rs. 10/– each, unless otherwise stated).				
Name of Mutual Fund Scheme	**Units**		**Units**	
Duetsche Money plus Fund				
Institutional Weekly Dividend	–	**–**	58,596,028	586.92
Kotak FMP 3 M Series 7	–	**–**	15,754,432	157.54
Reliance Fixed Horizon Fund – 1				
Quarterly Plan Series IV	–	**–**	31,499,502	315.00
Reliance Fixed Horizon Fund - Plan B Series IV	–	**–**	77,329,556	773.30
Prudential ICICI FMP - Series 34-3 Month Plan A	–	**–**	31,175,683	311.76
ABN Amro FMP - Series 3 Quarterly Plan E	–	**–**	5,000,000	50.00
ABN Amro FTP - Series 4 Quarterly Plan B	–	**–**	15,444,305	154.44
Prudential ICICI FMP - Series 32 Plan D	–	**–**	5,000,000	50.00
Prudential ICICI FMP - Series 32 Plan E	–	**–**	5,351,978	53.52
Principal Income Fund - Growth Plan	–	**–**	5,744,683	99.75
ABN Amro Flexible Short Term				
Plan Ser D - Quarterly Div- Red.	5,416,630	**54.16**	–	–
ABN Amro Interval Fund Monthly Plan				
A Dividend - Red.	16,632,651	**166.33**	–	–
Birla Sunlife Interval Income –				
Institutional- Monthly Series 2- Dividend	5,000,000	**50.00**	–	–
DWS Credit Opportunities Cash Fund				
Dividend Plan	25,661,085	**258.53**	–	–
DWS Short Term maturity Fund –				
Weekly Dividend Option	9,037,588	**92.75**	–	–
ICICI Prudential Institutional				
short Term Plan - DR - Fortnightly -				
Reinvestment Dividend	14,143,335	**157.38**	–	–
ICICI Prudential Interval Fund Quarterly				
Interval Plan -1 Retail Dividend -				
Reinvest Dividend	5,806,783	**58.07**	–	–
ICICI Prudential Short Term Plan -				
Dividend Reinvestment - Fortnightly -				
Reinvest Dividend	868,550	**9.43**	–	–
ING Fixed Maturity Fund -				
XXX - Dividend	8,097,460	**80.97**	–	–
Kotak Bond (Short Term) -				
Monthly Dividend	16,898,404	**169.87**	–	–
Reliance Liquid Fund Treasury Plan -				
Institutional Option -				
Daily Dividend Option	7,430,124	**113.59**	–	–
Reliance Short Term Fund -				
Retail Plan - Dividend Plan	60,865,354	**642.73**	–	–
Reliance Quarterly Interval Fund -				
Series III – Institutional Dividend Plan	5,105,777	**51.06**	–	–

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	Units	As At 31st December, 2007		Units	As At 31st December, 2006	
Templeton India Short Term Income Plan Institutional - Weekly Dividend Reinvestment (Face Value Rs. 1000/-)	305,555	**308.58**		–	–	
UTI Fixed Income Interval Fund - Quarterly Interval Plan Series - I Dividend Plan - Reinvestment	3,170,922	**31.71**		–	–	
			2,245.16			2,552.23
Total			**4,344.66**			4,495.17
(i) Aggregate cost of quoted investments.			**–**			–
Aggregate market value of quoted investments.			**–**			–
(ii) Aggregate value of unquoted investments.			**4,344.66**			4,495.17
			4,344.66			4,495.17

(iii) Current investment includes amount of Rs. 727.33 million (Previous year Rs. 1,546.16 million invested out of unutilised funds from preferential allotment of shares.

(iv) Details of investment purchased and sold during the Year (Face Value of Rs. 10/- each, unless otherwise stated).

Name of Mutual Fund Scheme	Units	Cost
ABN Amro Flexible Short Term Plan - Ser E Interval Div - Ren	16,631,819	**166.32**
ABN Amro FTP Series 4 Quarterly Plan B- Monthly Dividend	274,211	**2.74**
ABN Amro FMP - Series 4 Quarterly Plan C Monthly Dividend	5,171,271	**51.72**
ABN Amro FTP Series 5 Quarterly Plan A - Dividend on Maturity	5,278,900	**52.79**
ABN Amro FTP Series 6 Quarterly Plan C - Dividend on Maturity	16,090,026	**160.90**
ABN Amro Money Plus Institutional Monthly Dividend	5,399,514	**54.24**
Birla FTP Quarterly - Series 21 Dividend Payout	5,000,000	**50.00**
Birla Sunlife Interval Income Fund Institutional - Quarterly - Series-1 - Dividend	10,170,721	**101.71**
DBS Chola FMP Series 6 (Quarterly Plan -3) Dividend	3,000,000	**30.00**
DBS Chola FMP Series 7 (Quarterly Plan -4) Dividend	3,000,690	**30.01**
DBS Chola FMP Series 8 (Quarterly Plan -2) Dividend	3,001,380	**30.01**
DBS Chola Interval Income Fund MPI - A - Dividend - Auto Redemption	2,500,000	**25.00**
DWS Credit Opportunities Cash Fund - Weekly Dividend Plan	5,127,142	**51.42**

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars Name of Mutual Fund Scheme	Units	As At 31st December, 2007 Cost	As At 31st December, 2006
DWS Fixed Term Fund - Series 37 Dividend Plan	5,115,074	**51.15**	
DWS Fixed Term Fund Series 23 Dividend Option	5,000,000	**50.00**	
DWS Fixed Term Fund Series 28 Dividend Option	5,115,074	**51.15**	
DWS Fixed Term Fund Series 36 Dividend Plan	5,000,000	**50.00**	
DWS Money Plus Fund Institutional Plan Weekly Retailed Dividend	661,277	**6.62**	
ICICI Prudential FMP -Series 37- Three Months Plus Plan B - Retail Dividend	15,365,895	**153.66**	
ICICI Prudential FMP -Series 38- Three Months Plan A - Retailed Dividend	25,000,000	**250.00**	
ICICI Prudential Interval Fund Quarterly Plan -1- Inst. Plan-2	15,621,891	**156.22**	
ICICI Prudential Flexible Income Plan - Daily Dividend - Reinvest Dividend	1,820,184	**19.25**	
ING Fixed Maturity Fund - XXIX Dividend	3,000,000	**30.00**	
ING Liquid Plus Fund - Institutional Weekly Dividend	8,058,377	**80.85**	
ING Fixed Maturity Fund - XXIV Dividend	3,000,000	**30.00**	
Kotak FMP 3M-Series 7-Dividend	281,064	**2.81**	
Kotak FMP 3M-Series 14-Dividend	16,408,951	**164.09**	
Kotak FMP 3M-Series 22-Dividend	16,685,954	**166.86**	
Lotus India FMP-3 Month Series III Institutional Dividend	2,044,005	**20.44**	
Lotus India FMP-3 Month Series X Dividend	2,080,885	**20.81**	
Prudential ICICI FMP Series 32 - Three Months Plan - E - Retail-Dividend	84,668	**0.85**	
Principle Income Fund-Growth Plan	3,829,789	**–**	
ICICI Prudential FMP - Series 35 – Three Month Plan B - Retail – Dividend	5,546,818	**55.45**	
ICICI Prudential FMP -Series 34 – Three Month Plus Plan A - Retail Dividend	689,326	**6.89**	
Prudential ICICI FMP Series 32 - Three Months Plan - D - Retail - Dividend	80,700	**0.81**	

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars Name of Mutual Fund Scheme	Units	As At 31st December, 2007 Cost	As At 31st December, 2006
ICICI Prudential FMP - Series 35 - Three Months Plan A- Retail - Dividend	15,365,895	153.66	
ICICI Prudential FMP - Series 37 Three Month Plan B - Retail - Dividend	4,000,000	40.00	
ICICI Prudential - Institutional Liquid Plan - Super Institutional Daily Div	37,352,250	373.52	
Reliance Monthly Interval Fund Series II - Retail Dividend Plan	3,000,000	30.00	
Reliance Quarterly Interval Fund - Series II Institutional Dividend Plan	81,208,781	812.09	
UTI Fixed Maturity Plan Quarterly Series QFMP/0207/II - Dividend Plan Reinvest	3,065,298	30.65	
UTI Fixed Maturity Plan Quarterly Series QFMP/0307/II - Dividend Plan Reinvestment	3,069,118	30.69	
UTI Fixed Maturity Plan Quarterly Series QFMP/0607/I - Institutional Dividend Plan Reinvest	3,120,239	31.20	
UTI Fixed Maturity Plan Quarterly Series QFMP/0607/II - Dividend Plan Reinvestment	3,119,205	31.19	
UTI Fixed Maturity Plan Quarterly Series QFMP/09/07/II	3,170,035	31.70	
UTI Liquid Plus Fund Institutional Weekly Dividend Plan - Reinvestment (Face Value Rs. 1000/-)	81,490	81.52	
Reliance Fixed Horizon Fund I - Quarterly Plan - Series IV - Dividend Option	14,124	0.14	
Reliance Fixed Horizon Fund II- Quarterly Plan - Series II	79,172,295	791.72	
Reliance Fixed Horizon Fund I - Quarterly Plan - Institutional Dividend Plan Series II - Dividend Option	–	12.05	
Reliance Interval Fund - Quarterly Plan Series 1 - Institutional Dividend Plan	32,183,038	321.83	
ABN Amro FTP - Series 3 Quarterly Plan E - Dividend	76,775	0.77	
DWS Credit Opportunities Cash Fund Dividend Plan	3,992,654	40.22	
ICICI Prudential Short Term Plan Dividend Reinvestment - Fortnightly Reinvest Dividend	921,268	10.00	
Reliance Liquid Fund Treasury Plan - Institutional Option - Daily Dividend Option	6,541,420	100.00	

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As At 31st December, 2007		As At 31st December, 2006	
SCHEDULE "5" - CURRENT ASSETS, LOANS AND ADVANCES				
Current Assets				
Sundry Debtors (Unsecured)				
Debts outstanding for a period exceeding six months	22.21		12.30	
Other debts	1,238.08		1,146.58	
	1,260.29		1,158.88	
Less: Provision for doubtful accounts	21.79		5.91	
		1,238.50		1,152.97
Sundry Debtors				
Considered good	1,238.50		1,152.97	
Considered doubtful	21.79		5.91	
	1,260.29		1,158.88	
Cash and Bank Balances				
Cash in hand and Remittance in transit (includes Cheques on hand Rs. 0.11 million (previous year Rs. 0.43 million)	40.34		91.14	
(i) Bank Balances with Scheduled Banks				
In Fixed Deposit Accounts [Includes interest accrued of Rs.1.65 million (Rs. 0.35 million)] [Includes deposits of Rs. 14.22 million (Rs. 3.75 million) under lien with banks for guarantees given by bank to various government authorities/for leased premises]	187.29		5.05	
In Exchange Earner's Foreign Currency Account	6.64		49.82	
In Current Accounts	179.34		251.04	
(ii) Bank Balances with others				
In Current Accounts - in Foreign Currency				
a) Mizohu Bank Limited - Japan [Maximum balance outstanding during the year Rs. 3.16 million (Rs. Nil)]	1.84		–	
b) Union Bank of Switzerland - Switzerland [Maximum balance outstanding during the year Rs. 7.11 million (Rs. 2.21 million)]	7.08		0.27	
c) Royal Bank of Scotland - United Kingdom [Maximum balance outstanding during the year Rs. 0.79 million (Rs. 0.79 million)]	0.72		0.79	
d) National Australia Bank - Australia [Maximum balance outstanding during the year Rs. 12.46 million (Rs. 2.36 million)]	12.12		1.90	
e) Rabo Bank - Netherland [Maximum balance outstanding during the year Rs. 49.87 million (Rs. 21.86 million)]	30.64		21.85	

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars	As At 31st December, 2007		As At 31st December, 2006	
f) Handelsbanken Bank - Sweden [Maximum balance outstanding during the year Rs. 22.45 million (Rs. Nil)]	**13.39**		–	
g) Metropolitan Bank and Trust Company - Manila [Maximum balance outstanding during the year Rs. 8.59 million (Rs. Nil)]	**8.59**		–	
In Fixed Deposit Accounts - in Foreign Currency				
Handelsbanken Bank - Sweden	**0.12**		–	
		488.11		421.86
Loans and Advances (Unsecured - considered good)				
Loans and Advances to subsidiaries	**130.65**		229.74	
Advances recoverable in cash or in kind or for value to be received	**193.09**		211.22	
Deposits	**302.00**		205.56	
Unbilled services	**122.99**		83.97	
Advance Income Tax (net of provision for tax)	**72.27**		35.98	
Advance Fringe Benefit Tax (net of provision for tax)	**4.16**		–	
MAT Credit Entitlement	**–**		8.40	
		825.16		774.87
Other Current Assets				
Interest accrued on investments		**3.95**		2.45
Total		**2,555.72**		2,352.15

SCHEDULES TO BALANCE SHEET

(Rupees in Millions)

Particulars		As At 31st December, 2007			As At 31st December, 2006	
SCHEDULE "6" - CURRENT LIABILITIES AND PROVISIONS						
Current Liabilities						
Sundry Creditors						
i) Total Outstanding dues to micro enterprises and small enterprises		–			–	
ii) Total Outstanding dues to Creditors other than micro enterprises and small enterprises		**169.85**			114.80	
Due to Subsidiaries		**303.94**			210.92	
Deposit received for Leased Premises		**19.71**			22.14	
Unearned Revenues		**6.61**			9.36	
Unclaimed Dividend *		**9.17**			7.94	
Other Liabilities #		**1,326.61**			314.78	
			1,835.89			679.94
Provisions						
Provision for compensated absences		**165.61**			70.34	
Provision for gratuity		**88.76**			6.75	
Proposed dividend		–			127.89	
Corporate tax on dividend		–			17.94	
Provision for fringe benefit tax (net of advance tax)		–			6.25	
Provision for redemption of preference shares		–			46.93	
Provision for taxation (net of advance tax)	12.50			16.61		
Less : MAT Credit availed during the year	8.40			–		
		4.10			16.61	
			258.47			292.71
Total			**2,094.36**			972.65

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

\# includes liabilities towards :

a) Rs. 900.91 million (Rs. Nil) in respect of foreign currency transactions settled subsequent to year end (Refer Note No. 7 of Schedule 12B)

b) Rs. 115.98 million (Rs. Nil) in respect of earnout consideration payable (Refer Note No. 15 of Schedule 12B)

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	For The Year Ended 31st December, 2007		For The Year Ended 31st December, 2006	
SCHEDULE "7" - OTHER INCOME				
Dividend from current investments		180.45		113.34
Profit on sale of current investments (net)		7.24		30.41
Interest income				
from long term investments	3.33		3.27	
from others	8.57		9.71	
(tax deducted at source Rs. 1.93 million (Rs. 1.44 million))				
		11.90		12.98
Provision for diminution in investment no longer required written back	–		516.25	
Less : Loss in value of investment	–		256.02	
		–		260.23
Provision for doubtful accounts written back		–		0.64
Profit on sale of fixed assets (net)		–		6.77
Rental income		26.11		27.25
(tax deducted at source Rs. 6.65 million (Rs. 6.78 million))				
Miscellaneous income		43.75		38.50
Total		269.45		490.12
SCHEDULE "8" - SOFTWARE AND DEVELOPMENT EXPENSES				
Consultant travel and related expenses		243.19		233.64
Software expenses		751.72		714.80
(Includes subcontracting charges Rs. 606.87 million (Rs. 629.96 million))				
Total		994.91		948.44
SCHEDULE "9" - EMPLOYMENT EXPENSES				
Salary and other allowances		1,927.96		1,497.14
Contribution to provident and other funds		137.27		95.10
Staff welfare expenses		134.25		111.63
Total		2,199.48		1,703.87

SCHEDULES TO PROFIT AND LOSS ACCOUNT

(Rupees in Millions)

Particulars	For The Year Ended 31st December, 2007		For The Year Ended 31st December, 2006	
SCHEDULE "10" - ADMINISTRATION AND OTHER EXPENSES				
Rent		**217.31**		114.75
Rates and taxes		**4.23**		7.38
Travelling and conveyance expenses		**134.15**		105.95
Electricity charges		**70.09**		49.54
Communication expenses		**111.95**		86.69
Repairs and maintenance				
Buildings	**4.22**		4.44	
Plant and machinary	**21.81**		16.23	
Others	**21.69**		14.27	
		47.72		34.94
Printing and staionery		**18.90**		16.55
Auditors remuneraion				
Audit fees	**2.25**		2.24	
Audit of US GAAP Accounts	**1.97**		1.96	
Tax audit fees	**0.90**		0.90	
Limited reviews, certification work etc.	**2.44**		2.16	
Out of pocket expenses	**0.09**		0.07	
(Includes service tax of Rs. 0.75 million (Rs. 0.64 million))		**7.65**		7.33
Legal and professional fees		**82.68**		35.55
Advertisement and publicity		**3.41**		5.09
Seminar, conference and business promotion		**22.82**		25.48
Bank charges		**14.76**		2.17
Exchange rate differences (net) (Refer Note No. 8 of Schedule 12B)		**(279.90)**		(43.17)
Directors' sitting fees		**1.43**		0.30
Insurance premium		**12.14**		9.53
Donation		**0.03**		0.13
Loss on sale of Fixed Assets (net) / Fixed Assets written off		**0.81**		–
Bad debts / advances written off		**14.94**		11.51
Provision for diminution in value of investment		**21.73**		–
Provision for doubtful debts (net off write back Rs. 5.90 million (Rs. Nil))		**15.82**		–
Staff recruitment expenses		**33.83**		40.75
Service charges		**46.52**		41.67
Miscellaneous expenses		**27.42**		28.58
Note : Miscellaneous expenses includes Stamp duty and filing fees, Hiring charges, Registrar and share transfer expenses, Membership and subscription etc.				
Total		**630.44**		580.72
SCHEDULE "11" - INTEREST				
On fixed loans		**–**		1.03
Others		**0.04**		–
Total		**0.04**		1.03

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

A) SIGNIFICANT ACCOUNTING POLICIES

1. Accounting Convention and Concepts

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

2. Use of Estimates

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

3. Revenue Recognition

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

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

c) Interest Income is recognised on time proportion basis.

4. Fixed Assets

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

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

5. Depreciation and Amortization

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

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

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

6. Investments

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

7. Foreign Currency Transaction / Translation

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

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

In respect of forward contracts (other than derivatives described below) that are designated as hedges of highly probable forecasted transactions/firm commitment, the AS 11 (Revised), 'The effect of changes on foreign exchange rates' , is not currently applicable to exchange differences arising from such instruments. Accordingly, such exchange differences are recorded in the period of settlement. The premium or discount on such contracts is amortized over the life of the contract

In respect of forward contracts that relate to foreign currency asset/liabilities at the balance sheet date, the premium or discount on such contracts is amortized over the life of the contract. The exchange difference measured by the change in exchange rate between the inception dates of the contract/last reporting date as the case may be and the Balance Sheet date is recognized in the profit and loss account.

Other financial derivatives are accounted on the basis of their settlement and the resultant realized gain/loss on settlement is recognized in the profit and loss account.

Foreign Branches

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

8. **Employee Benefits** (Refer Note No.13 of Schedule 12B)

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

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

   b) **Short term employee benefits:**

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

9. **Borrowing Cost**

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

10. **Leases**

    Finance Lease

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

    Operating Leases

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

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

11. **Taxes on Income**

    Income Taxes are accounted for in accordance with Accounting Standard (AS 22) "Accounting for Taxes on Income", Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted or substantively enacted tax rates. At each Balance Sheet date the Company reassesses unrealised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be. Fringe benefit tax is recognized in accordance with the relevant provisions of the Income Tax Act, 1961, and the Guidance Note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India (ICAI). Minimum Alternate Tax (MAT) credit entitlement is recognised in accordance with the Guidance Note on "Accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961" issued by ICAI.

12. **Impairment of assets**

    At the end of each year, the Company determines whether a provision should be made for impairment loss on assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS 28) "Impairment of Assets". Where the recoverable amount of any assets is lower than its carrying amount, a provision for impairment loss on assets is made for the difference.

13. **Share based compensation**

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

14. **Provisions, Contingent Liabilities and Contingent assets**

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

B) NOTES FORMING PART OF ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. 1,032.31 million (Previous year Rs 1,098.81 million).

2. **Contingent Liabilities in respect of**

    a) Claims not acknowledged as debt to Rs. 42.62 million (Previous year Rs. 37.51 million).

    b) Income tax disputed in appeal and pending decision Rs. 12.73 million (Previous Year Rs. 5.76 million), Company is hopeful of getting a favourable decision.

3. **ESOP**

    a) 6,410,820 (6,897,060) warrants under Employee Stock Option Scheme – 1999 (ESOP 1999) aggregating Rs. 0.38 million (Previous year Rs. 0.41 million) of Rs. 0.06 each are outstanding as at December 31, 2007 and 2006 respectively. Each block of 3 warrants entitles the holder to get one equity share of Rs. 2/- each at a price of Rs. 9/- per share within a period of ten years commencing from February 1, 2001(exercise period) in accordance with the said Scheme. The particulars of warrants granted and lapsed under the Scheme are tabulated below under (d).

    b) 2,912,650 (3,830,730) Options are outstanding as at December 31, 2007 and 2006 respectively under Hexaware Technologies Limited – Employee Stock Option ('ESOP – 2002') ('the Plan') at an exercise price being the market price on the date of grant of Options or average closing price on the primary stock exchanges, whichever is higher or such price that may be determined by the Remuneration and Compensation Committee ('Committee'). Each Option entitles the holder to exercise the right to apply for and seek allotment of one equity share of Rs. 2/- each. The Options shall vest in four equal instalments or as determined at the discretion of the Committee. No Options shall be granted after March 31, 2009. The particulars of options granted and lapsed under the Scheme are tabulated below under (d)

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

Grant Date	No. of Options granted	Exercise Price	Vesting period
July 1, 2006	122,000	Rs. 135	July 1, 2007 to June 30, 2011
November 6, 2006	35,000	Rs. 171	November 6, 2007 to November 5, 2011

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

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

Grant Date	No. of Options granted	Exercise Price	Vesting period
October 30, 2007	4,040,000	Rs. 109	Until October 18, 2011

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

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

Particulars	ESOP– 1999		ESOP–2002		ESOP–2007	
	Warrants (nos.)	Weighted average excercise Price (Rs.)	Option (nos.)	Weighted average excercise Price (Rs.)	Option (nos.)	Weighted average excercise Price (Rs.)
Warrants/options outstanding as at the beginning of the year	1,362,250 (1,765,170)	9.00 (9.00)	3,723,680 (5,797,015)	72.21 (53.81)	- (-)	- (-)
Granted during the year	- (-)	- (-)	- (157,000)	- (143.03)	4,040,000 (-)	109.00 (-)
Exercised during the year	486,240 (188,865)	9.00 (9.00)	918,080 (1,989,185)	38.38 (20.60)	- (-)	- (-)
Lapsed during the year	852,915 (214,055)	9.00 (9.00)	1.428,490 (241,150)	73.05 (101.85)	- (-)	- (-)
Warrants/options outstanding as at the year end	23,095 (1,362,250)	9.00 (9.00)	1,377,110 (3,723,680)	93.89 (72.21)	4,040,000 (-)	109.00 (-)
Warrants/options exercisable as at the year end	23,095 (1,302,250)	9.00 (9.00)	929,230 (2,141,425)	75.89 (53.12)	- (-)	- (-)

Figures for the previous year are given in brackets.

Notes :

i) The aforesaid Schemes of the Company provide for the exercise of the warrants/options at any time after the vesting and hence the warrants / options do not have any contractual life and accordingly the same has not been disclosed.

ii) Number of options outstanding under ESOP 2002 scheme falls into following range of exercise prices.

Price range Rs.	Current Year (Nos.)	Previous year (Nos.)
9 – 25	365,615	1,479,085
70.6 – 101	370,820	1,140,845
135 – 171	640,675	1,103,750
Total	**1,377,110**	**3,723,680**

e) The Company has followed the Intrinsic Value-based method of accounting for stock options granted after January 1, 2006 based on Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. Had the compensation cost for the Company's stock based compensation plan been determined in the manner consistent with the fair value approach as described in the Guidance note, the Company's net income would be lower by Rs 14.04 million (previous year Rs. 1.72 million) and earnings as per share as reported would be lower as indicated below:

Particulars	Year-2007	Year-2006
Basic Earning per share		
- As reported (In Rs)	(0.98)	9.03
- Adjusted (In Rs)	(1.08)	9.01
Diluted Earnings per share		
- As reported (In Rs)	(0.98)*	8.59
- Adjusted (in Rs)	(1.08)*	8.58

* Same as basic since anti dilutive

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

Particulars	ESOP 2002		ESOP 2007
	Grant dated 01-07-2006	Grant dated 6-11-2006	Grant dated 30-10-2007
Dividend yield (%)	0.87%	0.87%	0.91%
Expected life (years)	10.5 years	10.5 years	10.5 years
Risk free interest rate (%)	6.51% - 7.52%	7.40% - 7.57%	7.53% - 7.94%
Volatility (%)	43.06% - 57.58%	41.16%-55.92%	38.76%-47.59%

4. a) The Provision for current income tax is aggregate of the balance tax for three moths ended March 31, 2007 based on the returned income for the year ended March 31, 2007 and the provision based on the taxable income (Nil for India operations) for the remaining nine months up to December 31, 2007, the actual tax liability, for which, will be determined on the basis of the results for the year ending March 31, 2008.

b) Net deferred tax asset has not been recognised considering the requirement of AS 22 relating to reasonable/ virtual certainty.

5. Related Parties

The Company has entered into transactions with following related parties

Sr. No.	Name of the Related Parties	Country
	Subsidiaries	
1	Hexaware Technologies Inc.	United States of America
2	Specsoft Consulting Inc	United States of America
3	FocusFrame Inc.	United States of America
4	Hexaware Technologies UK Ltd.	United Kingdom
5	FocusFrame UK Limited	United Kingdom
6	Hexaware Technologies Asia Pacific Pte. Ltd.	Singapore
7	Hexaware Technologies GmbH.	Germany
8	Hexaware Technologies Canada Ltd.	Canada
9	Caliber Point Business Solutions Ltd.	India
10	FocusFrame Europe BV	Netherland
11	FocusFrame Mexico S. De. R.L. De. C.V.	Mexico
12	Hexaware Technologies, Mexico S. De. R.L. De. C.V.	Mexico
13	Risk Technology International Limited (from 27-7-2007)	India
14	Risk Technology International Ltd. (from 24-10-2007)	United States of America
15	Risk Technologies (UK) Limited (from 20-9-2007)	United Kingdom
16	Specsoft Technologies India Ltd.	India
	Key Management Personnel	
17	Mr. Atul K Nishar – Executive Chairman	
18	Mr. P. K. Sridharan – President and Executive Director	
19	Mr. Rusi Brij – Chief Executive Officer and Vice Chairman	
	Others	
20	Hexaware Technologies Employee Stock Option Trust	

Transactions with parties are :

(Rupees in Millions)

Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
1) Finance (Including loans and equity contributions) in cash or in kind				
a) Loans Given				
Balance as at January 1, 2007	94.27 (121.18)	– (0.32)	0.41 (0.43)	94.68 (121.93)
Fresh loans during the year (Interest Accrued)	4.27 (9.10)	– –	0.90 –	5.17 (9.10)
Repaid /adjusted during the year	98.54 (36.01)	– (0.32)	0.90 (0.02)	99.44 (36.35)
Balance as at December 31, 2007	– (94.27)	– (–)	0.41 (0.41)	0.41 (94.68)
b) Investment in Equity (including share application money) Balance as at January 1, 2007	1,878.44 (924.95)	– (–)	– (–)	1,878.44 (924.95)
Add : Purchased during the year	156.56 (1,209.51)	– (–)	– (–)	156.56 (1,209.51)
Less : Provision for diminution in value of Investment	– (516.25)	– (–)	– (–)	– (516.25)
Less : Loss on value of Investment	– (256.02)	– (–)	– (–)	– (256.02)
Add : Provision for diminution in value of Investment written back	– (516.25)	– (–)	– (–)	– (516.25)
Balance as at December 31, 2007	2,035.00 (1,878.44)	– (–)	– (–)	2,035.00 (1,878.44)
2) Software and consultancy income	2,255.99 (2,008.75)	– (–)	– (–)	2,255.99 (2,008.75)
3) Software and development expenses – subcontracting charges	605.37 (623.62)	– (–)	– (–)	605.37 (623.62)
4) Interest and other Income	5.41 (10.55)	– (–)	– (–)	5.41 (10.55)
5) Reimbursement of cost to	29.92 (13.76)	– (–)	– (–)	29.92 (13.76)
6) Receiving of services	8.08 (12.24)	12.22 (11.25)	– (–)	20.30 (23.49)
7) Recovery of cost/advances from	327.66 (336.77)	– (–)	– (–)	327.66 (336.77)
8) Purchase of Assets	– (0.35)	– (–)	– (–)	– (0.35)

Nature of Transactions	Subsidiaries	Key Management Personnel	Others	Total
9) Closing Balances as on December 31, 2007				
Receivable towards software and consultancy income	727.10 (697.80)	– (–)	– (–)	727.10 (697.80)
Advances	130.65 (135.47)	– (–)	– (–)	130.65 (135.47)
Payable towards services and reimbursement of cost	303.94 (210.92)	– (–)	– (–)	303.94 (210.92)

Note : Previous year figures are given in brackets.

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

(Rupees in Millions)

Transaction	Current Year Amount		Previous Year Amount
a) Loans given			
Granted during the year			
– Hexaware Technologies Inc.	4.27		9.10
		4.27	9.10
Repaid / adjusted during the year			
– Hexaware Technologies Inc.	98.54		22.50
– Specsoft Consulting Inc	–		13.51
		98.54	36.01
b) Software & Consultancy Income			
– Hexaware Technologies Inc.	1,206.92		937.30
– Hexaware Technologies UK Ltd.	338.79		488.98
– Hexaware Technologies GmbH.	613.17		557.32
		2,158.88	1,983.60
c) Expenditure			
Subcontracting charges for software development			
– Hexaware Technologies Inc.	526.31		579.77
– Hexaware Technologies Canada Ltd.	–		43.85
Reimbursement of Cost			
– Hexaware Technologies Inc. USA	3.04		–
– Hexaware Technologies UK Ltd	20.04		–
– Hexaware Technologies Asia Pacific Pte. Ltd.	5.42		–
Receiving of Services			
– Risk Technology International Limited	2.28		–
– Caliber Point Business Solutions Ltd.	5.80		12.24
		562.89	635.86
Purchase of Assets			
Subsidiaries			
– Specsoft Technologies India Ltd.	–		0.35
		–	0.35

Transaction	Current Year Amount		Previous Year Amount
Remuneration			
Key Management Personnel			
– Atul K. Nishar	5.07		4.16
– P.K.Sridharan	7.15		7.09
		12.22	11.25
d) Income			
Interest & Other Income received			
Subsidiaries			
– Hexaware Technologies Inc.	4.27		9.10
– Caliber Point Business Solutions Ltd	0.83		1.45
		5.10	10.55
e) Advances during the year			
Subsidiaries			
– Hexaware Technologies Inc.	177.90		196.03
– Hexaware Technologies UK Ltd.	108.87		107.39
		286.77	303.42
f) Equity Investment / Share Application Money			
Addition during the year			
Subsidiaries			
– FocusFrame Inc.	118.13		1,164.51
– Caliber Point Business Solutions Ltd	29.92		45.00
		148.05	1,209.51
g) Employee Stock Options Granted During the year (Nos)			
– Rusi Brij	450,000		–

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

(Rupees in Millions)

Name of party	Relationship	Amount outstanding as at 31-12-2007	Maximum amount outstanding during the year
Specsoft Consulting Inc.	Wholly Owned Subsidiary	– (–)	– (13.51)
Hexaware Technologies Inc.	Wholly Owned Subsidiary	– (94.27)	98.01 (108.50)

Notes

1. The interest rate applicable to the above loans / advances is as follows:
   – Hexaware Technologies Inc. = LIBOR + 500 basis points (the loan was repayable on demand)
2. Loans to employees as per the Company's policy are not considered.
3. There are no investments by the loanee in the shares of the Company.
4. Recoverable cost / Recoverable advances not included above
5. Figures for the previous year are given in brackets.

7. The Company, in the month of November 2007, reported about having entered into foreign currency transactions (financial derivatives) which were not communicated to the senior management and the Board of Directors.

These transactions have since been settled and the net loss on account of such transactions aggregates Rs 1,029.95 million at the year end. The Company's profit for the year, turned into a loss, consequent to the loss on such foreign currency transactions. The said loss being one time and non recurring has been considered and disclosed as an exceptional item in the Profit and Loss account.

8. The Company, during the year, suffered a foreign exchange loss of Rs. 750.05 million, which is aggregate of foreign exchange gain (net) of Rs 279.90 million and exceptional foreign exchange loss (net) of Rs 1,029.95 million as stated in the Note No. 7 of schedule 12 (B).Considering the aggregate loss on foreign currency transactions during the year as aforesaid, the foreign exchange loss of exceptional nature of Rs 1,029.95 million has been disclosed as stated in the Note No. 7 of schedule 12 (B) and the balance amount of Rs 279.90 million (gain) has been disclosed under 'Administration and other expenses' and previous years figures have been accordingly regrouped.

9. **Segments**

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

10. **Earnings Per Share (EPS)**

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

(Rupees in Millions)

Particulars	Year 2007	Year 2006
Net (loss) / profit after tax	(107.61)	1186.61
Less : Preference dividend and tax thereon	25.67	34.70
Net Income available to equity shareholders for basic EPS	(133.28)	1151.91
Weighted average outstanding equity shares considered for basic EPS (Nos.)	136,000,143	127,619,067
Basic Earnings per share	(0.98)	9.03
Net Income available to equity shareholders for basic EPS	(133.28)	1151.91
Add : Preference dividend and tax thereon	-	34.70
Net (loss) / profit after tax for diluted EPS	(133.28)	1186.61
Weighted average outstanding equity shares considered for basic EPS (Nos.)	136,000,143	127,619,067
Add : Effect of dilutive issue of stock options and preference shares (including share application money received on exercise of options) (Nos.)	845,735	10,550,268
Weighted average outstanding equity shares considered for diluted EPS (Nos.)	136,845,878	138,169,335
Diluted Earnings per share	(0.98)*	8.59

*** Same as basic since anti-dilutive**

11. **Managerial Remuneration**

(Rupees in Millions)

Particulars	For the year ended 31-12-2007	For the year ended 31-12-2006
Executive Directors		
– Salaries and allowances	10.96	10.01
– Contribution to Provident and Other funds	0.51	0.60
– Perquisites	0.75	0.64
Total	**12.22**	**11.25**
Non Executive Directors		
– Commission	–	3.56

Notes:

1) The above does not include value of gratuity benefit and benefit towards leave balances since the same is actuarially valued for the Company as whole

2) Above amount does not include remuneration paid by subsidiary company to the directors aggregating to Rs. 48.84 million (Previous year Rs. 49.43 million)

3) In view of loss for the year, the computation of net profit as above has not been disclosed for the year and since no commission is payable to the non whole time directors for the year. Accordingly, the previous year's figures have not been furnished.

4) The above includes remuneration of a Director paid / provided aggregating Rs.2.11 million (Previous year Rs Nil) which is in excess of limit under Schedule XIII of the Indian Companies Act, 1956 and in respect of which Company is in process of making application for seeking Central Government approval.

12. Consequent to the Revised Accounting Standard (AS -15) "Employee Benefits" read with recent guidance on implementation of AS-15 issued by the Institute of Chartered Accountants of India, effective from January 1, 2007, the Company has reviewed and revised its accounting policy in respect of employee benefits. Consequent upon the change, profit before tax for the year ended December 31, 2007 is lower by Rs. 58.24 million In accordance with the transitional provisions contained in the Accounting Standard, the difference of Rs. 120.79 million between the liability in respect of gratuity and compensated absences existing on the date of adoption under the revised accounting policy and the liability that would have been recognized at the same date under the previous accounting policy has been adjusted against the opening balance in the general reserve.

13. Employee benefit plans

i) Defined contribution plans viz Provident Fund and Superannuation Fund

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

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

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

Amounts recognized as expenses towards contributions to provident fund, superannuation funds by the Company are Rs. 99.29 million and Rs. 1.80 million respectively for the year ended December 31, 2007.

ii) Post employment defined benefit plans

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

The following table sets out the status of the gratuity plan for the year ended December 31, 2007 as required under AS 15 (Revised)

(Rupees in Millions)

Particulars	2007
Change in Defined Benefit Obligation	
Opening Defined Benefit Obligation	104.46
Current Service Cost	32.68
Interest Cost	7.51
Actuarial (gain)	(6.41)
Benefits Paid	(8.33)
Closing Defined Benefit Obligation	129.91
Change in the Fair Value of Assets	
Opening in Fair value of assets	36.19
Expected Return on Plan Assets	3.14
Actuarial Gain	0.16
Contribution by Employer	9.99
Benefits Paid	(8.33)
Closing Fair Value of Plan Assets	41.15
Net Liability	88.76

Expense for the year :

(Rupees in Millions)

Particulars	2007
Current Service Cost	32.68
Interest on Defined Benefit Obligation	7.51
Expected Return on Plan Assets	(3.14)
Net Actuarial (Gain)	(6.57)
Total Included in Employment Expenses	30.48

Actual Return on Plan Assets	3.30

Category of Assets as on December 31, 2007 Insurer Managed Fund	41.15

Financial Assumptions at the Valuation Date :

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

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

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

Asset allocations:

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

14. a) The Company takes on lease office space and accommodation for its employees under various operating leases. The lease rentals recognised in the Profit and Loss Account under various non-cancellable operating leases is Rs.162.70 million (Previous Year Rs. 114.75 million). Sublease rentals recognised in the profit and loss account on account of subleasing of the leased premises is Rs 1.15 million (Previous year Rs.1.45 million). The future minimum lease payments and payment profile of the said leases are as follows:

(Rupees in Millions)

Particulars	As at 31.12.2007	As at 31.12.2006
Not later than one year	176.43	103.75
Later than one year but not later than five years	177.85	92.91
Later than five years	23.74	30.02
	378.02	**226.68**

Minimum sublease payments expected to be received in future aggregates to Rs. 0.55 million.

b) The Company has given furnished and equipped premises on operating lease. The income from non cancellable operating leases amounting to Rs 24.97 million (Previous Year Rs. 25.80 million) is included in 'Other Income', Schedule 7. Details of leased assets and the future minimum lease rentals receivable under the said leases is as under:

(Rupees in Millions)

Type Of Assets	Gross Block as on 31.12.2007	Accumulated Depreciation upto 31.12.2007	Depreciation provided for the year 2007
Premises	105.92 (105.92)	9.90 (8.17)	1.73 (1.73)
Plant and Machinery	32.90 (32.90)	23.26 (17.27)	5.99 (5.99)
Furniture and Fixtures	43.66 (43.66)	22.51 (16.88)	5.63 (5.90)

(Rupees in Millions)

Particulars	As at 31.12.2007	As at 31.12.2006
Not later than one year	16.25	17.74
Later than one year but not later than five years	–	–
	16.25	**17.74**

15. The Company, in the previous year, purchased shares of FocusFrame Inc ('FF USA') on payment of an initial upfront consideration of Rs. 1,164.51 million, in accordance with an agreement with the selling shareholders, which stipulated payment of initial upfront consideration. The terms of purchase also provide for 'Earnout Payments' (contingent consideration) to all the selling shareholders being additional consideration payable over two years subject to achievement of earnout conditions.

During the year, the Company based on the achievement of earnout conditions applicable to the year, computed the earnout consideration aggregating Rs. 115.98 million and accounted the same as additional cost of shares (investment). In accordance with the agreement with the selling shareholders, they have the right of acceptance or otherwise of such consideration computation, the timeline of which falls subsequent to the approval of accounts of the Company by the Board of Directors. However, in the opinion of the Company, no material variation is expected to the amount already provided in accounts in this respect. The balance earnout consideration (contingent consideration) payable over the next year is not expected to exceed US $ 6.30 million (equivalent to Rs. 248.31 million) The consideration so payable would be accounted in the books of accounts in the year of achieving earnout conditions.

16. The Company, based on risk attributes for contracts, market quality, support services etc, appointed consultants to study the present contract pricing structures with some of its subsidiary companies and based on the consultants report, entered into revised contract for sale of services, which resulted into additional revenues of Rs. 113.76 million during the year. In respect of the other subsidiaries, in the opinion of the management, based on the same criteria, no revision is considered necessary at this stage

17. The Company has long term investments in it's subsidiary company, FF USA, which achieved higher turnover during the year in dollar terms though the profit after tax is lower than previous year mainly on account of provision for amounts recoverable from debtor parties and increased employee costs. However, the said company has excellent orders on hand and expects continued growth in revenues as per management plans, which would, improve its profitability substantially in the near future. On that basis, in the opinion of the Company, the said long term investments are appropriately carried at cost.

18. Derivative Instruments

During the year, the Company entered into the following derivative instruments for hedging the Company's exposure to movements in foreign exchange rates and are not used for trading or speculative purposes:

a) **Forward Exchange Contracts outstanding as at Balance Sheet date**

Currency	**Notional Amount in million (as on 31-12-2007)**	**Notional Amount in million (as on 31-12-2006)**	**Buy or Sell**	**Cross Currency**
US Dollar	379	30	Sell	Rupees
US Dollar*	110	–	Sell	Rupees
EURO*	30	–	Buy	USD
EURO*	0.5	–	Sell	USD
GBP*	20	–	Sell	USD
GBP*	20	–	Buy	USD

* cancelled subsequent to year end. Refer note no. 7 above

b) **Currency options outstanding as at Balance Sheet date**

Currency	**Notional Amount in million (as on 31-12-2007)**	**Notional Amount in million (as on 31-12-2006)**	**Buy or Sell**	**Cross Currency**
Euro	65	6	Sell	USD
Euro	–	8	Buy	USD
GBP	–	1	Sell	USD
USD	33	–	Buy	CHF
USD	3	–	Sell	CHF
USD	34	–	Buy/Sell	JPY

All the above have been cancelled subsequent to year end (Refer note no. 7 above.)

c) As of the balance sheet date the Company has the net foreign currency exposure that are not hedged by a derivative instrument or otherwise amounting to Rs 356.31 million (Previous year Rs 414.61 million)

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

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

(Rupees in Millions)

Particulars	**For the year ended 31.12.2007**	**For the year ended 31.12.2006**
II. CIF value of Imports :		
– Capital Goods	143.56	78.92
III. Expenditure in Foreign Currency:		
a) Foreign travelling expenses*	12.90	6.07
b) Software Development Expenses*	832.48	765.92
c) Employment Expenses*	90.33	–
d) Rent*	5.68	–
e) Business promotion, seminar and conference expenses	1.24	3.72
f) Legal and professional charges	14.69	3.67
g) Communication expenses*	2.81	3.01
h) Miscellaneous*	20.37	4.82

* Includes expenses in foreign branches

IV. Remittance in Foreign currency on account of dividend:

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

Particulars	**Final Dividend-2006 (Final Dividend-2005)**	**Interim Dividend-2007 (Interim Dividend-2006)**
Net amount remitted (Rupees in Millions)	0.74 (0.46)	0.67 (0.58)
Number of shares held by non-resident shareholders	919,763 (771,621)	836,189 (728,376)
Year to which dividend relates	2006 (2005)	2007 (2006)
Number of Non resident Shareholders	572 (566)	564 (549)

Figures for the previous year are given in brackets.

(Rupees in Millions)

Particulars	**For the year ended 31-12-2007**	**For the year ended 31-12-2006**
V. Earnings in foreign currency:		
a) Income from software solutions and consulting services	4,437.77	3,816.05
b) Interest Income	4.27	9.10
c) Other Income	0.27	0.20

20. Exchange differences arising on settlement or restatement of foreign currency denominated liabilities relating to the acquisition of fixed assets, which in accordance with Accounting Standard 11 ('AS 11') on "The Effects of Changes in Foreign Exchange Rates" were previously adjusted to the carrying values of the relevant fixed assets are now recognized in the Profit and Loss account in accordance with AS 11 (Revised), the impact of which is not material for the year ended 31 December 2007.

21. The figure for the previous accounting year have been regrouped/rearranged wherever necessary to correspond with the figures of the current year and are disclosed in brackets. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

Signature to Schedules 1 to 12

As per our attached report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner

Place : Mumbai
Date : 21st February, 2008

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Rusi Brij
(Vice Chairman & CEO)

P. K. Sridharan
(President & Executive Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

A. P. Kurian
(Director)

S. K. Mitra
(Director)

Rajesh B. Ghonasgi
(Chief Financial Officer)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Hexaware TECHNOLOGIES

Balance Sheet Abstract & Company's General Business Profile

I. Registration Details

Registration No. 11-69662

State Code 11

Balance Sheet Date

Date	Month	Year
31	12	2007

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

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

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

Total Liabilities	8900
Total Assets	8900

Sources of Funds

Subscribed & Paid-up Capital	287
Share Application Money & Warrants	2
Reserves & Surplus	6517
Secured Loans	NIL
Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	2000
Investments	4345
Net Current Assets	461
Misc. Expenditure	NIL
Accumulated Losses	NIL

IV. Performance of Company (Rupees in Millions)

Turnover and Other Income	4957
Total Expenditure	5021
Profit Before Tax	(-) 64
Profit After Tax	(-) 108
Earning Per Share in Rs. - Basic & Diluted	BASIC (-) 0.98 DILUTED (-) 0.98
Dividend Rate %	40

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

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

For and on behalf of the Board

Atul K. Nishar
(Executive Chairman)

Rusi Brij
(Vice Chairman & CEO)

P. K. Sridharan
(President & Executive Director)

L. S. Sarma
(Director)

Preeti Mehta
(Director)

Shailesh Haribhakti
(Director)

A. P. Kurian
(Director)

S. K. Mitra
(Director)

Rajesh B. Ghonasgi
(Chief Financial Officer)

Bhagwant Bhargawe
(Company Secretary & Head Legal)

Place : Mumbai
Date : 21st February, 2008

DIRECTORS' REPORT

To

The Members,

Your Directors present the Third Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st December, 2007.

Financial Results

The performance of the Company for the financial year ended 31st December, 2007 is summarized below:

	(Rs.)	(Rs.)
Particulars	**31.12.07**	**31.12.06**
Gross Revenue	Nil	1,63,151
Total Expenditure	5,000	2,46,296
Profit/(Loss) Before Tax (PBT)	(5,000)	(83,145)
Provision for Tax	—	—
Balance b/f from previous year	(4,95,610)	(4,12,465)
Balance carried to balance sheet	(5,00,610)	(4,95,610)

During the year under review, your company had made an application to the Ministry of Corporate Affairs, for striking off the name of the Company from the Register of Companies maintained by the Ministry of Corporate Affairs and for being declared as a defunct Company.

While in the process of review of the application, your company started receiving enquiries from various clients for providing services to them. The clients also expressed their intention to award contracts to your Company which would have been beneficial to the Company and yielded profits to the Company. In view of the above, the Board of Directors examined this possibility and again requested the Ministry of Corporate Affairs to allow the company to withdraw the application for declaring your Company as defunct under Section 560 of the Companies Act, 1956.

Dividend

Your Directors have not recommended any dividend for the year under review.

Fixed Deposits

The Company has not accepted any fixed deposits within the meaning of Section 58A of the Companies Act, 1956, and the Rules there under.

Directors

Your Directors appointed Mr. Rajesh Kanani and Mr. Bhagwant Bhargawe as Additional Directors with effect from March 7, 2008 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 88 of the Articles of Association of the Company. Mr. Rajesh Kanani and Mr. Bhagwant Bhargawe hold office upto the date of forthcoming Annual General Meeting. Notice in terms of provisions of Section 257 of the Companies Act, 1956 along with the requisite deposit has been received from a member proposing the candidature of Mr. Rajesh Kanani and Mr. Bhagwant Bhargawe

In accordance with the Articles of Association of the Company Mr. L.S. Sarma retires by rotation and being eligible offers himself for re-appointment.

Mr. Rajesh B. Ghonasgi resigned from the Board of Directors of the Company with effect from 7th March, 2008 due to pre-occupation. The Board places on record sincere appreciation of the services rendered by him during his tenure as a Directors of the Company.

Directors' Responsibility Statement

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

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

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended December 31, 2007 and of the profit or loss of the Company for the year ended December 31, 2007;

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

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

Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. In terms of provisions of section 224(1B) of the Companies Act, 1956, M/s. Deloitte Haskins & Sells have furnished a certificate that their appointment, if made, will be within the limits prescribed under the said section of the Act.

Particulars of Employees

There were no employees in respect of whom information is required to be given pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption are not applicable for the year under review, and hence not furnished. There was no foreign exchange earnings & outgo during the year under review.

Acknowledgements

Your Directors wish to place on record their immense appreciation for the assistance and co-operation received from various clients, Banks & Statutory Authorities.

For and on behalf of the Board of Directors

Jyotirmoy Das Gupta
Director

Rajesh Ghonasgi
Director

Date: 19th February, 2008
Place: Mumbai

AUDITORS' REPORT

To the shareholders of Specsoft Technologies India Limited

1. We have audited the attached Balance Sheet of Specsoft Technologies India Limited, as at December 31, 2007, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

   d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

   e) On the basis of the written representations received from the directors as on December 31, 2007 and taken on record by the board of directors, we report that none of the directors is disqualified as on December 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the accounting policies, note no. 1 of Schedule 7B regarding preparation of accounts not on going concern basis and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i. in the case of the balance sheet, of the state of affairs of the Company as at December 31, 2007;

      ii. in the case of the profit and loss account, of the loss for the year ended on that date; and

      iii. in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No. 15291

Mumbai, dated: February 19, 2008

ANNEXURE TO THE AUDITORS' REPORT

Re: Specsoft Technologies India Limited
Referred to in Paragraph 3 of our report of even date

i) The Company did not have any fixed assets during the year. Accordingly, clause (i) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company for the year.

ii) The activities of the Company and the nature of its business do not involve the use of inventory. Accordingly, clause (ii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

iii) The Company has not granted or taken any loan secured/unsecured to or from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (iii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

iv) The Company, during the year, did not carry out any activities involving purchase of inventory and fixed assets and sale of goods and services. Accordingly, clause (iv) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

v) According to the information and explanation given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered in the register required to be maintained under that section. Accordingly, clause (v) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

vi) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sec 58A, 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company.

vii) As the Company is not listed on any stock exchange or the paid up capital and reserves as at the commencement of the financial year did not exceed Rs. 50 lacs or the average annual turnover for a period of three consecutive financial years immediately preceding the financial year did not exceed Rs. five crores, clause (vii) of paragraph 4 of Companies (Auditors Report) Order, 2003 is not applicable to the Company.

viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. Accordingly, clause (viii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable to the Company.

ix) a) The Company has generally been regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, cess and any other material statutory dues applicable to it.

b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty and cess were in arrears, as at December 31, 2007 for a period of more than six months from the date they became payable.

c) According to information and explanations given to us there are no dues of sales tax, income tax, customs duty, wealth tax and cess, which have not been deposited with the appropriate authorities on account of any dispute.

x) The Company has not completed five years from the date of its registration. Accordingly, clause (x) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loans from banks and financial institution. Accordingly, clause (xi) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

xii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause (xii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company

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

xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause (xiv) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

xvi) The Company has not taken any term loan during the year. Accordingly, clause (xvi) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

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

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

xix) The Company has not issued any debentures during the year. Accordingly, clause (xix) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

xx) The Company has not raised any money by way of public issues during the year. Accordingly, clause (xx) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.

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

For Deloitte Haskins & Sells
Chartered Accountants

P. R. Barpande
Partner
Membership No. 15291

Mumbai, dated: February 19, 2008

Hexaware TECHNOLOGIES

Specsoft Technologies India Limited

BALANCE SHEET AS AT 31ST DECEMBER, 2007

(Rupees)

Particulars	Schedule No.	As at 31st December, 2007		As at 31st December, 2006	
SOURCES OF FUNDS					
1. **Share Holders' Funds :**					
Share Capital	"1"	500,610		500,610	
			500,610		500,610
Total			500,610		500,610
APPLICATION OF FUNDS					
2. **Fixed Assets :**	"2"				
Gross Block		–		–	
Less: Depreciation		–		–	
		–		–	
		–		–	
Net Block			–		–
3. **Current Assets, Loans and Advances :**	"3"				
Cash and Bank Balances		–		1,692,746	
		–		1,692,746	
Less:					
4. **Current Liabilities and Provisions :**	"4"				
Current Liabilities		–		1,687,746	
		–		1,687,746	
Net Current Assets			–		5,000
Profit and Loss Account			500,610		495,610
Total			500,610		500,610
Significant Accounting Policies and Notes Forming part of accounts	"7"				

Schedules 1 To 7 form an Integral Part of the Accounts.

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P R Barpande
Partner.

Place : Mumbai
Date : February 19, 2008

For and on behalf of the board

Jyotirmoy Dasgupta
Director

Rajesh B.Ghonasgi
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Rupees)

Particulars	Schedule No.	For The Year Ended 31st December, 2007		For The Year Ended 31st December, 2006	
INCOME					
Software and Consultancy		–		132,360	
Other Income	"5"	–		30,791	
			–		163,151
EXPENDITURE					
Software and Development Expenses		–		38,000	
Administration and Other Expenses	"6"	5,000		208,296	
			5,000		246,296
Loss for the year			(5,000)		(83,145)
Add : Balance brought forward from previous year			(495,610)		(412,465)
Balance Carried to Balance Sheet			(500,610)		(495,610)
Earnings per share					
–Basic and Diluted			(0.10)		(1.66)
(Refer Note no. 2 of schedule 7B)					
Face value of equity share			10.00		10.00
Significant Accounting Policies and Notes Forming Part of Accounts	"7"				

Schedules 1 to 7 form an Integral Part of the Accounts.
As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P R Barpande
Partner.

For and on behalf of the board

Jyotirmoy Dasgupta
Director

Rajesh B.Ghonasgi
Director

Place : Mumbai
Date : February 19, 2008

Specsoft Technologies India Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2007

(Rupees)

		Current Year		Previous year
A	**Cash Flow from operating activities**			
	Net Loss before tax	**(5,000)**		(83,145)
	Adjustments for:			
	Interest income	–		(673)
	Operating Loss before working capital changes		**(5,000)**	(83,818)
	Adjustments for:			
	Loans and Advances	–		230,489
	Trade and other payables	**(1,687,746)**		(97,068)
			(1,687,746)	133,421
	Net cash (used in) / from operations		**(1,692,746)**	49,603
B	**Cash flow from investing activities**			
	Interest on deposits	–		673
	Sale of fixed assets	–		345,123
	Net cash from investing activities		–	345,796
	Net (Decrease) / Increase in cash and cash equivalents		**(1,692,746)**	395,399
	Cash and cash equivalents at the beginning of the year		**1,692,746**	1,297,347
	Cash and cash equivalents at the end of the year		–	1,692,746

Notes:

1. Components of cash and cash equivalents include cash and bank balances as stated in Schedule 3 of the Balance sheet.
2. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow statements.

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P R Barpande
Partner.

Place : Mumbai
Date : February 19, 2008

For and on behalf of the board

Jyotirmoy Dasgupta
Director

Rajesh B.Ghonasgi
Director

SCHEDULES TO BALANCE SHEET

(Rupees)

Particulars	As at 31st December, 2007	As at 31st December, 2006
SCHEDULE "1" - SHARE CAPITAL		
AUTHORISED		
100,000 Equity Shares of Rs. 10/- each	**1,000,000**	1,000,000
Total	**1,000,000**	1,000,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
50,061 Equity Shares of Rs.10/- each fully paid up (The entire Capital is held by the holding company Hexaware Technologies Inc. and its nominees)	**500,610**	500,610
Total	**500,610**	500,610

SCHEDULE "2" – FIXED ASSETS

	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK	
Particulars	As at 01.01.2007	Additions	Deductions	As at 31.12.2007	As at 01.01.2007	For The Year	Deductions	As at 31.12.2007	As at 31.12.2007	As at 31.12.2006
Plant and Machinery (Computer System)	–	–	–	–	–	–	–	–	–	–
CURRENT YEAR	–	–	–	–	–	–	–	–	–	–
PREVIOUS YEAR	381,021	–	381,021	–	35,898	–	35,898	–	–	–

Particulars	As at 31st December, 2007		As at 31st December, 2006	
SCHEDULE "3" - CURRENT ASSETS, LOANS AND ADVANCES				
Cash and Bank Balances				
Balances with Scheduled Banks				
In Current Accounts	–		1,692,746	
		–		1,692,746
Total		–		1,692,746

SCHEDULES TO BALANCE SHEET

(Rupees)

Particulars	As at 31st December, 2007		As at 31st December, 2006	
SCHEDULE "4" - CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Other Liabilities	–		1,687,746	
		–		1,687,746
Total		–		1,687,746

SCHEDULES TO PROFIT & LOSS ACCOUNT

	For The Year Ended 31st December, 2007	For The Year Ended 31st December, 2006
SCHEDULE "5" - OTHER INCOME		
Liability no longer required written back *	–	30,118
Interest on Fixed Deposits	–	673
Total	–	30,791
SCHEDULE "6" - ADMINISTRATION AND OTHER EXPENSES		
Travelling and Conveyance Expenses	**271**	–
Auditors Remuneration		
Audit Fees (Including Service Tax Rs. Nil (Previous Year Rs.1,469/-))	–	13,469
(Refer Note 3(vi) of Schedule 7B)		
Legal And Professional Fees	–	1,020
Bank Charges	**5,240**	562
Repayment Of Liability*	**16,718**	–
Membership And Subscription	–	225,003
Exchange Difference (Net)	**(17,229)**	(61,876)
Registration And Filing Fees	–	30,118
Total	**5,000**	208,296

* Represents the liability paid during the year which was written back in the previous year.

SCHEDULE 7 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, the provisions of the Companies Act, 1956 and the applicable accounting standards. (Refer note no.1 of Schedule 7B)

2. Use of Estimates

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

3. Revenue Recognition

Revenues from software solutions and consulting services are recognised on specified terms of contract in case of contract undertaken on time basis and in case of fixed price contracts revenue is recognised using the percentage of completion method of accounting. 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 advances of services performed are recorded as unearned revenue. Unbilled services included in loans and advances, represents amount recognised based on services performed in advance of billing in accordance with contract terms.

4. Foreign Currency Transaction / Translation

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

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

'Exchange gain/loss (net) on foreign currency transactions is grouped under Administration and Other Expenses considering the disclosure followed by the holding company in this respect'.

5. Taxes on Income

Income Taxes are accounted for in accordance with Accounting Standard 22 on "Accounting for Taxes on Income", (AS-22). Tax expense comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted or substantively enacted tax rates. At each balance sheet date the company reassesses unrealised deferred tax assets, to the extent they become reasonably certain or virtually certain of realisation, as the case may be.

6. Provisions, Contingent Liabilities and Contingent assets

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

B) NOTES FORMING PART OF ACCOUNTS

1) The Company, during the year applied to the Registrar of Companies ('ROC') for striking off it's name under Section 560 of the Companies Act, 1956. However, before any response was received from ROC, the management of the Company decided to revive the Company to examine possible business prospects and accordingly, the Company made another application to the ROC for withdrawal of previous application. However, the response from ROC is awaited and pending such response, the accounts of the Company continue to be prepared not on the basis of 'going concern assumption'. The Company, at the year end, has only Share Capital and equivalent amount of loss.

2) **Earnings Per Share (EPS)**

(Rupees)

	31st December 2007	31st December 2006
Loss attributable to equity shareholders	(5,000)	(83,145)
Weighted average outstanding Equity shares considered for basic EPS (nos.)	50,061	50,061
Nominal Value of Equity Shares	10	10
Earnings per share Basic and Diluted	(0.10)	(1.66)

3) **Related Parties**

The following are the transactions with related parties:

Immediate Holding Company – Hexaware Technologies, Inc.

Ultimate Holding Company - Hexaware Technologies Limited

	Description & Nature of Transaction	**Immediate Holding Company**	**Ultimate Holding Company**
i	Balance of advance received against services to be rendered as at end of the year.	– (1,674,277)	– (–)
ii	Write back of liability no longer required	– (30,118)	– (–)
iii	Repayment of liability written back in earlier year	16,718 (–)	– (–)
iv	Sale of Assets	– (–)	– (345,123)
v	Income from Software & Consultancy	– (132,360)	– (–)
vi	Audit fees *	13,483 (–)	– (–)

Note: Figures for the previous year are given in brackets

* The Audit fees are borne by the immediate Holding Company (Refer Note 1 above)

4) **Segments:** As per the definition of 'Business segments' and 'Geographical Segments' contained in Accounting Standard (AS-17) "Segment Reporting", management is of the opinion that there is neither more than one reportable business segment nor more than one reportable geographical segment. Hence segment information as per AS-17 is not required to be disclosed.

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

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

II. Earnings in Foreign Currency (Rupees)

a) Income from Software Solutions and Consulting Services	– (132,360)

Note: Figures for the previous year are given in brackets

6) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as below:

Amount payable in foreign currency on account of the following:

Particulars	Rupees	Amount in Foreign currency	Foreign Currency
Other Liabilities	– (1,674,277)	– (37,820)	– US Dollars
(Refer Schedule 4)			

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

7) The figures of the previous year have been regrouped / rearranged wherever necessary to correspond to the figures of the current year.

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered Accountants

P R Barpande
Partner.

For and on behalf of the board

Jyotirmoy Dasgupta
Director

Rajesh B.Ghonasgi
Director

Place : Mumbai
Date : February 19, 2008

Notes

Notes

Notes

Notes

Notes

HEXAWARE TECHNOLOGIES LIMITED

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

PROXY FORM

For Shares in Dematerialised form

DP ID
CLIENT ID

For Shares in Physical mode

REGD. FOLIO NO.
NO. OF SHARES HELD

I/We ________________________________ s/o, w/o, d/o ______________________________ residing at ____

____ being member/ member(s) of Hexaware Technologies Limited hereby appoint Mr./Ms. ______________________________ residing at ____

____ or failing him/her

Mr./Ms. ______________________________ residing at ______________________________

__________________________ as my/our proxy to vote for me/us and on my/our behalf at the **Fifteenth Annual General Meeting** of the Company to be held on **Monday, the 30th day of June, 2008** at **4.00 p.m.** at M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001 and at any adjournment thereof.

Signed this ________ day of ________________ , 2008

Affix Re. 1.00 Revenue Stamp

Signature

(Please sign across the Stamp)

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

HEXAWARE TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

For Shares in Dematerialised form

DP ID
CLIENT ID

For Shares in Physical mode

REGD. FOLIO NO.
NO. OF SHARES HELD

I certify that I am a registered shareholder/ proxy for the registered shareholder of the Company. I hereby record my presence at the Fifteenth Annual General Meeting of the Company held on Monday, the 30th day of June, 2008 at 4.00 p.m. at M. C. Ghia Hall, 2nd Floor, Bhogilal Hargovinddas Building, 18/20, K. Dubhash Marg, Behind Prince of Wales Museum/Kala Ghoda, Mumbai – 400 001 and at any adjournment thereof.

______________________________ ______________________________

Member's / proxy's name in BLOCK letters Member's / proxy's Signature

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