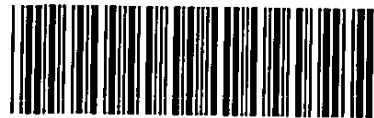


REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010
FOR
HEXAWARE TECHNOLOGIES UK LIMITED

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HEXAWARE TECHNOLOGIES UK LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Financial Statements	9
Trading and Profit and Loss Account	14

HEXAWARE TECHNOLOGIES UK LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31ST DECEMBER 2010

DIRECTORS:

A Nishar
A A Nishar
V R Seshadri
P R Chandrasekar

SECRETARY:

R Visvanathan

REGISTERED OFFICE.

Walmar House
288-292 Regent Street
London
W1B 3AL

REGISTERED NUMBER.

03647007 (England and Wales)

AUDITORS:

Butler & Co
Chartered Accountants
& Registered Auditors
3rd Floor Walmar House
288-292 Regent Street
London
W1B 3AL

HEXAWARE TECHNOLOGIES UK LIMITED

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31ST DECEMBER 2010**

The directors present their report with the financial statements of the company for the year ended 31st December 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Software development and IT consultancy services

REVIEW OF BUSINESS

The results for the year and financial position of the company are shown in the annexed financial statements

DIVIDENDS

No dividends will be distributed for the year ended 31st December 2010

DIRECTORS

The directors shown below have held office during the whole of the period from 1st January 2010 to the date of this report

A Nishar
A A Nishar

Other changes in directors holding office are as follows

S Surya - resigned 7th September 2010
V R Seshadri - appointed 1st July 2010
P R Chandrasekar - appointed 1st July 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

HEXAWARE TECHNOLOGIES UK LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2010

AUDITORS

The auditors, Butler & Co, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:



V R Seshadri - Director

Date

1 February 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
HEXAWARE TECHNOLOGIES UK LIMITED

We have audited the financial statements of Hexaware Technologies UK Limited for the year ended 31st December 2010 on pages five to thirteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

S Phadke (Senior Statutory Auditor)
for and on behalf of Butler & Co
Chartered Accountants
& Registered Auditors
3rd Floor Walmar House
288-292 Regent Street
London
W1B 3AL



Date

1 February 2011

HEXAWARE TECHNOLOGIES UK LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31ST DECEMBER 2010

	Notes	2010 £	2009 £
TURNOVER		7,678,171	5,900,672
Cost of sales		4,421,462	3,247,902
GROSS PROFIT		3,256,709	2,652,770
Administrative expenses		3,102,166	2,530,484
OPERATING PROFIT	3	154,543	122,286
Interest receivable and similar income		43,629	30,368
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		198,172	152,654
Tax on profit on ordinary activities	4	69,278	-
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		128,894	152,654

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

HEXAWARE TECHNOLOGIES UK LIMITED**BALANCE SHEET**
31ST DECEMBER 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Tangible assets	5	26,788	26,271
CURRENT ASSETS			
Debtors	6	3,334,475	2,392,767
Cash at bank and in hand		1,935,773	2,517,215
		<u>5,270,248</u>	<u>4,909,982</u>
CREDITORS			
Amounts falling due within one year	7	<u>1,783,919</u>	<u>1,552,030</u>
NET CURRENT ASSETS		<u>3,486,329</u>	<u>3,357,952</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>3,513,117</u></u>	<u><u>3,384,223</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	3,067,000	3,067,000
Profit and loss account	10	<u>446,117</u>	<u>317,223</u>
SHAREHOLDERS' FUNDS	13	<u><u>3,513,117</u></u>	<u><u>3,384,223</u></u>

The financial statements were approved by the Board of Directors on
its behalf by

1 February 2011

and were signed on


V R Seshadri - Director

The notes form part of these financial statements

HEXAWARE TECHNOLOGIES UK LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	Notes	2010 £	2009 £
Net cash (outflow)/inflow from operating activities	1	(636,673)	544,708
Returns on investments and servicing of finance	2	43,629	30,368
Taxation		(18,278)	(51,185)
Capital expenditure	2	(10,228)	(2,393)
		(621,550)	521,498
Financing	2	40,108	3,251
(Decrease)/Increase in cash in the period		(581,442)	524,749
<hr/>			
Reconciliation of net cash flow to movement in net funds	3		
(Decrease)/Increase in cash in the period		(581,442)	524,749
Change in net funds resulting from cash flows		(581,442)	524,749
Movement in net funds in the period		(581,442)	524,749
Net funds at 1st January		2,517,215	1,992,466
Net funds at 31st December		1,935,773	2,517,215

The notes form part of these financial statements

HEXAWARE TECHNOLOGIES UK LIMITED**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2010****1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2010 £	2009 £
Operating profit	154,543	122,286
Depreciation charges	9,711	36,174
Amounts owed to group undertakings	(188,774)	34,697
(Increase)/Decrease in debtors	(981,816)	558,683
Increase/(Decrease) in creditors	369,663	(207,132)
Net cash (outflow)/inflow from operating activities	(636,673)	544,708

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	43,629	30,368
Net cash inflow for returns on investments and servicing of finance	43,629	30,368
Capital expenditure		
Purchase of tangible fixed assets	(10,533)	(2,393)
Sale of tangible fixed assets	305	-
Net cash outflow for capital expenditure	(10,228)	(2,393)
Financing		
Amount introduced by directors	50,163	3,426
Amount withdrawn by directors	(10,055)	(175)
Net cash inflow from financing	40,108	3,251

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/10 £	Cash flow £	At 31/12/10 £
Net cash			
Cash at bank and in hand	2,517,215	(581,442)	1,935,773
	<u>2,517,215</u>	<u>(581,442)</u>	<u>1,935,773</u>
Total	<u>2,517,215</u>	<u>(581,442)</u>	<u>1,935,773</u>

The notes form part of these financial statements

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31ST DECEMBER 2010**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention

Turnover

Turnover represents the invoiced amounts of services provided and it is stated net of Value Added Tax. The turnover and profit is attributable to the principal activity of the company.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Short leasehold	- over the lease term
Plant and machinery	- 20% on cost
Fixtures and fittings	- 12.5% on cost
Computer equipment	- 33.33% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a group stakeholder pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2 STAFF COSTS

	2010 £	2009 £
Wages and salaries	3,536,532	2,517,743
Social security costs	418,899	294,609
Other pension costs	68,979	9,310
	<u>4,024,410</u>	<u>2,821,662</u>

The average monthly number of employees during the year was as follows:

	2010	2009
Office Management	15	15
Software consultants	67	48
	<u>82</u>	<u>63</u>

HEXAWARE TECHNOLOGIES UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010****3 OPERATING PROFIT**

The operating profit is stated after charging

	2010 £	2009 £
Depreciation - owned assets	9,711	36,174
Auditors' remuneration	15,665	11,830
Foreign exchange differences	2,090	61,685
	<u> </u>	<u> </u>

Directors' remuneration	<u>439,121</u>	<u>251,442</u>
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Information regarding the highest paid director is as follows

	2010 £	2009 £
Emoluments etc	<u>370,436</u>	<u>161,875</u>

4 TAXATION**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows

	2010 £	2009 £
Current tax		
UK corporation tax	69,278	-
	<u>69,278</u>	<u>-</u>
Tax on profit on ordinary activities		
	<u>69,278</u>	<u>-</u>

5 TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1st January 2010	64,612	4,328	32,809	14,151	115,900
Additions	-	1,217	-	9,316	10,533
Disposals	-	-	-	(962)	(962)
	<u>64,612</u>	<u>5,545</u>	<u>32,809</u>	<u>22,505</u>	<u>125,471</u>
At 31st December 2010	<u>64,612</u>	<u>5,545</u>	<u>32,809</u>	<u>22,505</u>	<u>125,471</u>
DEPRECIATION					
At 1st January 2010	64,612	2,221	13,956	8,840	89,629
Charge for year	-	818	4,098	4,795	9,711
Eliminated on disposal	-	-	-	(657)	(657)
	<u>64,612</u>	<u>3,039</u>	<u>18,054</u>	<u>12,978</u>	<u>98,683</u>
At 31st December 2010	<u>64,612</u>	<u>3,039</u>	<u>18,054</u>	<u>12,978</u>	<u>98,683</u>
NET BOOK VALUE					
At 31st December 2010	<u>-</u>	<u>2,506</u>	<u>14,755</u>	<u>9,527</u>	<u>26,788</u>
At 31st December 2009	<u>-</u>	<u>2,107</u>	<u>18,853</u>	<u>5,311</u>	<u>26,271</u>

HEXAWARE TECHNOLOGIES UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010****6 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010	2009
	£	£
Trade debtors	1,723,861	884,678
Other debtors	84,531	46,548
Amounts owed by group undertakings	1,470,811	1,382,363
Directors' current accounts	10,000	50,108
Prepayments	45,272	29,070
	<u>3,334,475</u>	<u>2,392,767</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Trade creditors	182,402	111,106
Amounts owed to group undertakings	18,573	207,347
Tax	65,288	14,288
Social security and other taxes	130,829	149,126
VAT	212,738	33,085
Other creditors	156,892	44,491
Directors' current accounts	55	55
Accrued expenses	1,017,142	992,532
	<u>1,783,919</u>	<u>1,552,030</u>

8 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2010	2009	2010	2009
	£	£	£	£
Expiring				
Within one year	68,600	68,600	-	9,961
Between one and five years	205,800	274,400	-	3,031
	<u>274,400</u>	<u>343,000</u>	<u>-</u>	<u>12,992</u>

9 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2010	2009
Number	Class	Nominal value	£	£
3,067,000	Ordinary	£1	<u>3,067,000</u>	<u>3,067,000</u>

HEXAWARE TECHNOLOGIES UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010****10 RESERVES**

	Profit and loss account £
At 1st January 2010	317,223
Profit for the year	128,894
At 31st December 2010	<u>446,117</u>

11 ULTIMATE PARENT COMPANY

The ultimate holding company is Hexaware Technologies Limited, a company incorporated in India

12 TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the years ended 31st December 2010 and 31st December 2009

	2010 £	2009 £
S Surya		
Balance outstanding at start of year	50,108	53,479
Amounts repaid	(50,108)	-
Balance outstanding at end of year	<u>-</u>	<u>50,108</u>
V R Seshadri		
Balance outstanding at start of year	-	-
Amounts advanced	10,000	-
Amounts repaid	-	-
Balance outstanding at end of year	<u>10,000</u>	<u>-</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit for the financial year	128,894	152,654
Purchase of businesses	-	(144,611)
Net addition to shareholders' funds	<u>128,894</u>	<u>8,043</u>
Opening shareholders' funds	3,384,223	3,376,180
Closing shareholders' funds	<u>3,513,117</u>	<u>3,384,223</u>

14 BANK GUARANTEE

The company's bankers, Royal Bank of Scotland Plc, have given a guarantee to a third party of £34,300 and has a lien on a deposit with the bank of a similar amount

HEXAWARE TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST DECEMBER 2010

15 INVESTMENTS

During the year two subsidiaries were incorporated Hexaware Technologies S R L , Argentina (100% holding) and Hexaware Tecnologia do Brasil Ltda, Brazil (100% holding)

As at 31 December 2010, the amount due from the subsidiary in Argentina is £ 20,353

These financial statements contain information about Hexaware Technologies UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 401 of the Companies Act 2006 as the company itself is a subsidiary undertaking and its parent undertaking is not established under the law of an EEA state. The company is included in consolidated accounts of its parent company.