

Hexaware announces robust 5.6% revenue growth in USD

Profitability outgrows Revenue

EBITDA* at \$22.1 Mn, up 6.9% QoQ ; EBITDA* Margin up 20 bps QoQ

PAT at \$15.5 Mn, up 15.7% QoQ ; PAT Margin up 110 bps QoQ

USD Mn	Q2 15	Growth	
		QoQ	YoY
Revenue (Constant Currency)	121.19	5.5%	22.2%

₹ Mn	Q2 15	Growth	
		QoQ	YoY
Revenue	7,722	8.2%	26.5%
EBITDA*	1,403	9.4%	38.0%
EBIT	1,208	4.6%	32.9%
PAT	989	18.7%	29.2%

USD Mn	Q2 15	Growth	
		QoQ	YoY
Revenue	121.3	5.6%	19.0%
EBITDA*	22.1	6.9%	29.9%
EBIT	19.0	2.2%	25.1%
PAT	15.5	15.7%	21.4%

Revenue

- Q2 2015 revenue at \$121.3 Mn, up 5.6% QoQ; up 19.0% YoY
- Q2 2015 revenue at \$121.19 Mn in constant currency; up 5.5% QoQ & 22.2% YoY

Profitability

- Gross margin for Q2 2015 at 36.0%, up 30 bps QoQ
- EBITDA* for Q2 2015 at \$22.1 Mn, up 6.9% from \$20.6 Mn in Q1 2015; YoY growth was 29.9%
- EBITDA* margin for Q2 2015 at 18.2%, up 20 bps from 18.0% in Q1 2015, up 160 bps YoY
- EBIT at \$19 Mn, up 2.2% from \$18.6 Mn in Q1 2015; YoY growth was 25.1%. EBIT margin at 15.7%. (including ESOP cost)
- Q2 2015 PAT at \$15.5 Mn, up 15.7% from \$13.4 Mn in Q1 2015; YoY growth was 21.4%
- PAT margin at 12.8%, up 110 bps from 11.7% in Q1 2015, up 30 bps YoY
- Return on Equity (RoE) at 30.9 % at the end of Q2 2015 up from 26.9% last quarter

EBITDA* - Excludes ESOP Cost of \$1.26 Mn in Q2, Q1 2015 restated to show ESOP cost of \$0.19 Mn.

Cash

- **Cash & Cash equivalents at the end of June 2015 at US\$ 63.21 Mn**
- **Days of Sales Outstanding (DSO) was 47 days at the end of Q2 2015**
- **Second Interim Dividend of ₹2.00 (100%) for Q2 2015**

New Wins

- **9 new clients added in Q2 2015**

Human Capital

- **Headcount stood at 11,009 at the end of Q2 2015; up 909 QoQ & 1,722 YoY**
- **399 fresh graduate engineers added in Q2 2015**
- **Utilization stood at 72.1% (including trainees) in the quarter**
- **Attrition at the end of June 2015 was at 17.1%**
- **Performance based ESOP scheme announced for key leadership, vesting linked to long term performance metrics**

Performance highlights in ₹ terms

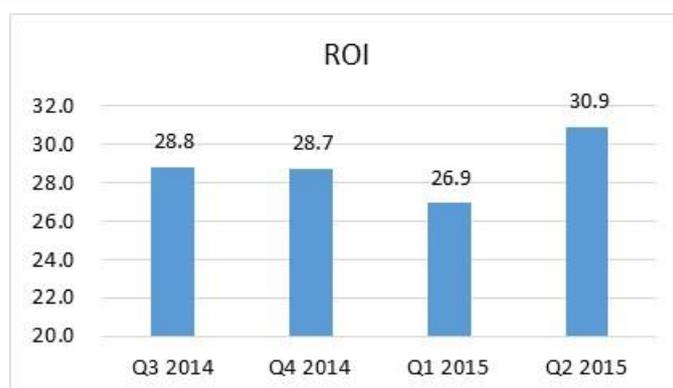
- **Q2 2015 revenue at ₹772.2 Crores; up 8.2% QoQ and 26.5% YoY**
- **EBITDA* for Q2 2015 at ₹140.3 Crores; up 9.5% from ₹128.2 Crores in Q1 2015. YoY growth of 38%**
- **EBIT for Q2 2015 at ₹120.8 Crores; up 4.7% from ₹115.5 Crores in Q1 2015; YoY growth of 32.9%. (including ESOP cost)**
- **Q2 2015 PAT at ₹98.9 Crores; up 18.6% from ₹83.3 Crores in Q1 2015; YoY growth of 29.1%**
- **Cash & Cash equivalents at the end of June 2015 at ₹402 Crores**

EBITDA* - Excludes ESOP Cost, Q1 2015 restated to show ESOP cost.

Performance Highlights in US\$ terms



EBITDA* - Excludes ESOP Cost of \$1.26 Mn in Q2, Q1 2015 restated to show ESOP cost of \$0.19 Mn.



Particulars	Segments	30-Jun-15	
		Q o Q	Y o Y
Consolidated	Company	5.6%	19.0%
Geography	Americas	5.7%	22.5%
	Europe	8.0%	12.4%
	Asia Pacific	-2.0%	-6.3%
Service Lines Split	Application Devt & Maint (ADM)	6.4%	24.1%
	Enterprise Solutions	-2.9%	-8.8%
	Testing / QATS (Quality Assurance and Testing Services)	6.3%	24.7%
	Business Intelligence & Analytics	3.6%	25.5%
	Business Process Services (BPS)	14.9%	52.9%
	Infrastructure Management Services (IMS)	17.4%	17.2%
Vertical Split	Banking and Financial Services	3.6%	30.8%
	Travel & Transportation	11.3%	13.0%
	Healthcare & Insurance	6.2%	11.0%
	Manufacturing, Consumer & others	4.5%	14.1%

Mumbai – August 4, 2015: Hexaware Technologies Limited, a leading global provider of IT, BPO and Consulting services has just reported robust performance for the second quarter of the calendar year ended June 30, 2015.

“This Quarter witnessed significant revenue growth with Europe leading among geographies with 8% QoQ growth. Hexaware’s focused customer mining strategies and investments in digital technologies have also started yielding results.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“The robust customer acquisitions during the quarter are early results of our investments in creating differentiated solutions. These will help improving sustainability of our revenue growth in the future.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

Second Interim Dividend of 2015

The Board of Directors declared a second interim dividend of ₹ 2.00 per share (100%) on equity shares of ₹ 2.00 each. The record date is fixed as Friday, August 14, 2015 for determining the shareholders entitled for this second interim dividend of the year 2015. The payment shall be made on August 20, 2015. This would result in a cash outflow of ₹ 72.55 Crores for dividend payment including tax, amounting to a dividend payout ratio of 73% for Q2 2015.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 2.00 per share (100%) on equity shares of ₹ 2.00 each. This had resulted in a cash outflow of ₹ 72.48 Crores for dividend payment including tax, amounting to a dividend payout ratio of 87% for Q1 2015.

Business Update

Americas led the geographic growth with Europe clocking the higher percentage increase, though on a smaller base. Travel and Transportation led growth among verticals in Q2 2015. Application Development & Maintenance (ADM) led growth among service lines in value terms, while Infrastructure Management Services IMS clocked the highest percentage increase in Q2 2015.

During the previous quarter, the Company added 9 new clients across all its key focus areas. The company added 3 clients each in the Manufacturing and Consumer Vertical and Travel and Transportation Segment. 2 clients were added in Healthcare & Insurance and 1 client was added in Banking and Financial Services Segment. Of the 9 clients added in Q2 2015, 5 customers are based in Americas, 2 each in Europe and Asia Pacific (APAC) region.

From a horizontal service line perspective, 3 clients were added in Infrastructure Management Services (IMS), 2 clients each in Business Intelligence (BI) and Enterprise Solutions (ES), 1 client each in Applications Development & Maintenance (ADM) and Quality Assurance and Testing Services (QATS).

Foreign Exchange Cover

The Company has hedges worth \$ 177.00 Mn at an effective rate of ₹ 67.73 and € 6.68 Mn at an effective exchange rate of ₹ 75.68 maturing over the course of the next eight quarters (from July 2015 to April 2017).

Awards and Recognition

During the last quarter, an advanced analytics solution from the Company has been recognized among Top 50 Solutions in Analytics Excellence by NASSCOM (National Association of Software and Services Companies).

Hexaware has been mentioned as one of the notable application development deals due to expire in the next 6 months in the Ovum report titled "IT Services Contracts Monthly Roundup, March 2015" dated 05 May 2015 by analyst Mohammed Habeebuddin.

Hexaware has been mentioned as one of the India centric service providers of Digital Business in the Gartner report titled "Market Trends: Digital Business Awakens Optimism as New Growth Opportunities Arise in Western European Application Service Market" dated 06 May 2015 by analysts Susanne Matson, Gilbert van der Heiden.

Hexaware has been mentioned as one of the India-based Business Intelligence service providers in the Gartner report titled, "Market Guide for Business Intelligence Service Providers, Asia/Pacific and Japan" dated 27 May 2015 by analysts Twiggy Lo and Daniel Yuen.

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About Hexaware

Hexaware is a leading global provider of IT, BPS and consulting services. The Company focuses on key domains such as Banking, Financial Services, Capital Market, Healthcare, Insurance, Travel, Transportation, Logistics, Manufacturing and Consumer. Our business philosophy, "Your Success is Our Focus", is demonstrated through the success we ensure for our clients. Hexaware focuses on delivering business results and leveraging technology solutions by specializing in Application Development & Maintenance, Enterprise Solutions, Human Capital Management, Business Intelligence & Analytics, Quality Assurance and Testing Services, Remote Infrastructure Management Services and Business Process Services. Founded in 1990, Hexaware has a well-established global delivery model armed with proven proprietary tools and methodologies, skilled human capital and SEI CMMI-Level 5 certification. For additional information logon to: www.hexaware.com

Safe Harbor Statement

Certain statements in this press release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Hexaware has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry.

For more information contact:

Sreedatri Chatterjee

Hexaware Technologies Limited

Tel: +91 (22) 6654 2682 / 83

e-mail: sreedatric@hexaware.com

Consolidated Audited Income Statement (as per Indian GAAP)

₹ Mn

Head	Quarterly Data				
	Q2 15	Q1 15	QoQ%	Q2 14	YoY%
Revenues	7,722	7,134	8.2%	6,104	26.5%
Direct Costs	4,943	4,587	7.7%	3,893	27.0%
Gross Profit	2,779	2,547	9.1%	2,211	25.7%
Selling / General And Administration	1,376	1,265	8.8%	1,194	15.3%
EBITDA* excluding ESOP Costs	1,403	1,282	9.5%	1,017	38.0%
ESOP Costs	80	12	568.2%		
EBITDA	1,323	1,270	4.2%	1,017	30.1%
Depreciation and Amortization	115	115	-0.5%	108	6.7%
Operating Profit = EBIT	1,208	1,155	4.7%	909	32.9%
Other Income (net)	21	38	-45.0%	73	-71.7%
Forex Gains / (Losses)	63	(134)	-147.2%	10	508.1%
Profit Before Tax	1,292	1,058	22.1%	993	30.2%
Provision for Tax	303	225	35.1%	227	33.7%
Profit After Tax	989	833	18.6%	766	29.1%

Key Ratios	Q2 15	Q1 15	QoQ%	Q2 14	YoY%
Gross Margin	36.0%	35.7%	0.3%	36.2%	-0.2%
SG&A to Revenue	17.8%	17.7%	0.1%	19.6%	-1.8%
EBITDA* excluding ESOP Costs	18.2%	18.0%	0.2%	16.7%	1.5%
EBITDA	17.1%	17.8%	-0.7%	16.7%	0.4%
Operating / EBIT Margin	15.6%	16.2%	-0.6%	14.9%	0.7%
Profit before tax	16.7%	14.8%	1.9%	16.3%	0.4%
Profit after Tax	12.8%	11.7%	1.1%	12.5%	0.3%
EPS-INR					
Basic	3.28	2.77	0.51	2.55	0.73
Diluted	3.25	2.76	0.49	2.54	0.71

EBITDA* - Excludes ESOP Cost, Q1 2015 restated to show ESOP cost.

Consolidated Audited Balance Sheet (as per Indian GAAP) ₹ Mn

Head	As at June 30 2015	As at Mar 31 2015	As at June 30 2014
Equity & Liabilities			
Equity Share Capital	603	602	601
Reserves	13,074	12,608	12,456
Hedging Reserve	34	69	(504)
Non Current Liability	313	313	232
Dividend Pending Payout	725	725	562
Other Current Liabilities	3,919	3,535	2,890
Total Sources of Funds	18,668	17,852	16,237
Assets			
Net Fixed Assets	5,718	5,473	5,288
Deferred Tax Asset (Net)	267	241	14
Long Term Loans and Advances	1,701	1,696	1,355
Non Current Assets / Investments	45	80	10
Cash and cash equivalent	4,023	3,521	3,982
Current Assets			
Debtors	4,027	4,069	3,420
Current Asset - Forex (MTM)	62	137	416
Others	2,825	2,635	1,752
Total Current assets	6,914	6,841	5,588
Total Uses of Funds	18,668	17,852	16,237

Financial and Operational Metrics

Performance Review

Revenue Growth	INR, Mn	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
Revenue from Operations		7,722	7,134	7,118	6,706	6,104	25,817
% , q-o-q		8	0	6	10	4	13
Other Income		21	38	36	24	73	219

Vertical Split#	%	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
Banking and Financial Services		36.7	37.4	36.9	36.3	33.4	34.8
Travel & Transportation		17.4	16.5	15.6	16.1	18.3	16.9
Healthcare & Insurance		15.7	15.6	15.5	15.9	16.8	16.4
Manufacturing, Consumer & others		30.2	30.5	32.0	31.7	31.5	31.9
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split#	%	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
Application Development & Maintenance (ADM)		37.8	37.6	36.4	36.8	36.3	36.7
Enterprise Solutions		14.3	15.5	16.6	17.1	18.6	17.6
Testing / QATS (Quality Assurance and Testing Services)		20.9	20.7	20.9	20.2	19.9	20.5
Business Intelligence & Analytics		15.1	15.4	15.4	15.2	14.3	14.7
Business Process Services (BPS)		5.2	4.8	4.3	4.2	4.0	4.1
Infrastructure Management Services (IMS)		6.7	6.0	6.4	6.5	6.9	6.4
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography#	%	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
Americas		81.0	80.8	78.80	78.8	78.7	78.6
Europe		13.4	13.1	15.10	14.3	14.2	14.5
Asia Pacific		5.6	6.1	6.10	6.9	7.1	6.9
Total		100.0	100.0	100.00	100.0	100.0	100.0

Onsite: Offshore Mix	%	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
Onsite		61.2	58.9	57.6	56.2	54.8	55.5
Offshore		38.8	41.1	42.4	43.8	45.2	44.5
Total		100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business	%	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14
		96.2	95.2	95.5	95.7	94.8

Clients billed	No	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14
		225	227	236	233	238

Clients added	No	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
		9	10	10	10	13	44

DSO	Days	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14
	Billed	47	51	47	47	51
Including Unbilled Accruals	74	77	63	68	69	

Revenue Concentration	%	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
	Top 1	15.0	14.9	14.9	14.4	13.4	14.2
Top 5	44.4	42.8	40.0	38.2	37.4	37.6	
Top 10	56.1	55.5	53.1	51.4	50.9	51.3	

Client Size	Nos (Last Twelve Months)	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14
	More than \$ 1 Mn +	62	62	61	61	56
Between \$ 1 to 5 Mn	43	42	40	42	40	
Between \$ 5 to 10 Mn	10	11	13	11	8	
Between \$ 10 to 20 Mn	5	4	3	4	4	
Over \$ 20 Mn	4	5	5	4	4	

People Numbers	IT Services %	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14
	Billable Personnel					
Onsite	20.8%	22.1%	21.1%	20.4%	19.7%	
Offshore	70.0%	69.3%	71.1%	71.7%	72.0%	
Total	90.8%	91.4%	92.2%	92.1%	91.7%	
Marketing (Incl. Sales Support)	3.4%	3.1%	2.1%	2.1%	2.3%	
Others (Incl. Tech. Support)	5.8%	5.5%	5.7%	5.8%	6.0%	
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	

Utilization	%	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
	Including Trainees	72.1	73.6	73.0	70.3	70.8	71.7

Attrition Rate	%	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14
	Last Twelve Months	17.1	16.6	14.1	13.0	12.7

Rupee Dollar Rate		Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	Q2 FY 14	FY 14
	Period Closing rate	63.65	62.50	63.04	61.75	60.18	63.04
Period average rate	63.63	62.07	62.14	60.94	59.87	61.10	

#Vertical, Service Lines and Geographies have been reclassified from Q1 2015 and previous period figures have been restated. This reclassification represents our current organization structure.

Details of Cash and Cash Equivalents

₹ Mn

Bank / Institution Name	Current Account	Deposit Account	Total
Bank of America	1,727.34		1,727.34
IDBI Bank Ltd	806.63	126.30	932.93
The Royal Bank of Scotland	100.01	107.55	207.55
Commerz bank	120.95	1.11	122.06
HDFC Bank Ltd	71.19		71.19
DBS bank	37.65	15.24	52.89
National Australia Bank Ltd	36.57		36.57
Rabo	31.41		31.41
CITI Bank	26.74		26.74
Bank Of India	19.20		19.20
Banco Santander	15.91		15.91
Metropolitan Bank	12.49		12.49
UBS Bank	10.55		10.55
ICICI bank Ltd	8.07		8.07
Societe Generale	6.22		6.22
BANAMEX	5.64		5.64
Kotak Bank	5.22		5.22
ABN Amro Bank	2.56	0.74	3.30
IndusInd Bank	1.56		1.56
Mizuho Bank	1.31		1.31
Andhra Bank	1.11		1.11
HSBC Bank Ltd		1.00	1.00
Bawag P.S.K. Bank	0.79		0.79
State Bank of India	0.54		0.54
Handelsbanken	0.27		0.27
UCO Bank	0.23		0.23
Bradesco	0.17		0.17
Canara Bank	0.14		0.14
Scotia Bank	0.04		0.04
CASH	0.08		0.08
Remit In transit	1.25		1.25
Grand Total	3,051.86	251.94	3,303.79

Details of Investments in Mutual Funds

₹ Mn

Kotak Mutual Fund	238.45
DWS Mutual Fund	160.49
UTI Mutual Fund	130.11
HDFC Mutual Fund	100.02
Reliance Mutual Fund	90.18
Grand Total	719.25

Consolidated Audited Income Statement (as per Indian GAAP)

USD K

Head	Quarterly Data				
	Q2 15	Q1 15	QoQ%	Q2 14	YoY%
Revenues	121,313	114,918	5.6%	101,960	19.0%
Direct Costs	77,625	73,902	5.0%	65,045	19.3%
Gross Profit	43,688	41,016	6.5%	36,916	18.3%
Selling / General And Administration	21,631	20,384	6.1%	19,939	8.5%
EBITDA* excluding ESOP Costs	22,057	20,632	6.9%	16,976	29.9%
ESOP Costs	1,260	187	574.5%		
EBITDA	20,797	20,445	1.7%	16,976	22.5%
Depreciation and Amortization	1,805	1,859	-2.9%	1,798	0.4%
Operating Profit = EBIT	18,992	18,586	2.2%	15,178	25.1%
Other Income (net)	325	605	-46.3%	1,218	-73.3%
Forex Gains / (Losses)	966	(2,171)	-144.5%	165	484.4%
Profit Before Tax	20,283	17,020	19.2%	16,561	22.5%
Provision for Tax	4,770	3,613	32.0%	3,786	26.0%
Profit After Tax	15,513	13,407	15.7%	12,775	21.4%

Key Ratios	Q2 15	Q1 15	QoQ%	Q2 14	YoY%
Gross Margin	36.0%	35.7%	0.3%	36.2%	-0.2%
SG&A to Revenue	17.8%	17.7%	0.1%	19.6%	-1.8%
EBITDA* excluding ESOP Costs	18.2%	18.0%	0.2%	16.6%	1.6%
EBITDA	17.1%	17.8%	-0.7%	16.6%	0.5%
Operating / EBIT Margin	15.7%	16.2%	-0.5%	14.9%	0.8%
Profit before tax	16.7%	14.8%	1.9%	16.2%	0.5%
Profit after Tax	12.8%	11.7%	1.1%	12.5%	0.3%

EBITDA* - Excludes ESOP Cost, Q1 2015 restated to show ESOP