

Hexaware reports stellar quarter

Q3 Constant Currency Revenue at \$125.5mn; up 3.5% QoQ; up 16.4% YoY

Profitability outgrows Revenue; EBITDA* Margin up 100 bps QoQ

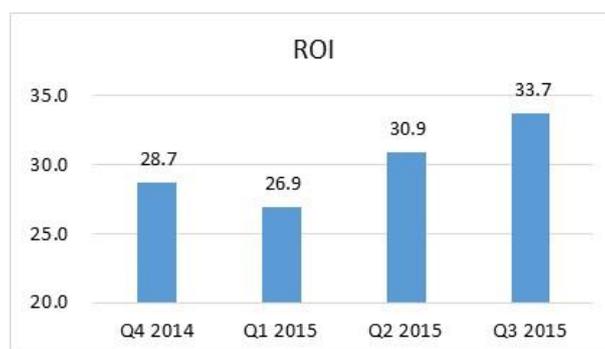
PAT at \$17.1 Mn, up 9.9% QoQ; up 20.7% YoY

USD Mn	Q3 15	Growth	
		QoQ	YoY
Revenue (Constant Currency)	125.5	3.5%	16.4%

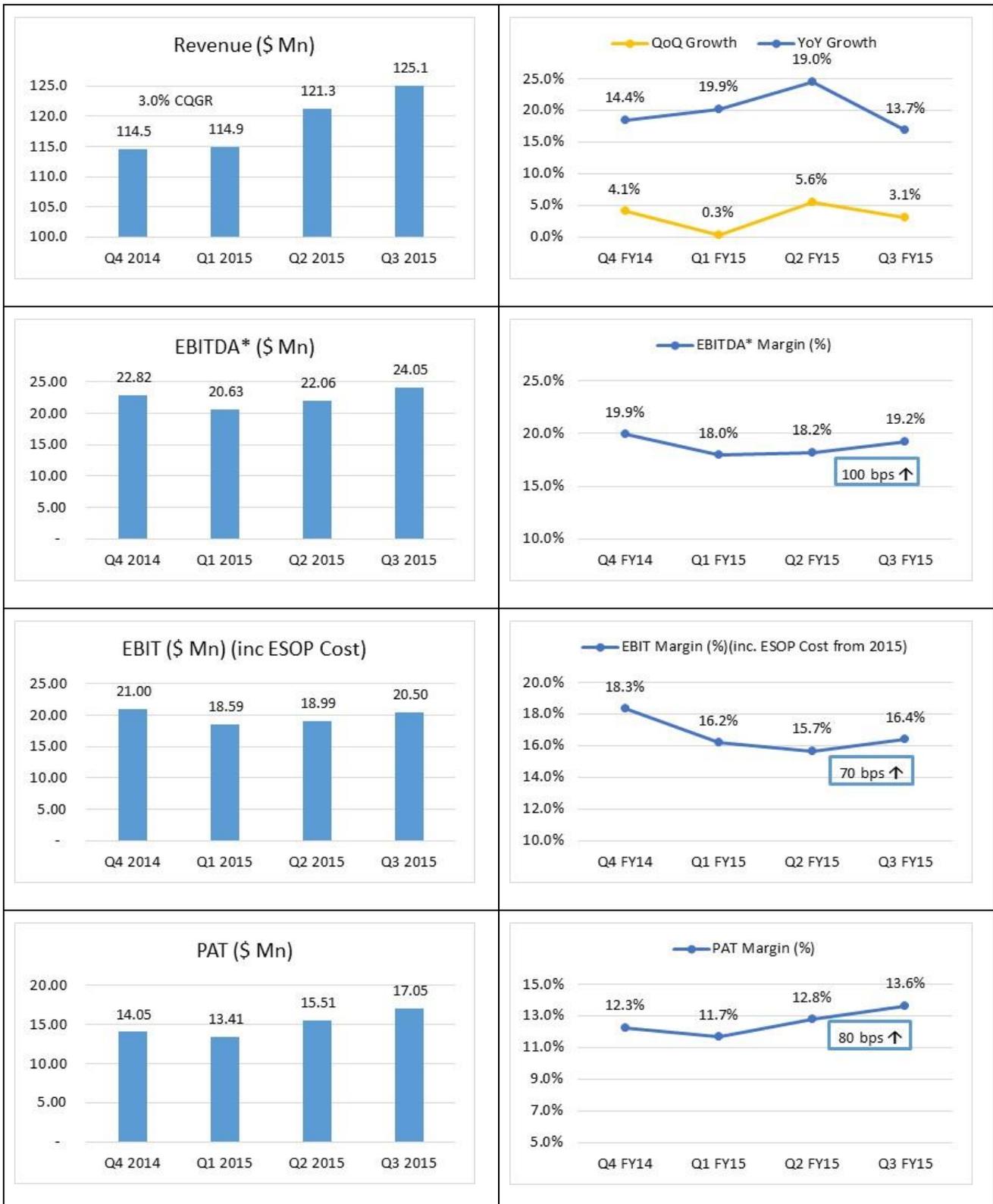
₹ Mn	Q3 15	Growth	
		QoQ	YoY
Revenue	8,184	6.0%	22.0%
EBITDA*	1,572	12.0%	30.2%
EBIT	1,340	10.9%	22.2%
PAT	1,116	12.9%	29.8%

USD Mn	Q3 15	Growth	
		QoQ	YoY
Revenue	125.1	3.1%	13.7%
EBITDA*	24.0	9.0%	21.3%
EBIT	20.5	7.9%	13.8%
PAT	17.1	9.9%	20.7%

EBITDA* - Excludes ESOP Cost



Performance Highlights in US\$ terms



EBITDA* - Excludes ESOP Cost

Performance Highlights in ₹ terms



EBITDA* - Excludes ESOP Cost

Cash

- **Cash & Cash equivalents at the end of September 2015 at US\$ 58.19 Mn; ₹ 382 crores**
- **Days of Sales Outstanding (DSO) was 54 days at the end of Q3 2015**
- **Third Interim Dividend of ₹2.25 (112.5%) for Q3 2015**

New Wins

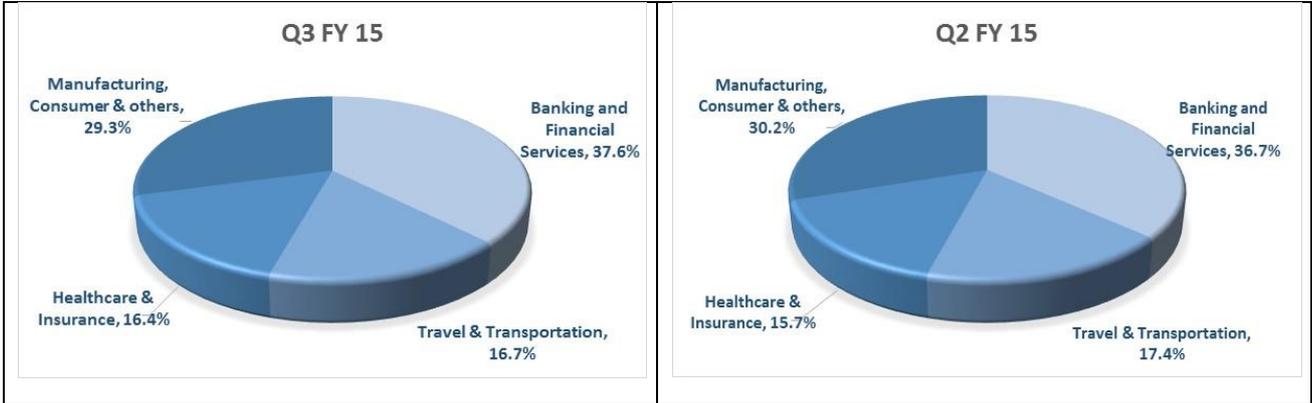
- **9 new clients added in Q3 2015**

Human Capital

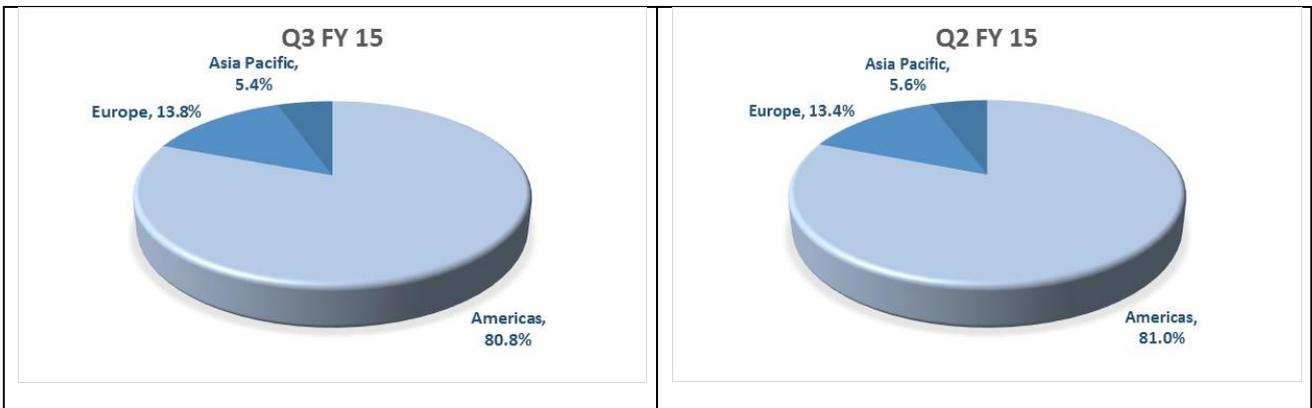
- **Headcount stood at 11,341 at the end of Q3 2015; up 332 QoQ & 1,644 YoY**
- **231 fresh trainees added in Q3 2015**
- **Utilization stood at 70.4% (including trainees) in the Quarter**
- **Attrition at the end of September 2015 was at 17.4%**

Revenue Split

Vertical Split



Geography Split



Service Lines Split



Revenue Growth

Particulars	Segments	30-Sep-15	
		Q o Q	Y o Y
Consolidated	Company	3.1%	13.7%
Geography	Americas	2.9%	16.6%
	Europe	6.0%	9.6%
	Asia Pacific	-0.5%	-10.4%
Service Lines Split	Application Devt & Maint (ADM)	1.7%	15.2%
	Enterprise Solutions	5.3%	-3.0%
	Testing / QATS (Quality Assurance and Testing Services)	2.9%	16.9%
	Business Intelligence & Analytics	0.0%	9.6%
	Business Process Services (BPS)	14.1%	56.5%
	Infrastructure Management Services (IMS)	6.4%	21.8%
Vertical Split	Banking and Financial Services	5.6%	17.9%
	Travel & Transportation	-0.9%	17.7%
	Healthcare & Insurance	7.8%	17.8%
	Manufacturing, Consumer & others	0.1%	4.9%

Mumbai – November 3, 2015: Hexaware Technologies Limited, a leading global provider of IT, BPO and Consulting services has just reported robust performance for the third quarter of the calendar year ended September 30, 2015.

“This Quarter, the Company has for the first time achieved a milestone of a run rate of half a billion dollar revenue. This revenue growth has been combined with a significant improvement across the gross as well as EBITA margins.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“Our investments in new services over the past year are helping us acquire a greater share of wallet from our customers in their journey from **Data to Digital.**” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

Third Interim Dividend of 2015

The Board of Directors declared a third interim dividend of ₹ 2.25 per share (112.5%) on equity shares of ₹ 2.00 each. The record date is fixed as Tuesday, November 17, 2015 for determining the shareholders entitled for this third interim dividend of the year 2015. The payment shall be made on November 20, 2015. This would result in a cash outflow of ₹ 81.65

Crores for dividend payment including tax, amounting to a dividend payout ratio of 73% for Q3 2015.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 2.00 per share (100%) and a second interim dividend of ₹ 2.00 per share (100%) on equity shares of ₹ 2.00 each. Including the third interim dividend, the dividends declared including tax for the first three quarters of 2015 total to ₹ 226.5 Crores, amounting to a dividend payout ratio of 77%. This brings the interim dividends for the first three quarters of 2015 to ₹ 6.25 per share (312.5%).

Business Update

Europe led the geographic growth at 6.0% while Americas grew at company average. Banking & Financial Services and Healthcare & Insurance showed a healthy growth of 5.6% and 7.8% QoQ respectively. Business Process Services (BPS) clocked the highest QoQ growth of 14.1% among service lines in Q3 2015, followed by IMS at 6.4%.

During the previous quarter, the Company added 9 new clients across all its key focus areas. The company added 5 clients in the Manufacturing and Consumer Vertical, 2 clients were added in Banking and Financial Services Segment and 1 client each was added in Healthcare & Insurance and Global Travel and Transportation vertical. Of the 9 clients added in Q3 2015, 4 customers each are added in Americas and Europe and 1 in Asia Pacific (APAC) region.

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

Foreign Exchange Cover

The Company has hedges worth \$ 147.3 mn at an average exchange rate of ₹ 68.17 and € 5.7 mn at an average exchange rate of ₹ 75.63 maturing over the course of the next seven quarters (from October 2015 to April 2017).

Awards and Recognition

During the last quarter, Hexaware has been declared as the Winner of 'Golden Peacock Award for Excellence in Corporate Governance' for the year 2015, by the Golden Peacock Awards Secretariat - Institute of Directors.

Hexaware has been mentioned in the Ovum report titled, "India IT Services Vendor Quarterly, 2Q15" dated 31 August 2015, by analyst Hansa Iyengar.

Hexaware has been mentioned as one of the Sample Vendors in Application Testing Services and Knowledge Services category, in the Gartner report titled, "Hype Cycle for Application Services, 2015" dated 16 July 2015 by analyst Frances Karamouzis

Hexaware has been mentioned as one of the Sample Vendors in Knowledge Services in the Gartner report titled, "Hype Cycle for Business Process Services and Outsourcing, 2015", dated 29 July 2015, by analyst Morgan Yeates.

Hexaware has been recognized as a Representative Vendor for BI and Analytics Service Providers based in India, in the Gartner report titled, "Market Guide for BI and Analytics Service Providers" dated 06 August 2015 by analysts Neil Chandler, Alex Soejarto and Ehtisham Zaidi.

Hexaware has been mentioned in the Gartner report titled, "Innovation Insight for Digital Insurance Services in the P&C and Life Insurance Market" dated 27 August 2015 by analysts Kimberly Harris-Ferrante and Juergen Weiss.

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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.

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Consolidated Audited Income Statement (as per Indian GAAP)

₹ Mn

Head	Quarterly Data				
	Q3 15	Q2 15	QoQ%	Q3 14	YoY%
Revenues	8,184	7,722	6.0%	6,706	22.0%
Direct Costs	5,186	4,943	4.9%	4,206	23.3%
Gross Profit	2,998	2,779	7.9%	2,500	19.9%
Selling / General And Administration	1,426	1,376	3.6%	1,292	10.3%
EBITDA* excluding ESOP Costs	1,572	1,403	12.0%	1,208	30.2%
ESOP Costs	112	80	39.2%		
EBITDA	1,461	1,323	10.4%	1,208	21.0%
Depreciation and Amortization	121	115	5.1%	111	8.9%
Operating Profit = EBIT	1,340	1,208	10.9%	1,097	22.2%
Other Income (net)	14	21	-30.4%	24	-41.2%
Forex Gains / (Losses)	83	63	30.7%	(35)	-339.4%
Profit Before Tax	1,437	1,292	11.2%	1,087	32.2%
Provision for Tax	321	303	5.8%	227	41.6%
Profit After Tax	1,116	989	12.9%	860	29.8%

Key Ratios	Q3 15	Q2 15	QoQ%	Q3 14	YoY%
Gross Margin	36.6%	36.0%	0.6%	37.3%	-0.7%
SG&A to Revenue	17.4%	17.8%	-0.4%	19.3%	-1.9%
EBITDA* excluding ESOP Costs	19.2%	18.2%	1.0%	18.0%	1.2%
EBITDA	17.9%	17.1%	0.8%	18.0%	-0.1%
Operating / EBIT Margin	16.4%	15.6%	0.8%	16.4%	0.0%
Profit before tax	17.6%	16.7%	0.9%	16.2%	1.4%
Profit after Tax	13.6%	12.8%	0.8%	12.8%	0.8%
EPS-INR					
Basic	3.70	3.28	0.42	2.86	0.84
Diluted	3.67	3.25	0.42	2.85	0.82

EBITDA* - Excludes ESOP Cost

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

Head	As at Sept 30 2015	As at June 30 2015	As at Sept 30 2014
Equity & Liabilities			
Equity Share Capital	603	603	602
Reserves	13,592	13,074	12,539
Hedging Reserve	(80)	34	(429)
Non Current Liability	352	313	227
Liability - Forex (MTM)	77		
Dividend Pending Payout	816	725	852
Other Current Liabilities	4,338	3,919	3,090
Total Sources of Funds	19,698	18,668	16,880
Assets			
Net Fixed Assets	6,113	5,718	5,393
Deferred Tax Asset (Net)	271	267	90
Long Term Loans and Advances	1,702	1,701	1,440
Non Current Assets / Investments	49	45	12
Cash and cash equivalent	3,816	4,023	4,187
Current Assets			
Debtors	4,808	4,027	3,476
Current Asset - Forex (MTM)		62	198
Others	2,940	2,825	2,083
Total Current assets	7,748	6,914	5,758
Total Uses of Funds	19,698	18,668	16,880

Financial and Operational Metrics
Performance Review

Revenue Growth	₹, Mn	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	FY 14
	Revenue from Operations		8,184	7,722	7,134	7,118	6,706
%, q-o-q		6	8	0	6	10	13
Other Income		14	21	38	36	24	219

Vertical Split#	%	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	FY 14
	Banking and Financial Services		37.6	36.7	37.4	36.9	36.3
Travel & Transportation		16.7	17.4	16.5	15.6	16.1	16.9
Healthcare & Insurance		16.4	15.7	15.6	15.5	15.9	16.4
Manufacturing, Consumer & others		29.3	30.2	30.5	32.0	31.7	31.9
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split#	%	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	FY 14
	Application Development & Maintenance (ADM)		37.3	37.8	37.6	36.4	36.8
Enterprise Solutions		14.6	14.3	15.5	16.6	17.1	17.6
Testing / QATS (Quality Assurance and Testing Services)		20.8	20.9	20.7	20.9	20.2	20.5
Business Intelligence & Analytics		14.7	15.1	15.4	15.4	15.2	14.7
Business Process Services (BPS)		5.7	5.2	4.8	4.3	4.2	4.1
Infrastructure Management Services (IMS)		6.9	6.7	6.0	6.4	6.5	6.4
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography#	%	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	FY 14
	Americas		80.8	81.0	80.8	78.80	78.8
Europe		13.8	13.4	13.1	15.10	14.3	14.5
Asia Pacific		5.4	5.6	6.1	6.10	6.9	6.9
Total		100.0	100.0	100.0	100.00	100.0	100.0

Onsite: Offshore Mix	%	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	FY 14
	Onsite		60.8	61.2	58.9	57.6	56.2
Offshore		39.2	38.8	41.1	42.4	43.8	44.5
Total		100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business	%	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14
			95.3	96.2	95.2	95.5

Clients billed	No	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14
			223	225	227	236

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

DSO	Days	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14
	Billed		54	47	51	47
Including Unbilled Accruals		80	74	77	63	68

Revenue Concentration	%	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	FY 14
	Top 1		13.6	15.0	14.9	14.9	14.4
Top 5		42.7	44.4	42.8	40.0	38.2	37.6
Top 10		54.4	56.1	55.5	53.1	51.4	51.3

Client Size	Nos (Last Twelve Months)	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14
	More than \$ 1 Mn +		65	62	62	61
Between \$ 1 to 5 Mn		48	43	42	40	42
Between \$ 5 to 10 Mn		8	10	11	13	11
Between \$ 10 to 20 Mn		5	5	4	3	4
Over \$ 20 Mn		4	4	5	5	4

People Numbers	IT Services %	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14
	Billable Personnel					
Onsite		20.6%	20.8%	22.1%	21.1%	20.4%
Offshore		69.7%	70.0%	69.3%	71.1%	71.7%
Total		90.3%	90.8%	91.4%	92.2%	92.1%
Marketing (Incl. Sales Support)		3.7%	3.4%	3.1%	2.1%	2.1%
Others (Incl. Tech. Support)		6.0%	5.8%	5.5%	5.7%	5.8%
Grand Total		100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	FY 14
			70.4	72.1	73.6	73.0	70.3

Attrition Rate	%	Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14
	Last Twelve Months		17.4	17.1	16.6	14.1

Rupee Dollar Rate		Q3 FY 15	Q2 FY 15	Q1 FY 15	Q4 FY 14	Q3 FY 14	FY 14
	Period Closing rate		65.59	63.65	62.50	63.04	61.75
Period average rate		65.40	63.63	62.07	62.14	60.94	61.1

#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	1,528.46		1,528.46
IDBI Bank Ltd	790.01	106.27	896.28
Commerz bank	156.59	1.15	157.74
The Royal Bank of Scotland	124.72	7.47	132.19
HDFC Bank Ltd	80.75		80.75
DBS bank	30.32	14.85	45.18
National Australia Bank Ltd	38.57		38.57
CITI Bank	31.43		31.43
Bank Of India	26.18		26.18
Banco Santander	16.81		16.81
Metropolitan Bank	12.42		12.42
UBS Bank	10.56		10.56
Rabo	7.05		7.05
BANAMEX	6.52		6.52
Societe Generale	5.77		5.77
Kotak Bank	5.20		5.20
ICICI bank Ltd	5.02		5.02
Bawag P.S.K. Bank	3.30		3.30
ICBC	1.64		1.64
Andhra Bank	1.13		1.13
HSBC Bank Ltd		1.03	1.03
Mizuho Bank	0.76		0.76
IndusInd Bank	0.38		0.38
Handelsbanken	0.24		0.24
UCO Bank	0.23		0.23
Canara Bank	0.14		0.14
CASH	0.10		0.10
Remit In transit	104.70		104.70
Grand Total	2,989.01	130.78	3,119.78

Details of Investments in Mutual Funds

₹ Mn

Birla Sun Life Mutual Fund	124.03
HDFC Mutual Fund	115.28
SBI Mutual Fund	100.02
L&T Mutual Fund	100.02
Tata Mutual Fund	100.02
Reliance Mutual Fund	86.96
ICICI Prudential Mutual Fund	50.16
UTI Mutual Fund	20.05
Grand Total	696.53

Consolidated Audited Income Statement (as per Indian GAAP)

USD K

Head	Quarterly Data				
	Q3 15	Q2 15	QoQ%	Q3 14	YoY%
Revenues	125,132	121,313	3.1%	110,031	13.7%
Direct Costs	79,290	77,625	2.1%	69,009	14.9%
Gross Profit	45,842	43,688	4.9%	41,022	11.8%
Selling / General And Administration	21,795	21,631	0.8%	21,196	2.8%
EBITDA* excluding ESOP Costs	24,047	22,057	9.0%	19,825	21.3%
ESOP Costs	1,707	1,260	35.5%		
EBITDA	22,341	20,797	7.4%	19,825	12.7%
Depreciation and Amortization	1,845	1,805	2.2%	1,819	1.5%
Operating Profit = EBIT	20,495	18,992	7.9%	18,007	13.8%
Other Income (net)	220	325	-32.2%	403	-45.3%
Forex Gains / (Losses)	1,248	966	29.2%	(559)	-323.3%
Profit Before Tax	21,964	20,283	8.3%	17,851	23.0%
Provision for Tax	4,911	4,770	3.0%	3,720	32.0%
Profit After Tax	17,053	15,513	9.9%	14,130	20.7%

Key Ratios	Q3 15	Q2 15	QoQ%	Q3 14	YoY%
Gross Margin	36.6%	36.0%	0.6%	37.3%	-0.7%
SG&A to Revenue	17.4%	17.8%	-0.4%	19.3%	-1.9%
EBITDA* excluding ESOP Costs	19.2%	18.2%	1.0%	18.0%	1.2%
EBITDA	17.9%	17.1%	0.8%	18.0%	-0.1%
Operating / EBIT Margin	16.4%	15.7%	0.7%	16.4%	0.0%
Profit before tax	17.6%	16.7%	0.9%	16.2%	1.4%
Profit after Tax	13.6%	12.8%	0.8%	12.8%	0.8%

EBITDA* - Excludes ESOP Cost