

**Hexaware Reports Stellar Quarter**  
**Q2 USD Revenue at \$129.7mn, up 6.6% QoQ**  
**Profitability outgrows Revenue**  
**PAT at \$14.9 Mn, up 18.6% QoQ**

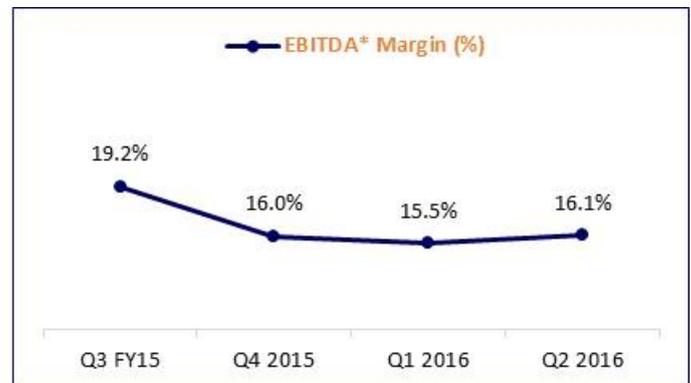
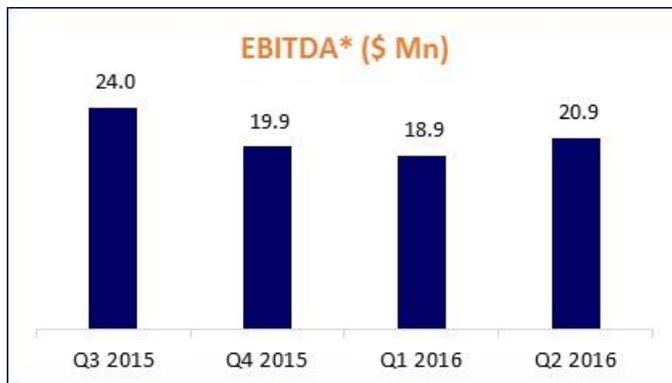
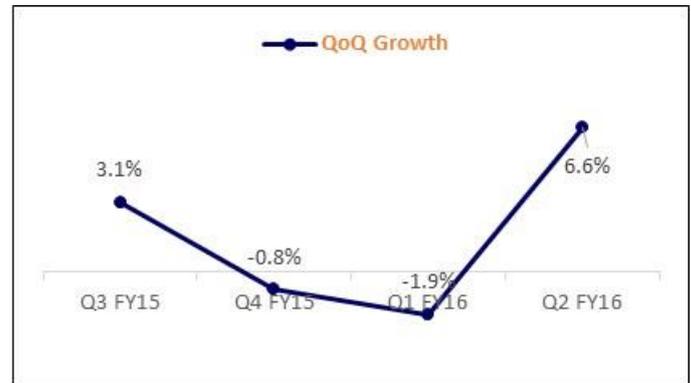
USD Mn	Q2 16	Growth
		QoQ
Revenue (Constant Currency )	129.3	6.3%

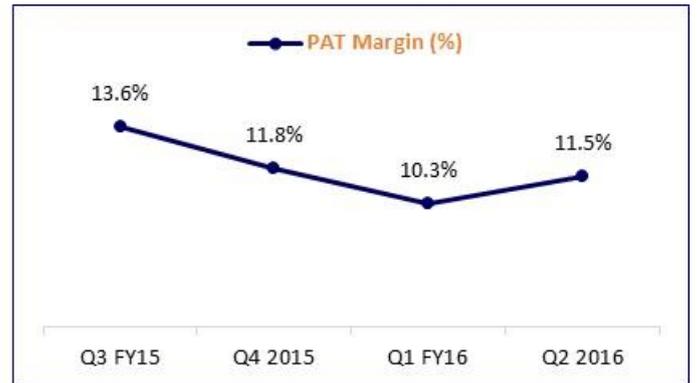
₹ Mn	Q2 16	Growth
		QoQ
Revenue	8,697	6.0%
EBITDA*	1,400	10.5%
EBIT	1,215	15.2%
PAT	1,000	18.8%

USD Mn	Q2 16	Growth
		QoQ
Revenue	129.7	6.6%
EBITDA*	20.9	10.4%
EBIT	18.1	14.8%
PAT	14.9	18.6%

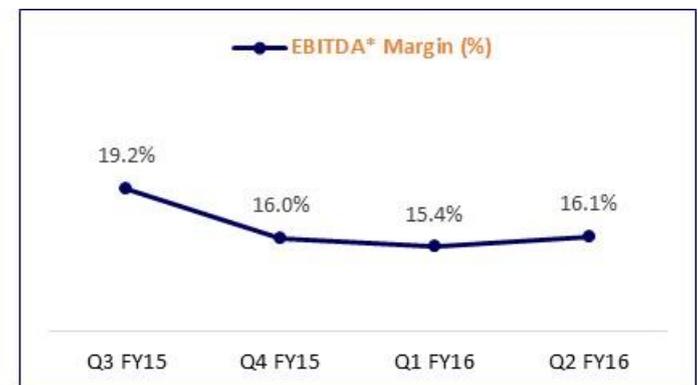
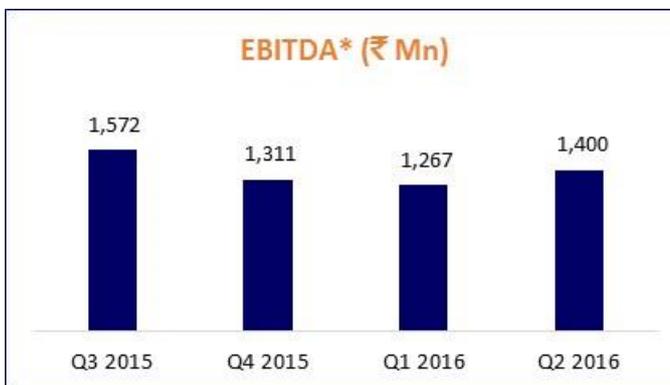
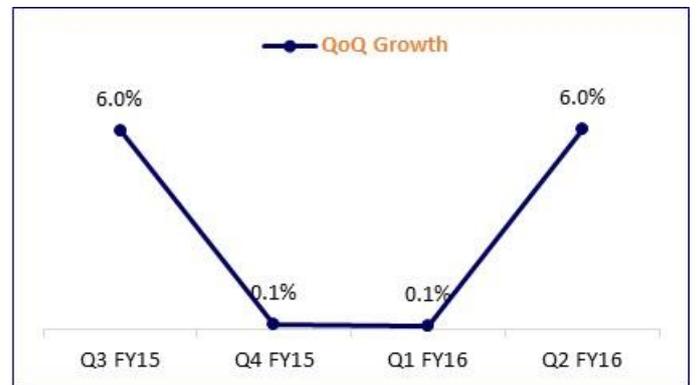
EBITDA\* - Excludes ESOP Cost

**Q2 Performance Highlights in US\$ terms**



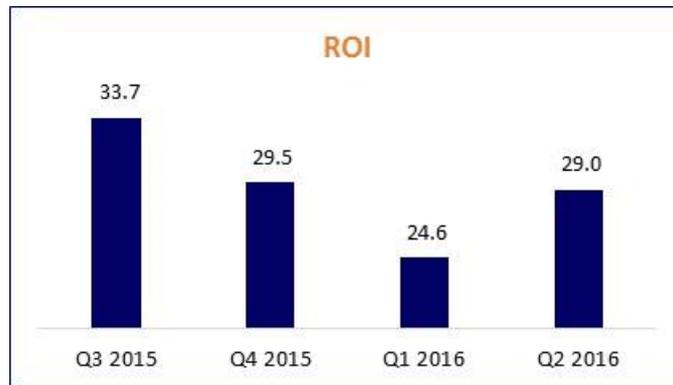


## Q2 Performance Highlights in ₹ terms





**ROI**



**Cash**

- Cash & Cash equivalents at the end of June 2016 at US\$ 47.1 Mn; ₹ 318 crores
- Days of Sales Outstanding (DSO) was 46 days at the end of Q2 2016
- Second Interim Dividend of ₹ 1.00 (50%) for Q2 2016

**New Wins**

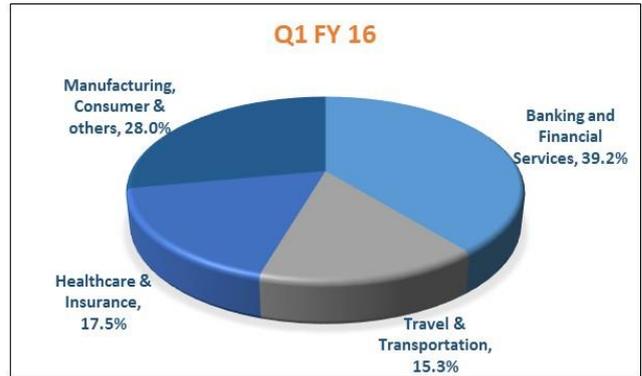
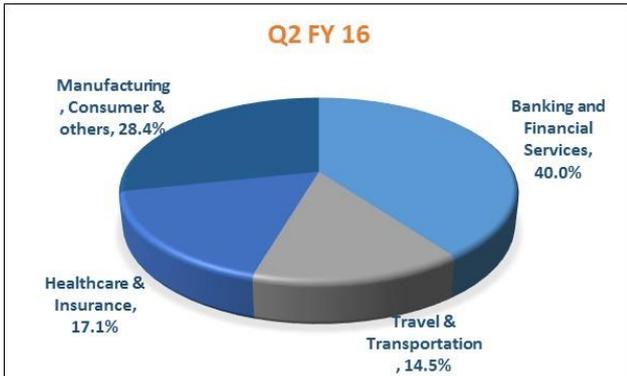
- 2 new clients signed in Q2 2016 with TCV of US\$ 20 Mn; Strong pipeline for closure in H2

**Human Capital**

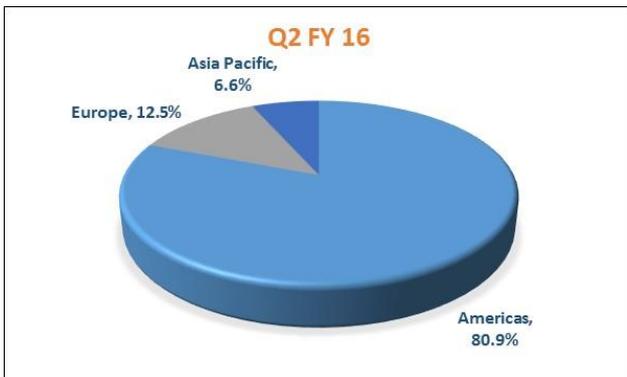
- Headcount stood at 11,875 at the end of Q2 2016; up 276 QoQ and 866 YoY
- 27 Management Trainees added in Q2 2016 from Top B Schools
- Utilization stood at 70% (including trainees) in the Quarter
- Attrition at the end of June 2016 was at 16.6%

**Revenue Split**

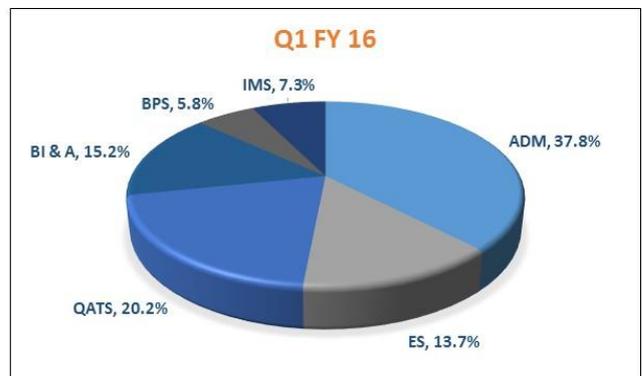
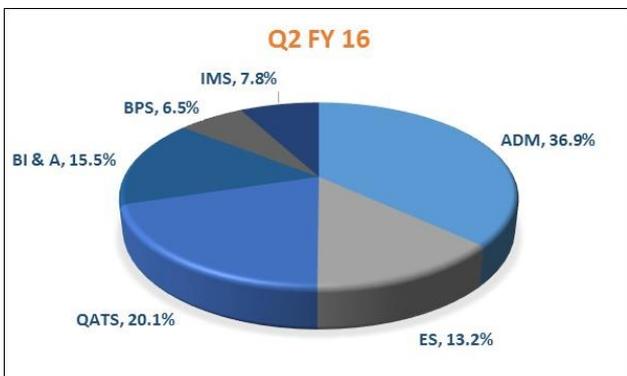
**Vertical Split**



**Geography Split**



**Service Lines Split**



**Revenue Growth**

Particulars	Segments	30-Jun-16	
		Q o Q	Y o Y
Geography	Americas	5.9%	7.7%
	Europe	10.8%	1.1%
	Asia Pacific	6.7%	9.3%
Service Lines Split	Application Devt & Maint (ADM)	3.9%	4.3%
	Enterprise Solutions	2.8%	-0.9%
	Testing / QATS (Quality Assurance and Testing Services)	6.4%	3.1%
	Business Intelligence & Analytics	8.2%	9.3%
	Business Process Services (BPS)	19.6%	33.7%
	Infrastructure Management Services (IMS)	14.2%	24.1%
Vertical Split	Banking and Financial Services	8.6%	16.3%
	Travel & Transportation	0.5%	-11.1%
	Healthcare & Insurance	3.8%	16.0%
	Manufacturing, Consumer & others	8.8%	1.1%

**Mumbai – July 28, 2016:** Hexaware Technologies Limited, a leading global provider of IT, BPS and Consulting services has reported stellar results for the second quarter of the calendar year ended June 30, 2016.

“This quarter witnessed significant revenue growth led by BPS and IMS among service lines with 19.6% and 14.2% QoQ growth respectively. The combined approach of ‘right size’ and automation in our offerings have resulted in strengthening businesses of our customers and differentiating us in the marketplace.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited**.

“We are very pleased to have delivered broad based growth. The growth is powered by our Shrink IT, Grow Digital strategy. The execution of this strategy is still in early days, but the results are encouraging” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited**.

**Booking Update**

Strong TCV Booking of US\$ 20 Mn from new customers:

- Enabling digital transformation for a leading investment firm in education with content management, application development and testing
- Building and maintaining an enterprise wide digital platform in the agile model for the world’s largest serviced apartments operator

Breakthrough wins from existing customers:

- Managed IT services for a multinational life sciences consulting firm to work on core business areas like clinical and informatics
- Robotic Automation led digital managed services deal to transform the payment investigation process of a large global bank

### **Business Update**

Europe led the geographic growth at 10.8% in Q2 2016. Manufacturing and Consumer (M&C) led with QoQ growth of 8.8% among verticals in Q2 2016. Banking and Financial Services (BFS) showed a healthy growth of 8.6% QoQ and 16.3% YoY. Business Process Services (BPS) and Infrastructure Management Services (IMS) continue to deliver strong YoY growth of 33.7% and 24.1% respectively.

### **Corporate Update**

Mr. Basab Pradhan and Mr. Christian Oecking, Independent Directors were reappointed for a period of three years w.e.f June 9, 2016 and June 26, 2016 respectively.

### **Second Interim Dividend of 2016**

The Board of Directors declared a second interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. The record date is fixed as Tuesday, August 9, 2016 for determining the shareholders entitled for this second interim dividend of the year 2016. The payment shall be made on August 16, 2016. This would result in a cash outflow of ₹ 36.33 Crores for dividend payment including tax, resulting in a dividend payout ratio of 36% for Q2 2016.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 2.50 per share (100%) on equity shares of ₹ 2.00 each. This had resulted in a cash outflow of ₹ 90.81 Crores for dividend payment including tax, resulting in a dividend payout ratio of 108% for Q1 2015.

### **Foreign Exchange Cover**

The Company has hedges worth US\$ 143.18 Mn at an average exchange rate of ₹ 71.51, € 4.60 Mn at an average exchange rate of ₹ 79.34 and £ 4.20 Mn at an average exchange rate of 106.83 maturing over the course of the next eight quarters (from July 2016 to June 2018).

### **Awards and Recognition**

Hexaware has been recognized and honoured for its unmatched capabilities in providing Business Process Outsourcing services to global Telecom clients at the recently concluded 'National Awards for Excellence in Outsourcing 2016' in the following categories-

- Best Outsourcing Service Providers- Telecom Industry
- Telecom Outsourcing Project of the Year

Hexaware has been mentioned as one of the vendors in the Gartner report titled "Market Share: IT Services, 2015" dated 06 April 2016, by analysts Kathryn Hale, Dean Blackmore, Jacqueline Heng, Twiggy Lo and a few others.

Hexaware has been mentioned as one of the mid-tier player with geographic/sector specialization in API Strategy And Delivery Service Providers space in the Forrester report titled, "Vendor Landscape: API Strategy And Delivery Service Providers", dated 19 April 2016 by analyst Randy Heffner.

Hexaware has been mentioned as one of the 25 fastest-growing BPO providers in 2015 by AGR in the Gartner report titled "Market Share Analysis: Business Process Outsourcing, Worldwide, 2015" dated 10 May 2016 by analysts Cathy Tornbohm and Dean Blackmore.

Hexaware has been mentioned as one of the Midsize Players With Geographic Or Sector Specializations in the Forrester report titled, "Vendor Landscape: Integration Strategy And Delivery Service Providers", dated 23 June 2016, by analyst Randy Heffner

Hexaware has mentioned as a Global Systems Integrator, who deployed a smartwatch application for a large retailer in the Forrester report Titled "Enterprise Business Intelligence: Now Always At Hand On Your Smartwatch—Smart watches Are No Longer Just For Collecting Data: Use Them For Instant Glanceable Insights" , by analysts Boris Evelson and Michael Facemire dated 30th June 2016.

### **About Hexaware**

Hexaware is a leading global provider of IT and BPS services. The Company focuses on key domains such as Banking, Financial Services, Capital Markets, Healthcare, Insurance, Travel, Transportation, Logistics, Hospitality, 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, Business Intelligence & Analytics, Digital Assurance, Infrastructure Management Services, Business Process Services and Digital Customer. 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 more information, please visit [www.hexaware.com](http://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 Income Statement (as per Indian GAAP)

₹ Mn

Head	Quarterly Data				
	Q2 16	Q1 16	QoQ%	Q2 15	YoY%
<b>Revenues</b>	<b>8,697</b>	<b>8,202</b>	<b>6.0%</b>	<b>7,722</b>	<b>12.6%</b>
Direct Costs	5,645	5,376	5.0%	4,943	14.2%
<b>Gross Profit</b>	<b>3,052</b>	<b>2,826</b>	<b>8.0%</b>	<b>2,779</b>	<b>9.8%</b>
Selling / General And Administration	1,652	1,559	5.9%	1,376	20.0%
<b>EBITDA* excluding ESOP Costs</b>	<b>1,400</b>	<b>1,267</b>	<b>10.5%</b>	<b>1,403</b>	<b>-0.2%</b>
ESOP Costs	47	73	-36.4%	80	-41.8%
<b>EBITDA</b>	<b>1,354</b>	<b>1,194</b>	<b>13.4%</b>	<b>1,323</b>	<b>2.3%</b>
Depreciation and Amortization	139	138	0.2%	115	20.7%
<b>Operating Profit = EBIT</b>	<b>1,215</b>	<b>1,055</b>	<b>15.2%</b>	<b>1,208</b>	<b>0.6%</b>
Other Income (net)	10	11	-16.4%	21	-53.9%
Forex Gains / (Losses)	122	44	176.5%	63	93.6%
<b>Profit Before Tax</b>	<b>1,347</b>	<b>1,111</b>	<b>21.3%</b>	<b>1,292</b>	<b>4.3%</b>
Provision for Tax	347	269	29.1%	303	14.5%
<b>Profit After Tax</b>	<b>1,000</b>	<b>842</b>	<b>18.8%</b>	<b>989</b>	<b>1.1%</b>

Key Ratios	Q2 16	Q1 16	QoQ%	Q2 15	YoY%
Gross Margin	35.1%	34.5%	0.6%	36.0%	-0.9%
SG&A to Revenue	19.0%	19.0%	0.0%	17.8%	1.2%
EBITDA* excluding ESOP Costs	16.1%	15.4%	0.7%	18.2%	-2.1%
EBITDA	15.6%	14.6%	1.0%	17.1%	-1.5%
Operating / EBIT Margin	14.0%	12.9%	1.1%	15.6%	-1.6%
Profit before tax	15.5%	13.5%	2.0%	16.7%	-1.2%
Profit after Tax	11.5%	10.3%	1.2%	12.8%	-1.3%
EPS-INR					
Basic	3.31	2.79	0.52	3.28	0.03
Diluted	3.29	2.77	0.52	3.25	0.04

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

Head	As at June 30 2016	As at Mar 31 2016	As at June 30 2015
<b>Equity &amp; Liabilities</b>			
Equity Share Capital	604	604	603
Reserves	14,501	13,759	13,074
Hedgeing Reserve	79	110	34
Non Current Liability	399	382	313
Dividend Pending Payout	363	908	725
Other Current Liabilities	4,994	4,648	3,919
<b>Total Sources of Funds</b>	<b>20,941</b>	<b>20,411</b>	<b>18,668</b>
<b>Assets</b>			
Net Fixed Assets	7,553	7,029	5,718
Deferred Tax Asset (Net)	285	277	267
Long Term Loans and Advances	1,726	1,991	1,701
Non Current Assets / Investments	25	45	45
Cash and cash equivalent	3,180	3,079	4,023
<b>Current Assets</b>			
Debtors	4,436	4,385	4,027
Current Asset - Forex (MTM)	106	136	62
Others	3,629	3,469	2,825
<b>Total Current assets</b>	<b>8,171</b>	<b>7,991</b>	<b>6,914</b>
<b>Total Uses of Funds</b>	<b>20,941</b>	<b>20,411</b>	<b>18,668</b>

**Financial and Operational Metrics**

**Performance Review**

Revenue Growth	₹, Mn	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
	Revenue from Operations		8,697	8,202	8,195	8,184	7,722
% q-o-q		6	0	0	6	8	15
Other Income		10	11	18	14	21	90

Vertical Split	%	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
	Banking and Financial Services		40.0	39.2	37.5	37.6	36.7
Travel & Transportation		14.5	15.3	16.6	16.7	17.4	16.8
Healthcare & Insurance		17.1	17.5	17.4	16.4	15.7	16.3
Manufacturing, Consumer & others		28.4	28.0	28.5	29.3	30.2	29.6
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split	%	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
	Application Development & Maintenance (ADM)		36.9	37.8	38.1	37.3	37.8
Enterprise Solutions		13.2	13.7	14.3	14.6	14.3	14.7
Testing / QATS (Quality Assurance and Testing Services)		20.1	20.2	20.6	20.8	20.9	20.8
Business Intelligence & Analytics		15.5	15.2	14.0	14.7	15.1	14.8
Business Process Services (BPS)		6.5	5.8	5.7	5.7	5.2	5.4
Infrastructure Management Services (IMS)		7.8	7.3	7.3	6.9	6.7	6.6
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography#	%	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
	Americas		80.9	81.4	80.8	80.2	80.4
Europe		12.5	12.0	12.5	13.2	13.2	13.0
Asia Pacific		6.6	6.6	6.7	6.6	6.4	6.6
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix	%	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
	Onsite		63.9	63.1	62.3	60.8	61.2
Offshore (Incl. Nearshore)		36.1	36.9	37.7	39.2	38.8	39.2
Total		100.0	100.0	100.0	100.0	100.0	100.0

**Client data**

Repeat Business	%	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15
			95.2	94.7	95.7	95.3

Clients billed	No	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15
			226	229	226	223

Clients added	No	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
			6	10	9	9	9

<b>DSO</b>	Days	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15
	Billed	46	49	49	54	47
	Including Unbilled Accruals	74	78	72	80	74

<b>Revenue Concentration</b>	%	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
	Top 5	43.1	42.9	42.2	42.7	44.4	43.0
	Top 10	55.2	55.3	54.7	54.4	56.1	55.1

<b>Client Size</b>	Nos (Last Twelve Months)	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15
	More than \$ 1 Mn +	76	73	69	65	62
	Between \$ 1 to 5 Mn	62	58	53	48	43
	Between \$ 5 to 10 Mn	6	6	7	8	10
	Between \$ 10 to 20 Mn	3	5	5	5	5
	Over \$ 20 Mn	5	4	4	4	4

<b>People Numbers</b>	IT Services %	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15
	Billable Personnel					
	Onsite	23.5%	21.8%	20.5%	20.6%	20.8%
	Offshore	66.7%	69.2%	69.2%	69.7%	70.0%
	Total	90.2%	91.0%	89.7%	90.3%	90.8%
	Marketing (Incl. Sales Support)	4.9%	4.2%	3.9%	3.7%	3.4%
	Others (Incl. Tech. Support)	4.9%	4.8%	6.4%	6.0%	5.8%
	Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%

<b>Utilization</b>	%	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
		70.0	69.6	69.7	70.4	72.1	71.4

<b>Attrition Rate</b>	%	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15
	Last Twelve Months	16.6	16.0	16.9	17.4	17.1

<b>Rupee Dollar Rate</b>		Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	Q2 FY 15	FY 15
	Period Closing rate	67.53	66.26	66.16	65.59	63.65	66.16
	Period average rate	67.04	67.49	66.03	65.40	63.63	66.03

#Geographies have been reclassified from Q1 2016 and previous period figures have been restated. This reclassification represents our current organisation structure.

## Consolidated Income Statement (as per Indian GAAP)

USD K

Head	Quarterly Data				
	Q2 16	Q1 16	QoQ%	Q2 15	YoY%
<b>Revenues</b>	<b>129,677</b>	<b>121,687</b>	<b>6.6%</b>	<b>121,313</b>	<b>6.9%</b>
Direct Costs	84,179	79,702	5.6%	77,625	8.4%
<b>Gross Profit</b>	<b>45,497</b>	<b>41,985</b>	<b>8.4%</b>	<b>43,688</b>	<b>4.1%</b>
Selling / General And Administration	24,634	23,078	6.7%	21,631	13.9%
<b>EBITDA* excluding ESOP Costs</b>	<b>20,864</b>	<b>18,907</b>	<b>10.4%</b>	<b>22,057</b>	<b>-5.4%</b>
ESOP Costs	697	1,086	-35.8%	1,260	-44.6%
<b>EBITDA</b>	<b>20,166</b>	<b>17,821</b>	<b>13.2%</b>	<b>20,797</b>	<b>-3.0%</b>
Depreciation and Amortization	2,067	2,051	0.8%	1,805	14.5%
<b>Operating Profit = EBIT</b>	<b>18,099</b>	<b>15,770</b>	<b>14.8%</b>	<b>18,992</b>	<b>-4.7%</b>
Other Income (net)	143	169	-15.5%	325	-56.0%
Forex Gains / (Losses)	1,823	633	188.0%	966	88.8%
<b>Profit Before Tax</b>	<b>20,065</b>	<b>16,572</b>	<b>21.1%</b>	<b>20,283</b>	<b>-1.1%</b>
Provision for Tax	5,170	4,015	28.8%	4,770	8.4%
<b>Profit After Tax</b>	<b>14,895</b>	<b>12,557</b>	<b>18.6%</b>	<b>15,513</b>	<b>-4.0%</b>

Key Ratios	Q2 16	Q1 16	QoQ%	Q2 15	YoY%
Gross Margin	35.1%	34.5%	0.6%	36.0%	-0.9%
SG&A to Revenue	19.0%	19.0%	0.0%	17.8%	1.2%
EBITDA* excluding ESOP Costs	16.1%	15.5%	0.6%	18.2%	-2.1%
EBITDA	15.6%	14.6%	1.0%	17.1%	-1.5%
Operating / EBIT Margin	14.0%	13.0%	1.0%	15.7%	-1.7%
Profit before tax	15.5%	13.6%	1.9%	16.7%	-1.2%
Profit after Tax	11.5%	10.3%	1.2%	12.8%	-1.3%