

Hexaware reports Stellar Quarter
Q3 Revenue at \$154.0 Mn, up 0.9% QoQ, 13.9% YoY
Profitability Outgrows Revenue
PAT at \$22.0 Mn, up 16.0% QoQ, 28.8% YoY

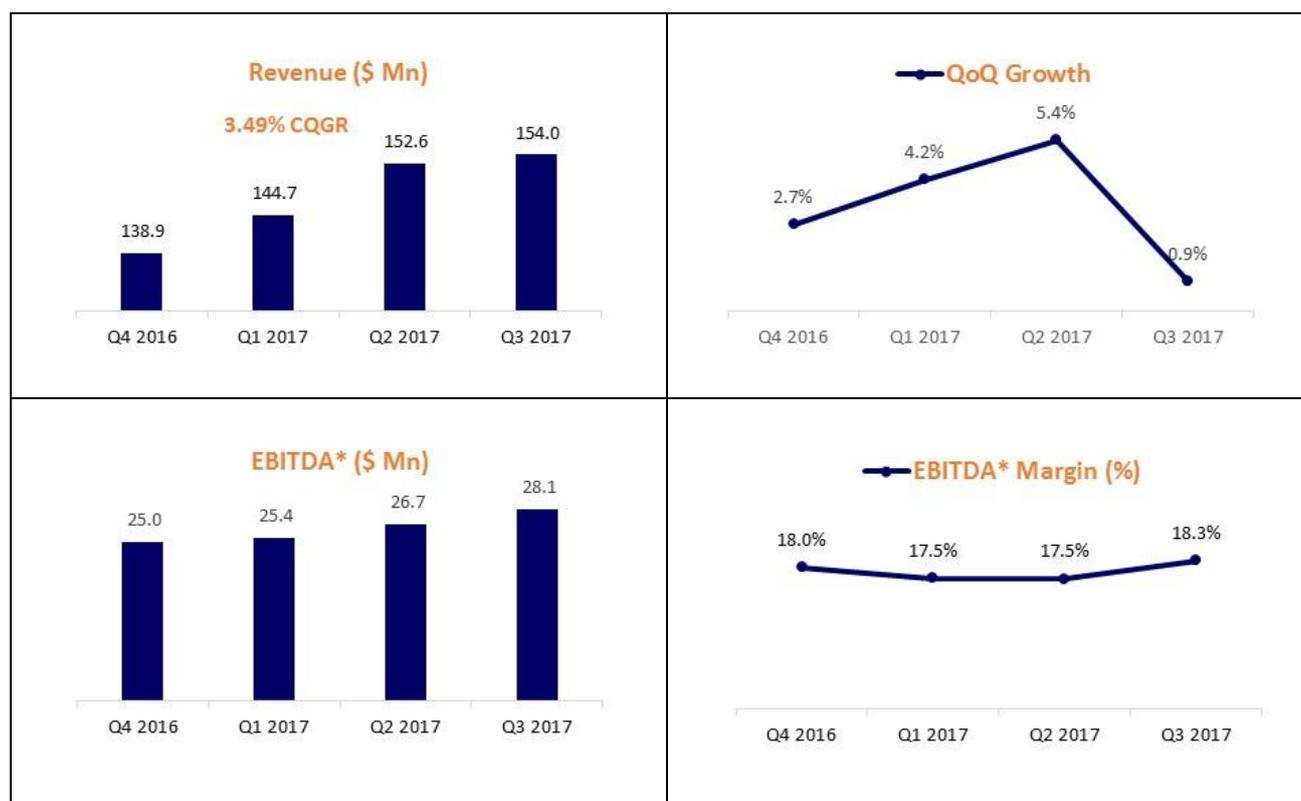
USD Mn	Q3 17	Growth	
		QoQ	YoY
Revenue (Constant Currency)	153.3	0.4%	13.3%

₹ Mn	Q3 17	Growth	
		QoQ	YoY
Revenue	9,931	1.0%	9.8%
EBITDA*	1,815	5.6%	7.9%
EBIT	1,573	9.1%	6.9%
PAT	1,423	16.2%	24.4%

USD Mn	Q3 17	Growth	
		QoQ	YoY
Revenue	154.0	0.9%	13.9%
EBITDA*	28.1	5.5%	11.7%
EBIT	24.4	9.0%	10.7%
PAT	22.0	16.0%	28.8%

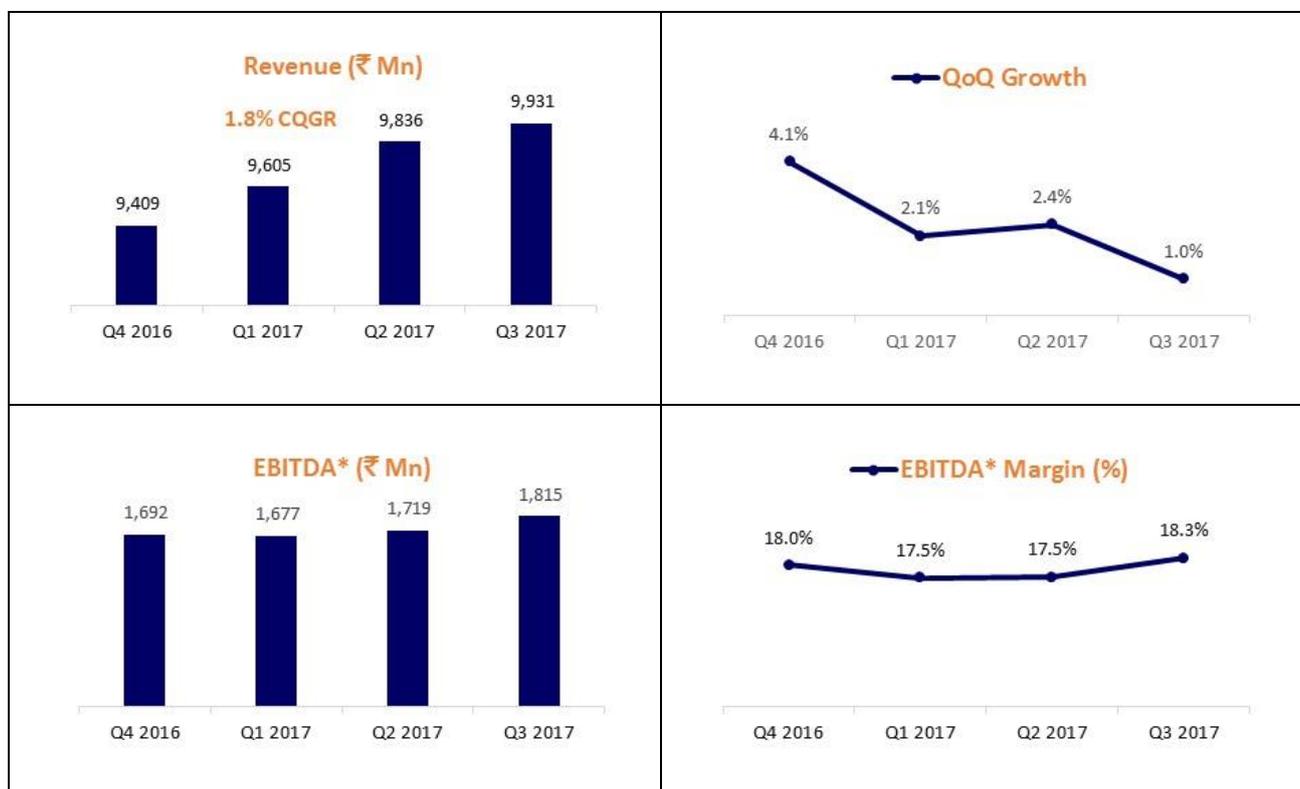
EBITDA* - Excludes ESOP Cost

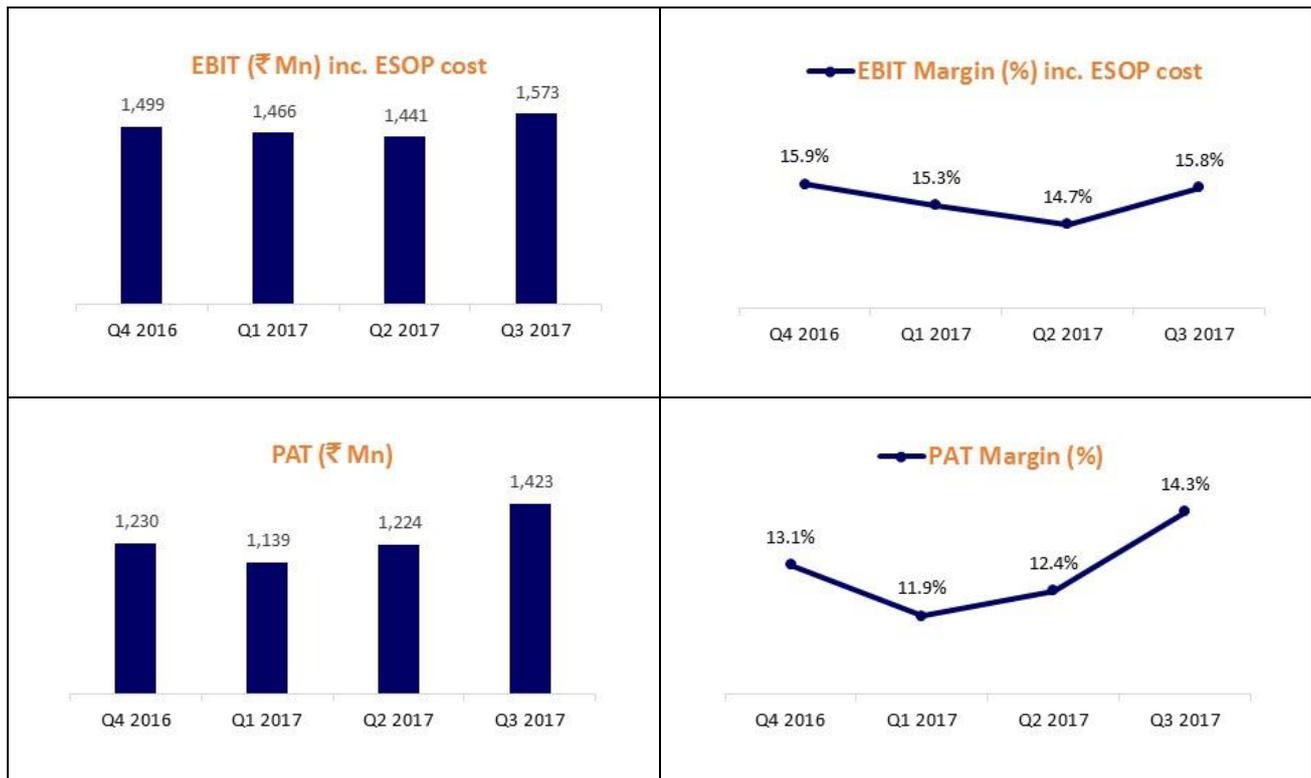
Q3 Performance Highlights in US\$ terms





Q3 Performance Highlights in ₹ terms





ROI



Cash

- Cash & Cash equivalents at the end of September 2017 at US\$ 70.73 Mn; ₹ 461.7 crores
- Days of Sales Outstanding (DSO) was 47 days at the end of Q3 2017
- Third Interim Dividend of ₹ 1.00 (50%) for Q3 2017

New Wins

- 5 new clients signed in Q3 2017 with TCV of US\$ 43 Mn

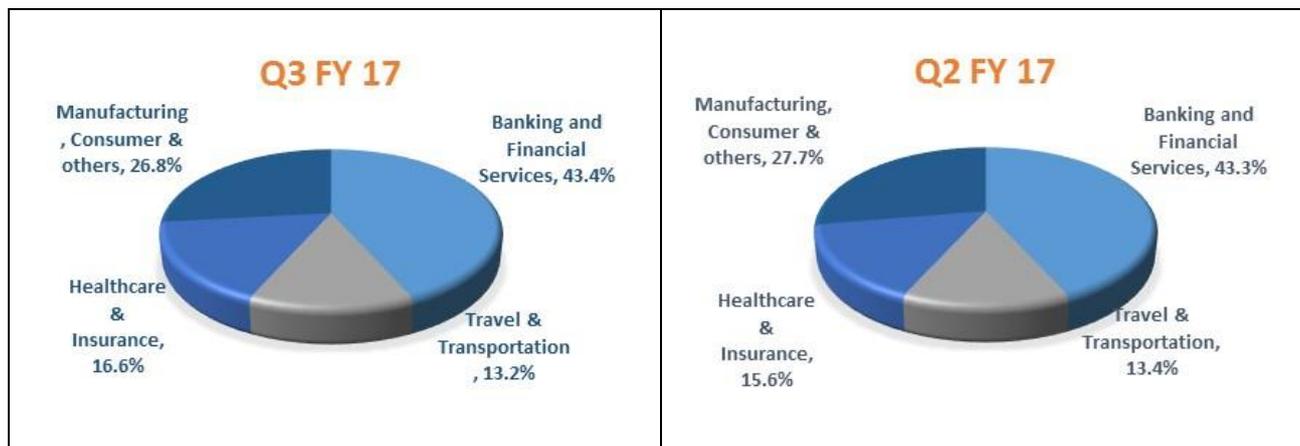
Human Capital

- Headcount stood at 13,488 at the end of Q3 2017; up 1,629 YoY, up 390 QoQ
- Utilization stood at 79.7% (including trainees) in the Quarter
- Attrition at the end of September 2017 was at 13.7%

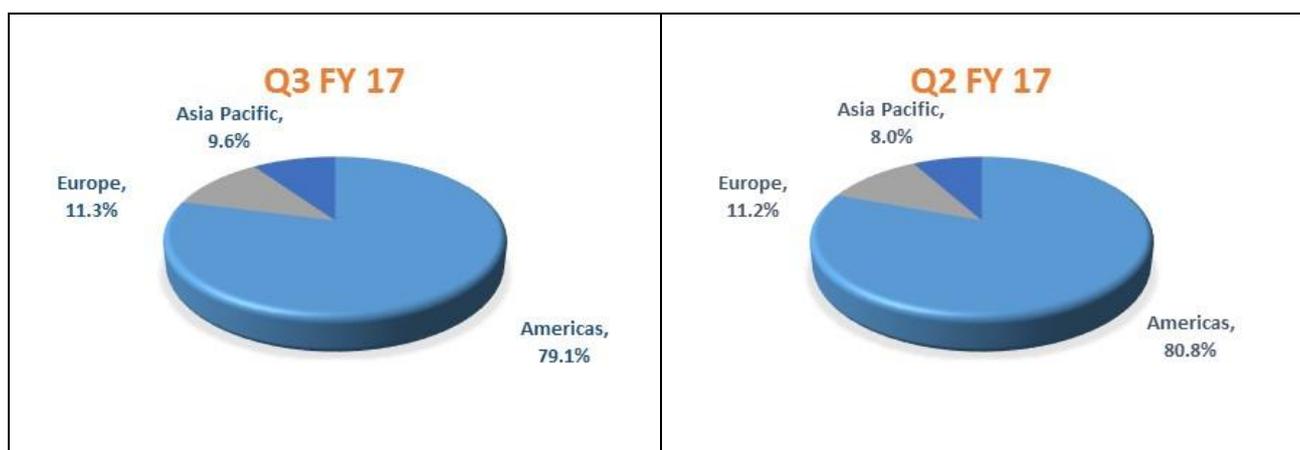


Revenue Split

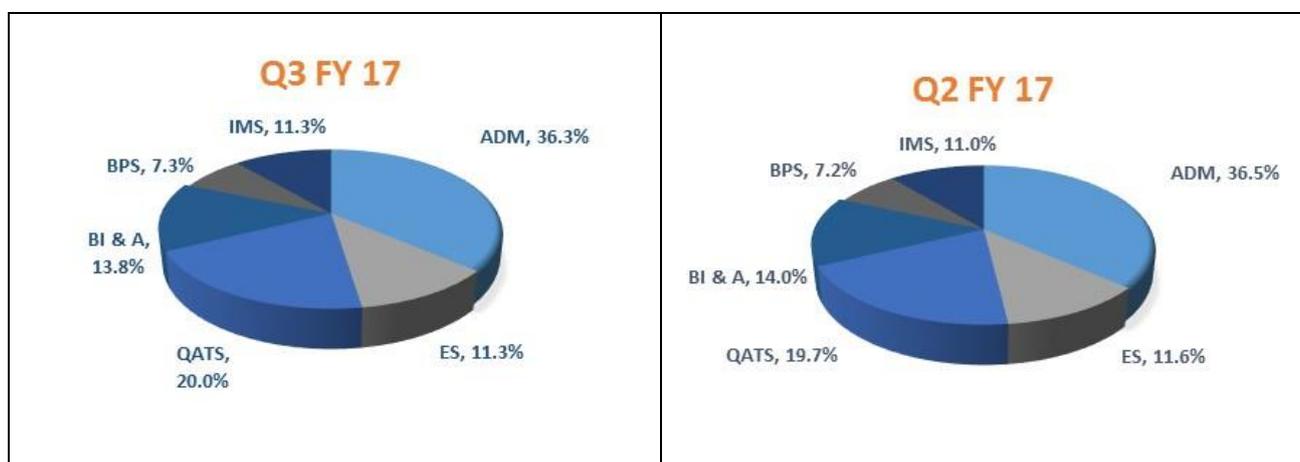
Vertical Split



Geography Split



Service Lines Split



Revenue Growth

Particulars	Segments	30-Sep-17	
		Q o Q	Y o Y
Geography	Americas	-1.2%	9.9%
	Europe	2.5%	11.8%
	Asia Pacific	20.0%	68.3%
Service Lines Split	Application Devt & Maint (ADM)	0.5%	14.9%
	Enterprise Solutions (ES)	-1.7%	-1.2%
	Testing / Digital Assurance (QATS)	2.3%	12.2%
	Business Intelligence & Analytics (BI&A)	-0.4%	3.7%
	Business Process Services (BPS)	2.5%	21.6%
	Infrastructure Management Services (IMS)	3.4%	48.0%
Vertical Split	Banking & Financial Services	1.0%	18.7%
	Travel & Transportation	-0.6%	3.6%
	Healthcare & Insurance	7.4%	17.8%
	Manufacturing, Consumer & others	-2.0%	9.8%

Mumbai – November 1, 2017: Hexaware Technologies Limited, the fastest growing automation-led, next-generation provider of IT, BPO and Consulting services, has reported robust performance for the third quarter of the calendar year ended September 30, 2017.

“During the first 3 quarters of this year, Hexaware has grown 16.8% YoY as compared to the same period last year. This testifies the success of the Shrink IT Grow Digital strategy of the Company.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We are pleased to deliver a solid all round performance. We are well on track to meet the upper end of revenue guidance and beat the upper end of guidance on profitability.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

Booking Update

Strong TCV Booking of \$43 Mn from new customers, in line with our **Shrink IT Grow Digital** strategy:

Shrink IT

- End to End integration for a worldwide mechanical solutions provider.
- Automation led managed services help desk & production support for a large Indian life insurance company.

Grow Digital

- Enhancing Risk Management product and Digital Content Management for Global Risk Management Company.
- Automating Policy & Claims conversion as part of core insurance transformation for a Top 5 Belgian insurer.



- Customer Experience Transformation using Chat bots and AR for a multinational imaging and electronics company.

Business Update

In Q3 2017, Healthcare & Insurance (H&I) showed a 7.4% QoQ and 17.8% YoY growth. Banking and Financial Services (BFS) gave 18.7% YoY growth. APAC led the geographic growth with 20.0% QoQ and 68.3% YoY growth. Infrastructure Management Services (IMS) showed strong growth of 3.4% QoQ and 48.0% YoY. Business Process Services (BPS) delivered growth of 2.5% QoQ and 21.6% YoY.

Third Interim Dividend of 2017

The Board of Directors declared a third interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. The record date is fixed as Monday, November 13th, 2017 for determining the shareholders entitled for this third interim dividend of the year 2017. The payment shall be made on November 16, 2017. This would result in a cash outflow of ₹ 35.7 Crores for dividend payment including tax, resulting in a dividend payout ratio of 25% for Q3 2017.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 1.00 per share (50%) and a second interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. Including the third interim dividend, the dividends declared including tax for the first three quarters of 2017 total to ₹ 107.1 Crores, amounting to a dividend payout ratio of 28%. This brings the interim dividends for the first three quarters of 2017 to ₹ 3.00 per share (150%).

Foreign Exchange Cover

The Company has hedges worth \$ 152.88 Mn at an average exchange rate of ₹ 71.38, € 3.90 Mn at an average exchange rate of ₹ 81.61 and £ 7.50 Mn at an average exchange rate of ₹ 91.81 maturing over the course of the next eight quarters (from October 2017 to September 2019).

Awards and Recognition

Hexaware has been mentioned in "Major Contenders" category in the Everest report titled "Business Process Service Delivery Automation- PEAK Matrix™ Assessment" dated 5th July 2017 by Analyst Rajesh Ranjan & Sarah Brunett.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled "Workplace Services -PEAK Matrix Assessment-2017" dated 13th July 2017 by Analyst Ashwin Venkateshwaran.

Forrester mentions Hexaware as "STRONG PERFORMERS" in their Wave Report titled "Continuous Testing Service Providers, Q3 2017", dated 27th July 2017 by Analyst Diego Lo Giudice.

Hexaware has been mentioned in "High Potentials" category in the HfS report titled "IT Infrastructure Automation and Enterprise Cloud Services Blueprint" Dated 28th July 2017 by Analyst Phil Fersht & Jamie Snowdown.

Hexaware has been ranked among the vendors delivering AI Capabilities in the Report titled "2017 AI-POWERED ONEOFFICE PREMIER LEAGUE TABLE" dated 3rd August by Analyst Phil Fersht.





Hexaware has been mentioned as one of the sample vendors offering RPA in the Gartner report titled "Hype Cycle for Business Process Services" dated 20th July 2017 by Analyst TJ Singh & Frances Karamouzis.

Hexaware has been positioned in "Leaders" category under "Workday Focus" segment in Nelson Hall's NEAT report Vendor Evaluation for "Oracle Cloud HR Services" Dated 23rd August 2017 by Analyst Pete Tilakos.

"Hexaware mentioned among the Testing Vendors in the HfS report titled ""Application Testing Services Supporting Digital Transformation 2017"" dated 24th August 2017 by Analyst Tom Reuner.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled "IT Security Services -PEAK Matrix Assessment-2017" dated 25th August 2017 by Analyst Ashwin Venkateshwaran.

Hexaware has been mentioned in "High Performers" category in the HfS report titled "Application Development & Management Services 2017 " Dated 7th September 2017 by Analyst Phil Fersht & Jamie Snowdown.

Hexaware has been mentioned in "Building Capabilities" grid in the HfS report titled Finance & Accounting as a Service 2017 " Dated 14th September 2017 by Analyst Barbra McGann.

Hexaware has been mentioned in "Major Contenders" category in the Everest report titled " IT AO in Insurance PEAK Matrix Assessment 2017 " Dated 22nd Sept 2017 by Analyst Jimit Arora.

Hexaware has been mentioned in "Major Contenders" category in the Everest report titled " Multi-Process Human Resources Outsourcing (MPHRO) PEAK Matrix 2017 " Dated 28th Sept 2017 by Analyst Rajesh Ranjan.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled " Capital Markets BPO PEAK Matrix 2017 " Dated 28th Sept 2017 by Analyst Rajesh Ranjan & Anupam Jain.

Hexaware has been mentioned in "High Performers" category in the HfS report titled "Travel & Hospitality Blueprint 2017 " Dated 28th Sept 2017 by Analyst Mellisa 'O' Brian.

About Hexaware

Hexaware is a fast growing IT, BPO and Consulting Company. Our focus is to help customers Shrink IT to eliminate costs and improve delivery of commodity IT using automation and technology. Transforming customer experience is at the heart of our Grow Digital strategy. We serve customers in Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Travel, Transportation and Logistics. We deliver highly differentiated services in Rapid Application prototyping, development and deployment; Build, Migrate and Run cloud solutions; Automation-based Application support; Enterprise Solutions for digitizing the back-office; Customer Experience Transformation; Business Intelligence & Analytics; Digital Assurance (Testing); Infrastructure Management Services; and Business Process Services.

Hexaware services customers in over two dozen languages, from every major time zone and every major regulatory zone. Our goal is to be the first IT services company in the world to have a 50% digital workforce. Learn more about Hexaware at <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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The financial results are in accordance with Ind AS for the quarter ended September 30th, 2017. Accordingly, the figures for previous periods have been restated in accordance with Ind AS.

Consolidated Income Statement - Ind AS

₹ Mn

Head	Quarterly Data				
	Q3 17	Q2 17	QoQ%	Q3 16	YoY%
Revenues	9,931	9,836	1.0%	9,041	9.8%
Direct Costs	6,358	6,404	-0.7%	5,737	10.8%
Gross Profit	3,572	3,432	4.1%	3,305	8.1%
Selling / General And Administration	1,757	1,713	2.6%	1,622	8.3%
EBITDA* excluding ESOP Costs	1,815	1,719	5.6%	1,683	7.9%
ESOP Costs	82	121	-32.1%	71	15.1%
EBITDA	1,733	1,598	8.4%	1,611	7.5%
Depreciation and Amortization	160	157	2.3%	140	14.3%
Operating Profit = EBIT	1,573	1,441	9.1%	1,471	6.9%
Other Income (net)	10	8	22.8%	3	255.9%
Forex Gains / (Losses)	168	138	22.0%	64	163.9%
Profit Before Tax	1,751	1,588	10.3%	1,538	13.9%
Provision for Tax	332	363	-8.7%	394	-15.9%
Profit After Tax	1,419	1,225	15.9%	1,144	24.1%
Share of Profit in associate	(3.16)	0.28	NA		
PAT After Loss in Associate	1,423	1,224	16.2%	1,144	24.4%

Key Ratios	Q3 17	Q2 17	QoQ%	Q3 16	YoY%
Gross Margin	36.0%	34.9%	1.1%	36.6%	-0.6%
SG&A to Revenue	17.7%	17.4%	0.3%	17.9%	-0.2%
EBITDA* excluding ESOP Costs	18.3%	17.5%	0.8%	18.6%	-0.3%
EBITDA	17.4%	16.2%	1.2%	17.8%	-0.4%
Operating / EBIT Margin	15.8%	14.7%	1.1%	16.3%	-0.5%
Profit before tax	17.6%	16.1%	1.5%	17.0%	0.6%
Profit after Tax	14.3%	12.4%	1.9%	12.6%	1.7%
EPS-INR					
Basic	4.79	4.13	0.66	3.79	1.00
Diluted	4.74	4.08	0.66	3.76	0.98



Consolidated Audited Balance Sheet- Ind AS

₹ Mn

Head	As at Sept 30 2017	As at June 30 2017
Assets		
Property, plant and equipment and intangible	5,327	5,363
Capital work-in-progress	2,691	2,683
Deferred tax assets	1,388	1,307
Other non-current assets & investments in associates	1,537	1,532
Trade receivables and unbilled revenue	7,919	7,587
Other current assets	1,139	1,259
Cash and cash equivalents (inc. restricted)	4,617	4,295
Total assets	24,620	24,027
Equity and liabilities		
Equity		
Equity Share capital	594	593
Other Equity and reserves	18,553	17,392
Total equity	19,147	17,985
Liabilities		
Non-current liabilities	43	29
Trade payables	1,302	1,423
Other current liabilities	3,110	3,503
Provisions	1,019	1,086
Total liabilities	5,473	6,041
Total equity and liabilities	24,620	24,027



Financial and Operational Metrics

Performance Review

Revenue Growth	₹, Mn	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
	Revenue from Operations		9,931	9,836	9,605	9,409	9,041
%, q-o-q		1	2	2	4	4	13
Other Income		10	8	12	14	3	38

Vertical Split	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
	Banking and Financial Services		43.4	43.3	42.7	42.1	41.6
Travel & Transportation		13.2	13.4	13.6	13.2	14.5	14.3
Healthcare & Insurance		16.6	15.6	15.7	16.5	16.0	16.7
Manufacturing, Consumer & others		26.8	27.7	28.0	28.2	27.9	28.2
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
	Application Development & Maintenance (ADM)		36.3	36.5	36.1	36.4	36.0
Enterprise Solutions		11.3	11.6	12.1	12.7	13.0	13.2
QATS /Digital Assurance		20.0	19.7	20.9	20.9	20.3	20.4
Business Intelligence & Analytics		13.8	14.0	13.8	14.1	15.2	15.0
Business Process Services (BPS)		7.3	7.2	6.4	6.8	6.8	6.5
Infrastructure Management Services (IMS)		11.3	11.0	10.7	9.1	8.7	8.3
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
	Americas		79.1	80.8	81.6	82.5	82.0
Europe		11.3	11.2	11.0	11.1	11.6	11.8
Asia Pacific		9.6	8.0	7.4	6.4	6.4	6.5
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix with BPO	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
	Onsite		65.4	64.7	64.5	61.9	63.2
Offshore (Incl. Nearshore)		34.6	35.3	35.5	38.1	36.8	38.1
Total		100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16
			95.3	93.9	93.8	95.4

Clients billed	No	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16
			218	220	222	220

Clients added	No	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
			8	9	6	7	7



DSO	Days	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16
	Billed		47	45	46	43
Including Unbilled Accruals		72	70	74	68	75

Revenue Concentration	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
	Top 5		43.5	46.1	45.6	46.3	47.0
Top 10		54.8	56.5	56.7	57.4	58.3	56.5

Client Size	Nos (Last Twelve Months)	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16
	More than \$ 1 Mn +		82	81	81	78
Between \$ 1 to 5 Mn		64	66	67	64	63
Between \$ 5 to 10 Mn		9	7	6	6	6
Between \$ 10 to 20 Mn		4	3	3	3	3
Over \$ 20 Mn		5	5	5	5	5

People Numbers	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16
	Billable Personnel (IT + BPS Services)					
Onsite		19.9%	20.9%	20.9%	21.0%	20.9%
Offshore		72.1%	71.2%	71.0%	70.7%	70.6%
Total		92.0%	92.1%	91.9%	91.7%	91.5%
Marketing (Incl. Sales Support)		3.3%	3.3%	3.2%	3.3%	3.5%
Others (Incl. Tech. Support)		4.7%	4.6%	4.9%	5.0%	5.0%
Grand Total		100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
			79.7	80.8	78.9	78.6	74.1

Attrition Rate	%	Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16
	Last Twelve Months		13.7	13.8	14.9	16.1

Rupee Dollar Rate		Q3 FY 17	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	FY 16
	Period Closing rate		65.29	64.58	64.85	67.93	66.62
Period average rate		64.46	64.44	66.47	67.70	66.87	67.27



Consolidated Income Statement - Ind AS

USD K

Head	Quarterly Data				
	Q3 17	Q2 17	QoQ%	Q3 16	YoY%
Revenues	154,026	152,609	0.9%	135,239	13.9%
Direct Costs	98,654	99,369	-0.7%	85,806	15.0%
Gross Profit	55,371	53,240	4.0%	49,433	12.0%
Selling / General And Administration	27,240	26,578	2.5%	24,259	12.3%
EBITDA* excluding ESOP Costs	28,131	26,663	5.5%	25,174	11.7%
ESOP Costs	1,276	1,876	-32.0%	1,068	19.4%
EBITDA	26,856	24,786	8.4%	24,106	11.4%
Depreciation and Amortization	2,486	2,429	2.4%	2,097	18.6%
Operating Profit = EBIT	24,370	22,357	9.0%	22,009	10.7%
Other Income (net)	161	132	22.6%	44	268.7%
Forex Gains / (Losses)	2,606	2,136	22.0%	954	173.2%
Profit Before Tax	27,137	24,625	10.2%	23,006	18.0%
Provision for Tax	5,155	5,634	-8.5%	5,898	-12.6%
Profit After Tax	21,981	18,991	15.7%	17,108	28.5%
Share of Profit in associate	(48)	4	NA		
PAT After Loss in Associate	22,030	18,987	16.0%	17,108	28.8%

Key Ratios	Q3 17	Q2 17	QoQ%	Q3 16	YoY%
Gross Margin	35.9%	34.9%	1.0%	36.6%	-0.7%
SG&A to Revenue	17.7%	17.4%	0.3%	17.9%	-0.2%
EBITDA* excluding ESOP Costs	18.3%	17.5%	0.8%	18.6%	-0.3%
EBITDA	17.4%	16.2%	1.2%	17.8%	-0.4%
Operating / EBIT Margin	15.8%	14.6%	1.2%	16.3%	-0.5%
Profit before tax	17.6%	16.1%	1.5%	17.0%	0.6%
Profit after Tax	14.3%	12.4%	1.9%	12.7%	1.6%

