

Hexaware Reports Fourth Quarter and FY 2016 results
Q4 Constant Currency Revenue at \$139.9 Mn, up 13.2% YoY
Q4 EBITDA* at \$24.8 Mn, up 24.8% YoY

USD Mn	2016	Growth	Q4 16	Growth	
		YoY		QoQ	YoY
Revenue (Constant Currency)	529.6	9.0%	139.9	3.4%	13.2%

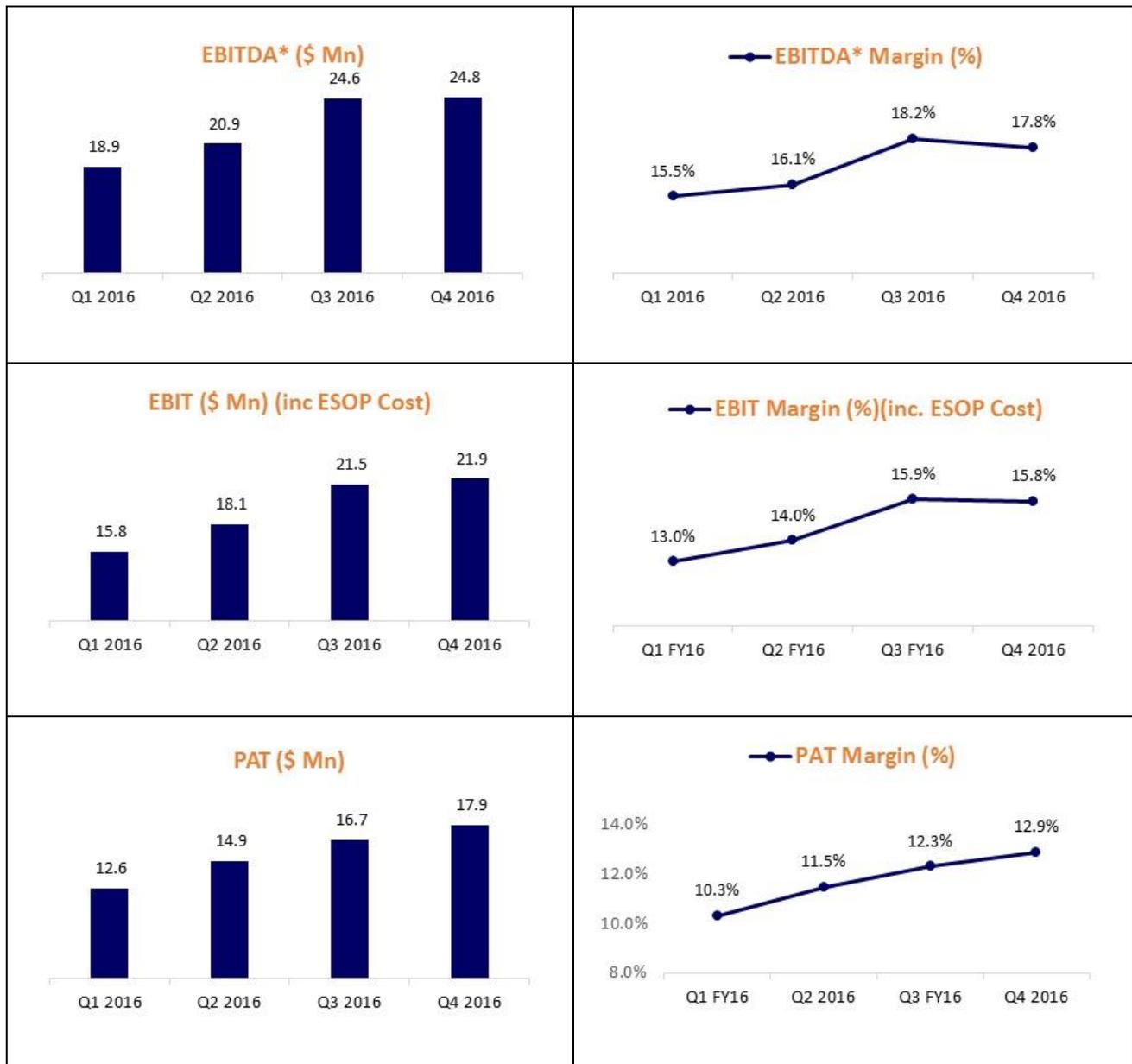
USD Mn	2016	Growth	Q4 16	Growth	
		YoY		QoQ	YoY
Revenue	525.6	8.3%	138.9	2.7%	12.0%
EBITDA*	89.2	3.0%	24.8	0.5%	24.8%
EBIT	77.2	1.9%	21.9	2.0%	23.4%
PAT	62.1	2.3%	17.9	7.5%	22.1%

₹ Mn	2016	Growth	Q4 16	Growth	
		YoY		QoQ	YoY
Revenue	35,349	13.2%	9,409	4.1%	14.8%
EBITDA*	5,993	7.6%	1,678	1.9%	28.1%
EBIT	5,188	6.4%	1,483	3.4%	26.6%
PAT	4,171	6.1%	1,215	9.0%	22.3%

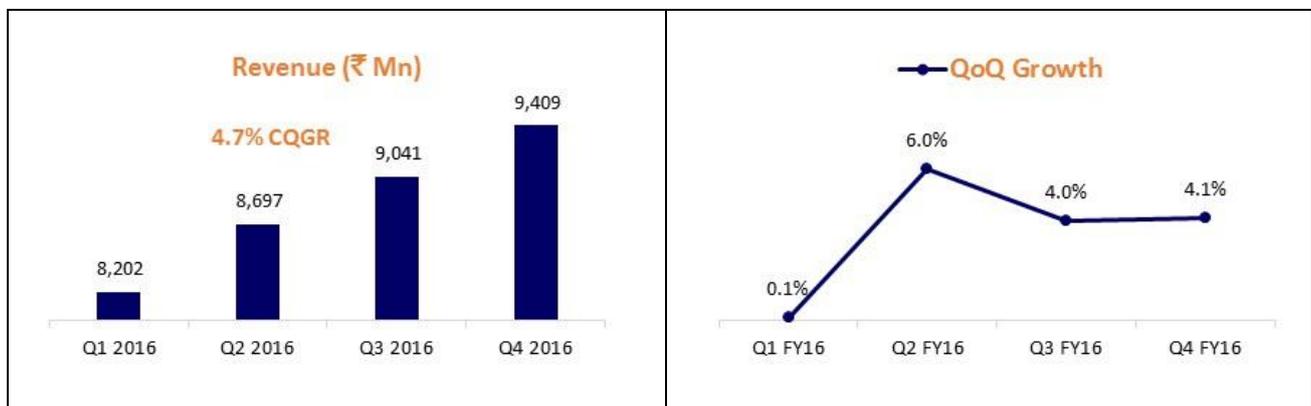
EBITDA* - Excludes ESOP Cost

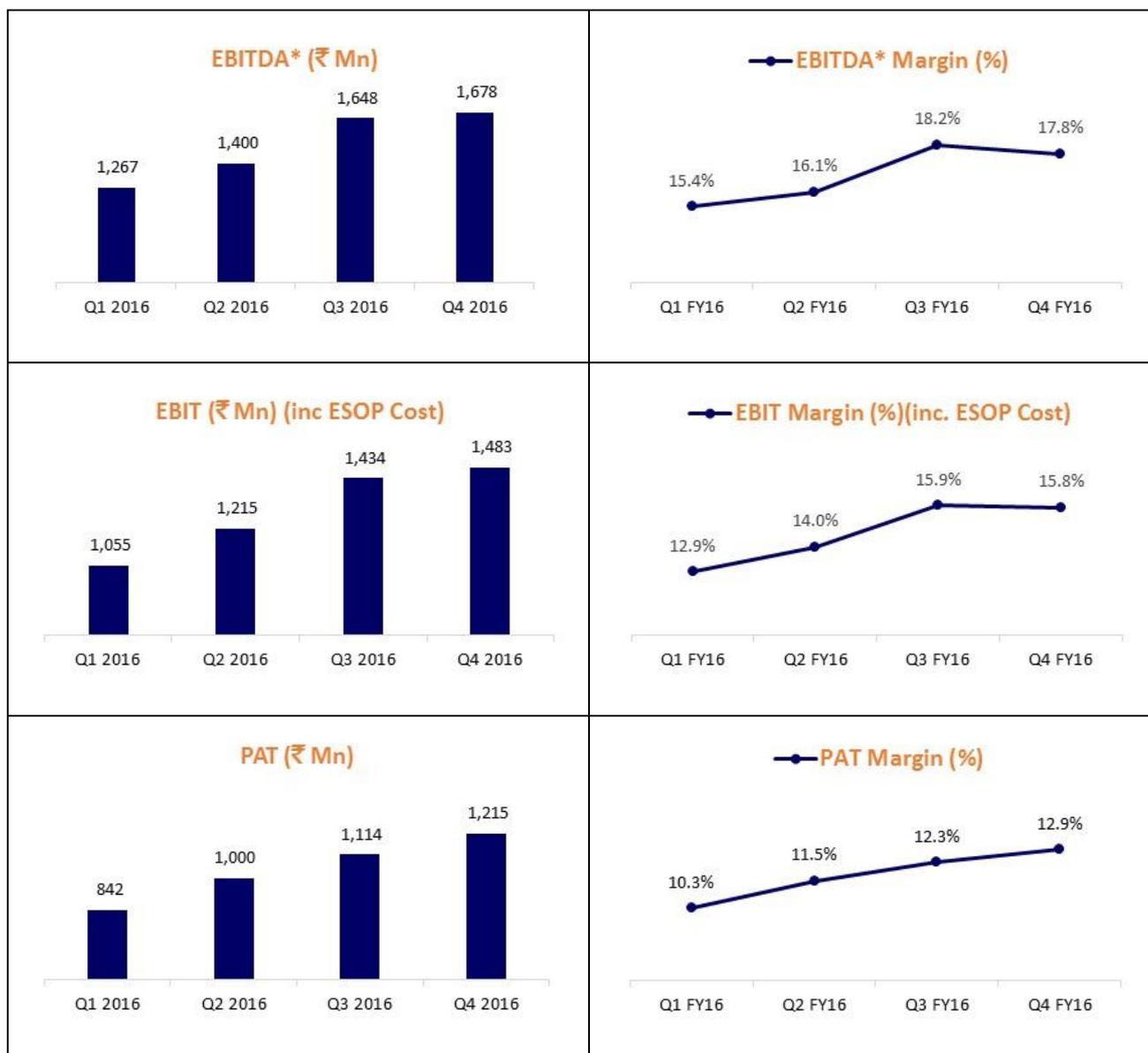
Q4 Performance Highlights in US\$ terms





Q4 Performance Highlights in ₹ terms

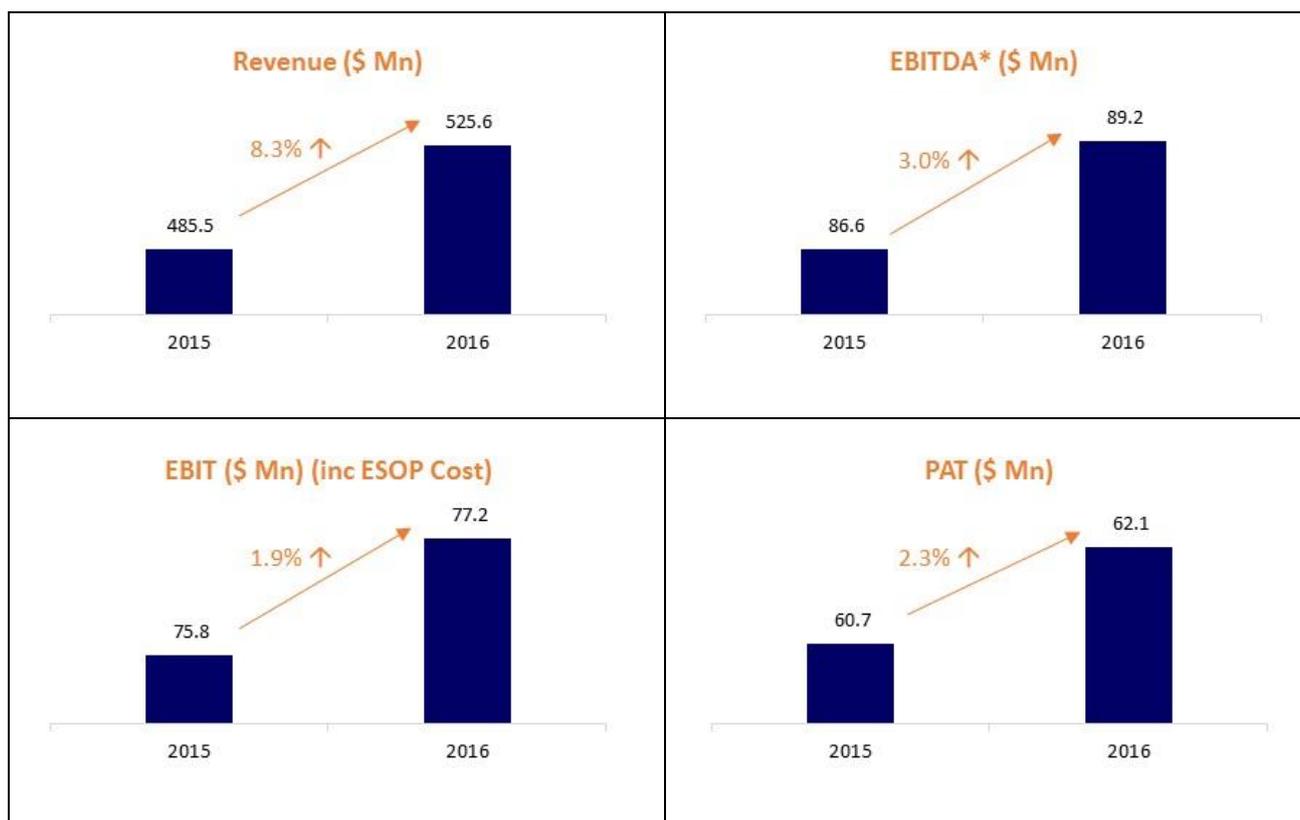




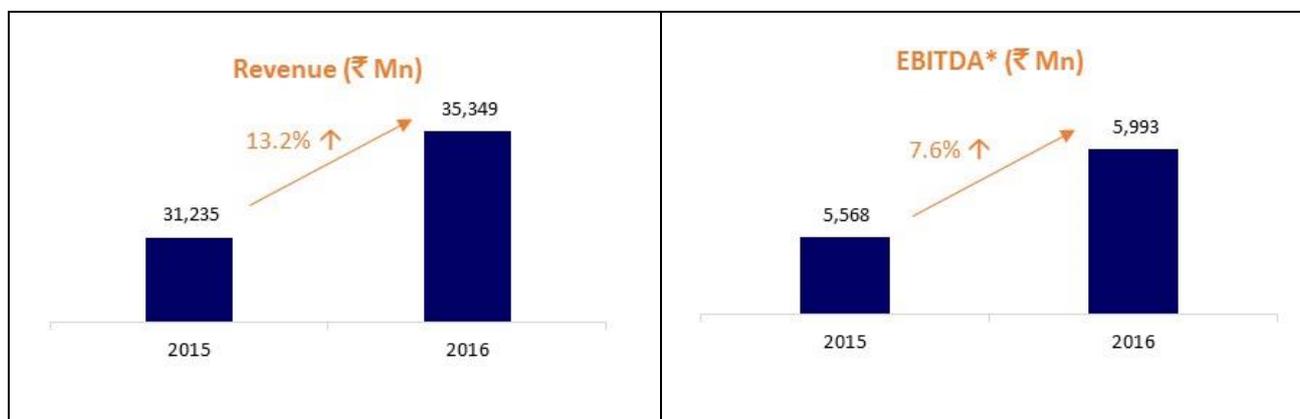
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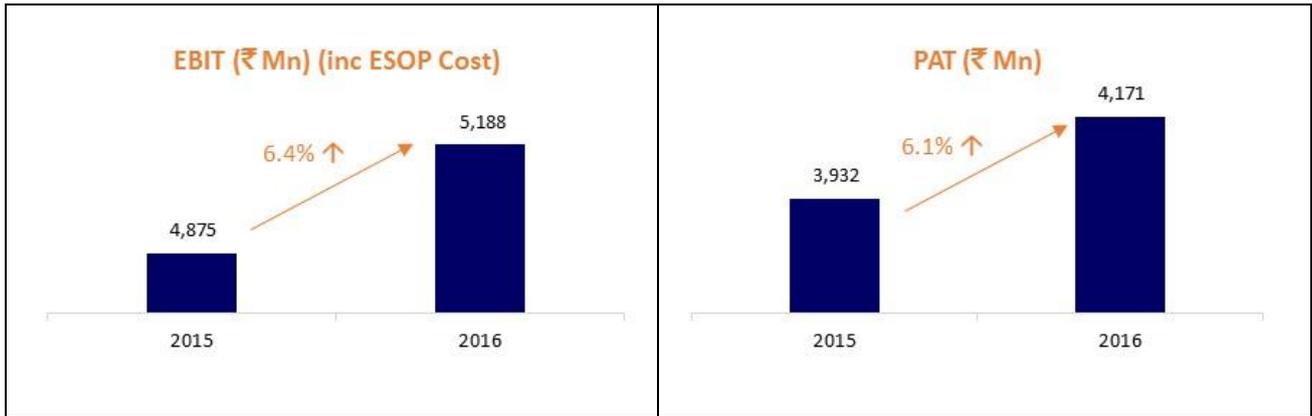


2016 Performance Highlights in US\$ terms



2016 Performance Highlights in ₹ terms





Cash

- Cash & Cash equivalents at the end of December 2016 at US\$ 66 Mn; ₹ 448 crores
- Days of Sales Outstanding (DSO) was 43 days at the end of Q4 2016
- Fourth Interim Dividend of ₹ 1.00 (50%) for Q4 2016

New Wins

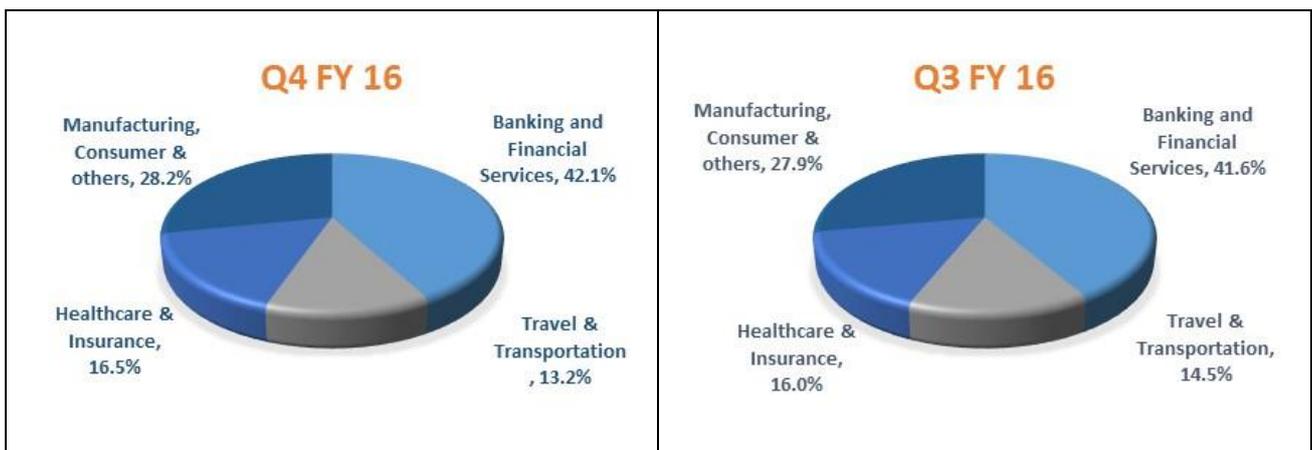
- 3 new clients signed in Q4 2016 with TCV of US\$ 55 Mn

Human Capital

- Headcount stood at 12,115 at the end of Q4 2016; up 780 YoY, up 296 QoQ
- Utilization stood at 78.6% (including trainees) in the Quarter
- Attrition at the end of December 2016 was at 16.1%

Revenue Split

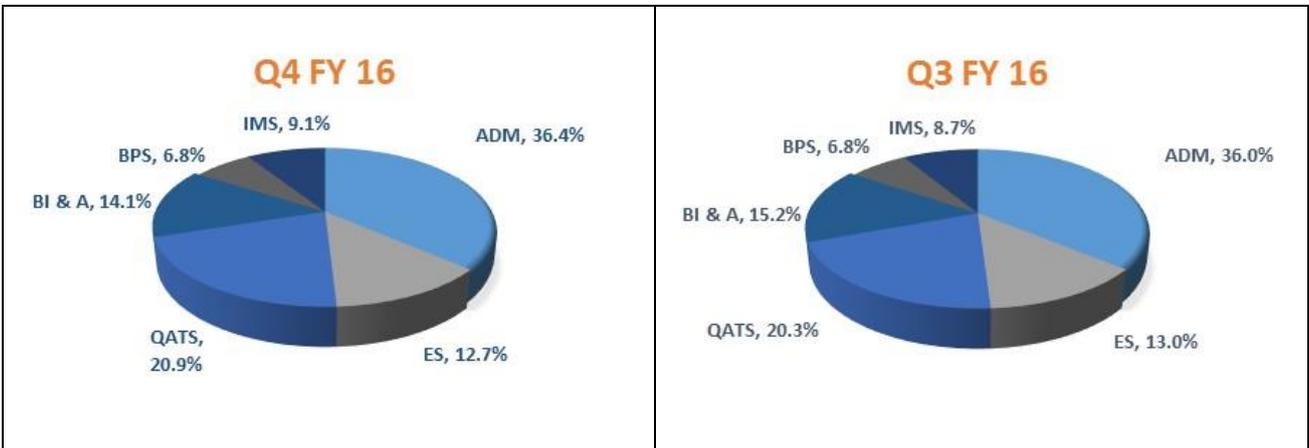
Vertical Split



Geography Split



Service Lines Split



Service Lines have been regrouped and reclassified from Q1 2016 to represent our current organisation structure

Revenue Growth

Particulars	Segments	Full Year YoY	31-Dec-16	
			Q o Q	Y o Y
Geography	Americas	10.0%	3.4%	14.3%
	Europe **	-1.7%	-1.4%	-1.0%
	Asia Pacific	6.4%	1.7%	8.3%
Service Lines Split	Application Devt & Maint (ADM)	5.2%	4.0%	7.0%
	Enterprise Solutions (ES)	-2.8%	-0.4%	-0.9%
	Testing / Digital Assurance (QATS)	6.4%	6.1%	13.7%
	Business Intelligence & Analytics (BI&A)	9.8%	-4.6%	12.3%
	Business Process Services (BPS)	30.9%	2.0%	32.8%
	Infrastructure Management Services (IMS)	33.6%	7.7%	41.1%
Vertical Split	Banking & Financial Services	18.2%	3.9%	25.6%
	Travel & Transportation	-7.5%	-6.4%	-10.8%
	Healthcare & Insurance	11.2%	5.5%	6.2%
	Manufacturing, Consumer & others	3.0%	4.1%	10.7%

** - In constant currency terms, Europe grew 3.0% QoQ and 7.9% YoY; 3.3% for the year 2016

Service Lines have been regrouped and reclassified from Q1 2016 to represent our current organisation structure

Mumbai – February 7, 2017: Hexaware Technologies Limited, a leading global provider of Application, Infrastructure, BPS and Digital services has reported stellar results for the fourth quarter of the calendar year ended December 31, 2016.

“Hexaware continues to report robust growth this quarter with revenue up 13.2% YoY in constant currency and EBITDA up 24.8% YoY. The combination of fearless automation and digital innovation represents the Company’s biggest asset, strengthening the customer’s business and differentiating us in a competitive marketplace.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We continue to deliver solid broad-based growth on the back of our Shrink IT, Grow Digital Strategy. We now exit 2016 with a run-rate that puts us in pole position for a double digit growth in 2017. We also saw accelerated booking from new customers that will further aid our growth.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

Booking Update

Strong TCV Booking of \$55 Mn from new customers:

Shrink IT

- Multi-year Next Gen Application Modernization and Support for a Specialized Payment products and services Provider

- Automation-led Service Integration and Service Management for a one of the top ten global Steel Companies

Grow Digital

- Migration of application landscape to hybrid cloud for a Facilities Management and Maintenance Company

Business Update

In Q4 2016, Americas led the geographic growth with 3.4% QoQ and 14.3% YoY growth. Healthcare & Insurance (H&I) led with a 5.5% QoQ and 6.2% YoY growth. Banking and Financial Services (BFS) showed an 18.2% growth for the year 2016. Infrastructure Management Services (IMS) delivered strong growth of 7.7% QoQ and 41.1% YoY. IMS and Business Process Services (BPS) showed growth of 33.6% and 30.9% respectively for the year 2016.

Impact of Changing Environment on Immigration

An important background to this topic is that no Executive action or Legislation has been enacted yet. The Company believes any changes that happen in future will be prospective and not retrospective. Further it is likely to have an impact from late 2018 only, given that April 2017 is the cycle for new H1B visa applications.

In 2016, Hexaware saw a reduced dependence on H1B and is committed to continuous reduction of dependence on/usage of Visas. The Company has invested in multiple channels of fulfilment, including lateral hires, recruitment and training from college campuses in the US. In the past two years, Hexaware has opened Delivery Centers in Atlanta, Georgia, and Herdon, Virginia that have grown rapidly. The Company has hired over 900 employees/full-time contractors in the US in 2016 and continue to be a strong contributor to the US economy.

Fourth Interim Dividend of 2016

The Board of Directors declared a fourth interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. The record date is fixed as Friday, March 3, 2017 for determining the shareholders entitled for this fourth interim dividend of the year 2016. The payment shall be made on March 8, 2016. This would result in a cash outflow of ₹ 36.35 Crores for dividend payment including tax, resulting in a dividend payout ratio of 30% for Q4 2016.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 2.50 per share (125%), a second interim dividend of ₹ 1.00 per share (50%) and a third interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. Including the fourth interim dividend, the dividends declared including tax for the four quarters of 2016 total to ₹ 199.87 Crores, amounting to a dividend payout ratio of 48%. This brings the interim dividends for the four quarters of 2016 to ₹ 5.50 per share (275%).

Foreign Exchange Cover

The Company has hedges worth \$ 141.82 Mn at an average exchange rate of ₹ 72.57, € 4.20 Mn at an average exchange rate of ₹ 81.26 and £ 4.20 Mn at an average exchange rate of ₹ 101.71 maturing over the course of the next eight quarters (from January 2017 to December 2018).

Facility Update

In anticipation of sustained growth, Hexaware continued to expand its global delivery footprint. The Company inaugurated its latest Global Delivery Centre (GDC) in Pune, India. Situated at a prime location with a scenic backdrop in Hinjewadi Phase III, Pune, this state of the art delivery centre is all set to deliver high value and domain specific services for global clientele across verticals.

The Company, also expanded its BPS Services with a second delivery center in Chennai, India. Located in the Special Economic Zone, this 1400 seater state of the art delivery center is set to deliver mission critical back office and front office services to global clients from varied industries including Telecommunication, Banking & Financial Services, Healthcare and Retail.

Awards and Recognition

Hexaware's Raise IT Platform has been mentioned among the vendors offering cognitive Automation platforms in the IDC Report titled "Automatic Decisions: Rise of the Service Provider Cognitive Platforms " dated 11th October 2016 by Analyst David Tapper.

Hexaware has been mentioned among the Consulting, BPO and IT Outsourcing Providers Deploying RPA solution in the Market in the Gartner Report Titled "Robotic Process Automation: Eight Guidelines for Effective Results" dated 12 October 2016 by analyst Cathy Tornbohm.

Hexaware has been mentioned as one of the established providers have pivoted to SaaS in the Forrester Report titled "Vendor Landscape: Oracle Services Providers Aggressively Pivot To Cloud Solutions" dated 19th October 2016, by analyst Liz Herbert.

Hexaware has been positioned in "Star Performer and Major Contender" category in the Everest Report Titled Health Care Payer IT AO PEAK Matrix dated 31st October 2016 by analyst Jimit Arora.

Hexaware has been positioned in "Star Performer and Major Contender" category in the Everest Report Titled ITO In Insurance PEAK Matrix dated 30th November 2016 by analyst Jimit Arora.

Hexaware has been positioned in "Major Contender" category in the Everest Report Titled Healthcare Service Providers PEAK Matrix dated 30th November 2016 by analyst Jimit Arora.

Forrester mentions Hexaware as STAR PERFORMERS in their Wave Report Titled" Application Outsourcing for Mid- Size Providers, Q4 2016", dated 14th December by Analyst Somak Roy.

About Hexaware

Hexaware is a leading global provider of IT, Application, Infrastructure, BPO and Digital services. Our business philosophy of *Shrink IT, Grow Digital* allows customers to significantly shrink commodity IT spend while partnering with them to embrace digitalization. The Company focuses on key domains such as Banking, Financial Services, Capital Market, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Travel, Transportation and Logistics. Hexaware is committed to deliver business results and leverage technology solutions by specializing in Application Development & Maintenance, Business Intelligence & Analytics, Quality Assurance and Testing Services, Infrastructure Management Services, Business Process Services and Enterprise Solutions. Founded in 1990, Hexaware has a well-established global delivery model armed with 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				
	Q4 16	Q3 16	QoQ%	Q4 15	YoY%
Revenues	9,409	9,041	4.1%	8,195	14.8%
Direct Costs	6,101	5,766	5.8%	5,346	14.1%
Gross Profit	3,307	3,276	1.0%	2,849	16.1%
Selling / General And Administration	1,629	1,628	0.1%	1,539	5.9%
EBITDA* excluding ESOP Costs	1,678	1,648	1.9%	1,311	28.1%
ESOP Costs	55	71	-22.6%	8	621.3%
EBITDA	1,623	1,576	3.0%	1,303	24.6%
Depreciation and Amortization	140	142	-1.4%	131	6.3%
Operating Profit = EBIT	1,483	1,434	3.4%	1,171	26.6%
Other Income (net)	14	3	375.6%	18	-20.7%
Forex Gains / (Losses)	126	64	97.1%	70	80.4%
Profit Before Tax	1,623	1,501	8.1%	1,259	28.9%
Provision for Tax	408	387	5.5%	265	53.9%
Profit After Tax	1,215	1,114	9.0%	994	22.3%

Key Ratios	Q4 16	Q3 16	QoQ%	Q4 15	YoY%
Gross Margin	35.2%	36.2%	-1.0%	34.8%	0.4%
SG&A to Revenue	17.3%	18.0%	-0.7%	18.8%	-1.5%
EBITDA* excluding ESOP Costs	17.8%	18.2%	-0.4%	16.0%	1.8%
EBITDA	17.2%	17.4%	-0.2%	15.9%	1.3%
Operating / EBIT Margin	15.8%	15.9%	-0.1%	14.3%	1.5%
Profit before tax	17.2%	16.6%	0.6%	15.4%	1.8%
Profit after Tax	12.9%	12.3%	0.6%	12.1%	0.8%
EPS-INR					
Basic	4.02	3.69	0.33	3.30	0.72
Diluted	3.99	3.66	0.33	3.27	0.72

Consolidated Audited Income Statement (as per Indian GAAP) ₹ Mn

Head	FY 16	FY 15	YoY%
Revenues	35,349	31,235	13.2%
Direct Costs	22,888	20,061	14.1%
Gross Profit	12,461	11,174	11.5%
Selling / General And Administration	6,468	5,606	15.4%
EBITDA* excluding ESOP Costs	5,993	5,568	7.6%
ESOP Costs	247	211	16.9%
EBITDA	5,747	5,357	7.3%
Depreciation and Amortization	558	482	15.7%
Operating Profit = EBIT	5,188	4,875	6.4%
Other Income (net)	38	90	-58.1%
Forex Gains / (Losses)	356	81	337.3%
Profit Before Tax	5,582	5,046	10.6%
Provision for Tax	1,411	1,114	26.6%
Profit After Tax	4,171	3,932	6.1%

Key Ratios	FY 16	FY 15	YoY%
Gross Margin	35.3%	35.8%	-0.5%
SG&A to Revenue	18.3%	17.9%	0.4%
EBITDA* excluding ESOP Costs	17.0%	17.8%	-0.8%
EBITDA	16.3%	17.2%	-0.9%
Operating / EBIT Margin	14.7%	15.6%	-0.9%
Profit before tax	15.8%	16.2%	-0.4%
Profit after Tax	11.8%	12.6%	-0.8%
EPS- INR			
Basic	13.82	13.05	0.77
Diluted	13.70	12.94	0.76

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

Head	As at Dec 31 2016	As at Sept 30 2016	As at Dec 31 2015
Equity & Liabilities			
Equity Share Capital	604	604	603
Reserves	16,184	15,221	13,713
Hedgeing Reserve	323	307	16
Non Current Liability	475	440	353
Dividend Pending Payout	364	363	871
Other Current Liabilities	5,434	4,866	4,649
Total Sources of Funds	23,383	21,802	20,206
Assets			
Net Fixed Assets	8,557	8,001	6,489
Deferred Tax Asset (Net)	376	306	256
Long Term Loans and Advances	1,752	1,647	1,813
Non Current Assets / Investments	22	108	45
Cash and cash equivalent	4,482	3,426	4,428
Current Assets			
Debtors	4,376	4,906	4,406
Current Asset - Forex (MTM)	358	359	21
Others	3,459	3,049	2,749
Total Current assets	8,193	8,314	7,175
Total Uses of Funds	23,383	21,802	20,206

Financial and Operational Metrics

Performance Review

Revenue Growth	₹, Mn	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
	Revenue from Operations		9,409	9,041	8,697	8,202	8,195	35,349
% q-o-q		4	4	6	0	0	13	21
Other Income		14	3	10	11	18	90	90

Vertical Split	%	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
	Banking and Financial Services		42.1	41.6	40.0	39.2	37.5	40.8
Travel & Transportation		13.2	14.5	14.5	15.3	16.6	14.3	16.8
Healthcare & Insurance		16.5	16.0	17.1	17.5	17.4	16.7	16.3
Manufacturing, Consumer & others		28.2	27.9	28.4	28.0	28.5	28.2	29.6
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split#	%	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
	Application Development & Maintenance (ADM)		36.4	36.0	36.5	37.7	38.1	36.6
Enterprise Solutions		12.7	13.0	13.3	13.7	14.3	13.2	14.7
QATS /Digital Assurance		20.9	20.3	20.1	20.3	20.6	20.4	20.8
Business Intelligence & Analytics		14.1	15.2	15.6	15.2	14.0	15.0	14.8
Business Process Services (BPS)		6.8	6.8	6.5	5.8	5.7	6.5	5.4
Infrastructure Management Services (IMS)		9.1	8.7	8.0	7.3	7.3	8.3	6.6
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

Geography	%	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
	Americas		82.5	82.0	80.9	81.4	80.8	81.7
Europe		11.1	11.6	12.5	12.0	12.5	11.8	13.0
Asia Pacific		6.4	6.4	6.6	6.6	6.7	6.5	6.6
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix	%	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
	Onsite		64.5	65.6	63.9	63.1	62.3	64.3
Offshore (Incl.Nearshore)		35.5	34.4	36.1	36.9	37.7	35.7	39.2
Total		100.0	100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business	%	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15
			95.4	95.4	95.2	94.7

Clients billed	No	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15
			220	222	226	229

Clients added	No	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
			7	7	6	10	9	30

DSO	Days	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15
	Billed	43	50	46	49	49
	Including Unbilled Accruals	68	75	74	78	72

Revenue Concentration	%	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
	Top 5	46.3	47.0	43.1	42.9	42.2	44.9	43.0
	Top 10	57.4	58.3	55.2	55.3	54.7	56.5	55.1

Client Size	Nos (Last Twelve Months)	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15
	More than \$ 1 Mn +	78	77	76	73	69
	Between \$ 1 to 5 Mn	64	63	62	58	53
	Between \$ 5 to 10 Mn	6	6	6	6	7
	Between \$ 10 to 20 Mn	3	3	3	5	5
	Over \$ 20 Mn	5	5	5	4	4

People Numbers	IT Services %	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15
	Billable Personnel					
	Onsite	26.0%	25.0%	23.5%	21.8%	20.5%
	Offshore	64.8%	65.4%	66.7%	69.2%	69.2%
	Total	90.8%	90.4%	90.2%	91.0%	89.7%
	Marketing (Incl. Sales Support)	4.4%	4.7%	4.9%	4.2%	3.9%
	Others (Incl. Tech. Support)	4.8%	4.9%	4.9%	4.8%	6.4%
	Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
		78.6	74.1	70.0	69.6	69.7	73.1	71.4

Attrition Rate	%	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15
	Last Twelve Months	16.1	16.5	16.6	16.0	16.9

Rupee Dollar Rate		Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	FY 16	FY 15
	Period Closing rate	67.93	66.62	67.53	66.26	66.16	67.93	66.16
	Period average rate	67.70	66.87	67.04	67.49	66.03	67.27	64.28

#Service Lines have been regrouped and reclassified from Q1 2016 to represent our current organisation structure.

Consolidated Income Statement (as per Indian GAAP)

USD K

Head	Quarterly Data				
	Q4 16	Q3 16	QoQ%	Q4 15	YoY%
Revenues	138,949	135,239	2.7%	124,107	12.0%
Direct Costs	90,105	86,241	4.5%	80,961	11.3%
Gross Profit	48,844	48,998	-0.3%	43,146	13.2%
Selling / General And Administration	24,065	24,350	-1.2%	23,292	3.3%
EBITDA* excluding ESOP Costs	24,779	24,648	0.5%	19,854	24.8%
ESOP Costs	817	1,068	-23.6%	119	586.4%
EBITDA	23,962	23,580	1.6%	19,735	21.4%
Depreciation and Amortization	2,065	2,120	-2.6%	1,988	3.8%
Operating Profit = EBIT	21,897	21,460	2.0%	17,746	23.4%
Other Income (net)	205	44	368.7%	267	-23.1%
Forex Gains / (Losses)	1,846	954	93.5%	680	171.4%
Profit Before Tax	23,948	22,457	6.6%	18,693	28.1%
Provision for Tax	6,018	5,785	4.0%	4,014	49.9%
Profit After Tax	17,930	16,673	7.5%	14,679	22.1%

Key Ratios	Q4 16	Q3 16	QoQ%	Q4 15	YoY%
Gross Margin	35.2%	36.2%	-1.0%	34.8%	0.4%
SG&A to Revenue	17.3%	18.0%	-0.7%	18.8%	-1.5%
EBITDA* excluding ESOP Costs	17.8%	18.2%	-0.4%	16.0%	1.8%
EBITDA	17.2%	17.4%	-0.2%	15.9%	1.3%
Operating / EBIT Margin	15.8%	15.9%	-0.1%	14.3%	1.5%
Profit before tax	17.2%	16.6%	0.6%	15.1%	2.1%
Profit after Tax	12.9%	12.3%	0.6%	11.8%	1.1%

Consolidated Audited Income Statement (as per Indian GAAP) USD K

Head	FY 16	FY 15	YoY%
Revenues	525,551	485,470	8.3%
Direct Costs	340,227	311,778	9.1%
Gross Profit	185,324	173,692	6.7%
Selling / General And Administration	96,127	87,102	10.4%
EBITDA* excluding ESOP Costs	89,197	86,590	3.0%
ESOP Costs	3,668	3,272	12.1%
EBITDA	85,529	83,318	2.7%
Depreciation and Amortization	8,303	7,498	10.7%
Operating Profit = EBIT	77,226	75,820	1.9%
Other Income (net)	561	1,417	-60.4%
Forex Gains / (Losses)	5,255	723	626.8%
Profit Before Tax	83,043	77,960	6.5%
Provision for Tax	20,988	17,308	21.3%
Profit After Tax	62,055	60,652	2.3%

Key Ratios	FY 16	FY 15	YoY%
Gross Margin	35.3%	35.8%	-0.5%
SG&A to Revenue	18.3%	17.9%	0.4%
EBITDA* excluding ESOP Costs	17.0%	17.8%	-0.8%
EBITDA	16.3%	17.2%	-0.9%
Operating / EBIT Margin	14.7%	15.6%	-0.9%
Profit before tax	15.8%	16.1%	-0.3%
Profit after Tax	11.8%	12.5%	-0.7%