



Financial Release

First quarter ended March 31, 2020

April 29, 2020

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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, 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, and unauthorized use of our intellectual property and general economic conditions affecting our industry.

COVID-19 Update

The Group has assessed the impact on the recoverability of the receivables (including unbilled) and other current and non-current assets including goodwill considering both internal and external information available till date. It has also assessed, the probability of occurrence of forecasted transactions in the hedging relations, credit risk of the counter party to the derivative contracts and banks. The Group, based on the analysis on assumption used, believes that the carrying value of these assets are recoverable. Considering the fact that the global situation is evolving day by day with new facts and numbers, the economic impact of pandemic could be different from the estimated till date by the management. The management is continuously monitoring the material changes.

Press Release

USD revenue up 17% YoY, up 18.2% YoY in CC EPS at ₹5.86, expansion of 26.1% YoY

Mumbai – April 29, 2020: Hexaware Technologies Limited, an automation-led, next-generation provider of IT, BPO and Consulting services reports numbers for the first quarter ending March 31, 2020.

Financial Summary

US \$ Mn	Growth	
	QoQ	YoY
Revenue (Constant Currency)	-1.1%	18.2%

US \$ Mn	Q1 20	Growth		₹ Mn	Q1 20	Growth	
		QoQ	YoY			QoQ	YoY
Revenue	210.6	-1.7%	17.0%	Revenue	15,418	0.8%	22.0%
EBITDA (Post RSU)	31.3	-6.6%	16.3%	EBITDA (Post RSU)	2,336	-2.5%	23.8%
EBIT	24.3	-14.9%	-2.1%	EBIT	1,818	-10.9%	4.6%
PAT	23.4	-0.6%	18.3%	PAT	1,750	4.3%	26.3%

Leadership Speak

“As digital transformation becomes imperative in the current environment, I am confident that our strategic focus and robust execution capabilities will drive our growth going forward.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We have been best-in-class in keeping our employees safe and servicing our customers fully during these abnormal times. Our flawless execution has helped us further strengthen our trusted relationships with customers and will help us grow with them during recovery. I want to thank the 20,000 Hexawarians whose tireless commitment has made this possible with our customers.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

“Our focus on operational efficiencies helped us deliver an EPS expansion in the current quarter. The future quarters would be a period of uncertainties and opportunities. We believe our strategic themes and strong balance sheet position us well to partner with our stakeholders to come out of this crisis stronger.” stated **Vikash Kumar Jain, CFO, Hexaware Technologies Limited.**

Business Update

COVID-19 Operational Update

We are in the midst of an unprecedented global crisis. During these times, we have three objectives:

1. First and foremost is to ensure the health and safety of our employees
2. Second is to deliver exceptional services to customers through the crisis
3. Third is to contribute to community we are part of, to the extent we can.

We were early in transitioning to work from home (WFH) mode, much before the Government mandated lockdown. As of today, 99% of our IT work and 80% of BPS in terms of revenue is WFH. Our customers have been delighted with our high levels of productivity, engagement and commitment. This is also evidenced from a third-party survey, wherein more than 93% of the respondents provided positive feedback on Business continuity planning, Communication from Hexaware teams, Employee productivity and SLA commitments.

Once the Government mandated lockdown is lifted, we will be resuming services in our offices in a staggered and segmented approach starting with those delivering critical services for which onsite presence is required.

New Wins

NN wins in Q1 2020 with TCV of US\$ 69M; one of the best quarters of NN signings.

Revenue Growth

Particulars	Segments	Q1 2020	
		QoQ	YoY
Verticals	Banking and Financial Services	1.9%	5.6%
	Travel & Transportation	-5.1%	21.9%
	Healthcare & Insurance	-5.7%	28.6%
	Manufacturing & Consumer	-6.0%	18.8%
	High-Tech & Professional Services	2.8%	29.8%
Service Lines	Application Transformation Management (ATM)	3.1%	44.1%
	Enterprise Solutions	-10.8%	2.4%
	QATS /Digital Assurance	-0.1%	6.1%
	Business Intelligence & Analytics	6.2%	2.3%
	Business Process Services (BPS)	-0.5%	29.7%
	Infrastructure Management Services (IMS)	-16.5%	-11.6%
Geography	Americas	-2.1%	14.1%
	Europe	0.4%	65.4%
	Asia Pacific	-2.4%	-16.9%
Total		-1.7%	17.0%

Key Highlights

In Q1 2020, Europe showed 65.4% YoY growth. Among the verticals, HTPS (29.8%), H&I (28.6%), T&T (21.9%) and M&C (18.8%) led the growth with BFS growing 5.6% YoY. In the horizontals, YoY growth was led by ATM (44.1%) and BPS (29.7%).

EPS

Q1 2020 EPS at ₹ 5.86, QoQ growth of 4.4%, YoY growth of 26.1%.

Cash

- Cash & Cash equivalents (incl. restricted) at the end of March 2020 at ₹ 441 crores
- Days of Sales Outstanding (DSO) was 57 days (billed DSO) and 82 days (including unbilled) at the end of Q1 2020

Foreign Exchange Cover

The Company has hedges worth \$ 212.17 M at an average exchange rate of ₹ 75.77, € 6.60 M at an average exchange rate of ₹ 89.04 and £ 13.48 M at an average exchange rate of ₹ 100.11 maturing over the course of the next eight quarters (from April 2020 to March 2022).

Human Capital

- Headcount stood at 19,998 at the end of Q1 2020
- Utilization stood at 76.5% in the Quarter
- Attrition at the end of March 2020 reduced to 15.1%

Guidance for FY 2020

COVID-19 has led to significant uncertainty in the current environment. In view of this, we suspend the guidance that was provided earlier for FY'20.

Board Changes

Mrs. Meera Shankar, ceased to be an Independent Director of the Company w.e.f. close of business hours of April 10, 2020 pursuant to completion of second term of her appointment as an Independent Director. The Board placed on record its appreciation for the services rendered by her during her tenure.

The Board of Directors have approved the appointment of Mr. Milind Shripad Sarwate and Ms. Madhu Khatri as Additional Directors in the capacity of Non- Executive Independent Directors of the Company w.e.f April 25, 2020 for a period of three years, subject to the approval of the shareholders.

Awards and Recognition

- Hexaware and IKOR announced partnership to strengthen engineering capabilities for Guidewire Solutions globally
- Hexaware's Workforce Management team won the 'Most Indigenous Practice in WFM' award at Global WFM awards

- Hexaware has been named a Gold level partner in the Pega® Premier Consulting Partner Program
- Hexaware has achieved the Guidewire PartnerConnect specialization: Guidewire Digital EMEA
- Hexaware recognized as Everest Group's PEAK Matrix IT Service Provider of the Year, 2020 – 4th time in a row
- Hexaware has been mentioned in "Major Contenders" category in the Everest report titled "P&C Insurance Application Services PEAK Matrix 2020"
- Hexaware has been mentioned in "Major Contenders" category in the Everest report titled "Multi-Process Human Resources Outsourcing (MPHRO) PEAK Matrix 2020"
- Hexaware has been mentioned in "Major Contenders" category in the Everest report titled "Healthcare Payer Digital Services PEAK Matrix 2020"
- Hexaware has been mentioned in "Major Contenders" category in the Everest report titled "Intelligent Business Process Automation PEAK Matrix Assessment 2019"
- HfS mentions Hexaware as one of the service providers offering Retail Services in the report titled "HfS Top 10 Retail & CPG Services "
- HfS mentions Hexaware as one of the service providers offering Insurance Services in the report titled "HfS Top 10 Insurance Services"
- Forrester mentions Hexaware as one of the service providers offering SAP Services in the report titled "Now Tech: SAP Implementation Services Providers, Q1 2020"
- Novarica mentions Hexaware among the vendors offering Life/Annuities & Property/Casualty Solutions in the report titled "IT Service Providers for Insurers"

About Hexaware

Hexaware is the fastest growing next-generation provider of IT, BPO and consulting services. Our focus lies on taking a leadership position in helping our clients attain customer intimacy as their competitive advantage. Our digital offerings have helped our clients achieve operational excellence and customer delight by 'Powering Man Machine Collaboration.' We are now on a journey of metamorphosing the experiences of our customer's customers by leveraging our industry-leading delivery and execution model, built around the strategy - 'Automate Everything, Cloudify Everything, Transform Customer Experiences.'

We serve customers in Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, High-Tech & Professional Services (Tax, Audit, Accounting and Legal), Travel, Transportation and Logistics. We deliver highly evolved 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>

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Performance Update

Performance Highlights in US\$

US\$ Mn	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Revenue from Operations	211	214	211	188	180
% , q-o-q	-1.7%	1.8%	11.7%	4.7%	2.2%
% , y-o-y	17.0%	21.7%	23.1%	12.0%	10.9%
EBITDA (Post RSU)	31	34	34	31	27
EBIT	24	29	29	28	25
PAT	23	24	26	22	20

Performance Highlights in ₹

₹ Mn	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Revenue from Operations	15,418	15,288	14,813	13,083	12,640
% , q-o-q	0.8%	3.2%	13.2%	3.5%	0.9%
% , y-o-y	22.0%	22.1%	22.5%	15.1%	20.5%
EBITDA Post RSU	2,336	2,397	2,377	2,118	1,887
EBIT	1,818	2,041	2,053	1,913	1,738
PAT	1,750	1,678	1,837	1,514	1,385
EPS (₹ per share)/Basic	5.86	5.62	6.16	5.08	4.65
EPS (₹ per share)/Diluted	5.79	5.56	6.07	5.01	4.58

Revenue by Vertical

% of Revenue	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Banking and Financial Services	36.8	35.5	38.6	39.8	40.8
Travel & Transportation	9.9	10.3	10.1	10.1	9.5
Healthcare & Insurance	20.1	21.0	19.3	19.2	18.3
Manufacturing & Consumer	17.5	18.2	17.1	16.0	17.2
High-Tech & Professional Services	15.7	15.0	14.9	14.9	14.3
Total	100.0	100.0	100.0	100.0	100.0

Revenue by Service Line

% of Revenue	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Application Transformation Management (ATM)	42.5	40.4	41.8	37.0	34.5
Enterprise Solutions	8.3	9.2	9.2	9.4	9.5
Digital Assurance	15.9	15.6	15.7	17.7	17.5
Business Intelligence & Analytics	11.4	10.6	10.9	12.3	13.1
Business Process Services (BPS)	8.5	8.4	8.2	8.0	7.6
Infrastructure Management Services (IMS)	13.4	15.8	14.2	15.6	17.8
Total	100.0	100.0	100.0	100.0	100.0

Revenue by Geography

% of Revenue	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Americas	74.2	74.4	75.4	76.8	76.1
Europe	17.8	17.5	16.6	14.0	12.6
Asia Pacific	8.0	8.1	8.0	9.2	11.3
Total	100.0	100.0	100.0	100.0	100.0

%	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Repeat Business	93.8	93.6	94.4	96.4	93.9

Nos	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Clients Billed	273	263	261	255	223

Nos	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Clients added	14	7	11	15	7

DSO

Days	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Billed	57	59	51	54	51
Including Unbilled Accruals	82	80	76	77	74

Revenue Concentration

% of Revenue	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Top 5	34.3	33.4	35.2	37.3	41.7
Top 10	45.1	43.4	44.4	46.4	51.1

Client Size

Nos (Last Twelve Months)	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
More than \$ 1 Mn +	126	129	124	120	99
Between \$ 1 to 5 Mn	91	95	89	85	71
Between \$ 5 to 10 Mn	21	20	22	24	19
Between \$ 10 to 20 Mn	8	8	7	6	4
Over \$ 20 Mn	6	6	6	5	5

Onsite:Offshore Mix with BPO

%	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Onsite	61.6	60.4	62.7	63.0	63.4
Offshore (Incl.Nearshore)	38.4	39.6	37.3	37.0	36.6
Total	100.0	100.0	100.0	100.0	100.0

People Numbers

%	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Billable Personnel (IT + BPS Services)					
Onsite	18.0	18.0	18.3	19.2	19.1
Offshore	73.8	74.5	74.2	73.2	73.5
Total	91.8	92.5	92.5	92.4	92.6
Marketing (Incl. Sales Support)	3.1	2.9	2.9	3.0	2.9
Others (Incl. Tech. Support)	5.1	4.6	4.6	4.6	4.5
Grand Total	100.0	100.0	100.0	100.0	100.0

%	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Utilization	76.50	78.46	78.97	80.70	79.03

%	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Attrition Rate: Last Twelve Months	15.1	15.8	17.3	18.2	18.2

Rupee Dollar Rate

	Q1 FY 20	Q4 FY 19	Q3 FY 19	Q2 FY 19	Q1 FY 19
Period Closing rate	75.67	71.39	70.88	69.02	69.16
Period average rate	73.06	71.35	70.36	69.42	70.32

Notes:

- Mobiquity numbers included in key metrics starting Q2FY19 (from the date of acquisition)
- For 'Revenue concentration' and 'Client size' metrics, Mobiquity numbers are an annualized view

Financial Statements

Consolidated Income Statement - Ind AS

All Amounts in INR Mn	Q1 20	Q4 19	QoQ%	Q1 19	YoY%
Revenue	15,417.5	15,288.2	0.8%	12,640.2	22.0%
Direct Costs	10,415.0	10,233.5	1.8%	8,781.0	18.6%
Gross Profit	5,002.5	5,054.7	-1.0%	3,859.2	29.6%
SG&A Cost	2,586.7	2,777.2	-6.9%	1,929.5	34.1%
EBITDA before RSU cost	2,415.8	2,277.4	6.1%	1,929.7	25.2%
RSU Cost	79.9	(119.4)	-167.0%	43.0	85.8%
EBITDA	2,335.9	2,396.8	-2.5%	1,886.7	23.8%
Depreciation	517.7	355.5	45.6%	148.3	249.2%
Operating Profit = EBIT	1,818.2	2,041.3	-10.9%	1,738.4	4.6%
Other Income (net)	(106.4)	(19.6)	442.4%	40.6	-362.1%
Forex Gains / (Losses)	434.2	3.8	11254.3%	(82.5)	-626.0%
Transaction Expense	0.1	1.3		0.0	
Profit Before Tax	2,146.0	2,026.8	5.9%	1,696.5	26.5%
Provision for Tax	396.9	350.8	13.2%	312.3	27.1%
Profit After Tax	1,749.0	1,676.0	4.4%	1,384.2	26.4%
Share of Profit in associate	0.6	2.0	-70.7%	0.6	-4.9%
PAT After Profit in Associate	1,749.6	1,678.0	4.3%	1,384.8	26.3%

Key Ratios	Q1 20	Q4 19	QoQ%	Q1 19	YoY%
<i>Gross Margin</i>	<i>32.4%</i>	<i>33.1%</i>	<i>-0.6%</i>	<i>30.5%</i>	<i>1.9%</i>
<i>SG&A to Revenue</i>	<i>16.8%</i>	<i>18.2%</i>	<i>-1.4%</i>	<i>15.3%</i>	<i>1.5%</i>
<i>EBITDA (Before RSU)</i>	<i>15.7%</i>	<i>14.9%</i>	<i>0.8%</i>	<i>15.3%</i>	<i>0.4%</i>
<i>EBIDTA (Post RSU)</i>	<i>15.2%</i>	<i>15.7%</i>	<i>-0.5%</i>	<i>14.9%</i>	<i>0.2%</i>
<i>Operating / EBIT Margin</i>	<i>11.8%</i>	<i>13.4%</i>	<i>-1.6%</i>	<i>13.8%</i>	<i>-2.0%</i>
<i>Profit before tax</i>	<i>13.9%</i>	<i>13.3%</i>	<i>0.7%</i>	<i>13.4%</i>	<i>0.5%</i>
<i>Profit after Tax</i>	<i>11.3%</i>	<i>11.0%</i>	<i>0.4%</i>	<i>11.0%</i>	<i>0.4%</i>
<i>EPS - Basic (INR)</i>	<i>5.86</i>	<i>5.62</i>	<i>0.25</i>	<i>4.65</i>	<i>1.21</i>
<i>EPS - Diluted (INR)</i>	<i>5.79</i>	<i>5.55</i>	<i>0.24</i>	<i>4.58</i>	<i>1.21</i>

Consolidated Balance Sheet

₹ Mn

Head	As at Mar 31 2020	As at Dec 31 2019	Q-o-Q
Assets			
Property, plant and equipment and intangible	8,330	8,615	(285)
Right of use assets	4,621	-	4,621
Goodwill	12,466	11,761	705
Capital work-in-progress	879	863	15
Deferred tax assets	1,557	1,437	120
Other non-current assets & investments in associates	1,155	1,697	(542)
Trade receivables and unbilled revenue	14,289	13,331	958
Other current assets	1,227	1,455	(229)
Cash and cash equivalents (inc. restricted)	4,406	2,528	1,878
Total assets	48,929	41,687	7,242
Equity and liabilities			
Equity			
Equity Share capital	597	597	-
Other Equity and reserves	28,437	27,058	1,379
Total equity	29,033	27,655	1,379
Liabilities			
Non-current liabilities	305	45	260
Borrowings	4,020	1,431	2,590
Lease liabilities	4,192	-	4,192
Trade payables	4,276	3,949	327
Other current liabilities	4,150	3,864	285
Deferred consideration	1,480	3,490	(2,010)
Provisions	1,472	1,253	219
Total liabilities	19,896	14,033	5,863
Total equity and liabilities	48,929	41,687	7,242

Consolidated Income Statement - Ind AS

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All Amounts in USD '000	Q1 20	Q4 19	QoQ%	Q1 19	YoY%
Revenue	210,595	214,290	-1.7%	179,964	17.0%
Direct Costs	142,592	143,434	-0.6%	124,979	14.1%
Gross Profit	68,002	70,856	-4.0%	54,985	23.7%
SG&A Cost	35,561	38,958	-8.7%	27,414	29.7%
EBITDA before RSU cost	32,441	31,898	1.7%	27,571	17.7%
RSU Cost	1,097	(1,671)	-165.6%	612	79.3%
EBITDA	31,344	33,570	-6.6%	26,959	16.3%
Depreciation	7,020	4,982	40.9%	2,110	232.7%
Operating Profit = EBIT	24,324	28,587	-14.9%	24,849	-2.1%
Other Income (net)	(1,395)	(241)	477.7%	578	-341.3%
Forex Gains / (Losses)	5,791	52	11058.8%	(1,205)	-580.7%
Transaction Expense	0	18			
Profit Before Tax	28,720	28,416	1.1%	24,222	18.6%
Provision for Tax	5,341	4,918	8.6%	4,453	19.9%
Profit After Tax	23,380	23,498	-0.5%	19,769	18.3%
Share of Profit in associate	8	28	-71.3%	9	-9.0%
PAT After Profit in Associate	23,388	23,526	-0.6%	19,778	18.3%

Key Ratios	Q1 20	Q4 19	QoQ%	Q1 19	YoY%
<i>Gross Margin</i>	32.3%	33.1%	-0.8%	30.6%	1.7%
<i>SG&A to Revenue</i>	16.9%	18.2%	-1.3%	15.2%	1.7%
<i>EBITDA (Before RSU)</i>	15.4%	14.9%	0.5%	15.3%	0.1%
<i>EBITDA (Post RSU)</i>	14.9%	15.7%	-0.8%	15.0%	-0.1%
<i>Operating / EBIT Margin</i>	11.6%	13.3%	-1.8%	13.8%	-2.3%
<i>Profit before tax</i>	13.6%	13.3%	0.4%	13.5%	0.2%
<i>Profit after Tax</i>	11.1%	11.0%	0.1%	11.0%	0.1%
<i>EPS - Basic (INR)</i>	5.86	5.62	0.25	4.65	1.21
<i>EPS - Diluted (INR)</i>	5.79	5.55	0.24	4.58	1.21

Earnings Conference Call

Participants are requested to dial-in 10 minutes in advance to ensure that you are connected to the call on time.

Date	April 29, 2020
Day	Wednesday
Time	6:00 PM IST
Dial-in Access Numbers	
Mumbai	Primary Access: +91 22 6280 1162 +91 22 7115 8063
Local Dial In Available all over India	+91-7045671221
International Toll-Free Number:	Hong Kong 800964448 Singapore 8001012045 UK 08081011573 USA 18667462133
Hexaware Participants	R. Srikrishna - CEO & Executive Director Vikash Kumar Jain - Chief Financial Officer Ram Singampalli - Chief Operating Officer

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Replay Facility*

Playback number: (+91 22 71945757), (+91 22 66635757). When prompted, enter the Playback Code: 06813.

**The replay facility of the conference call will be available 60 minutes after the call ends; from April 29 until May 1, 2020.*