

### Hexaware Reports Stellar Quarter

**Q3 Constant Currency Revenue at \$135.9 Mn, up 4.8% QoQ**

**Profitability outgrows Revenue; EBITDA\* margins up 210 bps QoQ**

**New Customer deals of \$42 Mn TCV signed in Q3 2016**

**Board approved share buyback of up to 5.69 Mn shares at a price of ₹ 240 per equity share for an aggregate amount not exceeding ₹ 1,367 Mn (\$20.5 Mn)**

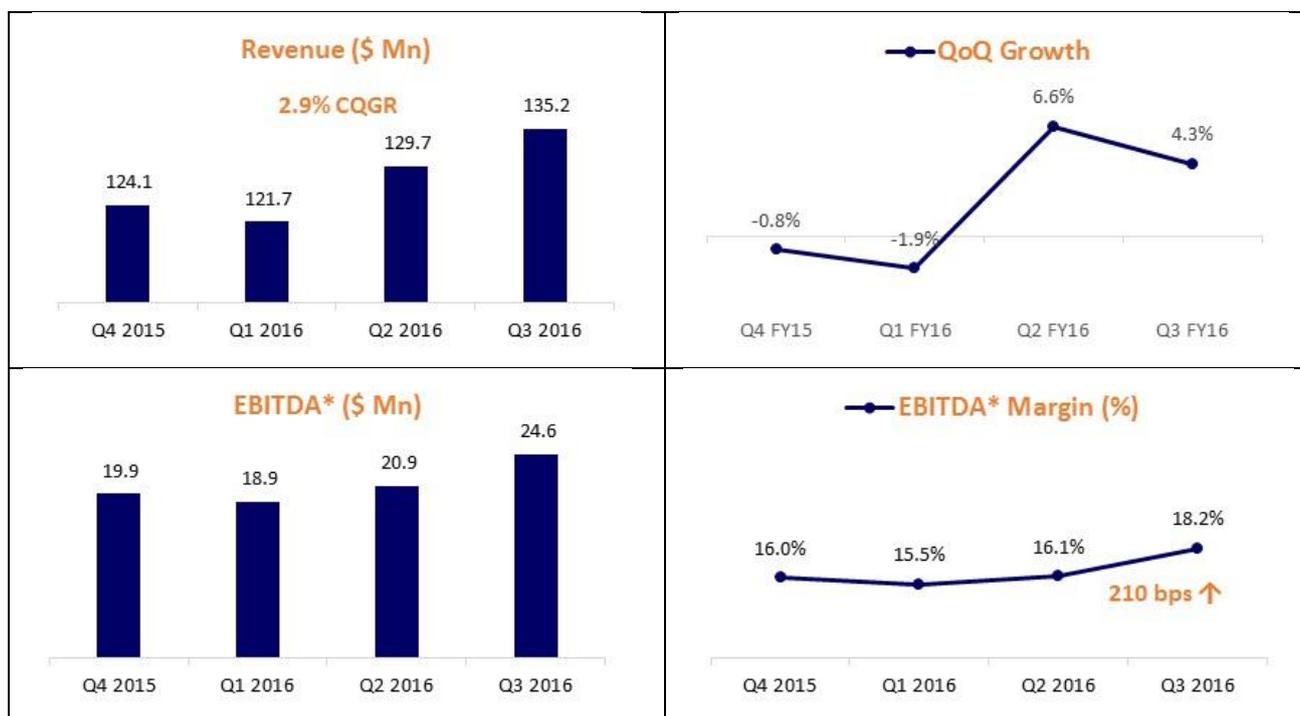
USD Mn	Q3 16	Growth	
		QoQ	YoY
Revenue (Constant Currency )	135.9	4.8%	8.9%

₹ Mn	Q3 16	Growth	
		QoQ	YoY
Revenue	9,041	4.0%	10.5%
EBITDA*	1,648	17.6%	4.8%
EBIT	1,434	18.0%	7.0%
PAT	1,114	11.4%	-0.1%

USD Mn	Q3 16	Growth	
		QoQ	YoY
Revenue	135.2	4.3%	8.1%
EBITDA*	24.6	18.1%	2.5%
EBIT	21.5	18.6%	4.7%
PAT	16.7	11.9%	-2.2%

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 2016 at US\$ 51.4 Mn; ₹ 343 crores
- Days of Sales Outstanding (DSO) was 50 days at the end of Q3 2016
- Third Interim Dividend of ₹ 1.00 (50%) for Q3 2016

**New Wins**

- 6 new clients signed in Q3 2016 with TCV of US\$ 42 Mn

**Buyback**

- Board of Directors approved a buyback proposal, subject to approval of shareholders, for purchase by the company of up to 5.69 Mn shares at a price of ₹ 240 per equity share for an aggregate amount not exceeding ₹ 1,367 Mn (\$20.5 Mn).

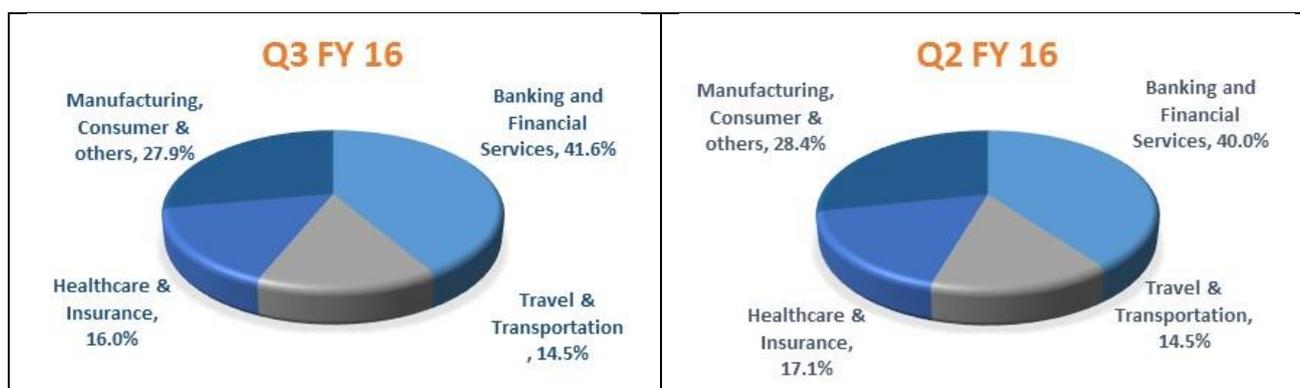
“Buyback is the most efficient way of returning Capital back to the shareholders” stated **Rajesh Kanani, Chief Financial Officer, Hexaware Technologies Limited.**

**Human Capital**

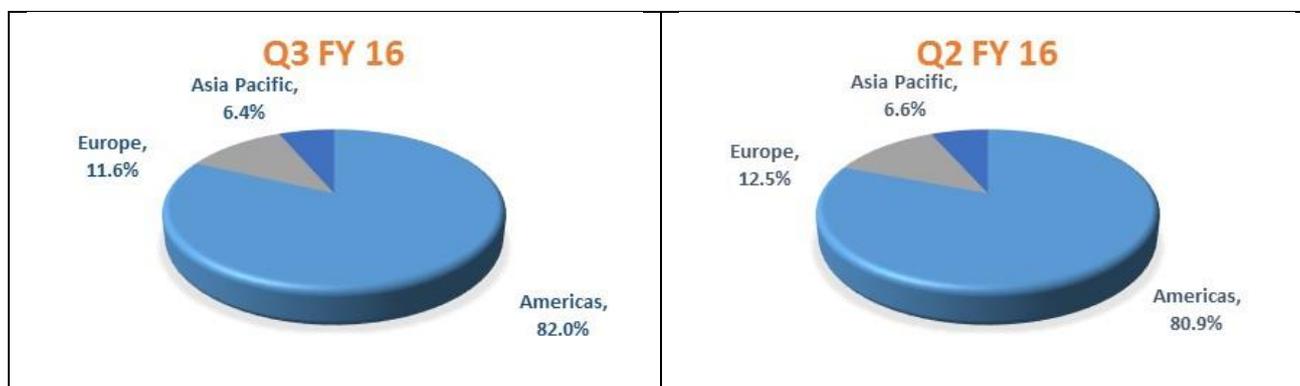
- Headcount stood at 11,859 at the end of Q3 2016; up 518 YoY, down 16 QoQ.
- Utilization stood at 74.1% (including trainees) in the Quarter
- Attrition at the end of September 2016 was at 16.5%

**Revenue Split**

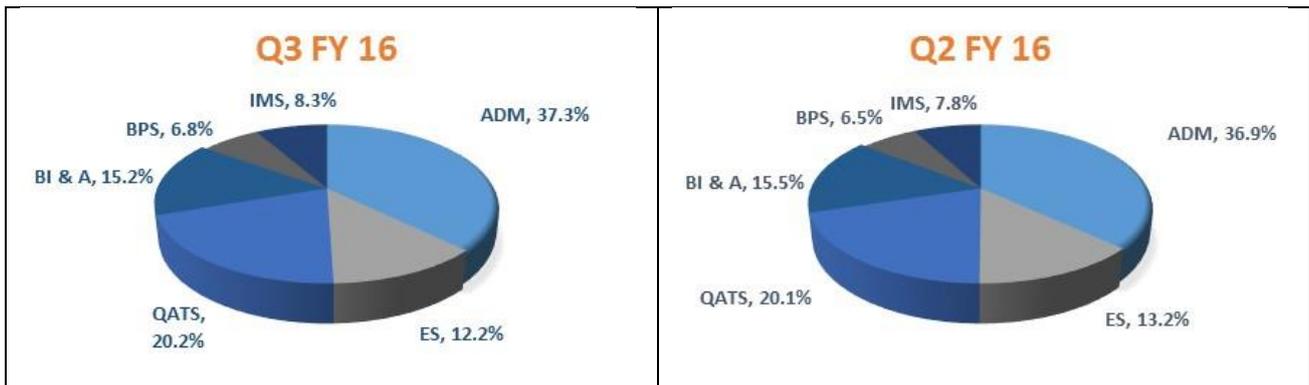
**Vertical Split**



**Geography Split**



**Service Lines Split**



**Revenue Growth**

Particulars	Segments	30-Sep-16	
		Q o Q	Y o Y
Geography	Americas	5.6%	10.4%
	Europe **	-3.5%	-5.0%
	Asia Pacific	2.7%	5.5%
Service Lines Split	Application Devt & Maint (ADM)	5.3%	8.0%
	Enterprise Solutions (ES)	-3.5%	-9.2%
	Testing / Digital Assurance (QATS)	4.7%	4.9%
	Business Intelligence & Analytics (BI&A)	2.3%	11.8%
	Business Process Services (BPS)	9.6%	28.4%
	Infrastructure Management Services (IMS)	11.2%	29.7%
Vertical Split	Banking & Financial Services	8.6%	19.5%
	Travel & Transportation	4.5%	-6.2%
	Healthcare & Insurance	-1.9%	5.6%
	Manufacturing, Consumer & others	1.9%	2.9%

\*\* - In constant currency terms, Europe remained flat QoQ and grew 1.06% YoY

**Mumbai – October 25, 2016:** Hexaware Technologies Limited, a leading global provider of IT, BPS and Consulting services has reported stellar results for the third quarter of the calendar year ended September 30, 2016.

“This Quarter, Hexaware witnessed an excellent all-round growth. Profitability outgrew revenue with EBITDA margins up 210 bps QoQ. A culture of automation first, focused growth aspirations and client centric innovation remain fundamental to the Company.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We continue to build solid momentum and volume growth across multiple verticals and service lines. Our strategy of Shrink IT, Grow Digital is uniquely differentiated from the traditional service providers

and we have confidence that we will deliver differentiated performance.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

### **Booking Update**

Strong TCV Booking of \$42 Mn from new customers:

#### **Shrink IT**

- Automation led Application Management transformation for a global publisher and distributor of Children’s books, print and digital material
- Human Resources Operation optimization through Automation for one of the largest independent professional employer organizations in North America

#### **Grow Digital**

- Business Transformation for one of the top skincare lines to initiate and integrate their e-commerce with Order to Cash Process

### **Business Update**

In Q3 2016, Americas led the geographic growth with 5.6% QoQ and 10.4% YoY growth. Banking and Financial Services (BFS) showed a healthy growth of 8.6% QoQ and 19.5% YoY. Infrastructure Management Services (IMS) delivered strong growth of 11.2% QoQ and 29.7% YoY. Business Process Services (BPS) grew 9.6% QoQ and 28.4% YoY.

### **Corporate Update**

Mr. Jimmy Mahtani, Non-Executive Director has been appointed as the Vice Chairman of the Board. Mr. Bharat Shah and Mr. Dileep Choksi, Independent Directors were reappointed for a period of three years w.e.f October 17, 2016.

### **Buyback of Shares**

The Board of Directors approved a buyback proposal, subject to approval of shareholders, for purchase by the company of up to 5.69 Mn equity shares of ₹ 2 each (representing 1.9% of total equity capital) from the shareholders of the company on a proportionate basis by way of a tender offer. The buyback price will be ₹ 240 per equity share payable in cash for an aggregate amount not exceeding ₹ 1,367 Mn (\$20.5 Mn) in accordance with the provision of Companies Act, 2013 and the SEBI (Buy Back of Securities) Regulations, 1998 (Buyback Regulations). Additional information regarding the terms and conditions of the buyback will be disclosed in due course in accordance with Buyback Regulations.

### **Third Interim Dividend of 2016**

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 7th, 2016 for determining the shareholders entitled for this third interim dividend of the year 2016. The payment shall be made on November 11, 2016. This would result in a cash outflow of ₹ 36.3 Crores for dividend payment including tax, resulting in a dividend payout ratio of 32.6% for Q3 2016.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 2.50 per share (125%) 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 2016

total to ₹ 163.5 Crores, amounting to a dividend payout ratio of 55%. This brings the interim dividends for the first three quarters of 2016 to ₹ 4.50 per share (225%).

### **Foreign Exchange Cover**

The Company has hedges worth \$ 142.32 Mn at an average exchange rate of ₹ 72.11, € 4.30 Mn at an average exchange rate of ₹ 80.64 and £ 4.20 Mn at an average exchange rate of ₹ 105.06 maturing over the course of the next eight quarters (from October 2016 to September 2018).

### **Facility Update**

Hexaware inaugurated its latest Global Delivery Centre (GDC) in Bucharest, Romania. It is a significant milestone in the growth journey of the Company.

The Bucharest Global Delivery centre is situated in a prime location and in close proximity to several key clients within the European region. The state of the art infrastructure enables the Company to undertake critical IT and Business process projects, which need delivery within the European region and adds to Hexaware's capability in delivering its services in several European languages from within the same regulatory region and time zone.

The Company will be recruiting from the region's significant population of talented technology professionals and graduates for its new centre, which will have an initial capacity for 150 consultants. Hexaware will commence recruitment from local universities and engineering schools starting next year. The hiring of experienced professionals will continue on an on-going basis from the local markets.

### **Awards and Recognition**

Hexaware has been awarded the prestigious CIO100 Award for Year 2016 from IDG India. The award was given in two categories for the Transformative & Collaboration initiatives done by the Company.

Hexaware has won the Brand Revitalization and Brand Excellence in IT/ITeS sector awards at the 7th CMO Asia Awards for Branding & Marketing.

Hexaware ranks top among 27 different vendors in IT outsourcing client satisfaction study in Europe conducted by WhiteLane Research Dated 14th July 2016 by analyst John Leigh.

IDC Insight provides review of the recent Hexaware's Hexarising Event in the Report Titled "Hexaware: Transforming the Customer Experience to a Digital World" Dated 19th July by Analyst David Tapper and Peter Martson.

Hexaware has been stated as an IT Service Provider providing Targeted Analytics and Building Models for specific industry verticals in the Ovum Report titled "Market Landscape: Self-Service Visual Business Intelligence/Analytics, 2016" dated 7th July 2016 by analyst Surya Mukherjee.

Hexaware identified as High Achiever in Nelson Hall's NEAT Vendor Evaluation for Software Testing under Overall, Digital Focus, Efficiency Focus and Transformation Focus Market Segments Dated 26th July by Analyst Dominique Raviart.

Hexaware has been mentioned in "Aspirants" category in the Everest Report titled "Capital Markets BPO- Service Provider Landscape with PEAK Matrix Assessment- 2016" Dated 9th August 2016 by Analyst Anupam Jain, Manu Aggarwal.

Hexaware has been mentioned in "Major Contenders" category and adjudged as "Star Performer" in the Everest Report titled "Multi Processing Human Resource Outsourcing Service Providers Assessment 2016" Dated 16th August by Analyst Anil Vijayan and Rajesh Ranjan.

Hexaware has been mentioned in "Major Contenders" category and adjudged as "Star Performer" in the Everest Report titled IT Outsourcing in Global Capital Markets Service Providers Assessment 2016 Dated 16th September by Analyst Ankur Seth and Aadithya Jain.

Hexaware has been mentioned in "Major Contenders" category and in the Everest Report titled Life Sciences Digital IT Services PEAK Matrix Assessment 2016 dated 22nd September by Analyst Jimit Arora.

### **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](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.

For more information contact:

**Sreedatri Chatterjee**

**Hexaware Technologies Limited**

Tel: +91 (22) 6654 2682 / 83

E-mail: [sreedatric@hexaware.com](mailto:sreedatric@hexaware.com)

Consolidated Audited Income Statement (as per Indian GAAP)

₹ Mn

Head	Quarterly Data				
	Q3 16	Q2 16	QoQ%	Q3 15	YoY%
<b>Revenues</b>	<b>9,041</b>	<b>8,697</b>	<b>4.0%</b>	<b>8,184</b>	<b>10.5%</b>
Direct Costs	5,766	5,645	2.1%	5,186	11.2%
<b>Gross Profit</b>	<b>3,276</b>	<b>3,052</b>	<b>7.3%</b>	<b>2,998</b>	<b>9.3%</b>
Selling / General And Administration	1,628	1,652	-1.4%	1,426	14.2%
<b>EBITDA* excluding ESOP Costs</b>	<b>1,648</b>	<b>1,400</b>	<b>17.6%</b>	<b>1,572</b>	<b>4.8%</b>
ESOP Costs	71	47	53.3%	112	-36.0%
<b>EBITDA</b>	<b>1,576</b>	<b>1,354</b>	<b>16.4%</b>	<b>1,461</b>	<b>7.9%</b>
Depreciation and Amortization	142	139	2.3%	121	17.4%
<b>Operating Profit = EBIT</b>	<b>1,434</b>	<b>1,215</b>	<b>18.0%</b>	<b>1,340</b>	<b>7.0%</b>
Other Income (net)	3	10	-69.3%	14	-79.7%
Forex Gains / (Losses)	64	122	-48.0%	83	-22.9%
<b>Profit Before Tax</b>	<b>1,501</b>	<b>1,347</b>	<b>11.4%</b>	<b>1,437</b>	<b>4.4%</b>
Provision for Tax	387	347	11.3%	321	20.4%
<b>Profit After Tax</b>	<b>1,114</b>	<b>1,000</b>	<b>11.4%</b>	<b>1,116</b>	<b>-0.1%</b>

Key Ratios	Q3 16	Q2 16	QoQ%	Q3 15	YoY%
Gross Margin	36.2%	35.1%	1.1%	36.6%	-0.4%
SG&A to Revenue	18.0%	19.0%	-1.0%	17.4%	0.6%
EBITDA* excluding ESOP Costs	18.2%	16.1%	2.1%	19.2%	-1.0%
EBITDA	17.4%	15.6%	1.8%	17.9%	-0.5%
Operating / EBIT Margin	15.9%	14.0%	1.9%	16.4%	-0.5%
Profit before tax	16.6%	15.5%	1.1%	17.6%	-1.0%
Profit after Tax	12.3%	11.5%	0.8%	13.6%	-1.3%
EPS-INR					
Basic	3.69	3.31	0.38	3.70	(0.01)
Diluted	3.66	3.29	0.37	3.67	(0.01)

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

Head	As at Sept 30 2016	As at June 30 2016	As at Sept 30 2015
<b>Equity &amp; Liabilities</b>			
Equity Share Capital	604	604	603
Reserves	15,221	14,501	13,592
Hedgeing Reserve	307	79	(80)
Non Current Liability	440	399	352
Liability - Forex (MTM)			77
Dividend Pending Payout	363	363	816
Other Current Liabilities	4,866	4,994	4,338
<b>Total Sources of Funds</b>	<b>21,802</b>	<b>20,941</b>	<b>19,698</b>
<b>Assets</b>			
Net Fixed Assets	8,001	7,553	6,113
Deferred Tax Asset (Net)	306	285	271
Long Term Loans and Advances	1,647	1,726	1,702
Non Current Assets / Investments	108	25	49
Cash and cash equivalent	3,426	3,180	3,816
<b>Current Assets</b>			
Debtors	4,906	4,436	4,808
Current Asset - Forex (MTM)	359	106	
Others	3,049	3,629	2,940
<b>Total Current assets</b>	<b>8,314</b>	<b>8,171</b>	<b>7,748</b>
<b>Total Uses of Funds</b>	<b>21,802</b>	<b>20,941</b>	<b>19,698</b>

**Financial and Operational Metrics**

**Performance Review**

Revenue Growth	₹, Mn	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	FY 15
	Revenue from Operations		9,041	8,697	8,202	8,195	8,184
% , q-o-q		4	6	0	0	6	15
Other Income		3	10	11	18	14	90

Vertical Split#	%	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	FY 15
	Banking and Financial Services		41.6	40.0	39.2	37.5	37.6
Travel & Transportation		14.5	14.5	15.3	16.6	16.7	16.8
Healthcare & Insurance		16.0	17.1	17.5	17.4	16.4	16.3
Manufacturing, Consumer & others		27.9	28.4	28.0	28.5	29.3	29.6
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split#	%	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	FY 15
	Application Development & Maintenance (ADM)		37.3	36.9	37.8	38.1	37.3
Enterprise Solutions		12.2	13.2	13.7	14.3	14.6	14.7
QATS / Digital Assurance		20.2	20.1	20.2	20.6	20.8	20.8
Business Intelligence & Analytics		15.2	15.5	15.2	14.0	14.7	14.8
Business Process Services (BPS)		6.8	6.5	5.8	5.7	5.7	5.4
Infrastructure Management Services (IMS)		8.3	7.8	7.3	7.3	6.9	6.6
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography#	%	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	FY 15
	Americas		82.0	80.9	81.4	80.8	80.2
Europe		11.6	12.5	12.0	12.5	13.2	13.0
Asia Pacific		6.4	6.6	6.6	6.7	6.6	6.6
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix	%	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	FY 15
	Onsite		65.6	63.9	63.1	62.3	60.8
Offshore (Incl. Nearshore)		34.4	36.1	36.9	37.7	39.2	39.2
Total		100.0	100.0	100.0	100.0	100.0	100.0

**Client data**

Repeat Business	%	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15
			95.4	95.2	94.7	95.7

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

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

DSO	Days	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15
	Billed	50	46	49	49	54
	Including Unbilled Accruals	75	74	78	72	80

Revenue Concentration	%	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	FY 15
	Top 5	47.0	43.1	42.9	42.2	42.7	43.0
	Top 10	58.3	55.2	55.3	54.7	54.4	55.1

Client Size	Nos (Last Twelve Months)	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15
	More than \$ 1 Mn +	77	76	73	69	65
	Between \$ 1 to 5 Mn	63	62	58	53	48
	Between \$ 5 to 10 Mn	6	6	6	7	8
	Between \$ 10 to 20 Mn	3	3	5	5	5
	Over \$ 20 Mn	5	5	4	4	4

People Numbers	IT Services %	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15
	Billable Personnel					
	Onsite	25.0%	23.5%	21.8%	20.5%	20.6%
	Offshore	65.4%	66.7%	69.2%	69.2%	69.7%
	Total	90.4%	90.2%	91.0%	89.7%	90.3%
	Marketing (Incl. Sales Support)	4.7%	4.9%	4.2%	3.9%	3.7%
	Others (Incl. Tech. Support)	4.9%	4.9%	4.8%	6.4%	6.0%
	Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	FY 15
			74.1	70.0	69.6	69.7	70.4

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

Rupee Dollar Rate		Q3 FY 16	Q2 FY 16	Q1 FY 16	Q4 FY 15	Q3 FY 15	FY 15	
	Period Closing rate		66.62	67.53	66.26	66.16	65.59	66.16
	Period average rate		66.87	67.04	67.49	66.03	65.40	66.03

#vertical, Service Lines and Geographies have been reclassified from Q1 2015 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				
	Q3 16	Q2 16	QoQ%	Q3 15	YoY%
<b>Revenues</b>	<b>135,239</b>	<b>129,677</b>	<b>4.3%</b>	<b>125,132</b>	<b>8.1%</b>
Direct Costs	86,241	84,179	2.4%	79,290	8.8%
<b>Gross Profit</b>	<b>48,998</b>	<b>45,497</b>	<b>7.7%</b>	<b>45,842</b>	<b>6.9%</b>
Selling / General And Administration	24,350	24,634	-1.2%	21,795	11.7%
<b>EBITDA* excluding ESOP Costs</b>	<b>24,648</b>	<b>20,864</b>	<b>18.1%</b>	<b>24,047</b>	<b>2.5%</b>
ESOP Costs	1,068	697	53.2%	1,707	-37.4%
<b>EBITDA</b>	<b>23,580</b>	<b>20,166</b>	<b>16.9%</b>	<b>22,341</b>	<b>5.5%</b>
Depreciation and Amortization	2,120	2,067	2.5%	1,845	14.9%
<b>Operating Profit = EBIT</b>	<b>21,460</b>	<b>18,099</b>	<b>18.6%</b>	<b>20,495</b>	<b>4.7%</b>
Other Income (net)	44	143	-69.4%	220	-80.1%
Forex Gains / (Losses)	954	1,823	-47.7%	1,248	-23.6%
<b>Profit Before Tax</b>	<b>22,457</b>	<b>20,065</b>	<b>11.9%</b>	<b>21,964</b>	<b>2.2%</b>
Provision for Tax	5,785	5,170	11.9%	4,911	17.8%
<b>Profit After Tax</b>	<b>16,673</b>	<b>14,895</b>	<b>11.9%</b>	<b>17,053</b>	<b>-2.2%</b>

Key Ratios	Q3 16	Q2 16	QoQ%	Q3 15	YoY%
Gross Margin	36.2%	35.1%	1.1%	36.6%	-0.4%
SG&A to Revenue	18.0%	19.0%	-1.0%	17.4%	0.6%
EBITDA* excluding ESOP Costs	18.2%	16.1%	2.1%	19.2%	-1.0%
EBITDA	17.4%	15.6%	1.8%	17.9%	-0.5%
Operating / EBIT Margin	15.9%	14.0%	1.9%	16.4%	-0.5%
Profit before tax	16.6%	15.5%	1.1%	17.6%	-1.0%
Profit after Tax	12.3%	11.5%	0.8%	13.6%	-1.3%