



Investor Update

Q4 2014

Feb 2015

Safe harbor statement

Certain statements on this presentation 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 outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry



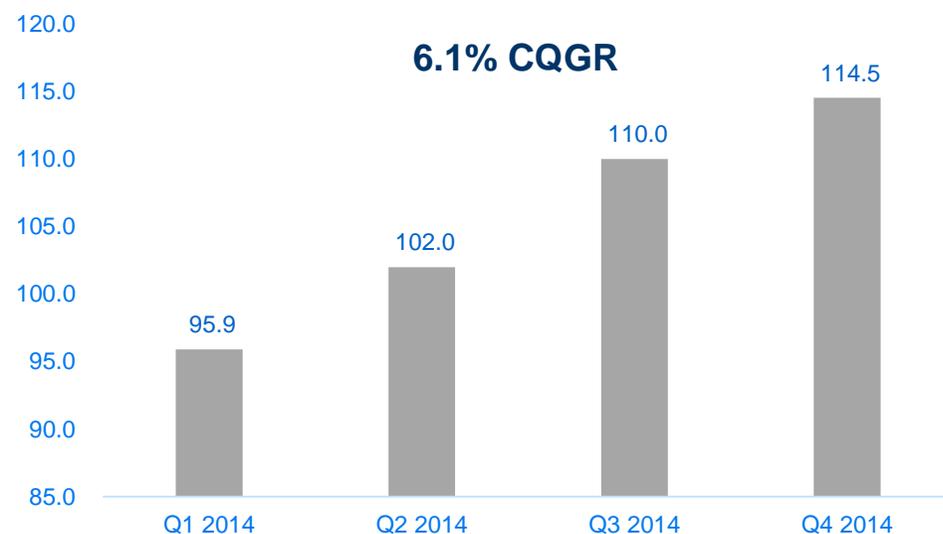
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Business Update

Healthy broad-base revenue growth

Profitability metrics outgrow revenue

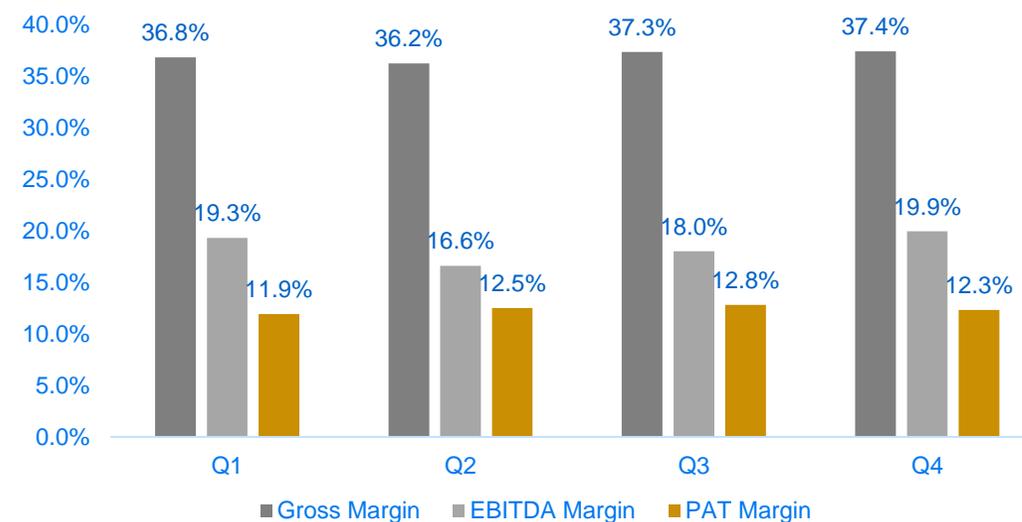
Revenue: Healthy QoQ growth in Q4 2014



Profitability metrics:

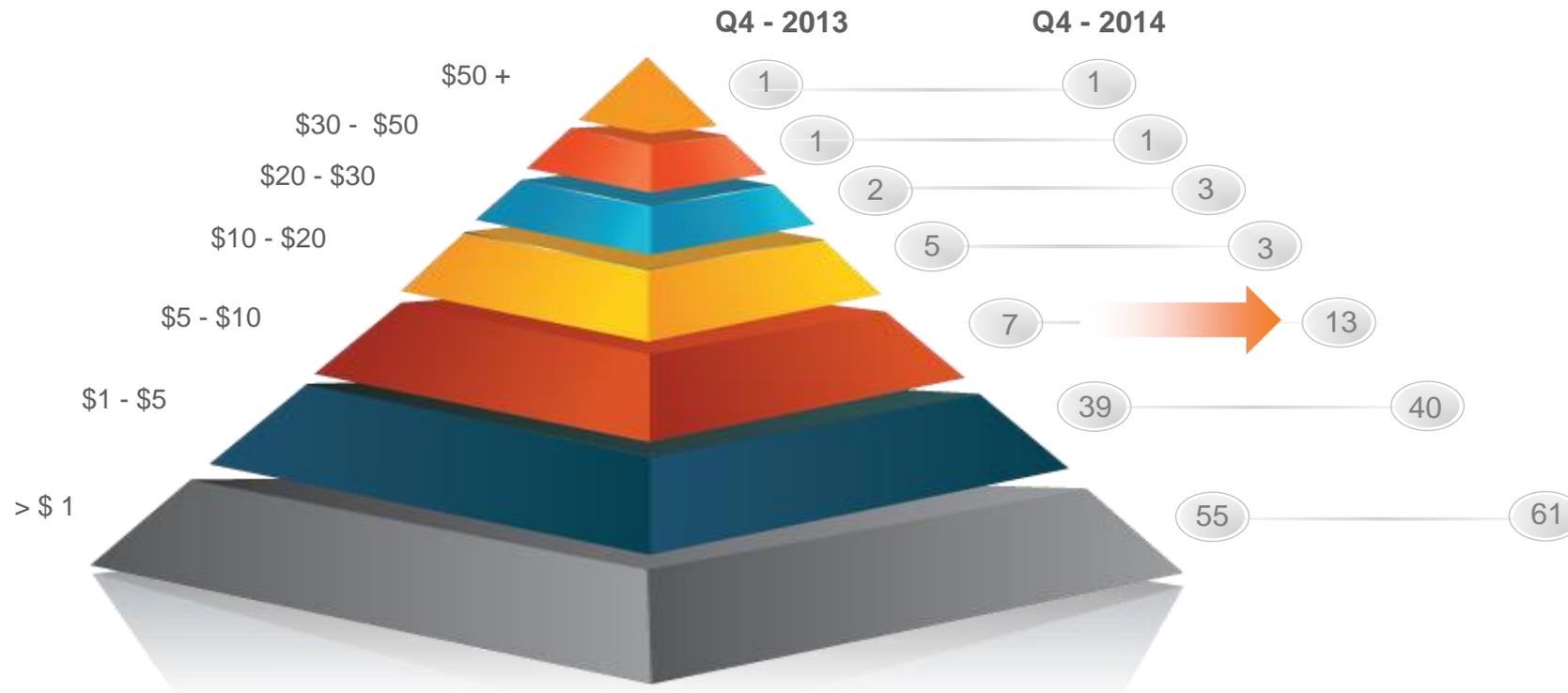
Margin expansion QoQ across the board:

Gross Margin, EBITDA Margin and PAT Margin



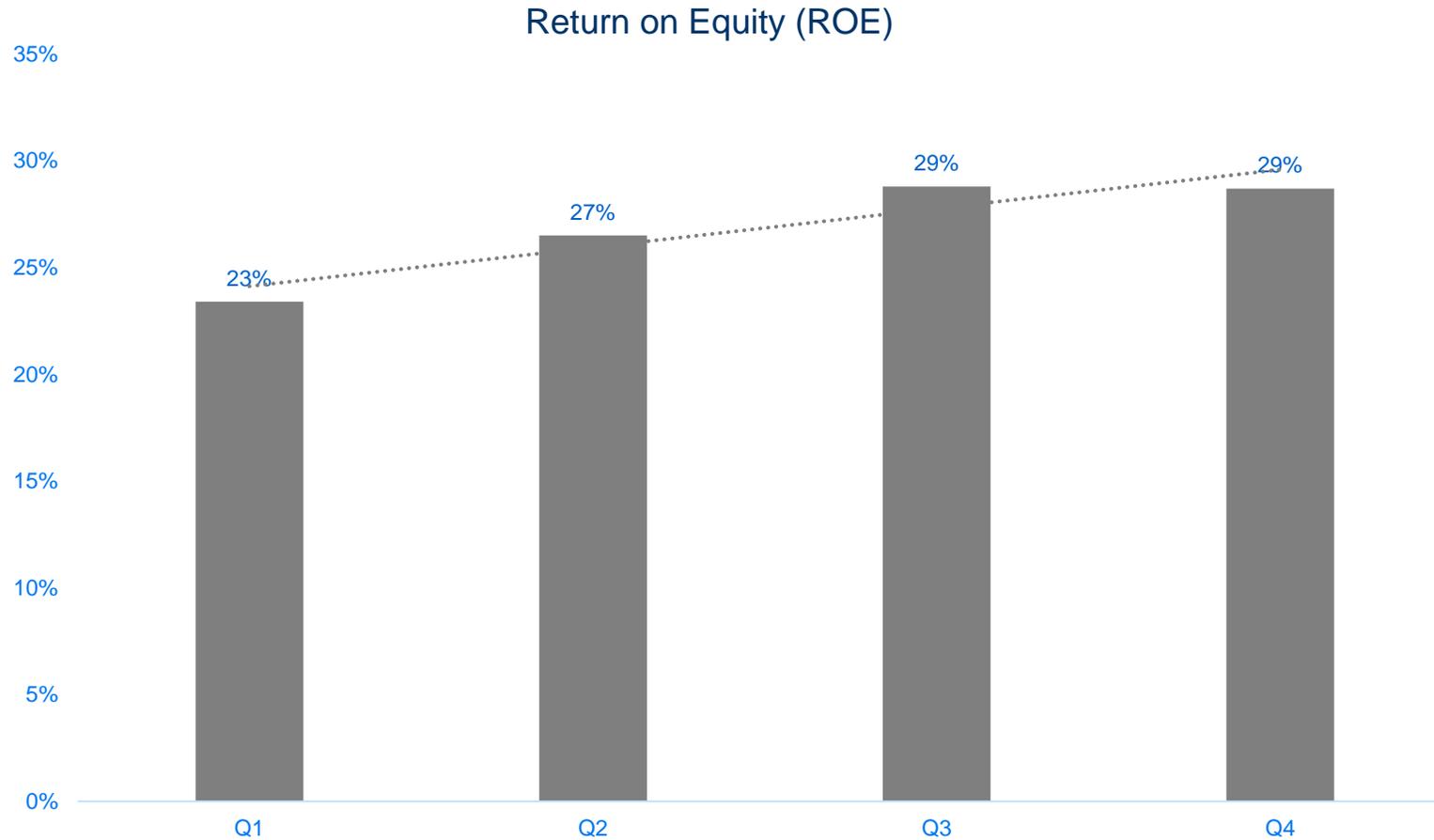
Focus is on improving sustainability of the performance

Increasing Depth in Client Relationships



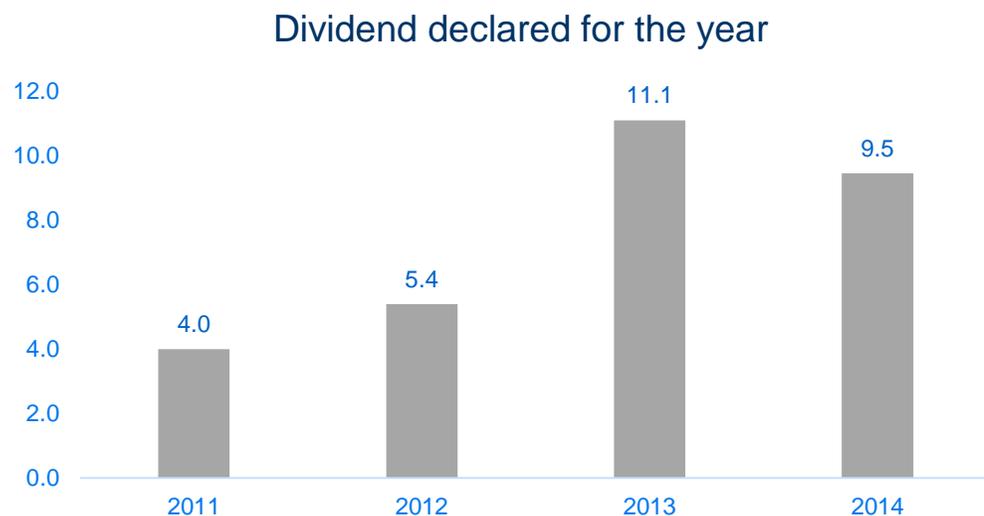
Last twelve months revenue in US\$ million

Consistent Return on Equity



Shareholder Metrics

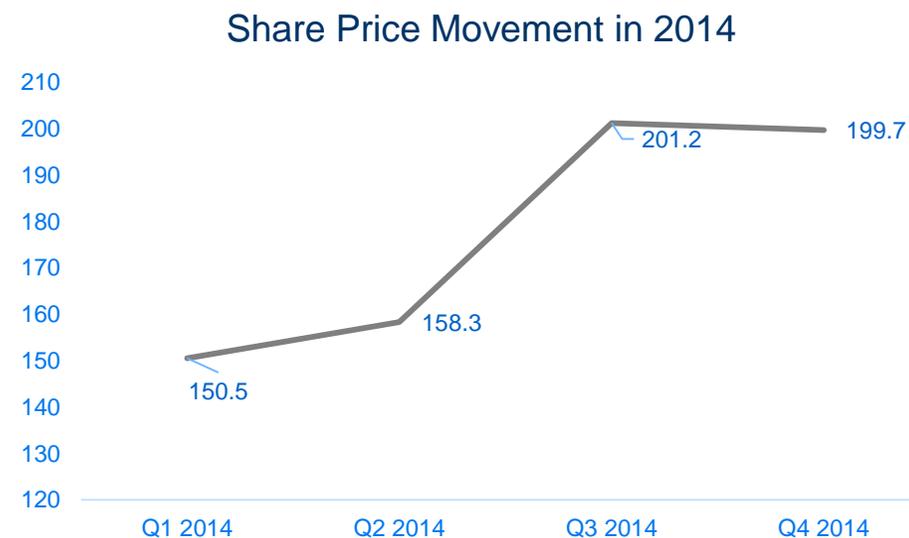
Dividend Payout: well above industry



*YTD 9M 2014

Total Shareholder Returns:

Stock price as at the end of each quarter end in 2014



Business Updates

New Client Adds in Q4 2014

Geography	Client Add #
Americas	3
Europe	6
Asia Pacific	1

New Wins in Q4 2014

- 1) Data Management in Capital Markets
- 2) End to End ownership for Maintenance of Enterprise HCM Applications
- 3) Back Office Support in Leading Travel Service Provider

Employee Metrics: Promising

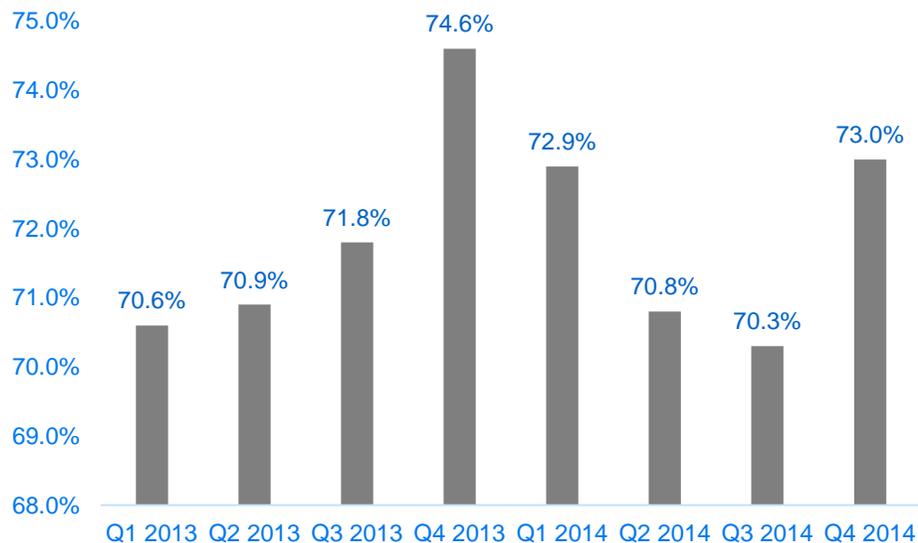
Utilization in a narrow band

Net addition during the year 2014: 1,162

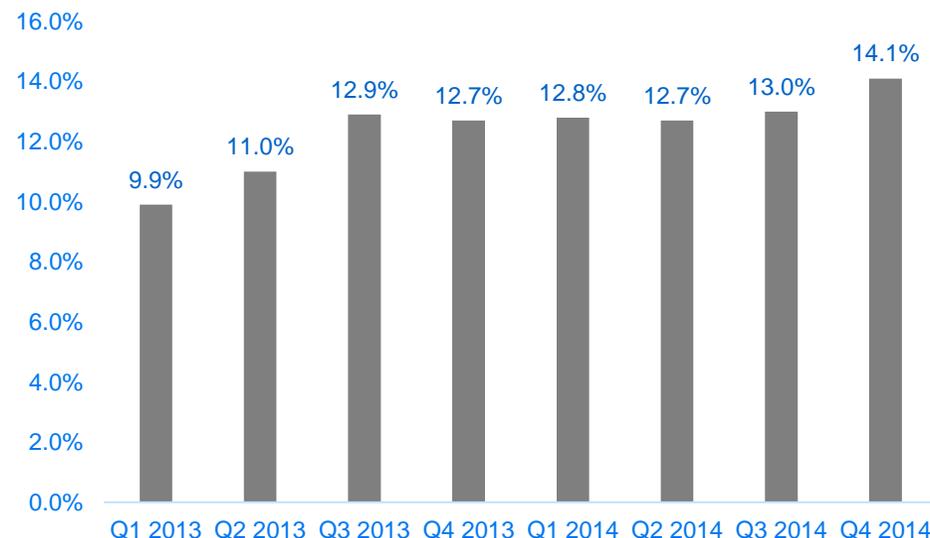
Includes trainees; 53% of net additions in 2014 are fresh graduate engineers

Employee Attrition: well below industry

Technical Utilization



Employee Attrition



Awards & Recognition

During the last quarter, Hexaware was presented the IDC Insights Award 2014 for “**Excellence in Employee Engagement**”.

Hexaware’s data scientists have been very active in various crowdsourcing analytics forums and data analytics challenges, such as Kaggle, CrowdAnalytix, Dextra, etc., tackling a wide range of problems, such as copper spot price prediction, crime rate prediction in US cities, marketing buzz prediction, IPL cricket results prediction, product opinion prediction, etc. Hexaware has recently won multiple prizes and awards in such forums, which serves as a testimony to the depth of the Company’s expertise and capability in advanced analytics and data science.

Hexaware has been mentioned in the Ovum report titled, “**Midsized Services Vendors: Providing Specialized Services and Flexibility**”, dated 04 December 2014, by analyst Hansalyengar.

Hexaware has been mentioned as one of the providers with delivery capabilities based in Mexico, in the Gartner report titled, “**Leading Offshore Services Locations in the Americas, 2015: Capabilities Mature, but IP Protection and Security Remain a Concern**”, dated 18 December 2014, by analysts Daniel Barros, Frances Karamouzis, Allie Young, William Maurer and Helen Huntley.

Hexaware has been mentioned as one of the SAP Application Management Service Providers that may present alternatives for customers’ business requirements in the Gartner report titled, “**Critical Capabilities for SAP Application Management Service Providers, Worldwide**”, dated 21 October 2014, by analysts Frances Karamouzis, Gilbert van der Heiden and Kris Doering.

Hexaware has been mentioned as one of the Oracle Application Management Service Providers that may present alternatives for customers’ business requirements, in the Gartner report titled “**Critical Capabilities for Oracle Application Management Service Providers, Worldwide**”, dated 27 October 2014, by analysts Gilbert van der Heiden, Frances Karamouzis and Ian Marriott.



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Financial Update

Revenue Walk

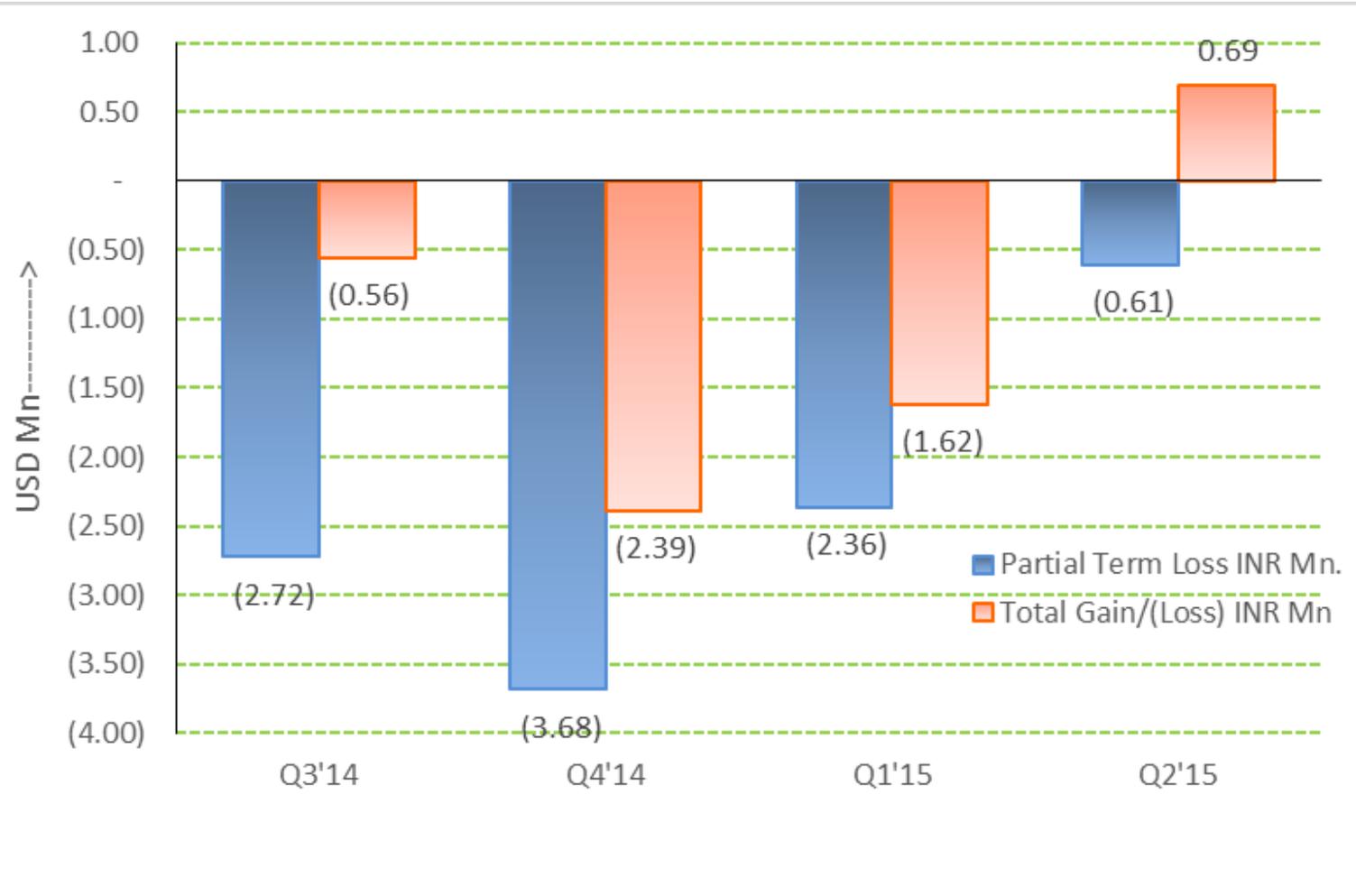
- Q4 2014(OND) Revenue in US\$ terms at \$ 114.5 mn; up 4.1% QoQ; & up 14.4 % YoY
 - Volume growth: 5.6%
 - Foreign Exchange Impact: - 1.07% (cross currency headwind: 107 basis points)
 - Constant currency growth is 5.1%

- INR Revenue for the quarter at INR 712 crores; up 6.1% QoQ; and 14.8 % YoY

EBITDA Margin Walk

- EBITDA margin for the quarter was 19.9%; up 190 bps from 18.0% in Q3 2014 (JAS)
- Gross margin for Q4 2014 at 37.4%; up 10 bps from Q3 2014
 - Offshore Increment: (42) bps
 - FX Gains : +34 bps
 - Other cost reductions : +9 bps
- SG&A at 17.5% for Q4 2014 vs 19.3 % last quarter, improved by 180 bps due one time cost in Q3 14, forex gain impact and leveraging
- Foreign Exchange Margins Impact: + 48 bps (Direct and SG&A) due to INR depreciation

Forex Gains / (Losses)



- Loss of \$ 2.4 Mn this quarter vs loss of \$560k in Q3 2014.
- Loss in forex mainly on account of old partial term hedges.
- Company has stopped taking partial term hedges for last one year.
- All outstanding partial hedges converted into full term hedges in current quarter.
- Expected Forex Loss in Q1 15 – approx. \$ 1.62 Mn @ INR exchange rate of 62.14.
- **Forex Gain** starting Q2 2015 @ INR exchange rate of 62.14.

Others

Exception Item

- Renewed a large IT Service contract with additional scope
- Five year duration
- Absorbed few customer employees with related obligations.
- Exceptional Item represents the value of such employee obligations based on crystalized restructuring plan of these employees.
- This is a one time item for Q4 14. (\$1.056 Mn)

Tax

- Effective Tax Rates: 22.5% for Q4 2014 vs. 20.8% in Q3 2014

PAT excluding Exception Item

- Adjusted PAT for Q4 2014 = \$ 15.103 Mn vs \$ 14.130 Mn in Q3 2014; QoQ increase of 6.9%. PAT will further increase in coming quarters with reduction in partial term forex losses.

Balance Sheet Update

- Cash and Cash Equivalents* at US\$ 78.4 Mn (INR 4,939 Mn)
- DSO for Q4 2014 at 47 days, 63 days including unbilled
- Fourth interim dividend:
 - INR 2.5 per share (125%)
 - Dividend Payout including taxes INR 906.3 mn (\$ 14.38 Mn)
 - Dividend Payout Ratio: 104%
- Capital Expenditure
 - For the quarter (Q4 2014): INR 129 Mn
 - For the full year 2014: INR 604 Mn

**includes Restricted cash balances and balances in Mutual funds*



Thank you