



Investor & Analyst Meet Q2 2015

5 August 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

Business Update

Key Financials for Q2 2015

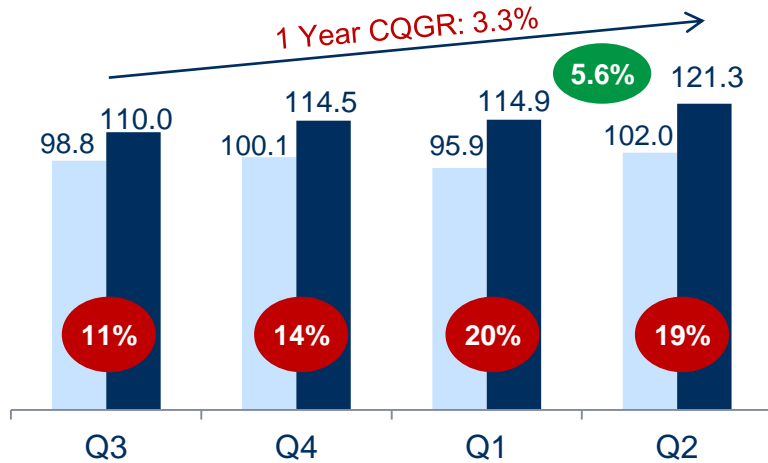
	Q2 2015	Q1 2015	GROWTH QoQ
Revenue	121.31	114.92	5.56%
EBITDA* (before ESOP Cost)	22.06	20.63	6.93%
EBITDA (after ESOP Cost)	20.80	20.45	1.71%
PAT	15.51	13.41	15.66%
EPS **	3.25	2.76	17.75%

* Excludes ESOP Cost of \$1.26 M in Q2, Q1 2015 restated to show ESOP cost of \$0.19 M

- Long term wealth creation plan for employees through RSU launched last quarter
- 100% of vesting is based on long term performance metrics

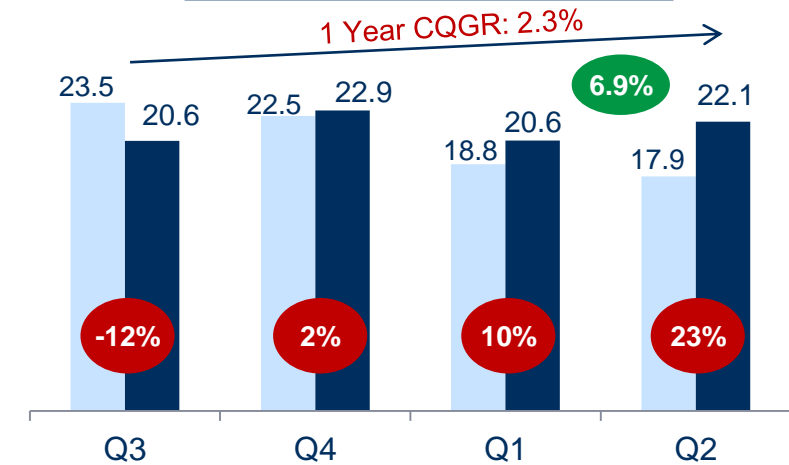
Performance Highlights (1/2)

REVENUE

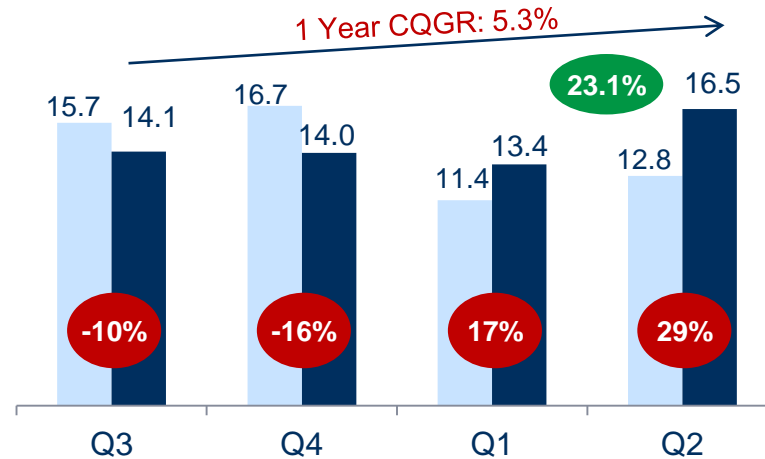


Before ESOP Cost

EBITDA



PAT

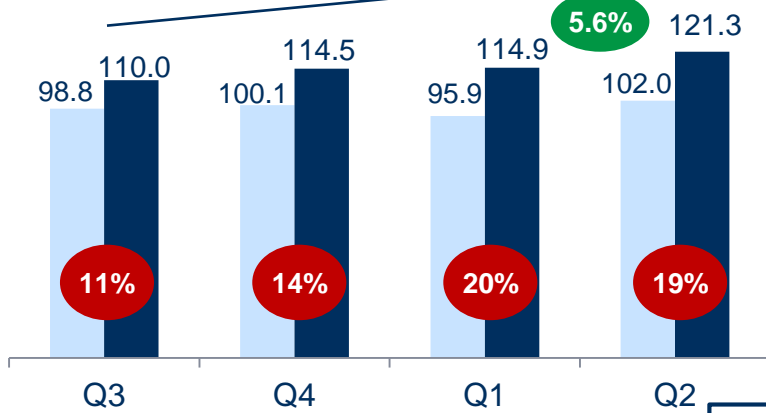


Performance Highlights (2/2)

After ESOP Cost

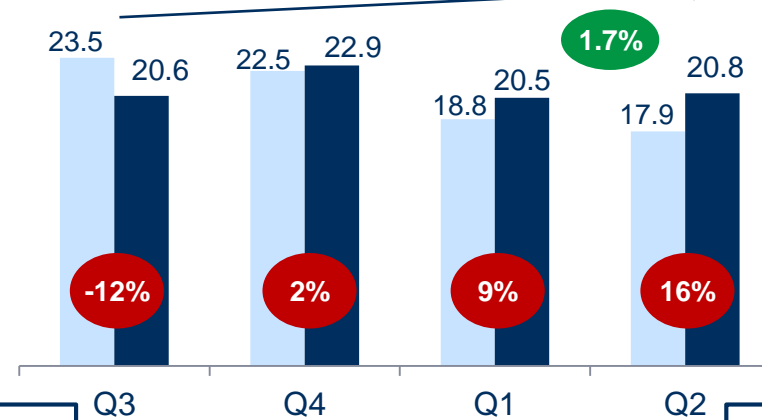
REVENUE*

1 Year CQGR: 3.3%



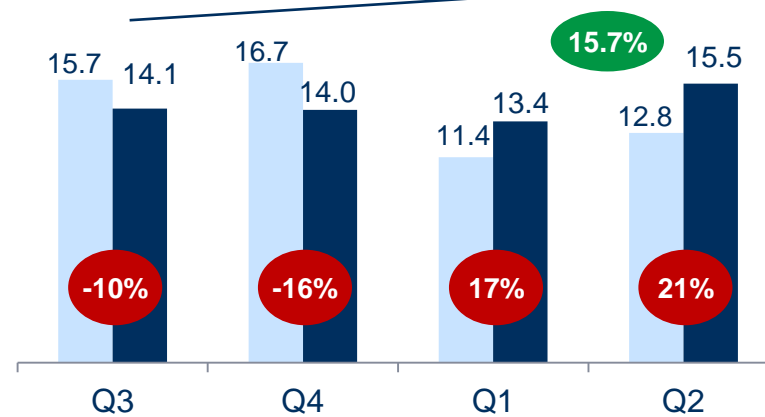
EBITDA*

1 Year CQGR: 0.3%



PAT*

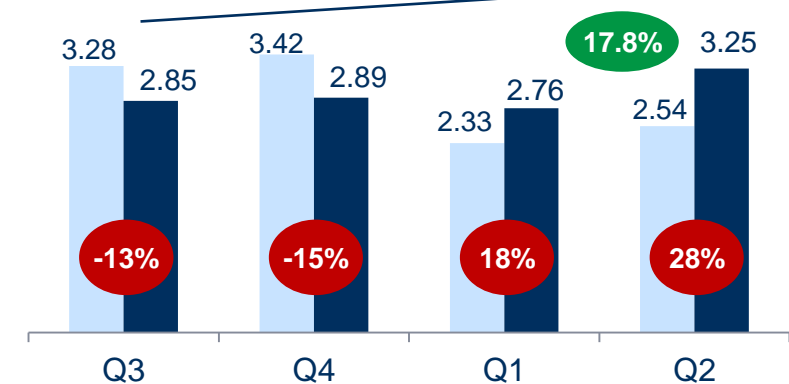
1 Year CQGR: 3.2%



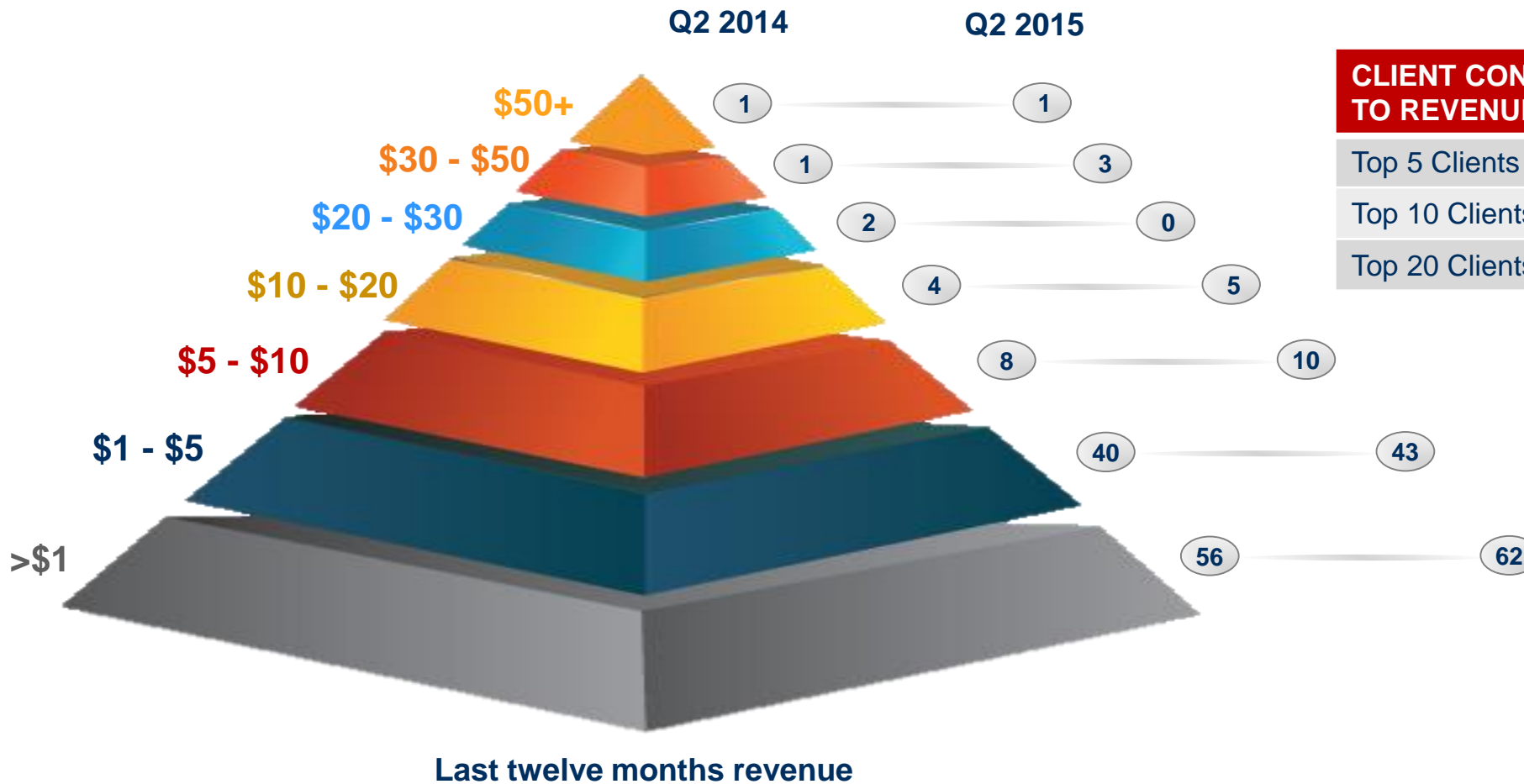
EPS

Amounts in INR

1 Year CQGR: 4.5%



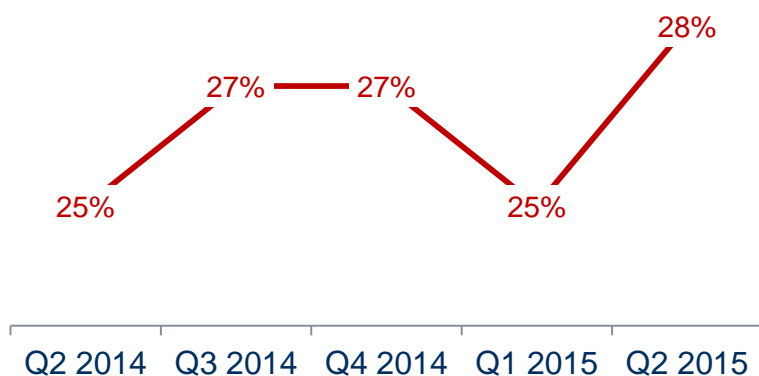
Improved Depth of Customer Relationships



CLIENT CONTRIBUTION TO REVENUE	GROWTH QoQ	GROWTH YoY
Top 5 Clients	9.51%	41.25%
Top 10 Clients	6.70%	31.13%
Top 20 Clients	5.25%	22.95%

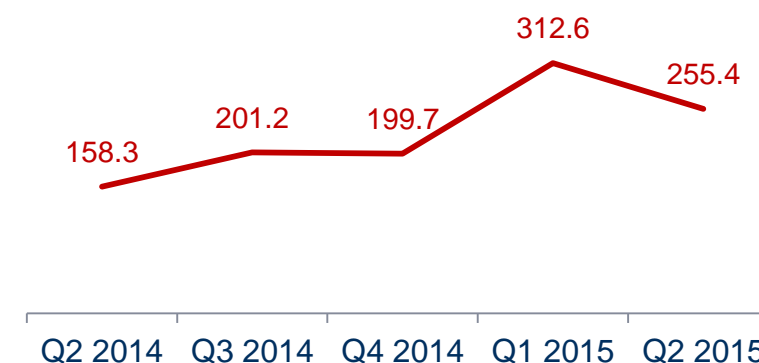
Shareholder Metrics

RETURN ON EQUITY



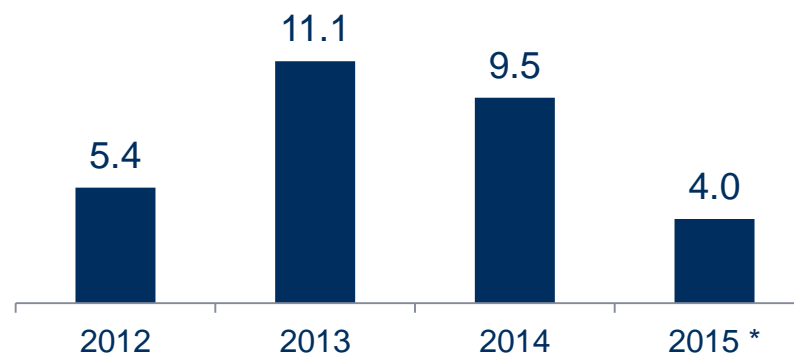
TOTAL SHAREHOLDER RETURNS

Stock price as at the end of each quarter



DIVIDEND PAYOUT

Dividend declared for the year



Business Updates

NEW WINS IN Q2 2015

- Multi-year Client Services Onboarding partner for Global 100 Bank (*won against 4 of top 5 IOPs*)
- Multi-year Global Testing COE for Global 100 Bank (*transition from top 5 IOP*)
- Multi-service Multi-year IMS for major hospitality group (*won against top 5 IOP*)
- Global Archival Opportunity in 10 countries for a leading Audit and Consulting firm
- Multi-year Automated RCM for leading healthcare provider
- Multi-year Back-office and Middle-office BPS partner for major European telecom (*won against 3 of top 5 IOPs*)
- Multi-year Improved field maintenance through IoT for Global mining major

NEW CLIENTS ADDED IN Q2 2015

GEOGRAPHY	NEW ADDS
North America	5
Europe	2
APAC	2

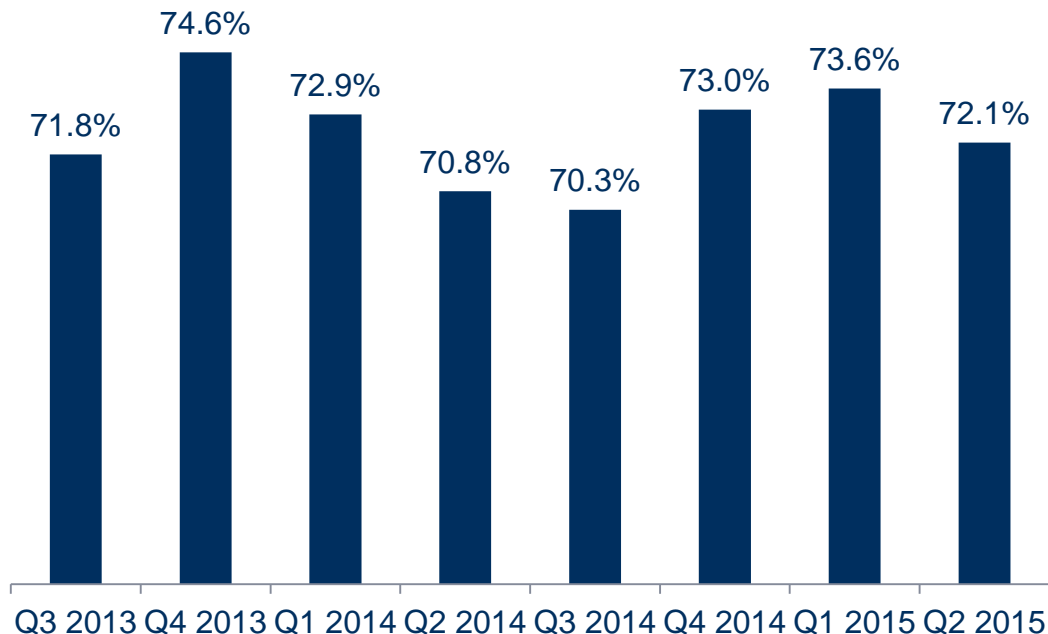
VERTICAL	NEW ADDS
Manufacturing & Consumer	3
Global Travel & Transportation	3
Healthcare & Insurance	2
Banking & Financial Services	1

HORIZONTAL	NEW ADDS
Infrastructure Management	3
Business Intelligence	2
Enterprise Solutions	2
Application Development & Maintenance	1
Quality Assurance & Testing	1

Employee Metrics

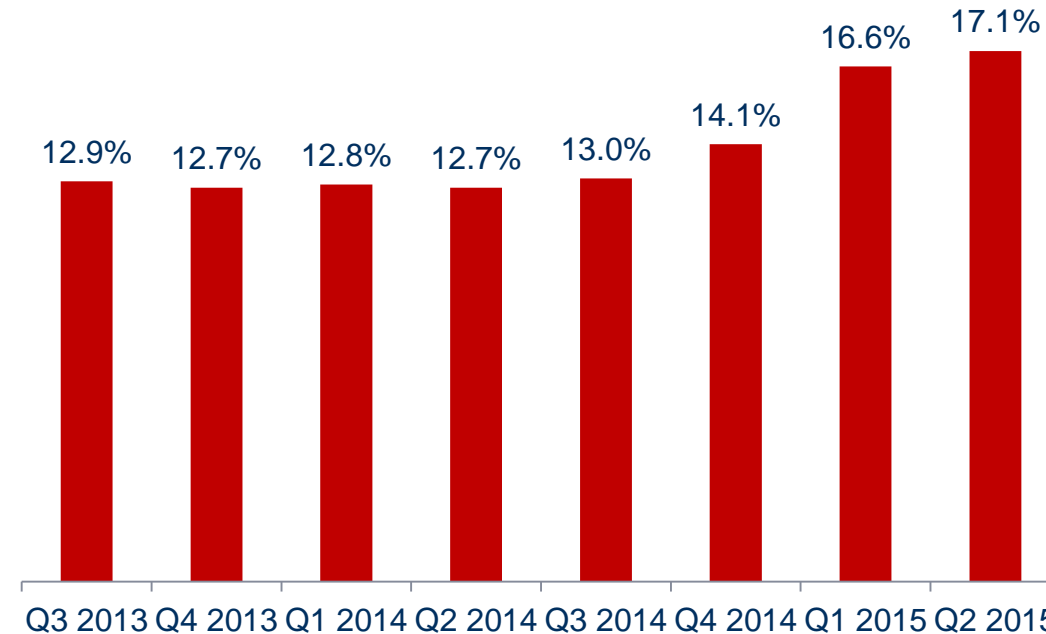
UTILIZATION

Range Bound



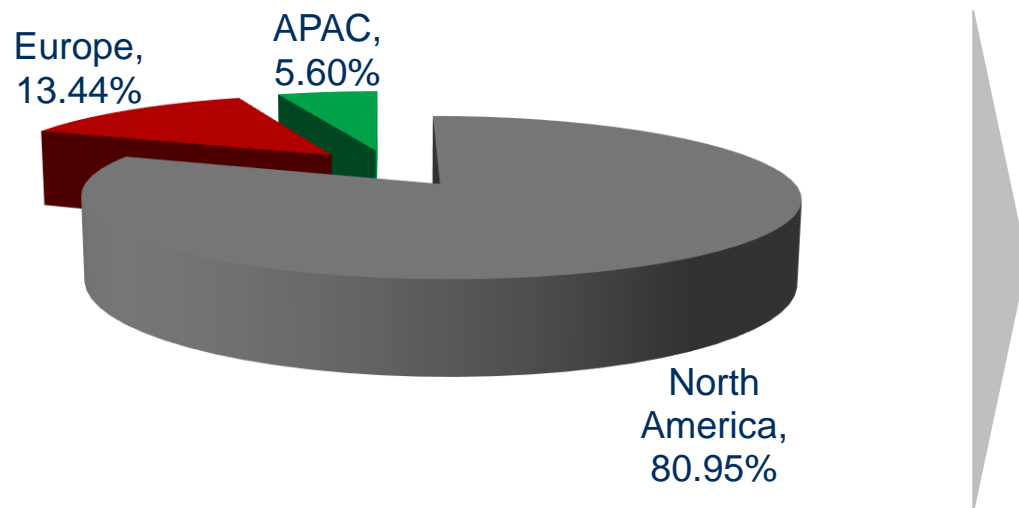
EMPLOYEE ATTRITION

Significant efforts taken to contain attrition



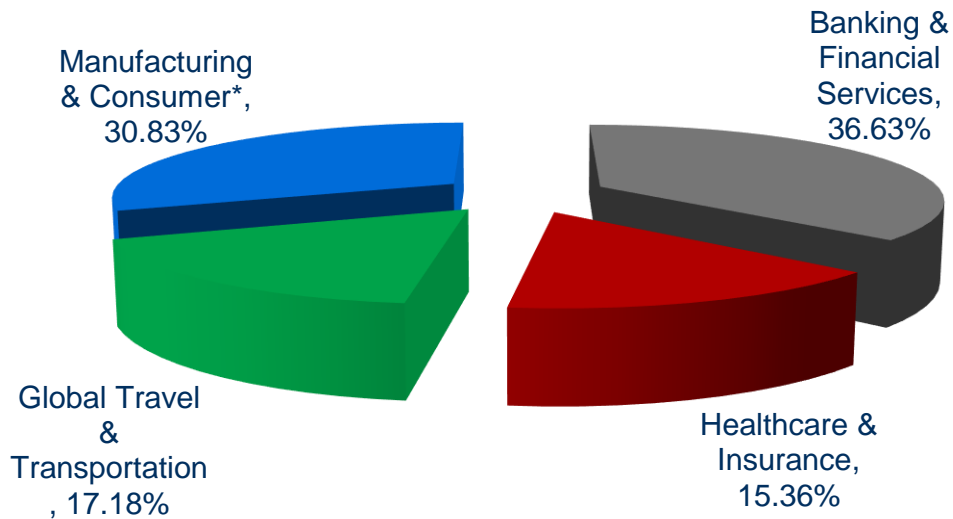
Net headcount addition during the quarter (incl. trainees) - 909

Geography Split



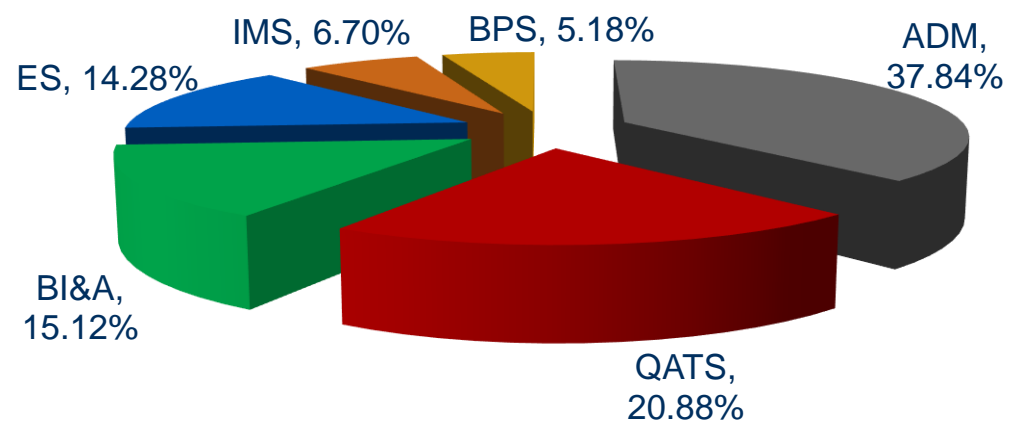
GEOGRAPHY	Q2 2015	GROWTH	
		QoQ	YoY
North America	98.21	5.73%	22.46%
Europe	16.31	8.02%	12.36%
APAC	6.80	-1.97%	-6.26%
TOTAL	121.31	5.56%	18.98%

Broad based Growth across Verticals



VERTICAL	Q2 2015	GROWTH	
		QoQ	YoY
Banking & Financial Services	44.44	4.10%	33.18%
Healthcare & Insurance	18.63	6.66%	12.90%
Global Travel & Transportation	20.84	11.58%	14.57%
Manufacturing & Consumer *	37.40	3.65%	10.33%
TOTAL	121.31	5.56%	18.98%

Broad based Growth across Service Lines



HORIZONTAL	Q2 2015	GROWTH	
		QoQ	YoY
Application Development & Maintenance (ADM)	45.91	6.39%	24.07%
Quality Assurance & Testing Services (QATS)	25.33	6.30%	24.73%
Business Intelligence & Analytics (BI&A)	18.34	3.64%	25.53%
Enterprise Services (ES)	17.32	-2.95%	-8.82%
Infrastructure Management Services (IMS)	8.13	17.41%	17.24%
Business Process Services (BPS)	6.29	14.87%	52.87%
TOTAL	121.31	5.56%	18.98%

Awards & Recognition

Hexaware received the NASSCOM Recognition for **'Innovative Application of Analytics for Business Solutions'**, 2015

Hexaware awarded the **Yuva Gratitude Award, 2015** for contribution towards CSR activities

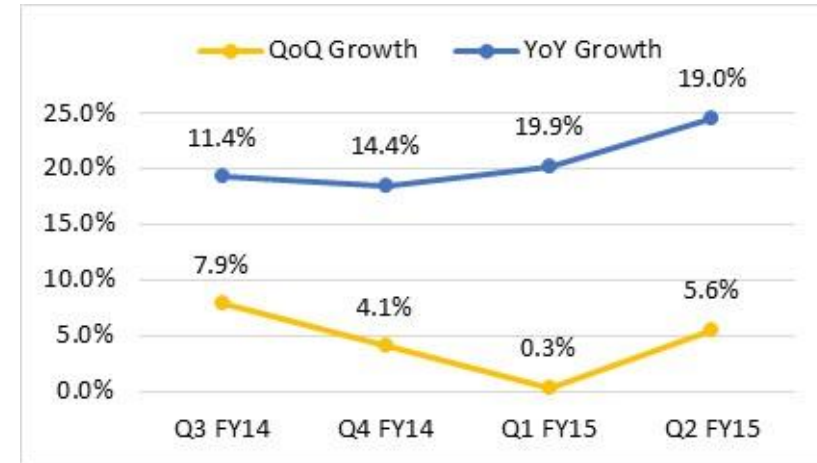
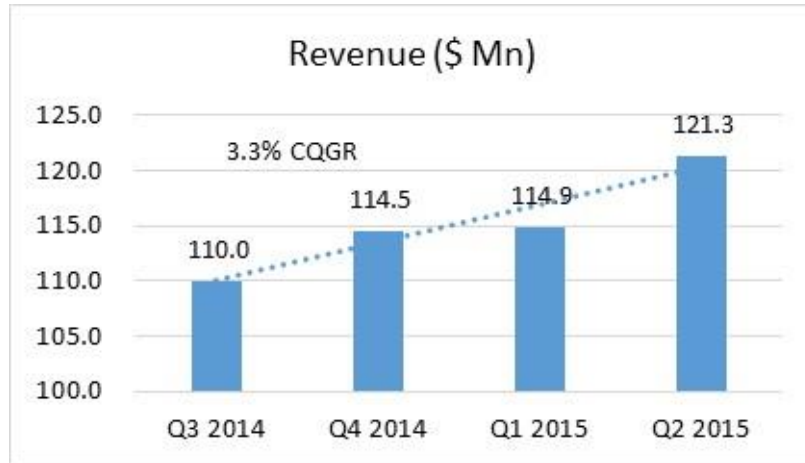
Various **Gartner reports** during Q2 2015 mentioned Hexaware. These reports are titled:

1. "Market Trends: Digital Business Awakens Optimism as New Growth Opportunities Arise in Western European Application Service Market"
2. "IT Services Contracts Monthly Roundup, March 2015"
3. "Market Guide for Business Intelligence Service Providers, Asia/Pacific and Japan"
4. "IT Services Contracts Monthly Roundup, April 2015"

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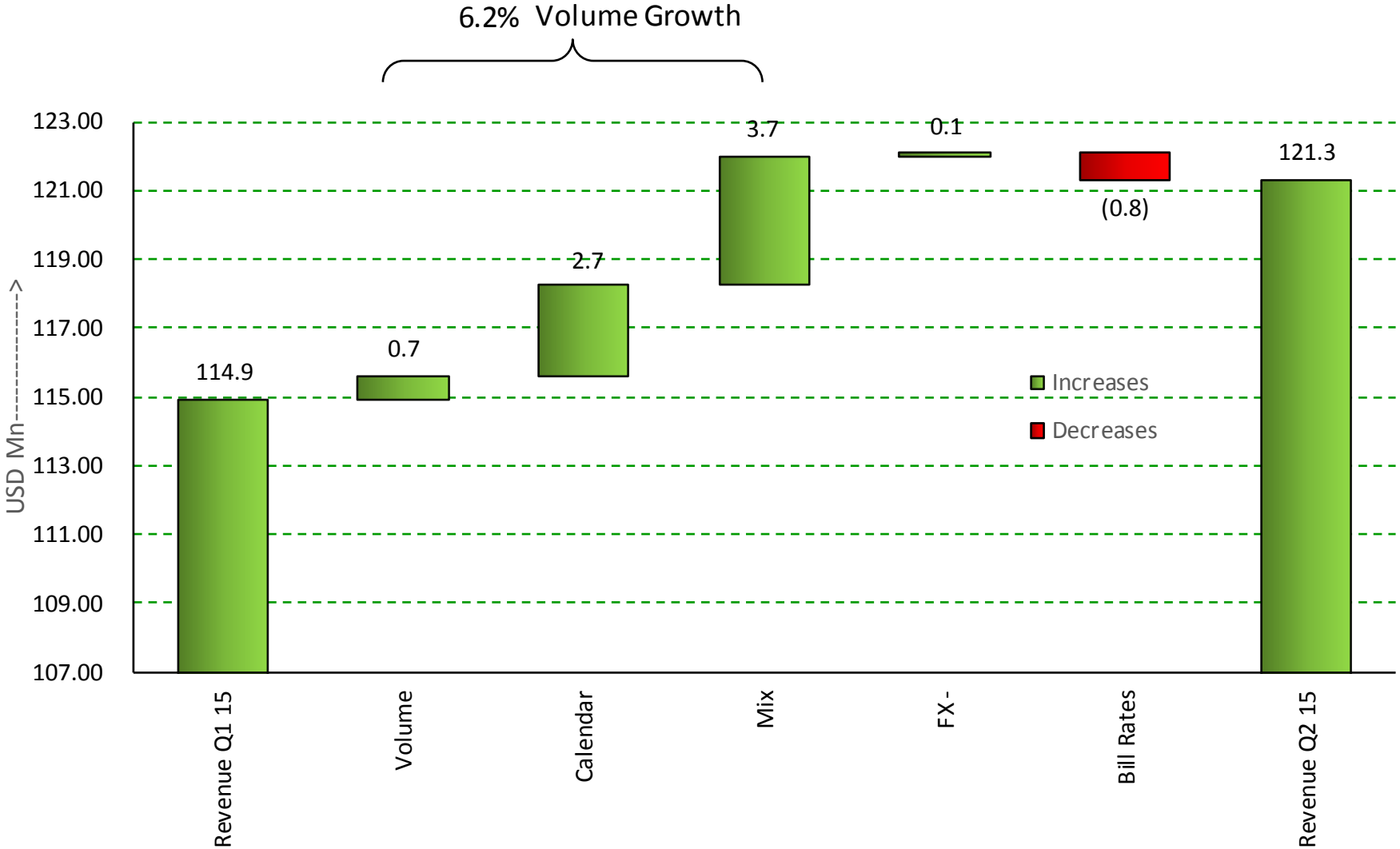
Financial Update

Revenue



- Q2 2015(AMJ) Revenue in US\$ terms at \$ 121.3 mn; up 5.6% QoQ; & up 19.0 % YoY
 - Constant currency growth is 5.5%
- INR Revenue for the quarter at INR 772 crores; up 8.2% QoQ; and 26.5 % YoY

Revenue Analysis – QoQ walk



EBITDA Margin Walk

- EBITDA margin for the quarter was 18.2%, 20 bps higher than last quarter
- Gross margin for Q2 2015 at 36%; higher by 30 bps mainly due to following reasons

	bps
Calendar	107
Higher Onsite Mix	(90)
Higher Onsite Utilisation	158
One time Termination Cost	(77)
One time H1B visa Cost	(35)
Others including forex gain	(33)

- SG&A at 17.8% for Q2 2015 vs 17.7 % last quarter due to investment in marketing cost even though it is not visible due to revenue leverage

TAX

Effective Tax Rates: 23.4% in Q2 2015 vs. 21.2% in Q1 2015, 40 Bps tax rate increase in India and one more unit came to 50% exemption status

ESOP

- Long term grant with performance based conditions - Option issued 8.2 Mn
- Cost Impact worked out on the basis of Fair Market value

KEY METRICS	Excluding Option Cost				Reported (Inc Option Cost)			Option Impact
	Q1 2015	Q2 2015	QoQ		Q1 2015	Q2 2015	QoQ	
Gross Margin	41.02	43.69	6.5%		41.02	43.69	6.5%	0.0%
Gross Margin %	35.7%	36.0%	0.3%		35.7%	36.0%	0.3%	0.0%
EBITDA	20.63	22.06	6.9%		20.45	20.80	1.7%	5.2%
EBITDA %	18.0%	18.2%	0.2%		17.8%	17.1%	-0.6%	0.9%
EBIT	18.77	20.25	7.9%		18.59	18.99	2.2%	5.7%
EBIT %	16.3%	16.7%	0.4%		16.2%	15.7%	-0.5%	0.9%
PBT	17.02	21.54	26.6%		17.02	20.28	19.2%	7.4%
PBT %	14.8%	17.8%	2.9%		14.8%	16.7%	1.9%	1.0%
PAT	13.41	16.50	23.1%		13.41	15.51	15.7%	7.4%
PAT %	11.7%	13.6%	1.9%		11.7%	12.8%	1.1%	0.8%

Outstanding Hedge Position and Rates

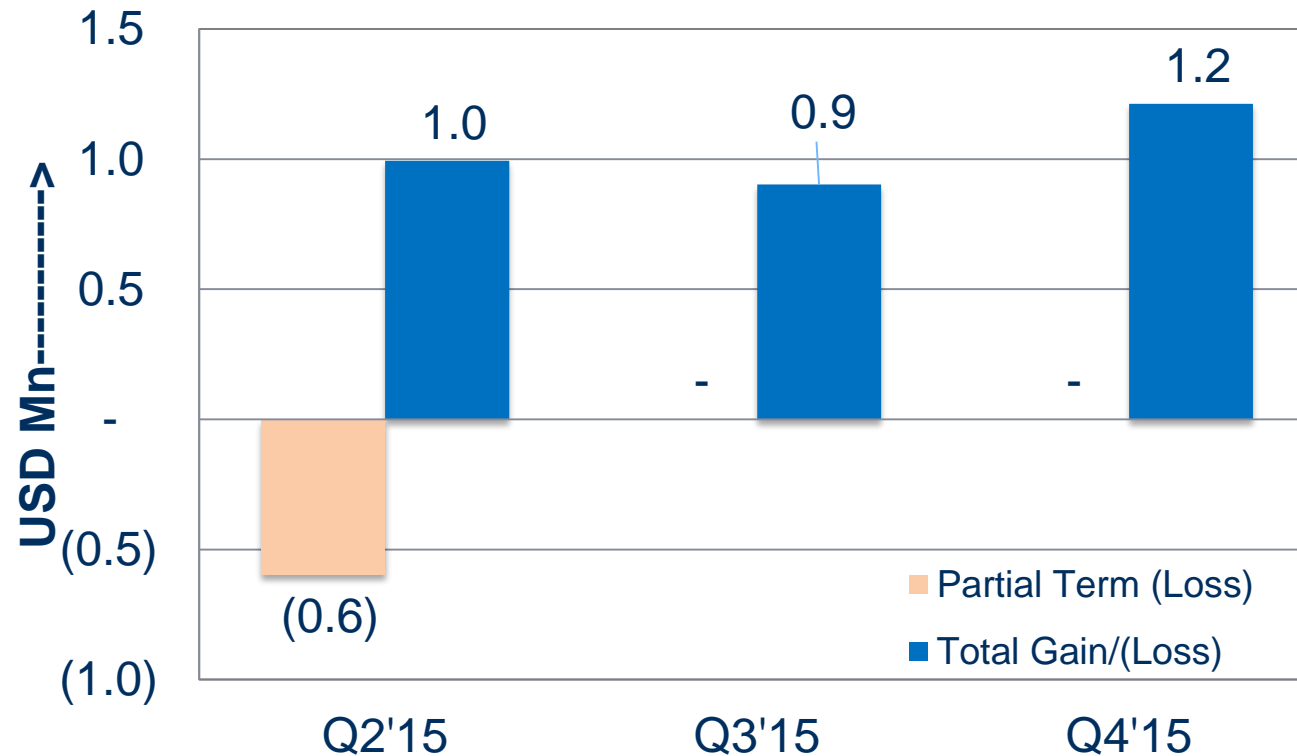
Outstanding Forex Position

Currency Pair	Full-term Hedge	Effective Avg. Rate
USDINR (\$ Mn)	177.00	67.73
EURNR (€ Mn)	6.68	75.68
Total (\$ Mn)	184.47	

Note -

- 1. All hedges outstanding are full-term.*
- 2. EURUSD exchange rate applied is 1.1188.*
- 3. Avg. Rate has been worked out considering the forward rate of the o/s full-term hedges*

Forex Gains/(Losses)



- Forex gain of \$1.0 Mn this quarter vs loss of \$2.2 Mn in Q1'15.
- Loss on account of partial term hedges was USD 0.6 Mn this quarter vs loss of USD 2.4 Mn in Q1'15.
- This was the last quarter to be impacted by the partial-term hedges.
- Forex gain of approx. \$ 0.9 Mn expected in Q3'15 @ INR exchange rate of 63.6450.
- Forex gain of approx. \$ 1.2 Mn expected in Q4'15 @ INR exchange rate of 63.6450.

Balance Sheet Updates

CASH & CASH EQUIVALENTS

Cash and Cash Equivalents* at US\$ 63.2 M (INR 4,023 M)

DAYS SALES OUTSTANDING

Days Sales Outstanding (DSO) for Q2 2015 at 47 days; 74 days
including unbilled

DIVIDEND

INR 2.0 per share (100%)

Dividend Payout including taxes INR 725.5 mn (\$ 11.40 Mn)

Dividend Payout Ratio: 73%

Capex 2015

	Q1-2015	Q2-2015	H1 2015
SiruSeri	29.16	10.4	39.5
Pune - Hinjewadi	-	1.0	1.0
Computers & Equipement	4.8	7.5	12.2
	33.9	18.8	52.8

Overall Capex for 2015 – \$ 35 mn (Rs 217 crs)



Thank you