

**Q2 2012 Revenue cross ₹500 Crores; First Time ever**

**Hexaware reports 50% Y-o-Y growth in ₹ terms; 14% Q-o-Q in ₹ terms**

**EBITDA margin at 22.9%; up 764 bps Y-o-Y; up 53 bps Q-o-Q**

**Q2 2012 Profit after Tax at ₹89 Crores up 48% Y-o-Y**

- 
- **Hexaware Q2 2012 revenue grew to \$ 91.2 mn up 3.6% Q-o-Q sequentially in \$ terms (up 14.1% Q-o-Q in ₹ terms to ₹500.1 Crores)**
  - **In constant currency terms, Hexaware Q2 2012 revenue growth would have been 4.4% Q-o-Q; towards the upper end of the published quarterly revenue guidance**
  - **Q2 2012 saw robust volume growth of 4.2% Q-o-Q**
  - **EBITDA margins up 764 basis points Y-o-Y; up 53 bps Q-o-Q to 22.9%; in spite of annual compensation revision at offshore work locations and H1B visa filing costs**
  - **Profit before Tax was up 55.9% Y-o-Y; at ₹112 Crores, up 6.8% on a Q-o-Q basis**
  - **Q2 2012 Profit after Tax (PAT) grew to ₹89.0 Crore; up 48% Y-o-Y & 0.8% Q-o-Q**
  - **Cash & Cash equivalents at the end of June 2012 stood at ₹429.6 Crores; after paying 2011 final dividend and first interim dividend of 2012. Hexaware remains a zero debt company**
  - **DSO reduced Q-o-Q sequentially from 52 days to 45 days at the end of Q2 2012**
  - **Return on Equity increased from 23.4% at the end of Q2 2011 to 32.95% at the end of Q2 2012 on an annualized basis of the quarterly performance**
  - **12 new clients added in Q2 2012; 210 active clients currently**
  - **Global Headcount increased by 109 Q-o-Q to 8,733 at the end of June 2012; Up 1,314 compared with June 2011**
  - **Attrition declined further in Q2 2012 to 9.6% on a trailing twelve months basis**
- 

**Mumbai – July 31, 2012:** Hexaware Technologies Limited, a leading global provider of IT, BPO and Consulting services has reported strong performance for the second quarter of the calendar year ended June 30, 2012.

“We have delivered above industry revenue growth and robust profit margin performance for 9 successive quarters under the prevalent global macro-environment regime. The strong performance of 7.2% CQGR in revenue and 22% in EBITDA over the last 9 Quarters substantiates the sustained growth at Hexaware. Over the same period, we have also had a healthy client addition and have added 12 new clients in the last quarter. Our number of active clients has increased to 210, of which 50+ belong to Fortune / Global 500 clients”, remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“The initiatives taken over the recent quarters have resulted in healthy addition of new logos – 51 in 2011 and 24 in the first half of 2012. Further, we have launched several new programs cutting across all our focus vertical and horizontal competencies to address the unique requirements of the customers and add value through our engagements. With the healthy pipeline and on the back of several strategic steps currently underway, we remain

firmly on track to deliver 20%+ revenue growth during 2012”, said **P. R. Chandrasekar, CEO and Vice Chairman, Hexaware Technologies Limited.**

### **Q3 2012 Revenue Guidance**

Revenue for Q3 2012 is likely to be in the range of \$ 92.5 mn - \$ 94.0 mn (exchange rates taken at 1 £ = 1.57 \$, 1 € = 1.23 \$ and 1 \$ = ₹ 55.59); a Q-o-Q sequential revenue growth in \$ terms of 1.4% - 3.0%

### **Second Interim Dividend of 2012**

In line with the Dividend Policy announced last year, the Board of Directors declared a second interim dividend of ₹ 1.50 per share (75%) on equity shares of ₹ 2 each. The record date is fixed as Friday, 10 August 2012 for determining the shareholders entitled for this second interim dividend of the year 2012. The payment shall be made on August 16, 2012. This would result in a cash outflow of ₹ 51.6 Crores for dividend payment including tax, amounting to a dividend payout ratio of 58% for Q2 2012.

### **Large Deal Wins**

Hexaware has recently entered into a strategic alliance with a multi-billion global corporate to establish a large, secure Enterprise Resource Planning (ERP) Application Outsourcing services unit for its global customers across multiple geographies and industry verticals on a Build Operate and Transfer model. This is expected to bring revenues estimated to the tune of \$ 100 million cumulatively over the next 4 years. This partnership will yield a platform for further innovations and efficient business models for ERP Applications marketplace.

The revenues from this partnership will begin to accrue from early 2013 and ramp up from there. Hexaware will be setting up a dedicated unit within its Chennai SEZ campus, which is expected to grow to a global talent size of 1,000+ ERP consultants over the next 4 years, centering on Oracle, PeopleSoft and SAP service lines. This partnership will thus enable Hexaware to provide its services to newer clients in different market segments.

### **Launch of Analytics for Investment Management (AIM)**

Enterprise Data Management (EDM) is a Business Intelligence / Business Analytics offering tailored specifically for Capital Markets Industry. The current version, EDM 3.0, is a multi-faceted offering that includes Technology & Business Architecture consulting, Multi product niche such as Eagle, GoldenSource, CADIS, Integrated IT and BPO services, Specialized Accelerators, Processes, Methodologies, and Approach for addressing common data issues in Capital Markets Industry.

Hexaware has rolled out its proprietary EDM Intellectual Property Asset called AIM (Analytics for Investment Management). AIM is a prebuilt repository of dashboards, KPIs and reports supported by a dimensional data model for Investment reporting for a 360 degree view of the Portfolios and Assets under Management (AUM) they manage, in conjunction with the Trades, Performance and Risk related thereto. It is a revolutionary mechanism of delivering high ROI on existing data warehouses. Built on the philosophy of “delivering power to business users”, AIM is designed to leverage the full power of dimensional modeling, industry leading in-memory analytics products. The prebuilt repository of dashboards, KPIs and reports greatly reduces the time to market in taking the solution to the business users.

At the core of the toolkit lies a flexible and an integrated data model that helps manage the key dimensions and metrics across the mentioned Investment Management functions. This service predominantly solves the problem of traditional data warehouse, provides quicker access to business data, and offers a 360 degree view of Portfolio, Performance and Risk and supports ad-hoc reports, self-service and advanced dashboard capabilities.

### **Enterprise Solutions – Business Update**

Over the last couple of years, Hexaware has delivered several successful instances of PeopleSoft v9.1 upgrades and roll-out to its clients across all the geographies and spanning several lines of business. This period also saw Enterprise Solutions Horizontal add 40 new clients over the last 10 quarters. There are several strategic initiatives underway to strengthen the core capabilities in PeopleSoft through focus on Innovation and creation of different toolkits and internally, getting ready for the launch of PeopleSoft v9.2 to continue with the growth momentum and sustain the successful performance over the medium term.

Currently, Hexaware is also actively invested in increasing its competencies in Oracle Fusion range of products particularly focusing on Human Capital Management modules. Leveraging the Platinum partner status in the Oracle Partner Network<sup>®</sup>, Hexaware has engaged with Oracle in participating in the Pre-release Testing phase of Oracle Fusion Product modules since 2011.

### **Business Updates**

During the previous quarter, the Company added 12 new clients across all its key focus areas. Of these, 3 clients were added in the Banking and Financial Services (BFS) Domain and 1 in Travel and Transportation Vertical.

From a horizontal service line perspective, 4 clients were won in Enterprise Solutions space, 3 in Business Intelligence & Business Analytics (BI / BA) and 2 each in Business Process Outsourcing and Quality Assurance & Testing Services (QATS) business segments.

Of the 12 clients added in Q2 2012, 6 customers are based in Americas, 3 in Europe and 3 in Asia Pacific (APAC) region. For the quarter just completed, 63.3% of revenues originated from Americas, 29.2% from Europe, and the remaining 7.5% from the Asia Pacific region. Repeat business remained healthy at 93.2%.

The number of clients registering annual revenues in excess of \$ 20 mn each remained steady at 3; clients in the \$ 10 mn - \$ 20 mn range remained stable at 3, 7 clients in the \$ 5 mn - \$ 10 mn range, 44 clients in the \$ 1 mn - \$ 5 mn category and the clients with \$ 1 mn+ increased further to 57 – all on a trailing twelve months basis. At the end of the quarter, the number of active clients improved to 210.

### **Foreign Exchange Cover**

The Company has forward contracts worth \$ 219 mn at an average rate of ₹ 50.4 and hedges worth € 13 mn at an average exchange rate of ₹ 69.6 maturing over the course of the next eight quarters (from July 2012 till June 2014).

### **Pricing**

The average bill rate per hour for Q2 2012 remained stable at \$ 73.50 for onsite services and at \$ 22.85 for offshore locations.

### **Human Capital**

At the end of June 2012, the headcount increased to 8,733; up 109 from March 2012 and an increase of 1,314 compared with June 2011. For the IT business, the technical personnel comprised 92.1% of the work force.

During the Quarter, the Company completed its annual appraisal process and rolled out annual compensation increase for all its India based employees effective April 1, 2012. The annual wage revision for all overseas employees would be effective July 1, 2012. Attrition for Q2 2012 reduced further to 9.6%. This is compared to 11.0% in Q1 2012 and down from 18.0% in Q2 2011.

### **Awards and Recognition**

Hexaware has been selected for the International Association of Outsourcing Providers® (IAOP®) Global Outsourcing 100® list. The Company was recognized for its global expertise overall and for its work in key areas such as Human Resources Services, Transaction Processing Services and Air Transportation.

In addition to being listed in the IAOP® Global Outsourcing 100® list, Hexaware achieved recognition on sub lists including:

- Best 10 Leaders – Human Resources Services
- Best 20 Leaders – Transaction Processing Services

Hexaware has been mentioned as one of the fastest growing RIMS providers in the Gartner report titled "Competitive Landscape: India-Based Remote Infrastructure Management Service Providers" dated 5th June 2012 by Arup Roy and Biswajeet Mahapatra.

Hexaware has won the Best CIO of India Award conferred by the Stars of the Industry Group and Asian Confederation of Businesses. This award was presented to recognize the best performing CIO in the IT Sector and acknowledges the Company's IT-agility and project and IT performance.

### **About Hexaware**

Hexaware is a leading global provider of IT & BPO and consulting services. The Company focuses on key domains such as Banking, Financial Services, Insurance, Travel, Transportation, Logistics, Life Sciences and Healthcare. Our business philosophy, "Your Success is Our Focus", is demonstrated through the success we ensure for our clients. Hexaware focuses on delivering business results and leveraging technology solutions by specializing in Business Intelligence & Analytics, Enterprise Solutions, Quality Assurance and Testing Services, Remote Infrastructure Management Services and Legacy Modernization. Founded in 1990, Hexaware has a well-established global delivery model armed with proven 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)

Issued on behalf of Hexaware Technologies by:

**Sushmita Sarkar**

**Adfactors PR Private Limited**

Tel: +91 98206 61186

e-mail: [sushmita.sarkar@adfactorspr.com](mailto:sushmita.sarkar@adfactorspr.com)