



# Cloudify Everything

## Transform Customer Experiences

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# Automate Cloudify & Transform WITH HEXAWARE

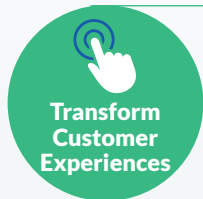
We remain steadfast on our journey of metamorphosing customer experiences through our over-arching strategy of enterprise level automation; take advantage of the Cloud ecosystem; and delivering superior customer experiences.



The important part is to concentrate on both the words. This involves the genesis of automating everything in the business space. From its earlier days of automation being done in silos in apps, infrastructure, testing and different business units, today automation essentially involves breaking these silos and providing end-to-end enterprise level automation. It is no longer only about being cost effective, increasing efficiency and reducing FTE counts, but more about how it impacts customer experience by building synergy across different functions and creating a powerful impact. Technologies, such as Artificial Intelligence/Machine Learning will enable automation across enterprises, including high-complexity tasks that require human decision-making.



Again, the important part is to concentrate on both the words. We believe, in the years to come, most enterprises will move almost everything to Cloud. The concept of Cloud started with the low cost of ownership and easy maintenance as enterprises could 'pay as they use'. Then, Cloud was more about scalability, flexibility and agility which helped reduce time to market and have a better IT infrastructure. Today, it is all about harnessing the power and capabilities of Cloud effectively to serve customers better. Going forward, these capabilities are going to be a null set in terms of choice. You could either do them using Cloud or not do them at all.



While Automating Everything and Cloudifying Everything are the key enablers, the outcome of our overall strategy is to enable the clients to transform their customer's experiences. Today, not many companies provide a superior and consistent customer experience, as it is a complex task and involves bringing together a range of technologies across different units in the organisation. Also, we are amid a generation change on how we as individuals interact with the world. We use voice, gesture, text at our own convenience and it is increasingly getting important for organisations to catch up with the pace. We help enterprises to communicate with their customers to provide a superior, consistent and seamless experience.



# The World of Hexaware Technologies Limited

## Who We Are

Hexaware is a global leader and one of the fastest growing, next-generation providers of futuristic technologies, innovative solutions and transformative services to reimagine business models, re-engineer processes and redesign customer experiences.

## What We Do

Hexaware drives man-machine collaboration to solve complex business problems. We leverage the ubiquitous power of Big Data, Artificial Intelligence, Machine Learning and Blockchain to power innovative and futuristic solutions. We believe that at Hexaware, complex algorithms and plentiful computing along with human intellect and creativity form a formidable and unstoppable team. Our promise: Help enterprises Automate Everything, Cloudify Everything and Transform Customer Experiences.

## How We Do It

We achieve this through our seasoned IT practitioners, distinguished engineers and 'Automateers' (our employees with a deep-rooted passion for automation).

## On a High Velocity Change Journey

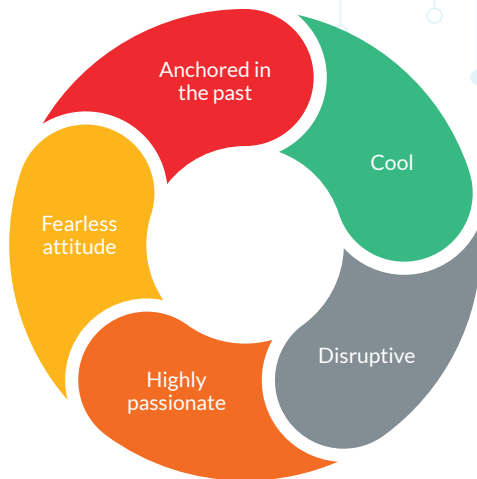


Our brand reflects the progressive change that we are embracing with automation, innovation and artificial intelligence. Our logo symbolises 'Powering Man-Machine Collaboration' with a mission to be the 1st IT Services company in the world where half the work we do is done by machines. The blue, yellow and red colours evoke our rich legacy, pulsating energy and fearlessness.

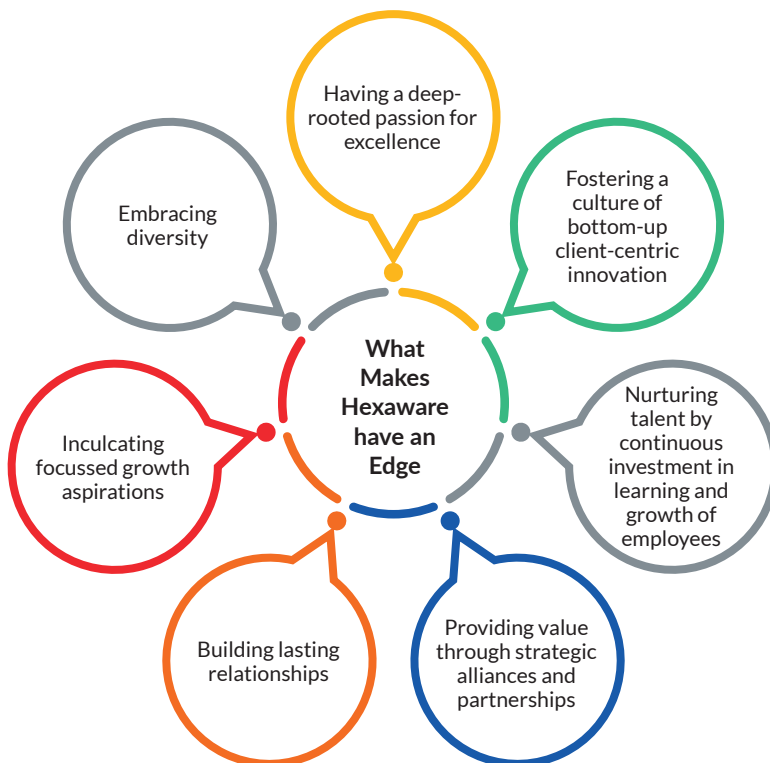




## Our Brand Attributes



## The Hexaware Edge



# Chairman's Message to Shareholders

*Dear Shareholders,*

It gives me great pleasure to share with you an update on the overall performance of your Company during FY 2018. We had an excellent year with good growth in revenue and profit, which has been the result of the strategic building blocks we have put in place – Automate Everything, Cloudify Everything and Transform Customer Experience.

On a global scale, more and more companies continue to invest increased budgets in digital technologies. Investments are significantly higher in new technologies such as cloud storage, in data analytics, in artificial intelligence, and in robotics.

## **Solid Industry Growth**

The IT industry is set to post a double-digit sales growth over FY 2019-20. Business flow from the US region is increasing, and while there is some uncertainty in Europe because of Brexit, business from the region is likely to continue growing. Analytics, cloud services and robotics will be among the major growth drivers for the industry. The Indian IT industry is clearly at a very attractive stage right now – due to high growth, superior margins, earnings in strong currencies, superior governance and availability of high quality management talent who can professionally run businesses. Digital has clearly been the driver of growth during the year. To enhance digital capabilities, the industry has been investing in setting up centres of excellence and innovation hubs in key markets.

A key growth driver for the industry is the prediction of Digital Transformation. Worldwide spending on technologies and services enabling digital transformation of business practices, products and organisations is forecast to reach USD 1.97 trillion by 2022. This indicates a 5-year CAGR of 16.7%. It is predicted that by 2020, about 30% of G2000 companies would have allocated capital budget equal to at least 10% of their revenue to fuel their digital strategies, realising digital transformation as a long-term investment. According to the Gartner report, worldwide IT spending is projected to total USD 3.8 trillion in 2019, rising by 3.2% from the expected spending of USD 3.7 trillion in 2018.

## **The Hexaware Advantage**

We are one of the fastest growing IT services company with consistent growth on the back of increased order wins and geographical expansion and with a vision of having 50% digital workforce and strong culture of innovation. We are creating a culture of automation first approach, building capabilities and focusing on products and alliances to transform how IT services are delivered. We are enabling this through excellent client relationships and strong execution capabilities that helps us build trust with our clients and within client organisations. Our solidity in client mining helps us in providing entrance to new organisations which in turn helps us drive new businesses and reduce the risk of client concentration and dependencies.

## **On a Growth Trajectory**

Changing landscape of technology has been a reality of our times, and we at Hexaware, are continuing our focus towards meeting customers' needs through investment in innovation. We have been on a growth trajectory despite a globally weak business environment. We possess the R&D flexibility to boost digital transformational capabilities. At Hexaware, we have always focussed on segments that could provide differentiated services to our clients, compared to multinational corporations. I am pleased that the differentiated strategy we are pursuing has worked well with our clients.

To steer our growth strategy forward, we are aiming towards systematic synergisation of various elements and our "Inside Out, Outside In" strategy to become a large IT player in the decade to come.

We have been combining innovative technology with deep industry expertise, underpinned by security and trust. We express our gratitude to our cherished clients, and to thousands of Hexawarians whose brilliance makes it possible for us to achieve our goals.

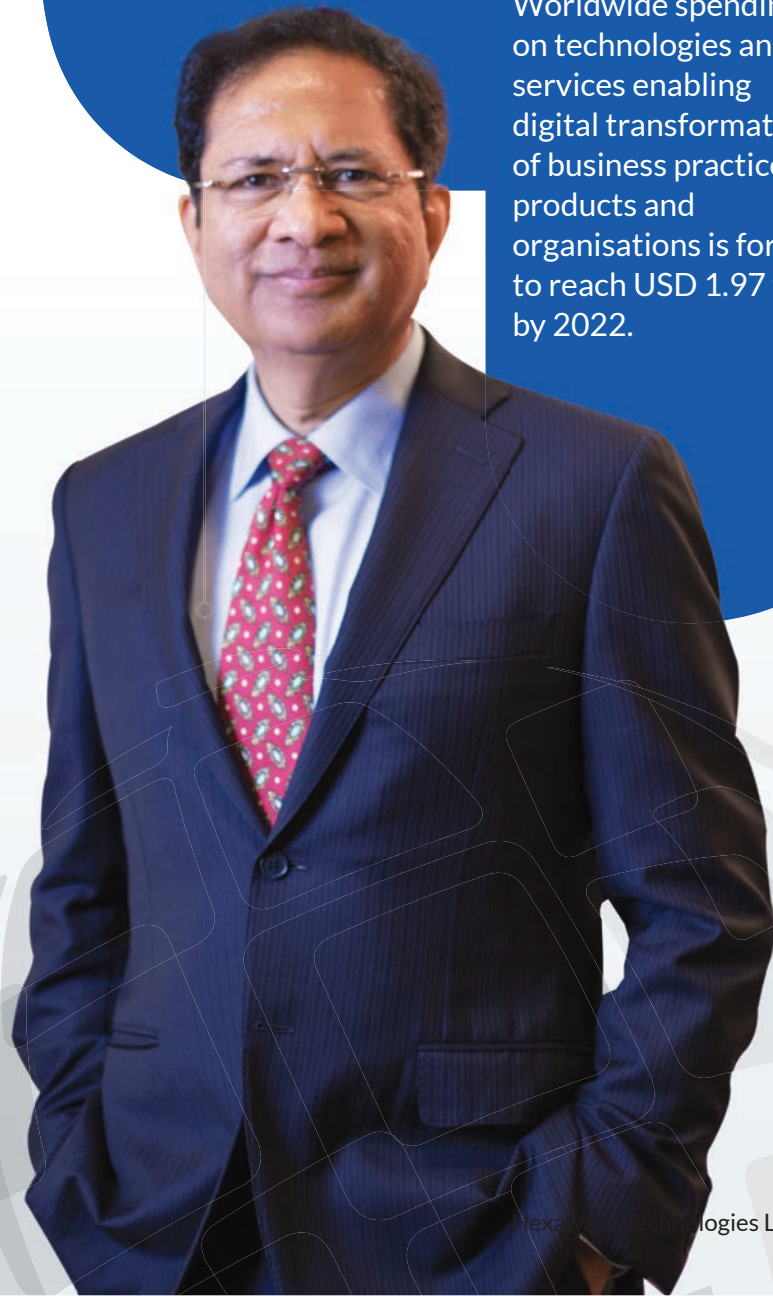
We are truly optimistic about our technology, our clients, and about the world we are building together. We are also devoted in earning the trust and respect of our shareholders, customers, employees and the communities we serve every single day.

With Warm Regards,

**Atul Nishar**  
Chairman



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# CEO's Message to Shareholders

*Dear Shareholders,*

I write to you as I am nearing 5 years of a wonderful journey at Hexaware. The past 4 odd years have seen us delivering industry leading organic growth on a variety of metrics – USD Revenue (12.5% CAGR) and EPS (16.0% CAGR) being the most important.

During this period, we have built a world-class leadership team; expanded our service capabilities significantly to become a full-service provider; expanded and invested significantly in our global delivery locations to be able to service customers in a multitude of languages and time zones; created a new and energetic brand identity; built an organisation culture of “Automation First” thinking and built a solid brand based on a differentiated strategy.

We also consistently delivered industry-leading Customer satisfaction metrics as evidenced by third-party surveys of our customers. Our employees are among the most engaged in the industry and our employee passion metrics have improved every year for the past 4 years.

We are now at the cusp of a new phase of growth for Hexaware.

Last year, we embarked on a renewed, 3-pronged strategy of Automate Everything, Cloudify Everything and Transform Customer Experiences. We are confident that this strategy is highly differentiated and that it has a runway of a decade, perhaps longer. That gives us the confidence to invest significantly in execution of this vision.

I believe that the new elements in this strategy will help power sustained and industry-leading organic growth.

**12.5% CAGR**  
Growth in Revenue

**16.0% CAGR**  
Growth in EPS

Our growth will however get accelerated by pursuing a prudent acquisition strategy. We expect to spend USD 250-300 Million over the next 2-3 years on acquisitions that will have a dual impact of rapidly building new capabilities and accelerating our growth.

On behalf of over 16,000 Hexawarians, I want to assure you of our best effort to deliver superior returns to you.

Sincerely,

**R. Srikrishna**  
Chief Executive Officer





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# CFO's Message to Shareholders

*Dear Shareholders,*

I am very excited to write my first letter to you as the CFO of Hexaware Technologies Limited. It has just been over six months that I joined the Company and in the short time that I have been here, my belief in our strategy, our execution capabilities and the future that it holds for our stakeholders, has been reinforced like never before. We have been executing on our strategy and that has helped us deliver results focussed on the interest of our clients, partners, employees and shareholders.

## FY 2018 performance

During the financial year ending December 2018, the Company delivered a strong financial performance on multiple fronts. Revenue from operations was ₹ 46,477.6 million, a growth of 17.9% over FY 2017. In USD terms, the revenue stood at USD 677.7 million, up 11.6% Y-o-Y and above the mid-point of our guided range of 11-12%. Over the last five years, we have delivered USD revenue CAGR of 12.5%, on an organic basis – one of the highest in the industry. In FY 2018, we delivered double-digit year-over-year growth in all the four quarters.

Our Profit after Tax for the year was resilient at 12.6%, driven by productivity initiatives, improvement in key operational parameters, and efficient tax management. FY 2018 witnessed an Effective Tax Rate of 19.7%, one of the lowest in the industry, driven by efficient tax planning and one-time tax credits.

Our Earnings Per Share for the year was ₹ 19.65, a Y-o-Y growth of 17.0%. Over the last five years, we recorded an EPS CAGR of 16.0%. We continue to return cash to our shareholders in the form of dividend. For the year under review, our Board of Directors approved a dividend of 425%, amounting to ₹ 8.50 per share. Dividend declared during the year was in line with our Dividend Payout policy and higher than the dividend payout guidance of ₹ 8 per share given at the beginning of the year. Our total dividend payout for the year amounted to ₹ 2,506.03 million (including DDT).

We continue to build a strong balance sheet and ended the year with closing cash & cash equivalent balance of USD 119.5 million, a Y-o-Y addition of USD 33.1 million, indicating 38.3% growth. Strong cash balance provides us the opportunity to make investments for our future.

## CSR Initiatives

At Hexaware, we remain committed to strengthening our societal bonds and uplifting the communities. Our CSR philosophy is to use business to serve the society, built on a strong belief that 'common good' is more important than 'individual gain', and that our true measure of growth lies beyond our balance sheet. With a philosophy that aligns with India's need for inclusive growth, we are synergising our efforts to create a broad-based and holistic impact on the society. In FY 2018, we invested a total of ₹ 90.46 million on our CSR, which is higher than the mandated 2% spend of profits that companies need to allocate. We continue to be committed to our CSR programme to create a sustainable long-term impact on the society.

## Corporate Excellence

At Hexaware, we continue to strive for the highest level of Corporate Governance. Our efforts have earned us a win – the Golden Peacock Award for Excellence in Corporate Governance. This was our third win in the last 8 years, a great testimony to our standards of transparency and corporate excellence.