Operator: Welcome to Hexaware Technologies Ltd.'s conference call for the Q3 CY26 earnings call. We will begin today's session with a presentation from the Hexaware management team, followed by a Q&A segment. To ask a question during Q&A, please use the raise-hand feature located at the bottom of your Zoom interface. This will place you in the virtual queue. I will now hand the conference over to Mr. Ajay Joshi, Head of Investor Relations. Thank you. Over to you, Mr. Ajay.

Ajay Joshi – Head of Investor Relations: Thank you. Hello, everyone. Welcome to Hexaware Technologies Ltd.'s Q3 CY26 earnings call. In the call today, we have with us our CEO, Mr. Vivek Jetley, and our CFO, Mr. Vikash Kumar Jain. In the course of this call, we may make certain statements that are forward-looking and may involve a number of risks and uncertainties. All forward-looking statements made herein are based on information presently available to management, and the company does not undertake to update any forward-looking statements that may be made in the course of this call. In this regard, there is a full disclosure included in the investor presentation and the press release. We consider that as read. With this, I hand over the call to Vivek. Over to you, Vivek.

Vivek Jetley – CEO: Thank you, Ajay. Good morning, everyone. Thank you for joining us. It is a privilege for me to be speaking with you today on my first earnings call as the CEO of Hexaware.

Before I proceed, I wanted to acknowledge {? Keech ?} and the extraordinary contribution that he has made to Hexaware. For the last 12 years, he has led this business through significant changes and has grown our revenue four-fold. That is a substantial achievement. His legacy goes beyond numbers. It is in the client relationships, the capabilities, and Hexaware's culture. He leaves a very strong foundation for us and a great base for us to build upon.

On a personal note, I am grateful for his generosity, openness, and keen insight. I have benefited immensely from his support through this transition, and I am glad that we will continue to benefit from his experience and counsel as a senior advisor.

I also wanted to acknowledge the broader Hexaware team. What has stood out for me through this transition is their commitment to our clients and to the work that we do every day. Client-centricity is core to our DNA, and I want us to carry that commitment forward with clear priorities, accountability, and a relentless focus on delivery.

Now, many of you are hearing from me for the first time, so I will start with a little bit about me, what brought me to Hexaware, and how I see the opportunity in front of us. I will then turn to the quarter before handing it over to Vikash for our financials.

I have spent about 25 years working at the intersection of data, AI, and enterprise transformation. Most recently, I was at EXL, where I was the president of the insurance, healthcare, and life sciences businesses. Before that, I led EXL's analytics business, where we built and scaled industry-leading advanced analytics, AI services, and data engineering capabilities.

Over that time, I have seen several technology cycles up close: data becoming strategic, cloud reshaping enterprise technology, and, more recently, the AI adoption supercycle. Each shift created real opportunity, and each one needed new capabilities, fresh thinking, and the willingness to

Report is AI-generated and may contain inaccuracies.

disrupt and build anew. We are now at the most pivotal moment with enterprise adoption of AI and the massive opportunity that it represents.

So why Hexaware? Why Hexaware at this moment? Because the ideal partner for AI adoption requires a combination of technology, data, AI, and business specialization that can be leveraged in a flexible and fast manner. AI is democratizing technology. Models, tools, and code are increasingly available to everyone. But the ability to deploy, scale, govern, and produce business outcomes is still very scarce. AI can change the way companies operate. It can change how an insurer underwrites risk, how a bank services its customers, and how a healthcare provider ensures healthier patient outcomes. The services companies that will win the AI mandate will need to combine technology, data, and AI skills with deep business knowledge and the ability to execute.

That combination is what Hexaware provides, along with scale, deep roots in key verticals, a technology vertical that is growing very rapidly, clients that have trusted us for decades, and a fast-moving culture. I came on board because I believe that Hexaware has the ingredients to help define the next cycle, and I want to be a part of building that.

Now at Hexaware, our AI strategy is built on three pillars. You heard a little bit about that on our AI Day, and I wanted to reiterate it. Our first pillar is AI for IT. We are embedding AI across the technology lifecycle. Earlier this year, we launched Zero-friction Enterprise to help clients modernize their legacy systems, reduce technical debt, improve software quality, strengthen cyber resilience, automate operations, and overall accelerate application delivery. Offerings such as zero tech debt, zero vulnerability, zero backlog, zero defects, and zero tickets help clients move forward toward a zero-friction technology environment. Zero License, which is a part of our Zero-friction Enterprise, helps enterprises move from managed subscriptions to owned assets and gain traction. Since its launch earlier this year, 80 customers have already moved workloads to our AI-native or cloud-native environments, saving them millions in workload costs. We are seeing a lot of interest, which is expanding our pipeline for these offerings. Just as an example, recently we helped a leading secondary mortgage enterprise replace its low-code/no-code workflow platform with a cloud-native solution. It helped them save more than $10 million in license costs.

Now, AI is only as effective as the context that it understands. So, at the heart of Zero-friction Enterprise is Zero-19, our enterprise AI platform and a first-of-its-kind approach to enterprise technology intelligence. It connects the context, relationships, and dependencies across an enterprise technology landscape, revealing how systems interact, where risks and inefficiencies exist, and where transformation can deliver the greatest value. This is something that is going to be one of our big featured offerings going forward.

The second pillar for us is AI for business. This is where I believe the greatest value will ultimately emerge. The opportunity goes beyond incremental efficiency; it is about reimagining how businesses are run. Now, this requires business knowledge, a clear understanding of the end-to-end workflow, the economics, and the client's desired outcome. As adoption grows, we see significant opportunities to embed AI in core business operations, driving faster growth, better customer outcomes, and stronger competitive differentiation.

Two recent projects illustrate our work. First, we are helping a bank that specializes in cross-border payments use digital twins and autonomous AI agents to replace static and rule-based routing with

Report is AI-generated and may contain inaccuracies.

real-time orchestrated global commerce. Effectively, we are building the agentic infrastructure and the agents for individual outcomes for them. Second, we are helping a semiconductor company deploy AI agents for root-cause analysis and governed digital employees in high-tech factory operations, reducing mean time to resolution for them by 10%. These examples are just a couple of the examples that we are working on in the AI for business arena, and we hope to do a lot more of these as we go forward.

The third pillar for us is AI Foundation. This is about helping enterprises build the capabilities to accelerate AI adoption for them and, more importantly, to realize a return on that investment. We help them build trust in AI outcomes by helping them prepare their enterprise data, establish strong security, compliance, and governance through our harness, and build and manage their AI infrastructure. Supported by our growing cadre of certified FDEs, these services help clients deploy and scale AI seamlessly. As an example, we are helping a frontier model provider expand its AI model into global markets by helping with pre-training, validation, and reinforcement learning from human feedback. In this particular case, we are doing that across multiple global languages and dialects.

Our expanded partnership with Anthropic, which we announced earlier in this quarter, is another concrete step in our shift toward data and AI. As a preferred partner in the Cloud Partner Network, one of only a handful of India-based technology services partners, we will power our platforms with Anthropic's models, gain early visibility into their roadmap and starter kits, and access their new capabilities. Our FDE team, which includes a large Anthropic-certified pool, will focus on Claude deployment services. We are also establishing an Anthropic unit to deepen strategic client engagement, which will help our clients define and execute their AI priorities. Already, about 1,200 Hexawarians are Anthropic-certified. We remain on track to meet our previously stated goal of 250 FDEs and 1,000 AI architects by the middle of next year.

Now, the strength of these offerings is reflected in certain recent industry recognitions. Gartner positioned Hexaware as a Visionary in Custom Software Development Services, while ISG named us a Leader in AI-Powered Business Transformation with AWS. This recognition is an encouraging validation of the capabilities that we have already built.

Now, let me turn to Q3. I wanted to start with some of the numbers. Revenue for the quarter was $412 million. It was up 1.6% sequentially. Now, this was below our expectations, and it reflects the softness in one of our GSE clients and slower-than-anticipated progress in selected large deals. Overall, our performance was encouraging, with a lot of our verticals actually growing sequentially. Growth was led by banking and TPP, our technology products and platforms business. On a geographic basis, Europe and APAC are big drivers of our growth, and our adjusted EBIT margin was about 13.8%, excluding one-off costs related to the restructuring of our Netherlands operations. Vikash will take you through the financials in detail.

As I step into the role, my priority is to develop a clear assessment of our client commitments, the quality of our pipeline, and the assumptions that underpin our growth expectations. I am also going to review our sales-to-revenue realization process and forecasting. Now, as we transition into the role and as I am starting this quarter, we will not be providing an outlook for the current quarter, Q4 CY26. We will ensure that our team and I can confidently stand behind our next outlook and that our

Report is AI-generated and may contain inaccuracies.

process improves both the rigor and the accuracy of our forecasts. I recognize the importance of visibility and consistency for our stakeholders. When we report our full-year results, I will share our priorities for the year ahead and the key assumptions behind them. My objective is straightforward: to set clear expectations and build confidence through consistent performance against those expectations.

Now, over the next 90 days, I will focus on three priorities. First, I will spend time with our strategic clients to understand where their business is heading, how their priorities are changing, and where they need more from Hexaware. These conversations will help us identify where we have earned the right to do more and where we need to improve.

Second, our people and execution. I want to understand what our best teams do exceptionally well and how we can make that the standard across the business. That means consistent, high-quality delivery, faster decisions, and effectively removing the obstacles that get in the way of serving clients. Our team is central to the value we deliver, and investing in the team is fundamental to the business we want to build.

Third, our capabilities and investment choices. We will assess where deeper industry expertise, differentiated solutions, and AI-led offerings can create the greatest value for clients. We will continue to invest in talent, platforms, and partnerships, with a clear line of sight from investment to client adoption and commercial results. I will share our strategic plan once that assessment is complete. We will set out where we intend to compete, the choices we are making, and how we will measure our progress.

Our ambition is to accelerate growth, and our focus will be on growing our business and strengthening our execution. What you should expect from us is clarity on our priorities, discipline in terms of our commitments, and candor about our performance, including where we fall short and what we are doing about it. We will set clear expectations, report transparently on our [trails off]

Vivek Jetley – CEO: progress, and hold ourselves accountable for that delivery. Before I close, let me return to why I joined Hexaware. I believe in this business, in our people, and in what we can build together. My focus now is on working with our team to realize that potential and convert it into sustained performance. With that, let me hand it over to Vikash to take you through the financials. Vikash, over to you.

Vikash Kumar Jain – CFO: Thanks, Vivek, and welcome to Hexaware. Day one for you. [laughs] Good morning, everyone. I will take you through our financial performance for the quarter, the movement across our business segments, and the key operating and cash flow metrics.

On the deal wins, let me add some color to the deal wins in addition to what Vivek highlighted. The wins in the current quarter span legacy modernization, data modernization, enterprise applications, customer experience, and regulated industry transformation. The portfolio reflects a healthy mix of existing-client expansion and new logos across industries and geographies.

In the TPP vertical, we have been selected by a smart-home and property-technology platform to deliver an AI-native customer experience that will help improve revenue and operations for the end client. The commercial model is a reflection of what we are moving toward, which is completely

Report is AI-generated and may contain inaccuracies.

outcome-based pricing.

At ANZ, a leading ANZ bank from our Asia Pacific banking vertical, we are delivering on our Zero License offering, saving the client millions of dollars in license costs every year.

For a global pharmaceutical player, we are delivering on AI application and agentic development. For this client, in addition to the current deal, we are pursuing a separate, large IT cost-optimization opportunity.

In the manufacturing vertical, we have been selected by a global data-storage company to build an agentic AI factory. In a UK utility company, our engagement focuses on modernizing legacy applications using Power Apps and digitizing the regulatory and operational processes.

The bottom line is that, as you can see, we are seeing AI getting embedded into application development, modernization, data platforms, and customer operations, helping us gain market share both in existing clients and by opening up new logos across geographies.

In terms of our financial performance, revenue for the quarter came in at US$411.9 million. This represented sequential growth of 1.6% and year-on-year growth of 4.3%. In constant-currency terms, revenue grew 1.7% sequentially and 4.5% year-on-year. In rupee terms, revenue was INR 39,331 million, up 2.3% sequentially and 12.9% year-on-year. In dollar terms, the sequential growth of $7 million in revenue was driven by a combination of volume and better seasonality, partially offset by lower license revenues.

On margins, reported EBIT for the quarter was 12.2%. This quarter included 160 bps of items that we adjusted for, resulting in an adjusted EBIT margin of 13.8%. On an adjusted basis, margins improved by 17 bps sequentially. The sequential improvement was supported by calendar and foreign exchange. This was partly offset by continued investments in capabilities and growth, as well as an increase in the onshore revenue mix. Reported PAT was 10.9%, while adjusted PAT was lower than reported PAT, at 9.4%.

Now let me explain the one-timers in the current quarter. The first is related to acquisitions. When structuring M&As, we design the earn-outs in a way that we pay for performance. When acquired businesses deliver, as was the case with the large majority of the SMC earn-out, we pay it. When targets are not met, the contingent payment is reversed and the customer intangibles are amortized. This quarter is a good example of the mechanism working in both ways. We recognized a 530 bps earn-out reversal on SMC, while the performance of CyberSolve led to an additional 110 bps earn-out charge. In other words, where performance supports a higher payout, we recognize the additional cost, and where the targets are not achieved, the liability is reversed. The net impact was a 420 bps credit in other income, partly offset by 140 bps of intangible amortization.

Second is the leadership transition. This quarter, we saw a leadership transition at the CEO level that had a net impact of 20 bps in the P&L, and that is a one-time charge.

Third, as part of aligning our cost structure with the needs of the business, we restructured our Netherlands operations during the quarter. There is a one-off cost of close to $6 million, and we expect it to improve the profitability of our business on a go-forward basis. The restructuring cost

Report is AI-generated and may contain inaccuracies.

includes one-time severance, legal, and lease-closure effects and had an impact of 150 bps at the PBT level. On a go-forward basis, we expect this to improve our annual operating margins by approximately 40 bps every year.

At the EBIT level, there is an impact only from the amortization of intangibles and the leadership transition, while at the PAT level, there are impacts associated with the EBIT-level items, plus the impact of the restructuring of the Netherlands entity, the reversal of acquisition earn-outs, and the related tax effects.

From a margin perspective, YTD Q3, our EBIT margins have been 13.6%. Q4 is a seasonally weak quarter for margins. Next quarter, margins will have headwinds from seasonality and merit increases, partially offset by tailwinds from better realization and operational improvements, including the uplift from the Netherlands entity closure that I spoke about earlier.

We announced our merit increases yesterday to the organization, and the merit increases will be effective October 1. This is one of the first decisions Vivek made immediately after joining. The merit-increase impact is close to 100 bps. For CY24, we continue to expect our adjusted EBIT margins to be within the communicated range we had given earlier. However, given that there is one quarter left, we are narrowing the full-year margin range to 13-13.5%.

A bit of color on the units. Year-on-year growth was broad-based, with 6 of the 7 verticals delivering year-on-year growth. Banking, TPP, PS, healthcare, and insurance delivered healthy year-on-year growth. On a sequential basis, growth was led by FS, banking, and TPP.

Financial Services grew 3% sequentially and 2.4% year-on-year. Within this vertical, one GSC client is gaining traction following a vendor-consolidation exercise that we completed in the current year. The other GSC client, where we benefited from consolidation last year, is now going through a cost-optimization exercise. We continue to maintain market share and are not losing it to any competitor. However, there is a headwind from the cost-optimization exercise that the client is undertaking. This affected Q3 and will continue to have an impact in Q4. Absorbing this headwind, we expect Financial Services to grow for the full year, although it will be below the company average.

Healthcare and insurance declined 40 bps sequentially but grew 6.3% year-on-year. The sequential softness was mainly due to lower asset revenue, offset by volume and calendar benefits. The underlying business remains very healthy, supported by ramp-ups and broad-based growth in our Europe portfolio. Healthcare and insurance will be one of the strongest year-on-year growth drivers for the company on a full-year basis.

Manufacturing and Consumer deal closures, as we called out earlier, have started converting into revenues, and the vertical grew 1.8% sequentially and 3% year-on-year. Growth was broad-based across accounts, sub-sectors, and geographies, with contributions from both existing clients and new logos. This is the fifth consecutive quarter of year-on-year growth for M&C.

Professional Services was broadly stable sequentially and grew 7.8% year-on-year. The sequential performance reflects normal seasonality after a stronger prior quarter for the largest client in this vertical. You will recall that the largest client in this vertical follows a fiscal year from July to June.

Report is AI-generated and may contain inaccuracies.

Therefore, Q2 for us, which is April to June, turns out to be very strong for this vertical.

Banking delivered another strong quarter, growing 6.6% sequentially and 13.5% year-on-year. Growth has been secular for the last few quarters, and we expect the vertical to have a strong full year. Year-on-year growth is faster than the company average and is contributed by all 3 geographies.

Travel and Transportation declined 3.5% sequentially and 8.5% year-on-year, reflecting softness in end-client demand and the ongoing conflict in the Middle East. We expect this vertical to remain soft for the full year.

TPP grew 7.2% sequentially and 9.7% year-on-year. This vertical, which we began reporting separately this year, is showing good traction, although on a smaller base.

By geography, the Americas grew 1.5% sequentially and 1.1% year-on-year. Performance, as I called out earlier, was affected by the softness in one of the GSC clients and a high-watermark base that included a large asset transaction in the H&I vertical. Year-on-year growth was led by Professional Services and Banking. Adjusted for the large asset deal, H&I in North America has been material and significantly outpaces the region and company average. FS, which is the largest vertical in the Americas, has been growing more slowly on the back of the GSC client that we discussed.

Europe grew 3.1% sequentially and 12.8% year-on-year, supported by account ramp-ups in both existing clients and new logos. Europe's year-on-year growth is broad-based across the verticals. H&I, which is the largest vertical in Europe, has been the primary driver of growth on the back of continuing wins across new clients and wallet-share gains in existing clients.

Asia Pacific delivered healthy year-on-year growth of 20%. Vertical growth is broad-based, with FS, Banking, and M&C driving growth. As I called out earlier, TTT has seen material softness in APAC due to the ongoing macro situation in the Middle East.

On client metrics, our client portfolio continues to broaden. We now have 32 clients with annual revenues greater than $10 million, compared to 30 a year ago. The number of clients above $20 million increased to 17 from 15.

Turning to our operating metrics, total headcount closed at 35,887, a net addition of 1,381 during the quarter. IT additions were 386. The larger addition was in BPS, toward fulfilling seasonal demand in Q3 and Q4. Our onshore mix increased to 53.1%. This reflects the impact of rebadge-led engagements and the mix of recent ramps. We will continue to manage the delivery mix as these programs mature. Voluntary attrition in IT remained stable at 11.1%. Utilization was 84.9%, broadly unchanged sequentially and healthy by historical standards. We expect utilization to remain range-bound as we balance delivery efficiency with capacity for future growth.

Our closing cash and investment balance was close to $200 million, an increase of $23 million sequentially, mainly driven by operating cash generation, and we continue to be debt-free. DSO came in at 77 days, one of the best in the industry, compared to 78 days in the prior quarter. We again expect DSO to remain range-bound by year-end. Cash conversion continues to remain strong. Operating cash flow for the last 12 months was close to 110% of reported profit.

Report is AI-generated and may contain inaccuracies.

The effective tax rate for the quarter came in lower at 21%. The lower rate is because of the earn-out reversals, which are not taxable, partly offset by the write-off of deferred tax assets associated with the Netherlands restructuring. Our normalized full-year effective tax-rate expectation remains between 25% and 26%.

EPS for the quarter was 7.06, up 30.7% sequentially and 16.1% year-on-year. The sequential increase was supported by the earn-out reversal, which increased reported PAT relative to adjusted PAT. This quarter also included approximately $3 million of hedge and translation losses. Based on the current hedge book and September-end exchange rates, we estimate losses of approximately $4 million and $3 million over the next 2 quarters, respectively.

To summarize, Q3 delivered sequential revenue growth, a modest improvement in adjusted EBIT margins, healthy operating metrics, and strong cash conversion. Growth was led by FS, Banking, and TPP, while the principal headwinds came from the GSC client, Travel and Transportation, and lower asset revenue. We remain focused on disciplined execution and protecting margins while continuing to invest in the capabilities required for growth. With that, we will open the call for questions.

Operator: Thank you very much. We will now begin the question-and-answer segment. To ask a question, please click on the raise-hand button at the bottom of your Zoom interface to enter the queue. Once announced, kindly unmute yourself, state your name and organization, and proceed with your question. If your query is answered before your turn, you may press the lower-hand button to exit the queue. We will pause briefly to allow the team to assemble the list of participants.

Your first question comes from Anmol Garg. Please unmute your audio and ask your question.

Anmol Garg: Thank you for the opportunity. I had a couple of things that I wanted to understand. Firstly, Vivek, congratulations on the new role. I wanted to understand from you, as to your strategy going ahead, whether you wish to add or double down on any service lines or any particular verticals where you may see traction in the market right now. Also, do you want to change something in the sales team, particularly on the incentive side of things?

Vivek Jetley – CEO: First of all, thank you, Anmol, and I look forward to meeting you in person sometime soon. What we are going to do over the next 90 days is conduct a full review of our strategy. This is going to include thinking through the areas where we want to double down, so where we want to play. It is going to include a review of what we want to compete with, so what we do. Then there is also an aspect of how we make that happen, both in terms of sales—what we do with large deals and what we do with the go-to-market—and also in terms of delivery, which is how we bring more focus into delivery. Finally, we are going to look at our investments and assess which are the areas in which we want to invest and where we want to grow.

The sum total of all of that is going to be our strategy plan, which we will hopefully bring back to you the next time that we meet. From that point on, as I said earlier, we will set out the roadmap and the expectations, and you will see us follow through on the execution against that, while also giving you line of sight into certain metrics around the execution.

Report is AI-generated and may contain inaccuracies.

This is day one for me. But that is essentially the plan that we will put together over the next few weeks and couple of months, and then come back and show you that.

Anmol Garg: Understood.

Vikash Kumar Jain – CFO: Just to add to that on the second part of your question with respect to the sales incentive plan. If you recall, on our AI Day, Shantanu presented that very recently we transitioned our hunting team from a quota-based plan to a commission-based plan. That is something which we expect is going to work out well. But as Vivek mentioned, I think everything is going to be reviewed with a lens of what can help us increase the velocity of the deals, both from a demand-generation and a demand-capture perspective. I just wanted to point out that we recently changed something in the current year from a sales-incentive perspective.

Anmol Garg: Understood. Thanks for this. My second question is on the guidance. I know we have not given guidance this time, but last time our guidance was around 6%-7%. Now, after 1.7% growth in this quarter, to achieve the guidance, the ask rate required for the fourth quarter remains quite high, in the range of 4%-5%. Do you see any sort of traction in the fourth quarter this time, and what could lead to meeting our guidance?

Vikash Kumar Jain – CFO: As Vivek mentioned in his opening remarks, revenue for the quarter was below our expectations, and that reflected the softness in one of our GSC clients and slower-than-anticipated progress in some of the large deals. These factors will continue to have an impact even in Q4. While we are not sharing a specific number for the quarter, what I would like to point out is that we expect Q4 to follow the seasonal pattern you have seen from us in previous years. In previous years, Q4 has usually been affected by furloughs and fewer working days, leading to a sequential decline. We are not giving specific guidance per se, but we are pointing out that Q4 is expected to have the same seasonal pattern that you have seen from us in previous years.

Anmol Garg: Understood. I had one more question. We liquidated Mobiquity Netherlands this quarter. Can you indicate any kind of revenue impact in the coming quarters, Vikas?

Vikash Kumar Jain – CFO: I want to reiterate one thing: Mobiquity has worked out to be a great acquisition for us in terms of building our capability from a product-development perspective, and we did this acquisition back in 2019. The Netherlands operations came along with that. Many customers changed their approach after COVID, and we did this acquisition before COVID. What COVID enabled customers to see was that a lot of the work being done from an onshore perspective could be done with similar quality from an offshore perspective at a much-reduced price point.

The clients actually transitioned a lot of the work to our India operations and other offshore or low-cost locations. So, from a revenue perspective, it has had a marginal impact. Being a complex labor-law country, while revenue declined, we could not optimize our costs in line with that revenue, and hence we had to make this decision to restructure our operations. That is the long answer to your question, but the short, one-word answer is that we do not see a material impact in terms of revenues because the revenues had already been transitioned to offshore locations.

Anmol Garg: Understood. Thanks, guys. I will join back in the queue.

Report is AI-generated and may contain inaccuracies.

Operator: Your next question will come from Gaurav Rateria with Morgan Stanley. Please unmute your audio and ask your question.

Gaurav Rateria – Morgan Stanley: Thank you for giving us this opportunity. Many congratulations, Vivek, on your exciting new role. My question is with respect to the business momentum that we had built over the last several quarters, which was supposed to help us exit this year at a very strong rate and give us momentum for the next year. I understand that we are in the middle of this transition. But if I were to break down the entire outlook into 2 parts, one part is the existing momentum in the business that we had built over the last several quarters, along with the macro and client-specific factors that are going on, versus the transition that we have seen in the senior management team and the impact of that transition on some of the plans.

I agree with and understand the transition part. I understand that you will come back in 90 days with a refresh of the strategy, and I fully support that. But what about the existing momentum in the business that we had built? How should we think about that?

Vivek Jetley – CEO: I can take a stab at this, and I think Vikash will also add some specifics. I want to be absolutely clear about one thing: as far as the company, Hexaware, and its employees are concerned, there has been no slackening off. There has been no taking our eye off the ball in terms of the business. The kind of momentum that we had under Keech and the cadence that we had in terms of following up with clients stayed through this transition period, and you will see that continue consistently over the next few months. So, there has not really been any impact whatsoever in terms of the company.

The momentum that you are talking about still exists. When we look at our pipeline, all those opportunities are still there, and the deals have progressed. What has not happened, and this is where the impact in Q3 came in, is that we had expected some of those deals to have already closed. For various reasons, including client-related reasons and, in certain cases, longer decision cycles, some of those deals have not closed at the same rate at which we expected. We can see all of those closing in Q4, and we can see some of them closing in Q1. The short answer is that I do not have enough information right now to be definitive about when they will close and project that out, and that is why we are stepping back and taking some time. But there has actually been no change at all in the underlying business momentum. When we look at our pipeline and the deals in the pipeline, everything is looking very strong.

I want to close out with one other point on that aspect. We spoke to you earlier about many of these client vendor-consolidation efforts, where clients were coming back and asking about vendor consolidation for rate savings. We have actually gone back and won most of those vendor-consolidation initiatives. Of all the ones that we entered, at this point there is only one that is pending and only one where the result was negative for Hexaware. In everything else, Hexaware has come out as a winner. So, I think there is also a lot of momentum in the business from that, and we expect to see both of those things play out.

Vivek Jetley – CEO: Vikash, anything to add to that?

Vikash Kumar Jain – CFO: No, Vivek. You covered it well.

Report is AI-generated and may contain inaccuracies.

Gaurav Rateria – Morgan Stanley: Thank you, and all the very best.

Vivek Jetley – CEO: Thanks.

Operator: Your next question comes from Prateek Maheshwari with HSBC. Please unmute your audio and ask your question.

Prateek Maheshwari – HSBC: Thank you for the opportunity. Vivek, congratulations on the role.

Vivek Jetley – CEO: Thank you.

Prateek Maheshwari – HSBC: My first question is to understand the performance versus guidance for the company. It has missed a few times over the last few quarters. As an early check, I wanted to ask you, Vivek, what you preliminarily think should change. Is there a requirement for a process change, a stricter view of the pipeline and conversion? Or do you think that things have also been unlucky, with the GSC client and the Professional Services clients for Hexaware?

Vivek Jetley – CEO: This is a tough question for me to answer, Prateek, because I am still on day one. I do not have enough data points to tell you, or to provide a root-cause analysis of what happened and what did not happen. I can tell you about Q3, and Q3 is really specific to those 2 factors. One is a slowdown in one of the GSCs, and the other aspect is a delay in some of those deal closures.

But I will step back and tell you a little bit about my philosophy in terms of how we want to approach forecasting. As I said in my remarks earlier, there is going to be a very strong focus from me and from the management team on making sure that we set these commitments and then make our utmost effort to beat and exceed them. I am going to be looking at the process, the inputs into the process, the timing of when they come in, and the quality of the information. There is going to be a very high degree of effort to make sure that we keep coming in, meeting and beating our commitments, and keep raising that cadence as we go along. You should expect to see that from us as we move forward. I will assign a huge amount of weight and focus to building up that credibility.

Prateek Maheshwari – HSBC: My second question is about where the financials are today for Hexaware. I see enough opportunities to improve both the company's growth rate and its margins. From your perspective, where would you look at things on a near- to mid-term basis? Would you want to accelerate growth further, or would you simultaneously try to expand margins as well?

Vivek Jetley – CEO: Our long-term ambition for the business is to provide sustainable, high-quality growth over a period of time. What that means is that we will have to focus, and will focus, both on increasing our revenue growth rate and improving profitability and the margin that comes with it. It is not an either-or. It is going to be both.

In terms of the mechanics, in the short term, does that mean more focus on deal closures to increase the growth rate and then use that additional growth rate and the wins to focus on margin? Or does it mean focusing on both at the same point in time? That is one of the strategy questions that we will come back to you and discuss later. But, in the long term, the focus is going to be on both. It is not either-or. It is an and.

Report is AI-generated and may contain inaccuracies.

Prateek Maheshwari – HSBC: Thanks, Vivek. Just one last question, probably to you and Vikash. I am trying to understand the earn-out. Expanding the India business and helping increase the setups through Hexaware for GCCs has been one of the strategic growth priorities for the business. I wanted to check whether you could share how the recent acquisitions are performing, and how the earn-out in SMC seems to have fallen short of expectations.

Prateek Maheshwari – HSBC: Could you expand on both acquisitions and how they are performing? That would be really helpful.

Vikash Kumar Jain – CFO: The SMC acquisition was aimed at acquiring GCC capability. We have continued to maintain it as a separate business because clients view an IT services provider and a GCC services provider through very different lenses.

When we acquired this business, it was a capability acquisition and not a scale acquisition. The underlying business-case assumptions were that it would deliver ambitious growth numbers, and that is how the earn-outs were structured. A large part of the earn-outs was structured in that way. In the first year of performance, they delivered on those numbers, and a material portion of those amounts was paid out last year. In the second year, SMC is falling short of those ambitious targets, and some of that is also due to a change from an industry perspective.

With the AI wave, some clients are actually moving slowly in terms of setting up the GCC because they are introducing AI into their current operations and moving to a new baseline from a cost perspective before deciding whether to establish those setups. I would not call it a major impact from a macro perspective, but there has been some impact. The ambitious targets that we set for year 2 were not achieved by SMC, leading to a reversal.

Cyberinc, which was the acquisition that we made in the security space, is performing really well compared to what we had estimated at the beginning of the transaction, when we made the assumptions with respect to the enterprise valuation. The net impact is that, after we made the first earn-out payments to them, we realized that they were going to exceed their numbers, so we had to restate the EV. As a result, you see an associated charge.

So, it is a combination of 2 things. We have an acquisition that is delivering below the ambitious target we set for it from a year-2 perspective, leading to a reversal. At the same time, we have an acquisition that is delivering significantly better than we had anticipated, resulting in an incremental charge. It is payment for performance.

In scaled operations and capability acquisitions, you would see this because capability acquisitions are small acquisitions that are primarily predicated on the fact that they need to help grow the organic business at a very different momentum from a revenue perspective.

Prateek Maheshwari – HSBC: Fair. I appreciate the color, Vikash. Thank you, and all the best to the team. Congratulations once again to Vivek.

Vikash Kumar Jain – CFO: Thank you.

Operator: Your next question comes from Dipesh Mehta with Emkay Global. Please unmute your audio and ask your question.

Report is AI-generated and may contain inaccuracies.

Dipesh Mehta – Emkay Global: Thanks for the opportunity. I have a couple of questions. First, I want to understand whether one of the reasons you attributed for weak Q3 compared to expectations—the slow ramp-up of large deals as well as delays in deal closures—was broad-based, or whether you are seeing specific verticals where some of these impacts are visible.

My second question is about the Netherlands operation, where we are undertaking a restructuring. As per the footnote, you mentioned that it is likely to be completed by Q2 calendar 2027. Do you expect some of these charges to continue in subsequent quarters? If yes, what would be the quantum of those charges?

My last question is about asset revenue or license revenue. It has remained fairly volatile. How should we understand that volatility going forward, and do you have any thoughts from a strategy perspective on this business? Thank you.

Vikash Kumar Jain – CFO: I will take all 3 of them. First, with respect to specific verticals, there are 2 aspects that we will call out. One was in the GIC client, of which we have 2 GIC clients as part of our top 3 clients. You will recall that in one of the GIC clients, we gained market share after the vendor-consolidation exercise last year, and that account was growing quite healthily last year and at the beginning of this year. The other GIC client was going through a consolidation exercise in the current year, and it was a neutral outcome for us.

The GIC client that went through a vendor-consolidation exercise in the current year has started growing again after the decision was made. So, even though I call it neutral, it is net positive, but only marginally. The GIC client where we had gained after the vendor-consolidation exercise last year is curbing some expenses, so it is a cost optimization from the client's perspective. That is a headwind. That is one of the reasons.

Second, from a deals perspective, I do not think we have lost the deals. Some of the decision-making, as Vivek said, has been delayed because of changes at the client end, or because clients are taking more time to make decisions. These are largely centered around 2 verticals. One is healthcare and insurance, and the other is travel and transportation. Travel and transportation also had some impact from the Middle East, so there were delays in decision-making in those areas given the war situation. In healthcare and insurance, even though decision-making has been delayed in some cases, I want to point out that this is going to be one of the fastest-growing and best-performing verticals for us in the current year. That color is important.

In terms of the second question, regarding the Netherlands operations, as I called out in my opening remarks, the labor laws in the Netherlands are those of a complex country. We have completed our consultations with the works council, and based on that, we are proceeding with the restructuring. All the charges associated with the restructuring have already been taken in. Effective next quarter, there will be no incremental charges associated with it, even though the complete restructuring will be completed by Q2 of next year.

Your third question was on asset revenues. Asset revenues tend to be volatile on a sequential basis, but that is the nature of the business. The way to think about that business is that, at the overall company level, asset revenues contribute approximately 2% of overall revenues on a full-year basis. In a particular quarter, that number could be anywhere between 1.5% and 2.5% as a percentage of

Report is AI-generated and may contain inaccuracies.

quarterly revenue. That is the range of variation you can have from an asset-revenue perspective. So, it is 2% on a full-year basis, while on a quarterly basis the range can be anywhere between 1.5% and 2.5%.

I do not think we called out that the miss in the current quarter was on account of asset revenues. What we called out on a sequential basis was that there was a bit of a headwind on account of asset revenues. But when we considered our forecast or outlook, we had already factored that in.

Dipesh Mehta – Emkay Global: My question was more about the delay in some of these areas. Have we also seen a delay in revenue conversion from some of the large deals that have already closed?

Vikash Kumar Jain – CFO: In one account specifically, yes, but not in the other accounts. In most of the accounts, it has been in line. In one account, there has been a bit of a delay in the ramp-up because the client is involved in a rebadging deal. The client moved more slowly during the initial phase, but it will ramp up.

Vivek Jetley – CEO: Your bigger question, I think, is whether we are seeing a trend there or a systemic issue that is slowing the ramp-ups. I do not think there is one. The example that Vikash was talking about is a one-off. It is very client-specific for those reasons. We are not seeing a slowdown across the business. In fact, we are quite happy with the way our ramp-ups are progressing across the board.

Dipesh Mehta – Emkay Global: Understood. Maybe next quarter, if you can provide some sense at the overall portfolio level of where you find strength and where you think some changes are required, just to get an overall holistic perspective from perhaps the next 3-year perspective, that would be very helpful.

Vivek Jetley – CEO: Absolutely. What we will do is, as I said, spend time thinking about where we want to play, which is where our strengths are, what we want to do, how we want to execute against it, and where we want to invest. We will have some visibility and transparency for you across that board.

Dipesh Mehta – Emkay Global: Thank you.

Operator: Your next question comes from Rishi Jhunjhunwala with IIFL Capital. Please unmute your audio and ask your question.

Rishi Jhunjhunwala – IIFL Capital: Thank you for the opportunity. Vivek, welcome to the new role. I have one question, and this is probably not regarding the business. Since this is day one, you have mentioned that you would not be able to comment too much about the state of the company. It would be useful to understand from you that you come from a company that defied the odds in the wake of AI and raised guidance every quarter. You were leading a portfolio that was growing 15%. I wanted to understand, at least from your experience at your previous company, what verticals, service lines, or go-to-market approaches you think are differentiated and could potentially be brought to Hexaware to revive growth. I understand there is a difference between what they do and what Hexaware does, but from the things that have worked there very well, what do you think could potentially benefit Hexaware?

Report is AI-generated and may contain inaccuracies.

Vivek Jetley – CEO: I will not be able to speak about specifics because, obviously, I do not want to talk about any company in a specific way. But what I will talk to you about is what has effectively worked for a lot of companies in the space: pivoting into data- and AI-led offerings and using those data- and AI-led offerings to create stronger growth momentum.

Hexaware is ideally suited for that. If you think about the 3 pillars that we talked about, when I talk about AI for IT, the focus is on what we can do to make IT work more productive by infusing AI into it. We have actually created the Tensai platform. We have client traction, and I think there is an intent to double down on that. What that will help us do is gain more market share within that space and also improve our margins as we do more and bring in more productivity.

On the AI for business side, I think that is where there are specific verticals in which we can create very specific outcome-based interventions and start creating AI-led business outcomes. I think there is going to be a huge amount of focus at Hexaware on what we can do to build that out.

Finally, there is the AI Foundation piece. With the Anthropic partnership, our efforts to build out FDE strength, and our focus on leveraging more partnerships for our data business, I think that is going to create a growth driver.

I have seen all of these different growth drivers work in various capacities. There is an intent to use some of that playbook. But honestly, the real answer is to look at what our clients need, how their needs are evolving, and then make sure that Hexaware has the right solutions to service those needs and win that market share. That is the intent, and that is what you will hear from me when I come back to you and present the strategic plan.

Rishi Jhunjhunwala – IIFL Capital: Thank you, Vivek. All the best. I look forward to it.

Operator: Your final question today comes from Vibhor Singhal with Nuvama Equities. Please unmute your audio and ask your question.

Vibhor Singhal – Nuvama Equities: Thanks for taking my question, and I wish you all the best, Vivek, in your role at Hexaware. I have just a couple of very small questions. I think most questions have been answered in the comprehensive call that we have had. Vikash, and perhaps Vivek, if you can also chip in.

Over the past 7 quarters, or the last 2 years, we have seen slow ramp-ups in deals and some clients' consolidation efforts impact our overall revenue growth, which had not historically been the case. For example, in this quarter, the GIC client impacted our growth. Earlier, deals were prolonged and were not closed, which impacted our growth. Generally, we were able to make up for these losses through growth from other accounts and elsewhere.

Is that also symptomatic of the overall weak demand environment that we are seeing? While we see some unanticipated weaknesses, are we not able to tide them over through new deal wins or new business that we can push through in a quarter or over some period of time to manage the growth?

A related question is on competitive intensity. A couple of peers have mentioned in their calls that, not across the board but in certain pockets, some peers have been bidding aggressively and spoiling the market, if I can use that term. What is your take on that? Are we also seeing aggressive

Report is AI-generated and may contain inaccuracies.

bidding by some players, and how is that impacting the overall demand pipeline and its conversion?

Vikash Kumar Jain – CFO: [hesitates] I think you are right in saying that we have had situations where we have fallen short of what we had guided in terms of our outlook. But I would like to draw your attention [trails off]

Management: to our last earnings call, where we called out that vendor consolidation is a natural part of how large enterprises manage their partnerships. It is a structural feature of our industry and has always been; it is not something new. Clients want fewer partners who can understand their business, work across the technology stack, and take accountability for outcomes, and that actually helps us.

Over the past year or so, what we saw was that a significant number of our large clients went through this process—close to 13, if you recall what we called out in our last earnings call. While these processes were underway, clients understandably paused their decisions, and that actually had an impact on our growth. The good news is that most of these outcomes have gone in our favor, and as a result, we expect our role to expand in these clients.

So, I think that has been the case with respect to vendor consolidation and why it led to a bit of a slowdown in our growth rates. The second aspect is very client-specific. As we have called out, it is not a usual trend that we are seeing, but there is also a bit of a luck factor. In some of our clients, there are changes at the client end: a CIO is changing, a new CTO is coming in, or there is a change in direction. In many cases, there is not even a change in direction; they are thinking, "We need to understand what my predecessor was doing before I make a decision on it." So, there is a bit of a luck factor in some of these deal decisions being pushed out or deferred.

The good news is that the deals are still active. It is a question of timing as to when they come back. What was your next question? Sorry, please remind me.

Vibhor Singhal – Nuvama Equities: On competitive intensity, are we seeing any players bidding aggressively and spoiling the market?

Management: I would tell you this. One aspect is that it is a buyer's market. The reason is that there are a lot of service providers who are willing to serve the client, but in most of these cases, the ones who tend to lose more are the incumbents rather than the challengers. For an incumbent, revenue goes from 100 to 70, but for a challenger, it goes from 0 to 70. Since we are challengers in many of our accounts, we actually tend to gain because our growth continues to come from both hunting and farming. A lot of this actually helps us.

If you look at the margin profile, I think investments continue to happen, and many of the benefits being passed on to clients are also based on what AI will enable from a productivity perspective. There could be a dip in the initial phase, but from a medium- to long-term perspective, you would expect the margins to pick up. So, is there pricing pressure? There definitely is. But it balances out over the overall lifecycle of the project.

Vibhor Singhal – Nuvama Equities: Got it. Great, thank you so much for taking my questions. I think we have held you back for quite a while. Thank you so much, Vivek and Vikash, for answering our

Report is AI-generated and may contain inaccuracies.

questions, and I wish you all the best.

Management: Thank you. Thank you.

Operator: Thank you, ladies and gentlemen. That brings our Q&A session to a close. I will now hand the conference over to management for closing comments. Over to you.

Management: Thank you. Thank you all for joining me on day one and for joining me on this conference call. I want to reiterate the couple of commitments that we have made to you. We are going to come back to you and, as we develop our strategic plan, talk to you about it. As I said, we will reiterate the areas in which we want to play, the offerings that we are going to take to market, how we plan on winning, and give you a line of sight into our thinking on investments.

Second, I think we are going to tighten the process across our entire end-to-end process: how we think about sales, how we convert sales into pipeline, and then how we project that pipeline into the forecasts, bringing more rigor and accuracy to it. The goal from this point forward is to make sure that we do not slip in that process, even if it means expanding the safety margins. Those are the 2 commitments that we are making to you, and you will start seeing them in action beginning with our next call. Thank you.

Management: Thanks, everyone.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

Report is AI-generated and may contain inaccuracies.