"Hexaware Technologies Limited Q4 CY '24 Earnings Conference Call"

March 07, 2025

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Moderator: Ladies and gentlemen, good day, and welcome to Hexaware Technologies Limited Q4 CY '24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Niraj Khemka from Hexaware Technologies. Thank you, and over to you, Mr. Khemka.

Niraj Khemka: Thank you, Michelle. Hello, everyone. This is Hexaware's first earnings call since our relisting on 19th Feb and we are delighted to connect with you. In the call today, we have Mr. R. Srikrishna, CEO, Mr. Vikash Jain, CFO; and Mr. Vinod Chandran, COO. In the course of this call, we may make certain statements which are forward-looking and may involve a number of risks and uncertainties.

All forward-looking statements made herein are based on the information presently available to the 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 which has been included in the Investor Presentation and the Press Release. We consider that as read.

With this, I'll hand over the call to Keech. Over to you, Keech.

R Srikrishna: Thank you, Niraj. Welcome to all of you. Good morning, good afternoon, good evening, depending on where you are in the world. First, big welcome to all the Investors. I think there are 180,000 odd. I hope all of you made a lot of money.

It is our first call. It's a bit of a compressed schedule because we have, I think, the last window a few days to announce the Q4 results. So here we are. A little bit housekeeping, I think many of you know this that we are around calendar year. Calendar year is our fiscal year. So this is our quarter 4 for the fiscal year '24, which is also calendar year '24. Just to kind of keep reminding everyone of that, we have put a terminology as CY '24, which is also the same as FY for us.

We had a really good fourth quarter. A little bit of momentum of continuing acceleration in Y-on-Y growth continued, are just a bit of lag in the slides that will come up to what I'm talking. So our fourth quarter '24, we finished at a modest 0.2% constant currency growth, but more importantly, close to 19% Y-on-Y growth for the year. This is, of course, was accelerating through '24. It also means that on a full year basis, we closed at about 13.5% Y-on-Y on growth up. And all of you, of course, follow all of our peers, really kind of only one company clearly above and another company is in the range, nobody else is in double digits.

On profitability, we have been improving our absolute reported EBITDA numbers. In our DRHP RHP, we reported adjusted numbers. During the roadshow, we said we will not present adjusted numbers also in this. So you'll not see any adjusted numbers for us in this.

You also heard us say that the adjustments are truly one-off, and then we will see. And I think you're seeing evidence of that through a sharp increase in reported EBITDA in a pretty soft quarter – cyclical quarter for us. And in effect, the reported EBITDA is up 50% Y-o-Y and are

in absolute terms. And actually, our EPS is up 65% Y-o-Y in absolute terms. So with all of this, we combined with a very strong closing cash position of just under INR2,000 crores or about $230 million.

We added 4,000 people in '24, which is amongst the highest in the industry for IT growth. So we added, we were close to the net headcount of just over 32,000 people. Attrition has been trending down. It is now, we think, the lowest or among the lowest in the industry at 10.8%. This is great on a number of fronts, it means people like working for Hexaware. I think it also means that profitability -- attrition is a big negative for profitability. The cost -- difference between cost of hires versus cost of attrit drives profitability down and we've got that to a best in the industry level.

Our utilization for Q4 is at 81.6%, which is seasonally impacted due to furloughs. So we are actually okay with where it is. It does mean we have headroom to grow from here, but some of it is due to furloughs. We're very proud that for the first time we have a customer whose revenue is in excess of $100 million. We added four customers in the 20 million category. So up from 11 to 14 in just 1 year of customers that give us about 20 million, that's a lot of solidity in the middle of a pivot, which gives us confidence for the future. And our top 10 client revenue concentration is about 36%.

We are proud that we got recognized in brand finance, top 25 most IT brands globally. In our RHP and DHRP, we presented our NPS data. An additional data point that did not get presented in that is that Europe-specific study by Whitelane Research. And this we were again ranked first in general satisfaction across a number of different countries that we operate in Europe and U.K.

Growth for us has been broad based. Let me kind of talk to both ends of growth here on the vertical side. You see that growth is led by High Tech and Professional Services and Financial Services in that sequence, 22%, 19% Y-o-Y growth. This was full year '24. This is kind of consistent with -- which has been consistent with our commentary that financial services did a smart turnaround for us, and we expect that to sustain going forward.

We said, on the other hand, manufacturing and consumer is a challenged sector. Frankly, we've had at least two clients that have gone through Chapter 11 which, among other secular headwinds, there are two additional kind of specific to our portfolio headwinds that off this. We don't see this to recover substantially, but we will see perhaps somewhat better in '25 than in '24.

I think our negative outlier in '24 from a performance perspective is banking. We'll see at 7.6% growth, actually, there's couple of one- offs that contributed to that. We actually see that coming back pretty sharply in about 6 months. But nevertheless all of this aggregated to mid-13s – I apologize. I didn't know when we got disconnected. So I'm actually going to just talk through verticals and geographies once again.

So our growth kind of came broad based as in every vertical group. However, there's quite a wide variance in the growth. Headlining growth was High Tech Professional Services and Financial Services in that sequence. And it's consistent with what we've spoken about that Financial Services saw a smart recovery for that. And actually, we think these will sustain.

The other end is Manufacturing and Consumer. Apart from secular headwinds across the industry, I think we have at least 2 clients that went through Chapter 11, which added to headwinds for us. And this softness will persist somewhat. Banking, at 7.6% low performance actually is a few one-offs. We actually think this will recover very smartly in a couple of quarters. But in aggregate, all of this still meant mid-13 growth, which is solid in a difficult economy.

From a geographic perspective, I'll start with APAC at 6.5% growth, that's much lower than company average. However, it represents a sharp increase from what our historical performance in Asia has been, and we expect this will actually accelerate. Europe has come down after a number of years of outstanding performance, and actually, it will make an improvement to company average is the broad expectation. And U.S. will continue to do very well like it did in '24.

We spoke a little bit about client pyramid and client concentration. Again, we are very proud that we have our first $100 million client. We expect to expand that list pretty quickly. And that's fed by strength in every level of the pyramid below. And like I said, 30% to 40% increase in the 20 million customer base. It is the most important feeder for customers becoming larger. And we've done all this while moderating customer concentration risk over a medium-term period.

So some examples of deals we've won during this quarter. There's a mixture of existing clients and new clients. The right 2 are new clients and the other 4 are existing clients. I'll give -- throw some color on this. The top right hand, the global supply chain management provides logistics in-store marketing support for some of the largest food and beverage quick service restaurants in the world.

And our initial work with them starts with AI-based outsourcing of tech operations. We started work with a global leader in eDiscovery. And this is an area that substantially will be altered by AI. And our solution what we are executing for this customer reflects that philosophy, that substantial amount of AI and how we're building platforms and products for this customer.

The left four are existing clients, the one that I will highlight here is entirely based on RapidX, and GenAI is a major airline in the U.S. legacy modernization using RapidX, extremely old code written like over 50 years ago, uncovering both the code and business logic behind that code using RapidX is that example.

A little more commentary on profitability and EBITDA, we said 3 things when we met people during the roadshows. One, we will not report an adjusted EBITDA, we're not. Two, we said our adjustments are truly one-off and they will recede. You're seeing evidence of that here.

Third, what we said is that our reported EBITDA for '25 will be close to the adjusted EBITDA for '24. The adjusted EBITDA for '24, 17.3%. You don't see that here. And we fully expect to get that pretty quickly. Right now, the only one-off costs left is ERP, which will continue through Q1 and Q2, but it will go to zero after that. So you should see the numbers that we spoke about playing out.

With that, I'm going to hand over to Vikash for a few minute.

Vikash Jain: Thanks, Keech. Hello, everyone. So as Keech already described that we have improved our margins both from a quarter-on-quarter perspective and from a year-on-year perspective on a reported basis, and that's primarily driven by three aspects. One is with respect to better pricing, the second is in terms of our operational improvement, and the third is SG&A leverage. Some of the metrics, what you can see here from an operating -- from an operational improvement perspective and our attrition rates have come down significantly.

And we know that attrition is the single most important factor in terms of driving the cost of delivery. So our attrition rates are down to 11 percentage. It is primarily driven by the fact that we are growing so that's the reason people love to work for us and Glassdoor ratings are one of the highest. The quality of the work they do is topnotch and added to the fact that we are expanding in Tier 2 locations is actually helping us bring down our cost of delivery and the attrition.

Utilization rates. We have put in a lot of initiatives which basically have helped us in terms of improving our utilization to close to 81.2% and going up to 83%. We think there is a bit of a headroom available for us to improve it further. What you see in Q4 as Keech described is primarily an impact of the lease in seasonality from a Q4 perspective but this will come back into, again, the 82% plus range from a Q1 perspective.

Moving on. We have a very strong balance sheet. Our closing cash balance was $233 million, primarily driven by DSOs, which has been one of the lowest from an industry perspective. We closed Q4 at 65 days with both billed and unbilled put together. Clearly, the best in the industry.

Just want to add it that our comfortable range in terms of where our DSOs are going to be is around the 70 mark. So that's what you should consider when you are modeling. And the fact that our working capital management helped us in terms of reduce our DSO. So significantly our OCF to EBITDA was at a very healthy 75% on an adjusted EBITDA basis. But on a reported basis, it was at close to 81%. Again, the range for us, as we had communicated, is close to 70% on a go-forward basis.

Our ETR continues to be one of the lowest in the industry. The full year ETR was close to 25%. From an EPS perspective, Keech already spoke about the fact that we have added and done a good job in terms of our margins. So Q4 EPS was a year-on-year growth of 65%. Even from a full year perspective, it was 18%, much faster than the revenue growth.

Last, we continue to return cash back to our shareholders. From a dividend perspective, we paid out close to 45% of our profit for the full year in the form of dividend, which in absolute terms turned out to be INR8.75 per share.

I'll hand it over back to Keech.

R Srikrishna: Thank you, Vikash. I want to spend a few minutes providing a view on '25 and future. I think the first thing I would say is we've decided not to do guidance. Now, we spent a little bit of time thinking about this -- debating this. I think we would like to start off because we're coming back to market after a while, start off giving you guidance. And there is certainly confidence to do

that. However, we're thinking about several years, 10 years. And we think it's best that we don't provide a guidance.

Before I go to '25, I want to talk about a couple of things that will be true in most years, some patterns that will be true in most years. One is that our calendar quarter 1, calendar quarter 4 are seasonally low quarters. Variety of factors furloughs, budgets, calendar budgets, year-end, people cut to meet some budgets. Year beginning, people haven't released budgets fully yet or there will be an unexpected change to programs. So most years, we see kind of some discontinuities. And as a consequence, we are seasonally low quarters.

Q2 and Q3 have the best sequential performance. We think the best way to take into account these is to look at Y-on-Y performance and the full year performance. So those 2 Y-o-Y accounts for the seasonality and full year, we think, is a good absolute measure. It is also always true for us that Q3 will be a wage hike quarter. Quarter 3 will be a wage hike quarter. Actually, July 1 will be wage hike month for us.

Now I'm going to get into specifics on '25. The first thing that I want to highlight is that our Y-o-Y rates through second half of '24, which is the numbers we just spoke about, the 98% and the 16-odd percent in Q3 are somewhat elevated due to a weak denominator in '23, corresponding period in '23. That is true not just for us, it's true for pretty much everyone in the industry that we saw a significant slowdown in H2 of '23.

Our Q4 exit is pretty strong at greater than 4%. Actually, if you adjust for furloughs, it is about 5% is the exit. I think what is true is that even since the time we listed, in the last 2 weeks, macros have trended marginally negative. All of you follow the same news that I do. So it's good to acknowledge that macros have trended marginally negative.

However, we actually expect that our '25 performance to be resilient to modest macro changes. When I say modest, if the roof falls on our head, that's different and that will be different for everyone. But modest changes such as the one that I would describe as what is happening now, our performance will be resilient to that.

Some quick evidence on the basis of why I'm seeing this. Two of our top 3 customers are going through material consolidation efforts, which we've already won. Okay. And we expect some ramp on this in Q2 and a material ramp from Q3. In fact, the larger of these 2 that customer's fiscal year is from July. So a lot of this execution will actually start in their new fiscal year, which is our Q3.

There are two more significant deals. These are with very large customers who are not large for us. They are large brands. And should we win even one of them. Both these will have ramp in H2 or Q4. But should we win even one of them, it will put us in a pretty good spot for '25 and more importantly for '26.

Yes, I'll just summarize, I think macros economy got weaker, but we don't think it impacts the current shift impacts how we think about our business and performance, and I spoke already about EBITDA. We had said we will get to adjusted margins what we presented in '24, which

was at 17.3%. We'll get to that on a reported basis or roughly that in a reported basis in '25. And I think that outlook remains primarily driven by ramp-up and one-off adjustments.

With that, I will pause and take questions.

Moderator: First question is from the line of Ankur Rudra from JPMorgan.

Ankur Rudra: Congratulations on the first quarter. So just a question, clarifying what's the organic growth for 4Q? Because I understand there was an impact of an acquisition, if you can clarify that to start with. Secondly, if you can talk a bit more about the broader demand environment you're seeing, especially with regards to the budgeting cycle in your top 30, 40 clients. Any color on discretionary spending that's coming through?

R Srikrishna: So, Ankur, I could speak to you. I think there's 2-odd percent of acquisition impact on a year-on-year growth for Q4. So the 18-odd will come down to 16-odd. So that's on the first question. I think on budgets, there's clearly some uncertainty. And I'll say just remove the current uncertainty cycle for a second, okay? I think prior to this, there was certainly some modest positivity. And prior to this say, two, three week period, my expectation was that positive will kind of directionally continue. I would still say the positivity is largely true in multiple sectors, okay?

Financial Services, especially banking Financial Services, I think, continue to be in that direction. There's more -- a lot more uncertainty in industries that are first order impact of tariffs. Of course, eventually, second order impacts will also become -- come into play. But first-order impact of tariff industries, there is more uncertainty, which is for us, Manufacturing and Consumer.

Ankur Rudra: If you could elaborate a bit more, Keech, in terms of the impact, is the customer reaction to this uncertainty, any kind of freezing of programs which previously were decided? I mean, just talk us through in terms of how you see this play out right now and how it may play out going forward?

R Srikrishna: I don't think we are yet -- there's sufficient time that has passed for us to know or understand the full impact. Everybody is kind of watching a whipsaw effect on a daily basis, right? I'll also say one more thing to what I said, right, that there are customers who at the beginning of the year kind of said, hey, I know that I'm going to reduce spend. However, I actually want to do more with a lesser number of partners. That's the reason I'm going to undertake a consolidation exercise.

And like I said, two have been completed and two are in works. The two which are in works are where we have virtually no presence. So in that scenario, we have challenges all upside. In the two that we won, they were both downsides and upsides for us. We were fortunate to end up on the upside. But the point I'm saying is, yes, there are clients who said here, I'm going to reduce spend but increase with a smaller number of vendors.

Ankur Rudra: Understood. Just one last question. In terms of your capital allocation plan. How are you thinking about M&A with the cash on the balance sheet? And what kind of sizes of acquisitions are you

likely to be looking at? There's been some news flow about a very large acquisition, if you can comment on that one at all.

R Srikrishna: I won't comment on the news. But I think it's fair to say that we have an active corporate development program, M&A program that has a pretty solid and active pipeline. And at any given point of time, we're looking at deals, and we have some bids in.

Moderator: The next question is from the line of Umar Manzoor from Allianz Global Investors.

Umar Manzoor: I just want to ask two questions. One, is away from the business uncertainty itself. Do you see any risks from the -- in the U.S. from just the U.S. policies basically in terms of not just visas, but just general made in America stuff? That's one question. The other is, if you could comment at all on the plans for the bond as a shareholder. I'm not sure if that's within your scope to comment? But that's my second question.

R Srikrishna: So I'm not sure I fully heard the second question. Would you repeat that?

Umar Manzoor: Concerning the bond as a shareholder and what's the plan for that?

R Srikrishna: Yes. So yes, I'll kind of not address that in this call. We do have it's a public bond, so we do have calls on that. So if you join that call, you could kind of hear more on that. On the first one, I don't think that legal immigration is a topic of discussion currently. In fact, I think the administration is clearly thrown its support for the most part behind H-1B, right? It's not often that President Trump actually shows his cards. But in this case, he did, and he throw his support behind H-1B.

Having said that, I think as a consequence of Trump 1.0, our dependence on H-1B from an incremental growth perspective is modest. So I'm going to say like in, yes, like maybe 80 people with H-1B that went to the U.S., even should that go to zero, it's not going to create any material impact to our business.

Moderator: Next question from the line of Rishi Jhunjhunwala from IIFL Capital.

Rishi Jhunjhunwala: Yes. Just a couple of questions. Keech, the two customers that you have talked about, just wanted to understand given how the environment in BFS today is and the increasing uncertainty around that also, apart from the fact that you will benefit from the vendor consolidation. Otherwise, in terms of spending -- the underlying spending in those customers, can you give some color? And also the consolidation benefit is coming at the expense of what kind of vendors or what kind of work?

R Srikrishna: Yes. So one of the two is Financial Services. The other is in Professional Services. One of them and I won't mention which one, one of them. As I think said at the beginning of the year that their goal is that they want to moderate spending in the future. And yet they want to be meaningful because tech is so important. The platforms that are critical for the business.

So they want to build deeper relationship with lesser number of partners. So the type of work is to build technology and platforms for their business. In that example, the spend will come down

and for the customer in aggregate or will be modest growth flattish, modest growth. It won't grow as much as it has in the past, but some vendors will grow quite a bit.

The other one, actually, the spend is growing modestly. On top of that, there is a consolidation, which is benefiting us.

Rishi Jhunjhunwala: Just a second question on margins, right? You talked about looking at doing reported margins similar to adjusted for last year. I'm assuming the commentary around margins are on a constant currency basis.

R Srikrishna: Think of it as constant currency from -- as of now, right? As of now, yes, which has a headwind actually already on revenue to some extent and some tailwind on margins.

Moderator: The next question is from the line of Manik Taneja from Axis Capital.

Manik Taneja: Keech, in the past and even in your initial years of your tenure you've had challenges around consolidation or customer-specific actions. And through the course of recent years, you've been transforming the client portfolio. How do you think about this aspect on a go-forward basis? Because in the past, we've had instances where this has impacted our overall revenue growth for certain periods. It would be great to get your perspective on the same.

R Srikrishna: Yes. Good to speak to you, though I think kind of it's a fine balance of growing our customers and yet moderating dependence on the top few. And I think we've been doing that balance, right? So if you look at our top 5, top 10 outcomes, our dependence on them has come down, come down even in a 3-year basis, but on a zoom-out period that you referred to, it has come down very materially, right?

And right now, actually, even in a 3-year basis, the composition of top 5 is different from what it was. What it is today is different from what it was 3 years ago. So it's got a different, more robust set of clientele right now. At least 2 of them are different.

Manik Taneja: Sure. But do you think we are in a better situation now from a client mix standpoint and thereby some of the challenges that we've faced with some of the customer-specific issues, they may not arise on a go-forward basis?

R Srikrishna: I see much better about where we are, okay? I mean, if a top 3, top 5 client has a growth challenge, it will impact our performance. But the extent of impact will be materially lower than what it was before.

Moderator: The next question is from the line of Abhishek Kumar from JM Financials.

Abhishek Kumar: Congratulations on your first quarter. First question, Keech, is on your initial remarks where we have said that some of the ramp-ups that we are seeing will happen in Q3 and H2. So does it mean that the growth in CY '25 would be slightly back-ended with second half, again, like we saw in CY '24 on a Y-o-Y basis better than first half? That's my first question.

R Srikrishna: Yes. It will be. But that growth is not contingent upon new things happening. We're not saying, hey, we expect the economy to improve and hence, it -- or we expect demand patterns will

change. These are kind of on the basis of what we've done already. In addition, there are more things that can happen that can further improve it, but the base outlook is based on things that have already happened.

Abhishek Kumar: Okay. Maybe a quick follow-up. You said you expect your growth to be resilient. Could you define resilience? Does it mean growth similar to CY '24? Does it mean double-digit growth? Any color on what do you mean by resilience?

R Srikrishna: Yes. Yes. So I first want to kind of say what resilience was in the context of changing macros, right? So I said modestly changing macros, our growth is resilient. It's not going to get impacted by that, okay? So that is the context of the resilience. Double-digit, I think, is like a solid baseline you can assume almost variable for us. It's still early, we're only like 2-odd months in the year. Our ambition is always to do better than what we've done in the past.

Abhishek Kumar: Okay. One last question on margin, specifically on ESOP expense. When we say that the only nonrecurring expense left now is the ERP implementation, are we implying that the ESOP expense also will be nil in CY '25 because we just launched ESOP 2024 plan, and it seems like that will have some impact on the ESOP expense?

R Srikrishna: Yes. We never kind of thought of that as an adjustment and we won't. So it will continue, but it is in our reported numbers now. It will be in our reported numbers going forward. And the reported numbers, like I said, our goal is to get to that 17-odd percent. 17.3%, 17.4%, what we got to last year on a adjusted basis. So ESOP will continue but I don't want to adjust it.

Abhishek Kumar: Okay, understood. 17.3% includes ESOP.

R Srikrishna: ESOP. Correct.

Moderator: We'll take the next question from the line of Girish Pai from BOB Capital Markets.

Girish Pai: This 200-basis point inorganic element, is this for 4Q 2024? Or is it for the full year? I mean, what would be the number for the full year?

R Srikrishna: The full year would be like 1-odd percent, okay? Because the acquisition only made in May, May. So that was for 4Q.

Girish Pai: Okay. And on the 4Q basis, I think you had an EBITDA margin expansion of about 330 basis points Y-o-Y. How much of that has been because of pricing? Because you mentioned pricing is one of your key levers, which drove margins up?

Vikash Jain: The way to think about it's a combination of pricing plus the operational improvement, which has driven more than one third of the overall 320 bps improvement. So the 320 bps is primarily, one third, one third, one third into forex leverage from an SG&A perspective because we are growing in scale. So the investment in SG&A we continue to invest but at a slower pace than the revenue growth and the balance one third which is coming from pricing plus operational improvements put together, a combination of both.

Girish Pai: And you mentioned a 4% exit rate. What exactly were you referring to because Q-o-Q growth was, I think, 0.2% sequentially in CC terms. So what is the 4% exit rate you were talking about?

R Srikrishna: A little 4% is the Q4 annualized divided by full year revenue. Adjusted for furloughs, actually that's about 5%.

Girish Pai: Okay. Lastly, you mentioned about consolidation in 2 of your top 3 clients. What do you think -- like what are the factors which drove that consolidation in your favor vis-à-vis the other players who are there in the vendor base of these particular clients? That's my last question.

R Srikrishna: Both these are existing customers. As opposed to the other 2, which are in works, which are not existing customers. So certainly not long term. We are the new clients. In existing customers where we've worked for a long time, I think the single most important factor that works in our favor is our excellence in execution. Our sell-through ratio with these customers is very high.

Moderator: The next question is from the line of Dipesh Mehta from Emkay Global.

Dipesh Mehta: A couple of questions. First of all, Travel and Transportation. Keech, can you provide some sense about the Travel and Transport and how you expect growth to play out? Second question is about the top 20 clients. We have benefited in some of the vendor consolidation exercise, you say two and two are in progress.

But any challenges you witnessed, let's say, in overall top 20 clients where we might be on the losing end kind of thing and which can provide challenges in coming quarters? If you can give some sense on top 20, any challenges, if any? And last question is about banking. Whether the recent few weeks phenomena likely to lead to some kind of challenges even in banking growth?

R Srikrishna: Yes. So top 20, I'll say there nothing that we are aware of that we're seeing currently that could be challenges from consolidation. I think potentially there are known issues of directional GCC efforts in some organizations. Because of which two or three top 20 clients have seen slower growth over the last number of years. And I think that directionally will continue, but we don't see a downside risk in consolidation in any other client. That's on your top 20 specific to consolidation.

The second was on banking. I actually think banking, in some ways, the 7.6% full year growth in '24 is not actually reflective of the strength in our business. There are some one-offs that kind of made that number to be what it is. And that will continue for a quarter, perhaps 2 quarters more. But actually after that, you will see some smart change in direction.

So your first question was on travel. I think travel will grow a little bit above company average, and that's the expectation right now for '25. It's not going to be in either end. It's not going to be a major driver or a drag on growth.

Moderator: We'll take the next question from the line of Manik Taneja from Axis Capital.

Manik Taneja: This question is for Vikash. You've mentioned that ERP transformation costs should be coming off by second half CY '25. Could you talk about the quantum that we should be expecting on this front given this program has been on through the course of last couple of years?

Vikash Jain: So from a full year perspective, the impact of this is going to be close to 40 bps.

Moderator: The next question is from the line of Girish Pai from BOB Capital Markets.

Girish Pai: What would have been the Q-o-Q growth for the last 4 quarters just to give -- get an understanding how the cadence has been?

R Srikrishna: So, Girish, like I said, this is Keech. The typical pattern for us across a number of years is that the sequential growth is high in quarter 2, quarter 3, right, and seasonally kind of slow in quarter 1 and quarter 4. This is generally true over a number of years. There are years which are off in either direction, can be particularly low or some quarters can be high because we will have excess budget spend at the end of the year but those are off pattern ones.

Girish Pai: No, no, I got that. I was just trying to understand what was the specific numbers for the 4 quarters of 2024 if that can be put in the public domain?

Vikash Jain: Yes. So from a '24 perspective, Q1 was close to 5% sequential. Q2 and Q3 were close to 6% sequential. And Q4 obviously was marginal decline at 50 bps. But one thing what I'd call out from Q1 of '24 perspective where there was a 5% sequential growth, it was coming on the back of Q4 of '23, where the sequential decline was very stable.

Girish Pai: And these are all U.S. dollars numbers, right?

Vikash Jain: They're all U.S. dollar numbers to make the like-to-like comparison, yes.

R Srikrishna: Yes. Sorry, I think just the FY '23, not just Q4 but Q3 was also a bad quarter, not just for us, for everyone. So it's coming off back of 2 pretty bad quarters.

Girish Pai: Okay. A couple of other data points, Vikash, if you can give that. What was the subcontractor cost in 2024? And also, were there any pass-through elements in 2024, if you can give these 2 numbers?

Vikash Jain: I mean we continue to have some pass-through element as part of our revenue numbers, which is pretty consistent. I mean it's not very material. And there is no material increase what we have from a pass-through revenue number, either in any of these quarters. So that's a sub-$10 million from an overall quarter perspective, if you think about it.

In terms of the contractor costs, our contractor mix has remained pretty consistent in terms of the overall mix. The cost is in the range of 17 percentage of revenues, give or take, by quarter, it varies a bit depending upon the number of working days because they are primarily in on-site and contractors get paid only on the basis of the working days because they are almost utilized 100%. So it keeps on varying on a quarterly basis, but at the highest level, it's close to 17 percentage of revenue.

Moderator: Ladies and gentlemen, we'll take that as the last question for today. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

R Srikrishna: Well, thank you. Thank you all for being here. I look forward to these ongoing interactions. Obviously, this is a bit compressed. We've been speaking a fair bit. We'll actually be back again for Q1 pretty quickly. So look forward to that conversation.

Moderator: Thank you, members of the management. On behalf of Hexaware Technologies Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.