



Press Release

For Immediate Publication

Hexaware posts 71.5% percent growth in Q1 revenue Raises revenue guidance for the year to \$108 million and PAT to \$11.2 mn

Highlights of 1st quarter 2004:

- Consolidated revenue from software services amounted to Rs. 1,143.71 mn for the first quarter ended March 31, 2004, an increase of 71.5% over comparable revenue of the corresponding quarter in the previous year.
- A sequential revenue growth of 11.3% QoQ was recorded for its first quarter ended 31st March 2004 (compared to Rs. 1,027.27 mn in the preceding quarter – Q4 FY03).
- Net Profit of Rs. 115.25 mn, helped post a sequential growth of 52.9% over comparable figure for Q403.
- 8 new clients were added during the quarter.
- EPS for the quarter was Rs. 20.30 on an annualized basis.
- Headcount increased by 293 to 2,636 at the end of this quarter, up from 2,343 in the preceding quarter Q4'03.
- Guidance on annual revenue raised to \$108 mn and PAT to \$11.2 mn.

Management comments:

Atul Nishar, Chairman, Hexaware said, “This quarter is the fourth in a row that we have recorded a double digit growth in our revenues. With 32 active Fortune 500/ Global 500 clients in our total of 91 active clients, we are set to grow at a faster run-rate than the industry. Going forward, the focus on customer delight will fuel our growth and help attain the critical mass.”

Mr. Rusi Brij, Chief Executive Officer, added: “This financial year has started on a high note with solid revenue and profit growth. We have continuously improved our percentage of repeat business from clients across continents (78% as of this quarter). The focus on enlarging our enterprise solutions business has resulted in some quick wins in SAP and two new clients in Business Intelligence space.”

Mumbai, April 15, 2004: The Board of Directors of Hexaware Technologies, a leading SEI CMM Level 5 global software company, today approved the results for the first quarter ending March 31, 2004.



Financial Highlights:

Hexaware Technologies posted record consolidated revenues of Rs. 1,143.71 million for its first quarter ended 31st March 2004, an increase of 71.5% over comparable revenue for the corresponding quarter in the previous year. Profit after tax for the quarter was Rs. 115.25 million, as against profits of Rs. 7.27 million (an increase of 1484.80%) in the corresponding quarter of the previous year.

Its first quarter revenues this year recorded a sequential growth of 11.3% compared to revenues of Rs 1,027.27 million in the prior quarter (Q4 FY03). Net profit rose by 52.9% sequentially to Rs. 115.25 million from Rs. 75.40 million in Q4 '03.

The company had proactively guarded its shareholder interest by taking a forward cover for the total dollar receipts into India for the entire year. For the rest of the year, from April to December, the company is covered at an average rate of Rs. 45.54 to the dollar.

Guidance:

Given the improved visibility of business for the rest of the year, the company has decided to raise its revenue guidance for the financial year 2004 to \$108 mn (against earlier guidance of \$102 mn) and a PAT of \$11.2 mn (earlier guidance was \$10.2 mn).

Company Operations:

Hexaware acquired 8 new customers during the quarter across US (5), Europe (2) and APAC (1). Of these, 7 clients were added in the enterprise solutions space, which includes PeopleSoft, SAP and Business Intelligence practice. 3 of these new clients were in the transportation vertical and 1 was from the financial services segment. In all, the company had 91 active clients at the end of the quarter.

On an annualized basis, Hexaware has 23 'million dollar' clients (as against 16 in Q4'03), of which 4 are more than \$5 million and 1 is more than \$10 million. The top client contributed 10.0% of revenues, while the top 10 clients together contributed 60.0% of revenues. 26.7% of revenues came from Europe, while N American share has reduced marginally to 67.0% and the balance 6.3% came in from rest of the world.

The PeopleSoft ISC center in Bangalore has aggressively ramped up in size to over 450 people, surpassing initial estimates. The centre now supports almost the entire suite of PeopleSoft product family except JD Edwards. PeopleSoft has increased the planned manpower total for 2004 to about 850 professionals.

During the quarter, Hexaware launched its SAP practice. In fact, within Q1 itself, Hexaware has won a multi-year, multi-million project for implementing SAP HR module for a Fortune 500 company.

Hexaware hired Hari Murthy as President of its North American operations in this quarter. Hari has over 15 years experience in the IT industry and has worked in Virtusa, Infosys and HCL prior to joining Hexaware. In January 2004, the Company inaugurated a near shore development centre in Bad Homburg, near Frankfurt in Germany.



Hexaware has made significant investments in creating a secure data center operation for its clients. This quarter, the company was awarded the BS 7799 certification by DNV for the highest standards in security compliance for its Indian software development operations.

In line with its active growth, Hexaware has increased its headcount to 2,636 at the end of the current quarter, an increase of 293 over the preceding quarter. Of this total, technical personnel were 2,351 and trainees comprised 15.3% of the global workforce.

About Hexaware:

Hexaware Technologies Limited is a global IT services specializing in Application Management, EAI, e-Commerce, ERP and Embedded Systems. Subspecialties include the new Affirma PeopleSoft specific post-production support services, and B2B extraprise integration. Hexaware is one of the few companies worldwide to achieve SEI CMM Level 5 the highest quality accreditation. Hexaware's U.S. offices are located in Jamesburg, Chicago, San Jose, internationally – Germany, Japan, France, Singapore, Switzerland, United Kingdom; Chennai, Bangalore and Mumbai, in India.

Safe Harbour:

Certain statements on this press release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Hexaware has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry.

Please visit: <http://www.hexaware.com>

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Performance Review

Revenue Growth

INR, Mn	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
Revenue	1,143.71	1,027.27	914.44	781.20	666.93	665.40	3,389.85	2,485.92
%, q-o-q	11.3	12.3	17.1	17.1	0.2	1.2	36.4	-
Total, including OI (net)	1,172.99	1,065.29	924.51	782.50	667.24	645.49	3,439.60	2,497.27
%, q-o-q	10.1	15.2	18.1	17.3	3.4	1.2	37.7	-

Vertical Split

%	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
Airlines / Transportation	15.6	13.7	12.2	12.0	13.0	11.0	12.9	12.0
BFSI	46.6	47.8	56.9	45.0	37.0	50.0	47.5	44.0
Manufacturing / Enterprise Solutions	32.8	30.8	21.9	33.0	35.0	28.0	30.0	33.4
Others	5.0	7.7	9.0	10.0	15.0	11.0	9.6	10.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Technology Split

%	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
E-Commerce/ Appl. Mgt.	43.0	45.0	47.0	49.0	58.0	58.0	46.0	55.0
R&D / Embedded	3.6	4.2	6.0	6.0	10.0	11.0	6.0	17.0
Enterprise	36.3	31.0	31.0	31.0	24.0	24.0	29.0	21.0
HR IT	3.8	3.8	4.0	2.0	-	-	3.0	-
Others	13.3	16.0	12.0	12.0	8.0	7.0	16.0	7.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Geography

%	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
Americas	67.0	71.0	68.0	68.0	70.0	71.0	69.0	74.0
Europe	26.7	23.2	27.0	27.0	21.0	22.2	24.9	18.0
RoW	6.3	5.8	5.0	5.0	9.0	6.8	6.1	8.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix

%	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
Onsite	61.0	63.0	65.0	66.0	63.0	60.0	64.0	63.0
Offshore	39.0	37.0	35.0	34.0	37.0	40.0	36.0	37.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business

%	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
	78.0	76.0	77.0	77.0	75.0	50.0	76.0	54.0



Clients billed	No	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
			91	85	77	73	69	67	93

Clients added	No	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
			8	8	6	8	6	4	28

DSO	Days	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02
			73	73	73	75	75

Billing Rates	USD/Hour	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
	Onsite	65.00	65.00	63.00	63.00	61.00	64.00	63.50	66.00
	Offshore	22.00	22.50	22.00	21.00	21.00	21.00	22.25	22.00

Revenue Concentration	%	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
	Top 1	10.0	11.0	14.0	13.0	12.0	12.0	12.5	11.0
	Top 5	45.0	44.0	46.0	47.0	43.0	36.0	46.3	35.0
	Top 10	60.0	65.0	62.0	63.0	58.0	53.0	64.0	50.0

Client Size	Nos.	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02
	More than USD 1 Mn +	23	16	15	13	12	
	Less than USD 5 Mn	18	12	12	11	10	
	Between USD 5 to 10 Mn	4	4	3	2	2	
	Over USD 10 Mn	1					

People Numbers	Nos.	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02
	Billable Personnel						
	Onsite	488	426	390	336	308	234
	Offshore	1,863	1,685	1,406	1,145	923	786
	Total	2,351	2,111	1,796	1,481	1,231	1,020
	Marketing	57	58	58	58	60	53
	Others	228	174	147	135	138	103
	Grand Total	2,636	2,343	2,001	1,674	1,429	1,176



Utilization

%	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
	69.0	72.0	68.0	68.0	68.0	76.0	71.0	76.0

Attrition Rate

%	Q1 FY 04	Q4 FY03	Q3 FY03	Q2 FY03	Q1 FY03	Q4 FY02	FY03	FY02
	14.0	11.0	11.0	12.0	14.0	14.0	12.0	12.5