



Press Release

HEXAWARE POSTS REVENUE GROWTH OF 31% OVER Q1 2002

Management reiterates FY03 guidance.

April 22, 2003

Financial Highlights: Hexaware Technologies recorded consolidated revenues of Rs 666.93 mn for its first quarter ended 31st March, 2003 compared to Rs 509.18 mn in Q1 2002 - a 31% rise year-on-year. Consolidated net profit for the company and its subsidiaries was Rs 17.51 mn for the quarter compared to a consolidated loss of Rs 89.89 mn in the same quarter a year ago.

On a sequential basis, revenues grew 1.74% to 666.93 from Rs 655.54 mn in Q4 FY02 while net profit (including share of profit in associate) declined from Rs. 85.19 mn in Q4 to Rs 17.51 Mn. These results are in line with the Company's FY 03 guidance of a flat Q1 with declining earnings. However, the Company maintains the year's guidance of 30-35% revenue growth and consolidated profits of \$ 5 mn.

Earnings for Q1 have declined largely because of anticipated increases in direct costs, overseas marketing, and investments in R&D activities. Direct cost have increased by 32%, primarily due to salary restructuring and increase that were done during mid quarter, and addition of new employees. After more than 2 years, the company has restructured its compensation and raised salary levels to be in line with its peers. Marketing costs have gone up by 23.9% with the addition of new sales people in US and specific marketing events. The Company has also been working on creating new solutions, especially in the R&D segment. These have been expensed in the quarter.

Commenting on the performance, Mr. Rusi Brij, CEO said, **"While the market continues to remain sluggish, Hexaware has been performing steadily. We have added six new customers, started 14 new projects, and have a very strong pipeline of prospects for the year. We remain cautiously optimistic about the year's prospects."**

Company Operations: Hexaware registered 6 customer wins during the quarter comprising the Peoplesoft, BFSI, Transportation and R&D solutions group. In all, the company had 69 active clients at the end of the quarter.

Exult and Deutsche Leasing remained the largest clients, both in terms of revenues and the number of resources employed. Hexaware has further won two long-term multi-million dollar projects in Exult and also increased the FY03 order book for Deutsche Leasing.

The R&D solutions group has been working on creating its own IP. It has successfully developed the USB 2.0 board, as well as the PCI Core which is equipped to completely design FPGA and ASIC from the architecture level to the tapeout stage. The group will be exhibiting this



product at the Embedded Systems Conference at San Francisco from April 23 -25, 2003. The company has bagged its first offshore R&D project.

The Company has also started its BPO operations with the first project from a major BPO company in USA. Nearly 100 people are working in the health claims processing area. Given its year's forecast, the Company has continued to invest in creating new infrastructure and increasing headcount. Hexaware has further increased its delivery capacity infrastructure with the commissioning of a new 750 seat center in Chennai expected by June. The second building in the Mahape Millennium Business Park will also be ready for commissioning in the next quarter, and will be exclusively used by Exult.

The total headcount increased to 1429 at the end of the current quarter, an increase of 253 over the preceding quarter. Technical employees were 86% of the global workforce.

About Hexaware

Hexaware Technologies is a global IT services company specializing in Application Management, EAI, e-Commerce, PeopleSoft and Embedded Systems. Hexaware is among 52 companies worldwide to achieve SEI CMM Level 5 - the highest quality accreditation, and also has TickIT and ISO 9001:2000 certifications. Hexaware's India operations consist development centers in Chennai and in Mumbai. Internationally, Hexaware has offices in the US (Princeton, NJ; Chicago, IL; San Jose, CA), Europe (London; Frankfurt) and Asia-Pacific (Singapore). For more information please visit www.hexaware.com

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

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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 31ST MARCH, 2003

(Rs. in Lacs except per share data)

PARTICULARS	THREE MONTHS ENDED 31st MAR'2003 UNAUDITED	THREE MONTHS ENDED 31st MAR'2002 UNAUDITED	YEAR ENDED 31st DEC'2002 AUDITED
GLOBAL REVENUE AND PROFIT- INCLUDING OF SUBSIDIARIES			
SOFTWARE AND CONSULTING	6669.31	5091.83	24859.21
OTHER INCOME (NET)	51.66	75.64	59.51
GLOBAL REVENUE	6720.97	5167.47	24918.72
GLOBAL PROFIT AFTER TAX	72.63	(938.35)	222.36
GLOBAL PROFIT AFTER TAX AND SHARE OF PROFIT IN ASSOCIATE	175.14	(898.90)	575.00
INCOME - HEXAWARE TECHNOLOGIES LIMITED			
SOFTWARE AND CONSULTING	3044.24	1458.56	9770.11
OTHER INCOME (NET)	88.77	60.77	219.07
TOTAL INCOME	3133.01	1519.33	9989.18
EMPLOYMENT EXPENDITURE	1487.18	934.40	4506.44
SOFTWARE, DEVELOPMENT EXPENSES	459.44	67.06	1309.49
ADMINISTRATION EXPENDITURE	761.61	516.28	2284.58
TOTAL EXPENDITURE	2708.23	1517.74	8100.52
EBITDA	424.78	1.59	1,888.66
DEPRECIATION	332.44	285.53	1144.66
PROFIT BEFORE TAX	92.34	(283.94)	744.00
PROVISION FOR TAXATION	-		(3.46)
PROFIT AFTER TAX	92.34	(283.94)	747.46
PAID UP EQUITY SHARE CAPITAL	2212.47	2209.83	2211.28
RESERVE AND SURPLUS			20194.90
EPS			
BASIC	0.42	0.00	3.38
DILUTED	0.36	0.00	2.88
AGGREGATE OF NON-PROMOTERS SHAREHOLDING			
NUMBER OF SHARES	13,480,283	13,436,596	13,468,412
PERCENTAGE OF SHAREHOLDING	60.93%	60.61%	60.91%



SEGMENT REPORTING

PARTICULARS	THREE MONTHS ENDED 31st MAR'2003	THREE MONTHS ENDED 31st MAR'2002	YEAR ENDED 31st DEC'2002
REVENUE BY INDUSTRY SEGMENT			
AIRLINES & TRANSPORT	379.59	255.74	1180.91
FINANCE & BANKING	1590.55	551.39	4911.29
INSURANCE	278.32	200.88	1327.22
OTHERS	795.78	450.55	2350.69
TOTAL	3044.24	1458.56	9770.11
LESS : INTER-SEGMENT REVENUE	-	-	-
NET REVENUE FROM OPERATIONS	3044.24	1458.56	9770.11
SEGMENT PROFIT BEFORE TAX			
AIRLINES & TRANSPORT	71.51	2.21	368.22
FINANCE & BANKING	216.42	(6.09)	1311.26
INSURANCE	72.54	(16.24)	123.17
OTHERS	(24.46)	(39.06)	(133.06)
TOTAL	336.01	(59.18)	1669.59
ADD : OTHER INCOME	88.77	60.77	219.07
LESS : OTHER UN-ALLOCABLE EXPENDITURE (EXCLUDING UN-ALLOCABLE INCOME)	332.44	285.53	1144.66
PROFIT BEFORE TAX	92.34	(283.94)	744.00

Notes on segment information

Principal segments

The company's operations mainly relates to providing Information Technology ("IT") services to customers operating in various industry segments. Accordingly, IT service revenues represented along industry classes comprise the primary basis of segmental information set out above.

Segmental capital employed

Fixed assets used in the company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and liabilities contracted are used interchangeably between segments. Accordingly, no disclosures relating to total segment assets and liabilities are made

Notes :-

- 1) These results have been reviewed and recommended by the Audit Committee at its meeting on 21st April 2003, and taken on record by the Board of Directors of the company at its meeting held on 22nd April 2003.
- 2) The company has not recognised the deferred tax asset on conservative basis .
- 3) The Company has issued and allotted 11,871 equity shares of Rs. 10/- each under the erstwhile Hexaware Technologies Limited - Employee Stock Option Plan 1999 which has resulted in the marginal increase in the non-promoter shareholding.
- 4) Figures have been regrouped / rearranged wherever necessary.

For Hexaware Technologies Limited

Place : Mumbai
Date : 22nd April 2003

P. K. Sridharan
(Executive Director)



Hexaware Technologies Ltd - Key Metrics			
		Q1-FY'03	YTD Dec'02
1	Geographic Revenue Break-up		
	- USA	70%	74%
	- Europe	21%	18%
	- Rest of World	9%	8%
	Total	100%	100%
2	Technology concentration risks		
	- E-commerce/Application Management	58%	55%
	- Research & Development	10%	17%
	- Peoplesoft	24%	21%
	- Others	8%	7%
	Total	100%	100%
3	Domain concentration risks		
	- Airlines and Transport	13%	12%
	- Finance and Banking	30%	31%
	- Insurance	7%	13%
	- Others	50%	44%
	Total	100%	100%
4	Client data		
	- Repeat Business	75%	54%
	- Number of clients billed	69	70
	- Number of new clients added	6	28
5	Client concentration		
	- Top client	12%	10%
	- Share of top 5 clients in total revenue	43%	35%
	- Share of top 10 clients in total revenue	58%	50%
6	Average Billing Rates(USD/ hour)		
	- Onsite	61	66
	- Offshore	21	22
7	Human Resource Mix		
	- Technical		
	- On-site	308	234
	- Off Shore	923	786
	- Marketing	60	53
	- General Mgt / Tech & Non-Tech Support	138	103
	Total	1429	1176
	- Attrition rate (%) (Avg.)	14%	12.5%
8	Revenue Mix		
	- Onsite	63%	63%
	- Offshore	37%	37%
9	Revenue - Utilisation Levels		
	- Overall	68%	76%
10	Debtors		
	- Global Debtors	75 days	73 days