



**Press Release**

**For Immediate Publication**

Hexaware records robust revenue growth of 59.9% in Third Quarter  
*Guidance revised upwards to \$118mn in revenue and \$ 13mn net*

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- Consolidated revenue from software services amounts to Rs.1,461.97mn, up 59.9% from the third quarter of 2003; rises 13.9% sequentially QoQ
  - PAT at Rs.165.53mn - up 179.4% over Q3 of the last year on a comparable basis; and 16.6% higher sequentially QoQ
  - New multi-year contracts worth \$30mn signed
  - 10 new clients added across all sectors
  - Attrition declined to 14.0%. Headcount is 3196, with 317 employees added to software services
  - Guidance on FY 04 revenue raised to \$118mn and PAT to \$13mn
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**Mumbai, October 18, 2004:** The Board of Directors of Hexaware Technologies, a leading SEI CMM Level 5 global software company, today approved the results for the third quarter ending September 2004.

Hexaware Technologies posted record consolidated revenues of Rs. 1,461.97 million for its third quarter, up 59.9% over comparable revenue for the corresponding quarter in the previous year. Profit after tax for the quarter was Rs. 165.53 million, up 179.4% compared to the operational profits of (excluding income from sale of interest in associate companies) corresponding quarter of the previous year.

Sequentially against the preceding quarter, revenue was up 13.9% and net profit higher by 16.6%. EBITDA margins have also moved up from 12.8% in last quarter to 16.0% in third quarter.

“Market conditions for offshore business continue to support launch of new service offerings. For the sixth consecutive quarter, both revenues and net profits have registered double-digit growth. Over \$30mn of new multi-year contracts were signed in the last 90 days. Consequently, we have again revised our guidance for FY'04 to \$118mn in revenue and \$13mn PAT,” stated **Rusi Brij, Vice-Chairman and CEO** of the company.

Added **Hari Murthy, President -North America**, “The focus on strengthening account management of key clients continued apace. Repeat business is up sharply, and we are now the vendor of choice to several Fortune 500 companies, especially in airlines and financial service sectors. Our recent wins underline our growing success in competing against international IT majors.”



Commenting on the European geography, **Sunil Surya, President** said, “Most of our new business has been on a variety of technologies and sectors. New contract wins in Germany further reiterate our dominant position in a very important and growing region.”

### **Forward Looking Guidance**

The Company has decided to again raise its revenue guidance for the financial year 2004 to \$118mn, against earlier guidance of \$114mn). This represents a 61.6% increase over FY 2003 revenues. Net profit has also been revised again to \$13mn, the earlier guidance being \$12.5mn.

### **Review of Company Operations**

Hexaware acquired ten new customers during the quarter across all sectors and regions. In all, the Company had 103 active clients in all its businesses. In a strong affirmation of its ability to scale client relationships, repeat business climbed sequentially from 79% to 82.9% during the current quarter. While the Top client comprised 13.4% of quarterly revenues, the top 10 clients together constituted 55.4% of business.

On an annualised basis, Hexaware now has 25 ‘million dollar’ clients (up from 16 in Q3 '03), of which 4 are more than \$5 million and another 2 are more than \$10 million. 72.6% of revenues came from America, while European share is at 21.1% and the balance 6.3% came in from rest of the world.

The Quarter saw the signing of a number of multi-year contracts exceeding \$30mn in value from both existing and new clients. Less than 20% of this related to PeopleSoft technology.

Citibank Germany, which has been associated with Hexaware since 2000, signed a new a \$ 9mn three-year contract with Hexaware. The contract would focus on legacy, client-server, and internet applications, apart from strategic conversion projects like EBS for the bank. There is significant opportunity to add more business from Citibank group.

With another 3-year contract signed last month, the Company has become the largest offshore vendor to Lufthansa Systems AG.

The Enterprise Solutions business continues to flourish. Comprising 40.0% of the total revenue, the Company is seeing greater market traction for its SAP, business intelligence and document and content management services. There are 8 clients in this category for non-PeopleSoft enterprise solutions.



The recently launched SOX Compliance practice too received a boost with a \$1.2mn project from a leading British Bank. With this win, Hexaware is currently delivering SOX compliance consulting and testing services to 3 clients.

Headcount is 3196 with 317 new employees added to the software services. The overall attrition rate declined to 14%. Blended utilization remained steady at 70%.

Caliber Point Business Solutions, the BPO subsidiary launched last quarter, has commenced operations from a new 22,500sq ft. state-of-the-art facility in Mahape, Mumbai. It is building a strong pipeline of prospects in health claims processing, components of HR, and back office support functions.

*(All references to \$ above, unless otherwise stated, refer to USD)*



## **About Hexaware**

Hexaware Technologies, a SEI CMM Level 5 global IT services provider specializes in Enterprise solutions, Application Management, EAI, e-Commerce, and Embedded Systems. With global offices in USA, Canada, UK, France, Germany, Japan, Singapore and India, it provides software services to the Airlines, Banking and Financial services, Insurance and Healthcare industries.

## **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.

Condensed financials statements of Hexaware Technologies Ltd are also available in the Investor Relations section on [www.hexaware.com](http://www.hexaware.com)

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