

***Hexaware meets Q1 '10 guidance;
plans to hire 1,000+ employees during 2010***

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- ***Q1 '10 Revenue in line with guidance at Rs. 2,220 mn (\$ 48.6 mn); guidance for Q2 '10 in the range of \$ 52 mn to \$ 53 mn***
 - ***9 new clients added in Q1 '10***
 - ***Headcount increased by 167 to 5,304 at the end of the quarter***
 - ***Net cash and cash equivalents at the end of Q1 '10 increased to Rs. 4,234 mn (\$94.3 mn)***
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Mumbai – April 29, 2010: Hexaware Technologies Ltd., a leading global provider of IT, BPO and consulting services, today reported financial results for the first quarter ended March 31, 2010.

Highlights of Q1 ended March 31, 2010

- Revenue from operations stood at Rs. 2,220 mn (\$ 48.6 mn); constant currency basis Revenue was Rs. 2,266 mn (\$ 49.6 mn)
 - Q-o-Q decrease of 11.9 % in INR terms and Q-o-Q decrease of 10.1 % in \$ terms
- Net Profit after Tax was Rs. 116 mn (\$ 2.5 mn)
 - Q-o-Q decrease of 67.9 % in INR terms and Q-o-Q decrease of 67.1 % in \$ terms
- 9 new clients added during the quarter; 156 active clients
- Global headcount stood at 5,304; up 167 from 5,137 at the end of December 2009
- Net cash & cash equivalents increased to Rs. 4,234 mn (\$ 94.3 mn), an increase of Rs. 135 mn (\$ 6.2 mn) over the last quarter.
- Days sales outstanding (DSO) stood at 62 days

The drop in revenue in Q1 '10 was primarily a result of the completion of some large projects and the adverse impact of cross currency movements particularly EUR and GBP. This in turn affected profitability. In addition, the restoration of salaries and the continued investments in people, hiring conducted for future growth of the Company also contributed to the reduction in the profit.

"The general economic environment is showing signs of improvement. While Europe is still sluggish, there are signs of recovery in North America. This should reflect in Hexaware's growth going forward," said **Atul Nishar**, Chairman, Hexaware Technologies Ltd.

"We are confident about our performance in Q2 2010 which is reflected in our revenue guidance based on the confirmed business and the quality of the deal pipeline. In line with our growth plans, we continue to bolster our execution capabilities through the addition of employees and strengthening our competencies," commented **P. R. Chandrasekar**, CEO and Vice Chairman, Hexaware Technologies Ltd.

Guidance

Revenue for Q2 '10 is likely to be in the range of \$ 52 mn to \$ 53 mn (exchange rates taken at 1 GBP = 1.55 USD and 1 EUR = 1.35 USD).

Financial Review

The financial ratios for the quarter stood at:

- EBITDA Margin was at 8.2%, down 9.7 % compared to the previous quarter
- Operating margin (EBIT) stood at 5.5%, down from 15.3% in the last quarter
- Net Profit after Tax margin was 5.2%, down 9.1 % sequentially on a Q-O-Q basis
- Blended utilisation¹ for the quarter stood at 69.1%

Net Cash and bank balances improved by Rs. 135 mn (\$ 6.2 mn) on a Q-o-Q basis to Rs. 4,234 mn (\$ 94.3 mn).

Operational Updates

The previous quarter witnessed an addition of 9 new clients, all of which were added in the Company's key focus areas. 3 clients were added in Banking Financial Services and Insurance domain (BFSI), 1 client in Travel, Transportation, Hospitality and Logistics vertical (TTHL), 1 client was added in Business Intelligence and Business Analytics (BI / BA), 1 in Enterprise Resource Planning (ERP) and 3 in Quality Assurance and Testing Services (QATS). At the end of the quarter, the total number of active clients stood at 156.

Of the 9 clients added, 7 customers were based in North America and 2 were based in Europe. 68.7 % of revenues came from North America, with the European share at 25.4 % and the balance 5.9 % coming from the rest of the world.

The number of clients registering \$1mn+ in revenues stood at 47, with 39 clients in the \$1 - \$5 mn category, 4 clients are in the \$5 - \$10 mn range and 4 clients billed over \$10 mn each – on a trailing 12 months basis.

Significant Updates

In the previous quarter, Hexaware launched HPower10, an automated solution which helps in assessment and transition for the International Classification of Diseases (ICD) for healthcare customers. HPower10, a secure and non-intrusive solution will provide comprehensive diagnosis across all affected IT systems on open and legacy platforms and implement the entire ICD 9 to 10 transition lifecycle.

In Q1 2010, the Company announced a global partnership with eBaoTech, a leading provider of a complete suite of new generation core application software and services for life and general insurance industries. This alliance will enable Hexaware to implement and maintain eBaoTech products for insurers in North America, UK, European Union and other select global markets.

In the quarter gone by, Hexaware announced that the Company is working with Oracle to enhance its Legacy Modernization services using the Oracle Tuxedo Application Runtime. Hexaware will develop proof of concepts towards modernizing the applications in various technologies / platforms and thus create a distinct service offering for migration to Oracle Tuxedo.

As a testimony to the commitments made to the Innovation and IP-building Centers of Excellence (COE) at Hexaware, the Innovation team achieved a critical milestone with the 'Probe' tool on SAP platform. As a tool, 'Probe' can analyze any SAP environment and determine the potential impact of any upgrade. During the last 12 months, the Company has successfully deployed the tool for 3 different clients.

¹ Inclusive of business from the erstwhile FocusFrame entity.

Forex Cover

The Company has hedges worth USD 50 mn at an average rate of Rs. 40.60 spread over the next two quarters (from April 2010 till September 2010). For the subsequent nine quarters (from October 2010 till December 2012), hedges worth USD 65 mn are at an average rate of Rs. 47.40 and hedges worth EUR 17 mn are at an average rate of Rs. 70.75.

Pricing

The average billing² rate per hour for the quarter stood at \$72.94 onsite and at \$22.41 offshore.

Human Resources

Global headcount at the end of Q1 '10 stood at 5,304, up from 5,137 in the previous quarter. Technical personnel comprised 88.3% of the total work force. Attrition² stood at 19.5 % on an annualized basis.

In line with the hiring plans, Hexaware continued to add fresh graduate engineers (campus recruits) during the last quarter. The engineers are currently undergoing training and induction at Hexavarsity and would be absorbed into the billable pool.

Effective March 2010, the Company has also completed the annual appraisal process for its India-based employees. The annual salary increase on an average is 15% for offshore-based employees with effect from April 2010. The percentage increase is higher for the junior grades and is lower for the senior grades.

Awards and Recognition

Hexaware was selected among the Leaders category for The 2010 Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP). The Global Outsourcing 100, produced annually by the IAOP, (the leading outsourcing professional association), is devoted to featuring the best of today's leading outsourcing service providers and tomorrow's rising stars.

Forrester Research, Inc. mentioned Hexaware in their February 2010 report on 'Offshoring From Continental Europe: Which Providers Are The Best Option?'

Caliber Point, the BPO subsidiary of Hexaware was mentioned in a Gartner report 'What Is "Platform BPO" and When Would You Use It?' by Cathy Tornbohm, 28 January 2010.

About Hexaware

Hexaware is a leading global provider of IT & BPO services and consulting. The Company focuses on key domains such as Banking, Financial Services, Insurance, Travel, Transportation, Hospitality, Logistics, Life Sciences and Healthcare. Our business philosophy, "*Your Success is Our Focus*", is demonstrated through the success we ensure for our clients. Hexaware focuses on delivering business results, and leveraging technology solutions by specializing in Business Intelligence & Analytics, Enterprise Applications, Testing and Legacy Modernization. Founded in 1990, Hexaware has a well-established global delivery model armed with proven proprietary tools and methodologies, skilled human capital and SEI CMMI-Level 5 certification. For additional information logon to www.hexaware.com

² Inclusive of business from the erstwhile FocusFrame entity.

Safe Harbour Statement

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.

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Consolidated Income Statement (as per Indian GAAP)

INR Mn

Head	Quarterly Data				
	Q1 10	Q4 09	QoQ%	Q1 09	YoY%
Gross Revenues	2,220	2,520	-11.9%	2,643	-16.0%
Direct Costs	1,420	1,435	-1.0%	1,486	-4.4%
Gross Profit	799	1,086	-26.4%	1,157	-30.9%
Selling / General And Administration	617	635	-2.8%	765	-19.4%
EBITDA	182	451	-59.6%	392	-53.5%
Depreciation and Amortization	59	65	-8.9%	67	-12.1%
Operating Profit = EBIT	123	386	-68.1%	325	-62.1%
Other Income (net)	77	84	-7.8%	78	-0.8%
Forex (Gains) / Losses#	75	105	-28.4%	198	-61.8%
Profit Before Tax	125	364	-65.7%	205	-39.0%
Provision for Tax	9	4	138.2%	32	-71.5%
Profit After Tax	116	360	-67.9%	173	-33.0%

Key Ratios	Q1 10	Q4 09	QoQ	Q1 09	YoY
Gross Margin	36.0%	43.1%	-7.1%	43.8%	-7.8%
SG&A to Revenue	27.8%	25.2%	2.6%	29.0%	-1.2%
EBITDA	8.2%	17.9%	-9.7%	14.8%	-6.6%
Operating / EBIT Margin	5.5%	15.3%	-9.8%	12.3%	-6.7%
Profit before tax	5.6%	14.5%	-8.8%	7.8%	-2.1%
Profit after Tax	5.2%	14.3%	-9.1%	6.5%	-1.3%
EPS-INR					
Basic	0.80	2.51	(1.71)	1.20	(0.40)
Diluted	0.77	2.42	(1.65)	1.20	(0.43)

Consolidated Balance Sheet (as per Indian GAAP)

INR Mn

Head	As at Mar 31 2010	As at Dec 31 2009	As at Mar 31 2009
Liabilities			
Equity Share Capital	290	290	288
Reserves	8,628	8,613	7,825
Forex MTM	(32)	(405)	(1,358)
Borrowings	640	163	203
Total	9,526	8,660	6,958
Assets			
Gross Fixed Assets	5,732	5,762	5,900
Less: Depreciation	1,442	1,404	1,267
Net Fixed Assets	4,290	4,358	4,633
Current Assets			
Cash and cash equivalent	4,874	4,262	3,318
Debtors	1,500	1,526	1,838
Others	1,202	1,113	1,079
Total Current assets	7,576	6,901	6,235
Current Liability - Forex (MTM)	40	444	1,512
Other Current Liabilities	2,411	2,265	2,506
Deferred Tax	110	110	108
Total	9,526	8,660	6,958

Performance Review

Revenue Growth

INR, Mn	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
Revenue from Operations	2,219.8	2,520.4	2,631.6	2,590.6	2,643.1	10,385.6
% q-o-q	(11.9)	(4.2)	1.6	(2.0)	(13.6)	(18.2)
Other Income	77.4	84.0	77.4	70.9	78.1	310.4

Vertical Split

%	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
BFSI	40.8	42.3	41.9	40.4	41.7	41.5
TTHL	20.0	18.7	17.1	17.1	17.1	17.5
Emerging Segments	39.2	39.0	41.0	42.5	41.2	41.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split

%	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
Application Devt & Maint (ADM)	49.2	48.5	46.6	44.7	44.0	45.9
Enterprise Application Services (EAS)	23.4	26.1	26.3	26.7	28.3	26.8
Testing / QATS (Quality Assurance and Testing Services)	10.6	10.0	11.4	13.9	13.1	12.1
Business Intelligence & Analytics	6.5	7.3	7.4	6.7	6.4	7.0
BPO	7.4	6.8	6.7	7.0	6.8	6.8
Others	2.9	1.3	1.6	1.0	1.4	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

Geography

%	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
Americas	68.7	67.3	64.6	65.2	66.1	65.8
Europe	25.4	26.8	29.2	27.7	26.1	27.5
RoW	5.9	5.9	6.2	7.1	7.8	6.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix

%	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
Onsite	60.3	60.8	60.6	58.9	58.8	59.8
Offshore	39.7	39.2	39.4	41.1	41.2	40.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business

%	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09
	96.1	96.9	96.4	97.3	93.4

Clients billed

No	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09
	156	157	159	166	168

Clients added

No	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09
	9	7	9	10	9

DSO	Days	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09
		62	56	57	57	62

Billing Rates	USD/Hour*	Q1 FY 10#	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
Onsite		72.94	69.97	70.12	68.28	66.22	68.65
Offshore		22.41	23.67	23.74	23.02	22.43	23.21

Revenue Concentration	%*	Q1 FY10@	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
Top 1		8.2	10.3	11.5	12.6	11.9	11.6
Top 5		32.0	35.0	34.7	33.7	34.2	34.1
Top 10		46.5	49.8	50.6	49.9	50.0	49.6

Client Size	Nos.**	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09
More than USD 1 Mn +		47	47	47	49	51
Between USD 1 to 5 Mn		39	39	38	40	40
Between USD 5 to 10 Mn		4	4	6	6	7
Over USD 10 Mn		4	4	3	3	4

People Numbers	IT Services % ***	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09
Billable Personnel						
Onsite		18.5%	18.0%	19.2%	18.7%	17.9%
Offshore		69.8%	70.0%	68.4%	68.8%	69.4%
Total		88.3%	88.0%	87.6%	87.5%	87.3%
Marketing (Incl. Sales Support)		2.5%	2.5%	2.6%	2.5%	2.2%
Others (Incl. Tech. Support)		9.2%	9.5%	9.8%	10.0%	10.5%
Grand Total		100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%*	Q1 FY 10#	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
		69.1	75.2	75.7	74.8	72.2	74.5

Attrition Rate	%*	Q1 FY 10#	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09	FY 09
		19.5	19.4	19.5	16.9	17.2	19.4

Rupee Dollar Rate (Rs.)	Q1 FY 10	Q4 FY 09	Q3 FY 09	Q2 FY 09	Q1 FY 09
Period Closing rate	44.90	46.53	48.11	47.91	50.72
Period average rate	45.72	46.67	48.29	48.35	50.24

* These metrics do not include Focus Frame and Caliber Point
Starting Q1 2010 includes erstwhile FocusFrame business
@ Starting Q1 10 includes Caliber Point and erstwhile FocusFrame business
** Computed on a trailing 12 months
*** Excludes head count of Caliber Point

Details of Cash and Bank (Global)			INR Mn
Bank Name	Current Account	Deposit Account	Total
Bank of India	1.31	1,002.63	1,003.95
IDBI Bank Ltd	30.37	811.95	842.32
State Bank of India	0.74	607.21	607.95
Canara Bank	0.14	520.31	520.45
Axis Bank		291.61	291.61
Standard Chartered Bank		153.30	153.30
ICICI bank Ltd	3.41	135.91	139.32
Oriental Bank of Commerce		106.42	106.42
Bank of America	79.26		79.26
Punjab National Bank		71.23	71.23
The Royal Bank of Scotland	30.52	5.80	36.32
Dena Bank		35.19	35.19
ING Bank	14.33		14.33
HSBC Bank Ltd	12.69	0.60	13.28
CITI Bank	12.15		12.15
HDFC Bank Ltd	9.25		9.25
DBS bank	9.02		9.02
Andhra Bank	8.17	0.71	8.88
Metropolitan Bank	8.76		8.76
National Australia Bank Ltd	1.33	6.30	7.63
Handelsbanken	6.03		6.03
Rabo	5.22		5.22
Scotia Bank	3.41		3.41
Mizuho Bank	2.53		2.53
Societe Generale	2.28		2.28
Silicon Valley Bank	1.86		1.86
Dresdner Bank	0.90	0.94	1.85
ABN Amro Bank	1.69		1.69
CIC Paris Boetie	1.58		1.58
UBS Bank	1.42		1.42
BANAMEX	1.15		1.15
UCO Bank	0.23		0.23
Deutsche Bank	0.12		0.12
CASH	0.00		0.00
Remittance in Transit	60.55		60.55
Grand Total	310.47	3,750.12	4,060.59

Details of Investments in Mutual Funds	INR Mn
IDFC	299.90
Kotak Mahindra	165.69
DWS	112.51
ICICI Prudential	25.03
UTI	210.01
	813.14