CY 2007 revenues up 35.1 % in $ terms; crosses Rs. 1,000 crore

- ***All unauthorised foreign exchange option contracts cancelled. No carryover in 2008***
- ***Order book for 2008 stands at $ 210 mn; 40 % higher than the CY '07 order book***
- ***Added a record 66 new clients in 2007 of which 19 belong to Fortune 500***
- ***11 clients bill in excess of $ 5 mn revenues on a trailing twelve month basis***
- ***Total headcount crossed 7,000; ends at 7,068***

Mumbai – February 21, 2008: Hexaware Technologies Ltd, a leading global IT & BPO services provider, today announced financial results for Fourth Quarter and Full-Year 2007.

Financial Highlights

Financial year ended December 31, 2007

- Revenue from operations stood at Rs. 10,398.03 mn ($ 252.94 mn)
  - Y-O-Y increase of **35.1**% in $ terms
  - Y-O-Y increase of 22.6% in INR terms
- Net Profit after Tax was Rs. 1,100.74 mn before minority interest and exceptional items
- Net Profit after Tax was Rs. 72.29 mn after minority interest and exceptional items
- Total headcount increased by 1,239 to **7,068** by the end of the year
- **66** new clients added during the year; highest addition ever
- 175 active clients; **60** are Fortune 500 / Global 500 corporations
- **54** clients billed more than one million dollar during the year

Fourth Quarter ended December 31, 2007

- Consolidated revenue from operations was Rs. 2,591.79 mn ($ 65.68 mn)
  - Y-o-Y increase of 22.1% in $ terms, 7.9% in INR terms
  - Q-o-Q increase of 4.1% in $ terms, 1.8% in INR terms
- Net Profit after Tax before minority interest and exceptional items was Rs. 218.42 mn ($ 5.5 mn)
- Net Loss after Tax after minority interest and exceptional items was Rs. 810.03 mn ($ 20.58 mn)
- New order book added in Q4 '07 exceeded $ 70 mn
- 16 new clients acquired during the quarter
- Headcount increase of 301 to cross 7,000 employees
- Second Hexaware near-shore delivery center opened in Mexico

"The Company handled the exceptional forex incident in a very transparent and expeditious manner. We remain adequately funded and this forex loss has not impacted our business and investment plans for 2008 in any way. The recent purchase of new land in Nagpur SEZ and further investments in expanding our global sales force are a testimonial to this fact," said **Atul Nishar**, Executive Chairman, Hexaware Technologies Ltd.

Commenting on the operations, **Rusi Brij**, CEO and Vice Chairman added, "While revenue growth has been in line with our peers, a number of one-time expenses in Q4 impacted the quarter's operational profits. The strong order book added in the last two quarters represents the market's continuing acceptance of Hexaware's differentiated service offerings and niche positioning. The $ 210 mn order book and a pipeline of another $ 150 mn bode well for 2008 growth".

Guidance for CY 2008

Given the visibility for 2008, the Company has provided the following guidance:

- Revenue for Q1 '08 will be $ 66.5 mn - $ 67.5 mn
- Revenue for CY '08 will be $ 310 mn - $ 315 mn

Operational Review

Of the 16 new clients acquired during the quarter, 2 clients were added through the recently launched joint venture RiskTech and another 2 clients were added by Caliber Point, the wholly owned BPO subsidiary.

For the IT-services business wins, new clients added were: 1 in Enterprise Solutions, 5 in Testing, 5 in Capital Markets and 1 in Application Management services. The record client addition of 66 during the year took the total number of active clients to 175. Currently, the Company has 60 Fortune 500 / Global 500 clients. In 2006, Hexaware had 129 active clients, 41 of which were Fortune 500 / Global 500 corporations.

Hexaware's strategy to mine high potential existing accounts has resulted in an increase in the million dollar clients from 41 to 54 in CY '07. Seven accounts were in the $5 - $10 mn band while four clients billed more than $10 mn each.

The order book signed during Q4 '07 exceeded $ 70 mn. Thus, the total new orders booked from existing and new clients during 2007 were $271.5 mn, up 58% from $171.2 mn booked during 2006. Every new order booked from existing clients included higher revenue commitments.

The profit margins for the year stood at

- Gross margin at 35.8%
- EBITDA margin at 11.5%
- Operating margin at 9.3%
- Net Profit after Tax margin was 10.6% excluding Minority Interest and Exceptional Items.

The blended utilisation for the quarter was down to 64% as the 748 freshers recruited during Q3 '07 completed their boot camp and were inducted into the billable technical pool.

Geography

The quarter saw 11 new client additions from North America, 3 from Europe and 2 from APAC. 66.3% of revenues came from North America, with the European share at 26 % and the balance 7.7 % coming from rest of the world.

Dividend Declaration

In light of the one time exceptional loss and Company Law restrictions in quantum of dividend payable out of Reserves, no final dividend has been declared. The Company had already paid an interim dividend of 40% in July 07.

Significant Wins in Q4'07

Hexaware has signed a multi-million dollar deal with one of its largest existing clients to manage a set of internal applications including Enterprise Applications and customized applications in BA/BI and Testing Solutions. The total size of the 3-year deal is in excess of $18 mn and provides for 30% increase over the current client revenue.

In Q4 2007, Hexaware added a marquee client in the financial valuation, pricing and data services. An innovative service offering modelled on investment data management combined with high-end analytical research (KPO) has been created for the client. Building on this significant new win, Hexaware plans to launch a new service offering with this unique combination of IT and BPO services in the BFSI domain.

In the last quarter, FocusFrame added one the world's largest broad-based manufacturer of health care products as its first client to deliver software services from India. For this global leader, FocusFrame offers test governance strategy and develops automated test scripts to run on the client's enterprise-wide applications. This engagement also marks the first client account that FocusFrame would deliver directly from India-based delivery centers. At the end of the year 2007, FocusFrame serviced five of its clients from India-based delivery centers.

In the previous quarter, Hexaware added a leading integrated multi-module core-banking application developer as a strategic partner. Through this alliance, Hexaware has added one of the largest Mexican retail bank as a client for implementing specific modules of the core-banking application. This relationship is being nurtured and delivered from the global delivery center based in Mexico

FocusFrame Updates

The last quarter witnessed the completion of the first full year of FocusFrame's operations as a wholly owned subsidiary of Hexaware. During the year, the Company re-organized its business strategy to focus the revenue growth along two major channels – one focusing on strategic accounts and the other on generating business from software vendors like SAP and HP/Mercury. The SAP Accelerator is expected to be the single largest source of revenues in 2008.

RiskTech Updates

During the quarter, RiskTech added two new clients. The senior management team was strengthened with the addition of the business heads for NA and APAC regions and a global delivery head.

To meet its growth plans for 2008, the management team led by Peyman Mestchian is aggressively ramping up the delivery organisation.

Billing rates

The average billing rate per hour for the quarter has gone up to $68.16 for onsite locations and to $23.50 for offshore locations.

Human Resources

The global headcount at the end of Q4 '07 stood at 7,068 - up 1,239 from the same time last year and 301 from Q3 '07. Technical personnel comprised 90.9% of the total work force. Attrition rose to 19.5% on an annualized basis.

Infrastructure

The Company opened its second development center in Mexico. Together with FocusFrame's center, the headcount at the Mexico center is likely to exceed 500 employees over the next three years.

Hexaware and Caliber Point, together have acquired 10 acres of land in Nagpur, a tier II city, at a SEZ location. The campus will scale up to accommodate 3,000 people, commencing with the last quarter of 2008.

The first phase of the Chennai Green Campus is expected to be occupied by April 2008. The Company has plans to start work on the Airoli and the Pune Hinjewadi SEZs by mid 2008.

Awards and recognitions

Hexaware was selected among the Leaders category for The 2008 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.

Forex Cover

The Company currently has a forward cover of $389.5 mn at an average rate of Rs. 40.50 per dollar spread over the next eleven quarters. These forward covers are in line with Company approved hedge policy.

Exceptional Forex loss

Hexaware has successfully unwound all the foreign exchange option contracts in Q4 '07, with no carryover to 2008. These transactions were identified to be unauthorized and outside the Company's approved hedging program and were therefore unwound through cancellation. As a result of this, the Company has booked a net loss of Rs. 1029.95 million.

The Company has adopted a set of new processes recommended by KPMG for its treasury department which will further strengthen our internal monitoring and control processes. Some of the key recommendations include an executive management signatory in all hedge transactions, implementing an automated forex dealing system, communication from counterparty banks on violation of limits set with them, etc.

Events and Updates

Hexaware and its group companies hosted C- Summit, the annual event for customers for the 4th time in a row. The event saw a participation of over 140 clients from across the globe. Client commitment and participation at the event gave an additional assurance of a robust pipeline for Hexaware. The event cost the Company $ 800,000 in Q4 '07.

S.K. Mitra was appointed as an independent Director to the Board of Directors of Hexaware. He has deep domain knowledge and a vast experience of the financial markets and financial services industry.

About Hexaware

Hexaware is a leading global provider of IT and BPO services. The Company has achieved leadership position in domains such as Banking, Financial Services, Insurance, Transportation, Logistics and HR-IT solutions. Hexaware focuses on delivering business results leveraging technology solutions and specializes in Business Intelligence & Analytics, Enterprise Applications, Independent Testing and Legacy Modernization. Hexaware has been providing technology solutions for business for 17 years and offers world class service delivery, technology leadership and skilled human capital. For additional information logon to www.hexaware.com 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.

For more information contact:

Effie Coutinho

Hexaware Technologies Limited

Tel: +91 (22) 66542682 / 83

Fax: +91 (22) 22872939

e-mail: effiec@hexaware.com

Issued on behalf of Hexaware Technologies Limited by:

Sandeep Ajgaonkar
Adfactors PR Pvt Ltd.
Tel: +91 9820221510
e-mail: sandeep.ajgaonkar@adfactorspr.com

INR Mn

Head	Quarterly data				
	Q4 FY07	Q3 FY07	Sequential Change (%)	Q4 FY06	Y-o-Y Change (%)
Gross Revenues	**2,591.79**	**2,546.15**	**1.8%**	**2,402.18**	**7.9%**
Direct Costs	1,766.59	1,640.02	7.7%	1,501.35	17.7%
Gross Profit	**825.20**	**906.13**	**-8.9%**	**900.83**	**-8.4%**
Selling / General And Administration	644.29	602.32	7.0%	543.58	18.5%
EBITDA	**180.91**	**303.81**	**-40.5%**	**357.25**	**-49.4%**
Depreciation and Amortization	60.87	57.18	6.5%	52.80	15.3%
Operating Profit	**120.04**	**246.63**	**-51.3%**	**304.45**	**-60.6%**
Other Income (net)	71.46	74.96	-4.7%	79.29	-9.9%
Profit Before Tax	**191.50**	**321.59**	**-40.5%**	**383.74**	**-50.1%**
Provision for Tax	(26.92)	52.43	-151.3%	46.20	-158.3%
Profit After Tax	**218.42**	**269.16**	**-18.9%**	**337.54**	**-35.3%**
Minority Interest	1.50				
Exceptional Items	1,029.95				
PAT after Minority Interest & Exceptional Items	**(810.03)**	**269.16**		**337.54**	

Key Ratios	Q4 FY07	Q3 FY07		Q4 FY06
Gross Margin	31.8%	35.6%		37.5%
SGnA to Revenue	24.9%	23.7%		22.6%
EBITDA	7.0%	11.9%		14.9%
Operating Margin	4.6%	9.7%		12.7%
Profit before tax	7.4%	12.6%		16.0%
Profit after Tax	8.4%	10.6%		14.1%
EPS-INR (Excluding Exceptional Items)				
Basic	1.52	1.99		2.46
Diluted	1.52	1.96		2.33
EPS-INR				
Basic	-5.6	1.99		2.46
Diluted	-5.6	1.96		2.33

INR Mn

Head	Yearly Data		
	FY 07	FY 06	Growth in %
Gross Revenues	**10,398.03**	**8,482.14**	**22.6%**
Direct Costs	6,673.00	5,317.78	25.5%
Gross Profit	**3,725.03**	**3,164.36**	**17.7%**
Selling / General And Administration	2,524.45	1,842.11	37.0%
EBITDA	**1,200.58**	**1,322.25**	**-9.2%**
Depreciation and Amortization	232.11	200.16	16.0%
Operating Margin	**968.47**	**1,122.09**	**-13.7%**
Other Income (net)	264.92	240.69	10.1%
Profit Before Tax	**1,233.39**	**1,362.78**	**-9.5%**
Provision for Tax	132.65	120.46	10.1%
Profit After Tax	**1,100.74**	**1,242.32**	**-11.4%**
Minority Interest	1.50		
Exceptional Items	1,029.95		
PAT after Minority Interest & Exceptional Items	**72.29**	**1,242.32**	

Key Ratios	YTD 07	YTD 06
Gross Margin	35.8%	37.3%
SGnA to Revenue	24.3%	21.7%
EBITDA	11.5%	15.6%
Operating Margin	9.3%	13.2%
Profit before tax	11.9%	16.1%
Profit after Tax	10.6%	14.6%
EPS-INR (Excluding Exceptional Items)		
Basic	7.92	9.46
Diluted	7.87	8.99
EPS-INR		
Basic	0.34	9.46
Diluted	0.34	8.99

INR Mn

Head	As at Dec 31 2007	As at Sept 30 2007	As at Dec 31 2006
Liabilities			
Share Capital			
Equity	287.61	277.69	264.38
Preference	-	-	1,499.96
Share Application Money	1.02	1.21	3.44
Reserves	6,770.87	7,694.14	5,732.02
Borrowings	-	-	0.33
Total	**7,059.50**	**7,973.04**	**7,500.13**
Assets			
Gross Fixed Assets	**4,274.43**	**3,916.68**	**3,295.63**
Less: Depreciation	997.32	947.33	794.75
Net Fixed Assets	3,277.11	2,969.35	2,500.88
Current Assets			
Cash and cash equivalent	3,211.78	3,238.81	3,414.12
Debtors	2,134.68	2,252.25	2,062.80
Others	1,219.07	1,472.76	1,233.60
Total Current assets	**6,565.53**	**6,963.82**	**6,710.52**
Total Current Liabilities	**2,827.88**	**2,010.40**	**1,708.16**
Working Capital	**3,737.65**	**4,953.42**	**5,002.36**
Deferred Tax	44.74	50.27	(3.11)
Total	**7,059.50**	**7,973.04**	**7,500.13**

METRICS

Performance Review

Revenue Growth

INR, Mn	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
Revenue from Operations	2,591.78	2,546.18	2,616.40	2,643.69	2,402.18	10,398.05	8,482.14
%, q-o-q	1.8	-2.7	-1.0	10.1	6.8		25.0
Other Income	71.77	74.96	50.46	68.04	79.29	265.23	240.69

Vertical Split

%	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
BFSI	39.6	39.6	37.6	39.5	40.6	39.1	41.1
Travel & Transportation	18.6	18.5	20.3	18.0	16.5	18.8	18.1
Cap Mkt / Asst Mgt	5.8	5.6	5.3	6.3	6.5	5.7	6.1
Others (largely ERP)	36.0	36.3	36.8	36.2	36.4	36.4	34.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Technology Split

%	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
E-Commerce/ Appl. Mgt.	37.0	35.8	35.6	34.9	43.1	35.8	46.9
Enterprise Application (ERP)	28.5	31.5	32.7	33.5	33.1	31.5	33.4
Testing Services	17.0	16.3	17.0	17.5	9.1	16.9	5.3
HR IT	6.6	7.0	6.9	7.1	7.0	6.9	7.0
Business Intelligence & Analytics	3.6	3.0	1.7	2.0	1.9	2.6	2.1
Others	7.4	6.5	6.1	5.0	5.8	6.3	5.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Geography

%	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
Americas	66.3	66.7	66.9	67.1	69.1	66.7	69.3
Europe	26.0	26.1	27.1	27.6	25.5	26.7	25.8
RoW	7.7	7.2	6.0	5.3	5.4	6.6	4.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix

%	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
Onsite	64.3	64.7	64.7	62.1	61.6	64.0	61.2
Offshore	35.7	35.3	35.3	37.9	38.4	36.0	38.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business

%	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06
	87.4	86.3	86.9	88.7	88.4

Clients billed

No	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06
	175	166	164	151	129

Clients added

No	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06
	16	15	15	20	12

DSO

Days	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06
	78	82	76	80	79

Billing Rates

USD/Hour*	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
Onsite	68.16	67.18	66.91	66.50	66.10	67.09	65.91
Offshore	23.50	23.40	23.40	23.26	22.92	23.41	22.86

Revenue Concentration

%	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
Top 1	9.8	9.0	9.1	8.5	8.3	9.1	8.1
Top 5	32.5	32.6	33.5	33.6	32.7	32.5	32.3
Top 10	46.3	46.8	47.0	48.1	47.7	46.9	47.1

Client Size

Nos.**	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06
More than USD 1 Mn +	54	54	51	46	41
Less than USD 5 Mn	43	45	42	37	32
Between USD 5 to 10 Mn	7	5	4	4	5
Over USD 10 Mn	4	4	5	5	4

People Numbers

%age***	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06
Billable Personnel					
Onsite	17.5%	18.9%	22.5%	21.2%	17.2%
Offshore	73.4%	71.8%	67.2%	68.4%	72.4%
Total	90.9%	90.7%	89.7%	89.6%	89.6%
Marketing (Incl. Sales Support)	1.8%	1.8%	2.1%	2.1%	2.2%
Others (Incl. Tech. Support)	7.3%	7.5%	8.2%	8.3%	8.2%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%

Utilization

%*	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
	64.0	71.0	73.7	70.7	68.2	68.4	70.5

Attrition Rate

%*	Q4 FY 07	Q3 FY 07	Q2 FY 07	Q1 FY 07	Q4 FY 06	FY 07	FY 06
	19.5	18.0	16.8	16.1	15.0	17.5	14.9

* These metrics do not include Focus Frame
** Computed on a trailing 12 months
*** Excludes head count of Caliber Point