



IPO Note

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**HEXAWARE  
TECHNOLOGIES  
LIMITED**

FEB 12, 2025





Feb 12, 2025

**Details of the Issue**

Price Band	₹ 674 - ₹ 708
Issue Size	₹ 8,750 Cr
Face Value	₹ 1
Bid Lot	21
Listing on	BSE, NSE
Post Issue Mcap	₹ 43,024.8 Cr
Investment Range	₹ 14,154 - ₹ 14,868

**Important Indicative Dates (2025)**

Opening	12 - Feb
Closing	14 - Feb
Basis of Allotment	17 - Feb
Refund Initiation	18 - Feb
Credit to Demat	18 - Feb
Listing Date	19 - Feb

**Lead Manager**

Kotak Mahindra Capital Company Limited  
Citigroup Global Markets India Pvt Limited  
J.P. Morgan India Pvt Limited  
HSBC Securities & Capital Markets Pvt Limited  
IIFL Securities Limited

**Offer Details**

Offer Size	₹ 8,750 Cr
Fresh Issue	-
OFS	₹ 8,750 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	4,375	64.9	61.8	50
NII	1,313	19.5	18.5	15
Retail	3,062	45.4	43.2	35
Em- ploy.	-	-	-	-
Total	8,750	129.8	123.5	100

**Invest Now****Company Profile**

Hexaware Technologies Limited is a global IT services and consulting company that seamlessly integrates artificial intelligence (AI) into every aspect of its solutions. The company operates across six key industry verticals: Financial Services, Healthcare & Insurance, Manufacturing & Consumer, Hi-Tech & Professional Services, Banking, and Travel & Transportation. Hexaware delivers cutting-edge services through its AI-driven digital platforms, including RapidX for digital transformation, Tensai for AI-powered automation, and Amaze for cloud adoption. With a strong global presence, Hexaware serves a diverse clientele across the Americas, Europe, and Asia-Pacific, including India and the Middle East.

**GEPL's Insights & Investment Thesis:**

- Hexaware Technologies achieved a modest financial growth with topline and bottom line increasing by 20% and 15% over the last two years driven by improved customer mix and a meaningful rise in number of customers above US\$10 million.
- Over the next five years, the global enterprise technology is expected to grow at a CAGR of 7.3% and reaching a market size of Rs. 630.7 trillion driven by cloud computing, AI, data analytics, automation, and connected technologies .
- Based on the FY24 earnings relative to the company's post-IPO paid-up equity capital, the issue is priced at a P/E ratio of 37.8x. We believe that the company is overly valued compared to its modest financial performance and some of its industry peers. Therefore, we recommend a "Avoid" rating for the issue.

**Business Highlights & Services**

Hexaware Technologies' offerings include Design & Build, Secure & Run, Data & AI, Optimize, and Cloud services. Under Design & Build, Hexaware help its clients to launch new products and drive core transformations through digital technologies. In Secure & Run, the company secures, runs, and optimize IT operations for its customers. For its Data & AI offering, the company establishes data foundations for its customers to drive sustainable data value creation. Hexaware optimizes its customers' business through Gen AI and provides cloud offerings such as cloud strategy, cloud modernization, and others. The company services a diverse range of customers, including 31 of the Fortune 500 organizations. Based on the Everest report, Hexaware generated 62% and 82% of its revenue from customers with over US\$5,000 million revenues and over US\$1,000 million revenues, respectively.

The company generated 25.8% of its revenue from top 5 customers, 35.7% of its revenue from top 10 customers, and 49.4% of its revenue from top 20 customers. The average tenure of its relationship with clientele is usually between 15 to 20 years allowing it to book stable billings, provides visibility towards future revenue, and an opportunity to cross-sell its services and solutions. Hexaware's offshore IT services accounted for 43.6% of the total revenue, which is above the 40.9% share in 2021 and it plans to further increase its share from the offshore IT services to improve its margins. The strength of Hexaware's service delivery and customer-first focus is visible in its Net Promoter Score (NPS), which measures the loyalty of its customers to products and services provided. NPS increased from 54 in 2023 to 72 in 2024, which is 30 points higher than the industry median of 42.



Revenue from operating segment

(in crores)	9M FY2024	FY 2023	FY 2022	FY 2021
Financial Services	2,494.9	2,826.4	2,661.7	2,120.4
Healthcare and Insurance	1,869.6	2,251.6	2,079.5	1,547.8
Manufacturing and Consumer	1,496.9	1,854.8	1,640.1	1,308.9
Hi-Tech and Professional Services	1,490.0	1,663.8	1,508.5	1,083.1
Banking	752.9	944.5	671.3	624.3
Travel and Transportation	715.7	839.2	638.5	493.2
<b>Total</b>	<b>8,820.0</b>	<b>10,380.3</b>	<b>9,199.6</b>	<b>7,177.7</b>

Number of customers by Revenue from operations

Revenue from operations bracket	Number of customers				
	For the twelve months ended September 30,		For the Financial Year		
	2024	2023	2023	2022	2021
>US\$75 million	3	2	2	2	1
>US\$50 million	3	3	3	3	3
>US\$20 million	15	11	11	9	6
>US\$10 million	31	27	29	28	19
>US\$5 million	59	55	54	51	43
>US\$1 million	186	172	171	170	141

Revenue Distribution based on geography

(₹ in million, except percentages)

Geography	For the nine months ended September 30,				For the Financial Year					
	2024	2023	2023	2022	2021					
	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations		
Americas	64,711	73.4%	55,295	71.2%	74,191	71.5%	67,192	73.0%	50,329	70.1%
Europe	18,058	20.5%	17,289	22.3%	22,897	22.1%	18,669	20.3%	14,735	20.5%
Asia Pacific	5,431	6.1%	5,059	6.5%	6,715	6.4%	6,135	6.7%	6,713	9.4%
<b>Total revenue from operations</b>	<b>88,200</b>	<b>100.0%</b>	<b>77,643</b>	<b>100.0%</b>	<b>103,803</b>	<b>100.0%</b>	<b>91,996</b>	<b>100.0%</b>	<b>71,777</b>	<b>100.0%</b>

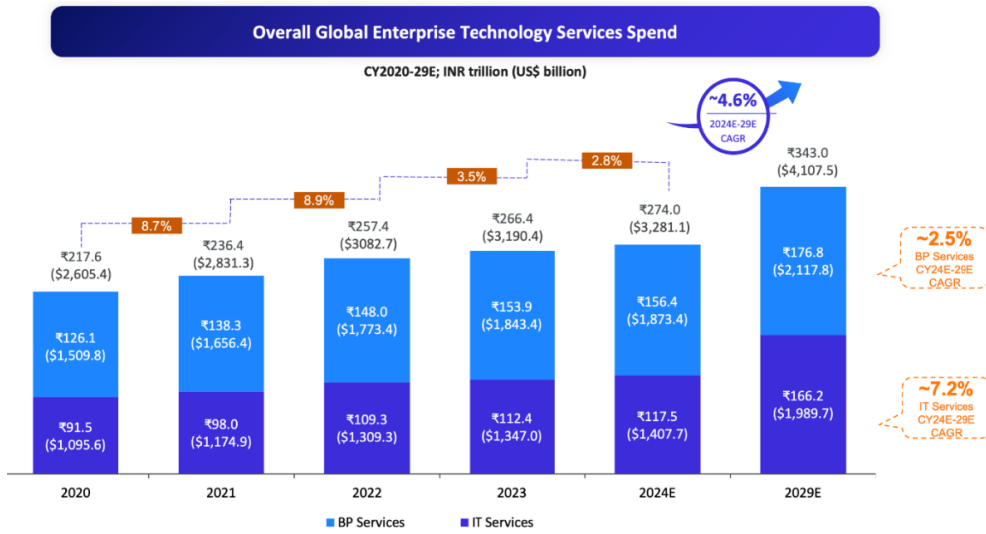
Industry Overview

According to Everest Group estimates, global enterprise technology spending—which encompasses IT services, business process services, software, and hardware—is projected to grow at a CAGR of approximately 7.3% between CY2024 and 2029E, reaching a market size of around ₹630.7 trillion (US\$7,552.7 billion). The rapid adoption of cloud computing, artificial intelligence (AI), data analytics, automation, and connected technologies is reshaping traditional business operations, fuelling the demand for IT services. As businesses navigate an increasingly digital-first economy, digital transformation remains a top strategic priority. Organizations are harnessing next-generation technologies to modernize legacy infrastructure, enhance operational efficiency, and drive innovation across their products and services.

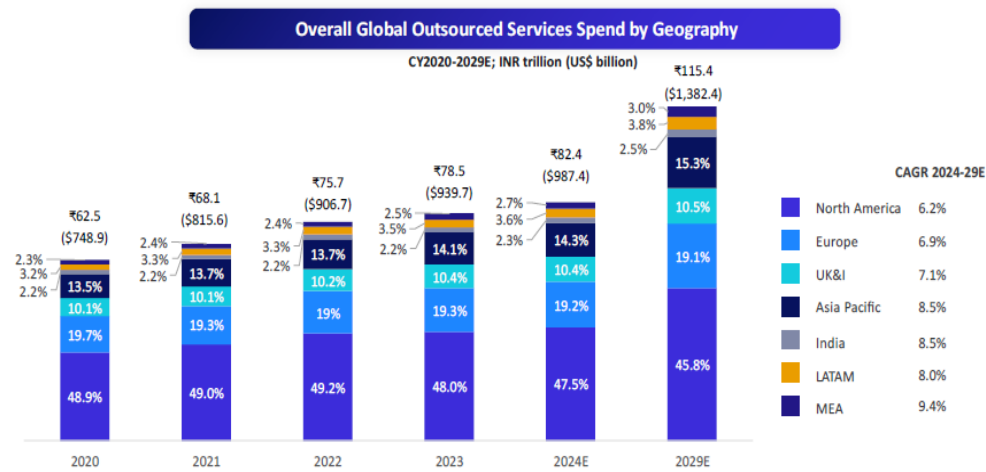
In 2024, North America and Europe collectively represent approximately 66.7% of the global outsourced services market. North America, home to major global tech platforms and product companies—including FAANG giants (Facebook, now Meta Platforms; Amazon; Apple; Netflix; and Google, now Alphabet)—dominates with a 47.5% share, amounting to ₹39.2 trillion (US\$469.5 billion). The region’s strong outsourcing adoption is fuelled by stable FED rates, increased public sector investments in digital technologies, and supportive regulatory frameworks. Meanwhile, Europe and the UK&I contribute 29.6% of global outsourced services spending, totalling ₹24.4 trillion (US\$292.6 billion) in CY2024. Key drivers for outsourcing in this region include cost optimization imperatives, favourable policy support, a growing focus on sustainability, evolving banking regulations, and government-led digital initiatives in the UK.



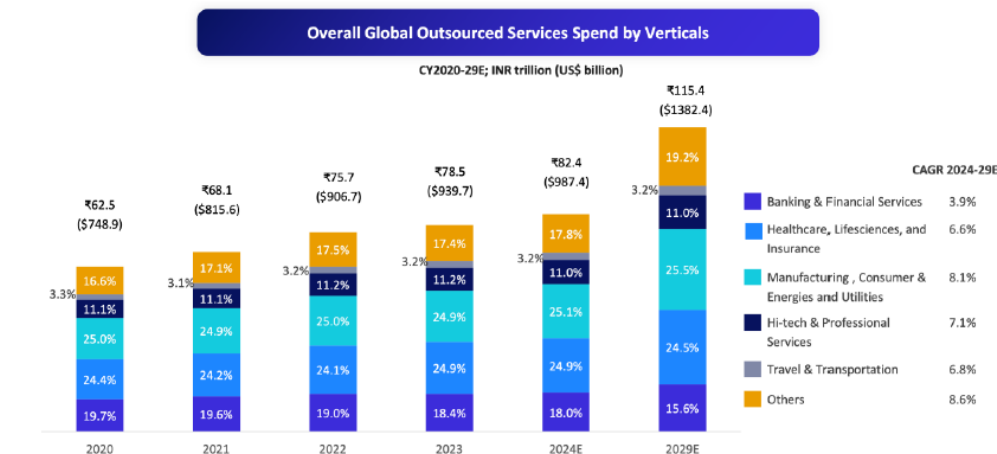
Global Enterprise Technology Services spend for CY2020-29



Global outsourced services spend by geography



Global Outsourced spend by each verticals



Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	P/E	RoNW(%)
Hexaware Technologies Limited	1	10,380	16.4	NA	23.6%
<b>Peers Group</b>					
Persistent Systems Limited	5	9,822	71.1	84	22.1%
Coforge Limited	10	9,179	129.6	64	23.0%
LTIMindtree Limited	1	35,517	154.5	35.7	22.9%
Mphasis Limited	10	13,279	81.8	34	17.7%

Companies Competitive Strength :

- Deep domain expertise delivered through comprehensive solutions across industries.
- AI-led digital capabilities and platforms built in-house with innovation as a strategic pillar.
- Long-term and embedded relationships with diversified blue-chip customer base.
- Go-to-market strategy focused on customer acquisition and expansion.
- Global, scalable, flexible delivery model with a certified and skilled talent pool.
- Experienced and tenured leadership driving a people-first and thriving organizational culture.
- Track record of growth and cash generation.

Key Strategies Implemented by Company

- Continuously improving its offerings and platforms
- Deepen and expand relationships with existing customers.
- Acquiring new customers with focus on large customers to tap high value opportunities.
- Strategically expand into untapped geographies and industries.
- Create and develop advanced talent and optimize cost of delivery.
- Focusing on operational improvement.
- Strategic M&A aimed at new capabilities and expanded geographic footprint.

Particular (INR in Cr)	9M FY24	FY23	FY22	FY21
Equity Capital	607	607	604	603
Reserves and Surplus	4,817	4,172	3,719	3,445
Net Worth	4,876	4,231	3,778	3,504
Revenue	8,820	10,380	9,200	7,178
Growth (%)		13%	28%	
EBITDA	1,391	1,590	1,401	1,200
EBITDAM (%)	15.8%	15.3%	15.2%	16.7%
PAT	853	998	884	749
PATM (%)	11%	5%	5%	6%
RoNW (%)	18%	24%	23%	21%



## Notes

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