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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	87,500
Fresh Issue (No. of Shares in Lakhs)	NA
Offer for Sale (No. of Shares in Lakhs)	1,235
Bid/Issue opens on	12th-Feb-25
Bid/Issue closes on	14th-Feb-25
Face Value	Rs. 1
Price Band	674-708
Minimum Lot	21

Objects of the Issue

- Offer for sale : ₹ 87,500 million
- Promoter Selling Shareholder.
- To enhance visibility, brand value, and provide liquidity to existing shareholders.

Book Running Lead Managers

Kotak Mahindra Capital Company Limited
Citigroup Global Markets India Private Limited
J.P. Morgan India Private Limited
HSBC Securities and Capital Markets (India) Private Limited
IIFL Capital Services Limited
Registrar to the Offer
KFin Technologies Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	2,613.1
Subscribed paid up capital (Pre-Offer)	607.7
Paid up capital (post-Offer)	607.7

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	95.5	74.7
Public – Others	4.5	25.3
Total	100	100

Financials

Particulars (₹ In million)	9MCY24	CY23	CY22	CY21
Revenue from operations	88,200	103,803	91,996	71,777
Operating expenses	74,802	87,992	79,779	60,448
EBITDA	13,398	15,811	12,217	11,329
Other Income	513	88	1,792	669
Depreciation	2,025	2,836	2,444	2,241
EBIT	11,886	13,063	11,565	9,757
Interest	453	378	335	345
PBT	11,433	12,685	11,230	9,412
Tax	2,900	2,709	2,388	1,924
PAT	8,533	9,976	8,842	7,488
Ratios	9MCY24	CY23	CY22	CY21
EBITDAM	15.2%	15.2%	13.3%	15.8%
PATM	9.7%	9.6%	9.6%	10.4%
Sales growth	-	12.8%	28.2%	-

Company Description

Hexaware Technologies Limited is a global provider of digital and technology services, with a strong emphasis on artificial intelligence (AI)-driven solutions. The company integrates AI into its service offerings to assist enterprises in digital transformation, focusing on automation, cloud adoption, and operational optimization. Its business is structured around key service areas: Design & Build, Secure & Run, Data & AI, Optimize, and Cloud Services. These service categories cater to diverse client needs across industries.

Hexaware operates within six primary industry segments: Financial Services, Healthcare and Insurance, Manufacturing and Consumer, Hi-Tech and Professional Services, Banking, and Travel and Transportation. Each segment benefits from the company's tailored solutions and domain expertise. To enhance its service delivery, Hexaware has developed proprietary platforms, including RapidX™, which facilitates digital transformation, Tensai®, an AI-powered automation tool, and Amaze®, a cloud migration platform.

The company has a global footprint, providing services across the Americas, Europe, and the Asia-Pacific (APAC) region, including India and the Middle East. Its international presence enables Hexaware to serve a diverse range of clients, including multinational corporations and mid-sized enterprises. Additionally, its strategic partnerships contribute to expanded service capabilities and market reach.

Hexaware operates in a highly competitive IT services industry, facing competition from large global firms as well as mid-sized players. The industry's consolidation trend presents a challenge, as larger competitors can offer bundled services and exert pricing pressures. Economic fluctuations in key markets, particularly in the Americas and Europe, also impact client IT budgets, potentially affecting demand for Hexaware's services. Furthermore, currency exchange rate variations pose a financial risk, as the company earns revenue in multiple currencies while incurring costs in Indian Rupees.

To address these challenges, Hexaware focuses on technological innovation, customer-centric solutions, and operational efficiency. The company prioritizes AI-driven automation and cloud services to meet the evolving demands of enterprises. It also invests in talent development and strategic partnerships to maintain its competitive position.

The company has a global delivery presence across India, UAE, USA, Mexico, Europe and South East Asia that enables the company to offer innovative and cost-effective solutions to its customers. By leveraging talent pool and a mix of onshore and offshore services, the company can quickly respond to changing customer needs. The company is dedicated to delivery excellence and prioritize training the workforce in AI and Generative AI

Valuation & Outlook

Hexaware Technologies business has evolved over the last decade, with a growing set of offerings, larger and diversified customer base, wider global delivery footprint and higher focus on innovation and technology.

Its expertise is further complemented by a mix of strategic and industry-focused partners, such as ServiceNow, offers AI-powered solutions for various business functions such as human resources, IT, customer service, security and finance, and Backbase, a banking financial technology company in the Netherlands.

At the upper price band company is valuing at P/E of 43.1x with a market cap of ₹ 430,247 million post issue of equity shares and return on net worth of 22.8%.

On the valuation front, we believe that the company is fairly priced. Thus, we recommend a "SUBSCRIBE" rating to the IPO.

Company's Operations

Hexaware Technologies Limited is a global digital and technology services company with artificial intelligence (AI) at its core. The company leverages technology to deliver innovative solutions that assist customers in their digital transformation journeys and subsequent operations. AI is embedded into every aspect of Hexaware's solutions, and the company has created a suite of platforms and tools that enable customers to adapt, innovate, and optimize in the AI-first era.

Hexaware manages its business through six operating segments based on the industries it serves: Financial Services, Healthcare and Insurance, Manufacturing and Consumer, Hi-Tech and Professional Services, Banking, and Travel and Transportation. Its offerings encompass five broad services: Design & Build, Secure & Run, Data & AI, Optimize, and Cloud Services, which form the foundation for the company's solutions. Services are delivered through AI-enabled digital platforms such as RapidX™ for digital transformation, Tensai® for AI-powered automation, and Amaze® for cloud adoption. Hexaware serves customers across the Americas, Europe, and Asia-Pacific (including India and the Middle East).

The company's capabilities are strengthened by a wide ecosystem of partnerships with enterprises, which broaden its customer offerings and marketing reach.

The strength of Hexaware Technologies Limited's service delivery and customer-first focus is reflected in its Net Promoter Score (NPS), which measures customer loyalty by calculating the difference between the percentage of promoters (customers who score 9 or 10 on a survey asking how likely they are to recommend the company) and detractors (those who score between 0 and 6). In 2024, Hexaware's NPS was 72, with 76% of customers being promoters and 4% detractors. This marked an increase from 54 in 2023, surpassing the industry median of 42 (Source: Customer Delight Survey – 2024 by Feedback Insights, available on the company's website). The 18-point increase from 2023 to 2024 is a testament to Hexaware's ongoing focus on building strong relationships, understanding clients' business contexts, and delivering excellence and agility in execution.

Hexaware has a global delivery presence with 39 delivery centers and 16 offices across the Americas, Europe, and APAC as of September 30, 2024. The company had a team of 32,536 employees in 28 countries as of the same date. Its presence spans major countries, nationalities, languages, time zones, and regulatory zones.

Hexaware's commitment to its customers and delivery excellence has led it to become one of the fastest-growing technology services companies headquartered in India, with over US\$1,000 million in revenue from operations in both Financial Years 2023 and 2022, according to the Everest Report. The company's revenue grew at a CAGR of 13.7% (in USD terms) from the Financial Year 2021 to 2023, while the global outsourced IT-BP services industry grew at a CAGR of 7.3% during the same period.

Company's Services

A. Design & Build

Hexaware Technologies Limited assists customers in executing digital transformation by integrating digital technologies across products, services, and operational domains. The company focuses on helping businesses launch new products and drive core transformation through digital technologies. This is achieved through custom software development and the implementation and enhancement of commercial off-the-shelf software, such as Enterprise Resource Planning (ERP). Hexaware's platforms and methodologies enable customers to accelerate time to market and improve developer productivity.

The company's Design & Build services encompass the following:

- Digital strategy
- Digital agency and experience design
- Digital software engineering
- Digital enterprise transformation
- Creative, content and commerce
- Enterprise resource management and packaged products

B. Secure & Run

Hexaware Technologies Limited secures, runs, and optimizes IT operations for customers' complex IT estates, which include applications, middleware, data, end-user devices, and hybrid infrastructure. The company's Secure & Run offerings encompass the following:

- Cybersecurity and resiliency
- DevSecOps and continuous testing
- Workplace and employee experience
- Hybrid cloud operations
- IT Service Management and Consulting

C. Data & AI

Hexaware Technologies Limited establishes robust data foundations for customers, enabling sustainable data value creation, agility, and trust in data and business insights. The company utilizes AI and ML technologies to transform data into actionable insights and informed predictions.

The company's Data & AI offerings encompass the following:

- Data strategy and advisory
- Data engineering
- Data management
- AI-powered business solutions

D. Optimize

Hexaware Technologies Limited's business process services, powered by Gen AI, enable personalized interactions, impactful communications, task automation, advanced analytics, and effective talent management across diverse industries. The company's Optimize offerings encompass the following:

- Industry-specific operations
- Digital customer experience
- Digital content
- Finance & Accounting Operations
- Human resources ("HR") operations

E. Cloud Services

Hexaware Technologies Limited's Cloud Services form the foundation of its offerings, leveraging cloud capabilities across its service lines. The company's Cloud Services offerings encompass the following:

- Cloud Strategy
- Cloud Modernization and Migration
- Cloud Managed Services

Platforms

Hexaware Technologies Limited leverages its three platforms, RapidX™, Tensai®, and Amaze®, to deliver its services.

A. RapidX™

Hexaware Technologies Limited's RapidX™ platform, launched in 2022, is a Gen AI-powered platform designed to rapidly convert ideas into applications. The company utilizes RapidX™ in its Design & Build services to enhance product functionality, developer productivity, and code quality through an AI-assisted software development life cycle (SDLC). RapidX™ operates as a set of AI agents covering various SDLC stages, including vision crafting, requirements gathering, UX design, development, and enhancements.

The RapidX™ suite of tools includes:

- **RapidX™ for Code Comprehension:** This tool provides knowledge capture and access to existing software through a dynamic knowledge repository. It offers visual representations of process flows, documents business rules, prepares calculation catalogs, generates data dictionaries, and features a built-in virtual subject matter expert (SME) capable of answering application-related questions. Use cases for RapidX™ for Code Comprehension include:
 - i. Accelerating knowledge transitions
 - ii. Maintaining complex IT portfolios
 - iii. Modernizing legacy applications
- **RapidX™ for Requirements Clarity:** This tool enables product owners and business analysts to auto-generate user stories and acceptance criteria by validating facts, enriching user stories, and providing domain context to application requirements. By ensuring applications are built on well-defined and detailed requirements, RapidX™ for Requirements Clarity reduces the effort required from product owners and business analysts, streamlining the development process and improving accuracy. Use cases for RapidX™ for Requirements Clarity include:
 - i. Accelerating green field development
 - ii. Creating specifications for major enhancements

B. Tensai®

Hexaware Technologies Limited's Tensai®, launched in 2021, is an AI-powered automation platform designed to help organizations automate IT and business processes, enhancing operational efficiency. By leveraging AI, ML, and natural language processing, Tensai® automates repetitive tasks, streamlines workflows, and enhances decision-making capabilities, enabling businesses to optimize their operations and drive digital transformation. The company's Tensai® platform covers the following offerings:

- **Tensai® for Agility:** Tensai® for Agility is a Gen AI-driven low code DevSecOps platform. It helps orchestrate continuous integration, delivery, and deployment of applications with shift-left security principles and provides standardization and faster, safer, and more efficient software delivery. Some of its key features include:

- i. Infrastructure orchestration to automate infrastructure provisioning to develop, deploy and scale cloud applications with greater speed and reduced risk and cost.
 - ii. Release orchestration to improve visibility, coordination and risk management in the release life cycle.
 - iii. Autonomous assurance to make testing independent of human intervention using AI/ML and self-learning with data from the activities it performs.
 - iv. Value stream insights to help optimize workload prioritization.
- **Tensai® for Efficiency:** This solution leverages artificial intelligence for IT operations across infrastructure, applications, security, and networks. It features a centralized observability platform that uses advanced machine learning to detect anomalies across application suites. By correlating business performance with infrastructure data, it enhances user experience, offers ransomware protection, and strengthens cybersecurity. The platform also includes modules for autonomously managing and automatically resolving incidents within private and hybrid cloud infrastructures, along with a cloud management framework, cloud FinOps, and compliance management.
 - **Tensai® for Experience:** Focused on the modern digital workplace, this solution provides multiple automation levers, such as virtual assistance through chatbots, live agent support via augmented reality, password reset capabilities, self-service portals, and straight-through processing.
 - **Tensai® for Assurance:** A suite of tools designed to help customers transition from automation to autonomous testing.
 - **Tensai® for Gen AI:** This solution combines Hexaware's Tensai® AI engine with Generative AI to offer advanced predictive analytics and self-healing capabilities. The company's platform includes the following features:
 - i. Knowledge base article generation
 - ii. Service desk call summarization
 - iii. FAQ generator for chatbots
 - iv. Cloud cost governance platform

C. Amaze®

Hexaware Technologies Limited launched **Amaze®** in 2020 as a cloud migration, cloud transformation, and application modernization platform. Amaze® is designed to enable portfolio transformation to business-aligned IT, empowering customers with intelligent automation throughout their cloud journey. By automating cloud-readiness assessments, migration journeys, and application modernization, Amaze® helps streamline cloud operations. Through these automation capabilities, customers are able to leverage the full potential of AI, enhancing their cloud transformation processes.

The company's Amaze® platform is categorized into three modules:

- **Amaze® for Assessment:** Amaze® for Assessment provides customers with a detailed cloud transformation roadmap for a portfolio of applications. The Amaze® Portfolio Cloud Readiness Assessment analyzes the fitment of a group of applications to discover their readiness for cloud migration on any public or private cloud using the most appropriate cloud migration strategy, such as Retain, Retire, Rehost, Re-platform, Refactor, Rearchitect, and Rewrite.
- **Amaze® for Migration:** Amaze® for Migration automatically transforms a single application, a group of applications or data ecosystems from on-premises to any open-standard public or private cloud, with automation based on user cloud design decisions and architectural choices.
- **Amaze® for Modernization:** Amaze® for Modernization automates code refactoring to transform legacy applications and data to become cloud-ready.

Key Strengths

➤ Deep domain expertise delivered through comprehensive solutions across industries

Hexaware Technologies Limited provides comprehensive services and solutions to customers across six industries, each of which constitutes an operating segment: Financial Services, Healthcare and Insurance, Manufacturing and Consumer, Hi-Tech and Professional Services, Banking, and Travel and Transportation. The company leverages its deep expertise across a comprehensive portfolio of services, in-depth domain knowledge, and understanding of customer requirements to contextualize the use of various technologies, helping customers develop and deploy their digital transformation strategies.

Hexaware's domain expertise extends to multiple sub-verticals within each operating segment. The company has developed capabilities to address the specific nuances of these sub-verticals, recognizing that customers in each may have distinct characteristics and needs.

- Financial Services
- Healthcare and Insurance
- Manufacturing and Consumer:
- Hi-Tech and Professional Services
- Banking
- Travel and Transportation

Revenue from operations contributed by each of Hexaware Technologies Limited's six operating segments has consistently increased from the Financial Year 2021 to the Financial Year 2023 and the nine months ended September 30, 2024. Four of the operating segments—Financial Services, Healthcare and Insurance, Manufacturing and Consumer, and Hi-Tech and Professional Services—each contributed over US\$200 million in revenue from operations for the Financial Year 2023.

The company partners with customers across the industries in which it operates, helping them build, transform, run, and optimize their technology and business processes through its offerings:

- Design & Build
- Secure & Run
- Data & AI
- Optimize
- Cloud Services

Hexaware Technologies Limited's expertise is further complemented by a mix of strategic and industry-focused partners, such as ServiceNow, which offers AI-powered solutions for various business functions like human resources, IT, customer service, security, and finance, and Backbase, a banking financial technology company based in the Netherlands. The company believes these partnerships provide valuable opportunities to refine its value proposition for customers across the industries and geographies it serves.

➤ **AI-led digital capabilities and platforms built in-house with innovation as a strategic pillar**

Hexaware Technologies Limited has leveraged its domain expertise to develop three AI-enabled digital platforms that create value for customers across its service offerings: (1) RapidX™ for digital transformation, (2) Tensai® for AI-powered automation, and (3) Amaze® for cloud adoption.

Innovation is a key pillar of Hexaware's business strategy, and the company has prioritized it by building its intellectual property portfolio, enhancing technological expertise, and investing in next-generation technologies. As of the date of the Red Herring Prospectus, Hexaware holds 20 granted patents, 119 registered trademarks in multiple countries, two copyrights registered in India, and 49 domain names registered globally. The 119 trademarks include 9 product marks and 98 service marks, with some trademarks registered as both product and service marks. Additionally, the company has filed applications for 45 patents and 23 trademarks, comprising 6 product marks and 14 service marks, in various countries. This innovation is supported by training, skill development, and talent recruitment. Hexaware also operates innovation labs in Chennai, Tamil Nadu; Amsterdam, Netherlands; and Berlin, Germany, which focus on efficiency improvement, modernization, and upscaling services for internal and customer projects.

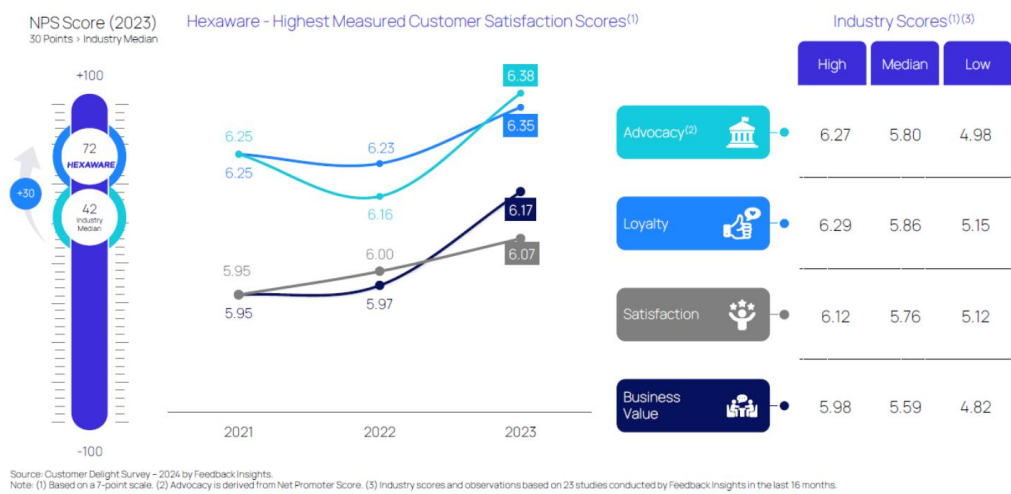
Driven by its AI-enabled approach, Hexaware has incorporated AI and Gen AI across its solutions, services, internal decision-making, and human capital management processes while ensuring data security and adherence to ethical and regulatory standards. Gen AI refers to generative artificial intelligence technologies and platforms that can create, interpret, summarize, and customize content across text, code, images, audio, and video. Hexaware's Gen AI consulting and implementation framework consists of two major components: DecodeAI and EncodeAI. DecodeAI is used to assess business use cases, evaluate technical feasibility, and prioritize them based on return on investment. EncodeAI is utilized during the implementation process to enhance data pipelines, execute Gen AI implementation, provide training and maintenance, and support continuous improvements. Hexaware places a strong emphasis on Gen AI training and certification for its employees, with 78.0% of its active IT workforce (employees who joined before June 30, 2024) having received such training. The company's employees have earned 15,722 Gen AI Foundation Level certifications and 3,417 Gen AI Advanced certifications through HexaVarsity, the company's Gen AI training and certification program.

➤ **Long-term and embedded relationships with diversified blue-chip customer base**

Hexaware Technologies Limited serves a diverse range of customers, including 31 of the Fortune 500 organizations. According to the Everest Report, in the Financial Year 2023, the company derived approximately 62% of its revenue from operations from customers with over US\$5,000 million in revenues and nearly 83% from customers with over US\$1,000 million in revenues. Hexaware has a diversified presence across geographies, including the Americas, Europe, APAC (which also includes the Middle East, Africa, and Latin America), and across operating segments such as Financial Services, Healthcare and Insurance, Manufacturing and Consumer, Hi-Tech and Professional Services, Banking, and Travel and Transportation.

The following table sets forth Hexaware Technologies Limited's revenue from operations by geography for the periods indicated, expressed as a percentage of the company's total revenue from operations.

Geography	For the Financial Year							
	2024		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%	74,191	71.5%	67,192	73.0%	50,329	70.1%
Europe	18,058	20.5%	22,897	22.1%	18,669	20.3%	14,735	20.5%
Asia Pacific	5,431	6.1%	6,715	6.4%	6,135	6.7%	6,713	9.4%
Total	88,200	100.0%	1,03,803	100.0%	91,996	100.0%	71,777	100.00%



➤ **Go-to-market strategy focused on customer acquisition and expansion**

Hexaware Technologies Limited is focused on developing relationships with new customers across the Americas, Europe, and APAC through collaborative engagement. This is achieved through a go-to-market strategy that combines efforts from the company's New Customer Acquisition, Account Management, Hybrid Sales, and Overlay Sales teams.

The company prioritizes acquiring large enterprises with substantial IT budgets and long-term growth potential as customers. According to the Everest Report, in the Financial Year 2023, Hexaware derived approximately 62% of its revenue from operations from customers with over US\$5,000 million in revenues and nearly 83% from customers with over US\$1,000 million in revenues. The company's Pre-Sales, Practice, Global Bid Management, and Marketing teams provide additional support to sales efforts.

With this model, Hexaware acquires customers across industries and services and establishes strong relationships by embedding itself in their digital transformation journey. For example, the company's top 20 customers for the Financial Year 2023 included two customers acquired within the last three years. Hexaware has a cross-sell index of 4.5 out of five for its top 10 customers. This high cross-sell index demonstrates that Hexaware has established strong relationships and credibility across multiple service lines, but still holds potential for further growth. The cross-sell index represents the number of services a customer is purchasing. A score of one indicates a customer is purchasing one service, while a score of five indicates they are purchasing all five of Hexaware's services. The lowest cross-sell index is one, and the highest is five.

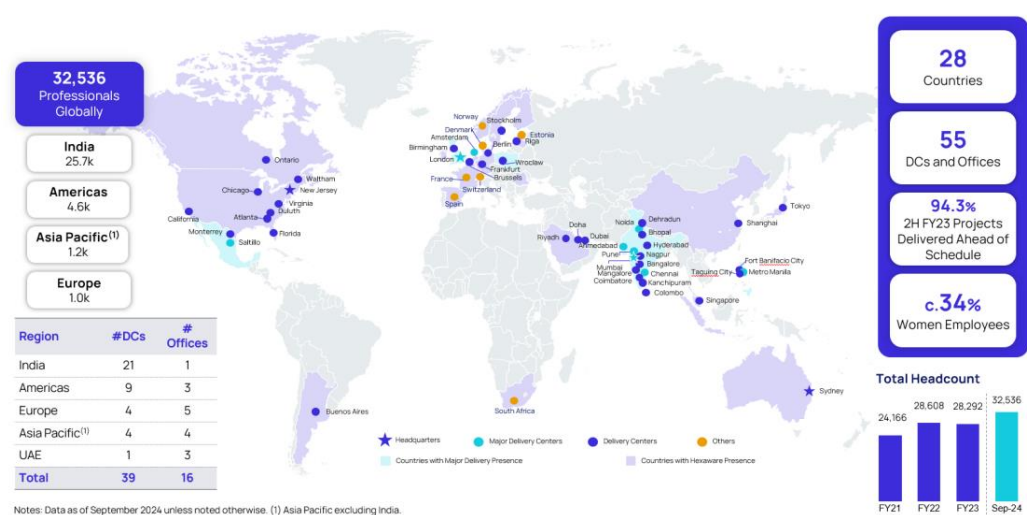
➤ **Global, scalable, flexible delivery model with a certified and skilled talent pool**

Hexaware Technologies Limited has a global delivery presence, which enables the company to provide innovative solutions to customers in a flexible and cost-effective manner. By leveraging platforms through its talent pool and an efficient onshore-offshore service delivery mix, Hexaware is able to meet customer needs in a timely manner, with proximity to customers being a key factor.

The company continues to focus on delivery excellence by building on the expertise of its workforce. It prioritizes training its entire workforce in AI and Gen AI skills. In 2023, the company's technical employees completed an average of 137 learning hours. Since June 2023, employees have received 15,722 Gen AI Foundation Level certifications and 3,417 Gen AI Advanced certifications through HexaVarsity, Hexaware's Gen AI training and certification program. Additionally, the Mavericks Learning Program prepares campus graduates for the workforce, ensuring a sustainable supply of talented employees equipped for the company's business needs.

As of September 30, 2024, Hexaware's global delivery model included 32,536 employees across 39 delivery centers and 16 offices in 28 countries. The company's delivery capabilities cover numerous time zones, languages, and regulatory zones.

The following map outlines the locations of Hexaware Technologies Limited's headquarters, delivery centers, and the countries in which the company has a presence as of September 30, 2024.



➤ **Experienced and tenured leadership driving a people-first and thriving organizational culture**

Hexaware Technologies Limited is led by an experienced and long-tenured management team, which oversees a global network of 32,536 employees as of September 30, 2024, and is committed to growing the business. The company benefits from a seasoned senior management team with significant industry experience. Srikrishna Ramakarthyayan, the Chief Executive Officer since 2014, brings over 30 years of experience in the

global technology services industry. Vikash Jain, the Chief Financial Officer since 2018, has 20 years of experience in the same sector. Vinod Chandran, the Chief Operating Officer, has been associated with the company since March 2015 and is responsible for key functions, including workforce management, global recruitment, people function, global systems, enterprise risk, environmental and social governance, corporate social responsibility, and corporate affairs. Over 70% of the senior management team has been with the company for more than five years as of September 30, 2024. Additionally, the senior management team includes the heads of operating segments, service lines, geographies, and three functional leaders (Chief People Officer, Chief Marketing Officer, and Chief Risk Officer), whose extensive experience has helped Hexaware develop its domain expertise.

The senior management team's deep institutional knowledge and long tenure provide stability and allow Hexaware to navigate industry changes effectively while maintaining strong customer relationships. Leveraging its agile organizational structure to address emerging technological trends, Hexaware has also hired key personnel with relevant expertise for its Design & Build, Data & AI, and Cloud Services service lines. The company also draws on the knowledge of its Board of Directors, which includes individuals with diverse industry backgrounds, such as digital technology, healthcare, and private equity. Hexaware prioritizes diversity among its Board members, who represent different ages, genders, ethnicities, and cultural backgrounds, offering a range of perspectives.

Hexaware is dedicated to cultivating a supportive workplace environment with equal employment opportunities. As of September 30, 2024, the company identified 35 personnel as Global Diversity, Equity, and Inclusion champions to promote meaningful conversations within the organization. In June 2023, Hexaware launched its gender allyship program, "Allyship to Inclusion," which was rebranded to "Allyship & Unconscious Bias" in August 2024. The company also started three employee resource groups in 2023: Women @ Hexaware, Allies to Pride, and Persons with Disabilities. By the first quarter of 2024, Hexaware had over 10,000 women in its workforce, and 33.8% of employees were women as of September 30, 2024.

The leadership team promotes a people-first culture, centered on the company's talent management strategy, which focuses on understanding what employees value most when deciding where to work and what to work on. As of January 2025, Hexaware had a Glassdoor rating of 3.8 out of 5.0, compared to the median of 3.5 for midsize IT services peers. According to Glassdoor, Hexaware had a CEO approval rating of 88.0%, compared to the median of 74.0% for the same peer group.

➤ Track record of growth and cash generation

For the Financial Year 2023, Hexaware Technologies Limited's revenue from operations was ₹103,803 million (US\$1,256.4 million), reflecting a compound annual growth rate (CAGR) of 13.7% in USD terms, from ₹71,777 million (US\$971.2 million) in the Financial Year 2021. According to the Everest Report, the global outsourced IT-BP services industry grew at a CAGR of 7.3% during the same period. This growth highlights Hexaware's ability to expand its business and capture new opportunities, which is further evident in the improved customer mix, with a significant rise in customers contributing over US\$10 million to its revenue from operations. The company's revenue base is diversified across geographies and industries, providing resilience against market downturns.

Hexaware's Adjusted EBITDA margin increased to 17.4% for the nine months ended September 30, 2024, up from 16.5% for the same period in 2023, and to 16.2% for the Financial Year 2023, up from 15.9% for the Financial Year 2022. This improvement underscores the company's focus on operational efficiency and cost management. Additionally, Hexaware's adjusted cash conversion percentage reached 89.9% for the Financial Year 2023, up from 56.0% in the previous year, demonstrating the company's strong cash generation capabilities and efficient working capital management. The company's track record of robust revenue growth, improving margins, and strong cash generation positions Hexaware well for continued success, highlighting its commitment to delivering value to its stakeholders.

Key Strategies

➤ Continuously improve offerings and platforms

Hexaware Technologies Limited plans to continue enhancing its existing offerings and platforms to expand its capabilities and addressable market. The company leverages its three AI-enabled digital platforms—RapidX™ for digital transformation, Tensai® for AI-powered automation, and Amaze® for data and cloud adoption—across its services and solutions. Hexaware intends to keep investing in differentiated platforms and build add-on service capabilities in areas such as product engineering, security, data and analytics, and emerging technologies adjacent to its core business.

The company offers AI-led solutions tailored to the specific needs of the industries it serves. For example, Hexaware's background research services cater to the insurance industry, utilizing defined document schemes to extract and filter data from various sources and generating reports through AI web scraping and chat prompts powered by large language models. In the travel industry, its Agenda Builder reduces workloads and improves response times by comprehending unstructured data and auto-generating agenda data into pre-existing templates. For the legal industry, Hexaware has developed a legal private large language model trained on legal databases and case documents, enabling it to retrieve relevant information through Gen AI models. Additionally, the company offers Gen AI-embedded solutions for retailers and wholesalers to generate product descriptions for their e-commerce sites, and its financial statement analyzer empowers investment advisors with insights into businesses' financial positions and enables comparative analysis. In the life sciences sector, Hexaware has developed a protocol authoring solution that outlines objectives, methods, and procedures for clinical trials.

➤ Deepen and expand relationships with existing customers

Hexaware Technologies Limited believes there is significant opportunity within its current customer base to increase the use of its services and solutions, fostering deeper, long-term strategic engagements. The company maintains a team of customer partners and account managers focused on cultivating relationships with existing customers and understanding their behaviors, preferences, and trends.

The company expands relationships by helping customers solve new problems and becoming more engaged, responsive, and efficient. According to the Everest Report, in the Financial Year 2023, Hexaware derived approximately 62% and nearly 83% of its revenue from operations from customers with revenues over US\$5,000 million and over US\$1,000 million, respectively. Hexaware intends to increase its wallet share from existing customers by identifying additional or adjacent needs. For the Financial Year 2023, the company had a cross-sell index of 4.5 out of five for its top 10 customers. This high cross-sell index demonstrates established relationships and credibility across multiple service lines but also signals potential for further growth. The company plans to focus on cross-selling efforts by positioning itself as a pioneer in advanced technologies, such as cloud computing, data analytics, artificial intelligence, and the Internet of Things (IoT).

Hexaware's "Land, Ramp and Expand" model has enabled the company to develop and grow long-term customer relationships across selected operating segments and geographies. The number of customers contributing over US\$10 million in revenue increased from 19 customers in Financial Year 2021 to 29 customers in Financial Year 2023. Expanding relationships with existing customers will remain a key strategy for the company as it continues to strengthen its position in AI-infused software engineering, cloud and data transformation, and AI-driven operations.

➤ **Acquire new customers with focus on large customers to tap high value opportunities**

Hexaware Technologies Limited recognizes a significant opportunity to add new customers across its operating segments, particularly as the adoption of digital transformation programs leveraging Gen AI is expected to increase. The company focuses on acquiring large customers, typically those with annual revenues exceeding US\$2,000 million. Hexaware serves a diversified blue-chip customer base, including 31 of the Fortune 500 organizations.

The company has a strong track record of deepening and expanding relationships with its customers through its "Land, Ramp and Expand" strategy. For the Financial Year 2023, two of Hexaware's top 20 customers were acquired within the last three years.

In addition to its sales-driven demand generation channels, Hexaware has dedicated channels for demand through its Analyst and Advisory Relations team, Strategic Partnerships team, and client alumni:

- **Analyst and Advisory Relations:** The team ensures Hexaware's capabilities are recognized and endorsed by the analyst community. In the Financial Year 2023, the company received over 50 endorsements from Information Services Group (ISG) across various service lines.
- **Strategic Partnerships:** Hexaware's team focuses on generating demand in collaboration with industry partners, such as cloud service, platform, and technology providers. The company has strengthened this team by adding dedicated resources in the past three years.
- **Client Alumni:** Individuals within existing customers who later change jobs can act as sponsors for Hexaware in their new organizations. For instance, an individual who previously worked at a tax advisory customer helped engage Hexaware as a service provider for a tax advisory firm and a law firm. Both firms became among Hexaware's top 20 customers by revenue in the 12 months ended September 30, 2024.

➤ **Strategically expand into untapped geographies and industries**

Hexaware Technologies Limited plans to expand into certain geographies, including Canada, continental Europe, the Middle East, and Australia. The company has already seen growth in Germany and Belgium by acquiring new customers and expanding existing relationships. In 2023, Hexaware announced a joint venture with Al-Balagh, combining its digital expertise with Al-Balagh's industry insights to deliver solutions in Qatar. In March 2024, Hexaware announced another joint venture with the Novelty Group to deliver digital transformation services to enterprises in the UAE. These strategic alliances aim to strengthen Hexaware's presence in the fast-growing Middle East markets.

The company seeks to expand its industry footprint by leveraging its global delivery centers, domain knowledge, and comprehensive services and solutions. Hexaware methodically reviews potential markets based on criteria such as the number and quality of potential customers, the legal and cultural environment, the availability of suitable joint venture partners, and access to a talented local workforce.

➤ **Create and develop advanced talent and optimize cost of delivery**

Hexaware Technologies Limited invests in talent development through programs like HexaVarsity and the Mavericks Learning Program. The Mavericks Learning Program, a global initiative customized for different industries, prepares campus graduates for the workforce with hands-on assessments and cloud training labs. The Segue Program establishes relationships with notable institutions to pre-select candidates for industry-specific learning programs.

The company aims to continue focusing on upskilling employees in next-generation technologies, with a target to train all IT business professionals in digital and new technologies by 2025. By continuously upskilling its workforce, Hexaware enhances productivity and reduces the need for external hiring. This commitment to internal learning and development has improved internal fulfillment from approximately 51.6% in the Financial Year 2021 to about 74.1% in the nine months ended September 30, 2024.

➤ **Focus on operational improvement**

Hexaware Technologies Limited's operations strategy is closely aligned with its sales and delivery strategies, ensuring a unified approach to achieving business goals. The company follows a cross-functional operations playbook with clear goals, targets, and both macro and micro initiatives designed to improve margins. This strategy is supported by data-driven operations policies and decision-making processes, facilitated by the central Operations Command Centre. The Operations Command Centre utilizes technology to make operations data accessible and track performance metrics and trends in critical processes like demand-supply management, hiring, utilization, bench and headcount movement. Additionally, Hexaware employs a Gen AI-enabled alerting and querying agent to manage operational policies and thresholds.

Margin expansion is a continual focus for the company and is centered around the following levers:

- Onshore/offshore mix

- Utilization
- Attrition
- Employee-contractor mix
- Employee pyramid
- Tier 2 city expansion

➤ **Strategic M&A aimed at new capabilities and expanded geographic footprint**

Hexaware Technologies Limited plans to selectively pursue acquisitions while maintaining its entrepreneurial culture and managing growth sustainably. The company's M&A strategy aims to enhance services, expand experience in new technologies and industries, and increase geographic reach. The focus is on strengthening core capabilities in areas such as data analytics, cybersecurity, product engineering, cloud, and ServiceNow. Hexaware continues to explore M&A opportunities in regions like Latin America and Eastern Europe. Past acquisitions have provided valuable synergies, networks, technologies, and talent pools, further contributing to the company's growth.

Industry Snapshot

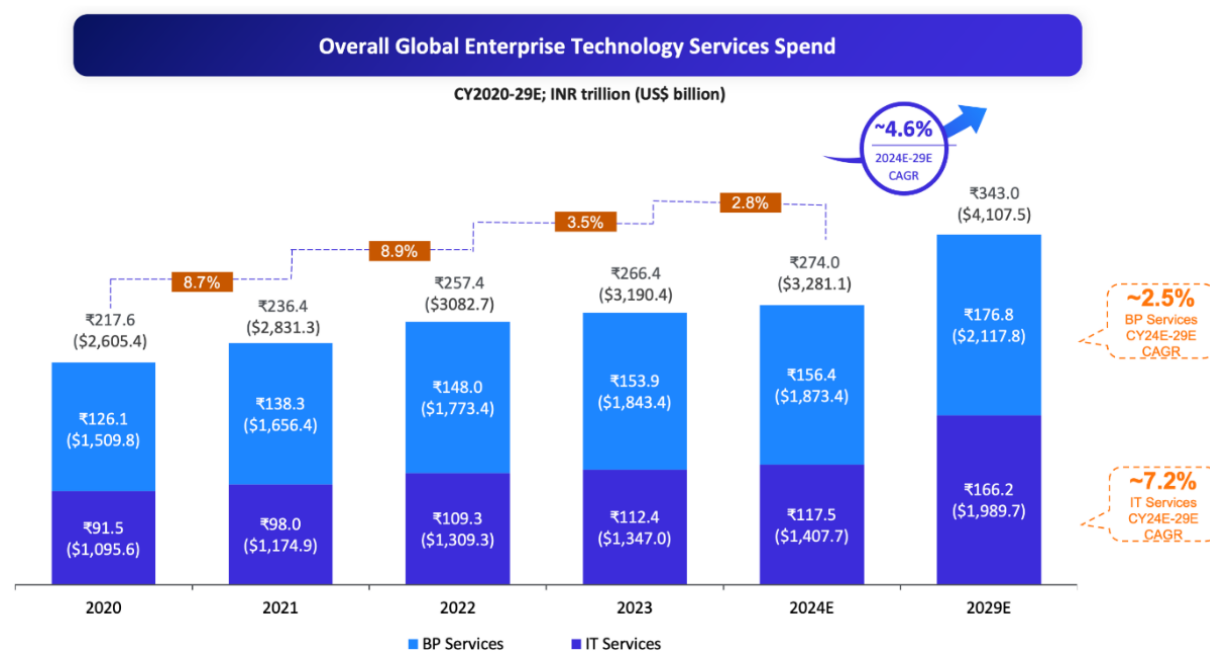
Global Enterprise Technology Services Market Overview

The global enterprise technology spend (which includes IT services, business process services, software and hardware) is expected to grow at a CAGR of approximately 7.3% during the period CY2024-29E to account for a total market size of approximately ₹630.7 trillion (US\$7,552.7 billion).

Concurrently, product engineering is evolving with a sharper focus on user-centric design, scalability, and robustness. Companies are investing in Internet of Things (IoT) solutions, leveraging analytics to derive actionable insights, and integrating cybersecurity measures to safeguard digital assets. These efforts underscore a strategic shift towards holistic IT solutions that not only enhance operational efficiency but also drive sustainable growth by reshaping the way businesses operate and engage with technology.

Global Enterprise Technology Services Spend Trends and Characteristics

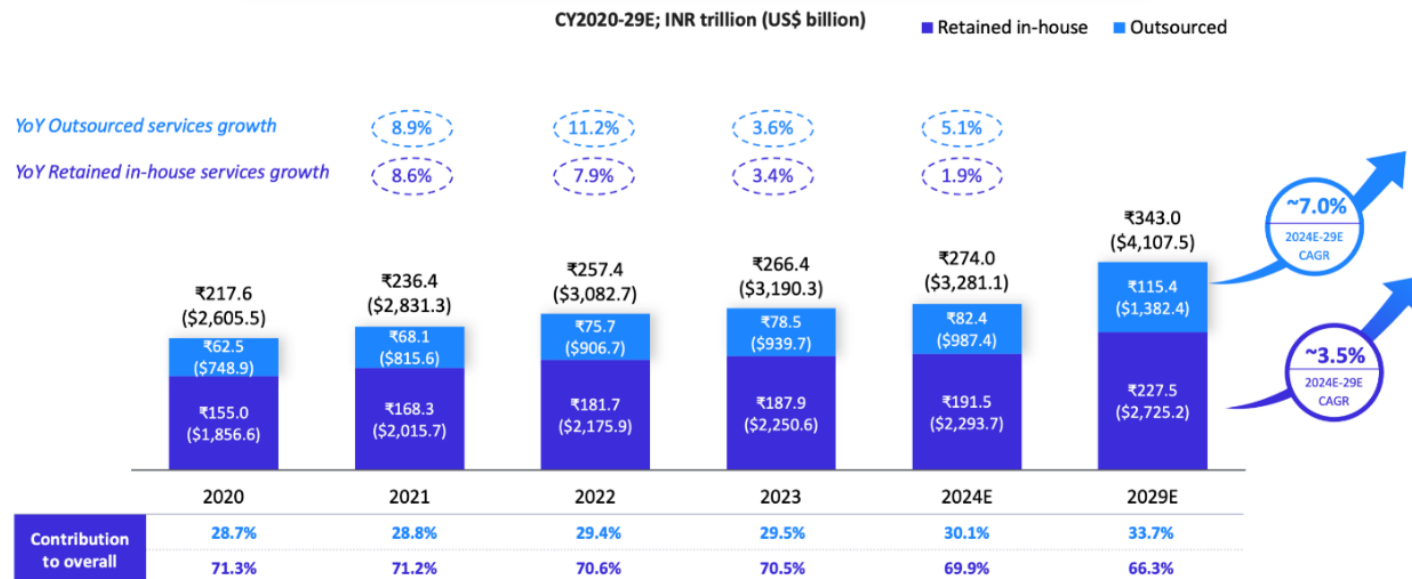
Global Enterprise Technology Services Spend for the Years CY2020-29.



The global enterprise technology services market segment is projected to reach approximately ₹343.0 trillion (US\$ 4,107.5 billion) in CY2029 with IT services growing at a CAGR of approximately 7.2% and BP services growing at a CAGR of approximately 2.5% for the period CY2024-29E.

Enterprises may address their technology requirements through either in-house teams or outsourcing. The exhibit below showcases how the enterprise technology services spend is split between in-house versus outsourcing methods for overall IT and BP services.

Overall Global Enterprise Technology Services Spend – In-house vs Outsourced

**Benefits of India as a delivery location for outsourced services**

India as a delivery location for outsourced services is renowned for its distinctive characteristics and advantages, setting it apart from other low-cost geographies like Eastern Europe and LATAM. One of the primary strengths of the Indian delivery model is its vast, skilled and English-speaking talent pool. India produces a significant number of STEM (Science, Technology, Engineering and Mathematics) graduates annually, providing a steady stream of qualified professionals who excel in various technology domains.

India's stable government provides a reliable and supportive environment for outsourced services, ensuring consistent policies and reducing business risks. This stability is further enhanced by government incentives such as Special Economic Zones (SEZs), which offer favorable conditions for businesses. Coupled with favorable industry initiatives, this boosts India's appeal as a key delivery location. As per Everest Group estimates, India constitutes nearly 55-65% of the ₹1.3-1.7 trillion (US\$ 15-20 billion) market opportunity observed in the global capability center (GCC) market.

Enterprise Technology Services: Deep Dive on Headwinds and Tailwinds**Tailwinds Driving the Growth**

- Accelerated adoption of cloud post-pandemic
- Increasing enterprise adoption of data and AI solutions
- Heightened cybersecurity needs amidst digital transformation
- Protecting profitability by establishing a cost advantage
- Propensity to transform operating models
- A shift to sustainable business models
- Evolving partner ecosystem

Headwinds Faced by the Industry

- Pricing and margin pressures
- Talent shortages: addressing skills gaps in a competitive job market
- Strong adoption of in-house centers

Key Enterprise Challenges Leading to Technology Services Outsourcing:

- Fast evolving landscape
- Lack of multidisciplinary approach and change management
- Talent-related challenges
- Cybersecurity and data privacy concerns
- Budget constraints

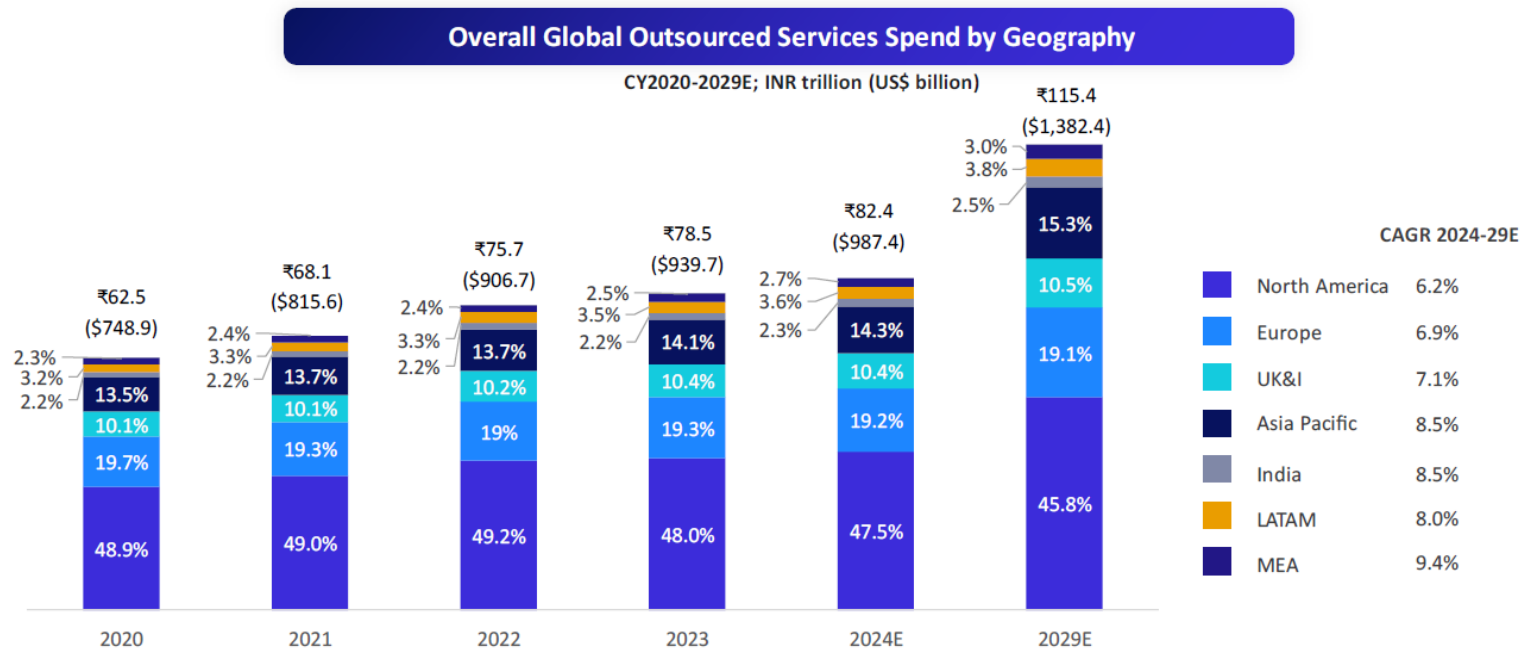
Due to these challenges, many enterprises choose to outsource technology services. Service providers bring in strategic guidance in technology adoption, scaling, and maintenance of the estate which helps in phased adoption of newer technologies, creating better return on investment for the enterprises.

Overview of Trends and Growth Drivers across Major Geographies

The major geographies that most service providers operate in can be categorized as follows:

- North America
- Europe and UK & Ireland (UK&I)

- India
- Asia Pacific
- Middle East



Together North America and Europe account for almost 66.7% of the total outsourced services market in 2024. While UK&I market accounted for a stable approximately 10.4% in 2023 and 2024, Asia Pacific has grown from approximately 14.1% in 2023 to approximately 14.3% in 2024.

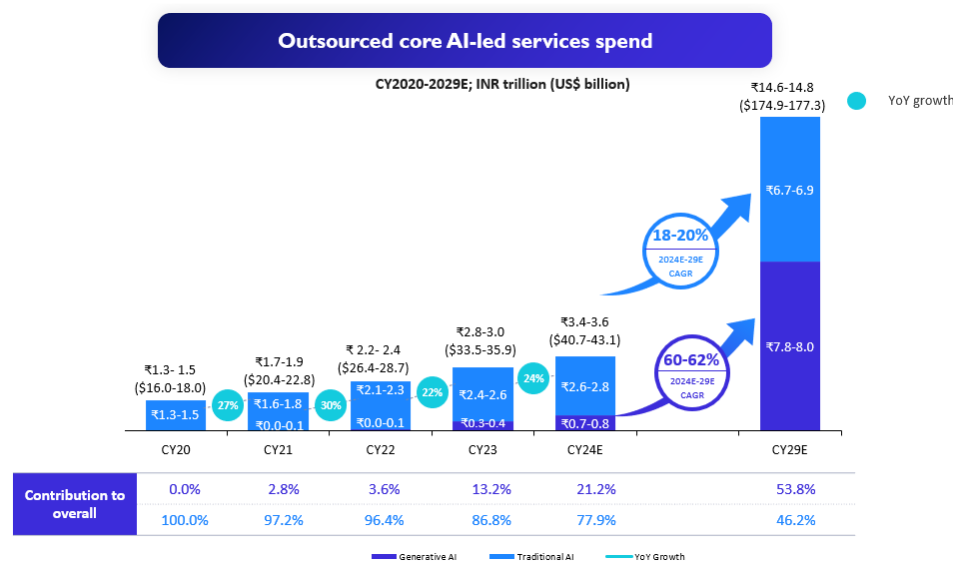
Gen AI and client value enhancement

Gen AI, a sophisticated branch of AI, focuses on the creation of new content by learning patterns from existing data. Its rapid ascent in the industry can be attributed to breakthroughs in deep learning algorithms, increased computational capabilities, and the proliferation of large datasets. It is also central to digital transformation initiatives for many enterprises.

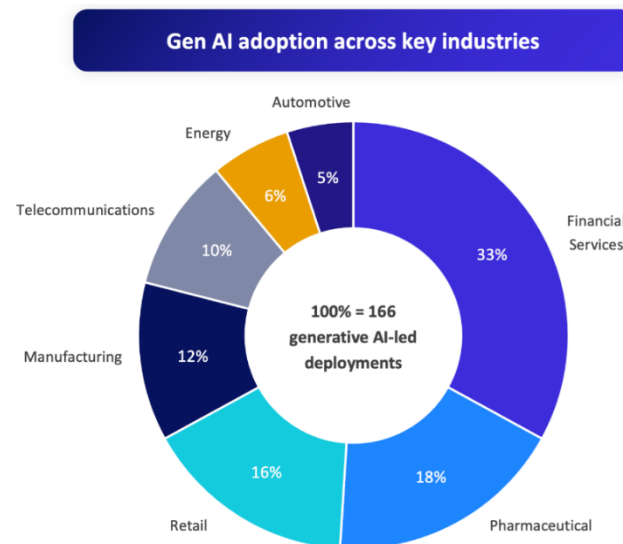
Generative AI use cases across platforms, offerings, and internal functions of IT service providers

Platforms	Offerings	Internal functions
Generative AI Code Assistant	Intelligent automation	Deal solutioning
Automated testing and quality assurance	Predictive maintenance	Employee lifecycle management
Predictive analytics platform	AI-powered data management	Customized learning and development
Automated content creation platform	AI-driven marketing services	Document review and analysis
Autonomous self-service solutions	Fraud detection and prevention services	Drafting legal documents

With the rapid rise of consumer gen AI applications, coupled with advancements in enterprise AI solutions and automation technologies, the outsourced gen AI services market is projected to reach ₹7.8-8.0 trillion (US\$ 93.4- 95.8 billion) by 2029. This growth is expected to be driven by technological advancements and increasing adoption across various industries, leading to a CAGR of 60-62% over the period of CY2024-29E.



Gen AI adoption is expanding across various industries, driven by its potential to enhance efficiency, innovation, and customer experiences. As seen in the following exhibit, Financial Services and Pharmaceutical together account for about half of gen AI adoption across verticals. While the data set examined does not contain the technology industry, broader evidence indicates that gen AI adoption in terms of the number of deployments is also high in this industry.



Accounting ratios

Particulars	9MCY24	CY23	CY22	CY21
Revenue from Operations	88,200	103,803	91,996	71,777
Growth in revenue from operations (%)	-	12.8%	28.2%	-
EBITDA	13,398	15,811	12,217	11,329
EBITDA Margin (%)	15.2%	15.2%	13.3%	15.8%
PAT/Net loss	8,533	9,976	8,842	7,488
PAT Margin (%)	9.7%	9.6%	9.6%	10.4%

Comparison with listed entity

Name of the company	Face value	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RONW (%)	NAV per equity share (₹)
Hexaware Technologies Limited	1	43.1	16.4	16.4	23.6%	69.7
Listed peers						
Persistent Systems Limited	5	73.9	72.4	71.07	22.1%	321.8
Coforge Limited	10	74.5	131.5	129.5	23.0%	586.6
LTIMindtree Limited	1	38.6	154.8	154.4	22.9%	676.5
Mphasis Limited	10	33.0	82.4	81.8	17.7%	465.3

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Feb 07, 2025.

2) * P/E of company is calculated on EPS of CY23 and post issue no. of equity shares issued.

Key Risks

- The company derives 73.4% of revenue from the Americas and 20.5% from Europe. Any economic downturn or regulatory change in these regions could significantly impact its financial performance.
- A large portion of revenue comes from Financial Services and Healthcare & Insurance sectors. Any downturn, regulatory shifts, or technological disruptions in these industries could negatively affect business.
- The company's success depends on hiring and retaining skilled IT professionals. Rising employee costs and subcontracting charges could reduce profitability. Additionally, higher attrition rates may disrupt service delivery.
- A substantial portion of revenue is generated from the top 10 clients. Losing a key client or a reduction in outsourcing budgets could impact revenue significantly.
- The company operates in multiple currencies but incurs most costs in Indian Rupees (INR). Fluctuations in forex rates, particularly appreciation of INR against USD and EUR, could erode profit margins.
- The company is vulnerable to cyber-attacks, ransomware, and data breaches. A significant breach could lead to financial losses, legal liabilities, and reputational damage.

- The highly competitive IT services industry forces Hexaware to compete with both global and mid-sized players. Larger firms with bundled services may lead to pricing pressures and client attrition.
- The company requires continuous access to funds for operations and growth. Any difficulty in securing liquidity or managing cash flow could impact its ability to meet financial obligations.

Valuation

Hexaware Technologies business has evolved over the last decade, with a growing set of offerings, larger and diversified customer base, wider global delivery footprint and higher focus on innovation and technology.

Its expertise is further complemented by a mix of strategic and industry-focused partners, such as ServiceNow, offers AI-powered solutions for various business functions such as human resources, IT, customer service, security and finance, and Backbase, a banking financial technology company in the Netherlands.

At the upper price band company is valuing at P/E of 43.1x with a market cap of ₹ 430,247 million post issue of equity shares and return on net worth of 22.8%. On the valuation front, we believe that the company is fairly priced. Thus, we recommend a “**SUBSCRIBE**” rating to the IPO.

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	Buy	Hold	Sell
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Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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