



Hexaware Technologies Ltd (Unlisted)

Information Technology & Business Process Services

CMP: ₹ 1050-1100/- ([Website Offering the Price](#))

Company Overview

Hexaware Technologies is headquartered in Navi Mumbai, India, it was founded in 1990 as Aptech Ltd and renamed Hexaware in 2001. The company offers a range of services, including digital operations, digital transformation, cloud solutions, AI integration, and business process outsourcing. It operates across 19 countries with a workforce of over 28,000 employees.

About the Company

Hexaware Technologies is a global IT services company that specializes in cloud transformation, automation, and digital engineering to drive innovation and streamline business operations. With over two decades of experience, Hexaware has established itself as a trusted partner for enterprises across diverse industries, helping them leverage technology to achieve business agility and resilience. With its proprietary platforms—Amaze® for cloud migration, Tensai® for AI-driven automation, and RapidX® for digital engineering—Hexaware delivers scalable solutions that address the evolving challenges of modern IT landscapes.

- **Financial Services (FS):** Covers sub-verticals like mortgage, lending, asset management, and global benchmarks. It accounted for 28.4% of revenue in H1 2024, experiencing 18.2% YoY growth.
- **Healthcare & Insurance (H&I):** This segment includes property, casualty insurance, and health providers. It contributed 21.1% of revenue in H1 2024 with a 5.9% growth over the previous year.
- **Manufacturing & Consumer (M&C):** Encompasses manufacturing, retail, education, and energy. In H1 2024, this segment represented 17.6% of revenue, showing 9.8% growth YoY.
- **Hi-Tech & Professional Services (HTPS):** Involves sectors like tax, audit, accounting, and legal services. This segment formed 16.3% of revenue in H1 2024, growing by 10.6%.

Email: fec@spit.ac.in
[Linkedin](#)

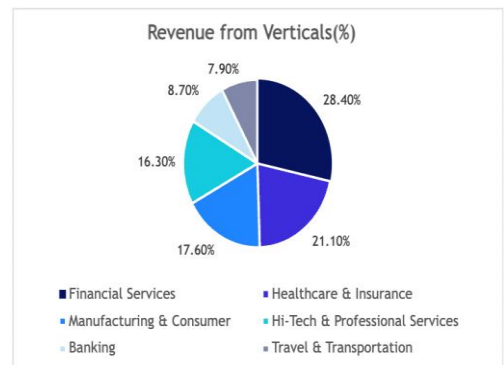
HEXAWARE

Market Data

Market Cap	₹66,518 Cr
Cash Equivalents	₹1160.9 Cr
Book Value per Share	₹76.4/-
Debt to Equity	0.08
ROE	26.4%
ROCE	36.9%
P/E	66.7
P/BV	14.3
Cmp/OCF	43.9
Cmp/Sales	6.4
Debt/Equity	0.08

In a nutshell

TTM Revenues	₹11,024.5 Cr
3Yr Rev CAGR	18.18%
3Yr PAT CAGR	17.09%
Latest EBITDA %	14.9%
Latest PAT %	10.14%
Industry PE	34.6



source : Company's DRHP, FEC Spit

- **Banking:** Representing **8.7% of revenue in H1 2024**, this segment **grew by 19.5% YoY**, driven by the increasing demand for digital banking solutions and fintech innovations.
- **Travel and Transportation:** Contributing **7.9% of revenue in H1 2024**, this sector **grew by 12.9% YoY** as companies in the travel and logistics industries increasingly adopt automation and digital transformation.

Building a Diverse Partner Ecosystem

Hexaware invested in a diverse partner ecosystem by collaborating with technology leaders. In 2023, our core partners included:

Strategic Partners

Significant investment, focused on sales and marketing



Vertical-focused Partners

Deep domain expertise with sector-specific technologies



Next-level Partners

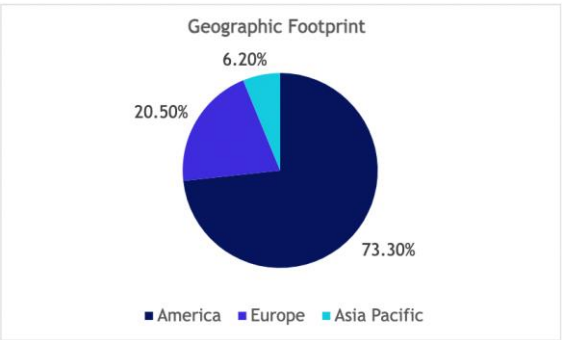
Strong suite of industry-leading enterprise solutions



Source: Company’s DRHP

Hexaware Technologies has built a diverse and **strategic partner ecosystem**, focusing heavily on collaborations with industry leaders such as **AWS, Google Cloud, Microsoft, and Salesforce**. These partnerships allow Hexaware to enhance its cloud and automation service offerings, aligning with global trends where cloud services are expected to see a significant growth rate. By leveraging the capabilities of these tech giants, Hexaware is well-positioned to capitalize on the increasing demand for digital transformation, particularly in areas like cloud migration and automation, both of which are projected to grow rapidly over the next few years.

Moreover, Hexaware has deepened its collaboration with vertical-focused partners like Backbase, Guidewire, and Duck Creek Technologies, which are instrumental in the finance and insurance sectors. This enables the company to deliver specialized, high-impact solutions to industries that are undergoing significant digitization. Additionally, Hexaware’s partnerships with Adobe, Oracle, and Databricks enhance its enterprise solutions, targeting high-value industries like e-commerce and healthcare. These integrations will likely fuel revenue growth as more sectors adopt AI-driven and cloud-based solutions at an accelerated pace.



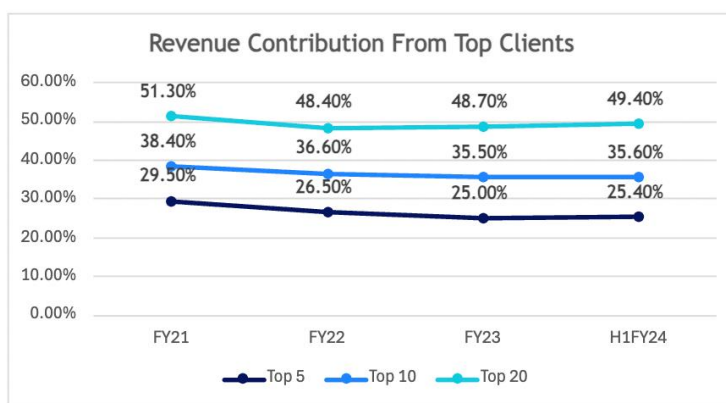
Source : Company’s Annual Report, FEC Spit

Geographic Presence:

Hexaware Technologies has a significant geographic presence across **North America, Europe, and the Asia-Pacific regions**. This wide-reaching footprint enables the company to cater to global clients and tap into diverse markets. With operational centers and innovation labs in countries such as India, the Netherlands, and Germany, Hexaware leverages local expertise to deliver cutting-edge technology solutions across these key regions.

Hexaware Technologies

Hexaware Technologies has seen a steady reduction in its revenue dependency on top clients, highlighting the company's focus on diversification. This trend has been evident from FY21 to FY23, with contributions from the top 5, 10, and 20 clients consistently declining. However, in H1FY24, there was a slight increase, demonstrating the company's ability to maintain strong relationships with key customers while continuing to broaden its client base.



Source: Company's DRHP, FEC Spit

Hexaware serve a wide range of customers as of data from financial year 2023, including:

- 11 of top 50 global asset management firms by AUM,
- 5 of the top 20 global insurers by market capitalization,
- 3 of the top 10 global life sciences firms by market capitalization,
- 3 of the top 5 global manufacturing organizations by market cap,
- 4 of the top 50 global retail and CPG organizations by revenue,
- 6 of the top 20 global hi-tech companies by market capitalization,
- 3 out of top 6 global audit and advisory firms,
- 2 out of top 5 global legal firms,
- 11 of the top 60 banks in US ranked by assets, and
- 3 of the top 5 airlines in North America by revenue

Source : Company's DRHP

Financial Performance

Financial Analysis

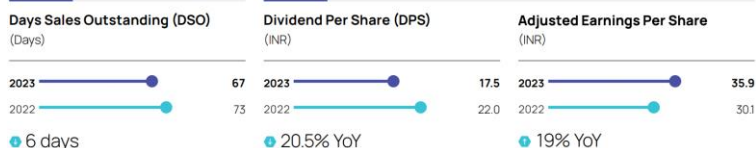
Revenue and Growth Metrics



Profitability Metrics



Efficiency Metrics



➤ **Revenue Growth:** The company's revenue increased by 12.8% YoY in INR (Indian Rupees) and 7.8% YoY in USD, reflecting solid top-line growth. This indicates strong demand for the company's offerings.

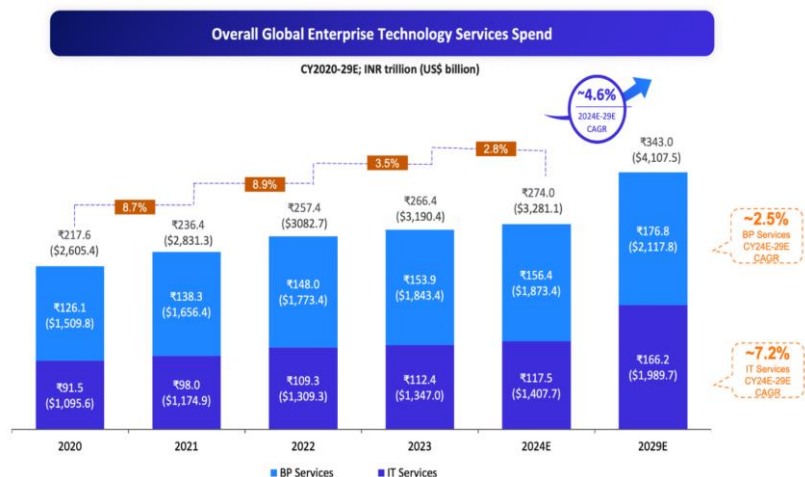
➤ **Profitability Improvement:** Adjusted EBITDA grew by 14.9% YoY, while the Net Profit Margin saw an increase of 12.8% YoY. This shows that the company has improved its operational efficiency and profitability despite cost pressures.

source: Company's Annual Report

➤ **Liquidity and Solvency:** The Current Ratio improved from 1.78 to 1.96, representing a 9.7% YoY increase, indicating stronger liquidity management and an enhanced ability to meet short-term liabilities.

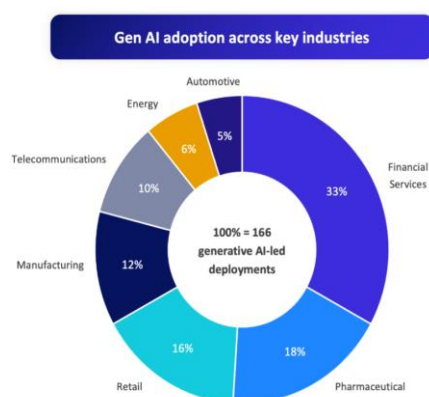
Industry Overview

The global enterprise technology services market is projected to grow at a 4.6% CAGR from 2024-2029, reaching approximately ₹343.0 trillion (US\$ 4,107.5 billion) by 2029. This growth is driven by increasing investments in digital transformation, cloud computing, and AI, with IT services growing at a 7.2% CAGR during the same period. As enterprises shift towards modernizing legacy systems and adopting cloud-native solutions, Hexaware Technologies is well-positioned to capitalize on this trend through its focus on digital transformation, automation, and AI-driven services.



The Federal Reserve's September 2024 rate cut of 50 basis points aim to lower borrowing costs and stimulate business investment, especially in technology infrastructure. This environment is favorable for the IT industry, as reduced interest rates encourage companies to invest in capital-intensive projects like cloud migration, AI, and digital platforms. For Hexaware, whose primary revenue stream is from the U.S., this could translate into increased spending by U.S. enterprises on IT services. Notably, the company's proprietary platforms like RapidX™ and Tensai® are aligned with the needs of businesses looking to optimize operations and enhance digital capabilities, making it well-positioned to gain from these economic shifts.

At the same time, the global economic outlook presents mixed challenges. While inflation is expected to decline to 2.4% by the end of 2025, potential volatility in emerging markets and currency fluctuations, particularly in outsourcing regions like India, could affect Hexaware's cost structures and margins. Nevertheless, the overall impact of the rate cuts is expected to boost demand for IT services, particularly in digital transformation and cloud-based solutions, supporting Hexaware's growth trajectory in its core segments.



Source: Everest Group Market Report: Generative AI Adoption – Examining Real-world Use in Horizontal Functions and Future Outlook

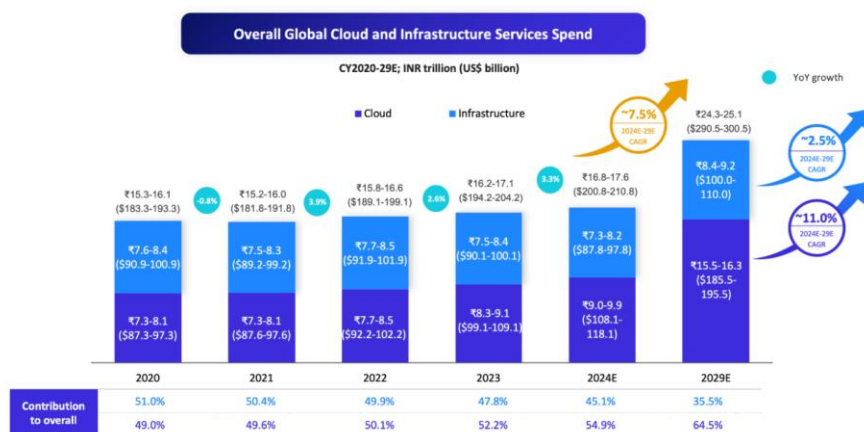
Hexaware Technologies is aligning its strategies with key industry growth areas to drive its future expansion. The company's focus on Generative AI is pivotal, as this segment is expected to grow at a 60-62% CAGR from 2024-2029, reaching a market size of approximately ₹7.5-7.9 trillion (US\$ 89.8-94.6 billion). Hexaware is integrating Gen AI into its service offerings to enhance cloud management, automate software development, and improve operational efficiency. The company's AI-driven platforms, like Tensai®, are designed to streamline IT operations and deliver personalized solutions, which is critical for clients seeking innovation at scale.

Gen AI:

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Cloud & Infrastructure:

Hexaware Technologies is poised to capitalize on the expanding cloud and infrastructure services market, projected to grow at a 7.5% CAGR from 2024-2029, reaching ₹24.3-25.1 trillion (US\$ 290.5-300.5 billion). With cloud services contributing ₹8.4-9.2 trillion (US\$ 100.0-110.0 billion), source: Company's DRHP



Hexaware can drive revenue by focusing on key areas such as cloud migration, multi-cloud management, and infrastructure automation. By integrating AI-driven platforms like Tensai® to optimize cloud operations and enhance efficiency, Hexaware is well-positioned to deliver scalable, cost-effective solutions that meet growing enterprise demand.

Competitive Analysis

Hexaware's business is broadly aligned with service providers of different sizes, but it is more closely aligned with mid-sized IT service providers such as **Coforge**, **LTIMindtree**, **Mphasis**, and **Persistent Systems**, which have revenues in the range of US\$ 1-5 billion and similar scales of offerings. Unlike larger IT firms with extensive service lines and broader industry vertical focus, these mid-sized companies focus on specific niches or competencies, allowing for greater agility and responsiveness to client needs. Additionally, these firms adopt flexible and personalized engagement models, contrasting with the standardized approaches of larger providers that focus more on larger deal sizes.

	Hexaware	Coforge	LTIMindtree	Mphasis	Persistent Systems
Overview	Hexaware, which began as Aptech Information Systems Limited in 1992, is a service-driven company focused on information technology and business process outsourcing. It provides a next-generation IT, BPO, and consulting services.	Coforge, formerly known as NIIT Technologies, is a global digital services provider that takes a product engineering approach that integrates cloud, data, integration, and automation technologies.	LTIMindtree, created through the merger of L&T Infotech and Mindtree, is known for its expertise in digital transformation, cloud, and data analytics.	Mphasis is a global technology services provider offering integrated solutions in applications, infrastructure services, and business process outsourcing.	Persistent Systems is a global technology services company, specializing in digital engineering, enterprise modernization.
Offerings	Application Services, Cybersecurity, Enterprise Automation, Generative AI, Sustainability Services, Testing, cloud computing with AWS, Google and Microsoft, Cloud Transformation for technology and data driven business elevation.	AI, Digital, Data and Analytics, Digital Process Automation, Salesforce Ecosystem, Cloud and Infrastructure, Management Services, Cybersecurity Services, Business Process Solutions, Quality Engineering Services, SAP Services, and Metaverse	Cloud and Infrastructure, Consulting, Customer Success, Low Code, Cybersecurity, Data and Analytics, Digital Engineering, Enterprise Applications, Platform Operations, RPA, and Quality Engineering	Application Services, Blockchain, Business Process Services, Cognitive, Cybersecurity, DevOps, DevOps Automation Services, AI, Digital, Enterprise Automation, Experience Design, Governance, Risk & Compliance, Infrastructure Services, Modernization, Next-Gen Data, Agile IT Operations, Product Engineering, Platforms & Protocols - XAAP, Microsoft COE, Salesforce Consulting and Services COE, Cloud, AWS Services, Azure Services, GCP Services, VMware Tanzu Services	Application Development & Management, Cloud & Infrastructure, Consulting, CX Transformation, Data & Analytics, Enterprise Integration, Enterprise IT Security, Intelligent Automation, Persistent AI, Open-Source Hub, Software Product Engineering
Presence	54 global offices with 8 global overseas delivery centres	21 countries with 26 delivery centers across 9 countries	38 countries and 117 offices globally	88 offices across 27 countries	20 countries

Source : Company's Annual Report, FEC Spit

Financial comparison

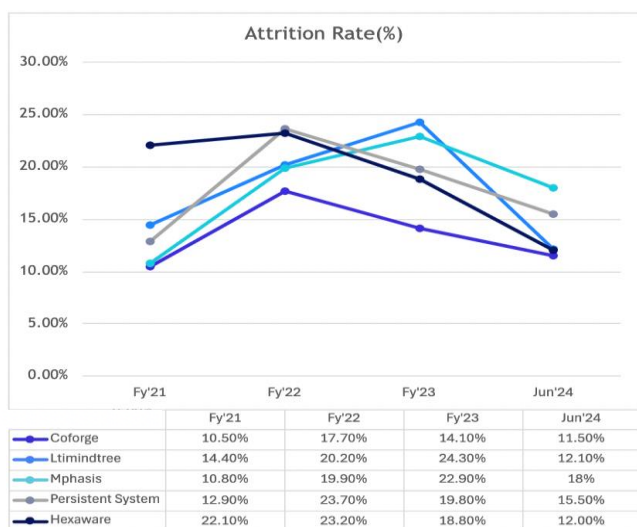
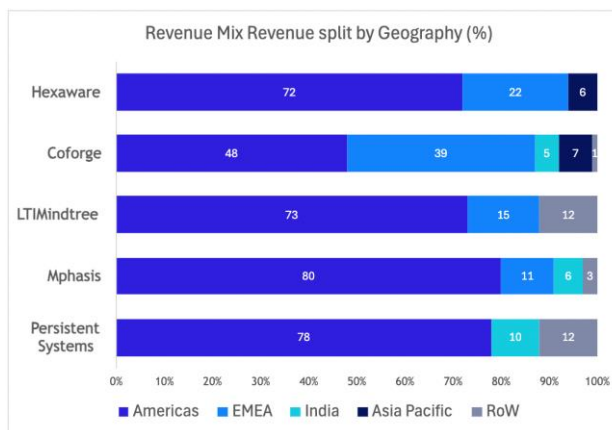
Hexaware's commitment to customers and delivery excellence has propelled it to become one of the fastest-growing technology services companies headquartered in India, with

Hexaware Technologies

over US\$1,000 million in revenue from operations in each of the Financial Years 2023 and 2022. The company has grown at a CAGR of 13.7% from 2021-23 while according to the Everest Group, the global outsourced IT-BP services industry grew at a CAGR of 7.3% during the same period.

Geographic Diversification:

Hexaware has a **diversified geographical presence**, with a higher exposure to Europe as compared to most peers, reducing its dependency on Americas and mitigating regional economic risks. Hexaware has the highest percentage of revenues from onshore resources and has significant room for increasing its offshore mix as compared to peers. Hexaware also has a good mix of revenue across verticals with 4 verticals, namely, Financial Services, Healthcare and Insurance, Manufacturing and Consumer, and Hi-tech and Professional Services, generating over \$200 million in revenues.



Note: For Hexaware, data is for CY21,22,23 & for peers its for FY21,22,23

FY22 to 15.5% in June 2024. Hexaware's proactive approach to fostering a positive workplace is evident in its outperforming attrition reduction strategy.

Attrition:

Hexaware has shown significant success in reducing its attrition rate compared to its peers, consistently improving over the years. Starting from a higher attrition rate of 22.1% in FY21, Hexaware managed to bring it down to 18.8% by FY23 and further reduced it to 12.0% by June 2024. This decline demonstrates Hexaware's focus on employee retention and satisfaction. In contrast, peers like LTIMindtree and Persistent Systems have exhibited higher attrition rates, with LTIMindtree peaking at 24.3% in FY23 before reducing to 12.1% in June 2024, and Persistent Systems decreasing from 23.7% in

Valuation Comparison with key Players

- Hexaware Technologies' data reflects the financial results for December 2023, as the company follows a calendar year for reporting, unlike most peers, which follow an annual year ending in March.
- For Hexaware's valuation calculations, a share price of INR 1,095 has been assumed, and the total number of outstanding shares is 60.68 crore (based on a face value of INR 1).
- All other listed companies in the table follow financial data for their annual year ending in March, except for Hexaware which operates on a different financial cycle. This disclosure ensures consistency and transparency in comparisons across the industry.

S.No.	Name	P/E	Mar Cap Rs.Cr.	CMP / Sales	ROCE %	ROE %	OPM %	CMP / BV	CMP / OCF	Debt / Eq
1	LTIMindtree	40.5	184812	5.1	31.2	25.0	17.7	9.2	32.6	0.1
2	Oracle Fin.Serv.	42.4	98919	14.9	39.5	29.0	45.2	12.6	55.2	0.01
3	Persistent Sys	72.7	85177	8.3	29.2	24.0	17.2	17.0	69.2	0.09
4	Hexaware	66.7	66518	6.4	36.9	26.4	15.3	14.3	43.9	0.08
5	Mphasis	36.6	57209	4.3	24.0	18.4	18.2	6.5	26.2	0.18
6	L&T Technology	44.5	56604	6.4	33.4	25.8	20.8	11.2	42.2	0.12
7	Coforge	60.9	46737	5.0	28.6	24.1	15.1	11.9	51.7	0.2
8	KPIT Technologi.	67.3	44578	8.7	38.4	31.2	20.6	20.8	44.5	0.15
Median		52.7		6.4	32.3	25.4	18.0	12.3	44.2	0.11

source : FEC Spit, Screener.in, Company's DRHP

Management Overview

- **R. Srikrishna (CEO):** With over 25 years of IT industry experience, Srikrishna has been leading the company since 2014. He holds a degree in electrical engineering from IIT Madras and an MBA from IIM Calcutta.
- **Vikash Kumar Jain (CFO):** Jain is a Chartered Accountant with extensive experience in major global firms such as DXC, HP, and Wipro
- **Vinod Chandran (COO):** An MBA from XLRI, Chandran joined Hexaware after a 20-year tenure at HCL Technologies.

Ownership Changes

Carlyle Group investment arm **CA Magnum Holdings** acquired the **Baring Asia Private Equity** stake in **November 2021** for **~\$3 billion**. CA Magnum Holdings remains the key stakeholder, holding a 95.19% stake in the company. Carlyle has been known for taking successful exits in private equity in India; some of the notable investments include:

- **SBI Cards:** Through **CA Rover Holdings**, Carlyle exited its 26% stake in Apr 2022, generating approximately **10x** returns.
- **Medanta:** **Anant Investments** exited its 27% stake in Nov 2022 with **2.2x** returns from an initial investment of ₹960 crore.
- **Delhivery:** **CA Swift Investments** held a 12.4% stake and exited in Jun 2023, achieving **2.6x** returns from ₹645 crore investment.
- **Metropolis:** **CA Lotus Investments** exited its 31% stake in Jul 2020, generating **1.7x** returns on an initial ₹900 crore investment.

Hexaware Technologies was delisted from the NSE and BSE in 2020 following a buyback by its promoter, **Baring Asia Private Equity**, at a discovered price of **₹475/share**. This strategic move facilitated full ownership and control over the company, allowing it to pursue long-term objectives without the regulatory constraints of public listing.

Shareholding Pattern

- **No Long-Term Fund Investment:** No recognized funds have held investments in Hexaware for more than 5 years.
- **No Recent Fundraising:** Hexaware hasn't raised any funds since 2014, except through ESOP allotments.
- **Share Capital Increase:** In August 2017, Hexaware increased its authorized share capital from ₹2.51 billion to ₹2.61 billion, including an increase in equity shares from ₹950 million to ₹1.05 billion following the amalgamation with Risk Technology International Limited.
- **Share Subdivision:** In April-May 2024, the company split its equity shares from ₹2 to ₹1 per share, doubling the number of shares issued from 303.5 million to 607 million.

Sr. No.	Category of Holder	No. of Shares	% of Equity
1.	Promoters Holdings	288,802,101	95.19
2.	Mutual funds/UTI	3,840	00.00
3.	Banks/Financial Institutions/Insurance Companies (Central/State Govt. Institutions/ Non-Govt. Institutions)	4,035	0.00
4.	FIs/FPI	75,889	00.03
	Others		
-	Private Corporate Bodies	180,125	0.06
-	Indian Public	8,195,173	2.70
-	IEPF	2,093,760	0.69
-	NRI/Foreign Nationals/OCBs	4,052,014	1.34
-	Trust	480	0.00
-	NBFC	450	0.00
-	Clearing Member	924	0.00
	Sub Total	14,522,926	4.79
	Total	303,408,791	100.00

Conclusion & Final Remarks

Growth Potential: Hexaware's focus on cloud computing, automation, and AI, coupled with strategic partnerships, positions it for significant growth in the future. This growth potential could further enhance its value and attract investors.

Valuation: While Hexaware's valuation may seem high compared to larger IT firms, it's reasonable when compared to mid-sized peers. The company's strong growth potential and the success of recent Indian IPOs could lead to a re-rating of its valuation.

Carlyle's Stake: As a major shareholder, Carlyle's interest aligns with Hexaware's success. They would likely strive for a robust IPO and a thriving company, ensuring a favorable exit and maximizing their investment.

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Disciplinary History: None.

Details of Business Activity:

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