

IPO Note

February 11, 2025

Hexaware Technologies Limited





Issue Snapshot:

Issue Open: February 12 – February 14 2025

Price Band: Rs. 674 –708 (Employee Discount – Rs 67)

*Issue Size: Offer for sale of upto Rs 8750 cr

Reservation for:

QIB	upto	50% eq sh
Non-Institutional	atleast	15% eq sh
((including 1/3 rd for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	atleast	35% eq sh

Face Value: Rs 1

Book value: Rs 79.92 (September 30, 2024)

Bid size: - 21 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity: Rs. 60.77 cr

*Post issue Equity: Rs. 60.77 cr

Listing: BSE & NSE

Book Running Lead Managers: Kotak Mahindra Capital Company Ltd, Citigroup Global Markets India Private Ltd, J.P. Morgan India Private Ltd, HSBC Securities & Capital Markets Pvt Ltd, IIFL Capital Services Ltd

Sponsor Bank: Kotak Mahindra Bank, HDFC Bank and Axis Bank Ltd.

Registrar to issue: KFin Technologies Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	95.05	74.71
Public	4.95	25.29
Total	100.0	100.0

*=assuming issue subscribed at higher band

Source for this Note: RHP

Background & Operations:

Hexaware Technologies Ltd (HTL) is a global digital and technology services company with artificial intelligence ("AI") at its core. The Company leverages technology to deliver innovative solutions that help customers in their digital transformation journey and subsequent operations. HTL embeds AI into every aspect of the Company's solutions and has created a suite of platforms and tools that allow customers to adapt, innovate and optimize in this AI-first era.

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

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

HTL serves a diverse range of customers, including 31 of the Fortune 500 organizations. The Company serves prominent enterprises across the industries in which it operates. According to the Everest Report, these include:

- 11 of the top 50 global asset management firms by assets under management ("AUM");
- 3 of the top 10 global life sciences firms by market capitalization;
- 5 of the top 20 global insurers by market capitalization;
- 3 of the top 5 global manufacturing organizations by market capitalization;
- 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 the top 6 global audit and advisory firms;
- 2 out of the top 5 global legal firms;
- 11 of the top 60 banks in the United States ranked by assets; and
- 3 of the top 5 airlines in North America by revenue.

HTL has a global delivery presence comprising 39 delivery centers supported by 16 offices spread across the Americas, Europe and APAC as of September 30, 2024. As of September 30, 2024, the Company had a team of 32,536 employees in 28 countries. The Company's presence is spread across major countries, nationalities, languages, time zones and regulatory zones.

Objects of Issue:

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges. HTL expects that listing of the Equity Shares will enhance our visibility and brand and provide liquidity to its existing Shareholders. All proceeds from the Offer will go to the Promoter Selling Shareholder, in proportion to the Equity

Shares offered by them in the Offer for Sale.



Competitive Strengths

Deep domain expertise delivered through comprehensive solutions across industries: The Company provides comprehensive services and solutions to customers across six industries (each of which is an operating segment): Financial Services, Healthcare and Insurance, Manufacturing and Consumer, Hi-Tech and Professional Services, Banking, and Travel and Transportation. The Company leverages deep expertise across a comprehensive portfolio of services, in-depth domain knowledge, and understanding of customer requirements to contextualize the use of different technologies and to help customers develop and deploy their digital transformation strategies.

Segments: Revenue and Contribution-%

Operating Segment	For the nine months ended September 30,				
	2024		Period-over-period growth	2023	
	Revenue from operations	% of revenue from operations		Revenue from operations	% of revenue from operations
Financial Services	24,949	28.3%	18.6%	21,043	27.1%
Healthcare and Insurance	18,696	21.2%	10.7%	16,891	21.8%
Manufacturing and Consumer	14,969	17.0%	7.6%	13,910	17.9%
Hi-Tech and Professional Services	14,900	16.9%	18.9%	12,532	16.1%
Banking	7,529	8.5%	6.4%	7,073	9.1%
Travel and Transportation	7,157	8.1%	15.5%	6,194	8.0%
Total revenue from operations	88,200	100.0%	13.6%	77,643	100.0%

Source: RHP

AI-led digital capabilities and platforms built in-house with innovation as a strategic pillar: The Company's deep domain expertise extends to multiple sub-verticals within each operating segment. HTL has developed capabilities to address the nuances of these sub-verticals, as customers in each of these sub-verticals may have different characteristics and needs.

The Company leverages domain expertise to develop three AI-enabled digital platforms that create value for customers across service offerings: (1) RapidX for digital transformation, (2) Tensai, for AI-powered automation and (3) Amaze, for cloud adoption.

RapidX is a Gen AI-based platform for modern software engineering that addresses the full software development lifecycle through AI subject matter experts and agents. Tensai is an automation platform designed to transform enterprise IT processes, enabling secure, rapid code release and efficient AI-driven operations. Amaze® is a cloud migration and transformation platform that enables portfolio transformation through intelligent automation across cloud readiness assessments, migration journeys, and application modernization. Through these platforms, the Company helps customers streamline operations and leverage AI's transformative potential.

Long-term and embedded relationships with diversified blue-chip customer base: HTL 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% and nearly 83% of revenue from operations from customers with over US\$5,000 million revenues and over US\$1,000 million revenues, respectively. The Company has a diversified presence across geographies: the Americas, Europe and APAC regions which also include the Middle East, Africa and Latin America, and across operating segments: Financial Services, Healthcare and Insurance, Manufacturing and Consumer, Hi-Tech and Professional Services, Banking and Travel and Transportation.

Geographies-Revenue and Contribution-%

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	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%
Total revenue from operations	88,200	100.0%	77,643	100.0%	103,803	100.0%	91,996	100.0%	71,777	100.0%

Source: RHP



Go-to-market strategy focused on customer acquisition and expansion:

HTL is focused on developing relationships with new customers across the Americas, Europe and APAC through collaborative engagement. The Company achieved this through go-to-market strategy, which combines the efforts of its New Customer Acquisition, Account Management, Hybrid Sales and Overlay Sales teams.

- **New Customer Acquisition and Account Management:** In the Americas and Europe, the Company develops relationships with potential new customers through New Customer Acquisition team. Once a customer is acquired, its Account Management team further develops the relationship by overseeing service delivery and identifying additional or adjacent customer needs.
- **Hybrid Sales:** In APAC, its Hybrid Sales team focuses on both new customer acquisition and growing existing customer relationships.
- **Overlay Sales:** The Company's Overlay Sales team supports New Customer Acquisition, Account Management and Hybrid Sales teams across regions. Overlay Sales team brings specialized knowledge of their service lines to build deeper and stickier relationships with customers

Global, scalable, flexible delivery model with a certified and skilled talent pool: HTL has a global delivery presence that allows it to provide innovative solutions to customers in a flexible and cost-effective manner, leveraging platforms through its talent pool and an efficient onshore-offshore service delivery mix. Proximity to customers enables the Company to address changing customer needs on time.

The Company continues to focus on delivery excellence by building on the expertise of its workforce. Hexaware prioritizes training its entire workforce in AI and Gen AI skills. In 2023, 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, HTL's Gen AI training and certification program. The Mavericks Learning Program prepares campus graduates for the workforce and helps ensure a sustainable supply of talented employees.

As of September 30, 2024, the Company's global delivery model included 32,536 employees across 39 delivery centers and 16 offices in 28 countries. Delivery capabilities cover numerous time zones, languages and regulatory zones, with revenue from IT services derived from offshore capabilities in India and Mexico.

Track record of growth and cash generation: For the Financial Year 2023, HTL's revenue from operations was Rs 103,803 million (US\$1,256.4 million), representing a CAGR in USD terms of 13.7% from Rs 71,777 million (US\$971.2 million) in Financial Year 2021, while the global outsourced IT-BP services industry grew at a CAGR of 7.3%. The Company's revenue base is diversified across geographies and industries, helping insulate revenue from market downturns.

The Company's Adjusted EBITDA margin increased to 17.4% for the nine months ended September 30, 2024, from 16.5% for the same period in 2023. Additionally, the adjusted cash conversion percentage stood at 89.9% for Financial Year 2023, up from 56.0% in 2022, demonstrating strong cash generation capabilities. This track record positions HTL well for continued success.

Business Strategy:

Continuously improve offerings and platforms: Hexaware plans to enhance existing offerings and platforms to expand capabilities and addressable market. It leverages three AI-enabled digital platforms: Rapid for digital transformation, Tensai for AI-powered automation, and Amaze® for data and cloud adoption. The Company intends to continue investing in differentiated platforms and build add-on service capabilities in areas like product engineering, security, data and analytics.

The Company offers AI-led solutions across operating segments, tailored to specific industry needs. These include background research services for insurance, Agenda Builder for travel, legal private large language models, Gen AI solutions for retail product descriptions, financial statement analyzers for investment advisors, and protocol authoring solutions for life sciences clinical trials.

Deepen and expand relationships with existing customers: The current customer base has a significant opportunity to increase the use of its services and solutions and develop deeper, long-term strategic engagements. Hexaware maintains a team of customer partners and account managers who are focused on cultivating relationships with existing customers and understanding their behavior, preferences, and trends.

Hexaware has established strong relationships and credibility across multiple service lines, while maintaining potential for additional growth. The Company focuses on cross-selling by positioning itself as a pioneer in advanced technologies, including cloud computing, data analytics, artificial intelligence, and Internet of Things ("IoT"). Through the "Land, Ramp and Expand" model, HTL has developed and



expanded long-term customer relationships across selected segments and geographies. The Company's services have expanded into application development, enterprise data management, PeopleSoft implementation, and cloud transformation. Hexaware modernizes legacy applications using Amaze and RapidX while contributing to strategic initiatives in business functions like mortgage forecasts and risk controls. Moving forward, the Company's key strategy remains expanding customer relationships while strengthening its position in AI-infused software engineering, cloud and data transformation.

Acquire new customers with focus on large customers to tap high value opportunities: With comprehensive services and solutions alongside expected growth in Gen AI-driven digital transformation, the Company sees opportunities to acquire new customers across operating segments. The Company focuses on large customers with annual revenues exceeding US\$2,000 million and serves 31 Fortune 500 organizations. Through the "Land, Ramp and Expand" strategy, HTL has successfully deepened customer relationships, with two of its top 20 customers in FY2023 acquired within the previous three years.

The Company generates demand through three key channels:

- **Analyst and Advisory Relations:** Securing industry recognition with over 50 ISG endorsements across service lines in FY2023
- **Strategic Partnerships:** Collaborating with industry partners like cloud service and technology providers, strengthened by dedicated resources
- **Client Alumni:** Leveraging former customer contacts who become sponsors in new organizations, demonstrated by successful expansions into tax advisory and law firms.

Strategically expand into untapped geographies and industries: Hexaware markets and distributes solutions across North America, Europe, and APAC, with core markets in the United States and United Kingdom. The Company plans to expand into Canada, continental Europe, the Middle East, and Australia, having already grown its presence in Germany and Belgium through new customer acquisition and relationship expansion. In 2023, HTL formed a joint venture with Al-Balagh to deliver solutions in Qatar, combining digital expertise with local industry insights. It announced another joint venture in March 2024 with the Novelty Group to provide digital transformation services in UAE. Through these strategic alliances, it aims to strengthen its presence in Middle East markets. In 2021, the Company created an independent Banking segment from its Banking and Financial Services division, recognizing the need for specialized domain expertise.

Focus on operational improvement: HTL's operations strategy aligns with sales and delivery strategies through a cross-functional playbook and data-driven policies managed by its Operations Command Centre, which uses Gen AI-enabled alerting for operational policies.

The Company focuses on margin expansion through six key levers:

- **Onshore/offshore mix:** Targeting increased offshore delivery services (currently 43.6% of IT services revenue) to improve margins
- **Utilization:** Maintaining optimal bench strength through multiskilling initiatives, with IT business professionals' utilization rate reaching 82.6% in September 2024
- **Attrition:** Implementing employee engagement and retention initiatives
- **Employee-contractor mix:** Optimizing workforce balance and launching initiatives for onsite contractor replacement
- **Employee pyramid:** Managing through campus talent development programs like Segue Program and Mavericks Learning Program
- **Tier 2 city expansion:** Establishing delivery centers in Dehradun, Coimbatore, Mangalore, and Colombo, with plans for Ahmedabad (GIFT City), each focusing on specific service lines to access new talent pools and reduce costs.

Strategic M&A aimed at new capabilities and expanded geographic footprint: Hexaware plans to selectively pursue acquisitions while preserving its entrepreneurial culture and sustainable growth. The Company's M&A strategy focuses on enhancing services, gaining experience in new technologies and industries, and expanding geographic reach. It prioritizes augmenting core capabilities in data analytics, cybersecurity, product engineering, cloud, and ServiceNow, while exploring opportunities in Latin America and Eastern Europe.

HTL has demonstrated successful acquisition execution, as evidenced by two key purchases. In 2019, it acquired Mobiquity, a customer experience consulting firm specializing in multi-channel digital experiences using cloud technologies. This acquisition strengthened its Design and Build capabilities and added Amsterdam to its global delivery footprint. In 2024, Hexaware acquired Softcrylic, a Minneapolis-based data consulting firm with offices in Atlanta, Princeton, and Chennai, enhancing its data, analytics, and marketing capabilities through services including strategy, engineering, and data management support.



Industry Overview

Global Enterprise Technology Services Market Overview

Global enterprise technology spend, including IT services, business process services, software, and hardware, is projected to grow at a 7.3% CAGR during CY2024-29E, reaching approximately Rs 630.7 trillion (US\$7,552.7 billion), according to Everest Group estimates. With anticipated interest rate cuts, enterprises are expected to increase spending while focusing on efficiency with leaner resources. Organizations are investing in technology to enhance digital infrastructure, streamline operations, and improve customer experiences.

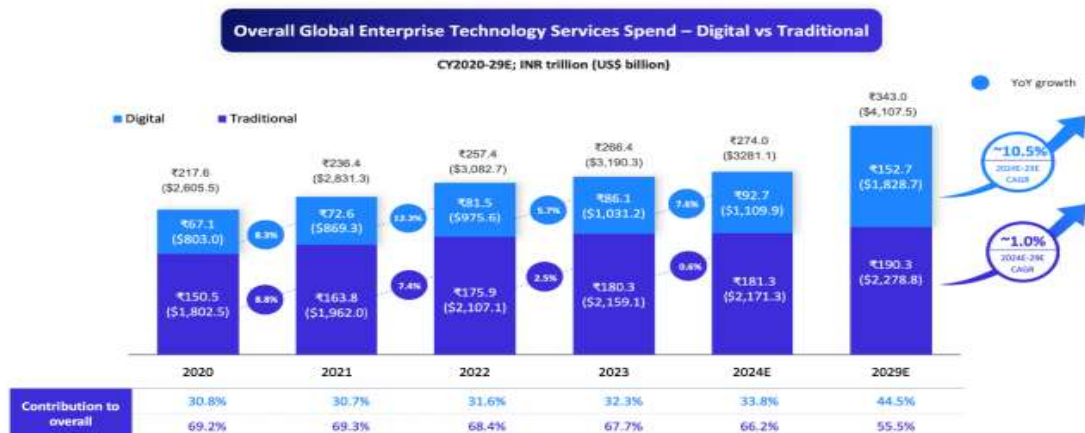
The accelerated adoption of cloud computing, artificial intelligence, data, automation, and connected products is driving IT services demand. Digital transformation remains crucial for businesses in the digital-first economy. Product engineering is evolving with emphasis on user-centric design, scalability, and robustness, while companies invest in IoT solutions, analytics, and cybersecurity measures to protect digital assets and drive sustainable growth.



The global enterprise technology services market segment is projected to reach approximately Rs 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.

Global digital services spend

he global enterprise technology services market is shifting from traditional to digital services. While traditional services focus on legacy technologies, IT infrastructure, and operations management with an emphasis on cost savings, digital services are gaining prominence through advanced technologies like product engineering, cloud computing, data analytics, AI, blockchain, IoT, and AR/VR.



Note: US\$ figures for all the years are based on the exchange rate of US\$1 = ₹ 83.5000 as of July 5, 2024

E stands for estimated numbers

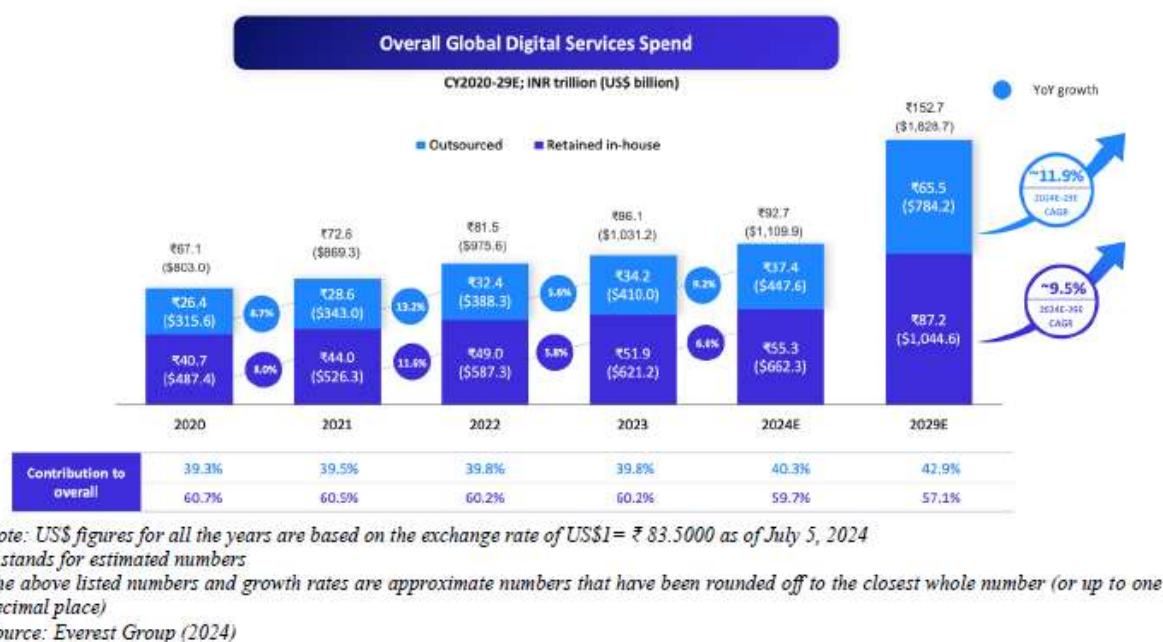
The above listed numbers and growth rates are approximate numbers that have been rounded off to the closest whole number (or up to one decimal place)

Source: Everest Group (2024)



Digital services are designed to deliver significant business outcomes, enhance operational efficiencies, and transform customer and employee experiences. The digital services segment, estimated to account for 33.8% of overall enterprise technology services spend in CY2024, is projected to grow at a CAGR of approximately 10.5% during CY2024-29E. This growth rate exceeds that of traditional services, with digital services expected to reach approximately 44.5% of total enterprise technology spending by CY2029.

The overall digital services spend is set to reach approximately Rs 152.7 trillion (US\$ 1,828.7 billion) by CY2029. Within digital services, the portion of spend being outsourced has been steadily increasing every year and is estimated to account for Rs 37.4 trillion in CY2024, constituting approximately 40% of the overall digital services spend.



Overview of Outsourced IT-BP Services across Technology Segments, Client Segments, and Geographies

The IT-BP services market is a diverse and rapidly growing industry that spans across various technology segments, client segments, and geographies. This exploration highlights the multifaceted nature of the industry and underscores the strategic impact it has on different market demands and regional nuances.

Overview of Trends and Growth Drivers across Major Technology Segments: The major technology segments that most service providers operate in includes the following categories:

- Application Services
- Cloud and Infrastructure Services
- Data, Analytics, and AI Services
- Enterprise Platform IT Services
- Business Process Services

The global Cloud and Infrastructure Services market is projected to grow at a CAGR of approximately 7.5% for the period CY2024-29E to reach approximately Rs 24.3-25.1 trillion (US\$ 290.5-300.5 billion) in 2029.

The cloud services market is evolving through several key trends:

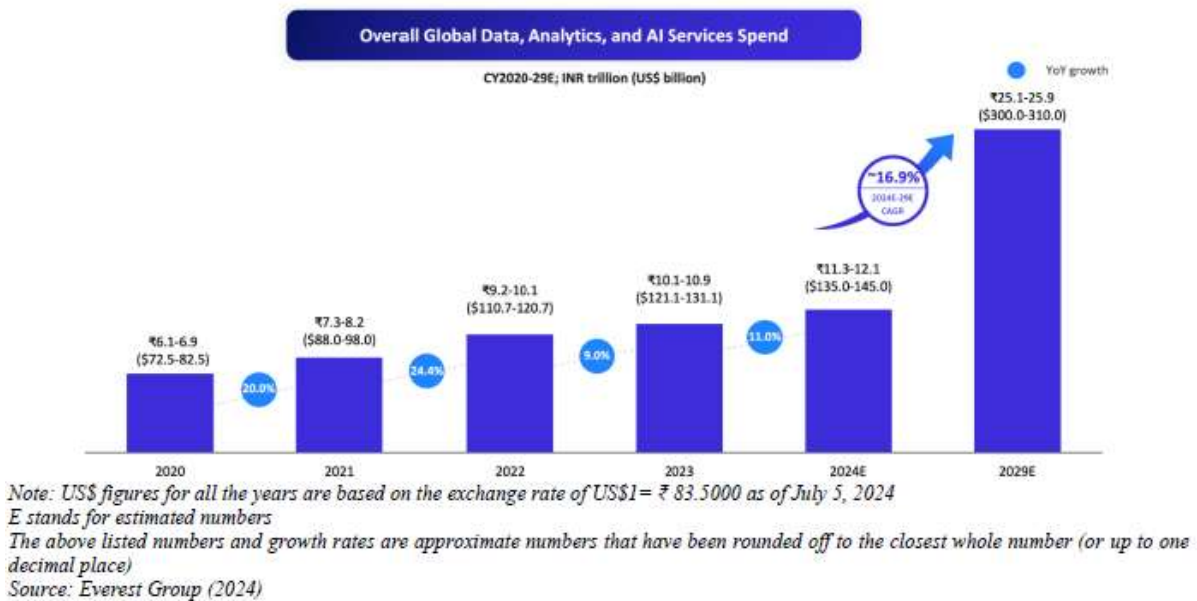
- **Multi-cloud and hybrid cloud strategies:** Enterprises leverage multiple cloud providers to optimize workloads, avoid vendor lock-in, and enhance business resilience
- **Cloud migration and modernization:** Organizations are moving applications and infrastructure to cloud platforms for improved scalability, flexibility, and cost-efficiency
- **Cloud security and governance:** Growing focus on implementing robust security measures, including encryption, access management, and regulatory compliance frameworks
- **AI and automation in cloud management:** Integration of AI optimizes resource allocation and provides deeper insights through predictive maintenance and intelligent workload management
- **Edge computing and IoT integration:** Enhanced data processing near generation sources reduces latency, while IoT integration enables real-time analytics for connected devices



- **Management services:** Enterprises outsource IT operations to specialized providers for infrastructure management, continuous monitoring, and maintenance, allowing focus on core business activities while ensuring operational efficiency

Data, Analytics, and AI (DAAI) Services

DAAI services involve the use of advanced technologies and methodologies to analyze vast amounts of data and derive actionable and transformative insights. These services encompass the data and analytics advisory, enterprise data management, data governance and security, business intelligence and visualization, and advanced analytics. AI services further enhance this by applying Machine Learning (ML), deep learning, Natural Language Processing (NLP), and other AI techniques to automate decision-making, predict outcomes, and optimize processes. The DAAI services market is projected to reach Rs 11.3-12.1 trillion (US\$ 135.0-145.0 billion) in CY2024.



The global DAAI services market is projected to grow at a CAGR of approximately 16.9% for the period CY2024-29E to reach approximately Rs 25.1-25.9 trillion (US\$ 300.0-310.0 billion) in 2029.

The key developments that are molding adoption trends in the DAAI services segment are as follows:

- **Rising data volumes:** The explosion of data generated from various sources, including social media, IoT devices, sensors, and customer interactions, is creating vast and diverse datasets. This wealth of data is a critical enabler for advanced analytics and AI applications.
- **Reduced costs of computing and storage:** Innovations in chip technology and hardware have significantly reduced the costs of data storage and computing power. This makes it more affordable for enterprises to scale their operations and adopt advanced analytics and AI solutions.
- **Cloud computing:** Cloud platforms offer unparalleled scalability, reduced downtime, and ease of access to data and applications compared to traditional deployment methods. The availability of DAAI-related platform-as-a-service (PaaS) solutions from cloud vendors is simplifying the adoption of AI and analytics, providing ready-to-use tools and frameworks that accelerate development and deployment.
- **Improvements in AI/ML algorithms:** The development of sophisticated AI and ML algorithms, supported by pre-built frameworks, libraries, and tools, is enhancing the performance and accuracy of AI/ML models. Open-source communities and collaborative development are also playing a significant role in this progress.
- **Self-service low-code/no-code tools:** The availability of low-code and no-code tools is making AI and ML development accessible to business users with little or no prior experience in these technologies. These tools provide step-by-step guidelines and pre-trained algorithms, simplifying the development process.

Key Concerns

- HTL's revenue from operations is concentrated in the Americas and Europe, derived 73.4% and 71.5% of revenue from operations from the Americas and 20.5% and 22.1% of revenue from operations from Europe for the nine months ended September 30, 2024. Any adverse changes in economic conditions could affect its business, financial condition and results of operations.
- Decrease in company's customer base in the Financial Services and Healthcare and Insurance operating segments in the last three Financial Years and the nine months ended September 30, 2024, all of these events could adversely affect.



- HTL's business depends on its ability to attract and retain highly skilled professionals. If it fails to attract, retain, train and optimally utilize these professionals, its business may be unable to grow and results of operations and profitability could decline.
- Change in payment terms, change in level of automation, innovation, transformational savings, cost- and skill-based adjustments, adjustments in skill premiums, and adjustments in cost-related contract terms may lead to delayed project approvals and reduced budgets, impacting the demand for technology services.
- HTL's results of operations are highly dependent on utilization levels of fixed-cost resources, including its IT business professionals, accounted for 61.9% of total workforce as of September 30, 2024.
- Hexaware's employee benefits expense and subcontracting charges collectively constitute the largest component of total expenses. Any increase in employee benefits expense (including employee benefit and severance costs and employee stock option compensation cost) and subcontracting charges may reduce profit margins.
- A significant portion of the Company's revenue from operations is attributable to certain top customers. Any failure to retain its top customers, expand the size of business with them, or expand to new customers could have an adverse effect.
- Hexaware's reporting currency is in Indian rupees, transacts a significant portion of its business in foreign currencies, primarily the U.S. Dollar, the British Pound, the Euro and the Mexican Peso. Volatility in foreign currency markets may make it difficult to hedge foreign currency exposures effectively.
- The Company is vulnerable to cyber-attacks, computer viruses, ransomware and electronic break-ins which could disrupt its operations and have a material adverse effect.
- HTL's business is subject to evolving laws regarding privacy, data protection and other related matters. Many of these laws are subject to change and could result in claims, changes to its business practices, monetary penalties, increased cost of operations, or declines in customer growth or engagement.
- Several U.S. states have passed legislation that restricts state government entities from outsourcing certain work to offshore IT outsourcing providers. Anti-outsourcing legislation, if adopted, could harm its ability to compete effectively.
- Any further delays in payment of statutory dues may attract financial penalties from the respective government authorities.
- Reliance on subcontractors and third-party service providers, who may not perform their obligations satisfactorily or in compliance with law, and The Company may have insufficient or no recourse against such subcontractors and third-party service providers.
- Many of Hexaware's agreements with customers contain non-compete clauses with restrictions for specified durations against providing similar services to competitors of the customer or against using certain key employees in engagements for a competitor of the customer.
- The Company's ability to develop and implement up-to-date solutions utilizing new technologies that meet evolving customer needs in areas such as artificial intelligence and automation in a timely or cost-effective manner, will impact its ability to retain and attract customers.
- HTL's promoter will be able to exercise a significant level of control over all matters requiring shareholder approval, including the election of directors, amendment of its constitutional documents and approval of significant corporate transactions. The interests of Promoter could conflict with its interests or the interests of other Shareholders.
- Issues related to the development and use of artificial intelligence ("AI"), including generative AI ("Gen AI") could lead to changes in its customers' operations, give rise to legal and/or regulatory action, damage reputation or otherwise materially harm.
- HTL's operations are subject to laws and regulations restricting its operations, including activities involving restricted countries, organisations, entities and persons. Any violations of these laws, regulations and procedures by employees, independent contractors, subcontractors and agents could expose penalties, fines or restrictions on export activities.



- If HTL's pricing structures does not accurately anticipate the cost, complexity and duration of work, then its contracts could result in cost and time overruns.
- Hexaware may also face litigation or incur additional fees and be required to pay damages for violating contractual terms, misuse or excessive use of its license to intellectual property rights, which could cause adversely affect its business,
- Some of its contractual arrangements require employees and subcontractors to assign their rights, title and interest and related intellectual property rights emanating from the services provided thereunder, to the respective customers.
- Defending against any claim by current or former employees or subcontractors challenging its exclusive rights over the use and transfer of works those employees or subcontractors created or requesting additional compensation for such works.
- Many of contractual arrangements with customers specify the levels of performance applicable to the services provided, including those relating to testing and validation services. Customers could result in substantial monetary awards or terminate contracts.
- Hexaware Subsidiaries and certain of its Directors are involved in outstanding legal proceedings and any adverse outcome in any of these proceedings may adversely impact business, reputation, financial condition and results of operations.
- The Company may lose customers, suppliers, technical or subject-matter expertise and IT personnel and staff members to them. Such personnel could also make unauthorized disclosure or use of technical knowledge, know how, business practices or procedures.
- Hexaware operates in a highly competitive environment and may not be able to compete successfully which could result in price reductions, reduced operating margins and loss of market share.
- The Company's business depends on a strong brand and corporate reputation. Negative information about Company, even if based on false rumours or misunderstandings, could adversely affect business.
- Hexaware's business has grown significantly over the years, with a CAGR of 20.3% from the Financial Year 2021 to the Financial Year 2023 for revenue from operations. Its past growth rates may not be indicative of future growth.
- There have been delays in filings with the RBI under FEMA Laws and HTL has filed compounding applications in this regard. and consequently, it may further be subject to regulatory actions and penalty, fees for such non-compliance.
- The failure to meet these integration challenges could seriously harm its reputation as well as financial condition and results of operations.
- Hexaware's international operations are subject to risks that are specific to each country and region in which it operates, as well as risks associated with international operations, in general.
- The Company may face competition in other countries from companies that may have more experience with operations in such countries or with international operations generally. It may also face difficulties in integrating employees that it hires in different countries into its existing corporate culture.
- Customers may refuse to pay or delay in paying their outstanding dues if, in their opinion, the Company has not met its contractual obligations. Any of the foregoing could adversely affect.
- Its services include integration of various enterprise platforms, including operating systems, firewalls, productivity suites and cloud hosted applications, such as Enterprise Resource Planning and product suites developed by its partners. Such platforms may not perform satisfactorily.
- Any of the enterprise platforms or other third-party products or technologies could become unavailable due to loss of required licenses, extended outages, interruptions, the Company may not be able to deliver solutions to customers
- Its business model depends on global delivery capabilities, which include coordination between its operations in India, global delivery centers, the offices of customers and associates worldwide. System failures, outages and operational disruptions may be caused by factors outside of control



- The Company's success depends on the efficient and uninterrupted operation of servers, applications and communications systems. A failure of network or data gathering procedures could impede services.
- Its employees are subject to a number of obligations and standards including a code of conduct, non-disclosure and confidentiality obligations, and information security and data protection measures. The violation of those obligations or standards may adversely affect
- The Company's lease agreements can be terminated, and any such termination could result in any of its offices being shut down or having to relocate. From time to time lease agreements expire in the ordinary course of business.
- Hexaware cannot assure you that they will be able to pay dividends on the Equity Shares at any point in the future.
- Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure create uncertainty for compliance efforts and may result in added compliance costs.
- Immigration laws in certain countries are subject to legislative change, as well as to variations in standards of application and enforcement due to political forces and economic conditions.
- The Company has entered into, and will continue to enter into, related-party transactions which may potentially involve conflicts of interest.
- The Company is subject to transfer pricing regulations in respect of transactions with foreign Subsidiaries.
- Hexaware claims deductions under special tax holidays for units set up in special economic zones in India. If there is any change in these tax holidays, other taxation laws or their interpretation within India and in the other jurisdictions, such changes may significantly affect.

Profit & Loss

Particulars (Rs in million)	9MCY24	CY23	CY22	CY21
Revenue from operations				
Revenue from operations	88200	103803	91996	71777
Other Income	513	88	1792	669
Total Income	88713	103891	93788	72446
Total Expenditure	74802	87992	79779	60448
Employee benefits expense	51453	61282	55582	42772
Other expenses	23349	26710	24197	17676
PBIDT	13911	15899	14009	11998
Interest	453	378	335	345
PBDT	13458	15521	13674	11653
Depreciation and amortization	2025	2836	2444	2241
PBT	11433	12685	11230	9412
Tax (incl. DT & FBT)	2900	2709	2388	1924
Current tax	3174	2830	2545	2118
Deferred tax	-274	-121	-157	-194
PAT	8533	9976	8842	7488
Non controlling Interest	(42)	-	-	-
Adjusted PAT	8575	9976	8842	7488
EPS (Rs.)	14.1	16.4	14.5	12.3
Face Value	1	1	1	1
OPM (%)	15.2	15.2	13.3	15.8
PATM (%)	9.7	9.6	9.6	10.4

Source: RHP



Balance Sheet

Particulars (Rs in million) As at	9MCY24	CY23	CY22	CY21
Non-current assets				
Property, plant and equipment	4,855	5,257	5,985	5,994
Capital work-in-progress	1,106	552	63	121
Right-of-use assets	5,038	3,761	3,878	3,970
Intangible Assets	26,881	15,517	16,012	13,949
Financial assets				
<i>Investments</i>	4	4	3	3
<i>Other financial assets</i>	756	660	570	697
<i>Deferred tax Assets (net)</i>	3,032	2,727	2,603	2,105
<i>Other tax assets (net)</i>	390	439	344	284
Other non-current assets	1,449	1,087	1,163	289
Total non-current assets	43,511	30,004	30,621	27,412
Current assets				
Investments	1,610	2,506	0	1,224
Trade receivables	21,934	18,458	18,818	13,669
Cash and cash equivalents	13,357	17,734	12,916	11,787
Bank balances other than cash and cash equivalents	104	103	112	224
Other financial assets	557	115	179	562
Other current assets	4,869	3,101	2,494	1,857
Total current assets	42,431	42,017	34,519	29,323
Total assets	85,942	72,021	65,140	56,735
EQUITY & LIABILITIES				
Equity				
Equity share capital	607	607	604	603
Other equity	52,205	45,745	40,626	37,276
Total equity	52,812	46,352	41,230	37,879
Non-controlling interests	-42	0	0	0
Liabilities				
Non-current Liabilities				
Lease liabilities	4,143	3,151	3,068	3,244
Other financial liabilities	2,106	166	632	48
Provisions	738	794	663	1,036
Total non-current liabilities	6,945	4,111	4,363	4,328
Current liabilities				
Financial liabilities				
<i>Borrowings</i>	0	0	827	0
<i>Lease liabilities</i>	1,032	785	670	499
<i>Trade payables</i>	7,876	6,595	5,357	3,877
Other financial liabilities	9,329	6,789	6,317	4,766
Provisions	2,578	2,287	1,821	1,424
Other current liabilities	5,370	5,102	4,555	3,962
Total current liabilities	26,185	21,558	19,547	14,528
Total liabilities	33,130	25,669	23,910	18,856
Total equity and liabilities	85,942	72,021	65,140	56,735

Source: RHP

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HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400

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