

IPO NOTE

Issue Details

Price Band: ₹ 674 to ₹ 708
Employee Discount: ₹ 67/Share
Issue Opens on: February 12, 2025
Issue Closes on: February 14, 2025
Lot Size: 21 Shares & in Multiples thereafter

Issue Highlights

Issue Size:	₹ 8,750 Cr.
No of Shares:	12,35,87,570
Face Value:	₹ 1

Offer Structure

Issuance	₹ in Cr.
Fresh Issue	-
Offer for Sale	8,750
Total	8,750

Issue Breakup

Reservation for	% of Issue	₹ in Cr. (at upper band)
QIB	50	4,330.00
HNI	15	1,299.00
Retail	35	3,031.00
Employee	-	90.00
Total	100	8,750.00

Listing

BSE & NSE

Lead Managers

- Kotak Mahindra Capital Company Ltd.
- Citigroup Global Markets India Pvt. Ltd.
- JP Morgan India Pvt. Ltd.
- HSBC Securities and Capital Markets (India) Pvt. Ltd.
- IIFL Capital Services Limited

Registrar

KFin Technologies Limited

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COMPANY OVERVIEW

Hexaware Technologies is a global digital and technology services company with artificial intelligence ("AI") at its core. They leverage technology to deliver innovative solutions that help customers in their digital transformation journey and subsequent operations. They embed AI into every aspect of their solutions and have created a suite of platforms and tools that allow customers to adapt, innovate and optimize in this AI-first era.

The company manages business through 6 operating segments based on the industries they serve: Financial Services, Healthcare and Insurance, Manufacturing and Consumer, Hi-Tech and Professional Services, Banking, and Travel and Transportation. Their offerings encompass 5 broad services: Design & Build, Secure & Run, Data & AI, Optimize, and Cloud Services, which form the foundation for their offerings. They serve customers across the Americas, Europe and Asia-Pacific (including India and Middle East) ("APAC").

The company deliver services through AI-enabled digital platforms such as RapidX™ for digital transformation, Tensai® for AI-powered automation and Amaze® for cloud adoption. They serve a diverse range of customers, including 31 of the Fortune 500 organizations. It has 20 patents granted and 119 trademarks registered in various countries, 2 copyrights registered in India, and 49 domain names registered worldwide. Further, the company has filed applications for 45 patents and 23 trademarks.

HIGHLIGHTS

1. Deep domain expertise delivered through comprehensive solutions across industries
2. AI-led digital capabilities and platforms built in-house with innovation as a strategic pillar
3. Long-term and embedded relationships with diversified blue-chip customer base
4. Go-to-market strategy focused on customer acquisition and expansion
5. Global, scalable, flexible delivery model with a certified and skilled talent pool
6. Track record of growth and cash generation

OBJECTS OF THE ISSUE

1. To achieve the benefits of listing the Equity Shares on the Stock Exchanges
2. To carry out the Offer for Sale of face value of ₹1 each aggregating up to ₹ 8,750 Cr.

The company will not receive any proceeds from the Offer for sale.

OUR VIEW

Incorporated in 1992, Hexaware Technologies is a global digital and technology services leader with artificial intelligence (AI) at its core. It has crafted AI-powered platforms. It has a strong global presence with 39 delivery centers and 16 offices across the Americas, Europe, and Asia-Pacific.

Hexaware Technologies was the fastest-growing technology services company headquartered in India, with over US\$1,000 million in revenue from operations in each of the financial years 2023 and 2022. Their expertise is further complemented by a mix of strategic and industry-focused partners. They focus on maintaining a diversified customer base across geographies and industries. No customer contributed over 10% of the revenue.

Hexaware Technologies risk includes economic fluctuations in key regions, high attrition, talent competition, outsourcing budget reduction, recruitment challenges, and workforce management issues, which could impact business growth, financial health, operational efficiency, and service quality. Hexaware has been recognized among the Top 10 IT Services Companies globally and has improved its brand ranking from 75th in 2021 to 50th in 2024 in Brand Finance's Top 100 Brands in India.

On the financial front, between FY22-24 it reported around 20% and 15% CAGR in Revenue and PAT respectively. The company operated on an EBITDA margin of 15.3% and PAT margin of 9.6% for FY24 and the numbers were 15.8% and 9.7% as at September 30,2024. Total assets have increased, reflecting potential business growth and expansion.

The issue is priced at a P/BV of 8.82 based on its NAV of Rs. 80.3 as at September 30, 2024 and is asking price is at P/E of 43 at higher price band and if we attribute FY25 earnings, then the asking price is at P/E of around 38x. At the same time the competitors are trading at P/E of 84x (Persistent Systems Ltd.) being highest and 34x (Mphasis Ltd.) being lowest and average Industry P/E stands at 55x. The issue appears fully priced. Hexaware Technologies is on a growth trajectory, leveraging AI, automation, and cloud technologies to drive digital transformation. Looking at all the factors, risks, opportunities and valuation, investors can apply to the issue with Long term horizon.

Brief Financials

PARTICULARS	As at Sep. '24	₹ in Million		
		As at Dec. 31, '23	As at Dec. 31, '22	As at Dec. 31, '21
Total Income	88,713	103,891	93,788	72,446
Total Expenditure	77,280	91,206	82,558	63,034
EBITDA	13,911	15,899	14,009	11,998
Profit before Tax	11,433	12,685	11,230	9,412
Profit after Tax	8,533	9,976	8,842	7,488
E.P.S. (Diluted)	14.06*	16.41	14.53	12.32
P/E (x) (Diluted)	-	43	-	-
RONW (%)	17.6*	23.6	23.4	21.4

* Not Annualised

PRICE CHART (@ ₹ 708) (Retail Category)

LOT SIZE	Amount
21	14,868
42	29,736
63	44,604
84	59,472
105	74,340
126	89,208
147	104,076
168	118,944
189	133,812
210	148,680
231	163,548
252	178,416
273	193,284

HNI Payment Chart

Category	No. of Shares	Minimum Bid Lot Amount (Rs.)
Small HNI	294	208,152
Big HNI	1,428	1,011,024

Indicative Time Table

Tentative Events	Indicative Dates
Finalisation of Basis of Allotment with the Designated Stock Exchange	17/2/2025
Initiation of refunds/unblocking ASBA Fund	18/2/2025
Credit of Equity Shares to demat accounts of Allottees	18/2/2025
Commencement of trading of the Equity Shares on the Stock Exchanges	19/2/2025

For more details, Please refer RHP,

(https://listing.bseindia.com/Download/8888888/PreAnchor/HexawareRHP_20250207170139.pdf)

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