



Equity Research Report



RATING

Business	★ ★ ★ ★
Financials	★ ★ ★ ★
Valuation	★ ★ ★ ★
Management	★ ★ ★ ★

Ranking 1 to 5, denoting lowest and 5 highest

Date:07/07/2025


FIN2RESEARCH
 Investment Advisor Pvt. Ltd.

Hexaware
 TECHNOLOGIES

Sector:Information Technology

Rating: Buy**Buy Range:845-865****Target : 981****Expected Return:14.68%**

Particulars		
Stock Info		
Market Cap (₹ in cr)	52,600	
52-Weeks High/Low	892 / 590	
Avg Volume (Mn)	1.354	
No. of eq shares (cr)	68	
Face Value	10	
Bse Code	544362	
Nse Code	HEXT	
Free Float (cr)	9,739.63	
Source : NSE/BSE		
Particulars	FY24	FY25
P/E (x)	44	33.2
EPS (x)	19.98	23.9
ROCE (%)	24.4	16.3
PBIT Margin	13.89	14.6
P/B(x)	9.2	7.2
EV/EBITDA(x)	25.6	20
EV/EBIT(x)	29.8	29.75
Return on Equity	23.6	25.9
Net Profit Ratio	9.84	10
Source : Company		
Particulars	FY24	FY25
Promoters	74.7	74.71
Mutual Funds/AIF	8.2	8.71
Insurance co.	0.3	0.29
Other DILs	0.1	0.1
Govt of India	0	0
FII	10.3	10.59
Retails and Others	6.3	6
Total	100	100
Source : NSE/BSE		
Particulars	TTM	
P/E	43.3	
Net Profit Margin	9.84	
Operating Profit Ma	13.89	
ROCE (%)	24.43	
P/B(x)	9.18	
EV/EBITDA(x)	26.4	
Source : Company		
% of Total Shareholdings		
Insurance	10%	
Govt of India	1%	
Other DILs	1%	
Mutual Funds/AIF	1%	
FII	1%	
Retails and Others	1%	
Promoters	74.71%	

Hexaware Technologies: The Company is a leading global IT and business process outsourcing (BPO) services provider, headquartered in Navi Mumbai, India. Founded in 1990, the company offers innovative solutions across application development, cloud computing, automation, data analytics, and digital transformation. It serves clients across key sectors including banking and financial services, healthcare, insurance, travel, and professional services, supported by a global delivery presence. With a workforce of over 30,000 professionals, Hexaware is known for its agility, customer-centric approach, and digital-first capabilities. Its proprietary platforms such as Amaze® (cloud transformation), MobiQuity® (digital experience), and Tensai® (automation) reflect its commitment to innovation.

Key Highlights:

Global Client Base: The Company serves over 400+ active clients globally, with a strong footprint in North America (over 70% of revenue), followed by Europe and Asia-Pacific. The company operates across key verticals such as banking and financial services, healthcare, insurance, travel, and logistics, with many long-standing Fortune 500 clients. Hexaware's 30+ global delivery centers across India, the U.S., Mexico, Poland, and the Philippines enable 24/7 service and strong client engagement. Its client retention rate remains high, underlining the firm's commitment to delivery quality and innovation.

Aggressive Growth Strategy: Since its acquisition by The Carlyle Group in 2020 for approximately ₹10,800 crore (\$1.2 billion), Hexaware has adopted an aggressive growth path focusing on digital transformation, cloud, and automation services. The private ownership model has allowed faster strategic execution and operational flexibility. Hexaware continues to explore inorganic growth through acquisitions in customer experience, cloud-native, and data analytics domains, aiming to scale revenues and expand into newer geographies and verticals. As per recent management commentary, Hexaware targets double-digit annual growth over the next few years.

High Margin Business: The Company's revenue mix is increasingly skewed toward high-margin digital services, including cloud migration, intelligent automation, and data modernization. These services command premium pricing and drive margin expansion. The company's focus on platform-based, non-linear revenue models helps enhance operating leverage. While financials are not publicly disclosed post-delisting, Hexaware earlier reported EBITDA margins of ~18–20%, which remain in line with or above mid-tier IT services peers. Efficient cost structures and automation-led delivery have supported consistent profitability.

Proprietary Platforms: The Company has developed several proprietary platforms to accelerate client transformation journeys. Amaze® enables large-scale legacy modernization and cloud migration, significantly reducing cost and time. MobiQuity®, a digital consultancy acquired in 2019, enhances customer experience through mobile, cloud, and IoT solutions. Tensai®, its AI-powered automation platform, integrates robotic process automation (RPA), analytics, and cognitive technologies to optimize operations. These platforms not only offer competitive differentiation but also contribute to recurring revenue and high client stickiness.

KEY RISK:

Client Concentration Risk: A significant portion of Hexaware's revenue comes from a few large clients, especially in North America. Any loss, budget cut, or ramp-down by a major client can materially impact revenue and profitability. Prior to delisting, over 50% of revenue came from top 10 clients, making it vulnerable to client-specific risk.

Private Ownership & Lack of Transparency: Post delisting in 2020, Hexaware became a privately held entity under The Carlyle Group. This limits public access to financial and operational data, affecting transparency and analyst coverage.

Technology Disruption & Competitive Intensity: Rapid technological advancements (AI, generative models, no-code/low-code platforms) can disrupt traditional IT services. Intense competition from larger players like TCS, Infosys, and Cognizant or nimble digital-first startups.

RATING SCALE: DEFINITION OF RATINGS

- **BUY** –We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- **ACCUMULATE** –We expect the stock to deliver 5% -12% returns over the next 9 months.
- **REDUCE** –We expect the stock to deliver 0% -5% returns over the next 9 months.
- **SELL** –We expect the stock to deliver negative returns over the next 9 months.
- **NR** –Not Rated. Fin2Research is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
- **RS** –Rating Suspended. Fin2Research has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
- **NA** –Not Available or Not Applicable. The information is not available for display or is not applicable. • **NM** –Not Meaningful. The information is not meaningful and is therefore excluded. • **NOTE** –Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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