

# HEXAWARE

## HEXAWARE TECHNOLOGIES LIMITED



(Please scan this QR Code to view the Prospectus)

Our Company was incorporated as "Aptech Information Systems Limited", a public limited company under the Companies Act, 1956 on November 20, 1992, pursuant to a certificate of incorporation granted by the Registrar of Companies, Maharashtra at Mumbai ("RoC"). Our Company obtained a certificate of commencement of business on December 31, 1992 from the RoC. Subsequently, the name of our Company was changed to "Aptech Limited" and a fresh certificate of incorporation dated August 5, 1996 was granted by the RoC. The name of our Company was subsequently changed to "Hexaware Technologies Limited" pursuant to a fresh certificate of incorporation dated April 2, 2002 granted by the RoC. For details of the change in registered office of our Company, see "History and Certain Corporate Matters" beginning on page 358 of the Prospectus dated February 14, 2025 ("Prospectus").

Corporate Identity Number: U72900MH1992PLC069662

Registered and Corporate Office: 152, Millennium Business Park, Sector III, 'A' Block, TTC Industrial Area, Mahape, Navi Mumbai, Maharashtra - 400 710, India; Tel: (+91) 22 3326 8585; Contact Person: Gunjan Methi, Company Secretary and Compliance Officer; E-mail: investor@hexaware.com; Website: www.hexaware.com

### OUR PROMOTER: CA MAGNUM HOLDINGS

Our Company has filed the Prospectus with the RoC and the Equity Shares (as defined below) are proposed to be listed on the Main Board platform of the Stock Exchanges and the trading is expected to commence on February 19, 2025.

### BASIS OF ALLOTMENT

INITIAL PUBLIC OFFERING OF 12,37,20,440 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH (THE "EQUITY SHARES") OF HEXAWARE TECHNOLOGIES LIMITED ("OUR COMPANY" OR "THE COMPANY" OR "THE ISSUER") FOR CASH AT A PRICE OF ₹ 708\* PER EQUITY SHARE OF FACE VALUE OF ₹ 1 EACH (THE "OFFER PRICE") AGGREGATING TO ₹ 87,500 MILLION THROUGH AN OFFER FOR SALE OF 12,37,20,440 EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH AGGREGATING TO ₹ 87,500 MILLION BY CA MAGNUM HOLDINGS ("PROMOTER SELLING SHAREHOLDER") (THE "OFFER FOR SALE" AND SUCH EQUITY SHARES, THE "OFFERED SHARES").

THE OFFER INCLUDED A RESERVATION OF 1,404,056 EQUITY SHARES, AGGREGATING TO ₹ 900 MILLION (CONSTITUTING 0.23% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES ("EMPLOYEE RESERVATION PORTION"). THE OFFER LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER CONSTITUTED 20.36% AND 20.13%, RESPECTIVELY, OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

\*A discount of ₹67 per Equity Share was offered to the Eligible Employees bidding in the Employee Reservation Portion

**ANCHOR INVESTOR OFFER PRICE: ₹ 708 PER EQUITY SHARE OF FACE VALUE OF ₹ 1 EACH**  
**OFFER PRICE: ₹ 708\* PER EQUITY SHARE OF FACE VALUE OF ₹ 1 EACH**  
**THE OFFER PRICE IS 708\* TIMES THE FACE VALUE OF THE EQUITY SHARES.**

\*A discount of ₹67 per Equity Share was offered to the Eligible Employees bidding in the Employee Reservation Portion

### RISKS TO INVESTORS

For details refer to section titled "Risk Factors" on page 31 of the Prospectus

- Offer for sale:** Our Company will not receive any proceeds from the Offer. The Offer consists of only an Offer for Sale of Equity Shares of face value of ₹1 each aggregating up to ₹87,500 million by our Promoter.
- Geographic concentration risk:** We derive a significant portion of our revenue from operations from the Americas and Europe geographies. Any adverse changes in economic conditions of these geographies could affect our business, financial condition and results of operations. (₹ in million, except percentages)

| Geography                            | For the nine months ended September 30, |               |               |               | For the Financial Year |               |               |               |               |               |
|--------------------------------------|---|---------------|---------------|---------------|------------------------|---------------|---------------|---------------|---------------|---------------|
|                                      | 2024                                    |               | 2023          |               | 2023                   |               | 2022          |               | 2021          |               |
|                                      |   |               |               |               |                        |               |               |               |               |               |
|                                      | 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%          |
| <b>Total revenue from operations</b> | <b>88,200</b>                           | <b>100.0%</b> | <b>77,643</b> | <b>100.0%</b> | <b>103,803</b>         | <b>100.0%</b> | <b>91,996</b> | <b>100.0%</b> | <b>71,777</b> | <b>100.0%</b> |

- Segment concentration risk:** We derive a significant portion of revenue from operations from customers in the Financial Services and Healthcare and Insurance operating segments. Any factors that negatively affect these industries could affect our business, financial condition and results of operations. (₹ in million, except percentages)

| Operating Segment               | For the nine months ended September 30, |       |        |       | For the Financial Year |       |        |       |        |       |
|---------------------------------|---|-------|--------|-------|------------------------|-------|--------|-------|--------|-------|
|                                 | 2024                                    |       | 2023   |       | 2023                   |       | 2022   |       | 2021   |       |
|                                 |   |       |        |       |                        |       |        |       |        |       |
|                                 | Revenue from operations                 |       |        |       |                        |       |        |       |        |       |
| <b>Financial Services</b>       | 24,949                                  | 28.3% | 21,043 | 27.1% | 28,264                 | 27.2% | 26,617 | 28.9% | 21,204 | 29.5% |
| Existing Customers              | 23,725                                  | 95.1% | 20,872 | 99.2% | 27,990                 | 99.0% | 26,070 | 97.9% | 20,501 | 96.7% |
| New Customers                   | 1,224                                   | 4.9%  | 171    | 0.8%  | 274                    | 1.0%  | 547    | 2.1%  | 703    | 3.3%  |
| <b>Healthcare and Insurance</b> | 18,696                                  | 21.2% | 16,891 | 21.8% | 22,516                 | 21.7% | 20,795 | 22.6% | 15,478 | 21.6% |
| Existing Customers              | 17,651                                  | 94.4% | 15,200 | 90.0% | 20,209                 | 89.8% | 16,969 | 81.6% | 13,170 | 85.1% |
| New Customers                   | 1,045                                   | 5.6%  | 1,691  | 10.0% | 2,307                  | 10.2% | 3,826  | 18.4% | 2,308  | 14.9% |

- Competition risk:** We operate in a highly competitive market, characterized by a large number of IT service providers. Our peer group includes mid-sized IT service providers, such as Coforge, LTIMindtree, Mphasis, and Persistent Systems.
- Business professionals attrition risk:** Our ability to attract, retain and effectively utilize highly skilled employees, including IT and BPS business professionals and employees is critical to our business operations.
- Foreign exchange risk:** We transact a significant portion of our business in foreign currencies, primarily the U.S. Dollar, the British Pound, the Euro and the Mexican Peso. Unfavourable exchange rates may have a material adverse effect on our profitability and margins. (₹ in million, except percentages)

| Particulars   | For the twelve months ended September 30,             |       | For the Financial Year |       |       |
|---|---|-------|------------------------|-------|-------|
|   | 2024  | 2023  | 2023                   | 2022  | 2021  |
|   | Voluntary attrition rate of IT business professionals | 11.3% | 16.1%                  | 14.7% | 23.2% |
| Attrition rate of BPS business professionals  | 81.0%   | 87.1% | 77.4%                  | 92.9% | 77.0% |
| Attrition rate of full-time employees for IT and BPS business (excluding contractors) | 43.6%   | 52.3% | 44.5%                  | 57.5% | 49.6% |

- Customer concentration risk:** We derive a significant portion of revenue from operations from certain top customers in terms of revenue from operations for each of the respective periods. We are often not our customers' exclusive IT services provider. Hence, we may not succeed in scaling up business with existing customers, and revenue from operations from our major customers may decline or fluctuate from year to year, which could lead to volatility in our business

| Particulars      | For the twelve months ended September 30, |       | For the Financial Year |       |       |
|------------------|---|-------|------------------------|-------|-------|
|                  | 2024                                      | 2023  | 2023                   | 2022  | 2021  |
|                  | Top 5 customers                           | 25.8% | 25.2%                  | 25.0% | 26.5% |
| Top 10 customers | 35.7%                                     | 35.7% | 35.5%                  | 36.6% | 38.4% |
| Top 20 customers | 49.4%                                     | 48.3% | 48.7%                  | 48.4% | 51.3% |

(₹ in million)

| Particulars | For the nine months ended September 30, |        | For the Financial Year |         |        |
|-------------|---|--------|------------------------|---------|--------|
|             | 2024                                    | 2023   | 2023                   | 2022    | 2021   |
|             | Total Revenue from Operations           | 88,200 | 77,643                 | 103,803 | 91,996 |

- Utilization rate risk:** Our results of operations may suffer if we are not able to improve or maintain our resource utilization or employee productivity levels

| Particulars   | For the nine months ended September 30,       |       | For the Financial Year |       |       |
|---|---|-------|------------------------|-------|-------|
|   | 2024  | 2023  | 2023                   | 2022  | 2021  |
|   | Utilization rate of IT business professionals | 82.6% | 79.1%                  | 79.7% | 79.0% |
| Utilization rate of IT business professionals (excluding contractors) | 81.2%   | 77.6% | 78.3%                  | 77.1% | 78.8% |
| Utilization rate of contractors                                       | 97.8%   | 98.1% | 98.0%                  | 97.3% | 97.2% |

- Significant employee benefit expense and subcontracting risk:** Our employee benefits expense and subcontracting charges collectively constitute the largest component of our total expenses, demonstrating how significantly we rely on our employees and contractors. Any increase in such expenses may reduce our profit margins and affect our ability to compete in the IT services industry.

| Particulars  | As of and for the nine months ended September 30, |        | As of and for the Financial Year |        |        |
|--|---|--------|----------------------------------|--------|--------|
|  | 2024  | 2023   | 2023                             | 2022   | 2021   |
|  | Number of full-time employees                     | 30,171 | 26,408                           | 26,527 | 26,901 |
| Number of contractors  | 2,365   | 1,738  | 1,765                            | 1,707  | 1,507  |
| Total Employee benefits expense and Subcontracting charges as a percentage of total expenses | 83.7%   | 85.2%  | 84.5%                            | 85.5%  | 85.6%  |

| Particulars   | For the nine months ended September 30, |        | For the Financial Year |         |        |
|---|---|--------|------------------------|---------|--------|
|   | 2024                                    | 2023   | 2023                   | 2022    | 2021   |
|   | Revenues in foreign currencies          | 86,210 | 76,015                 | 101,687 | 89,736 |
| Revenue from operations   | 88,200                                  | 77,643 | 103,803                | 91,996  | 71,777 |
| Revenues in foreign currencies as a percentage of revenue from operations | 97.7%                                   | 97.9%  | 98.0%                  | 97.5%   | 97.2%  |

- Cybersecurity and data protection risk:** We are vulnerable to cyber-attacks, computer viruses and hacking activities which could significantly damage our hardware and software systems and databases and disrupt our business. Further, we and our customers are subject to laws and regulations with respect to privacy and data protection, content, intellectual property, data security, data retention and deletion, protection of personal information, electronic contracts and other communications. Any breach would adversely impact our business operations.
- The weighted average cost of acquisition of Equity Shares held by the Promoter Selling Shareholders is ₹385.35 per Equity Share, which may be lower than the Offer Price.
- Price/ Earning (P/E) ratio based on basic and diluted EPS for Financial Year 2023 is 41 and 43 times at the lower and upper end of the Price Band, respectively, as compared to the average industry peer group PE ratio of 55 times.
- Market Capitalisation to Total Revenue from Operations for the financial year ended December 31, 2023 at lower end of the price band is 3.95 times and at upper end of the price band is 4.14 times.
- Weighted Average Return on Net Worth for Financial Year ended 2023, 2022 and 2021 is 23.2%.
- Weighted Average Cost of Acquisition for all Equity Shares transacted in 1 year, 18 months and 3 years immediately preceding the Prospectus.

| Period           | Weighted average cost of acquisition (in ₹) | Cap Price is 'X' times the weighted average cost of acquisition | Range of acquisition price: lowest price - highest price (in ₹) |
|------------------|---|---|---|
| Last one year    | Nil   | N.A.  | N.A.  |
| Last 18 months   | 382.50                                      | 1.85  | 382.50  |
| Last three years | 382.50                                      | 1.85  | 382.50  |

\*As certified by Manian & Rao, Chartered Accountants (FRN 001983S) by way of their certificate dated February 5, 2025.

- The 5 BRLMs associated with the issue have handled 77 public issues in the past three years out of which 17 issues closed below the issue price on listing date

| Name of the BRLMs  | Total Issues | Total Issues closed below IPO Price on listing date |
|--|--------------|---|
| Kotak Mahindra Capital Company Limited*                                    | 14           | 3   |
| Citigroup Global Markets India Private Limited*                            | 3            | -   |
| J.P. Morgan India Private Limited*   | 2            | -   |
| HSBC Securities and Capital Markets (India) Private Limited*               | -            | -   |
| IIFL Capital Services Limited* (formerly known as IIFL Securities Limited) | 32           | 8   |
| Common Issues handled by the BRLMs   | 26           | 6   |
| <b>Total</b>   | <b>77</b>    | <b>17</b>   |

\*Issues handled where there were no common BRLMs. "Other Regulatory and Statutory Disclosures - Price information of past issues handled by the BRLMs" commencing from page 549 of the Prospectus for more detailed information.

