

HEXAWARE

HEXAWARE TECHNOLOGIES LIMITED



(Please scan this QR code to view the Red Herring 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 Red Herring Prospectus dated February 5, 2025 ("RHP").

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

INITIAL PUBLIC OFFERING OF UP TO [●] 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 ₹ [●] PER EQUITY SHARE OF FACE VALUE OF ₹ 1 EACH (THE "OFFER PRICE") AGGREGATING UP TO ₹ 87,500 MILLION THROUGH AN OFFER FOR SALE (THE "OFFER FOR SALE" AND SUCH EQUITY SHARES, THE "OFFERED SHARES"). DETAILS OF THE PROMOTER SELLING SHAREHOLDER ARE AS GIVEN IN THE TABLE BELOW.

THE OFFER INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES, AGGREGATING UP TO ₹900 MILLION (CONSTITUTING UP TO [●]% 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 SHALL CONSTITUTE [●]% AND [●]%, RESPECTIVELY, OF THE POST OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE SELLING SHAREHOLDERS, OFFER FOR SALE AND THE WEIGHTED AVERAGE COST OF ACQUISITION

Name of Selling Shareholder	Type	NUMBER OF EQUITY SHARES BEING OFFERED/ AMOUNT (IN ₹ MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (ON A FULLY DILUTED BASIS) (IN ₹)
CA Magnum Holdings	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹1 each aggregating up to ₹ 87,500 million	385.35

For details of the Promoter Selling Shareholder and its average cost of acquisition per Equity Share of face value of ₹1 each on a fully diluted basis, see "Offer Document Summary - Average cost of acquisition of Equity Shares by our Promoter and Selling Shareholder" on page 20 of the RHP.

We are a digital and technology services company with artificial intelligence serving Financial Services, Healthcare and Insurance, Manufacturing and Consumer, Hi-Tech and Professional Services, Banking, and Travel and Transportation industries under five broad services: Design & Build, Secure & Run, Data & AI, Optimize, and Cloud Services.

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations

QIB Portion: Not More than 50% of the Net Offer | Non-Institutional Portion: Not less than 15% of the Net Offer

Retail Portion: Not less than 35% of the Net Offer | Employee Reservation Portion: Up to [●] Equity Shares aggregating up to ₹ 900 Million

PRICE BAND: ₹ 674 TO ₹ 708 PER EQUITY SHARE OF FACE VALUE OF ₹1 EACH.

THE FLOOR PRICE AND THE CAP PRICE ARE 674 TIMES AND 708 TIMES THE FACE VALUE OF THE EQUITY SHARES RESPECTIVELY.

BIDS CAN BE MADE FOR A MINIMUM OF 21 EQUITY SHARES AND IN MULTIPLES OF 21 EQUITY SHARES THEREAFTER.

THE PRICE TO EARNINGS RATIO BASED ON BASIC EPS FOR FINANCIAL YEAR 2023 FOR THE COMPANY AT THE HIGHER END OF THE PRICE BAND IS 43 AND AT THE LOWER END OF THE PRICE BAND IS 41 TIMES AS COMPARED TO THE INDUSTRY AVERAGE OF 55 TIMES.

A DISCOUNT OF ₹ 67 PER EQUITY SHARE IS BEING OFFERED TO ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION.

In accordance with the recommendation of the Independent Directors of our Company, pursuant to their resolution dated February 5, 2025, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for Offer Price' section on pages 251 to 257 of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), as applicable, disclosed in 'Basis for Offer Price' section on page 270 of the RHP and provided below in the advertisement.

In making an investment decision and purchase in the Offer, potential investors must only rely on the information included in the RHP and the terms of the Offer, including the merits and risks involved and not rely on any other external sources of information about the Offer available in any manner.

In relation to Price Band, potential Investors should only refer to this Price Band advertisement for the Offer and should not rely on any media articles/reports in relation to the valuation of the Company as these are not endorsed, published or confirmed either by the Company or by the BRLMs.

RISKS TO INVESTORS

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

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

- 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									
Financial Services	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%
Healthcare and Insurance	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.

5. **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.

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%	22.1%
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%

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%	29.5%
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	71,777

7. **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%	80.5%
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%

8. **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	22,659
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%

9. **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 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	69,748
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%

10. **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.
11. The weighted average cost of acquisition of Equity Shares held

