

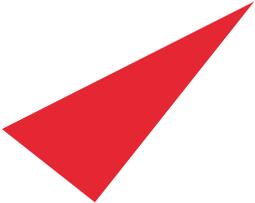


# Quarterly Results Pick

## Hexaware Technologies Ltd.



Aug 21, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
IT Consulting & Software	Rs 773.8	Buy in Rs 765-785 band and add on dips in Rs 690-705 band	Rs 839	Rs 892	2-3 quarters

HDFC Scrip Code	HEXTEC
BSE Code	544362
NSE Code	HEXT
Bloomberg	HEXW IN
CMP Aug 20, 2025	773.8
Equity Capital (Rs Cr)	60.9
Face Value (Rs)	1.0
Equity Share O/S (Cr)	60.9
Market Cap (Rs Cr)	47,185
Book Value (Rs)	95.3
Avg. 52 Wk Volumes	2,609,179
52 Week High	900.2
52 Week Low	593.0

Share holding Pattern % (June, 2025)	
Promoters	74.6
Institutions	19.6
Non Institutions	5.8
Total	100



\* Refer at the end for explanation on Risk Ratings

**Fundamental Research Analyst**

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### Our Take:

Hexaware Technologies Ltd is a global digital and technology service player that provides end-to-end services across six industries—Financial Services, Healthcare & Insurance, Manufacturing & Consumer, Hi-Tech & Professional Services, Banking, and Travel & Transportation. The company's offerings encompass five broad services: Design & Build, Secure & Run, Data & AI, Optimize, and Cloud Services.

Hexaware targets high-value opportunities by acquiring large-scale customers and targets \$3 billion in revenue by CY29, leveraging its “Land, Ramp, and Expand” approach. The company is expanding into Canada, Europe, the Middle East, and Australia, with notable growth in Germany and Belgium. It has also formed joint ventures in Qatar and the UAE to strengthen its presence in the Middle East.

Hexaware’s consistent growth and successful diversification efforts have been supported by go-to-market (GTM) strategy. The company cross-sell index of 4.5x in its top-5 client cohort, reflecting deeper penetration and management acknowledges potential impacts from client-specific consolidation but remains optimistic about overall growth resilience. Hexaware’s strategy has matured into an operational, repeatable blueprint of growth. We expect 11.5% revenue CAGR over CY24-27E, in line with its long-range growth trajectory.

### Q2CY25 Result Update:

- Hexaware reported inline set of numbers in Q2CY25 and maintains EBIDTA outlook of 17.1% - 17.4% for CY25.
- Net Sales grew by 1.6% QoQ, the company reported soft revenue primarily due to delayed decision-making from customers. Its revenue grew 11.1% YoY to Rs 3,261 crore in Q2CY25, with five out of six verticals delivering YoY growth.
- Operational performance was “somewhat better than this reported EBITDA” after adjusting for one-offs. EBIT decreased by 27.5% QoQ and 9.2% YoY to Rs 329 crore in Q2CY25, EBIT margin stood at 10.1% in Q2CY25 vs. 14.2% in Q1CY25 and 12.3% in Q2CY24.
- Net Profit grew 16.1% QoQ and 38.3% YoY to Rs 380 crore in Q2CY25, supported by higher other income in the quarter. Net Profit margin stood at 11.7% in Q2CY25 vs. 10.2% in Q1CY25 and 9.4% in Q2CY24.

### Concall takeaways:

- Growth expectations for the year have been revised downward due to delayed deal closures and macro uncertainty. The company expects Q3 to show better QoQ growth than Q2, but not at previously anticipated “outstanding” levels. Q4 growth is contingent on closure of large deals in pipeline.
- Reiterated 17.1%-17.4% EBITDA margin for full year, despite ongoing ERP costs and one-off charges.

- On vertical performance, the company expects financial Services to be among the strongest verticals for full-year growth and banking to lead growth going forward, despite a weak Q1. On Manufacturing & Consumer, the company expects stabilisation and potential return to growth in future quarters.
- The company emphasized, “decision-making is a bit down,” and revised full-year growth expectations lower than a quarter ago. However, they remain “solidly confident on long-term growth trajectory” and reiterated the US\$3 bn revenue ambition for CY29.
- Expected utilization to be range-bound at 83%-84% going forward and continues to drive higher offshore revenue share.
- Hexaware launched a new, largely AI-based software engineering offering. The company stressed the need for “agility and the ability to offer new services very rapidly.
- Robust pipeline in Middle East; order inflow expected in Q3, revenue growth from Q4, and “quite a bit next year.” Hexaware is actively participating in several large deals, but closure is delayed due to client-side uncertainty.
- The company repeatedly emphasized that current challenges are macro-driven (tariffs, geopolitics, trade), not due to structural shifts or AI disruption.

#### Valuation & Recommendation:

Hexaware is a global digital services and solutions provider that leverages emerging technologies and deep domain expertise. Its strategy to drive consistent and profitable growth entails actively engaging with emerging technologies to drive customer transformation in specific industry verticals where the firm already has deep domain expertise. The firm actively engages with and invests in emerging technologies to deliver real-world business impact to its clients.

Hexaware’s granular growth profile, consistent track record of mining accounts, and lower concentration to any industry or client cohort limit risk to these numbers. The company has opted not to provide specific guidance for CY25 but anticipates resilience against modest macroeconomic changes. However, the company expects continued growth driven by existing client relationships and new project ramp-ups in H2CY25. **We believe the base case fair value of the stock is Rs 839 (28x CY27E EPS) and the bull case fair value of the stock is Rs 892 (30x CY27E EPS) over the next two to three quarters. Investors can buy in Rs 765-785 band and add further on dips in the Rs 690-705 band (23x CY27E EPS). At the LTP of Rs 773.8, the stock is trading at 25.8x CY27E EPS.**

#### Key Risks:

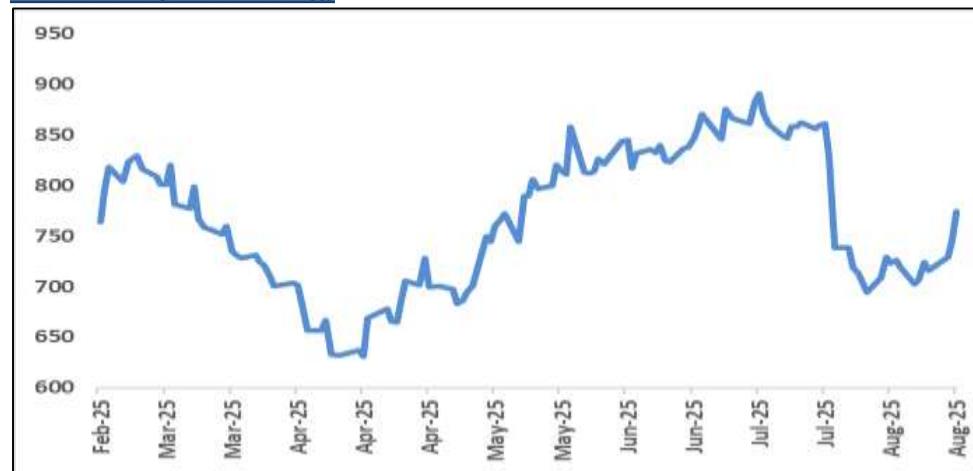
- Indian rupee appreciation against the USD, pricing pressure, retention of the skilled headcounts, and rise in visa costs,
- Intense competition from tier-1 IT players and well-established tier-2 players
- Delays in decision-making on client’s IT spending

## Financial Summary:

Particulars (Rs cr)	Q2CY25	Q2CY24	YoY-%	Q1CY25	QoQ-%	CY23	CY24	CY25E	CY26E	CY27E
Total Operating Income	3261	2936	11.1	3208	1.6	10,380	11,974	13,207	14,706	16,470
EBITDA	404	431	-6.2	528	-23.4	1,581	1,830	2,067	2,425	2,734
Depreciation	75	69	9.5	74	2.3	284	279	300	296	296
Other Income	160	30	440.5	4	3536.4	9	75	172	29	35
Interest Cost	21	12	68.5	22	-6.7	38	66	88	74	61
Tax	89	105	-15.6	109	-18.9	271	386	417	480	591
APAT	380	275	38.3	327	16.1	998	1,176	1,438	1,609	1,825
Diluted EPS (Rs)	6.2	4.5	38.3	5.4	16.1	16.4	19.3	23.6	26.4	30.0
RoE-%						22.8	23.5	24.8	23.8	23.1
P/E (x)						47.2	40.0	32.8	29.3	25.8

(Source: Company, HDFC sec)

## Price chart (Since Listing)



(Source: Company, HDFC sec)

## HDFC Sec Prime Research Rating description

### Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

### Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

### Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

### Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

### Disclosure:

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