

Hexaware Technologies LTD

CMP:

Rs. 109.65

Target Price:

Rs. 122

Investment Period:

1-3 Month

STOCK INFO

Industry	Information Technology
Market Cap	1596.48 Cr.
Face value	Rs. 2
EPS	6.39
52 week H/L	130.00 64.00
Dividend	70.00
Price / Earnings	17.20
Equity Shares	0.56 Cr.



HEXWARE (Hexaware Technologies Ltd) - BUY CMP

Hexaware is a leading global provider of IT and BPO services, focusing on delivering real business results from technology solutions and specializing in Business Intelligence, Business Analytics, Enterprise Applications, HR-IT and Legacy Modernization. With 156 active clients, Hexaware has achieved leadership position in industries such as Healthcare & Life sciences, Manufacturing, Travel, Transportation, Hospitality and Logistics, Banking, Finance, Insurance, Leasing and in Domains such as HR and Business Analytics. Founded in 1990 Hexaware today maintains seven state-of-the-art development centers - four in India and one each in Germany, USA and Mexico, and offices in North America, Europe and Asia Pacific, and employs around 6000 workers globally. Hexaware's centers comply with the crucial quality and security best practices - SEI CMMI Level 5 and BS 7799.

In 2008, Hexaware generated over \$262 million in revenue, a significant increase from 2007. Hexaware is a publicly listed company, with its shares being quoted on the Mumbai and National Stock Exchanges in India and as GDRs in London and Luxembourg stock exchanges.

In 2006, Hexaware acquired FocusFrame, a US based specialized testing consulting firm, in an all cash deal for \$34.3 mn. FocusFrame is a California-based firm specializing in automated testing of ERP and custom applications. Their business revolves around systems verification, Quality Strategy and IT Governance solutions, and various functional, performance, and system stress verification exercises. The Company completed the integration of the Quality Assurance and Testing Services(QATS) operations of FocusFrame with Hexaware in early 2009. Caliber Point is the independent BPO arm and wholly owned subsidiary of Hexaware Technologies.

Hexaware launched a joint venture Risk Technology International Limited in 2007. In the first quarter of 2009, Hexaware acquired the remaining stake from its JV partner Pemtrad International, to convert RiskTech into a wholly owned subsidiary.

HEXWARE TECHNICALS

Annualised Volatility	62.94
Daily Volatility	3.29
Day's Volumes	180,210
100 Day SMA	99.08
200 Day SMA	88.19
52 Week High	129.50
52 Week Low	64.05
10 Day Avg Volume	2029132



Hexaware reports 9% Q-o-Q revenue growth surpasses guidance

Mumbai - February 16, 2011: Hexaware Technologies Limited, a leading global provider of IT, BPO and consulting services, today reported robust performance for the fourth quarter and Full-Year ended December 31, 2010.

Hexaware Technologies LTD

Profit & Loss (Rs. in Crores)

Particulars	Dec-09	Dec-08	Dec-07	Dec-06	Dec-05	Dec-04
INCOME :						
Sales Turnover	486.27	498.17	468.80	412.69	355.79	254.04
Excise Duty	0.00	0.00	0.00	0.00	0.00	0.00
Net Sales	486.27	498.17	468.80	412.69	355.79	254.04
Other Income	34.11	20.91	54.94	78.94	14.30	12.41
Stock Adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Total Income	520.38	519.08	523.74	491.63	370.09	266.45
EXPENDITURE :						
Raw Materials	0.00	0.00	0.00	0.00	0.00	0.00
Power & Fuel Cost	7.00	9.41	7.01	4.95	5.41	3.70
Employee Cost	179.26	237.19	218.74	169.25	175.14	136.27
Other Manufacturing Expenses	67.73	95.56	104.26	98.33	43.19	30.53
Selling and Administration Expenses	47.94	67.69	70.92	50.85	42.12	32.52
Miscellaneous Expenses	69.97	46.25	111.08	29.65	6.02	3.23
Less: Pre-operative Expenses Capitalised	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditure	371.90	456.10	512.01	353.03	271.88	206.25
Operating Profit	148.48	62.98	11.73	138.60	98.21	60.20
Interest	0.26	2.06	1.48	0.32	1.04	0.81
Gross Profit	148.22	60.92	10.25	138.28	97.17	59.39
Depreciation	18.62	19.76	16.59	15.67	17.73	14.25
Profit Before Tax	129.60	41.16	-6.34	122.61	79.44	45.14
Tax	5.20	2.19	1.90	1.64	1.90	1.37
Fringe Benefit tax	0.20	2.21	2.52	2.31	NA	NA
Deferred Tax	0.00	0.00	0.00	0.00	0.00	0.00
Reported Net Profit	124.20	36.76	-10.76	118.66	77.54	43.77
Extraordinary Items	0.46	-0.47	-100.46	3.65	1.12	1.21
Adjusted Net Profit	123.74	37.23	89.70	115.01	76.42	42.56
Adjst. below Net Profit	0.00	0.00	-0.39	0.00	0.00	-0.44
P & L Balance brought forward	144.56	134.61	160.87	90.41	39.24	14.16
Statutory Appropriations	0.00	0.00	0.00	0.00	0.00	0.00
Appropriations	43.56	26.81	15.11	48.20	26.37	18.25
P & L Balance carried down	225.20	144.56	134.61	160.87	90.41	39.24
Dividend	20.14	14.37	10.64	21.01	14.26	11.72
Preference Dividend	0.00	0.00	2.19	3.04	0.00	0.00
Equity Dividend %	70.00	50.00	40.00	80.00	60.00	50.00
Earnings Per Share-Unit Curr	8.41	2.39	0.00	8.50	6.32	18.13
Earnings Per Share(Adj)-Unit Curr	8.41	2.39	0.00	8.50	6.32	3.63
Book Value-Unit Curr	53.11	40.27	47.38	42.46	27.31	112.06

Key ratios

Years	Dec-09	Dec-08	Dec-07	Dec-06	Dec-05
Debt-Equity Ratio	0.0	0.0	0.0	0.0	0.0
Long Term Debt-Equity Ratio	0.0	0.0	0.0	0.0	0.0



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Current Ratio	1.6	1.3	1.6	2.7	2.8
Fixed Assets	2.1	2.4	2.7	2.9	3.0
Inventory	0.0	0.0	0.0	0.0	0.0
Debtors	6.4	4.7	3.9	3.3	3.1
Interest Cover Ratio	499.5	21.0	65.9	384.2	77.4
PBIDTM (%)	30.5	12.6	24.3	33.6	27.6
PBITM (%)	26.7	8.7	20.8	29.8	22.6
PBDTM (%)	30.5	12.2	24.0	33.5	27.3
CPM (%)	29.4	11.4	22.7	32.6	26.8
APATM (%)	25.5	7.4	19.1	28.8	21.8
ROCE (%)	19.4	6.9	14.0	23.7	27.3
RONW (%)	18.5	5.8	14.1	26.1	26.4
PE	11.2	8.8	0.0	23.5	20.8
EBIDTA	148.5	63.0	11.7	138.6	98.2
DivYield	1.5	4.8	0.9	0.8	0.9
PBV	1.8	0.5	1.8	4.7	4.8
EPS	8.4	2.4	0.0	8.5	6.3

Earnings Details

Standalone Result

(in Cr.)	Dec-10	Sep-10	FY 09-10
Revenue	125.85	112.39	423.65
Net Profit	32.63	41.53	92.83
EPS	2.25	2.86	6.39
OPM %	18.85	6.03	12.00
NPM %	24.45	34.33	20.00

Consolidated Result

(in Cr.)	Dec-10	Sep-10	FY 09-10
Revenue	299.63	281.74	1054.56
Net Profit	39.60	42.04	107.59
EPS	2.73	2.90	7.43
OPM %	13.77	8.60	12.00
NPM %	12.83	14.44	10.00

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