June 05, 2023

BSE Limited
Corporate Relation Dept.
P.J. Towers, Dalal Street
Mumbai - 400001.
Scrip Code: 532859

National Stock Exchange of India Ltd.
"Exchange Plaza"
Bandra Kurla Complex, Bandra (E)
Mumbai - 400051.
Symbol: HGS

Dear Sirs/Madam,

Sub: Transcript of Earnings Conference Call held on May 29, 2023

This is in continuation to Q4 & FY 2022-23 Earnings Call of Hinduja Global Solutions Ltd. held on May 29, 2023.

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, we wish to attach herewith the transcript of Q4 & FY 2022-23 Earnings Conference Call of the Company held on May 29, 2023.

The transcript can also be accessed using:
https://hgs.cx/wp-content/uploads/2023/06/Earnings_Call_transcript.pdf

Thanking you,

For **Hinduja Global Solutions Limited**

Narendra Singh
Digitally signed by Narendra Singh
Date: 2023.06.05 17:08:03 +05'30'

Narendra Singh
Company Secretary

Encl : As above

Hinduja Global Solutions Limited
Q4 FY23 Earnings Conference Call
May 29, 2023

Moderator: A very warm welcome to the Q4 and FY23 earnings conference Call of Hinduja Global Solutions Limited.

From the senior management, we have with us today Mr. Partha DeSarkar – Executive Director and Group CEO, Mr. Vynsley Fernandes – Whole-Time Director, HGS Mr. Srinivas Palakodeti – Global CFO, and Mr. Lakshmi Narayanan CS – Chief of Staff NXTDIGITAL and Chief Finance Officer, OneOTT iNTERTAINMENTLimited.

As a reminder, all participant lines will be in the listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by "*" star then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Darshan Mankad from Adfactors. Thank you and over to you sir.

Darshan Mankad: Thank you. Lizzan. Good evening, everyone. We welcome you to the fourth quarter and financial year ended March 31, 2023, Earnings Call of Hinduja Global Solutions Limited.

Before we begin the earnings call, I would like to mention that some of the statements made in today's call might be forward-looking in nature and hence it may involve risks and uncertainties, including those related to the future financial and operating performance.

Please bear with us if there is a call drop during the course of the conference call. We would ensure the call is reconnected the soonest.

I will now hand over the call to Partha Sir to share his views. Over to you, Partha Sir.

Partha DeSarkar: Thank you Darshan and a very warm welcome. Good evening to all of you who are joining our Earnings Call for Quarter 4 and for the full year 2022-23. I wanted to start with a very quick update which is there on slide four of our deck, which I am hoping that all of you are able to access over the Internet.

After a significant delay, the buyback plan opened on May 22, 2023, and ends on June 2, 2023. What is on offer is a final buyback price of Rs 1,700 per equity share and an aggregate consideration of Rs 1,020 crores excluding taxes. The total number of shares to be bought back in the buyback shall be up to 60 lakh equity shares. So, this issue is now open. You should be able to do this online and you would have also received information about this from KFintech

Technologies and hope you are participating in this effort of HGS to return the money to its shareholders.

With that let me quickly jump over to give you the headlines for 2023:

I think post COVID 2023 was a different kind of year. Two years ago, we were scrambling to maintain our service levels while sending people home. Globally 40,000 people went home to start working from home.

During January 2022 we also exited our healthcare business and the year of 2023 has been consumed in converting the business that was left behind. It is something which is digital, which is technology enabled and which is also set up for the future. With that in mind, you will remember, in February 2022 we set our footprint in Australia through the acquisition of a company called Diversify Offshore that is now fully integrated into our core services. We also merged with NXTDIGITAL in our business and Vyns, later on during the call, will tell you about how that is going. The exciting news is in February of 2023, we completed our acquisition of a data analytics and financial planning company called TekLink, based out of Chicago, Illinois.

So, you recognize that this is a very busy year trying to get the company ready for digital businesses. In our efforts, we have opened up greenfield Center in a city called Barranquilla in Colombia, and I am going to cover that later in the call. We set up Mysore and Indore in India. We opened up a small size in Belfast in UK and in New York, we have opened up our first digital marketing-oriented office towards the end of Quarter 4, which we will come to that later.

The important part is that we have focused on real estate footprint rationalization. 95% of our workforce in North America and in Canada are working from home and we have attempted this year to try rationalizing our footprint because of the large amount of facilities was lying empty. To the extent that our leases allowed us to exit real estate facilities, we have done that. While significantly focused on Canada, even in UK we have reduced our footprint significantly. Even in US we are in the process of reducing the footprint as we talk. Unfortunately, there are a few leases which have a longer duration we are not able to exit. There are few owned properties in the US which we are trying to exit by selling them. The valuation of commercial property in the US unfortunately is not great for reasons that I am sure you can understand. In the meanwhile, we have closed down these owned facilities and we are not operating those facilities to save on maintenance costs, but we will try to sell them as and when we get a good valuation.

So, that all you understand that this business has now completely changed from the significantly BPO business that used to be earlier to one which is more technology focused, is more forward-looking and hopefully it will also be able to improve the margin profile of the business as we transform.

This is the news that I want to share with you. In late March 2023, we inaugurated our US headquarters in New York which is where I have relocated as the CEO of the company. So, I now operate out of the US. I did that because a large part of our business today is generated from North America and also the acquisition that we did in February required very close oversight. So, I decided to relocate from Bangalore to New York.

So, apart from being the corporate headquarters, this is also going to be the hub of digital marketing, social engagement services hub is what we are calling it. We will be delivering social media content production and digital marketing services to corporate marketing teams. We are also trying to sell our services to about 1,000 plus odd digital marketing agencies that exist in and around the greater New York area. So, this is an exciting business that we are trying to get into. We have a small footprint in this business, but we are trying to enlarge this footprint, the value proposition is we will act as an agency of agencies. We will get agencies that are based in high-cost locations to get the work offshore for development in India and Philippines.

We will move to slide seven. I have already talked about Barranquilla, our newest network addition. Barranquilla is a city, which is about an hour flight from Bogota, which is the capital of Colombia and the population of 2.3 million, a labor pool of 1 million workers, graduates from the major universities, highly talented workforce, which can speak fluently in Spanish and are able to address the Hispanic population in the US. They are also good bilingually. It is aligned to the US, Eastern and Central time zones and because it is in the same time zone and is a short flight from Miami, many U.S. companies are now looking at Latin America to diversify from the traditional supply countries of India and Philippines.

I am happy to say that since it started in the month, we have already added about 121 people. We are supporting English Spanish, Portuguese as well. We are doing primarily voice processes, but also backroom processes for our financial services client and the lines of business are customer support, tech support and trades.

We will move to Slide #8. Coming to financial numbers, the top lines improved significantly. You can see 12.2% growth from Rs 4,479 crore to Rs. 5,000 crores plus; a strong year. EBITDA has also improved, including 62.5% growth. From Rs 469 crores to Rs 762 crores. This business had profitability challenges last year. The PBT has improved as well and the PAT has improved.

So, overall, as I said, in the midst of all the turmoil caused by the transformation that we are going through all the uncertainties that you are hearing about in the developed economies about the uncertainty caused by war, fuel prices and in general, the fears of the recession in the United States, the bank failures that have happened in the United States and in Europe, we are very proud that we were able to produce these kind of numbers in the midst of all these uncertainties. So, this is the year as a whole.

I do have to cover Quarter 4. The Quarter 4 numbers will have some wrinkles that you will see and we will explain what those wrinkles are. It is not something that you need to worry about. I think the bigger picture is how we performed in 2023. As I was saying in Quarter 4 the numbers do not look great. I think the reason for this and I want to explain and Srinivas Palakodeti will cover these in greater detail in his session. These are not numbers that are impacted by operational metrics. These are significantly impacted by foreign exchange movements. Of the different currencies that we deal with in this particular quarter. All the numbers out here show negative and Pala can cover this in greater detail in his financial section. But let me just step back and tell you that I do not think we should worry about Quarter 4 because these are really caused by foreign exchange fluctuations of the global currency that we deal with. It is not under management control while the business continues to perform very well.

I think the headline in slide #20 captures it all. We are transforming into technology led CX business. Our traditional US CX business has shown steady growth. So, out of the 400 million odd revenues that you have today with the addition of TekLink, our digital revenues are about $100 million which is pretty good, I would say. In a short while, we have been able to grow a business that we started only in 2018 with the acquisition of Element Solutions which was a small revenue. We have grown our technology business to $100 million one rate of this fiscal.

Offshore revenues have also grown, which is again good news because offshore revenues are clearly a lot more profitable. We have had good growth from existing clients and we have a very good pipeline as well. The only caution that I will add would be for the UK. You would recall that we had signed up with the Health Services Agency in the UK to provide pandemic related track and trace services. It was a massive contract of £211 million that we signed and it was meant to help the UK government cope with COVID and find other pandemic-related services that they were providing to the UK population.

We are also supporting the UK government with Brexit. Now the reality is that Brexit is now in its third year. Therefore, people have become more easily used to trade with the Republic of Ireland and the demand for that particular helpline which was meant to be for Ireland and UK trade, has come down significantly.

The good news is COVID is no longer the threat that it was in the last two years and you are aware that WHO has declared an end of the pandemic. While that is excellent news or brilliant news, there is nothing that could have been better for humanity. The impact of that of our revenues is and our revenues from that particular contract, which was at one particular time projected to be in excess of £200 million is now much lower. In fact, last year our revenue from that particular contract was in the region of £30 million, that was only half of what we had expected this project would be.

Again, you know this is something that is difficult for shareholders to obviously appreciate, but you have to step back and look at the bigger picture. The contract would have been large had the pandemic continued and frankly, as I speak to all of you, I am so happy that we are out of that trouble and yes, it does impact our contract we have downsized the teams and the contract will never be the £200 million that we had expected it to be, but I think we are better off.

On the Technology Solutions business, we continue to focus on long term gains in areas such as managed services and cloud and technically we can build new capabilities in the area of data analytics and also financial planning. And on top of that, if you understand what the NXTDIGITAL business does for us, the NXTDIGITAL business is all about providing access, removing the digital device, giving people who have access to Internet and people who do not have access to Internet. Internet today is like oxygen, you cannot survive without Internet and it provides the technology that can provide excellent quality content and access to remotest areas of India and Vyns will talk to you. So, all of this, obviously the backbone of everything that we're trying to do is digital access and that is where NXTDIGITAL fits in.

So, quick look at our global footprint, Canada 2,101 people, US 1,209 people, Jamaica 1,593 people, Colombia - our latest addition, 121 people, UK 1,665 people, India 10,785 people, Philippines 3,208 people, Australian has our sales and marketing office we have one person who is driving sales and marketing from Australia

In summary, FY2023 has been strong. We continue to focus on sustained growth. We have talked about all the investments and all the embracing of digital and AI technologies. I think the most important development in technology is in the arena of generative AI, that all of you have talked about. All of you heard about ChatGPT and Bard and all of that. I think it opens up a huge ocean of possibilities for people who are in the CX space like HGS is, and we are extremely happy that this technology advancement has happened because it is going to transform how CX is delivered world over.

This is the growth plan that I want to talk to you for HGS 2.0. We want to provide frictionless customer journeys and that is where generative AI is going to play a big role. Our technology revenues today is $100 million plus. If you were to look at this company, we had our first technology addition in 2018. So, I am very proud to say that we're $100 million plus. Beyond traditional CX and digital media, we are providing a range of interconnected services enabling impactful change to our client businesses and to provide access and remove the digital divide. If you go to slide #16, you will see the two extremities of the Venn diagram. On one side you have what traditional IT companies do, which is on the left-hand side, and on the other side you will see what HGS used to do earlier, when we had healthcare and it was pureplay BPM. We are trying to create a new business model which operates at the intersection of these two circles, which is the thing in the middle - social engagement, digital marketing, artificial intelligence driven process engineering, AI supported CX, data tagging, labeling, and Generative AI. So these are all new fields and we are acquiring capabilities as we speak, both organically and inorganically and that is the future for all of us at HGS. And, encompassing this is NXTDIGITAL, which provides the backbone of Internet access that enables all these things to work. So that is the services portfolio that we are taking HGS 2.0 to. With that, I am going to hand it over to Vynsley for his section on digital media. Vyns over to you.

Vynsley Fernandes: Thank you very much, Partha, much appreciated. I am just going to start with what is happening right now in this space. Everyone knows that this year has been emerging out of the pandemic and everyone's trying to redo and restructure their businesses and technology and operations. As I shared with everyone in the last couple of calls that we have been there that our focus has been effectively on future technology and leveraging the 3As that Partha has mentioned for a long time and that is so important, which is right from automation and analytics to artificial intelligence and their deployment and one of those things has been the enterprise business unit, which we launched just over the last six to nine months. We focused in this quarter. In quarter Q4 on validating our value proposition of the products that we have to offer and we have seen significant amount of response in terms of key industry segments, not just in terms of saying yes, this is a product that works but also more importantly engaging with customers. So, effectively there are four products that we have launched.

The first is the MESH Network where we are providing a single window clearance to customers and we have already some levels of NDAs in place, but the companies have been very kind to help us and we will be hoping to share that shortly as soon as the installation is complete, where we as NXTDIGITAL as a single window or an integrated single window providing national connectivity for these companies for fiber and satellite-based broadband, so I will give you one example.

One is a very well-known digital cinema organization so we connect all their cinemas, not just with terrestrial fiber, but also satellite based broadband, so there is no question of losing signal the moment fiber goes down or there is any problem, it switches over to satellite. So, that is the first product that has already been rolled out successfully and is already engaged with the client.

The 2nd is software defined wide area networks SD-WAN and we have seen traction again, there is a customer that has been signed up for SD-WAN because more importantly and this works on the premise of economical pricing more than it being an innovative solution only. So, that’s been happening with so many people working from home recently we have developed a solution work from home solution. The Proof Of Concepts (POCs) are currently going across the country and this is the product as Partha also is strongly one of the sponsors of this project will look to take this to overseas customers once the POC is successful. Effectively what it does, it provides companies to allow their staff to work from home, not just using a simple broadband connection in the telephone line by providing online security, services modules, everything that a work from home executive would require to ensure he delivers maximum productivity and efficiency.

The last, of course, is our pureplay broadband over satellite that has been working significantly. We already have gained traction in education, as I have shared in the past, we are running with Tata Study, we are running education initiatives and we are looking to take that further as well. This by far is the big driver for us in Q4, which we were focusing on.

In terms of, as I mentioned to you, our focus as an organization has been over the last couple of years at least three or four years we have been transforming into a profitability driven organization and into a future proof organization. For us growth is not just top line or not the subscriber base and that is something that you can see as well, you know very effectively for us it is how to transform customers into being customers for the future, right? Because we all know cable television has some level of structural decline, not just cable, DTH, any linear television there is there is some level of moving to OTT, some level of moving to free services. So, the idea is how to build a digital product and we launched ONEDigital if you all will recall around October last year, September actually and we have seen some incredible progress on this product. It is a very unique product it offers customers broadband just for the sake of being repetitive, with offers customers speeds up to, a broadband product which is with speeds up to 1000 MBPS, 650 television channels, OTT from the best regional and international content, voice over IP services, intercom, CCTV and of course, building, Wi-Fi. So, this has really worked pretty well in quarter on quarter it has been growing significantly.

Now having a great product as I mentioned even on the last call is great, but there is no use in having a great product if you. do not have a team that knows how to sell it and install it and implement it so our project called NXT Sangram that we launched to train digital services partners across the country has been going full swing. We have trained as of today over 1500 last mile owners of franchisees across the country, which covers about 231,000 customers. So, we are focusing on making sure they get trained and we focused on markets slowly. We are also looking at other places where new and emerging digital technologies can be rolled out and that is something that is something in play.

If I come to the KPIs for this year, we were clear that we wanted to focus on quality of customer and quality of revenue and our entire focus has been on how to ensure we not only grow revenues but also be able to improve profitability, be able to improve ARPUs, and therefore you can see while we while our subscriber bases both in terms of digital television and broadband have remained flat as and there has been no significant growth. That has been deliberate because we have been focusing on the KPIs that matter the most, which is retention and therefore improving the quality of revenue. If you look at the at the box in the center which talks about the 90-day net churn, we are looking at being well below 2% net churn, which is fantastic for our entire industry and that is something that we are very proud about because it also translates into revenue and it means the fact that we are able to get in more customers at a qualitative price. The same thing in broadband. If you look at broadband, while the base we have insured remains the same, in fact we have been conscious enough to let go of customers that we believed are not really adding value to the business. We have actually grown the ARPUs that has that has seen some tremendous amount thanks to a project that we launched in Q2 to be able to fix and grow the business, the ARPU's our average revenue per user in a year when we have seen everyone else, our ARPUs come down and that is why the headline that performing above the industry wide trend and key parameters is very clear from the ARPUs. The ARPUs have grown to about Rs 259 in Q3 to Rs 292, that is commendable ARPU for anyone in the broadband industry and most importantly. If you look at the other two KPIs on the lower center and the lower right those point out to the efficacy of the business, the profitability of the business, the drive towards ensuring a strong profitable business where churn of direct points has been brought down to below 4%. The industry wide trend is anywhere between 4.8% to about 5.5%, but some places 4.2%, but we have been able to bring it down to sub 4% and at the same time, bandwidth costs, which is another critical aspect, and I am only sharing this time to show that this is the kind of efficacy project that was brought about in Q3 of how to improve the quality of revenue and the quality of the product to be able to deliver this kind of model going forward.

So, overall, the media and entertainment industry, no question, specifically the digital distribution industry, has faced some significant growth challenges in Q4 as well as across the entire fiscal year. But what we have done as an organization is focus on tomorrow rather than just on today. So, our tomorrow is how do we ensure our existing customers? How do we provide greater services to them, enter a product like ONEDigital? How do we go after a new segment of customers, namely the enterprise business unit leveraging all the infrastructure and investments we have made in the business and how do we leverage the incredible network and technology of Hinduja Global Solutions in terms of the, the CX aspects that have been put out. So, when we looked at combining all of that together, we have been able to end up and end the year on a very strong note, giving us a great driver for this quarter of course and for this new fiscal. Yeah, I think that is pretty much it from me I'll hand over to Pala from a perspective of updating everyone on the financials. Pala, over to you.

Srinivas Palakodeti: Thank you, Vynsley. Good evening, everyone. Thank you for joining us on the Q4 earnings call. I am on slide 22. This is the financial performance of the year. A couple of things I wanted to call out. These are completely like -to - like comparisons. In FY22 we had the healthcare business up to January 2022 and then that has been excluded and all performance relating to that business has been shown under the discontinued operation. Also, in FY23, as required, we have added the NXTDigital media business, which will become part of HGS during the year. So, it is a like -to - like comparison.

As you will see there has been an increase in revenues from operations of. 5.4%, significant increase in other income from about Rs. 205 crores to Rs. 518 crores. So, this has three broad components. The FX gains the interest income from the funds Treasury surplus funds from the sale of the healthcare business. Plus, as Partha mentioned, during the course of the year, we have rationalized our real estate footprint and they are also profits from the sale of some real estate overseas as part of the Other Income. Our EBITDA, as you see, is up by about 62.5% at a PBT level we closed the year at Rs. 202 crores profit as compared to a loss of about Rs. 109 crores. There are tax reversals of roughly 102 crores and so PAT from continuing operations has come in at around Rs. 305 crores as compared to a loss of Rs. 39 crores. We have separately shown profit from the discontinued operations.

In the current year, in FY23, there are profits of about Rs. 46 crores that is primarily coming in from the working capital adjustment. So, total PAT for the year has come in at roughly Rs. 351 crores.

Moving on to the next slide. This is the quarterly performance. As you would see there is a drop in the total revenue and you would also see there is a drop in the other income. So, if you see the quarter ended March 22, other income came in at around Rs. 117 crores, whereas that has dropped by about Rs. 18 crores to about Rs 98.4 and as you would see from the publication page during the quarter ending FY22, in the last quarter, there were FX gains of Rs. 62 crores that has become a loss of about Rs. 15.1 crores in Q4 FY23. So, that accounts for the drop in the other income. So, there is a drop in EBITDA on a year-on-year basis from about Rs. 153 crores to Rs. 134 crores, primarily on account of the drop in other income and at the overall level PAT for the quarter was Rs. 25.8 crores as compared to Rs. 45.9 crores for the quarter ending March 22. Again, primarily coming from the drop in Other Income.

Moving on to the next slide. This is our summary financial profile. Our net worth as of 21st March is Rs. 8,719 crores. Obviously, this will change based on the final buyback amounts and the transaction cost and the taxes relating to the buyback As things stand against the market price of Rs. 1,156 per share, book value per share is Rs 1,661. We have declared total dividends of Rs. 15 during the year. This includes the final dividend of Rs. 2.5 per year. Our total dividend outgo including the final dividend comes to roughly about Rs. 72 crores, which is roughly about 20.5% of our consolidated profits of Rs. 350 crores. On the gross debt, we have debt of about Rs. 321 crores, we have cash in bank balances. These are not only in India, but these are also across different geographies, overseas subsidiaries as well leading us with the net position of about Rs. 822 crores net cash position.

If I move to Slide #25, this gives a little more detail in the total liquidity position of the company. We have given short term loans of Rs. 2,814 crores. We have cash and bank deposits of Rs. 1,143 crores and we have investments in debt instruments of about Rs. 2,734 crores. So, that gives us a total cash and treasury surplus of Rs. 6,691 crores and netting of debt of Rs. 321 crores, it gives us net cash in surplus position. The treasury surplus version of Rs. 6,370 crores.

Moving on to slide 26, this is the total revenue of about Rs. 5,023 crores, a little over Rs. 500 crores of other income. The BPM business accounts for around 61% of total revenues and digital services, which includes the media business as well as the digital BPM services that accounts for about 29% of total revenues.

From a revenue split perspective, this is on the operating revenues only of about so on the base of Rs. 4,500 crores. From an origination perspective, this is a graph on the right-hand side. The US continues to be the biggest market at 32%. India, which includes the digital media business, and our HRO business is about 28%, Canada is 13% and UK is about 21% of total revenues.

From a delivery perspective, India is up from 28% to 32% on account of the offshore delivery. UK is about at 17%, US is about 30%; Philippines and Canada accounting for 9% and 13%.

Moving on to the next slide, this is again a split of revenue by vertical. The media business, which consists of the digital media business as well as our media clients for our BPO business. Media account as a vertical accounts for about 31%. Then we have consumer and retail at 20%. Public sector primarily from UK and also some in Canada account for 12%. Rest coming in from BFS, Technology and Telecom as well as miscellaneous verticals.

From a client concentration perspective, since the NXTDIGITAL media business is primarily on a B2C, all these clients come from the BPM business. So, the largest client accounts for about 8%, Top-5 accounts for over 29% and the Top-10 accounts for about 43%.

Our business continues to be strong from a cash flow perspective. It was about 61 days of sales as of FY22., While the revenues have grown, our DSO days have come down from 61 days to 59 days.

Coming to CAPEX, so the Rs. 498 crores of CAPEX in FY22. That consists of the BPM business, the erstwhile healthcare business, as well as the CES or the non-healthcare business along with the Digital Media business. That has come down from Rs. 498 crores to Rs. 294 crores during FY23. To some extent, they are not strictly comparable because it also includes the erstwhile healthcare business of HGS.

Moving to the next slide. This is the last slide of my presentation. This is the stock price movement at HGS share price. The share prices as of last Friday is up by about 25% over the last 12 months as compared to a 13% on the growth in the NIFTY index and about 2.5% on the CNX IT index. So, clearly from a sectoral perspective, we have done much better than the CNX IT index movement.

That's all I had on the financial section; we would now like to open the session for Q&A. Thank you everyone.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Jyothi Singh, from Arihant Capital Markets Limited, please go ahead.

Jyothi Singh: Thank you for the opportunity. I have two, three questions. So, first, as you have mentioned about the AI impact on our business, if you can discuss a little bit more details like what is the impact of AI like ChatGPT and all? And second, what is your view on the growth outlook for ‘24-25’ and the margin guidance going forward if you can? And 3rd is how is the deal momentum we are seeing in TekLink as we are using cross-selling opportunity.

Partha DeSarkar: So, let's take one by one. What is your first question? I'll answer your first question, then second, then third, then 4th. It's difficult to remember all four questions in one go.

Jyothi Singh: So, my first question is only AI ChatGPT impact on our business like you discussed little bit on that. So, if you can explain or a little elaborate on that?

Partha DeSarkar: That that is a very good question. I'm sure that question is in everybody's mind and I think If any of you have used virtual assistants or chat in its current form today while trying to do a transaction over the Internet, I'm sure all of you will share my frustration that today's chat technology is absolutely rudimentary and completely dissatisfactory. From that position, the ChatGPT technology I will call it 'generative AI' because ChatGPT is just a brand that Microsoft uses. In a way AI gives you the ability to tremendously change knowledge management and therefore when you are interacting with the machine today, the experience is thoroughly unsatisfactory. Whenever the AI technology being deployed you will not be able to figure out whether you are interacting with a human being or whether you're interacting with the machine because the machine will have a lot more information than currently, the chat systems have as a result you will find lots more information, the questions that you asked being available will answered intelligently by the machine itself. And our job will be to train machines to be able to answer those questions based on our particular clients and for each of our clients. Hundreds of clients that we have we will have to work with the Generative AI technology to improve their EX front-end so that the machine can answer in a very satisfactory way all the questions that their consumer has. And when it realizes that it is not able to answer the question at that point of time, it is seamlessly transfers that to the human agent who will be overseeing every transaction that is going on with the machine. That answers your question is that this technology is completely transformative. It's going to completely change the way customer interaction with machines through the Internet happen is going to be used well. Generative AI can be a game changer for our industry and we are well-leveraged because of our background in CX to be able to harness this technology to its fullest extent. So, that is my answer to your question one. What is your second question?

Jyothi Singh: My second question is on the outlook side. So, what's your outlook for the '24-25 on the revenue and margin side?

Partha DeSarkar: So, both sides, we will do well. We are expecting margins to expand. I cannot give you a specific number guidance but we are expecting margins to expand. Revenue growth, also we are expecting the revenue growth to be the strong revenue growth numbers that we have always traditionally been able to do.

Jyothi Singh: As you are saying, it's strong growth revenue. So, do we have any strategy or any planning for that for '24-25?

Partha DeSarkar: The question on strategy is answered on Slide #16. Can you have a look at slide 16. You will see that there are two circles. On the left-hand side is our technology circle - digital services circle and on the right-hand side was the pureplay BPM circle that used to be right and a large part of it was also healthcare which we divested because we realized that we wanted to move more into technology services as opposed to pureplay BPM services. Now at the intersection of these circles, you will find our newest services, social engagement, digital marketing, AI, which is artificial intelligence, processing, CX, Generative AI everything is there in the middle. So, this is the sector that is going to grow and with the advent of Generative AI is a I think the future is going to be transformative. This is the area that we would like to grow. Intersection of technology services and traditional BPM services. We are calling it Digital Operations.

Jyothi Singh: Sir, how is the deal momentum we are seeing in TekLink as we are using cross-selling opportunity in it?

Partha DeSarkar: Very good actually, they have a lot of data analytics capabilities that we are taking to our existing customers, also financial planning and they are selling our traditional cloud automation and traditional BPM services to their clients. So, I see that it's been 3 months now, March, April, May, we be in the third month. I think opportunities are opening and we see that we are able to cross-sell each other's services. We'll have something more concrete to talk about, probably in the next quarter.

Jyothi Singh: Sir, lastly, your view on the UK front, as we have seen some headwinds on that side. So, what's your view going forward?

Partha DeSarkar: So, I did mention that the UK growth for the last two years during Brexit and pandemic were on the foundations of one-off contract. The Brexit contract is weaning down because it's been some time and of course COVID is no longer the pandemic that it used to be. So, because of that the UK is facing some growth challenges and I wanted to call it out upfront. We have a new CEO. He's a very experienced person who has managed large businesses. We have to build the UK business back to the levels of growth that it has seen in the last two years. It's going to take some time. It's not going to happen this year.

Moderator: Thank you. The next question is on the line of Rahul Singh from Angel PMS. Please go ahead.

Rahul Singh: Sir, I have a few questions. The question was on the digital business. So, it has contributed roughly 29% to revenue this financial year. How do you see the contribution going up in this domain and do you have any target in mind or objective to reach a certain figure in the next few years, Sir?

Partha DeSarkar: So, I mean, if you ask me if I want to look at a crystal ball gazing, then I would like to completely reverse the revenues mix in three years. So, today it is 30:70. Three years from now I would like to see it being 70:30, but this, as I said, there is a lot behind this statement, right? There's a lot of crystal ball gazing, there's a lot of future looking, but those are the things that I would like to do.

Rahul Singh: Another question, Sir, on NXTDIGITAL. So, basically the major is now completed and what I'm trying to basically say is that when will we see the synergies aligning with the business and do you see the synergy strengthening in the next year?

Partha DeSarkar: So, Vyns talked about the enterprise business in one of his slides. I believe that the beginning of Access Technology that is going to completely transform the way people work from home and this technology is going to be very, very influential and also the ability to provide broadband over satellite those are emerging technologies that will revolutionize access and will give fillip to digital devices. So, I think that's where the future lies. Vyns, you want to take this question and answer that in a little bit more detail?

Vynsley Fernandes: I think you are also aware Rahul there's so much being written about and spoken about broadband over satellite for instance, right and it's becoming a very significant aspect and it will change the way we do business, not just the way we do business also the way we even live. Right. I mean whether it is at home, being able to have broadband on tap anywhere in the country on demand. I think that is going to change significantly. So, our entire foray of NXTSkyFi is to be able to leverage that technology. We've already launched it - so the beauty is we're the first of the blocks to have already launched it. We already have commercial customers and I'll give you; we already are doing for example sensor management for a solar farm in Central Maharashtra. And we're doing a couple of other projects as I mentioned - digital cinema. So, we'll see that being a strong driver for the business and enterprise business unit will continue to leverage all the new technologies and all the new infrastructure as an emerging technologies effectively for this space. So, whether it’s Mesh of connecting India everywhere, not just with terrestrial networks, but also satellite. Whether it's SkyFi, which is the broadband of a satellite service, whether it is new solutions like digital work from home solutions. All of this is being bundled together to be able to push for a strong foray in the space around.

Rahul Singh: Thank you for the detailed answer. So, the last question would be that as we are the 4th largest player right now in the market and we are also dominated by larger players, what differentiates our companies’ bundled services approach and how does the company plan to expand and gain market share in this current competitive landscape?

Vynsley Fernandes: I'm assuming you're referring to the digital media business, right, Rahul?

Rahul Singh: Yes.

Vynsley Fernandes: The simplest answer Rahul you're an analyst as well would be for you to do a simple comparative of the KPIs across a peer-to-peer comparison and you will see that NXTDIGITAL is pretty much way up there in terms the quality of revenue and as well as the growth in EBITDA etc. But I won't use that as the answer because I'm sure that already. I think what we've done is we've always focused on being different. So, while everyone was saying cable is the way to go, etc., we changed our approach over 5 years ago and launched the Headend-In-The-Sky services which is hit. That has proven to be a mainstay. When we've transformed our model over a year ago and said listen, we need to push broadband big time and we were barely in about 70 cities at that time and we said the importance is to push broadband in Tier-2 and Tier-3, everyone said “Oh! no, Tier-2 and Tier-3 aren't where the markets are for growth”. We did, we crossed over 1 million subscribers with the 4th largest ISP. Of course, private ISP, and we've been able to grow there. Same thing with broadband-over-service, while everyone's talking about it being launched and Geo satellites coming in, we said a lot of people today are happy with Geo Based Services because latency is not really an issue. So, I think our strategy is very clear that we've invested in a significant amount of networks. We've invested in a significant amount of technology, but more importantly, I think in innovation. The fact that we've always been ahead of innovation kind of kept us up there to be able to provide a strategy that's a mix of innovation, emerging technologies and a very, very strong ground network. We have a presence in over 4500 Pin Codes. So, that's been able, that's been a mainstay for us Rahul. Will we look to take this overseas our product portfolio, absolutely. As Partha also mentioned, there's a lot of synergy that's already happened and there's a lot of synergy between HGS and NXTDIGITAL that's currently being worked out, which I'm sure you'll get to know more as we kind of expand the portfolio of services, not just product wise or portfolio wise, but also geographically. I hope that answers your question now.

Moderator: Thank you. The next question is from the line of Saloni Desai and individual investor. Please go ahead.

Saloni Desai: I had couple of questions. Firstly, the company has entered new geographies in FY23. So, what kind of contribution to revenue is expected from these new geographies in FY24?

Partha DeSarkar: Pala you want to take that question, though we don't disclose this number.

Srinivas Palakodeti: If you look at FY23 as a whole, the new geographies entered in that sense is Colombia. That's something which we started operations sometime in second half of the year and we've already are scaled up and as we mentioned we have 120-odd people already there. So, that is expected to grow. But the purpose of the Colombian business is to actually support clients who are from the US and to give them abilities to service our clients in languages such as Spanish and Portuguese. So, it's part of the overall strategy. Obviously, given that we've started operations, it's still very small but it while it will scale up, it will take time for it to add to a significant share of total revenues, right. And we are only looking at the US clients, not local Colombian clients for servicing.

Saloni Desai: And I also had one more question. So, what kind of contribution is expected from new acquired business like TekLink and Diversify Offshore?

Srinivas Palakodeti: So, if you see the TekLink that was generated about close to $3 million of revenue in the first month post-acquisition. So, obviously we expect the business to grow, but even if you take that as the run rate that will mean about $36 million of revenue. If I take $3 million per month and annualize. And as far as Diversify is concerned in for the year ended March ‘21, they've done roughly about $21 million in revenue.

Moderator: Ladies and gentlemen, that was the last question. I now have the conference over to Mr. Srinivas Palakodeti for his closing comments.

Srinivas Palakodeti: Once again, thank you everyone for joining us on the Earnings Call for the Results for the quarter-ended March ‘23, as well as the Year-Ended March ‘23. We thank you for your time and your questions and comments and we look forward to interacting with you once our results for the Quarter-Ended June 2023 are ready. Thank you for joining us on this call.

Moderator: Thank you members of the management team. Ladies and gentlemen, on behalf of Hinduja Global Solutions Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your line.