August 23, 2024

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 August 19, 2024

This is in continuation to Q1 FY2025 Earnings Call of Hinduja Global Solutions Limited held on August 19, 2024.

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, we wish to attach herewith the transcript of Q1 FY2025 Earnings Conference Call of the Company held on August 19, 2024.

The transcript can also be accessed using: https://hgs.cx/investors/

Thanking you,

For **Hinduja Global Solutions Limited**

Narendra Singh
Digitally signed by Narendra Singh
Date: 2024.08.23 17:35:08 +05'30'

Narendra Singh
Company Secretary
F4853

Encl : As above

Hinduja Global Solutions Limited
Q1 FY2025 Earnings Conference Call
August 19, 2024

Key Speakers:

Mr. Partha DeSarkar, Whole-time Director and Group CEO, HGS

Mr. Vynsley Fernandes, Whole-time Director HGS and Head of Digital Media business

Mr. Srinivas Palakodeti, Global CFO, HGS

Hinduja Global Solutions Limited
Q1 FY2025 Earnings Conference Call
August 19, 2024

Moderator: Good evening, ladies and gentlemen, a very warm welcome to the Q1 FY2025 Earnings Call of Hinduja Global Solutions Limited. From the senior management we have with us today, Mr. Partha DeSarkar – Whole-time Director and Group CEO, HGS; Mr. Vynsley Fernandes – Whole-time Director HGS and Head of Digital Media business; and Mr. Srinivas Palakodeti - Global CFO, HGS.

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 the operator by pressing "*" 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, Zico. Good afternoon, everyone. We welcome you to the Earnings Call of Hinduja Global Solutions Limited for the first quarter ended June 30th, 2024.

Before we begin the Earnings Call, I would like to mention that some of the statements made during today's call might be forward-looking in nature, and hence it may involve risk and uncertainties, including those related to the future financial and operating performance of the company. Please bear with us if there is a call drop during the course of the conference call. We would ensure the call is reconnected at the soonest.

I would now like to hand over the call to Partha Sir for the opening remarks. Over to you, sir.

Partha DeSarkar: Thank you and a very good afternoon to all of you who joined the call today. I assume that many of you attending the call also have our investor deck in front of you. We posted it on the website. The first page of the deck shows the Company at a glance.

Some high level numbers worldwide:

- We have about 18,000 employees in nine countries.
- Our digital media business covers about 4,500 pin codes across India.
- We have about 1.2 million broadband subscribers and 4.43 million DTV subscribers.
- We have approximately Rs. 5,100 crores in net cash and treasury surplus.

We operate four lines of business. The business process management service can be broadly classified into:

- Pure digital services- cloud, cybersecurity, data engineering, etc.
- Customer experience (CX), which includes business process/contact center services, generative AI, and so on.

Then we have the media business, which Vyns represents, and he will come on to the call later. Our broadband business includes network as a solution, home wired broadband, OTT, and IPTV. Additionally, we have digital cable television (DTV) as the second arm of the media division.

Moving to the fifth slide, this slide provides a snapshot of our financial performance. There is a slight dip in consolidated revenues, about 3.7% on a year-on-year basis, which Pala will cover in more detail in his presentation. However, other income and total profit after tax have shown significant increases of 11% and 870.9%, respectively, on a year-on-year basis.

Without getting into the numbers in detail, which Pala will cover, we'll move to slide 8, where I will highlight the key aspects of our business as we see it. There continue to be challenges in the macro economy, with volatility and delayed decision-making in key clients. As you know, the war is not helping. An election year and uncertainties around policy changes with the government change in the UK, along with an impending election in the US, have put people in a holding pattern, waiting to see how key policy decisions will unfold based on the election results. Consequently, we are experiencing delayed decision-making among our clients.

I would say that data analytics, social care, CCaaS, and cybersecurity have strong traction, and our UK business is performing better than expected due to revenues from key public sector clients. I am also pleased to announce that we have just made a small start in selling our digital services to the UK and Australia. As I mentioned earlier, we planned to start operations in South Africa. I am happy to report that our South Africa office is now set up and completely ready to go, with operations expected to start in the next couple of months.

We have been investing in the organic buildup of technology solutions for fast-growing sectors like technology, media and telecom, banking and financial services, retail and consumer, and hi-tech. Additionally, we have hired some vertical-specific sales leaders, continuing our efforts to strengthen the sales team, particularly in the Americas.

You know that generative AI and large language models have created a lot of hype. Unveiled in November 2022, and throughout 2023 and 2024, the market continues to be very excited about their potential. We are also greatly enthusiastic about their ability to service and transform the CX industry. To leverage this potential, we are investing heavily in building capabilities in artificial intelligence. We're setting up AI labs and building models that leverage existing generative AI tools, embellishing them with the domain knowledge of our clients' businesses.

Our focus is on redesigning customer journeys for our clients through hyper-personalization, developing conversational bots that learn from call transcripts, and building intelligent automation tools that use image and video processing. I'm happy to report that many of these developments are happening in-house, and we are also building capabilities like other players. The good thing is that because this technology is new, nobody really has an edge over others. Everyone is trying to mine the same opportunities that have evolved in the last one and a half years.

We have been able to hire many bright software engineers to embellish our digital talent, and this remains our focus going forward. At the same time, we are also reskilling our existing 18,000 odd employees in our conventional CX business, educating them on digital tools.

Slide #10 outlines our vision to be the preferred digital transformation partner for the world's most admired brands. The larger light blue circle represents the entire customer journey and customer experience, while the smaller deep blue circle represents our work over the past 20 years. We have traditionally focused on customer service and reactive support, but we are now expanding our scope to include web and mobile experiences, e-commerce, generative AI, LLM-powered chatbots, CRM and customer insights, as well as digital marketing.

Some of these newer capabilities have come through acquisitions, particularly the Elements Solutions acquisition in 2018 and the TekLink acquisition in February 2023. Our digital capabilities are now much broader than they were in the first two decades of our existence, and that's how we hope to leverage the opportunities that have been thrown open by the developments in generative AI and large language models.

The future state is briefly pictorially presented on page 11. You will see a light blue circle representing our traditional CX, which currently accounts for about $330 million of our revenues. The bright blue circle represents our digital segment, contributing approximately $92 million in revenues. Moving forward, the convergence of these two areas, as shown in the Venn diagram, is what we are calling Digital Operations.

This includes AI-driven process management, AI-supported unattended customer service using conversational chatbots or interactive voice response units, attended customer service, and AIOps, which involves creating models for data tagging and labeling. This convergence of our newly acquired digital capabilities and our traditional CX business, which we have developed over the last two and a half decades, represents our future direction.

In the new plan we are building, we aim to change our revenue mix by leading with verticalized solutions. You may recall that our healthcare business was extremely successful. We are now trying to replicate that success in other verticals, focusing on banking and financial services, technology, media and telecom, consumer packaged goods, and hi-tech.

We are making efforts to aggressively increase our pipeline, which is why our expenses for sales and business development have increased year-on-year. Our operating models are being transformed as we move more operations offshore and build non-linear revenue models. Ultimately, we aspire to be a thought leader in AI-enabled conversations within our chosen domains. I will now hand over to Vyns for a digital media business update. Vyns, over to you.

Vynsley Fernandes: Thank you, Partha. Moving straight to slide 14, which is particularly interesting for the media industry we operate in. To summarize, our media business comprises four verticals: the digital television business, which is our flagship; the wired broadband business, which is part of the sunrise industry and continues to grow, having barely crossed 38 million homes today; our tele-shopping and corporate sales business; and our technology arm.

All four verticals have been positively impacted by the new business environment outlined on page 14, where the Telecom Regulatory Authority of India (TRAI) has announced sweeping changes for broadcasting and cable. I won't spend too much time on this, but to highlight the critical aspects that benefit us: if you look at the second block on the left-hand side, which starts with 'in a bid to offer more attractive deals to consumers,' Distribution Platform Operators (DPO) like us, such as **NXT**DIGITAL, are now permitted to offer discounts while forming channel bouquets.

I'll explain the significance of this, as it is quite important when considering regional content. For example, why would viewers in the Northeast of the country want to watch South Indian language channels when they would prefer content in their own local languages? Therefore, we can form channel bouquets that cater to their preferences. Similarly, for viewers in the South, we can create bouquets and offer discounts for channels predominantly in Southern languages. This is one.

If you look on the right-hand side, you'll see a very good initiative for customers: the duration of all prepaid subscriptions is now specified in terms of the number of days. You'll be happy to know that our Company has been following this process for a long time. We believe in a very high level of transparency and governance.

The other important point is the last block, which discusses TRAI issuing recommendations. Everyone is concerned about the DD Free Dish platform, which continues to eat into the customer base at the low end of the spectrum. With it becoming more aggressive, it helps create a level playing field for DPOs, while also ensuring an enhanced viewing experience and security. Overall, the industry stands to benefit from these initiatives announced by the regulator just last month in July. That's on slide 14.

On slide 15, as I've mentioned on several calls, our entire approach to business has been to leverage the investments we have made over the last several decades. This is yet another initiative to leverage our capabilities. We have significant infrastructure in cities like Mumbai, Delhi, and Bengaluru. Last year, we launched **CelerityX** to cater to the enterprise segment and large-scale companies. This new model provides services to micro, small, and medium enterprises (MSMEs) as well as small office and home office (SOHO) operations. We're talking about lawyers' offices, chartered accountants, artists, teachers, and pretty much every business that needs to work from home.

This model, called **One Business**, is part of the One Broadband business. The main product is a strong internet leased line, which is a dedicated connection for MSMEs or SOHOs. This differs from standard broadband as it offers much higher service levels or SLAs (Service Level Agreements). Additionally, there is a dedicated customer care team to support these clients.

We have launched two products: **Business Connect** and **Business Connect Pro**. If you look at the visuals on the right-hand side of slide 15, you'll see these products. We have already rolled them out, but as you know, we are always very cautious in our approach to ensuring our product is rock solid and robust when it hits the commercial market.

Currently, we are running a proof of concept in the high-density markets of Mumbai, which has been quite successful. Once it meets our success criteria, we plan to roll out this product to the rest of Mumbai, as well as Delhi and Bengaluru. This is detailed on slide 15, which covers the launch of our commercial broadband service.

I'll take you to slide 16 now. We have seen a good, strong performance again. There was a marginal dip in Q1 FY2025 compared to the preceding quarter, but year-on-year, the growth has continued to be robust. We have grown about 15% in broadband subscriber base compared to Q1 last year, and nearly 6% in digital television subscriber base. The sunrise industry continues to make significant inroads in terms of growth. Even the marginal dip of 4.9% in broadband and 2% in digital television is not a concern. We see this trend every year for two reasons, which are mentioned on slide 16.

First, renewals in Q1 FY2025, which includes April, May, and June, are generally slow because many people go on vacation during the summer period in India. Renewals mainly happen in Q2, so we see an increase towards the middle and end of June. This explains the dip in digital television and broadband.

Second, we continue to ensure profitability by churning low-yield customers, which strengthens our business and keeps us on the path to profitability.

If you look at the two blocks of graphs below, which show broadband and DTV churn, the results are very promising. The average market churn for DTV is over 2%-2.5%, but in the first quarter of this year, we brought it down to below 2%. This is a strong trend. As for broadband, as I mentioned, it's more a question of renewals that we keep on seeing in Q2.

Overall, our broadband and digital television subscriber base has continued to grow year-on-year. To summarize, we have maintained consistent growth despite the seasonal fluctuations.

More importantly, if you have referred to the published earnings data, our revenues have continued to grow, which is a very healthy sign. Our broadband base remains stable and robust, and Q2 is expected to show even stronger performance. Additionally, DTV churn is well under control. Our new product rollout includes **One Business**, which focuses on SOHOs and MSMEs, and CelerityX continues to grow, catering to enterprises. This is a quick summary, and of course, at the end when we wrap up, we'd be happy to take questions.

With that, I am going to hand over to our global CFO, Srinivas Palakodeti. Pala, over to you. Thank you very much.

Srinivas Palakodeti: Thank you, Vyns. Good afternoon, everyone. Thank you for joining us on this call. I am now on slide 18 of the deck, which provides a summary of our financial performance.

As you can see, revenues for the quarter ended June of this year came in at approximately Rs. 1,092 crores. On a year-on-year basis, compared to the quarter ended June 2023, revenues are lower by about 3.7%. On a sequential basis, compared to the quarter ended March 2024, revenues have decreased by about 0.6%, indicating a fairly flattish performance with a small dip in rupee terms. Out of the Rs. 1,092 crores, around 72% of the revenues came from the BPM Segment (CX and technology services) while the remaining 28% came from the media business.

At the EBITDA level, margins are notably low at 1.5%. As we mentioned, certain one-off costs incurred in Q1 of this year resulted in the EBITDA margins declining for the quarter.

As I mentioned, these one-time costs will not recur going forward, so we expect margins to improve as we progress through the rest of the year. On a sequential basis, depreciation is fairly flat, with a slight increase in interest expense to about Rs. 56.4 crore compared to Rs. 50.6 crore. The bulk of the increase in depreciation came from IndAS. There is also an impact on interest costs. However, there has actually been a reduction in borrowings between March and June.

At the Other Income level, there is a drop of about Rs. 23 crores between the quarter ended March 2024 and the quarter ended June 2024. However, it is higher by about 11% compared to the quarter ended June 2023. On a sequential basis, there is a drop primarily because, in the quarter ended March 2024, there were profits from the sale of fiber-related and fiber optics assets by the media business. This was highlighted when we announced the results for the quarter ended March. That was a one-off transaction, resulting in other income being lower by about Rs. 23 crores between the quarter ended March 2024 and the quarter ended June 2024.

Regarding the PAT from discontinued operations, we have made the necessary disclosures on the publication page. You may recall that we sold our healthcare business in January 2022 and classified it as Discontinued Operations. There was one final installment of funds which has to be received, which we received during this quarter, resulting in net profits after tax of Rs. 218.5 crore.

For the quarter as a whole, total PAT came in at about Rs. 161.5 crore, compared to Rs. 16.6 crore for the quarter ended June 2023, representing a growth of almost 10x. It nearly doubled compared to the PAT for the quarter ended March 2024, which was close to Rs. 88 crores.

Moving on to slide 19, which summarizes the balance sheet. There is no change in the share capital as the buyback was completed in the previous financial year. The good part is that our DSO days have decreased from about 62 days for the quarter ended March 2024 to about 60 days for the quarter ended June 2024. Additionally, there has been a reduction in borrowings of about Rs. 198 crores between March and June. As you can see, the balance sheet remains strong, with a total net worth of about Rs. 7,819 crores as of June 2024.

Moving on to slide 20, which summarizes our cash flow. Our cash flows continue to be strong, and from operations after taxes, we have generated about Rs. 348 crores during the quarter. On the investment side, as mentioned in our earlier calls, the TekLink business continues to perform well. As a result of this performance, the sellers of TekLink were eligible for certain payments linked to earn-outs, leading to an outflow of about Rs. 127 crores during the quarter. Additionally, there has been a reduction in our borrowings during the quarter. Our total cash and cash equivalents stand at about Rs. 605 crores, excluding surplus funds in the form of investments and loans which I will address that separately.

On the next slide, slide 21, which details our total financial position. As mentioned, shareholders' funds stand at Rs. 7,820 crores, with a book value of about Rs. 1,681. Our gross debt is Rs. 1,107 crores, down from Rs. 1,306 crores as of March 2024, reflecting a reduction of about Rs. 198 crores between March and June. Our total net cash and treasury surplus, which is total cash net of debt, remains strong. We have about Rs. 5,177 crores of net cash and treasury surplus as of June 30th, an increase of about Rs. 164 crores compared to March 2024.

Moving on to slide 22, this is the operating revenue split. Out of the Rs. 1,092 crore, CX services accounted for about 57%, while digital and media services accounted for about 43%. Approximately 28% of the total revenues came from the media business, and about 15% from our digital and technology services.

Moving on to slide 23, if you see the pie chart on the left-hand side, this shows revenue by delivery. India continues to account for 42% of our total revenue, with 28% coming from the media business and the remaining 14% from our HRO business and services for international clients from India. The US accounts for 20%, the UK and Canada each range from 12% to 13%, and the Philippines accounts for 11%. The graph on the right-hand side shows that India accounts for about 36% of total revenue, including the media and HRO businesses. In terms of origination, the USA is at 30%, followed by the UK at 15% and Canada at 12%. Australia, which comes from the Diversify acquisition, continues to do well and now accounts for about 6% of total revenues.

Moving on to slide 24, this shows revenue by vertical. The technology, media, and telecom sectors account for about 55%. The public sector, primarily from the UK and some from Canada, accounts for 11%, followed by BFSI at 15% and consumer and retail at about 12%.

Moving on to slide 25, this covers client concentration. As we mentioned earlier, the media business has multiple clients, so it doesn't significantly impact client concentration since it's primarily a B2C business. However, with the broadband business picking up, we are seeing more B2B business. The top client accounts for about 10% of revenue from the technology, media, and tech sectors. The top 5 clients account for about 25%, and the top 10 clients account for about 34%. As you can see, client concentration is fairly low, with the top 10 clients accounting for only 34% of HGS's total revenues. Additionally, as mentioned earlier, DSO days have decreased from about 62 days in March 2024 to 60 days as of June 2024.

That's my last slide. I would now like to open the session for Q&A and hand it back to the moderator to moderate the session. Back to you, Darshan.

Moderator: Yes sir, thank you very much. We will now begin the question-and-answer session. The first question is from Hina Parekh, who is an investor. Please go ahead.

Hina Parekh: I have three questions. The first is about other expenses. Could you clarify the components that contributed to the increase in other expenses in Q1 FY25?

Srinivas Palakodeti: As he mentioned, we are investing in solutions for the subsequent growth of the business. Additionally, we have incurred costs related to severance and joining bonuses. These costs are considered one-time expenses.

Hina Parekh: Also on the other income, could you throw some light on the components included in the other income for this quarter as well as for the last quarter?

Srinivas Palakodeti: I am looking at the consolidated numbers. We had about Rs. 114 crores of total Other Income in June 2023 and Rs. 159 crores for the quarter ended March 2024. Out of this, for the quarter ended March 2024, about Rs. 50 crores came from the profit from the sale of fiber assets in the media division, and about Rs. 99.5 crore came in the form of interest income. The FX gain was actually a loss of about Rs. 6.4 crore.

For Q1 of FY25, interest income has increased to Rs. 102.3 crore, and there was an FX gain of about Rs. 8 crores compared to a loss of Rs. 6.4 crore in the quarter ended March 2024. These are the two significant changes. The lack of profit from the sale of fiber assets resulted in the drop in Other Income.

Hina Parekh: Okay, and just one last question. Can you please elaborate on the profit from discontinued operations for this quarter? And will such gain persist in future as well?

Srinivas Palakodeti: As I mentioned, we sold off the healthcare business in January 2022. One payment had been held back, and it came through during the current quarter. Taking into account the estimated expenses, we have recorded net profits of about Rs. 218 crores. We are not expecting any major costs associated with this, unless they are related to the healthcare business, which we might incur in the future. For instance, if we have given some indemnities and they get invoked, we would have to make some payments, incurring those costs. On an ongoing basis, we are not expecting any major costs related to the discontinued operation because, by definition, it is something we have discontinued, so it will be a one-off.

Moderator: Thank you. The next question is from Harshil Patil, who is an investor. Please go ahead.

Harshil Patil: Regarding GenAI, one major IT service company mentioned that implementing GenAI could lead to a productivity improvement of up to 50% in some BPO services. What are your views on this? Additionally, what are clients asking for in terms of quick feedback and productivity improvements today?

Partha DeSarkar: I won't be able to quantify the exact productivity improvement, as it is very case-specific. However, there will be a productivity improvement as we automate more processes. We have developed capabilities to design these automation processes using AI. Tasks currently performed by people will be handled by technology, and we will be compensated for the technology services. This is how I see this playing out.

Harshil Patil: Can you just put some light on the treasury surplus has increased from Rs. 5,013 crores to Rs. 5,177 crores. But could you provide clarity on how this fund will be utilized?

Srinivas Palakodeti: Hi, this is Pala. Harshil, as I mentioned, we received funds from the sale of the healthcare business, which has added to our treasury surplus. These funds will primarily be used for acquisitions in the digital, analytics, space. We previously discussed the acquisition of TekLink in February 2023. We are looking for similar acquisitions, and a small portion of the funds will also be used to grow our South Africa business organically. This is our strategy for business growth, either organically or through acquisitions.

Harshil Patil: Can you shed some light on the decline in BPM business revenue and the margins on YoY and QoQ business and what we can see in the business in coming quarters?

Partha DeSarkar: I mentioned that there is a bit of a slowdown in demand. As election uncertainties arise, we are seeing decision-making being deferred, which is causing this slowdown. We are hopeful that things will improve in the second half of the year, but it is somewhat uncertain at this point in time.

Moderator: Thank you. The next question is from Nikita Shah who is an investor. Please go ahead.

Nikita Shah: So, sir, as we can see media business has grown Q-o-Q and Y-o-Y basis. Could you please tell me what this growth was driven by?

Vynsley Fernandes: So, Nikita, if you recall from the FY23 calls, we paced ourselves and focused on growth last year. We aimed to significantly grow our subscriber base. We increased our broadband subscribers by over 20%-25%, nearly a quarter of our business, and grew our digital television (DTV) subscribers by about 8%. The benefits of that growth are now being seen in the consecutive quarters because every growth phase has a settling period.

What do I mean by that? For example, if you sign up for broadband tomorrow, we offer a 6-month pack with the first 30 days free, so the revenue gets booked later. The benefits of the revenues are realized later, and our entire focus in FY25 is on monetizing that growth and the customer base we have built. This is why you've seen a significant year-on-year revenue growth of about 35%. We are also continuing to push for profitability, and we are beginning to see not just green shoots but significant improvements on that front as well, Nikita. I hope that answers your question.

Nikita Shah: Yeah, it does. So, is this kind of growth sustainable in the coming future at 30%-35% growth that we observed today?

Vynsley Fernandes: So, Nikita, I'll put it slightly differently. I think it also depends on our focus areas. For instance, in a particular quarter, our focus may be purely on subscription growth, while in another quarter, it may be on revenue growth, and in a third quarter, it may be on profitability growth. We look at the opportunities that present themselves.

To give you an example, wired broadband has barely crossed 38 million homes, while there are close to 300 million homes in the country today. The Prime Minister's vision for digital inclusion is very clear, and we believe that broadband growth will continue to see significant double-digit CAGR growth over the next several years as digital inclusion becomes a reality.

We are pacing ourselves, focusing on sustainable growth and profitability, and looking at other areas that allow us to stabilize and then take the next level of growth. By and large, we have been doing this quite successfully in the last several quarters, and we hope to continue with this approach going forward.

Nikita Shah: Okay, that answers my question. I do have one more question. We have observed a significant increase in media segment liabilities on a quarter-on-quarter basis. What could be the reason for this rise?

Vynsley Fernandes: You're talking about the rise in the subscriber base or the rise in the revenues, Nikita?

Nikita Shah: Rise in the liabilities of the media sector.

Vynsley Fernandes: In the liabilities, okay. I'll leave that to Pala; would you like to answer that?

Srinivas Palakodeti: The increase in liabilities is primarily due to certain assets being on lease. As per IndAS 116, we have to account for leased assets and create corresponding liabilities

Moderator: Thank you. The next question is from Anuj Panwar from family office. Please go ahead.

Anuj Panwar: Could you provide an update on the current order book and the orders in the pipeline, please?

Partha DeSarkar: Well, I think I've answered this question. The pipeline is fair, to put it simply. It's not as robust as I would like, and I attribute this to uncertainties in macroeconomic factors and the upcoming election outcomes.

Anuj Panwar: And you had mentioned that the UK is performing better than expected due to the improved revenues. So, which other markets are doing well? Which ones are you targeting in the future?

Partha DeSarkar: Australia is also starting to do very well.

Moderator: Thank you. The next question is from Praveen Sharma from Sharma Investments, please go ahead.

Praveen Sharma: When we look at your plan to incorporate AI into your system, could you highlight how this might affect the attrition rate and provide an outlook for the future?

Partha DeSarkar: Look, I believe there is enough slack in the system for us to use AI to improve customer experience. You might be surprised to know that when you call a customer care line, especially in the Americas, the typical hold time is about 15 to 30 minutes before someone answers. Given this situation, I believe that AI, when conversational capabilities are fully developed, will be able to significantly reduce wait times for consumers. Therefore, I don't see AI displacing human beings. I believe that growth will happen together. It may slow down job growth, but it will not necessarily reduce the number of people we have today.

Praveen Sharma: My other question was, could you just give a breakup of your TekLink and diversify business revenue and EBITDA?

Srinivas Palakodeti: As far as TekLink is concerned, its revenue is in the range of about $8.3 million, with EBITDA margins of over 20%. In the case of Diversify, revenue will be around $7.3 million, and EBITDA margins, in the high teens.

Praveen Sharma: I just wanted to squeeze in one last question before I get done. Given your emphasis on attracting and retaining talent in the digital and tech domains, could we anticipate an increase in employee costs in the future?

Partha DeSarkar: That's a little hard to predict at this point of time.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. As there are no further questions, I will now hand the conference over to the management for closing remarks.

Partha DeSarkar: Thank you very much for joining us on our earnings call today. We look forward to having a similar session with you at the end of the second quarter, which will be sometime in mid-November.

Vynsley Fernandes: Thank you, everyone. This is Vynsley, wishing you all a Happy Raksha Bandhan. I look forward to our next call as well. Thank you again for your time today; it is much appreciated.

Srinivas Palakodeti: Thank you, everyone, for joining us on this call. Happy Raksha Bandhan! We look forward to seeing you and discussing our Q2 results in a few months' time.

Moderator: Thank you. On behalf of Hinduja Global Solutions Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

Note: This transcript has been edited to improve readability. For the sake of brevity, the edited version of the above content has certain abbreviations/abridgement of words and sentences.
