



August 16, 2022

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: Q1 FY2023 Earnings Call Presentation**

This has reference to our communication dated August 9, 2022 on Q1 FY2023 Earnings Call.

We wish to attach herewith the presentation being briefed at the today's Conference Call. The same is being available on the Company's website ([www.teamhgs.com/investors](http://www.teamhgs.com/investors)).

Kindly take note of the above.

Thanking you,

Yours faithfully,  
For **Hinduja Global Solutions Limited**

**Narendra Singh**  
**Company Secretary**

Encl : a/a.

**HINDUJA GLOBAL SOLUTIONS LIMITED**

Regd. Office: Hinduja House, No. 171, Dr. Annie Besant Road, Worli, Mumbai - 400 018. India. Telephone: 91-022-2496 0707, Fax: 91-22-2497 4208, Website: [www.teamhgs.com](http://www.teamhgs.com)  
Corporate Office: Gold Hill Square Software Park, No. 690, 1st Floor, Hosur Road, Bommanahalli, Bengaluru - 560 068. India. Telephone: 91-80-4643 1000 / 4643 1222

Corporate Identity Number:L92199MH1995PLC084610



HINDUJA GROUP



# HGS Earnings Call Presentation

**Q1 FY2023**

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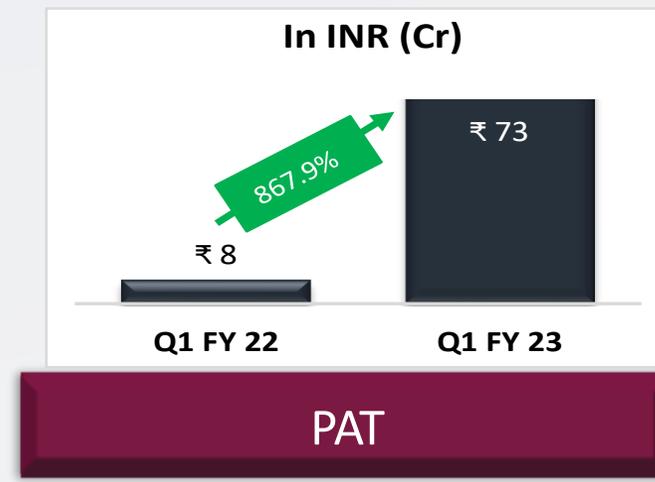
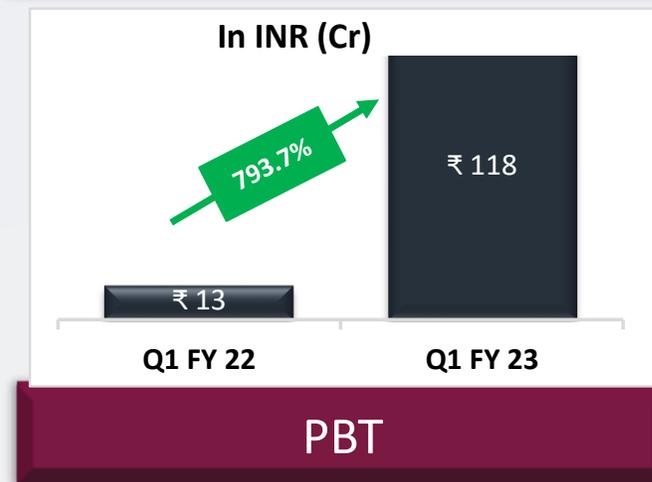
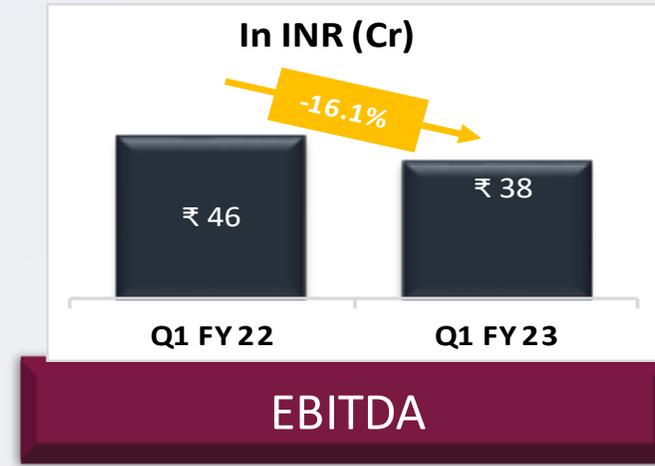
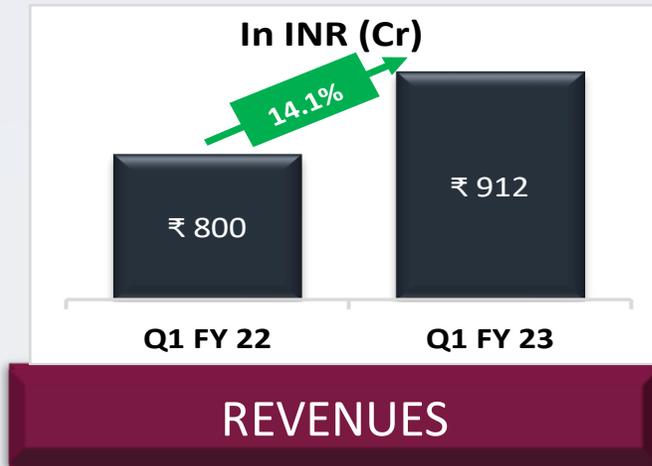
August 16, 2022

Certain statements in this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in the BPM industry including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-timeframe contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Hinduja Global Solutions (HGS) has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. HGS may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

# Highlights from HGS' Q1 FY2023 performance



- Strong revenue growth of **14.1%** YoY
- Net profit of **Rs. 73.3 Cr**, a **9x** growth YoY on like-to-like basis
- Robust demand for our customer experience (CX) services and digital solutions across all our geographies
- Continue to reward shareholders - Interim Dividend of **Rs 5/ share**
- Dividend outgo of **Rs 21 Cr**



*\*Note: All nos. are for HGS' retained business comprising its digital-enabled customer experience (CX) solutions and HRO/ payroll businesses.*

# Strong growth across businesses



## Overall good performance in Consumer Engagement Solutions business

- Onshore: the US, Canada and UK were above expectations
- Offshore: India, Philippines and Jamaica showed strong growth from existing accounts
  - Expanded seat utilization and set up a new center in Mysuru in July 2022 to meet increased demand

## Digital business continues its strong momentum

- Digital solutions business grew revenues by **57% YoY**
- Cloud & Security and Automation practices expanded significantly
- Contribution to overall HGS revenue up from 9.8% in Q1 FY2022 to **14.3% in Q1 FY2023**
- In June quarter, we signed **28** digital-led engagements across existing and new clients
- HGS focused on expanding solutions portfolio across RPA, cloud, analytics, AI and digital customer engagement
- Continue to add technologists and digital experts, primarily in India and the US

*\*Note: All nos. are for HGS' retained business comprising its digital-enabled customer experience (CX) solutions and HRO/ payroll businesses.*

# Diversify acquisition is doing well

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**Diversify Offshore, Australia (acquired in end-February 2022) is performing well –**

- Strong revenue growth of over **23%** YoY
- Delivered EBITDA margins of **22.4%** in June quarter
- Signed **8 new logos** since acquisition in end-February
- Healthy sales pipeline

# Real Estate Footprint Consolidation

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- With a significant portion of our employees working from home, we continue to consolidate our real estate globally
- Closed three centers in Q1 FY2023 – two in the US and one in Canada; two more centers to be closed in August 2022 in Canada. Annualised savings of **US\$0.64 mn**
- As of June 30, 2022, HGS had 35 global delivery centers across 7 countries
- HGS UK will move to a smaller site in Preston in Q2 FY2023, leading to annualised savings of around **US\$1 million**, effective Q3
- Post 30<sup>th</sup> June 2022, HGS has sold :
  - our property in London, UK
  - our property in Kentville, Canada

# Looking ahead

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- With a tightening macro-economic environment, HGS is cautiously optimistic
- Looking to drive aggressive growth for the rest of the year – higher revenue and improved margins
  - Expansion in the UKHSA account and offshore accounts
  - Real estate consolidation
  - G&A optimization
  - Paring down of ramp costs in the US and Canada
- Focus on –
  - Winning new clients through an integrated sales strategy
  - Strengthening digital-led capabilities, both organically and through acquisitions
  - Set up new centers in a hub & spoke model to leverage Work@Home
  - Recruit the best talent to meet evolving client needs

# Update for our Shareholders

The Hon'ble National Company Law Tribunal, vide its Order dated July 29, 2022, has directed to **convene the meeting of Equity Shareholders on September 02, 2022** for considering approval of scheme of arrangement for the acquisition of the media & digital business of NXTDIGITAL Limited by HGS

**Proposed Buyback of around Rs 975 cr**  
based on FY2022 audited financials will be announced at a later date upon completion of requisite approvals and in compliance of relevant provisions of the Companies Act, SEBI Listing Regulations and SEBI Buy-back Regulations.  
We expect this to take place in second half of FY2023.



# Financial Update

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# Q1 FY23 Vs Q4 FY22 Vs Q1 FY22

## Quarter Performance - Consolidated

Figures in INR Cr unless otherwise indicated

	Actual QE June 22	Actual QE Mar 22	QoQ Growth %	Actual QE June 21	YoY Growth %
<b>Total Revenue (In \$ Mn)</b>	<b>\$117.3</b>	<b>\$114.9</b> ↑	2.1%	<b>\$108.6</b> ↑	8.0%
Revenue from Operations	₹ 912.0	₹ 865.5 ↑	5.4%	₹ 799.5 ↑	14.1%
Other Operating Revenue	₹ 0.0	₹ 0.0			
<b>Total Revenue</b>	<b>₹ 912.0</b>	<b>₹ 865.5</b> ↑	<b>5.4%</b>	<b>₹ 799.5</b> ↑	<b>14.1%</b>
EBITDA	₹ 38.5	₹ 5.2 ↑	642.6%	₹ 45.8 ↓	-16.1%
EBITDA %	4.2%	0.6%		5.7%	
Depreciation & Amortization	₹ 47.6	₹ 33.4		₹ 30.5	
Interest Expense	₹ 5.1	₹ 8.6		₹ 6.2	
Other income	₹ 132.5	₹ 85.9		₹ 28.5	
Exceptional Items	₹ 0.0	₹ 1.7		₹ 24.4	
PBT	₹ 118.2	₹ 47.3 ↑	149.8%	₹ 13.2 ↑	793.7%
PBT %	13.0%	5.5%		1.7%	
Tax	₹ 45.0	₹ 48.1		₹ 5.7	
PAT	₹ 73.3	-₹ 0.8		₹ 7.6 ↑	867.9%
PAT %	8.0%	-0.1%		0.9%	
<b>Exchange Rate</b>	<b>77.73</b>	<b>75.33</b>		<b>73.62</b>	

YoY Growth  
9.0 % from Organic growth  
5.1 % from acquisition

Sequential Growth  
2.5% from Organic growth  
2.9% from acquisition

Q1 FY23  
Other Income (in INR) :  
Forex fluctuation : 66.05 Cr  
Interest etc: 66.45 Cr

\*Note: All nos. are for HGS' retained business comprising its digital-enabled customer experience (CX) solutions and HRO/ payroll businesses.

# Dividend Up from Rs 7/share to Rs 5/share (post 1:1 Bonus)

	Standalone		Consolidated	
	Q1FY 22	Q1FY 23	Q1FY 22	Q1FY 23
	Rs Cr	Rs Cr	Rs Cr	Rs Cr
PAT	78.04	89.65	117.02	73.27
Dividends	14.62	20.90	14.62	20.90
Payout	18.7%	23.3%	12.5%	28.5%
No of Shares Cr	2.09	4.18	2.09	4.18
Dividend/share in Rs	7.00	5.00	7.00	5.00

# Summary Financial Profile

Particulars	HGSL	
	<i>in INR Cr (Except per share data)</i>	<i>in USD Mn (Except per share data)</i>
<b>Net Worth</b>	<b>7,982</b>	<b>101.0</b>
<b>Book value per share</b>	<b>191</b>	<b>2.4</b>
<b>Price per share</b>	<b>1,346</b>	<b>16.9</b>
<b>Dividend per share</b>	<b>5.0</b>	<b>0.1</b>
<b>EPS (TTM)</b>	<b>89.2</b>	<b>1.2</b>
<b>P/E Ratio (TTM)</b>	<b>15.1</b>	<b>15.1</b>
<b>Gross Debt</b>	<b>2</b>	<b>0.0</b>
<b>Total Cash</b>	<b>3,372</b>	<b>42.7</b>
<b>Net Cash</b>	<b>3,371</b>	<b>42.7</b>

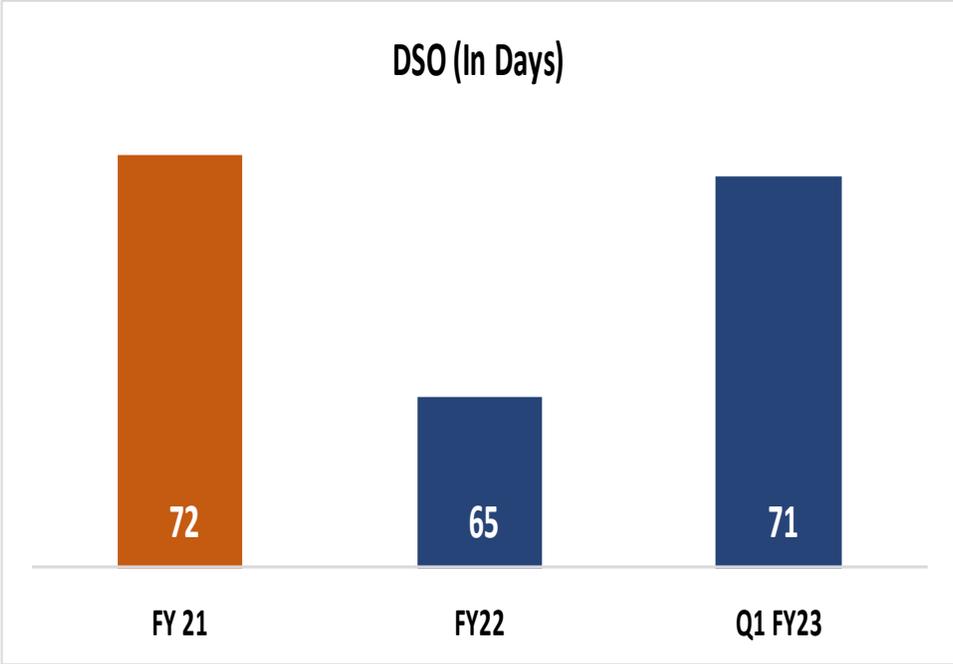
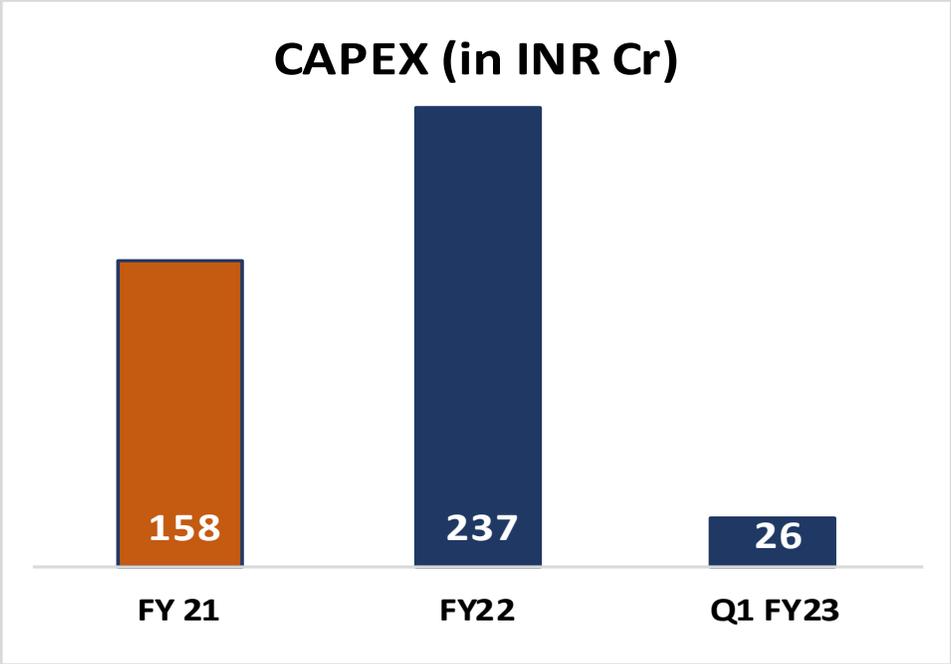
- P/E calculated as per CMP of Rs 1345.75 (Aug 12, 2022)
- USD/INR exchange rate

75.44	for the TTM
79.03	month end-June
79.63	Spot Rate- for share price calculation

# Debt & Treasury Snapshot

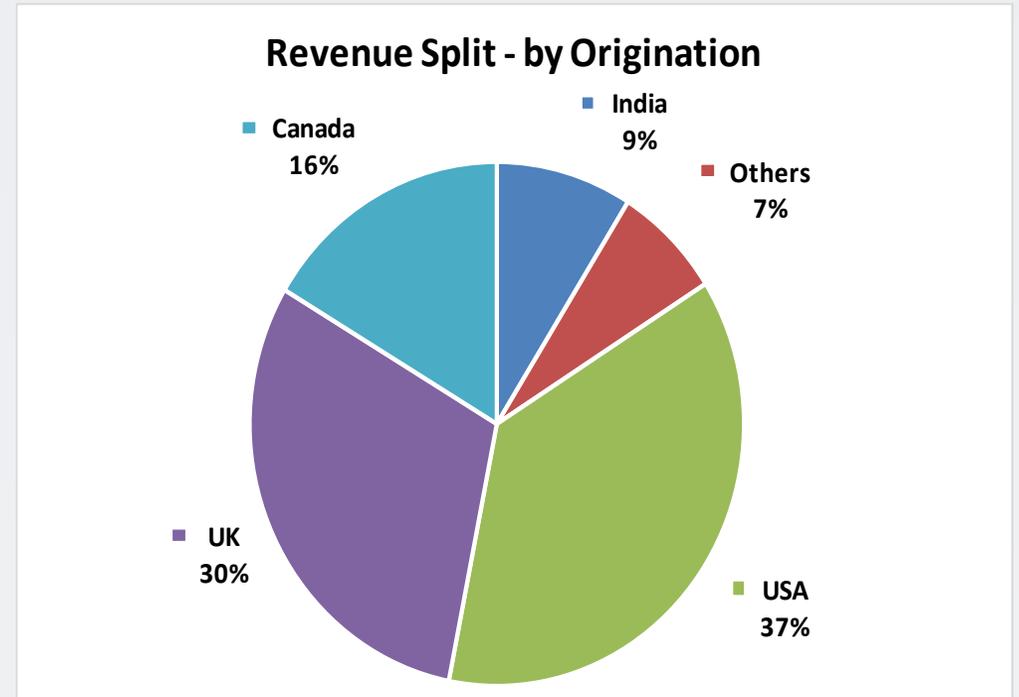
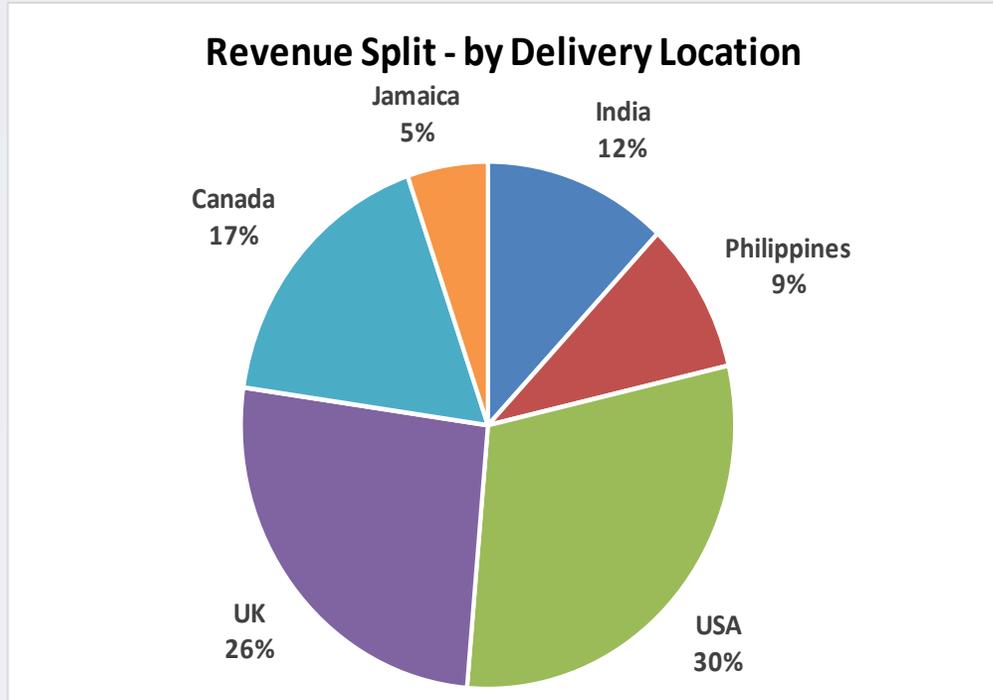
	As on 31 <sup>st</sup> March 2022 (in INR Cr)	As on 30 <sup>th</sup> June 2022 (In INR Cr)
Debt	3	2
ICDs to Related Parties	1,125	1,215
Cash	3,521	3,372
Debt Investments	2,467	2,568

# Other Key Parameters



\*Capex for FY 21 and FY22 include capex for the erstwhile healthcare business.

# Revenue Composition

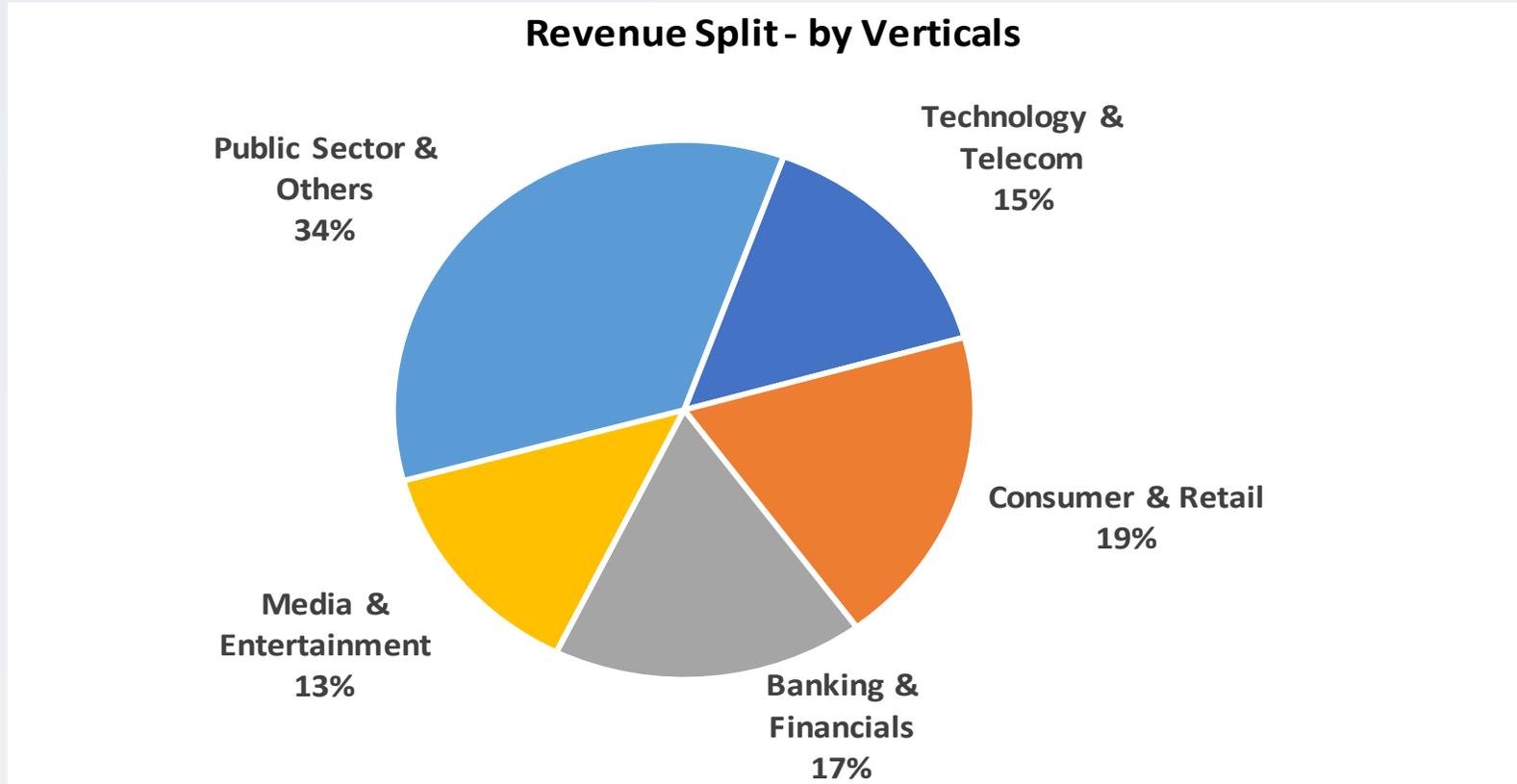


**Q1 FY2023**

\* Others Include revenues originated from Philippines, Jamaica & Diversify

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# Revenue by Vertical



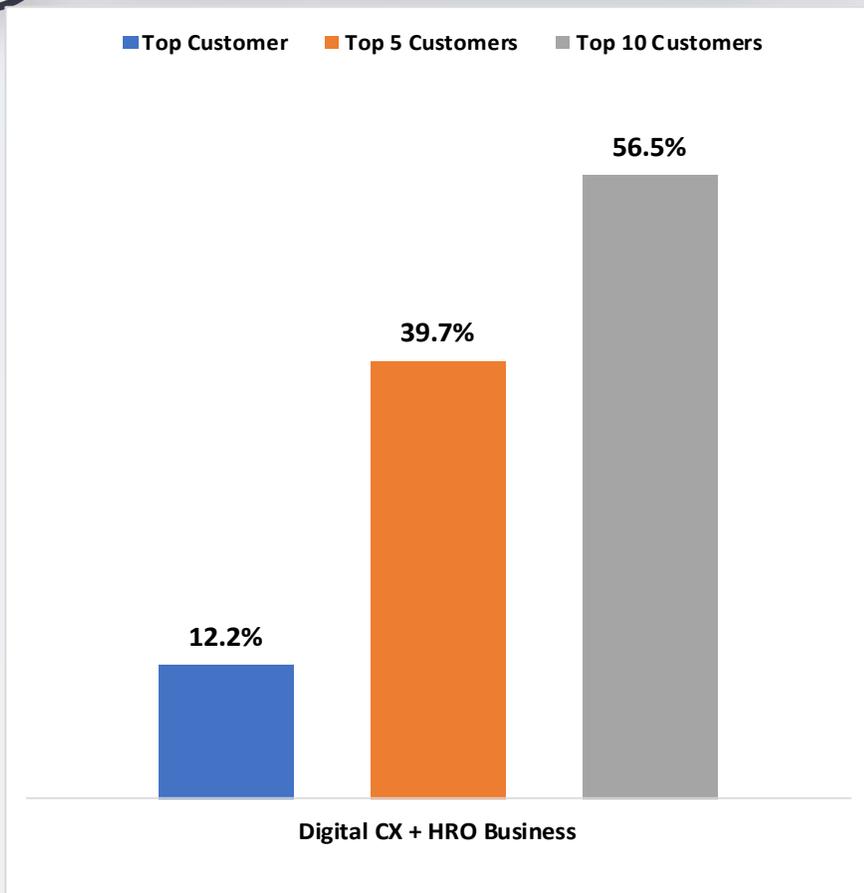
**Q1 FY2023**

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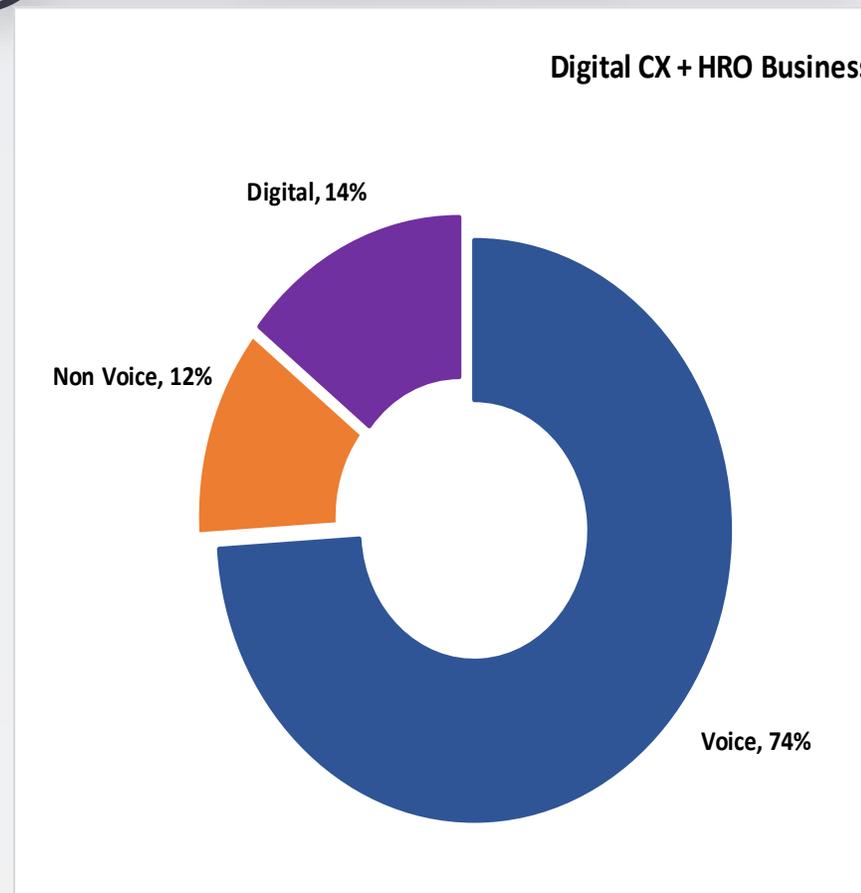
Q1 FY2023



## Client Concentration



## Channel Mix



\*Note: All nos. are for HGS' retained business comprising its digital-enabled customer experience (CX) solutions and HRO/ payroll businesses.

# HGS Share : Performance vs CNXIT and NIFTY 50



# Transaction with NXTDIGITAL (Subject to necessary approvals)



Acquisition of NXTDIGITAL media & digital business approved by Boards of HGS and NXTDIGITAL

in Feb 2022

Post receipt of direction of Hon'ble NCLT, the meeting of Equity Shareholders of HGS is being convened on September 2, 2022 to consider the Scheme of Arrangement.

On Completion of the transaction with NXTDIGITAL :

Share capital of HGS will increase from 4.179 Cr shares to 5.248 Cr shares

NXTDIGITAL shareholders would own 20.4% of shares of HGS

Shareholders of NXTDIGITAL to receive 20 Shares of HGS for every 63 NXTDIGITAL shares held

Promoters' holding would drop from 67.13% to 66.63%



**Thank You**

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