



June 6, 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 May 31, 2024**

This is in continuation to Q4 FY2024 Earnings Call of Hinduja Global Solutions Limited held on May 31, 2024.

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, we wish to attach herewith the transcript of Q4 FY2024 Earnings Conference Call of the Company held on May 31, 2024.

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

Thanking you,

For **Hinduja Global Solutions Limited**

**Narendra Singh**  
**Company Secretary**  
**F4853**

Encl : As above

**HINDUJA GLOBAL SOLUTIONS LIMITED.**

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**Hinduja Global Solutions Limited**  
**Q4 and Full- year FY2024 Earnings Conference Call**  
**May 31, 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

Mr. Lakshmi Narayanan CS – Chief of Staff **NXTDIGITAL** and CFO, ONEOTT iNTERTAINMENT Limited

**Hinduja Global Solutions Limited**  
**Q4 and Full- year FY2024 Earnings Conference Call**  
**May 31, 2024**

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**Moderator:** Good evening, ladies and gentlemen. A very warm welcome to the Q4 and Full- year FY2024 Earnings Conference Call of Hinduja Global Solutions Limited. 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 pressing \*, then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Snighter from Adfactors. Thank you, and over to you, sir.

**Snighter:** Thank you. Very good evening, everyone, and welcome to the Earnings Call of Hinduja Global Solutions Limited for the fourth quarter and financial year 2024. From the senior management we have with us today, Mr. Partha DeSarkar – Whole-time Director and Group CEO, Mr. Vynsley Fernandes – Whole-time Director, HGS and Head of Digital Media Business, Mr. Srinivas Palakodeti – Global CFO and Mr. Lakshmi Narayanan CS – Chief of Staff, **NXTDIGITAL**, and CFO, **ONEOTT ENTERTAINMENT Ltd.**

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 may involve risks and uncertainties, including those related to future financial and operating performance.

Please bear with us if there is a call drop during the course of the call. We would ensure the call is reconnected at the earliest. I would now like to hand over the call to Partha Sir for his opening remarks. Thank you, and over to you, sir.

**Partha DeSarkar:** Thank you, and very good afternoon to all of you. I am on the investor presentation deck, Slide #4, that has been circulated and is also available on the website. I am happy to announce that we have entered into South Africa, the Rainbow Nation, as it is called. We have just incorporated a new subsidiary called Team HGS South Africa as of March 2024. We expect to start operations in either Q2 FY2024 or Q3 FY2024 with a center in Cape Town, and we are expecting to be able to support clients, primarily from the UK, North America, and Australia from Cape Town. South Africa is quite a mature destination so far as international outsourcing is concerned. It is a preferred delivery destination for the UK, North America and Australia based clients. It has a good reputation for having a very well-educated workforce, and Cape Town itself has about 80,000 full-time employees to support international clients and creates about 10,000 new jobs every year. We are very happy to finally make our footprint in South

Africa. It has been something that we have been considering for a while, and we should be able to start off within this calendar year.

I will move to Slide #5 now. I am very happy to announce that we started our Cybersecurity practice. It is something that we announced about a month ago. It is the most comprehensive cybersecurity solutions suite for the market. As all of you know, with artificial intelligence making such a big splash with businesses worldwide, concerns about the security and protection of data, privacy, and other matters are becoming issues of paramount importance. So, our cybersecurity solutions are - Secure Artificial Intelligence, Security Testing, Digital Forensics, vCISO, and Staffing (vCISO means virtual CISO), SecOps Automation and Soc-as-a-Service. Security Operating Center is an acronym for Soc. There is a large market for these services across industry verticals, and we believe that it is going to be a very attractive target market for all of us. And this obviously leverages cutting-edge technologies to secure many AI and ML applications that are rapidly gaining ground this year.

A quick recap of a fairly busy year that has happened in HGS. From a shareholder's perspective, we completed our first ever buyback. 60 lakh equity shares were bought back at a price of Rs. 1,700 per share, and we returned about Rs. 1,020 crore to shareholders. I am also very pleased that we were able to announce a dividend of Rs. 7 per share, which turns out to be a payout of 25% of our consolidated profit after tax. You also know that last November, we launched our center in Barranquilla, Colombia, to provide support in English, Spanish, Portuguese for North American clients. I am happy to announce that particular center is almost full, and we have about 200 people working for us there.

We have deepened our capabilities in Artificial intelligence and generative AI, we are setting up labs in Bengaluru and in the US for multiple CX-driven use cases. We have also developed our own proprietary platform, HGS Agent X, and I am happy to report that it has now been deployed across 16+ clients. You also know that in the Americas and the UK, almost 95% of people work from home, as a result of which, through the last two years, we have been trying to consolidate our brick-and-mortar footprint to the bare minimum that is required to support a hybrid workforce. We have continued in that, and have shut down four centers during this whole year.

I am also very happy to report that **NXTDIGITAL** launched CelerityX, a comprehensive suite of Enterprise WAN solutions for Indian enterprises, very excited about that. And Vyns, my colleague, will cover that in greater detail. And the subsidiary OIL has completed a majority acquisition of 51% of leading Mumbai-based ISP Seven Star's broadband business.

Onto Slide #7. Our other income has increased by almost 62%. And profit before tax has also moved on a positive trajectory, showing a very sharp improvement.

Coming to Slide #8, a comparison of FY2023 with FY2024 shows a very good improvement in operating revenue and even better performance in operating EBITDA, with operating EBITDA improving by 45.8%. Other income has, however, come down slightly to the extent of 6%, and our CFO, Palakodeti, will cover that in greater detail. There is no reason to be concerned about that.

Coming to Slide #9, as you know, acquisitions have been a significant part of our growth story historically. We just completed our anniversary of acquiring TekLink, which we acquired in March 2023. I am happy to report that TekLink has performed very well. Its revenue for FY2024 was US\$36.6 million, with an EBITDA of 23.9% for the fiscal year. We are making good progress on cross-selling opportunities and have signed several engagements with existing HGS clients. Similarly, we are also able to sell HGS services to TekLink's clients. Our other acquisition in Australia, completed in March 2022 has also performed well. In FY2024, revenue grew by 26.3% on a year-on-year basis, but more spectacular was the improvement in EBITDA, which grew by about 35.4% for the year.

Moving to Slide #10, we are transforming our CX operations using applied analytics and AI, at a very high level. We are customizing our horizontal solutions for fast-growing verticals and are in the process of shortlisting a few verticals that we are going to strengthen and focus. Our AI-led process management solutions includes deploying many Agent X licenses and Gen AI platforms to improve the customer journey. We have spent a significant amount on building up and scaling our sales teams across North America, the UK, and Australia, in the hope of capturing a fast-growing market driven by the advent of AI. Our pipeline looks promising. We had a slightly slow year last year; 2.5% revenue growth is not spectacular, but we hope that with the scaling up of our sales engine across the three major geographies, our growth in the coming year will be much better than it was last year.

With that, I am going to hand it over to my colleague, Vyns Fernandes. Vyns, over to you.

**Vynsley Fernandes:**

Thank you, Partha, and good afternoon to everyone. I hope everyone can hear me loud and clear. I am going to go straight to Slide #12, but before I actually talk about it, let me remind you of our last FY2023 call. We spoke about how we were going to leverage as part of HGS, the incredible Pan India network that we have built and the infrastructure that we have built for the way forward, which is driving retail broadband, enterprise class solutions and commercial broadband as well and being part of the future growth of this country and the digital inclusion that the government has been pushing so hard. We are very delighted that CelerityX, which we launched just a year ago, well actually less than a year ago, set up specifically with very unique and innovative products ranging from SD-WAN and security to broadband-over-satellite and network as a service solutions has been able to make significant inroads.

The solution is one of the first products we developed in synergy with the HGS Tech team and NXTDIGITAL. This solution, called OneX, which we launched recently, has already gained

significant traction. It is a very interesting product. Just to give you a very quick background on the challenge for smaller banks or credit societies, I am sure you know India has a very strong network of cooperative credit societies; the moment you step out of the cities, cooperative credit societies remain the main backbone for financial transactions, and often they face challenges of data security, challenges from threats from networks, etc. And this product, OneX, that has been launched, is a unified network-as-a-service solution. It will benefit even the smallest of credit societies because this essential service to prevent cyber-attacks in the network infrastructure is now available to them at a democratized price. We are looking at extending this to many credit cooperative societies in the country.

We are very delighted that a few months ago, we entered into a strategic partnership with Maharashtra State Cooperative Credit Societies (MAFCOCS), and this partnership allows us to offer our services to over 40,000 branches of MAFCOCS' cooperative credit societies in the state, with the potential to expand to about 100,000 branches nationwide. So, we have already very proudly received our first order from Samata Sahakari Patsanstha for its branches across Maharashtra. We are in the process of implementing that project, and we believe it will set the tone for credit cooperative societies nationwide to adopt best-in-class technology without incurring significant costs. So, this is a fantastic product.

And if you look at Slide #13, it has seen a lot of traction in the media as well, because clearly you can see that the input or the objective of this product will be a gamechanger going forward for cooperative credit societies. That is something we are very proud about.

If I go to Slide #14, and as my colleague Partha mentioned, I will come back to retail and commercial broadband. This has been the driver for us in this fiscal's impact. We have continued to push broadband as the mainstay because while India may have ~200 million homes, barely about 35 or 38 million actually have a wired broadband connection. The potential to grow and improve our pool is very significant, and even a company as large as Hinduja Global Solutions needs to have strong partnerships to be able to penetrate such a huge expanse of market that is available. So, one of the steps we took was to complete a majority acquisition of the leading Mumbai-based ISP Seven Star's broadband business. They are very strong in the western suburbs of Mumbai and the rest of Maharashtra, and we have already acquired a majority stake and are already growing the business. It is not just focused on increasing broadband penetration but also on ideas to offer customers a much wider portfolio.

We are currently, even as we speak today, testing our IPTV solutions, which give you a digital television or a cable television-like experience using Internet protocols. Of course, as you know, OTT is already available from us. We have an aggregated product called **NXTPLAY**, and we have extended this relationship also to Triple Play, a very strong player in the National Capital Region across Delhi and the entire NCR. And more importantly, I think what attracted us was the strength of Triple Play in the commercial hub of Gurugram. You have so many companies there; they are all looking forward to high quality of service, and we are working very closely with

Triple Play to elevate the quality of service that we provide. This relationship is a strategic alliance, and we are looking to engage in further strategic alliances across the country to be able to offer customers not just the quality of service but also a wider portfolio of services.

Again, like we delivered in the case of CelerityX, if you look at Slide #15, it was very well received by the media in terms of coverage all across the country, and that shows that we are on the right track with all the foundation that we laid in FY2023 and that has already started to pay off handsome dividends in FY2024. If you go to Slide #16, as they say, the evidence of all the efforts should be in the results, and I think the results are very obvious for everyone to look at. We have looked at our broadband subscriber base. And I am talking about the retail base growing from about 1 million customers last year to about 1.22 million this year, which is a humongous 23.8% growth in a year. And we have been able to control broadband churn with a very well-marked approach in terms of growth. Now, that is also a result of the quality of service.

Similarly, in our digital television subscriber base, a couple of questions have come up in the past about the future of digital television. There is still significant headroom in Tier-3 and rural markets where penetration of digital television is still highly limited, and **NXTDIGITAL** has the unique advantage of having the only Headend-In-The-Sky platform where we can deliver digital solutions through satellite. So, effectively overnight, anyone in the most remote area of India could install this service and pretty much go live. And we have seen traction on that as well, with the base growing by just over 8% year-on-year to about 4.43 million. But I think what is really notable about this is the second piece, which is the churn. The industry level we know is significant double digits annually, in the low 20s or mid 20s annually, and we have been able to buck the trend and literally half that. So, overall, if I had to step back a bit and say that the objectives that we set out for FY2024 were on course, yes, we were. We looked at three clear aspects. We looked at CelerityX as our future driver for high-value, low-volume enterprise customers. That has taken off brilliantly, launching OneX and signing up with MAFCOCS. It has achieved its objectives. Retail broadband has seen significant traction, which is our volume driver for being able to grow retail broadband across the country, and the third vertical, which is digital television, has continued to make inroads into markets that are still underserved to a great extent, Tier 3 and rural markets. So, overall, like I said, we have focused hard and been able to achieve that, and we hope to continue on this trend going forward. Thank you very much for joining us today on this call. Truly appreciate that.

With that, I am going to hand it over to my colleague Pala, who is the Global CFO for the business. Pala, over to you.

**Srinivas Palakodeti:**

Thank you, Vyns. Good afternoon, everyone. Thank you for joining this call, and welcome once again. I am on Slide #18 presenting the results for Q4 FY2024. As you would see on a year-on-year basis, our revenue from operation has increased by 2.7% for Q4 FY2024 compared to Q4 FY2023. Our other income is also up by about 62% on a year-on-year basis, but the growth in

revenue at the overall level may look soft. I think the focus I would like to draw your attention to is the operating EBITDA numbers, which excludes the other income. There has been a substantial growth. EBITDA at Rs. 66.2 crore is about 82.5% higher than Q4 FY2023. And this has clearly led to a significant improvement in the EBITDA margins. Our operating EBITDA margins are up from about 3.4% (Q4 FY2023) to 6% in Q4 FY2024. So, clearly, as both Partha and Vyns mentioned, there is a lot of focus on improving the margins of the business, while revenue growth may be slightly on the lower side.

Moving on to Slide #19, this is the full-year performance. Again, revenue from operations has grown by 2.5%. As a couple of drivers, we have taken a conscious decision to reduce the onshore revenues in markets where profitability is less. We are encouraging our clients to move from onshore to offshore delivery locations like India and the Philippines. So, clearly, while the profitability improves, as these clients move work from onshore to offshore, there is a reduction in the billing rates and margins, and hence the revenue growth will look muted, but if you focus on the operating EBITDA line at the bottom of the table, it is a very good story. Operating EBITDA has improved close to 46% on year-on-year basis and at the overall level, our Operating EBITDA margins have expanded again significantly from 5.4% (FY2023) to 7.7% (FY2024).

As Partha mentioned, there is a reduction in other income between FY2023 and FY2024 due to three drivers. First, we had FX gains of about Rs. 57 crore in FY2023, which has come down to about Rs. 20 crore in FY2024. Second, in FY2023, Partha mentioned that we had done some rationalization of real estate. We also sold off a couple of properties outside India, and clearly there were capital gains from that, which all sit under other income. So, these are the two broad drivers for the drop in other income, lower FX gains and lesser amounts from the sale of property, leading to a drop of roughly about Rs. 30 crore. This has resulted in a slightly lower PBT. The PBT drop is largely due to the drop in other income because EBITDA has clearly increased substantially. Thirdly, last year, we did have some benefits from profits from the discontinued operations or sale of the healthcare business, and so the total PAT for the period last year was Rs. 334 crore, and also the tax reversals line was much higher. At a PAT level that has come down from Rs. 334 crore to Rs. 131 crore in FY2024. But clearly, we are very happy with the overall results, given that there is a strong improvement in the operating EBITDA, which puts us in a good position to grow next year.

Moving on to Slide #20, this is the balance sheet and a couple of callouts. You would see on the share capital, there is a reduction from Rs. 52.5 crore (FY2023) to Rs. 46.5 crore (FY2024). That is clearly because of the buyback of 60 lakh shares. Partha had mentioned this, which was completed in June 2023. The DSO remains strong and unchanged at 59 days, which is par for the business that we are in. There is nothing major to call out from a cash flow perspective, as just to highlight, Rs. 1,254 crore was the outgo on account of the buyback and the taxes of the buyback that were incurred by the company.



Moving on to Slide #22, we have a strong balance sheet. Our net worth is about Rs. 7,643 crore. Gross debt is about Rs. 1,306 crore, and we have a net cash and treasury surplus of about Rs. 5,013 crore. Given the low debt and the large equity base, from a gearing ratio and leverage ratio point of view, we are in a very strong position. And we have about Rs. 6,408 crore of surplus cash in the form of investments, loans, and bank balances. After adjusting for borrowings of about Rs. 1,305 crore and things like unpaid dividends, we have a net surplus of about Rs. 5,012 crore, which is available for funding future growth.

Moving on to Slide #23, this is how our revenues are generated for Q4 FY2024. We have about 50% coming in from the BPM business, 37% coming from digital services, which include the digital media business, and 13% coming from other income.

Moving on to Slide #24, on a full-year basis, our BPM accounts for 55%. The digital services, including digital media, account for about 36% and 9% is from other income.

Moving on to Slide #25, on the operating revenue composition slide, if you look at the table on the chart on the left, in terms of delivery location, India is obviously the highest at 42%. This includes the digital media business as well as the work we do in India to service our clients from the US and UK. The US accounts for over 20%; this is the part that has come down significantly as we are shrinking the US onshore business. And Canada, the Philippines, and the UK are the next biggest geographies, accounting for 14%, 10%, and 9%, respectively. If you look at the table on the right-hand side, that is the revenue by origination. The India business is 34%, which is primarily the digital media business and our HRO business. Then, the US is the second largest at 33%, both onshore and offshore, followed by UK and Canada at 13% and 14%, respectively. And as Partha mentioned, our Diversify acquisition is doing well and growing rapidly, and hence it accounts for over 5% of our revenues for the quarter.

Moving on to Slide #26, a similar view. This is for the full-year basis. I think there has not been much change, so I won't spend too much time on Slide #27. If I go to Slide #28, this is our revenue by vertical for FY2024. Clearly, the media accounts for the largest share at 32%. This consists of the media business in India as well as clients in the US and Canada, followed by consumer & retail at 20%, BFS at 14%, and technology at about 13%. The public sector is 9%, primarily from clients we have in the UK and one Canadian client.

Moving on to Slide #29, this is the client concentration for FY2024; we are in a comfortable place there. The top customer accounts for 9%, the top five will account for about 26%, and the top 10 will account for about 37%. So, we have a fair amount of wide diversity in terms of clients who account for the remaining 63%. In terms of DSO days, there has been no change; it has remained at 59. So, we are good from revenue generation as well as from a collection point of view, and the DSO days are for the overall company, including the BPM and media businesses. That is all I had in terms of presentation, so now we would like to open the floor for questions and also use this opportunity to hand it back to the moderator.

**Moderator:** Thank you very much. We will now begin the question and answer session. First question is from the line of Narendra Gandhi, an Individual Investor. Please go ahead.

**Narendra Gandhi:** Could you give some qualitative view of how we should see growth and margin for broadband and digital TV business?

**Vynsley Fernandes:** Narendra, the broadband business, the challenge in giving you a qualitative aspect as such is because there is such a wide range between 10 Mbps pricing and 1 Gig pricing. And I will try to kind of sum it for you when you look at an average revenue per user, etc., right, ARPUs in the key cities, strangely enough are actually plateauing out, whereas ARPUs in Tier-2, Tier-3 and Tier-4 markets are actually growing because of the lack of a qualitative service in those markets. So, people are willing to pay more for a better quality of service available to them there. Therefore, you will end up as high as about 35% in terms of effective margins in markets like those, whereas in the city markets, you will probably go down to anywhere between 16% to about 25% to 28%. I am giving you the industry kind of approach. From our perspective, we have always promoted a mix. So, in the cities, we try not to sell broadband on its own as an individual product. We bundled it along with an OTT aggregator service or we bundled it along with our digital television platform, which is already available. From a growth perspective and the kind of horizon that we are talking about like I said, we have seen a 23% growth already year-on-year, would we continue with that aggressive growth? I will actually give you a slightly different answer. What we would like to do is every time we grow, there is a following up harvester mechanism. So, there is a hunter mechanism which has now been put in play, which is to grow the business by 23%. Then there is a harvester mechanism, which focuses on improving the value delivered to that customer and therefore getting a greater share of revenue, pushing ARPUs up by offering IPTV, pushing ARPUs up by offering OTT and other bespoke services. I hope I was able to kind of give you a sense of that.

**Narendra Gandhi:** Also, I wanted to ask that, going ahead, is it that broadband would entirely compensate for the degrowth in the digital TV business, or do you still feel there is a good amount of growth left ahead for this segment?

**Vynsley Fernandes:** So, Narendra, I believe and not just believe, belief is one thing, as they say, results are another thing. If you look at the deck that I presented and go to Slide #16, our DTV base has been increasing, and this is a unique reason for that. The degrowth that you are talking about often happens in cities where people at some level, at the top level, kind of move to OTT and don't necessarily renew it for the second television and third television at home. So, they have three TVs; they will switch to OTT, and they will retain only one TV on a DTV, digital television service. For us, we are unique as we have the Headend-In-The-Sky platform, and we are the only company in the country today to have the Headend-In-The-Sky platform. Our growth has been seen in markets that are Tier-3 all the way down to rural. So, growth for us has been seen in distant markets, in eastern parts of Uttar Pradesh, and underserved areas of Andhra and Telangana, Maharashtra, and certain regional pockets, so growth will continue to happen. Will

it be the heavy, rapid growth that you saw in the years earlier? No, definitely not. But I think from our perspective, when you look at the industry and the industry is actually showing some level of degrowth and we are actually showing growth, it now reflects clearly on the delivery mechanism because it is easier to go via satellite to a customer in a remote location than to go on a wired basis to customers, so digital television will continue to grow. Having said that, we are very clear that all the verticals have to grow in parallel, but in terms of focus, our focus for the next few years or the next several years is how to accelerate our broadband subscriber base because we believe that is where the value creation is significantly increased while digital television continues to provide that really strong, rock-solid foundation of being present in multiple pin codes, 4500 pin codes in the country.

**Moderator:** Thank you. Next question is from the line of Vivek Jhala from Jhala Family Office. Please go ahead.

**Vivek Jhala:** I just have three quick questions. The first one is, if you could speak about your Headend-In-The-Sky technology basically, what are its key USPs compared to DTH and so on?

**Vynsley Fernandes:** Headend-In-The-Sky (HITS) is a very unique technology, and Comcast is a great example of it in the US. See, why is HITS very relevant for a country like India? There are three or four reasons why HITS delivers a signal like your DTH; it delivers a signal via satellite. So, wherever you are in the country, wherever you are in the geography of India, you can receive this service. This signal is from the satellite over India, but what makes it unique is that this service is in C-Band as against KU-Band, which DTH is in, and which therefore does not get affected by or does not suffer significantly from rain attenuation. C-Band is a particular kind of band that doesn't get affected. That is the second thing. Third, why does it make it unique is that our entire focus is that rather than increasing the cost to consumers, we work more on a DTN model, which is direct-to-network where all someone has to do in, let us say, a hamlet or a village of 500 homes is that the local cable operator has to invest in the technology, which is nothing but the size of a refrigerator. And he puts dishes that receive the signal, and he redistributes them to his entire village, entire town, or Mini Township. So, it is very unique in the aspect that it doesn't require... I do not need to connect my Mumbai digital headend or my Delhi headend to these locations physically by fiber, and therefore be subject to the vagaries of whether fibers are getting cut on highways. Don't forget that in India, we are significantly investing in infrastructure work, so you have highways being built, bridges, and tunnels. So, there are a lot of variables and a lot of impact or challenges to terrestrial fiber. I am talking about Intercity. So, delivering signals via satellite is definitely a huge advantage, and that is one of the key reasons, Vivek, why we have seen traction on the digital television subscriber base.

**Vivek Jhala:** Second question is what would be your strategy ahead with regards to the net cash and treasury surplus that you have?

**Srinivas Palakodeti:** Clearly, we are a net cash company. And as you have seen, we have made acquisitions. So, we sold healthcare business and acquired Diversify company in Australia, have acquired TekLink business recently. We have also made investments in Seven Star, and we are also using the cash for organic growth. We have started operations in Colombia, and as we mentioned at the beginning of the call, we are soon going to start operations in South Africa. So, it is going to be used as a combination for organic growth as well as for acquisitions, which will be strategic in nature and add to our overall capabilities and offerings.

**Vivek Jhala:** And this is the last one. Has our business mix changed substantially over the last few years from traditional CX to more digital operations? And if you could just shed some light briefly on each of these segment mix?

**Partha DeSarkar:** So we have that on one of the slides. If you look at Slide #24, you will see that the total income has been split in percentages. So, the BPM business now constitutes only 55% of our revenues, whereas the digital service is about 36%. So, that is the current mix, and we expect that the digital services as a percentage of revenues, are going to grow both organically and inorganically. You will find that our share of only labor arbitrage driven services will go down as we implement more transformative solutions around Gen AI, artificial intelligence, and the new technologies such as cybersecurity and all of that. As we do more of these, our traditional revenue stream, which used to be almost all labor arbitrage driven is going to go down.

**Moderator:** Thank you. Next question is from the line of Hina Parekh, an Individual Investor. Please proceed.

**Hina Parekh:** Firstly, congratulations for good set of numbers, and I had one question, if we see the results, there was a substantial turnaround in your media business margin, so what could be the key drivers for this growth?

**Vynsley Fernandes:** Like I said earlier, I mentioned Hina that we set ourselves on a commitment last year, right, and the commitment was to build three clear pillars - to ensure that digital television, which very often, some people unkindly refer to as a sunset sector, but failing to note that India is not just India but India is Bharat, in that the markets that are way outside of cities, and that is where there is significant growth and there is significant aspiration and disposable income. And digital television has been growing there significantly, which shows the approach that we followed has been successful. Secondly, we were very clear that broadband must be a driver but at a level of quality; customers are willing to pay more as long as they have a significant quality of service being provided to them. And again, in Tier-2, Tier-3, Tier-4 markets, we have been able to look at developing solutions and therefore pushing up the quality of service and therefore ensuring that we are working on, not necessarily working on wafer thin margins, but working on margins that we believe are our right. If you are providing a high quality of service, then we should be able to provide it and get paid for it as well, and customers are very happy to do that. The third thing is that, from a CelerityX perspective, we believe that the enterprise business

will drive that aspect and will drive significant large projects. We have signed some very large projects since last fiscal year. We hope to continue that, and yes, we have had some aspects of other things that we have done, like fiber transfers, etc. So, by and large, I think we are on the right track to do what we set out to do last year. And I think, from my perspective, I want to thank people like you, Narendra, and others who have been individual investors and kind of kept their faith in us. I hope we were able to make sure we delivered these quality results year-on-year.

**Hina Parekh:**

Another question, considering the CX potential in the market compared with the major players over the last one year, is it creating a growth opportunity for midsize players like us?

**Partha DeSarkar:**

That is a very interesting question. See, the future of CX is all through technologies, and the firms that are able to deploy technology to improve or transform CX experiences are going to be the market leaders. We have invested in developing technology leadership in CX since 2018 when we acquired Element Solutions, and then in 2023, we acquired our Data and Analytics firm called TekLink. Those are going to be the foundational capabilities that are going to allow us to deploy technology at scale using artificial intelligence, and more specifically, generative AI. I don't know if you know that for most of the large brands today, it is very difficult to reach them. The call goes on hold for a long time before an agent picks it up, and some of them have deployed bots and tried to help others, but these bots are really very inefficient, very unintelligent, and often extremely frustrating. So, the customer experience is very poor today, but as generative AI gets deployed at scale in some of these customer journeys, this is going to be a massive improvement opportunity area. That is what we are aiming to get into and where our technological capabilities will lead us.

**Hina Parekh:**

Sir, like you mentioned about the Generative AI, so how are we prepared to defend against potential margin pressures if there are in Generative AI, because it indeed leads to increased challenges in the coming years?

**Partha DeSarkar:**

No, actually, it is just the opposite. Generative AI is going to be a massive opportunity area for firms like us because we are going to deploy them for the clients that we work with, so we are going to be almost, what I would say is almost a conductor of orchestra. We are going to bring in technologies that are being developed by firms like OpenAI, Microsoft, Google, etc., and we know the customer experience segment because we have been handling them for multiple decades. So, we have all the data available, which will allow us to train these AI models in the most commonly asked questions that people have, so when a consumer has a question, the generative AI model will be able to answer that question in a much more effective way, as opposed to the unintelligent bots that get deployed today. And through conversational AI, you won't be able to differentiate whether it is a human agent speaking or whether it is a generative AI-driven bot speaking. So, as a result of this, what will happen is the wait time that you have today before a human agent comes down will go down substantially, but you wouldn't even know that you are not speaking to a human agent. The technology will be so good that the

generative AI-driven bot will be able to answer your questions, and you won't be able to tell whether you are speaking to a machine or a human being. So, that is the technology that we are honing our skills on, and therefore, we believe that this is going to be a substantial opportunity for all of us.

**Moderator:** Thank you. Next question is from the line of Anuj Panwar from Family Office. Please proceed.

**Anuj Panwar:** I just have one quick question. Recently, I read that Hinduja Global Solutions is selling its optical fiber assets to its subsidiary, IMCL Solutions, for around Rs. 208 crore. So, I wanted to know how this transaction would affect our profitability?

**Lakshmi Narayanan:** So in last quarter, we sold optical fibre assets to the subsidiary company called IndusInd Media and Communication, and there was a profit of about Rs. 44 crore that was recognized in other income. I basically clarified whether there was a profit element; indeed, it was, and we had recognized it as part of other income.

**Moderator:** Thank you. As there are no further questions from the participants, I would now like to hand the conference over to the management for the closing comments.

**Partha DeSarkar:** Thank you very much for joining us in our earnings call and we look forward to talking to you again in August for our Q1 FY2025 results. Once again, appreciate you taking the time and for the great interactions that we had.

**Srinivas Palakodeti:** Thank you everyone for joining us on this call and for your feedback and provoking questions. We look forward to interacting with you soon.

**Vynsley Fernandes:** On behalf of Hinduja Global Solutions, thank you everyone, it has been a great year and as Partha has expressed, challenges are bound to be there, but we are there to kind of surpass them and I think true credit goes out to everyone across HGSL. It has been a wonderful interactive call with everyone and our entire team of course remains available in case you have any queries beyond this call. But thank you so much for taking time and that too on a Friday evening is much appreciated.

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

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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

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