

November 30, 2021

BSE Limited
Corporate Relation Dept.
P. J. Towers, Dalal Street
Mumbai 400 001.

National Stock Exchange of India Limited
“Exchange Plaza”,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051.

Scrip Code: 532859

Symbol: HGS

Dear Sirs,

Sub: Transcript of Earnings Conference Call

Please find attached herewith the Transcript of the Earnings Conference Call held on November 16, 2021 on Q2 & H1 FY2022 Financial Results. This is also uploaded in the Investors Section of website of the Company: www.teamhgs.com/investors

This is for your information and records.

Thanking you,

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



Narendra Singh
Company Secretary

Encl: a/a.



Hinduja Global Solutions Limited

Q2 & H1 FY2022 Earnings Conference Call November 16, 2021

Key Speakers: Mr Partha DeSarkar, Executive Director and Global CEO, HGS
Mr Srinivas Palakodeti, Global CFO, HGS

Moderator: Good evening, ladies and gentlemen. A very warm welcome to the Hinduja Global Solutions Limited Q2 & H1 FY22 Earnings Conference Call. From the senior management, we have with us today, Mr. Partha DeSarkar – Executive Director and Global Chief Executive Officer and Mr. Srinivas Palakodeti – Global Chief Financial Officer.

As a reminder, all participant's 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 the touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Snighter Albuquerque from Adfactors. Thank you and over to you, sir.

Snighter Albuquerque: Thank you Neerav. Good evening everyone and a warm welcome to the Q2 & H1 FY22 Results Conference Call of Hinduja Global Solutions Limited. We are joined by Mr. Partha DeSarkar - Executive Director and Global CEO and Mr. Srinivas Palakodeti - Global CFO to discuss the Q2 and H1 FY22 results and the key developments during the period.

Before we begin the conference call, I would like to mention that some the statements made in today's call may be forward looking in nature, including those related to the future financial and operating performances, benefits and synergies of the company's strategies, future opportunities and growth of the market of the company's services and solutions. Further, I would like to mention that some of the statements made in today's conference call may involve risks and uncertainties.

I would further like to mention that if there is a call drop during the course of the conference call, please bear with the management. Because of COVID-19, all of us are taking calls on mobiles from different locations, hence call drops may be a recurring problem. Thank you and over to you, Partha sir.

Partha DeSarkar: Thank you and good evening to everybody who has taken the time to attend the call. I really appreciate all of you coming here and listening to us. Our earnings presentation has been uploaded on both the stock exchanges and it

is also there on the website. So, I am going to refer to the slides on the earnings deck and for the ease of understanding, I would encourage all of you here on the call to also refer to the same deck as we speak.

With that, I would like to give you highlights of our quarter. It has been an extraordinarily strong quarter as you all would have seen based on the numbers that have been published. Our revenues for quarter 2 are Rs. 15,826 million and that is about 18.8% growth in our revenues compared with the previous year's same quarter. EBITDA has grown to Rs 2,269 million, a 21.2% growth over the same quarter last year. Profit Before Tax at Rs 1,705 million grew by 88.6% over the same quarter last year while Profit After Tax was Rs 1,365 million, a 67.9% growth over the similar quarter last year. So you obviously see that these numbers are rather spectacular numbers and there is good growth everywhere in revenue, profitability and especially in Profit After Tax. Being able to declare 67.9% growth in profitability is obviously something that we are very pleased about.

So those are the headline numbers for the quarter; I will now compare the first half of this year with the first half of last year.

Here, some of the numbers are even better and have to be seen in the context of the fact that the first half of last year was impacted significantly by COVID, and this year, COVID has become business as usual for us. We have learnt to thrive in COVID, we learnt to do business in COVID, we learnt to work from home and still do business.

So for H1, our revenues are Rs 31,331 million, which is a 22% growth over the half year of last year and our EBITDA is Rs 4,590 million at 37.9% growth, again very impressive growth numbers. The spectacular growth numbers really come in the profit before tax and the profit after tax. The profit before tax number is Rs 3,347 million, a 101.7% growth over the similar half year last year and the profit after tax is Rs 2,535 million, that is a 94.2% growth over last year. So these numbers clearly look impressive and having said that, the context of this comparison clearly has to be understood that we had COVID

impact strongly in quarter 1 of last year... therefore when you compare even the half year numbers, the numbers are going to be much better this year.

Moving to the next slide, I will talk about our growth momentum. We have seen good growth momentum in our healthcare and the public sector businesses, leading to significant growth and ramp ups. Our public sector business in the UK has had a spectacular performance, a revenue growth of 102% year-on-year .

I am also pleased to tell you that a large part of this growth is coming from non-healthcare business. We are seeing that the rest of the business - the non-healthcare business has actually grown faster than the healthcare business. So if you look at the healthcare business, it has grown by 13.5% for the first half of the year and if you look at the non-healthcare part of the business, it has grown by 35.3% for the first half of this year compared to the last year.

So this is in fact unique that in this year, our growth momentum has come from the CES business as compared to what traditionally has always been driven by the healthcare business. In rupee terms also, it has grown from Rs 11,844 million in the first half of the last year to Rs 15,812 million in the first half of this year. That is 33.5% growth for the CES business. Compared to that, the healthcare business in first half of the year was Rs 13,832 million, that has grown to Rs 15,590 million. That growth constitutes about 12%, so you would see that the CES business has gradually grown more than double that of the healthcare business, keeping as an overall growth number of 21.9% in rupee terms and 23.5% in dollar terms.

Our digital business has also done well. We have signed up 14 engagements with new and existing clients. We saw 10 new client wins across verticals for core BPM services and seven for HRO and Payroll Processing in quarter 2.

We continue to significantly work from home and we haven't really gone back to offices. As of now, I can only tell you that there are no plans, no concrete plans to bring people back to work because there is no requirement to do

that. Even though vaccination rates have improved and I think in most countries, the numbers are more controlled. We still are being very cautious and taking each day at a time and not really looking at coming back to work and increasing risk for our workforce, given the fact that it actually has not resulted in any dip in productivity, we see no reason why we should be concerned with that.

While we use work from home as our principal mode for delivery, our operating expenses go down... this is another strong reason why we believe that work from home is going to be a big chunk of our delivery going forward.

Our headcount as on September 30, 2021 is about 46,698, an increase of 3,929 from the last quarter. Moving further to the rest of the outlook, I would say that with improvement in global travel, and in fact both me and Pala are in North America - we came here as soon as North America opened up for travel, and with global travel improving and the sentiments for business also improving globally, that only augers well for our industry and we see demand coming back from some of the sectors, which were under pressure like travel and hospitality. Though we don't have much exposure to these verticals.

So going forward, sales pipeline is healthy as well, I shared with you the growth numbers of CES and the healthcare business. I am encouraged to see that the CES business has continued to grow from strength to strength and the growth momentum is going to continue in the second half of the year as well. While we speak, to be able to handle this additional growth, we are actually setting up two new centers in Jamaica and Northern Ireland. You may believe that this is actually contrary to what I have said that most of our production will be on a work from home basis, so why are we building up centers then? The reason we are doing that is that with our current delivery footprint, work from home far exceeds the situation where if we were to all come back to work, then the things that we have will not be sufficient. So we have to build a right balance - how much is work from home and how many seats do you have as capacity if we need to come back to work... so you can't be in a situation where you don't invest at all, and then as and when people

declare that they can come back to work and people want to start going back to work, you don't have the seats to be able to bring people back to work. You don't want to be in that situation. That is the whole rationale behind why we are still investing in a few centers while we are divesting in some other centers, which we believe we don't need for the future. It's all about balancing.

Cash generation is good, Pala is going to cover that in his section. We continue to reduce debt and we have also improved the dividend this quarter, and that will be our continued focus to explore or continue to reward our shareholders.

Before I hand it over to Pala, I am going to give you a status on the divestment of the healthcare services business. The divestment is on track, by and large most of the regulatory approvals that are required in the four geographies covered in the deal are actually getting done or in the process of getting approved, we don't see any concerns. You will recall the transaction was based on an enterprise value of US \$ 1.2 billion and it is subject to shareholder and other regulatory approval. The divestment has been approved by the shareholders in the AGM held on 23rd of September 2021; As I said, we are on track to get most of the approvals and we have seen no concern as to get to the final closure. With that I am going to hand this over to Pala for the details of the financials. Pala, over to you.

Srinivas Palakodeti: Thank you Partha. Good evening everyone, welcome once again and thank you for joining us on this call. I shall cover the financial section and I shall move to slide 9. As Partha mentioned, it has been a quarter of very strong growth. Our revenues have grown by about 18.8% over the same period last year, and within this, both sectors have contributed to the growth. The healthcare business has grown 11.3% on year-on-year basis whereas the non-healthcare business coming primarily from the UK has grown at a phenomenal 28%, delivering overall growth on year-on-year basis of 18.8%. The EBITDA growth is at 21.2%. We have had some benefits of exchange rates, so you would see

an increase in the other income between quarter ending September 21 and quarter ending September 20, resulting in PBT growth of about 88.6%.

Coming to the PAT part, the growth on a year-on-year basis has been 68% and about 16.6% is on a sequential basis. Just to recap, the tax provision for the quarter ending September 20, i.e., Q2 of last financial is lower because we created some deferred tax assets because of some internal restructuring and hence the tax provision for Q2 of FY21 was low. Now, it is at a more normative level and the PAT growth after factoring the other component has grown by about 68% on a year-on-year basis and on a sequential basis, the growth rate has been 16.6% for Q2 of FY22 and keeping in line with the performance of the company. The interim dividend which stood at Rs. 7 for the quarter ending June 21 has been increased to Rs. 10 per share as second interim dividend for the quarter ending September 21.

Moving to the next slide, again the performance is very strong, with growth in rupee terms at 22%. The growth on the CES side and non-healthcare has been faster than the growth on the healthcare side. There has been a significant increase in EBITDA, it has grown by about 38% and the margins have also increased by about 160 basis points to 14.6%. At the PBT level, profits are up by about 102%, and at the PAT level, our profits are up by about 94%.

So overall, it's been a very strong performance in the first half of FY22 compared to the same period of FY21. As Partha mentioned, in the first half of FY21, we did have some costs relating to COVID rolling out to work from home, but as we mentioned, work from home has now become the norm and these reflect the performance of our company for the first half of the year.

Moving onto origination perspective, for the revenue by vertical, healthcare is about 51%. We had done some tweaks because there are some parts of the business which were originally from the healthcare sector, but which would continue to be with HGS, these pertain to healthcare clients of our digital business or the HRO business, so there has been some reclassification

here. So healthcare now accounts for little over 51% and the rest of the business accounts for about 49% of the total revenue.

From an origination perspective, revenues from the US continued to be the largest at about 69.2%. The callout item is really the UK business, which accounts for 15.5%; this was roughly 8% about a year ago and as Partha mentioned earlier, this has grown by more than 100%. You can see that our UK originated business is now even higher than our revenues from Canada.

Moving onto the next slide, we have debt of about Rs 3,445 million, which is about 47%. There has been a reduction between 31st March and 30th June as well as coming up to 30th September, 2021. So the reduction in the first half of the year is Rs 491 million or Rs 49 crore. Within the existing debt, about 47% are term loans and the balance is coming in the form of working capital. As Partha mentioned, our endeavor would be to continue to reduce debt.

Moving onto the next slide, slide 30, this talks about the increase in levels of cash as well as in terms of reduction of tax. Both have shown movements with reduction in debt and increase in cash as of 30th September, leaving HGS as a net cash company of Rs 500.8 crores or Rs. 5,008 million.

Our cash flows continue to be strong. We had DSO days of 72 as of 31st of March, 2021. That dropped to 68 days as of June and it has dropped further to 66 days as of September, 2021. In terms of CAPEX, there has been some increase between Q1 and Q2. Primarily because of what we already mentioned; we are adding capacity in Jamaica and to some extent in the UK commensurate with the growth and to make sure that if we need to come back to work, we have enough capacity - .Though as Partha mentioned, there is no fixed timeline for this.

EBITDA to free cash flow conversion continues to be strong, though there has been a decrease between Q1 and Q2, that is primarily driven by higher CAPEX rather than cash flow from operations and working capital changes. The business ROCE, excluding the treasury income, with growth in performance,

has continued to rise and stood at 25.8% (annualized) in Q2FY22 as compared to 24.9% annualized on Q1 of FY22.

We continue to take forward covers on a rolling 12 months, 24 months and 36 months basis; you will see that as three buckets, obviously the largest coverage is for FY22 and it comes down for FY23 and FY24. We have good rates compared to the spot rate, upwards of Rs. 80 for FY23 and upwards of Rs. 83 for FY24 and FY25.

Similar position in Philippines, we have forward covers of about US\$ 100 million for FY22 and about US\$ 27 million for FY23 with the rate of about 50.6.

Summing up from a balance sheet perspective, we continue to have a very strong balance sheet, with net worth of Rs 22,601 million, book value of about Rs. 1,082 per share. In the first half of the year, we have given Rs. 17 per share as dividend, comprising Rs. 7 for the quarter 1 and Rs. 10 for quarter 2. Currently, the stock price is trading somewhere in the P/E ratio of about 12.6x (basis price on November 12th).

Traditionally, we have given you revenue profile for the HGS as a whole. In the subsequent slides what we have done is to show the revenue profile of the healthcare business and the rest of the business (the non-healthcare or CES business) separately. This is obviously being done keeping in view the impending sale of the healthcare business.

If you look at slide 18, on the healthcare side, the client concentration, the largest client accounts for about 39% of total revenues and the top 5 customer concentration goes up to 83.5%. For the rest of the business, non-healthcare or CES, the share of client concentration dropped significantly... the top client dropping down to 12% and the top 10 customers dropping down to 59%. On an overall basis, on an aggregate basis, the top client is about 19.3% and the top 10 customers would account for 67.1%.

From our channel mix perspective, in the healthcare business, about 51% is non-voice and 49.4% comprises voice and digital whereas in the non-

healthcare or the CES business, the share of digital goes up to about 9.5%, the non-voice portion is smaller at about 10.6% and 80% is the voice business. On an overall basis, voice is about 71%, non-voice is about 22% and we have about 6.7% coming from the digital business.

If you go by revenue profile from our country of origination, for healthcare, pretty much everything is from the US. It is a single origination geography at 100% coming in from the US. On the non-healthcare side, it is fairly diversified. The US continues to be the largest but down to about 38%. Europe and UK is the second largest, which is about 31%, and then Canada is the third largest at about 19%. India, which is primarily our HRO business as well as some digital revenues originating from India, is coming in at about 10%. But on an overall basis, the US continues to be the largest at about 69%, with UK at 15.5% and Canada at about 9.4%.

Moving onto the next slide which shows the stock price movement over the last 12 months... If you look at slide 21, HGS' share price has gone up by about 278% as compared to CNX IT of about 65% and Nifty 50 of about 40%.

That's all I had in my section. We would like to open for the Q&A. Thank you ladies and gentlemen once again for joining us on this call. We look forward to your questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Nagraj Chandrasekar from Laburnum Capital. Please go ahead.

Nagraj Chandrasekar: Sir, could you please update us on the timeline expected for the transaction to consummate, given you said everything is in place and it was originally announced in 90 to 120 days period which implies sort of November 10th to December 10th date timeline?

Partha DeSarkar: Mr. Nagraj, the sale is on track I would say; most of the regulatory approvals that will be required to close this transaction across the four geographies, we

were expecting to be met within the dates that we mentioned. So all of that is on track.

Nagraj Chandrasekar: Thank you for breaking out the business mix on a proforma basis between the continuing and the divested businesses, could you also give us some more color on the operating metrics on margin and working capital for the non-healthcare business and how much operating cash you need to run this business, given I think at around Rs 3,000 crores run rate, we are already at Rs 500 crores of net cash on the balance sheet?

Partha DeSarkar: Yes, this is a very good question. I am going to deflect this question to Pala. We may not have those numbers ready for this presentation, but if you can provide that subsequently. So Pala, probably you can read the numbers on a high level on this call.

Srinivas Palakodeti: Good question, let me answer to whatever extent I can. In the non-healthcare or the CES business as we call it, as we have seen from the presentation, it's about close to 50% of the total revenue. A large chunk of this as you would have seen from my earlier portion, the revenues are coming in from the UK, which is again predominantly public sector and unlike may be in other geographies or what may be the perception, in the UK, we get paid as per contracted terms. So at an overall level, I don't see any significant difference between the DSO days for the healthcare business as well as for the CES or the non-healthcare business. Potentially, it is going to be better than what we have for the healthcare business.

Again, from a CAPEX point of view, it is more driven by the location rather than by the nature of business, whether it is healthcare or CES. So if I have to set up a seat in the US or in Jamaica, it is agnostic whether the nature of business is going to be from healthcare or from CES. I hope that addresses your question Mr. Nagraj.

Nagraj Chandrasekar: And on margin?

Partha DeSarkar: Margins, as we said in our AGM, we are expecting margins to be around the low double digits from an EBITDA margin perspective.

Nagraj Chandrasekar: And just one last question, you have seen a very large spike in hiring this quarter, so just curious is this to replace anticipated attrition that are sort of serving out notice period or is this because you foresee a lot of growth on the non-healthcare side and just wanted some more color on why we achieve such a strong bump up in numbers?

Partha DeSarkar: We have hired for quarter 3 and quarter 4. Because of the seasonality in the healthcare business, the hiring ramps up in quarter 2 to meet the demand of quarter 3 and quarter 4. Also, we have seen that the UK business has actually grown significantly. So lot of hiring is happening in the UK also.

Moderator: Thank you. The next question is from the line of Siddharth Oberoi from Prudent Equity. Please go ahead.

Siddharth Oberoi: I wanted to know, is there any warranty or claims or any penalty clause in this healthcare division sale where if you don't meet the timeline, some amount can be kept or something?

Partha DeSarkar: No, there is nothing like that.

Siddharth Oberoi: There is nothing like that, so the buyer cannot walk out of the deal right now, is that?

Partha DeSarkar: I think there are no concerns like that. As I told you in the previous question, we are on track for getting regulatory approvals. Regulatory approvals are required in India, Philippines, Jamaica and the US and they are mostly expected in the next 2-3 weeks.

Siddharth Oberoi: And all the four geographies are right now opened, nothing has been concluded in any of them?

Partha DeSarkar: No, I wouldn't say that. Some approvals have just come in respective geographies whereas some approvals are still required. It is not just one or

two, there are multiple approvals required, so there is approval required from Competition Commission, there is approval required from export SEZs following that... some approvals need to come for HGS and some approvals need to come for the buyer. So, large chunk of the approvals have already come in, some are still on track and expected to close in the next 2 to 3 weeks.

Siddharth Oberoi: In the last concall, you had said that there is no one single check and there will be multiple payments that will come from each geography, so?

Partha DeSarkar: That is correct.

Siddharth Oberoi: And sir, what is the exchange rate that will be for the calculation, it will be on the date of the agreement, deal agreement or whenever you receive the check?

Srinivas Palakodeti: It is the rate applicable effectively on closing one or two days before.

Siddharth Oberoi: Just on the closing date?

Srinivas Palakodeti: Yes, essentially on the closing date.

Siddharth Oberoi: Have you put any thoughts on returning cash to the shareholders where we are just a month away?

Partha DeSarkar: Yes, so this is actively being deliberated with the board. I have mentioned that very clearly in my statement as above, both in the media and in the conference calls, that yes, the consideration is to return back to the shareholders, but we want to do it in a tax efficient manner. So all of these things are being deliberated in the board obviously.

Siddharth Oberoi: But is there any plan for delisting etc., or you are not going on that road?

Partha DeSarkar: No, delisting has not been considered right now.

Siddharth Oberoi: Also, in the presentation you have given the breakup of the non-healthcare versus the healthcare and there are some of these verticals like technology, consumer retail, which have actually degrown - technology degrew by 21%,

consumer retail by 12%. However, there is a growth in the other verticals, so can you share some light on where exactly the portfolio of non-healthcare stands in terms of growth now?

Partha DeSarkar: I don't know if you have heard the conference call from the beginning, I shared with you that the growth on the non-healthcare part of the business for this quarter is more than double growth than the healthcare business.

Siddharth Oberoi: Overall?

Partha DeSarkar: Yes, on an overall basis. Let me just repeat the numbers for you, so the healthcare business for this half year compared to last year grew by 13.5% whereas the non-healthcare business grew by 25.3%. This is in dollar terms. So as I said, the non-healthcare business has grown more than double that of the healthcare business.

Moderator: Thank you. The next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.

Nikhil Jain: Sir, what I was just trying to understand was two points, one was, let us say, you were looking at some acquisitions or some other way to use the cash once it is available, so has there been any progress on that aspect and would anything be finalized closer to let us say receiving the money or closing out the transaction, so that is point one?

Partha DeSarkar: Those are three independent things, returning money to shareholder is an independent track and funding growth both organically and inorganically is another track, so there is enough cash available to do justice to both. Mergers and acquisitions are something that we have done on an ongoing basis throughout our history, and as we speak, we evaluate multiple targets every quarter, so that is where we stand today.

Nikhil Jain: Right sir, but what I actually wanted to understand was that are we looking at some kind of a big acquisition given the money involved or is it like kind of smaller acquisitions that we have been doing in the past and building up on those basis, so is there any thought, any progress or any guidance on that?

Partha DeSarkar: So, mostly our acquisitions that we are talking about are in the technology space. We are very clear that by 2025, we will become a technology company right. So our efforts therefore are to grow in the digital and technology practice. So most of our acquisition targets therefore are today focused on digital and technology acquisitions.

Nikhil Jain: And the size of the quantum cannot be still, we have not had any thoughts on that?

Partha DeSarkar: I don't think I can tell you anything else specific because there isn't anything specific that we have right now. We evaluate this on an ongoing basis.

Nikhil Jain: And my second question was that let us say, with the money that is received from our current calculation, so is there any intent of the management to let us say further increase the exposure to the group companies through ICDs or loans or is it like a cap of let us say around 500 odd crores?

Partha DeSarkar: So the current cap is Rs 500 crore and we are well within that.

Nikhil Jain: And we don't expect to increase it post the closure of the deals, so we have more cash available?

Partha DeSarkar: I did not make any comment on what is going to happen once the deal closes. Right now, it is Rs 500 crore and we are going to remain within that cap.

Moderator: Thank you. The next question is from the line of Maneesh Jain from Valuefirst Digital Media. Please go ahead.

Maneesh Jain: My question is that from this deal value of \$1.2 billion, is there any money which is going specifically to the promoter and not coming to the company as a low compete deals or in any other form, money which will not come to company, but would go to promoter?

Partha DeSarkar: No, all money will come to the company.

Moderator: Thank you. The next question is from the line of Kapil Varma from SGS India. Please go ahead.

Kapil Varma: My question is that after signing of the transaction, what is the closing date, just 90 days or it is 60 days?

Partha DeSarkar: I think we have covered that multiple times on this Q&A today.

Kapil Varma: Second question is if we are looking at inorganic things, so what is the percentage we are looking for the entire deal size for the acquisitions?

Partha DeSarkar: Again, I answered this question. I can't talk about a specific deal value, we are looking at acquisitions in the technology space. So right now, there isn't any specific target that we have in mind to say that this is the amount that we are going to spend. Funds that are available with the company post the return of money to the shareholders are going to be used for organic and inorganic and debt reduction.

Kapil Varma: And like earlier acquisitions we used to bleed money and losses year by year, so are there any plans that we are not requiring any loss-making entities?

Partha DeSarkar: So I think that is a very good question, I think we have had many criticisms about the two healthcare businesses that we acquired, which are loss making. You can find from the fact that we are able to sell that business at \$1.2 billion, that the criticism was unfounded. Some of these acquisitions have driven capabilities but are not immediately cash accretive or earnings accretive. We need to invest in those businesses to turn the things around and then they will start gaining value. The fact that these businesses along with some of the acquisitions that we have done, which were loss making, have actually been sold at the fantastic \$1.2 billion valuation because while it takes some amount of cash to burn to turn some of these acquisitions around to build on these capabilities, but these are steps in the right direction.

Moderator: Thank you very much. The next question is from the Jayant Patel from ABA Consultants. Please go ahead.

Jayant Patel: Sir, just wanted to check about your rationale for exiting the healthcare business, was it because you found good opportunity or better opportunity or was it because the healthcare business had reached its saturation?

Partha DeSarkar: I think that is an interesting question. We found that the business was not able to attract the value that it deserves from the Indian stock market. It is a US centered business. All its revenues, as Pala shared earlier, is from the US and therefore we were always finding the gap in people's ability to understand what this business is and what its inherent worth is. You saw the unlocking of the value that happened when an investor came in and understood what this business is all about, so we couldn't have continued with the valuation that we got with the business in the India stock exchanges as opposed to its inherent worth to a possible industry. Hence, we found that is not the best way to continue to keep the business in our portfolio.

Jayant Patel: Next question, sir on the same lines, now with healthcare vertical gone, which vertical will replace when you see in terms of contribution to the overall revenue?

Partha DeSarkar: We have quite a few good verticals, we have got technology-media-telecom that is doing well, we have got the public sector which is doing well, and we have got the digital business, so these three verticals will continue to be our engines for growth.

Moderator: Thank you. The next question is from the line of Manish Parekh, Individual Investor. Please go ahead.

Manish Parekh: Sir, I had a small question on the balance sheet side, in the loans section there is advances of Rs 552 crore as on September 2021, and if we look at the related party, it is around Rs 389 crore. Can you help me understand the residual amount to which party the amount is given?

Srinivas Palakodeti: So it is the entity which is not the related party, so that is why there's a difference.

Manish Parekh: Because I was referring to the credit rating report by CRISIL, they have mentioned that to the group and the group entity, overall the advances are to the tune of Rs 553 crore, so I think there is a small discrepancy there in the rating report, may be there you missed out?

Srinivas Palakodeti: Thank you for pointing this, I will go and check that out, but clearly if you look at our FY21 audited balance sheet, the numbers are clear, which is also what we have published for 31st March 21, the loans which are there to related party.

Manish Parekh: So I was a bit confused because in the credit rating report, they have mentioned that as on June 30th, Rs 553 crores are given exposure to the group entities, so?

Srinivas Palakodeti: Yes, thank you, we will take this up, thank you for pointing this out.

Moderator: Thank you. The next question is from the line of Nikhil Jain from Galaxy International. Please go ahead.

Nikhil Jain: So what I was just asking was that out of the total transaction value of \$1.2 billion, what would be the net amount as we come to the organization, let us say post the payment of taxes and other capital gains or other statutory levy. Any idea or any working on that which you can share?

Srinivas Palakodeti: I don't know if you had a chance to look at the AGM notice which was published earlier, essentially the transaction has business transfer component or the slump sale as you would call it in India for India, Philippines, and Jamaica whereas the transaction in the US for the US entity pertains to the sale of shares. So the tax rate for India and Philippines is roughly about 22%, given that the Philippines is a branch of the Indian entity. The US portion is through sale of shares of the US entity by our Mauritius subsidiary. There the tax rates will be pretty much close to 0 or negligible. So at overall level, we are working through it, but we expect somewhere in the range of 10% to 12% going towards tax.

Nikhil Jain: So basically out of \$1.2 billion, the net inflow into the organization would be around \$1.05 billion plus or minus let us say couple of?

Srinivas Palakodeti: Yes, somewhere around that.

Nikhil Jain: And my second question was with respect to the comment that Partha sir made actually about the value being recognized at stock exchanges, so today also if I look and I have been a shareholder for some time, so the market cap of the company actually is less than half of even the cash that is coming into the organization actually and leave aside the business that we will have which will run very well over the next couple of years, so any thought, anything what is the reason for this still stock markets not giving us the value that we will deserve?

Partha DeSarkar: So that is the matter of speculation, I cannot comment. I can simply answer the question that why did we sell the business, the discrepancy between the price at which this business was being quoted in the Indian stock exchanges and the value that we were able to get from an investor who understands the US healthcare industry is so large. Just for the benefit of the shareholders, it did not make sense for us to continue to retain the business. That is why we did that. So hopefully people have seen that and this will give people a better understanding of the investors in this Company and especially the Indian investors a better understanding of what we do, the fact that so much value could be unlocked in that particular transaction. And hopefully therefore, you will see the performance and the results, and then value the company differently. This is all I can say, subject is a matter of speculation.

Moderator: Thank you. The next question is from the line of Raghav Agarwal from Star Securities. Please go ahead.

Raghav Agarwal: In the last concall, you hinted that your future tuck-in to be around \$25 million, so based on that is it fair to estimate that even if we are aggressive in our positions that you can still reward the shareholders with about \$670 million out of the amount that is coming in?

Partha DeSarkar: We will reward the shareholders handsomely. I don't want to make a comment on the amount of what will be returned. The whole purpose of doing this exercise was to unlock value for the shareholders and we are not going away from that requirement or from that objective. So I will not be able to give you specifics about quantum and all of that because this is currently

under deliberation with the board. We are looking at making it tax efficient as well... not all forms of returning money to shareholders is equally tax efficient, there are multiple ways of doing that, some are more tax efficient, some are not. So this is still under deliberation, I won't be able to tell you specifically what amount is coming back at this level, this is very premature.

Raghav Agarwal: And one more thing, on a remainder portion of our business, what according to you is the value? What should be our actual value if we don't consider how the Indian market is actually valuing our business?

Partha DeSarkar: If you look at the healthcare business, it is \$400 million and has been valued at \$1.2 billion. That is at three times revenues, right.

Raghav Agarwal: Yes, correct.

Partha DeSarkar: So that will be an indication; Rest of it as a CEO, I will always feel that I am undervalued, so it is always a matter of speculation. It is up to you to take a call. I can only show you profits, I can only show you cash flows, I can only show you strength of the balance sheet and I can show you our track record of past 20 years of providing quarter-on-quarter growth and profitability and dividends. It is up to you to take the call of how you value that, this is not for me to comment on.

Moderator: Thank you. The next question is from the line of Maneesh Jain from Valuefirst. Please go ahead.

Maneesh Jain: Just now the question that the value in the stock market, it is not even close to what the deal value would be, so market capitalization is lower, so there I want to make a comment. I am in part of various discussions and forums in which stock and shareholders of Hinduja Global give their comments and write things. I think one of the reasons for lower stock market price is that people have this fear in their mind that a good part of the money which will come into the company will go to promoter group entities, so if management takes a very clear commitment that more money will not go to group companies, I can assure you that share price will go up immediately by at least

25% to 30%, so this fear has to be removed from the mind of shareholders if you really want to achieve your objective of giving good value to the shareholders. This is my comment, if you can give some commitment, some answer that will be great?

Partha DeSarkar: I thought we already answered that question, I clearly said no... none of this money that is going to come in will go to the promoters, all the money is going to come to the company. I thought we already answered that question earlier in the call.

Maneesh Jain: As ICD, as intercorporate loans, money will not go to promoters, more loans will not be given to group companies or promoter group companies?

Partha DeSarkar: There is a cap of Rs 500 crore, and we are within that cap, so we are not exceeding the cap.

Maneesh Jain: So that will show in the stock prices now post this conference call?

Partha DeSarkar: I can't comment on that, I have already committed what the sale proceeds are going to go into. We have said nothing is going to the promoters, the entire money is coming into the company.

Maneesh Jain: But the money which is coming to the company now will not be given as fresh loans to the group companies, so that commitment will be very useful?

Partha DeSarkar: I think you should look at how we return money to the shareholders and then let us have a chat again. I don't believe that shareholders will have any reason to complaint given the fact that the only reason that we did this deal was to unlock value for shareholders.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as the last question. I will now hand the conference over to Mr. Srinivas for closing comments.

Srinivas Palakodeti: Thank you everyone. Thank you for your time and joining us on this Q2 earnings call and for your feedback and the questions which were asked.

Thank you for joining us on this call and look forward to interacting with you when we do our Q3 call. Have a good day.

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

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.