August 18, 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

This refers to our communication dated August 4, 2021 intimating about Earning Conference Call on August 10, 2021 on Q1 FY2022 Financial Results.

Please find attached herewith the Transcript of the said Earnings Conference Call held on August 10, 2021. 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,

For **Hinduja Global Solutions Limited**

Narendra Singh
Company Secretary

Encl: As above

Hinduja Global Solutions Limited Conference Call
to discuss
Q1 FY2022 results

August 10, 2021

MANAGEMENT:

MR. PARTHA DESARKAR – ED & Global CEO

MR. SRINIVAS PALAKODETI – GLOBAL CFO

MR. R RAVI – VICE PRESIDENT, HEAD OF IR

Hinduja Global Solutions Limited
Q1 FY2022 Earnings Conference Call

Moderator: Good evening ladies and gentlemen. A very warm welcome to the Hinduja Global Solutions Limited Q1 FY2022 earnings conference call. From the senior management of the company, we have with us today on the call: Mr. Partha DeSarkar – Executive Director & Global Chief Executive Officer, Mr. Srinivas Palakodeti – Global Chief Financial Officer, and Mr. R Ravi – Vice President, Investor Relations.

As a reminder, all participants' 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 for an operator by pressing '*' followed by '0' on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ravi Ramalingam, Vice President of Hinduja Global Solutions Limited. Thank you and over to you, sir.

R. Ravi: Thank you ladies and gentlemen in this call. I, R Ravi, Head of Investor Relations at HGS wishing all a very good evening and a warm welcome to the Q1 FY2022 results conference call. To discuss the Q1 results, I am joined by Mr. Partha DeSarkar – Executive Director & Global Chief Executive Officer and Mr. Srinivas Palakodeti – Global CFO.

Before we begin the conference call, I would like to mention that some of the statements made during the course of today's conference call may be forward-looking in nature, including those related to the future financials 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 be forward-looking in nature and may involve risks and uncertainties.

I would 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.

Before I hand over the call to Mr. Partha DeSarkar to review the Q1 performance, I would like to give a brief overview of the company. For FY2021, we recorded US$754 million of revenues with 55 delivery centers across 7 countries. At the end of Q1 FY2022, we have a total of 42,769 employees supporting 252 BPM clients globally.

In the services area, we manage on average, about 4.5 billion annual voice minutes, 325,000 annual chat sessions and 150 million+ healthcare experiences, and support 34 languages.

Some of our key strengths are – the promoters of the company have not pledged any shares, the company currently has a net cash of around Rs. 420 crore, up from Rs. 136 crore at the end of FY2021. We have reported a strong free cash flow. For FY2021, we reported around 49% of EBITDA as free cash, and in Q1 FY2022, the FCF/EBITDA factor is 137%. 60% of our revenues come from long-tenured clients who have been with us for more than 10 years. We have a proven method of right-shore outsourcing - onshore, nearshore and offshore locations. As a client-centric company, our CSAT score for FY2021 was at an all-time high and we are an employee-centric company. Between FY2016 and FY2021, we have grown our revenues by about 10.9% CAGR. At the PAT level, the growth has been 27.2% for the same period. For FY2021, we reported an EPS of Rs. 161 and declared dividends of around Rs. 40 per share.

The global BPM spend has been growing at the rate of 5.1% as you can see in the graph on the slide in the Q1 investor deck. The spending for global BPM was around US$161 billion in 2017 and that is expected to go to US$207 billion in 2022. The global BPM services forecast is broadly divided into two parts - the traditional BPM services and BPaaS. The BPM sector is growing but the composition of services is changing. HGS is evolving to the global trends handling complex voice calls, human + machine engagements and solution orchestrator approach.

Now, I would like to invite Mr. Partha DeSarkar to provide his perspective on the performance of the Q1 FY2022. Over to you, sir.

Partha DeSarkar: Thank you to all of you for taking time to join us for this call to hear about our performance for the first quarter. From the results that you would have seen, this has been a very strong quarter for us. We had great traction in client wins. The volumes continue to be very strong across the healthcare business and the UK public sector business. I want to make a special reference to the UK public sector business, that is something new for us. Many of you who have been following us for a long time know that the UK business had been struggling in the past but has really picked up tailwinds since April of 2020; that momentum continues into April of 2021 as well – its one of the fastest growing businesses and geographies for us, and a large part of our new clients are from the UK public sector.

We continue to work from home even though the pandemic is now kind of better from the levels that we saw in April and May. We have not really opened up our offices considering the fact that things can change at any point of time. We continue to work from home and the advantage that we see out of working from home is the fact that it helps us in managing many of our operating costs - travel cost, transportation cost, utility and maintenance cost - all of these costs have reduced because people are working from home. Unless there is a big change in the safety matters coming from COVID, we expect to continue to work that way.

The next slide, which is slide #7, talks about the growth in both rupee terms and in dollar terms. You would see that at rupee terms, our revenues have grown from Rs. 12,359 million to Rs. 15,505 million. That represents a 25.5% growth. The EBITDA has grown from Rs. 1,458 million to Rs. 2,321 million, which is almost 60% growth. Profit before tax has a handsome growth as well.

It's almost double of what it was last quarter –Rs. 755 million compared with Rs. 1,642 million, which is about 117.5% growth. And the profit after tax was Rs. 1,170 million for Q1 FY2022 compared with Rs. 492 million, a 137.7% growth.

In rupee terms, obviously the numbers are pretty spectacular and I just wanted to give you some context of that. Those of you who remember our Q1 performance of last year, would remember that Q1 was the 1st quarter in which COVID had actually hit. We had a lot of trouble in April. It started getting sorted out by May, and by the end of June, we had recovered almost complete productivity. As a result of that, our revenues and profitability in Q1 was much lower than our normal profitability. That is why when you compare Q1 FY2021 with Q1 FY2022, even though COVID continues to be an issue, our numbers are looking so much better because of the fact that we are operating in a work-from-home environment, trying to manage safety of our employees while COVID still is unmitigated. We, therefore, have now made it the new normal and we have figured out how to do these things well and that is the impact that you see in our revenue growth and our profitability numbers. The table below gives you the similar growth in US dollar terms. Revenue growth of 28%, EBITDA growth of 63%, PBT growth of 122% and PAT growth of 143%. These are high-level numbers for the quarter when you compare that with the previous year's similar quarter.

On slide #8, I want to take you through the key takeaways of what has really been a great quarter. Growth has been fantastic, driven by the UK public sector, which has been putting up a stellar performance. A lot of the work that we do for the UK public sector is around the vaccination support that we provide for the National Health Service (NHS) and that is something as you know – the UK has rolled out a very ambitious vaccination program and we do provide support for the UK government for their program.

We also had an employee satisfaction survey done in Q4 and we were very heartened to see the employee satisfaction score actually was the highest in many years and our employee attrition last year had a very low number. As you know, this is a people's business and therefore having high employee satisfaction, good employee tenure and low level of attrition are crucial for these businesses. Thankfully, last year in the midst of such a global pandemic, we managed to hit a high even in employee satisfaction.

For the rest of the year, open enrollment is on course. We are setting up two new centres - one in Jamaica and the other one in Northern Ireland, and we have a pretty significant hiring plan for the coming quarters as well.

We are actually trying to see if we can replicate the success of healthcare in some other verticals. So, we are looking at financial services; technology-media-telecom also is a fairly strong vertical for us. So, we are exploring options like that.

Everybody is talking digital. Let me tell you a little bit more about what digital means for us, so that it doesn't sound like digital cliche and the digital drum that everybody is banging on now. We do believe that our growth in the coming year and our business in the coming decade will be driven by 3As and what I mean by triple “A” is Analytics, Artificial intelligence and Automation being the 3 pillars of success, and on top of that, you add cloud to it. We are talking about a new kind of HGS, post the divestiture of the healthcare business. I would call it HGS 2.0. That essentially is a technology-led company in the customer experience transformation space.

For the first two decades of our existence, we have been in the customer experience field for a very long time. In the third decade, you will see us leading with transformative customer experience management through technology and that is where the triple “As” that I talked about will come in. We are also going to invest in building our capability in cloud.

As I talked about becoming a technology-led services company, clearly we would also have to bolster our presence in technology capabilities and that's why we are looking at a string of pearls acquisition strategy to fill up whatever capability gaps that we have out there.

Work at home will continue to remain the future of our work. We will probably end up adopting a hybrid model as and when the COVID situation improves worldwide. As of now, we don't really have visibility as to whether the COVID situation is on the way to improvement or not, whether the third wave is going to be real or not. So, we continue to take a very risk averse and safe strategy. As I told you, this is a very efficient model of working because it helps us manage our costs better.

Now I want to talk a little bit about the divestiture that all of you have heard about. We have divested our healthcare services business to Baring Private Equity Asia (BPEA). We have signed definitive agreements to sell our healthcare services business to funds affiliated with BPEA, one of the largest private alternative investment firms in Asia. You would have seen the value that it has unlocked for all HGS shareholders because we have been able to close the transaction at US$1.2 billion, subject to closing adjustments. We expect to complete this between 90 to 120 days, subject to shareholder and other regulatory approvals. We will transfer all our client contracts, about 20,000 employees and assets related to healthcare services business. We do have some healthcare clients in our digital and HR payroll processing business. These will continue to remain with us as a part of the HGS portfolio.

Once it closes, this will bring in a fair amount of cash into the system. Our plans to utilize the cash are as following – Invest in the organic growth of the business, invest in a larger sales engine, look at acquisitions to fill up capability gaps in the string of pearls strategy that I talked about, etc. We will of course be very mindful of the fact that our shareholders have been very loyal to us and we would look at opportunities to unlock value for them as well. What shape and form that is going to take is not something that we will be able to discuss in detail in today's call. Also, please remember this is only a definitive agreement that has been signed yesterday. The closing of the transaction is about 90 to 120 days out and the cash will come only post-closing, subject to working capital changes and taxes.

Coming back to business as usual, FY2022 has opened pretty strong - you have seen our numbers, and we do believe that the momentum will continue for the rest of the year.

With that, I am going to hand it over to Pala to give you a financial update of how we are doing. Over to you, Pala.

Srinivas Palakodeti: Good afternoon everyone. Thank you for joining us on our Q1 FY2022 earnings call. I will briefly touch upon the financials of the company. We have seen strong revenue growth. As Partha mentioned, it's about 28.5% in dollar terms over the same period last year. That's a very high growth level. In rupee terms, it is slightly muted at 25.5%. That's because the USD to INR was about INR 75.42/USD for the quarter ended June 2020 and it was at INR 73.62/USD for the quarter ending June 2021. Clearly, the rupee has appreciated during the period under comparison, and as a result, some of the growth has got shaved off, leading to 25.5% growth in rupee terms. On top of this, we have seen a very strong EBITDA growth of 59.2% over the same period last year. Margins have also expanded from 11.8% to 15%. So, a strong revenue growth and a margin expansion have resulted in PBT being higher by about 117% and PAT being higher by about 138% on a year-on-year basis. On a sequential basis, there is a small drop in revenue about 0.8% in rupee terms.

Bear in mind that Q4 is typically a very strong quarter because of the impact of open enrollment. This year with a strong performance of the business, especially in the UK, the revenue drop between Q4 of FY2021 and Q1 of FY2022 is muted. At the PBT level again, it's at the same level, slightly lower by about 2%. So, overall a very strong performance on the revenue side and even stronger performance on the PAT side compared to the quarter ended June 2020. From a delivery perspective, India accounts for about 24%, 16% for Philippines, US-UK-Canada account for the rest, with Jamaica coming in at about 6.5%. From origination perspective, the US accounts for about 68%, Canada accounts for about 10%, and the UK, as we mentioned earlier, has shown very strong growth. From a single digit sub 10% of total revenues, it now accounts for 16% of the total revenues. From a vertical perspective, healthcare continues to be the biggest vertical. This includes health insurance, pharmaceutical, healthcare that has come in at about 55.5%.

Coming to our balance sheet, in terms of debt, the total debt we have as of 30th June is Rs. 3,790 million, out of which about 52% is in the form of term loans and rest is in the form of working capital. About 50% of our debt is linked to LIBOR. Rest are all typically fixed interest loans either in India or overseas. Our balance sheet continues to be strong. During this quarter ending June 2021, we have reduced Rs. 145 million of debt between March 2021 and June 2021, and at overall level, we are a net cash company with about Rs. 4,200 billion of cash in excess of debt and this has increased by roughly about Rs. 230 million between March and June 2021.

Capex for the quarter was Rs. 448 million. We have seen significant reduction in DSO days. The DSO days which stood at 72 days of revenue has come down to 68 days as of June 2021. So, a strong growth in EBITDA, reduction in DSO days and Capex, in line with what we had in the previous year, have led to significant cash generation with EBITDA to free cash flow conversion at about 137%. Clearly, this is an outlier. As we go through the rest of the year, we would see some drop in the conversion between EBITDA to free cash flow, but at an overall level, we expect it to be strong, looking at the performance of the company. Our ROCE also continues to be strong and for the quarter on an annualized basis, it comes to about 25%.

Coming to forward covers, we do continue to take forward covers in buckets of rolling 12 months, 24 months and 36 months. For FY2022, we have forward covers at USD /INR of nearly 77, which is significantly higher than the current spot rates. For FY2023, we have hedges of about USD 64.5 million at Rs. 80.5, and as we go into the next bucket for FY 2024, the forward covers are for USD 28 million at USD/INR of 83.9. In the Philippines, we have covered for FY2022 for USD 104 million at PHP 48.6/USD and we have some forward covers in FY2023 at the rate of PHP 49/USD.

Coming to our overall financial profile, as of 30th June 2021, we have net worth of Rs. 22,000 million or about USD 296 million. Our book value per share is about Rs. 1,054. Based on yesterday's market price of Rs. 3,082 and based on our trailing 12 months, our EPS is Rs. 193.4 and it is trading at a P/E ratio of 16, on a trailing 12 months basis. As we said earlier, we have gross debt of Rs. 3,790 million and total cash of Rs. 7,990 million, resulting in net cash of Rs. 4,200 million. Our gross debt to equity is very comfortable at 0.17 to net worth.

Our performance has been recognized by the stock markets. Over the last 12 months, HGS' share price has gone up by about 252%, higher than Nifty 50 or CNX IT, which have gone up in the range of 26% to 47%. As of yesterday, the market cap is a little over Rs. 6,000 crore.

That's all for the financial section of the presentation. Now, I will give it back to the moderator and request him to open the Q&A session.

Moderator: Ladies and gentlemen, we will now begin the question & answer session. We will wait for a moment while the question queue assembles. The first question is from the line of Siddharth Oberoi from Prudent Equity. Please go ahead.

Siddharth Oberoi: Congratulations and thanks a lot for this fantastic deal. My question was that what is the rationale for selling? I just saw the interview on CNBC where you said that the prime objective was to create shareholder value. Exactly how this value got created? Would you like to pay back the amount to the shareholders or somebody has assigned this value to this business? Can you clarify this?

Partha DeSarkar: If you have seen the CNBC interview, I did clearly mention that our struggle and our failure for the past two decades have been to be able to make the market understand what this business is all about. This is a very specialized domain-intensive healthcare business, and even in investor meetings that we have had, we have struggled to be able to explain what this is, and therefore, the value unlocking was just not happening. So, we had a couple of choices -

one was to make it private and then list abroad, which is a very complex process as all of you know. Therefore, we looked at another option of bringing in a private equity player to see whether a minority investment would unlock value. . While negotiating with various private equity players, we found that there is a lot of interest in buying of the healthcare business completely at very attractive valuations, and once we saw the attractive valuations, we realized that it is best for us to be able to completely divest this business. iIt is a little premature to say in what shape and form the shareholders are going to be rewarded, as I told you. We have just signed the transaction yesterday. We haven't really closed the transaction yet. That is about 90 to 120 days away. So, in what shape or form, I am not in a position to discuss that right now on this call. As and when the cash comes in, and as and when we have further deliberations on the board, we will be able to come up with a concrete plan.

Siddharth Oberoi: What's left in the remaining 47% of the FY2021 business, it's about Rs. 2,600 crore of revenue with around 10% EBIT margins. Is it correct?

Srinivas Palakodeti: Yeah, Siddharth, you are right. The business which is proposed to be divested is about 53% and the 47% of the business - has digital, payroll processing, it has CES business (customer engagement services) originating from the US, UK and Canada being delivered from India, Philippines, US, Canada, Jamaica and the UK. So, it's still a fairly large business and with a diversified portfolio. As Partha mentioned earlier, the UK business continues to perform very well and a significant portion of the growth which you are seeing in Q1 of FY2022 over Q1 of FY2021 has come in from the UK business.

Siddharth Oberoi: Sir, you have spoken about this acquisition? Have you identified anything right now?

Partha DeSarkar: Looking at acquisitions is a part of our ongoing story. Acquisition is something that we have done many times in the past and will continue to be a path to growth and capability building in the future. Is there something definitely right now? I won't be able to talk about that, but yes, we look at multiple deals at any point of time. So, there is a deal pipeline for acquisitions that we have at any point of time. Nothing at this stage that I can discuss and definitely confirm today.

Moderator: The next question is from the line of Maan Vardhan Baid from Laurel Investment Advisors. Please go ahead.

Maan Vardhan Baid: Congratulations on a good set of numbers. Just wanted to understand that post this deal, who will be the key management personnel who will continue? From a leadership perspective, what can one expect going forward?

Partha DeSarkar: I will continue to be the CEO of this company. Pala who is on this call with me will continue as the CFO. The head of the healthcare business is going to transfer over. His name is Ramesh Gopalan. Along with him, there are two other members of our leadership team who will be transferring over to the new entity. One is my CTO Mr. C Subramanya and another is Head of Strategic Initiatives from an HR perspective Mr. Anthony Joseph. Of my team, a total of three of my direct reports will transfer into the new healthcare business.

Maan Vardhan Baid: I wanted to understand post this deal, what sort of business will we continue to operate? How would our focus change in these businesses? Is there scope of us venturing into healthcare in some other way or is there a no-compete agreement with regards to healthcare, etc.?

Partha DeSarkar: Yeah, there is a limited period of no-compete. So, we won't be able to operate in the healthcare space while that non-compete is there.

Maan Vardhan Baid: Till that time, where would our focus be and what is the duration of this non-compete?

Partha DeSarkar: Our focus will continue to be in the customer experience space, but in the last two decades, we have been focusing on the labor-intensive part of the customer experience space. What we are going to focus on in our third decade of existence will be how do we drive transformation in customer experience space by bringing in technology. That's why it is going to be a lot more technology-led going forward.

Maan Vardhan Baid: Where do our EBITDA margins stand in the remaining piece?

Partha DeSarkar: We don't give guidance by line of business. So, I won't be able to give you specific numbers.

Srinivas Palakodeti: Let me take that further. As Partha said, we don't give EBITDA by individual vertical or that kind of analysis. All I can say is that this is the business what is going to be left after the healthcare business is divested. The UK business continues to perform very well. We have strong onshore presence in North America, which has a good mix of onshore and offshore business, plus we have the HRO business and what we are calling as the digital services. So, we have a business with reasonably good margins, and as Partha said, we now move to become a technology-led BPM company. Clearly, that's where our focus and investments will be.

Moderator: The next question is from the line of Dipesh Mehta from Emkay Global. Please go ahead.

Dipesh Mehta: Continuing on the previous question, for FY2021, what was the margin for the remaining business versus healthcare which is historical? I am not asking for a forward-looking statement. Second thing is on the balance sheet related thing. Can you help us understand what cash and debt will be transferred to the residual business and what would move to the carved out kind of thing, which is likely to be sold to the private equity? Third question is after the consideration which we will receive, if you can provide how much we would like to retain for future growth and how much we would like to return back to the shareholders?

Srinivas Palakodeti: As far as the transaction with the P/E fund is concerned, the value of USD 1200 million is on a debt-free cash-free basis. Of course, that will be subject to customary adjustments such as working capital. Conceptually, the buyer will get the business, which is completely debt-free and cash-free and with adequate working capital. If you look at the debt position as of 30th June, 2021, which stands at Rs. 379 crore, that will remain with HGS and will not be transferred. As I said, we have about Rs. 420 crore of cash. That would also remain with HGS and will not be transferred.

In terms of FY2021, as I said earlier, we don't give the margin splits or EBITDA splits by verticals. So, I am sorry I will not be able to share that right now.

Dipesh Mehta: The third question about use of the cash proceedings?

Srinivas Palakodeti: Partha touched on that, right? We are still some time away from closing. The board is deliberating on it. As I said, the end use could be reduction of debt, investments in the business, acquisitions or some form of reward to the shareholders. The specifics are being worked out. At this stage, it would not be right for me to say anything beyond this.

Dipesh Mehta: On the first question as we have already decided and have entered into an agreement to sell that business, then I think at least from an investor's perspective, it makes sense for you to share some data about that business - what is going out of the company and what will remain and what profitability it operates. When it used to be part of consolidated entity, if you didn't want to share, it's fine, but when you are planning to carve it out and exiting that business, it is advisable at least if you share some statistics - how the new entity will look like, what margin profile that entity will have.

Srinivas Palakodeti: Sure, we will share that separately.

Ravi Ramalingam: Dipeshji, till now we have not given the breakup of EBITDA between healthcare and non-healthcare. Since it is unpublished and price sensitive, at this point of time, we won't be able to comment on that, but definitely we will give that breakup in subsequent announcement so that you will have those details.

Moderator: The next question is from the line of Akash Chaturvedi from Alpha Alternatives. Please go ahead.

Akash Chaturvedi: Can you give us an idea about the tax impact for the deal?

Srinivas Palakodeti: This business while we are selling it -- it is effectively businesses sold in India, Philippines, Jamaica and the US. So, it would be the tax rates applicable in each of the geographies from where the transaction is happening. Our estimate is the tax rates for India and Philippines would be in the range of 22% to 23%, given it's being done as a slump sale .

Moderator: The next question is from the line of Apurva Prasad from HDFC Securities. Please go ahead.

Apurva Prasad: The margin profile of the residual business, would that be double digit with 500 basis points differential, to the business that is sold?

Srinivas Palakodeti: Approximately yes, but as I said, as we look into the pro forma of the business that is left forward, we will be able to give you better information and more qualified information in the next couple of months.

Apurva Prasad: Partha, anything if you can talk about in terms of inorganic plan for the residual business?

Partha DeSarkar: I told you that we are looking at three sectors being drivers of growth around the technology space - analytics, AI and automation. These are the areas that we are focusing on and these are capability areas that we already have inside our Ops today. These are subscale today and we want to scale these up and that's where we are looking at acquiring some of these capabilities, so that it can quickly come up to scale and we can add value in our client businesses. Cloud is another area that we are looking at where we can deploy telephony on the cloud, which is a big technology that is coming in. We are also looking at platform service providers because the big thing about BPM for the future is BPaaS, which is business process as a solution. This is where we are trying to see whether we can develop a platform or acquire a platform on which the business process services can be delivered. These are the 4-5 areas. I know it's a fairly generic answer. All possibilities are available right now in front of us. We are exploring that in a fair amount of detail to see which is the best route that we want to take. We don't want to defocus and try to do too many things at the same time. That is a sure-fire way of failure. We want to pick up a few things and do that really very well.

Apurva Prasad: But just to clarify, would the nature of these still be bolt-on acquisitions or would we look at more strategic acquisitions in some of these areas?

Partha DeSarkar: Bolt-on means more of same. Is that what you mean?

Apurva Prasad: I mean tuck-in acquisitions - smaller, when we say sub 10%.

Partha DeSarkar: I don't have a specific number, but if you do a string of pearls, there would be smaller acquisitions, which are in the capability building area. But that doesn't preclude something that comes along, which already has scaled and therefore we would look at it differently. So, all options are available on the table. We won't do something very small because that clearly is a lot of work. But some of the capability areas that we look for, you don't really have large firms in that space, and even if you have, those firms are astronomically valued. It doesn't make sense.

Srinivas Palakodeti: Just to go back to your first question, this is a carved out deal, where with regards to the facilities and people, there is separation which will need to happen on closing of the deal across multiple geographies. There are some parts which are open in terms of what stays behind, especially on shared services, facilities, etc., and what goes. That's why we will work this out and share the margin profile rather than give something, which may be incorrect. So, please bear with us.

Moderator: The next question is from the line of Manish Parikh, an individual investor. Please go ahead.

Manish Parikh: Congratulations for a great set of numbers and for the deal with Baring as well. Sir, my simple question is that the amount of USD 1.2 billion after various adjustments of working capital, will it come in a single tranche or is there any kind of performance aspect, which will be paid in different tranches to us?

Srinivas Palakodeti: The deal is finalized. It is only subject to adjustments like working capital or items like that, but there is nothing linked to future performance. So, the consideration is frozen.

Moderator: The next question is from the line of Abhay, a private investor. Please go ahead.

Abhay: I just had a question regarding the money that is coming in as you are coming out of this healthcare business. Are you going to use the same money and re-enter the healthcare business in some other part of the world? The second was the IT and the automation that you were talking about, can you give us a bit of a brief on what type of automation technology that you are looking at? That will help.

Partha DeSarkar: We talked about non-compete. There is a non-compete and we won't be able to do healthcare business anywhere. That is the answer for your first question.

Abhay: Is it for a lock in of 5 years or 10 years down the line?

Partha DeSarkar: There are some caveats that are available. For example, if you were to acquire a business today, which today has some amount of healthcare, so long as it is not above a certain small value, you can acquire such a business. There are some fine print available in the non-compete. By and large, we can't do healthcare at scale is probably the right way to answer this question.

Abhay: And the automations that you are looking at, sir?

Partha DeSarkar: We have the tools. The ones that we work on are Automation Anywhere and UiPath. Those are standard tools that are available in the market. We do have a joint go-to-market with some of these licenses. We do have some work that we do on Blue Prism. These are the top 3 technologies. We have developed our own platforms as well in the automation space.

Abhay: So, the acquisition could come on those new platforms/developers like new companies that come up with developing platforms. So, you could be thinking of acquiring some new companies which would be start-ups that work on the platforms and all. Will your acquisition consider that as well?

Partha DeSarkar: Yes.

Moderator: The next question is from the line of Shanti Patel from Shanti Patel Investments. Please go ahead.

Shanti Patel: This non-compete agreement that you have entered into, it is in force for how many years?

Srinivas Palakodeti: We have certain confidentiality clauses, but all I can say is that it's not a very long period.

Shanti Patel: That means the moment the period is over, we are free to enter into that area. Is it correct?

Srinivas Palakodeti: Yes.

Shanti Patel: Approximately it is a short term or long term? Can you give a little idea about the period?

Srinivas Palakodeti: Yeah, it is not very long term.

Moderator: The next question is from the line of Raghav Aggarwal from Star Securities Limited. Please go ahead.

Raghav Aggarwal: You keep talking about future acquisitions. My question was pertaining to that. Could you give us an idea on what sort of ticket size are you looking at in terms of your acquisition in the future or maybe if there are multiple? Do you have any idea or estimate about what size of acquisition you are going to do?

Partha DeSarkar: The tuck-ins could be smaller in size, let us say USD 10 million to USD 25 million, but it's not the only kind of thing that we do. If we find something bigger and which actually is our strategy, we will pick it as well.

Moderator: The next question is from the line of Prafulla, an individual investor. Please go ahead.

Prafulla: Did you evaluate selling non-healthcare business and retaining healthcare?

Partha DeSarkar: No, we did not evaluate that because we found that the value unlocking was maximum in the healthcare business.

Moderator: The next question is from the line of Navish Jain, an individual investor. Please go ahead.

Navish Jain: My question relates to what you had just conveyed earlier that part of the money will be used for maybe some small acquisitions, some operations and part will be given to investors. Would mind that how you will give it to investors in view of the fact that taxes on dividends are very high. Whatever money has come you pay capital gains tax which the company will be paying and then it comes to individuals and then it is full taxable, 30% or whatever your bracket is. So, you have in mind that how individual investors can be given this money so that it is tax friendly?

Partha DeSarkar: All options are available. We are aware of the pros and cons of the different ways of returning money to the shareholders. We will evaluate all of them and we are going to make sure that our shareholders are appropriately rewarded, but I won't be able to discuss specifics right now. I think it's a little ahead of time until we have a concrete plan.

Moderator: As there are no further questions, I now hand the conference over to Mr. Ravi Ramalingam for closing comments.

R. Ravi: Thank you to all the participants for joining us in the post results conference call. If there are any further questions or clarifications about the Q1 FY2022 financials, please email me or to Pala, the CFO. We will be more than happy to get back to you. This is Ravi signing off on behalf of the HGS management. Thank you.

Moderator: Ladies and gentlemen, on behalf of Hinduja Global Solutions Limited, that concludes today's conference. Thank you for joining us. You may now disconnect your lines.

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