

June 30, 2021

BSE Limited
Corporate Relation Dept.
P. J. Towers, Dalal Street
Mumbai 400 001.
Scip Code : 532859

National Stock Exchange of India Ltd.
"Exchange Plaza",
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051.
Symbol : HGS

Dear Sirs,

Sub: Transcript of conference call held on June 21, 2021

This refers to our communication dated June 22, 2021 giving intimation about upload of the audio recording of said Conference Call held on June 21, 2021 on the website of the Company, we wish to attach herewith the transcript of said call.

The transcript can be accessed using: <https://www.teamhgs.com/investors>

Thanking you,

For **Hinduja Global Solutions Limited**



Narendra Singh
Company Secretary



**Hinduja Global Solutions Limited Conference Call to Discuss
Q4 FY21 results**

June 21, 2021

MANAGEMENT:

MR. PARTHA DESARKAR – ED & CEO

MR. SRINIVAS PALAKODETI – GLOBAL CFO

MR. R RAVI – VICE PRESIDENT, HEAD OF IR



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Moderator: Good evening, ladies and gentlemen. A very warm welcome to the Hinduja Global Solutions Limited Q4 FY2021 Earnings Conference Call. From the senior management we have with us today, Mr. Partha Desarkar – Executive Director and Chief Executive Officer; Mr. Srinivas Palakodeti – Chief Financial Officer and Mr. R Ravi – Vice President and Head Investor Relations.

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. Ravi Ramalingam – Vice President and Head Investor Relations, Hinduja Global Solutions Limited. Thank you and over to you sir.

Ramalingam Ravi: Thank you, Rucha. Thank you, ladies and gentlemen, on behalf of HGS wishing all a very good evening and a warm welcome to the -Q4 FY21 results conference Call. To discuss the fourth quarter results and fully year FY2021 financials, I am joined by Mr. Partha Desarkar – Executive Director and 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 the today’s conference 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 the growth of the market of the company’s service 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 add couple of more points, during the Q&A session, questions should be asked only related to the Q4 FY21 financials and FY21 financials. The management would not be commenting on any of the speculative news doing the rounds. There is an investor presentation which has already been emailed to all the investors by Adfactors. I'm sure all of you had the chance to go through.

Before, I hand over the call to Partha Desarkar, 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



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the COVID-19 pandemic, all of us are still taking calls on mobile from various locations and as such call drops are likely to be a recurring problem.

Now, I would like to invite Mr. Partha Desarkar to provide his perspective on the performance of the fourth quarter and as FY21. Thank you, and over to Mr. Partha.

Partha Desarkar:

Thank you, Ravi. And a very good afternoon to all of you. This time, we have made a change in format of our earnings call, we have actually got a deck that has been uploaded on our website and has been mailed to many of you by Adfactors Investor Relations team, whom we have appointed to be in charge of our investor relations, so the earnings call will refer to the presentation deck as we go through it.

So the first slide on the deck essentially talks about at a very high level what this company is all about. About \$ 754 million in revenue, with 56 delivery centers in seven countries, employing approximately 40,000 people and having about 254 BPM clients. We operate in three spaces by and large healthcare being our largest space, followed by customer experience transformation and digital. We handled voice calls 4.5 billion annual voice minutes, 325K annual chat sessions, more than 150 million healthcare experiences and globally we supported about 34 languages.

What are our key strengths? This company today has a strong net cash company with very strong free cash flow. 60% of our revenues come from tenured clients who've been with us for more than 10 years. We have a good geographical footprint; we call it the right-shore footprint. We have good presence onshore in U.S., Canada and UK, near shore in Jamaica and offshore locations like India and Philippines. Today, I am very proud to say that our client satisfaction score is at an all-time high, it is the highest score that we have received since we started the third party CSAT service. And also our employee satisfaction survey also this year has come out to be the highest in all the years that we have been doing employee satisfaction. Our five years' revenue CAGR is about 10.9%, our five year PAT CAGR is 27.2%. Our EPS for the last year is Rs.161 and we paid out a dividend of Rs.40 per share in FY2021. I would also like to say that we are a company with zero promoter pledge.

A view of the industry that we operate in, the global BPM spending as you have in this slide out here, it has a CAGR of over 5.1%. This is the Gartner prediction and you see that this is a steadily increasing line for the year 2022, it is predicted to be about \$206 billion and that obviously, is a massive market and it is fairly fragmented that allows players like us to play in equal footing with some of the big guys. If you look at what's new, in the last five years you will see the graph on the right telling you that though the whole pie has been growing, traditional BPO as a percentage of the total revenues is now a lower percentage as compared to others. If you look



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at it, business processes as a service, and that service includes many customer platform as well, has also been growing pretty handsomely in the last five years.

What are the highlights of last year? We had a fantastic year where many things came together. But the key thing that helped us survive the pandemic has been the speed at which we deployed the Work@Home solution due to which we have been able to report a very strong top line and profitability growth. The fact that we did not have travel, tourism and hospitality - it is a very miniscule percent of our revenue, has helped us a lot because these key sectors were seriously impacted by the pandemic. I talked about the fact that this year is also seeing our highest server ESAT goals and CSAT scores. So, in a way that these three are actually connecting three dots together - Happy employees, happy clients, and happy shareholders as well, because you've seen the numbers for this quarter, they have been really, really strong.

We've had very big wins in healthcare and the public sector, specifically the UK public sector. The UK public sector has played a stellar role in the growth of quarter four. These are two specific projects that we did pertaining to Brexit support for the UK government and for vaccination support for the UK government. The Work@Home technology that we talked about was the key success factor of our ability to produce strong results. When pandemic hit us in quarter one, we had no idea that the full year would be so strong. The one factor, and the single largest factor that helped us was that we had about 1000 people operating in Canada, from Work@Home anywhere. And all we had to do was to rapidly deploy that technology and that knowledge globally. And, I have to say that we are one of the first few companies who were off the block with a fast deployment of Work@Home technology that was required to deliver it. The fact that we had to ship dongles, UPSs, and headphones to every associate's home. All of that was done in record time and that made sure that after quarter one, we recovered our revenues in quarter two, quarter three and quarter four. And the results are there for all to see.

A comparison with previous year quarter on a like-to-like basis. In rupee terms we have grown by 21.6% in revenue and 31.7% in EBITDA. And that you have to bear in mind that we sold off the India domestic business in January 2020 and that is why the numbers look so spectacular because February and March 21 we did not have revenues from India domestic business.

The next slide, slide #8 talks about as reported. A good performance again, revenues grew about 18.6%, EBITDA grew about 24.5%, profit before tax grew about 72% and profit after tax grew about 190.6%. Very pleased to say it has obviously been the strongest quarter in our 21 years of history. If we compare the two years, because that's more relevant, it takes out the effect of pandemic and you will still see that in the year of pandemic, in the year that we actually sold off the India domestic business, we have still grown our revenues by 14.6% and our profitability by 16%.

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Slide #10 gives further details. As reported what you get to see, despite the sale of India Domestic business, we are still able to see about 6.8% of revenue growth, we are able to see 7.9% of EBITDA growth, 27.1% of PBT growth, and 63.4% on profit after tax. So, clearly, we are very happy to produce these kinds of numbers specifically on the profit after tax numbers.

How did this evolve, you will see that the channel mix today has actually dropped significantly from what used to be a traditional voice based business. Voice based business sometime was almost more than 75% of our revenue. Today, with the addition of digital and transaction processing the voice based revenues have dropped to about 68%. We have signed up about 37 new logos for digital services in FY2021. The areas that we are focusing on is what we call AAA, which is analytics, automation and artificial intelligence.

This year also has been a spectacular growth year for UK. This is because we have had massive wins with the UK public sector and the business has virtually grown by 60.7%. I talked about the fact that we've got large contracts from the government, in cooperation with Fujitsu on the Brexit support. We've also had a contract to support the NHS in the UK vaccination rollout in quarter four. Our headcount increased to 2,357, from a number which was close to about 1,000 and all of that has been done in just one year, we have actually been able to deploy technology, which is cloud based that has allowed us to flex our capacity fantastically. And we've also been able to hire from all over the UK, as opposed to being tied down to the three cities like London, Chesapeake and Preston, where we had our physical location. We've been able to do this from all over the UK and that's one of the secrets behind the success of UK this year.

I mentioned about Work@Home and why that is a game changer. It took us two months to completely move Work@Home and this is a global deployment. Today about 85% +of our workforce is working from work from home while there are few who have information security needs, or are working on some critical processes continue to come to office, but this is the single contributing factor for our ability to recover our revenues in quarter two to quarter four. Along with production processes, even support processes, like interviewing, recruiting, hiring, onboarding, training, everything has moved to work from home. I myself as a CEO of the company, has been working from home for the last one year, I've gone to office in only one year. Our CFO Mr. Palakodeti has similarly been working from home. So this has been a massive success story. And as I mentioned, the fact that we have deployed technology in the form of cloud has also helped us flex our capacity. And the good thing about cloud is, you're not stuck with infrastructure, you are able to ramp up and ramp down depending upon the seasonality of demand and supply which gives you a lot of flexibility and is also a CAPEX light model. And that we believe is a working model for the future.



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We believe, because we were able to deploy work from home last year, our annual savings on account of savings on utilities, maintenance, travel all of that is to the tune of \$5.6 million on a net basis for this hybrid delivery model.

I want to talk about our COVID response. The fact that we moved people back home, they are working in the safety of their homes which has been our primary concern which is employee safety, every employee has been taken care of, is made sure that there is enough availability of technical support, wellness, and fitness all such engagements are all turned virtual. We've done everything that is possible to make sure that even our remote working employees are productive and happy.

Even in the second wave when India particularly went through a big hit, we focused on employee health safety and wellbeing, we have given 14 additional leaves for affected employees in sub geographies, we've added counseling and support groups, extended plans for family members increased life cover in case of demise of an employees. We have focused on employee mental health, the stress has been the biggest productivity killer this year, so we've tried to make sure that our employees are stress free. Today as we speak, we are also organizing a vaccination camp for employees in Bangalore. Two weeks back, we did it in Mumbai and this week we are doing it in Bangalore, all of this to make sure that our employees are safe..

So what's the new normal ? We call it the work from anywhere model, we will continue to leverage cloud technology, which as I mentioned is a CAPEX light model. We will continue to invest in digital, which is the AAA strategy that I talked about, artificial intelligence, automation and analytic and we are looking at how can we drive verticalization deeper so that we enjoy from the domain experience.

Key takeaway as I said, the three connected dots, happy employees means happy customers, and hopefully our shareholders you are happy as well, because of the numbers that we have been able to produce. Never before have the three metrics been aligned so perfectly. It just goes to demonstrate how at the core of everything that we do, is a very happy and productive employee who is giving his best to keep his customers and ultimately his shareholders happy.

We are also taking care of the community through our CSR program, despite the constraints of the pandemic, we have had 51,000+ hours volunteering which is benefiting about 220,000 beneficiaries. So, we have really impacted almost 2.2 lakh beneficiaries.

With that, I'm going to hand it over to Pala, for his financial update. Pala over to you.



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Srinivas Palakodeti:

Thank you. So we move to Q4 FY21 performance. As Partha mentioned we had actual growth of about 21.6% in terms of revenue but on a reported basis, the growth is about 18.6% as we've had an FX impact of about 1.5% in terms of on the revenue. There's actually been a phenomenal growth in terms of volumes of about 19.5% and then you need to back off the impact of sale of India Domestic CRM business- it is about 2.5%. We are in a very strong position of 18.6% revenue growth on a year-on-year basis. Our margins, you would see have improved from 14.3% to 15% and at the PAT level the profits are shot up by about 190%. So, we have delivered in Q4 of FY21 profits which are almost thrice the profits delivered in Q4 of FY20.

On a fully basis, the revenue growth may look muted at 6.8%. As we explained earlier, we've taken out the revenues from the India domestic business and also there were some pass through revenues which we have explained are no longer there so out of the total growth, FX impact is 4.1%, volume growth is about 9.4% and then there is 2.1% impact of businesses which we have exited giving the revenue growth of 6.8%. Margins have also improved and there's a growth of about 8% at EBITDA level. Couple of call outs on the exceptional items Rs. 211 million in FY20 pertains to right off of some goodwill on intangibles. Whereas the exceptional items in FY21 that is related to additional purchase consideration paid for acquiring the balance stake in HGS Digital LLC so, in January of FY21, we completed purchase of the balance stake so, we now own 100% of HGS Digital LLC.

We have declared three interim dividends of Rs.6 each during the year. The final dividend declared, approved by the board and is of course subject to shareholder approval is Rs.22 per share, which includes Rs.15 of special dividend that brings a total dividend of Rs.40 per share and a pitch in terms of payout comes to about 25% of the consolidated profits. And in absolute amounts, the dividends have increased from Rs.20 per share for FY20 to Rs.40 per share for FY21.

From a revenue split perspective, healthcare continues to perform very well, and accounts for about 55.8% of total revenues. USA continues to be the largest market in terms of origination at about 73%. And as Partha mentioned earlier, with the strong growth in UK, it has now become the third largest market and accounts for about 9% of total revenue.

In terms of PAT, which is at Rs. 336 crores is the highest ever in terms of the PAT, in the history of the company. EBITDA is also at all-time high at about Rs. 773 crores. We continue to reduce our debt during FY21, we reduced debt by about Rs. 2,106 million and we have ended the year on a net cash basis of Rs. 1,365 million.

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Our CAPEX for the year was Rs. 1,581 million, this was higher than what we had in FY20 for two reasons. Firstly, we had to incur extra CAPEX like dongles, hotspots, and other equipment we acquired to enable our employees to work from home. Secondly computers for our employees as when we work from home, obviously each employee needs to have a separate computer. Whereas if they work from office, it's based on shifts that can be shared. So there is some impact of that as well. Our DSO days while slightly higher compared to FY20, needs to be borne in mind that revenues in actual terms grew by about 21% in Q4FY21. At an overall level, our collections have been good. We have had no impact of any financial health of our clients deteriorating because of COVID. Cash flows continue to remain strong and about 49% of EBITDA got converted into free cash. We have also seen an increase in return on capital employed from about 16.2% last year to 18%.

Out of total debt about 64% of our debt is in the form of long-term loans. We have most of the loans linked to LIBOR, but we also have loans which are in the form of interest rate swaps and fixed rate. As we speak and as on 31st March 2021, there was no debt in India except for an ECB of equivalents of a little over Rs. 110 crores. While we do have surplus funds, because of regulatory requirements, we are not in a position to prepay the loan without RBI approval.

Coming to FX, we continue to take forward covers on a rolling 12-month basis. So we have FX cover with an average of about Rs.76.9 for the dollar for FY22, which compares very favorably with the current spot rates of Rs.74. We have rate stretching going all the way up to 84, when you look at our forward covers for FY23 and 24. And of course, this is not fully hedged, we typically hedge up to 75% of our expected revenue. On the Philippine side as well, we have rates in the range of 48.6 to 48.9 to USD, which is broadly in-line with the current spot rate of 48.67.

Partha talked about the CSAT scores being at all-time high. If you recall by end of December 2020, our PAT for the current financial year for the first three quarters had already exceeded the full year's profits of FY20. As we declared better results; the markets have recognized our performance and our share price has seen a significant increase, it has gone up by about close to 285% over the last 12 months or so, definitely higher than the increase in CNX IT, and NIFTY 50. That is all for my section. I would now like to hand it over to the moderator. And we would be happy to take questions-and-answers. Thank you.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Siddharth Oberoi from Prudent Equity. Please go ahead.

Siddharth Oberoi:

I wanted to know, you've reported as a healthcare contributes 55% of the revenue. What is the profitability of this division?



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- Srinivas Palakodeti:** This is Pala here. We don't give individual breakup of any particular line of business. So we only report overall profitability.
- Siddharth Oberoi:** But is it a low margin business or a high one, if you can give that, amongst your portfolio businesses?
- Srinivas Palakodeti:** What we are willing to share is the overall margins rather than specific margins of a particular vertical.
- Siddharth Oberoi:** Alright. So of course, the performance has been very good, and the pace of revenue growth is almost about 8% Q-on-Q. So has been possible because of the last two, three quarters of the orders bagging or is there something else at work here?
- Partha Desarkar:** What do you mean by something else at work, I didn't understand the question?
- Siddharth Oberoi:** Is it that the existing customers are giving you more orders or is it the new orders, the recent orders that you have bagged are contributing more to it?
- Partha Desarkar:** It is a combination of both- our existing clients have also grown very, very well. As, I also mentioned that we've had two large wins in the UK public sector that has contributed very handsomely in quarter four. So the answer to your question is the combination of both factors.
- Siddharth Oberoi:** Alright. Also, any update on the inter-corporate deposits, between company and the promoter?
- Srinivas Palakodeti:** So, we do have ICDs, they were all repaid during the year, we were sitting in a position of cash surplus and as I mentioned earlier, we do not have any working capital borrowings on the India balance sheet. The only loan which we had on the India balance sheet was an ECB, which we cannot pre pay without RBI approval. So, these funds have been redeployed and the money is repayable before end March 2022, but payable back on demand if there is a need to meet the needs of the company.
- Siddharth Oberoi:** Okay, so right now there are no deposits lend to the promoters is that correct?
- Srinivas Palakodeti:** As of 31st March there are ICDs of Rs. 359.5 crores. These are all repayable before March 2022, or on demand. So, we can call that money back as and when required.
- Siddharth Oberoi:** All right. I wanted to know about this special dividends, what is the significance of this, is it not recurring, this 25% of the profits that you're paying?

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- Srinivas Palakodeti:** So, as I said last year we paid a total of Rs.20, and this year we paid Rs. 40. We are in a dynamic situation so we've just called it special dividend, but even if you there is a dividend of Rs 7/share an increase compared to the three interim dividends of Rs 6/share which we have declared in the previous three quarters.
- Siddharth Oberoi:** Okay, but since you called it special it's like a onetime one something or is it, can this be continued in the future?
- Srinivas Palakodeti:** So the board will take a decision as we go through the year. So right now, I don't want to say anything more beyond the fact that our dividend for the full year is at Rs.40/share , which is double of what we had in FY20.
- Siddharth Oberoi:** Okay. Alright, sir also regarding this tax rate, why is the tax rate so low, in the previous concalls you had stated that it will be about 30% - 32%. So is there a shift into a different tax lab or something?
- Srinivas Palakodeti:** So, we did mention anyway that's part of the publication page, there was an option to take either full rate and with tax benefits or take 25% without tax benefit. So we did our evaluation, we were better off with 25 % tax rate and no exemptions. So that is what we have opted for.
- Siddharth Oberoi:** So, but then from FY22 you revert back to the original or?
- Srinivas Palakodeti:** No, it's a onetime election, so you can't change that. So for India, we will be at 25% of our profits without any exemption even if we have a SEZ.
- Siddharth Oberoi:** And about Jamaica, what are the tax rates there?
- Srinivas Palakodeti:** That is about 12%.
- Moderator:** Thank you. The next question is from the line of Subhankar from SKS Capital. Please go ahead.
- Subhankar Ojha:** Sir two questions basically, one was on the dividend part. So, FY21 effectively it is 40% and it's about 15% and last year actually we had 20% payout. So are going to maintain a 20% kind of a payout number because last year it was 20, this year excluding the onetime it is 15%. Are we going to maintain in somewhat 15%, 20% kind of a range, or we are going to gradually improve that, because overall on a quarter-on-quarter basis there has been higher payout?
- Srinivas Palakodeti:** Subhankar there are two ways to look at it. So if you look at the first three interim dividends, those were at Rs.6. Now here it is a total of 22, so if you split it up 15 is special. So 7 is what would have been against 6, that's what you need to compare. But the more relevant question

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is that profits have gone up and we maintained the payout ratio at 25% and we paid Rs.40 per share compared to Rs.20 per share last year.

Subhankar Ojha:

Okay, so I was asking about the EBITDA margin, we had seen a significant improvement in margin last year. So what are the factors that we'll have to watch out for FY22, in terms of your margin improvement from further or an erosion, are the clients willing to continue with this work from home model or are they kind of asking employees to come back to office once the thing normalizes?

Partha DeSarkar:

Yes, I mentioned the fact that UK perform very well, if you go back to our history of UK performance it used to be slightly loss making operating unit. This year it has made a fantastic turn around, it has made a very handsome profits and even in the current year we are seeing encouraging signs from UK. So from a loss making unit to a significantly contributing unit that's been a swing that has contributed a large amount to quarter four profitability, and we expect that to be sustained.

The second question also is about what happens to our clients. It is a little premature, we haven't yet had any client coming and saying that we have to come back to work, the dialogue has just about started. But we are not in a position to give you any concrete yes or no the answer as to whether our clients are asking us to come back to office. We haven't yet taken a position on that, nor have our clients taken a position on that.

Subhankar Ojha:

Got it. And in terms of this growth momentum, you had a great quarter fourth with a volume growth of 19.5%, now FY22 do you see a similar growth trend will continue or as you said like quarter four you had a benefit of the vaccination program in UK, is this kind of one off or these are the volume growth numbers that can sustain, 99.5% is pretty high-teen. But do you think that somewhere between 10% - 15% or 10% - 20% range?

Partha DeSarkar:

Look, it is very difficult to say which way vaccination will go. You yourself must be reading in the press what's happening to vaccination all over the world. There are so many theories floating around. So whether the vaccination support will be an ongoing activity, whether the vaccination will be seasonal activity, it will be difficult for us to comment on that right now. We do have the vaccination support program that is going to continue for quite a few months going forward. And then as and when vaccination strategies change it will be time for a second short, third short, fourth short we don't know. They're talking about people below the age of 18 now getting vaccinated. So if you look at the vaccination that has happened worldwide, it has mostly been targeted towards people +18 of age, right now if you start vaccinating children that creates a new wave of vaccination support. So, I will not be able to tell you for sure, whether this is seasonal, we've signed up with the UK government to support that government,



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whatever the government's policy is towards, how they want to vaccinate the population we are going to be their partners.

Moderator: Thank you. The next question is from the line of Anand Agarwal from Balaji Invest. Please go ahead.

Anand Agarwal: My question is related with, the year has gone fantastic, as you said that work from home that was the major reason. But I just want to understand a broader picture say two years down the line, what kind of growth the company's targeting, in all the verticals?

Partha Desarkar: Sir, the best answer for this will be to look at our history, and see what has been our track record of growth. So, we will be able to sustain the track record of growth that we have delivered year-on-year. And that's what you should count on.

Anand Agarwal: So this year can we expect that this year was exceptional as the kind of growth this year we have seen is better than earlier. Especially I am talking in margins and profitability?

Partha Desarkar: The attempt will be to improve our profitability going forward. As I said, work at home itself has contributed about \$6 million in operating profitability., It is a CAPEX light model and if we are able to sustain that and our clients agree to keep continuing to do Work@Home on an ongoing basis, this margin can be sustained. Also, if the UK performance continues in the way that it has performed last year, I also see the profitability being in a good stable situation.

Anand Agarwal: Okay. And one more question, as there was a rumor in the market for the hiving off this healthcare vertical. So, is there any view on that?

Partha Desarkar: Look at the very outset of the call, Ravi is in charge of Investor Relations clarified that we will not be commenting on rumors or speculation.

Moderator: Thank you. The next question is from the line of Manvardhan Baid from Laurel Investment Advisors. Please go ahead.

Manvardhan Baid: Sir may be if you could guide us through what is happening in UK, obviously one is aware of the changes that you've made over the last couple of years. But finally, one is seeing that in the numbers. And it seems that business is probably going to grow at a different pace than the rest. So maybe if you could take us through how you see that business ahead?

Partha Desarkar: So it's been a turnaround, if you have been tracking our performance, our usual performance has been rather dismal, till about 2019. This year as I said, because we're a part of the UK government procurement framework, we have been able to bag quite a few orders pertaining to Brexit support and pertaining to NHS vaccination. So that's what added to our revenues. And



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our pipeline UK, public sector pipeline is actually pretty strong. So we hope to be able to continue the growth here.

Manvardhan Baid: Since obviously, this business is transformed and one can't historically look at the pace at which this business is done. So when one looks forward what is the kind of pace that one can expect this business to grow at?

Partha Desarkar: You are talking about the UK business, or you are talking about the total business?

Manvardhan Baid: Yes, the UK business.

Partha Desarkar: No, UK business has been totally transformed, you're right it has grown at about 64% this year over previous year. So look, we do want to sustain that the revenue pipeline that we have built, going forward also you will find a strong performance from UK.

Manvardhan Baid: Fair enough. Also on the US side, obviously there's been a change of guard on the government over there. So are there some policy changes, or something that we see happening which might work in our favor or not work in our favor?

Partha Desarkar: Nothing specific that I can comment on, Pala do you have anything specific to comment on?

Srinivas Palakodeti: No, the only thing I would say is that, every four years or eight years there's a change in the U.S. Presidency. But in this whole period we have our healthcare portfolio has grown in terms of revenues.

Manvardhan Baid: Fair enough. So, in terms of on the health side, the earlier regime had a very specific kind of, so is there some view on that, are we going back to those days of Obama care or that coming back?

Partha Desarkar: You're talking about the Affordable Care Act?

Manvardhan Baid: That's right.

Partha Desarkar: The Affordable Care Act may be that in some shape or form, we don't have any concrete comment on that today.

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

Chirag: Sir, I have a few questions like we are into this IT business since quite long and other leading players of Indian IT industry are also started the same like when we started, so why there is a delinquency in growing the pie and all because, whenever the IT boom and IT up gradation

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happening the Indian IT sector is able to capture a good tailwind of turnover and all, so this time in the cycle do we change the strategy of getting orders and delivering the strategy and all in-line with what the top players are doing in industry. Some changes did we initiative it to get the benefit of maximum of this tailwind scattered post COVID world?

Partha Desarkar: One clarification we are not in IT, we are in IT/BPM and majorly BPM as opposed to majorly IT so our competitors are not really the IT firms that you're talking about. If you compare us with companies like Firstsource, WNS, EXL, Genpact you will find that we've done reasonably well in comparison. But comparing us with IT firms is not necessarily the right comparison, we are not in that business.

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

Satish: Coming to the question, a previous fellow has asked, same question I want to repeat, you are not in IT I agree, but in what way you can be compared with IT companies like eClerx can we compare your company with eClerx. And going forward, are you going to add any other verticals of cloud based business models, that's all. Thank you so much.

Partha Desarkar: Yes, eClerx is similar in many ways. As I said, there are four or five companies who operate in the zone that we operate so there is eClerx, FirstSource , WNS, EXL, Genpact, Allsec. these are the five- six companies. Apart from that, the people that we compete with are captives of the firms in India. So, yes your direct question eClerx is a competitor but we don't necessarily compete with them. But I would rather call them a peer as opposed to a competition because we don't come across eClerx in competing RFPs. So that is the answer to question number one. Question number two, Yes, we do want to grow our cloud practice. It's a small practice today, but we do want to grow it in the future.

Satish: Okay. And the revenue, we are going to sustain that is for sure, because the confidence of our company shows over a period of time and this time, last time I participated in the call and you were sounding a little bit hesitant in telling something to the people, this time I could see there is a confidence that you have, and the same confidence can I expect in the years to come?

Partha Desarkar: I answered that question, it's not about one year or one quarter you look at our performance over the last 10 years, you look at our revenue CAGR and then you will be able to ascertain what kind of growth you can expect from us. About lack of confidence, that's a subjective comment sir, I don't know how many CEOs were confident when they were facing a pandemic, while giving future projections for the company.

Satish: Okay one final question. You are an IT company, we are much enabled in the technology platform, why your results are so delayed when a company like Infosys or TCS can produce the

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results in the first week of every quarter, or second week of every quarter, why you are delaying them so much, because that creates a little bit of misunderstanding in the market. So, just I wanted to know?

Srinivas Palakodeti: So, let me take that. So, clearly the results have come out late. And we had this unfortunate situation where there's some people both from our auditor side, and our own employees who are required to finalize the accounts they unfortunately had health issues arising out of COVID due to which we took longer, but well within the time limits permitted by SEBI. But as we go through, we expect things to come on track in FY22.

Moderator: Thank you. The next question is from the line of Keshav from RakSan Investors. Please go ahead.

Keshav Kumar: Sir, I wanted to ask that, what is the tenure of your contracts you have with your clients, if I can have even an average timeline?

Srinivas Palakodeti: So, our contracts are typically three years. But we have the same set of clients who have been with us for about 20 years or even more. So one is the contractual term where you may sign an SOW for say three years and they get renewed but we've had clients who've been with us for many, many years and as we mentioned earlier, about 60% of our revenues come from clients who've been with us for more than 10 years. So this is a business with long tenure plans.

Keshav Kumar: Okay, sir and do you also have shorter tenure clients, maybe a smaller percentage?

Srinivas Palakodeti: Some of them could sign as short-term projects, and based on performance, a lot of SoW may evolve into long term contracts.

Keshav Kumar: Okay. Sir this past one year, amongst the client onboarding that has happened, could you give a fair, even a rough idea as to how much percentage of them would be long term and maybe three or more than three and otherwise?

Srinivas Palakodeti: Yes, most of them are long term, when I say long term those are two or three years' tenure. As you said earlier in the beginning and there were some contracts with the concept of COVID where clients wanted to turn in short term, but as we went through the year, even they have turned long term. We do some work on the digital experience, etc., which is more like project based but again one SOW ends and another SOW typically starts.

Keshav Kumar: Alright sir. Sir one more thing. So do you also have payments milestone based as in among these contracts, say there's a contract for three years. So is it an annuity based business or would it also have milestone components?



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Srinivas Palakodeti: Most of, almost all our revenues come from what is called a transaction based or FTE billing. So we get paid per call answered, per transaction processed. And as I said, these are clients who have been with us for a long time. So we have recurring revenues from each client. It's not project based, let me clarify again.

Moderator: Thank you. Ladies and gentlemen, as this was the last question for today. I now hand the conference over to Mr. R Ravi for closing comments.

Ramalingam Ravi: Thank you, Rucha again Ravi here. Thank you to all the participants for joining us in the fourth quarter results conference call. If there are any further questions or clarification about the Q4 or on FY21 financials. Please email me or to Pala and we will be more than happy to get back to you. This is Ravi signing off on behalf of HGS. Thank you.

Partha Desarkar: Thank you, everyone. Thank you for participating.

Srinivas Palakodeti: Thank you.

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

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