

August 14, 2025

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

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

Dear Sir/Madam,

**Sub: Transcript of Earnings Conference Call held on August 08, 2025**

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This is in continuation to Q1 & FY2026 Earnings Conference Call of Hinduja Global Solutions Limited held on August 08, 2025.

Pursuant to Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirement), Regulations 2015, we wish to attach herewith the transcript of Q1 & FY2026 Earnings Conference Call of the Company held on August 08, 2025.

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

Thanking you,

For **Hinduja Global Solutions Limited**

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

Encl: As above

**HINDUJA GLOBAL SOLUTIONS LIMITED.**

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**Hinduja Global Solutions Limited**  
**Q1 FY2026 Earnings Conference Call**  
**August 8, 2025**

**Key Speakers:**

Mr. Venkatesh Korla, Global CEO, HGS

Mr. Vynsley Fernandes, Whole-time Director, HGS and CEO of NXTDIGITAL Media Businesses

Mr. Mahesh Kumar Nutalapati, Global CFO, HGS

Mr. Rajiv Bhargava, Chief Financial Officer, NXTDIGITAL Media Group

**Hinduja Global Solutions Limited**  
**Q1 FY2026 Earnings Conference Call**  
**August 08, 2025**

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**Moderator:** Good evening, ladies and gentlemen, a warm welcome to the Q1 FY2026 Earnings Call of Hinduja Global Solutions Limited.

From senior management, we have with us today Mr. Venkatesh Korla - Global Chief Executive Officer; Mr. Vynsley Fernandes – Whole-time Director, HGS, and CEO of NXTDIGITAL Media Businesses; and Mr. Mahesh Kumar Nutalapati - Global Chief Financial Officer.

As a reminder, all participants' lines will be in listen-only mode, and there will be a chance to ask questions after the presentation ends. If you need help during this conference call, please signal an operator by pressing \*, then 0 on your touch-tone phone. Please note that this conference is being recorded.

I will now pass the conference to Mr. Darshan Mankad from Adfactors PR. Thank you, and the floor is yours, sir.

**Darshan Mankad:** Thank you. Good evening, everyone. Welcome to Hinduja Global Solutions Limited's earnings call for the first quarter ended June 30, 2025.

As a reminder, some of the commentary you hear today may contain forward-looking statements. Such statements are based on current expectations and assumptions and are therefore subject to risk and uncertainties. Should a call drop occur, we will ensure it is reconnected as soon as possible. Thank you for your patience.

I will now hand over the call to Venkatesh sir for the opening remarks. Over to you, sir.

**Venkatesh Korla:** Thank you. Good afternoon, everyone. I hope you're all doing well. On behalf of the HGS team, I sincerely thank you for joining us on today's Earnings Call. We truly value your time and ongoing support. Please note that our Earnings Call presentation has been uploaded to the Stock Exchange and our website.

A quick overview of our Q1 performance. We achieved a total income of Rs. 1,187.3 crores and operating revenue of Rs. 1,056.2 crores in the quarter. EBITDA was Rs. 159.7 crores, with strong margins of 13.5%, up 169 basis points year-over-year. While the numbers show mixed results, they reflect steady progress for us. We believe this is laying a solid foundation for sustainable growth this year.

Our performance this quarter was shaped by ongoing macroeconomic volatility, extended client sales cycles, sector seasonality, and customer ramp-ups. We have consciously decided to prioritize margin expansion over topline growth due to market changes, and this is reflected in our improved EBITDA margins in Q1. The boost came from a shifting revenue mix, dominated by digital services and the increased use of internally developed IP in the Agentic AI platform, called HGS Agent X. Our strong sales pipeline, especially in digital services, underpins our optimism for future growth. The current order pipeline in our Americas region exceeds 55% in the digital services segment.

We have more than 1,000 multinational customers in our BPM and HRO businesses. We are also beginning to cross-sell and expand our technology and digital services to these customers. Additionally, we have added quite a few new logos for digital services over the past two quarters. These digital services customers typically start small and expand into larger accounts in terms of revenue impact. This shift will enhance the quality of our revenue profile, leading to higher margin growth. We expect to observe these effects in the fourth quarter of this year. We plan to allocate some of this increased profitability toward aggressively reskilling our team and developing solutions that will generate future digital services revenue as we transform our organization.

I will now move to slide 7, leading the future of HGS. As you are all aware, the world around us is rapidly evolving toward Agentic AI-based solutions, with a focus on systems of execution. We are witnessing a shift from traditional BPO, which mainly relies on human-intensive services, to AI-enabled BPM services that are primarily focused on cost savings today. It's about reinventing our systems of execution, where AI is not just an add-on but a transformative bridge, seamlessly integrated into operations and working alongside humans. Unlike incremental technology adoption, a strong AI strategy involves AI agents that scale effectively and align closely with client cultures and business goals. This augmented approach boosts efficiency, quality, and agility, driving innovation beyond simple automation.

The AI-enabled BPM model is transforming outsourcing into a strategic partnership that emphasizes intelligent augmentation rather than just replacing human effort. What does this imply from a buyer's point of view? We are observing that buyers are increasingly seeking providers with a strong AI offering. They seek service providers focused on outcome-driven customer experience, which we call Intelligent CX. This approach centers on growth, retention, and digital enablement. They prefer providers with vertical software solutions or expertise, a credible partnership ecosystem, and a clear plan for implementing automation to support their business goals. They are starting by accessing data and AI readiness, concentrating on journey redesign, risk management, compliance, and transforming governance. Additionally, they want companies capable of efficiently implementing AI assistance to deliver seamless experiences to both their customers and employees.

Moving to slide 9 now, given this, our new ethos has changed. We, as a company, are reinventing ourselves to become an Intelligent Experiences company. Our vision is to be the most trusted partner for clients, driving global business transformation to create intelligent experiences. The HGS team leadership recently presented a 5-year business transformation plan to the board. It has been approved, and it mainly focuses on the company's future direction and the approach to achieving our mission.

At HGS, our ambition is to co-create frictionless, intelligent experiences, helping businesses reinvent themselves for the AI-centered future by reimagining their processes and operations through intelligent, experience-rich workflows, backed by a deep understanding of client processes, workflow optimization, and a willingness to embrace complexity. Our reimagined customer journeys empower clients to confidently achieve productivity gains while minimizing risks in their AI investments.

Today's buyers seek partners with clear AI roadmaps and credible ecosystem alliances. Our strategy focuses on delivering outcome-driven, empathetic, and intelligent experiences, with solutions tailored to specific industry verticals rather than generic outsourcing models. In line with this, we aim to be the most trusted partner for clients driving these transformations. Essentially, we will collaborate with businesses to co-create seamless experiences that position both our clients and us for long-term success in an AI-centric world.

The business plan approved by the Board outlines six key pillars of focus. The core principles of our transformation plan emphasize these areas, with a strategic focus aimed at shifting revenue toward more digital and AI-enabled operations. This approach will also increase margins through improved automation, enhanced efficiency, and value-added services, positioning us on track for sustainable profitability.

Our sector focus will be refined to target banking, financial services, and insurance verticals, as well as retail and consumer products and goods, healthcare, and the UK public sector, where we have a significant presence and will continue to maintain it. With a special focus on mid-market enterprises, this targeted approach leverages our expertise in areas with the most important growth potential and client impact. We already have a strong presence in BFSI, retail, consumer products, and the UK public sector, and we will continue to expand in healthcare.

We are transforming our sales model into a consultative, client-centric approach, creating a diversified, non-linear growth engine that fosters deeper relationships and unlocks new revenue streams beyond traditional service contracts.

We are investing in vertical processes of service solutions in key priority areas. By building tailored task offerings, we can deliver scalable, industry-specific solutions that drive client digital transformation and differentiate us in the marketplace, primarily centered around AI agents. We remain committed to strategic acquisitions and partnerships that enhance our

capabilities in AI, domain and sectoral expertise, and new market entry, accelerating our growth trajectory and competitive positioning. Our people are our greatest asset. We are aggressively reskilling talent to build deep AI proficiency, where we believe that domain knowledge, vertical expertise, and knowledge of processes become essential as we mix it with technology, ensuring we stay ahead in the rapidly evolving industry landscape. These initiatives strongly support our sustainable growth and long-term value creation.

As I mentioned earlier, we have developed an Agentic AI enterprise platform called Agent X. We have invested in this over the past few years, and we are now starting to see the results emerge. As you all know, traditional voice and non-voice services are changing with advances in technology and AI. We expect revenues from this segment to decline gradually as digital and AI-enabled operations contribute more. This shift will enable us to optimize our workforce and enhance margins through increased efficiency and automation. One of our significant investments is the Agent X platform, which exemplifies how we are transforming our operational model by leveraging technology and human expertise. The platform comprises over 12 modules, including a knowledge assistant, voice biometrics, speech AI, and AI-powered interactive chat, which can positively impact outcomes in three key areas: consumer experience, employee experience, and business process automation, all driven by AI technology.

Agent X is performing very well. Several of our key clients are using it and are satisfied. We have currently rolled it out to 20 BPM clients across North America, reaching approximately 5,000 active users. We have observed a 12% quarter-over-quarter growth in the number of active users of Agent X. We are currently deploying it globally across the UK, Philippines, and Asia-Pacific markets. On average, Agent X users experience approximately 40% training optimization, 25% productivity improvements, and 30% cost reductions, along with an 89% decrease in employee attrition - a significant factor in managing profitability within our current operating model. Businesses see at least an 8% improvement in CSAT or NPS and an 87% increase in cross-selling gains in lifetime value for their consumers; this is pretty exciting as we look to the future. We expect to see significant ROI and benefits for both our customers and our own business.

I will now hand over to Vyns to take us through the highlights of the media business. Thank you.

**Vynsley Fernandes:** Thank you, Venk, and good afternoon, everyone. I appreciate you joining us this Friday afternoon. Shilpa and others, I assume you can all hear my voice clearly before I continue.

**Moderator:** Yes, sir, you are audible.

**Vynsley Fernandes:** Okay, great. Thank you so much. I am on slide 14, which covers the environment and industry, and as usual, I thought I would provide some context about one of the key pillars of the media

business, which is our broadband segment. As I mentioned to all of you in recent quarters, our company and organization are increasingly focusing on broadband, a clear sunrise sector for the country with significant growth opportunities. If you recall, in the last investor call, I noted that the current subscriber base of about 40 million in India is expected to more than double in the next 3–5 years. This is reflected on the graphic on the left side of slide 14, where the wired and wireless home internet market is projected to reach \$16.5 billion in just five years. That is truly remarkable, and we believe we are right at the beginning of that growth trajectory across India, and as I walk you through it, you'll gain a better understanding.

Similarly, another story that is circulating and is very close to our heart at the Hinduja Group, especially in the media business, is the plan to bring high-speed, fiber-based broadband to 6 lakh villages in the next three years. If you recall, back in 2015 — exactly a decade ago — it was Hinduja Group's vision to provide connectivity and digital television to under-connected and under-served areas. That led us to launch our Headend-in-the-Sky, or HITS platform, in 2015, which now covers over 4,500 PIN codes. Our service reaches places like the Andaman and Nicobar Islands, the remote corners of Arunachal Pradesh, and all the way up north to the country's fringes. We hope to replicate this success in our broadband business over the coming years.

Moving to the next slide, this reflects the philosophy we discussed. This isn't just HGS' philosophy but that of the entire Hinduja Group. We seek opportunities nationwide, and Uttar Pradesh is one such state that has the potential and passion to advance this vision. The media industry views Uttar Pradesh not only for digital television but mainly to deliver connectivity to underserved and unconnected areas within the state. We expect to have a plan ready soon and will be launching a proof of concept.

To share some insight into what we're doing, so you can get a clearer picture. Our focus isn't just on providing wired broadband. It's not just about laying wires to people's homes for connectivity. The idea is to leverage that connectivity to support the country's vision and promote digital inclusion, thereby fulfilling the Government of India's mission for digital inclusion. We plan to add services like OTT, which we already offer. I recently launched our IPTV service, which is Internet Protocol Television. To keep it simple, it's just television delivered over a broadband connection. You get the full user experience, similar to traditional TV or cable, but through the Internet. Additionally, we're working on high-quality educational technology (Edutech), along with other services like FinTech and e-governance access. We're aiming to roll out a proof of concept soon, and we'll update you during the next quarter's investor call.

Moving on to slide 16, this reflects the accomplishments we have made this quarter. I want to start with the lower right-hand side quadrant because, as I mentioned in the last investor call, we have been working on this. We're pleased to share that we have hired key personnel across various functions in broadband, including business development, regional sales, product

development, business intelligence, and analytics. This has helped us build an organization not just for today but for the future. With the government and the industry recognizing broadband as a sunrise sector and emerging technology, we aim to lead in this area. Our focus remains on building a performance-driven team nationwide.

Regarding our growth, shown in the upper-left quadrant on slide 16, we have been concentrating on expanding our base in key markets where ARPUs are higher. As I mentioned, and as you are aware from our philosophy, we aim to connect Tier 2, Tier 3, and rural markets because they are aspirational markets with low entry barriers and significantly higher aspirations for quality of service. These are the markets we have been targeting.

Equally important, we have signed some very prestigious logos in the enterprise business, including CelerityX. Just over a year ago, or a little more than that, I shared with the investor call that CelerityX would become a flagship brand or division of our business. We are pleased that Quarter 1 has shown rapid growth, with CelerityX delivering over 1,000 links and connectivity points, some in the most challenging geographical terrains. I am referring to the Andaman and Nicobar Islands and the state of Sikkim. CelerityX has achieved this and has been recognized by partners and customers for the quality of service. We plan to accelerate this progress moving forward.

Regarding process improvements and controls, we have strengthened the project team supporting CelerityX's growth, as you can see. From a profitability standpoint, we continue to focus on reducing costs, as we believe that cost reductions will help us remain competitive in the future. We might not need them today in broadband, but they will be essential later, serving as leverage to counter competition when pricing becomes a key factor. Additionally, we remain committed to focusing on profitable businesses. We have never hesitated to upgrade partners with low ARPU (average revenue per user) or those that are unprofitable, ensuring that we build value. This approach is detailed on the next slide.

As shown on slide 17, we have achieved a strong ARPU of Rs. 177 in the broadband business by leveraging service quality as a differentiator. As I mentioned, Tier-2 and Tier-3 markets, as well as rural areas, are willing to pay a higher price as long as the quality of service is maintained, and we have continued to leverage this.

Digital television, our flagship business, and a steadfast part of our portfolio is facing some challenges and experiencing slight erosion. This is mainly because, as you know, many people are shifting toward online services and digital platforms. However, the positive aspect is that NXTDIGITAL has maintained its ARPUs. It has increased from Rs. 117 last year at this time to Rs. 123, thanks to the innovative packaging and pricing strategies we've implemented. Interestingly, in the digital television sector, we've been able to take it a step further. As customers move toward pure broadband or online services, we are not losing digital TV customers; instead, we are gaining IPTV customers. These customers receive the same number

of channels, with over 600 available on IPTV. We are converting customers who might otherwise cut the cord into online broadband users, providing them with a television experience via IPTV comparable to what they had on our HITS or cable TV. We are actively promoting this shift, and we anticipate seeing increased traction this quarter and beyond.

Slide 18 is something I believe is very relevant to share with you regarding the contribution to building a sustainable, value-driven business. This isn't just about value creation but also value accretion. If you look at our organic business, which drives value creation, over the past four quarters, or even the previous year, we've been able to increase its contribution to 32% in this quarter alone. This is important as we strive to create value for the organization and its shareholders. It becomes a very critical aspect. Meanwhile, CelerityX, which was launched in the last quarter of FY'24 and initially contributed about 1% to revenues, now contributes around 5%, and we are working to accelerate its growth exponentially. We hope that by the end of this fiscal year, its contribution will be well into double digits as we expand the CelerityX business.

Overall, an essential aspect, in line with the Hinduja Group philosophy, is that we continue to develop strong partnership models. This is very important. We do not focus on cutting corners but on reducing costs. At the same time, we prioritize profitability through strategic partnerships. Our partners have been with us for decades, and the goal is to create a sustainable model where our partners work with us to grow the broadband segment, just as we expanded the digital television segment over the past few decades. We now aim to grow broadband and remain a significant player in the market, ranking among the top five providers nationwide.

With that, thank you very much for listening patiently. I will now hand it over to Mahesh, my senior colleague, for the financial update. Mahesh, over to you, please.

**Mahesh Kumar:** Thanks, Vyns. Hope I am loud and clear.

**Vynsley Fernandes:** Loud and clear, Mahesh.

**Mahesh Kumar:** Thank you. Good afternoon, everyone. I hope you are all doing well. Thank you for taking the time to join us today. Let me walk you through the financial highlights for the quarter.

I am moving on to slide number 20. As Venk mentioned earlier, revenue growth was driven by seasonal softness in a few verticals and customer ramp-down. Consequently, on a sequential basis, revenue has decreased to Rs. 1,056 crores in the current quarter from Rs. 1,161 crores in Q4 FY'25. Additionally, as outlined in our segment analysis on our publication page, there is a decline in both our BPM and media businesses on a sequential and year-over-year basis. Nevertheless, our underlying fundamentals remain strong, and we continue to see healthy traction across our service line offerings.

In the current quarter, depreciation expenses are Rs. 128 crores compared to Rs. 121 crores in Q4 FY'25. Year-on-year, depreciation has decreased from Rs. 131.2 crores to Rs. 128.3 crores. PBT for the quarter is negative Rs. 26.5 crores, versus a positive Rs. 103.5 crores in Q4 FY '25. On a year-on-year basis, it was negative Rs. 44.2 crores in Q1 FY'25, which again confirms the earlier indication that cyclicity and customer ramp-downs are affecting the trend.

Moving on, PAT from continuing operations was at a negative Rs. 46.3 crores, compared to negative Rs. 1.7 crores in Q4 FY'25 and negative Rs. 44.2 crores in FY'25. Let me just correct that the PAT from continuing operations for the current quarter is Rs. 46.3 crores, and taxes for this quarter amount to Rs. 19.9 crores, versus Rs. 103.5 crores in Q4 FY'25. The higher taxes in Q4 were due to increased deferred taxes, which were recognized prudently, as explained in the last quarter's call. On a year-over-year basis, we remain relatively consistent.

During the quarter, our profits from discontinued operations totaled approximately Rs. 57.5 crores, net of taxes. As mentioned in our notes to the publication page, through a transfer and assignment agreement, the Group has assigned a portion of its third-party liability with recourse for a consideration of US\$ 10 million, which is approximately Rs. 85.73 crores, and recognized a gain of US\$ 7.93 million, approximately Rs. 67.7 crores. This assigned liability pertains to a period prior to the sale of the healthcare services business, which was completed on January 5, 2022. It has been identified as related to the discontinued businesses and is, therefore, disclosed as discontinued operations net of taxes. Combining both discontinued and continuing operations, the total PAT for the quarter is Rs. 11.2 crores, positive compared to a loss of Rs. 1.74 crores in the prior quarter. As a highlight, operating margins and EBITDA, though on a sequential basis, have moderated. However, on a year-on-year basis, there has been an expansion of 169 basis points, as mentioned by Venk as well, reflecting our ongoing focus on enhancing operational efficiencies.

Moving on to the balance sheet overview on slide 21, we are maintaining a strong balance sheet with a total net worth of approximately Rs. 7,980 crores and debt of around Rs. 1,186 crores, which again reflects healthy gearing ratios. The net cash and treasury surplus is approximately Rs. 5,140 crores.

Moving on to slide number 22, which discusses revenue composition. The chart on the left illustrates the revenue split by source, showing that CX operations comprise 54% of our total revenue, while digital and media services account for 46%. On the right, the chart presents the split by vertical, showing that tech, media, and telecom remain our largest vertical, representing around 53% of total revenue, with BFSI and consumer goods and retail each accounting for 19%. Public sector revenue remains stable, mainly from the UK and Canada, consistent with prior quarters.

Moving on to slide 23, which shows the revenue split by origination and delivery locations. The chart on the left displays revenue by origination. For the quarter, India accounted for

approximately 38% of total revenue, US contributed 31%, UK accounted for 11%, and Canada, Australia, and other regions combined accounted for 20%. The chart on the right shows revenue by delivery location. India represented 43% of total deliveries, while US and Canada together accounted for 30%, Philippines for 13%, and UK and other countries for 14%. As mentioned earlier, with increased focus on offshoring, the delivery share of India and Philippines has increased by approximately 5% compared to prior quarters, and we expect to maintain this momentum.

Moving on to slide number 24, the left sidebar graph illustrates the client concentration, highlighting a well-diversified portfolio of our customer base to minimize risk associated with any single customer. Our top customer accounts for nearly 8% of the total revenue, while the top five customers account for 22%, and the top ten customers represent around 30%. DSO for Q1 FY '26 is at 69 days, up 9 days from the previous year, which I believe was more a result of timing issues. As of now, I think there are no past-due collections from our customers, and we have collected them.

Looking ahead, we stay confident in our growth strategy. We are actively investing in digital transformation, automation, and client-focused innovation to create long-term value, as Venk and Vyns mentioned earlier in their presentations.

With that, I will hand it back over to the moderator.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from Nakul Dev of ND Investments. Please go ahead.

**Nakul Dev:** Hi, am I audible?

**Moderator:** Yes, sir.

**Nakul Dev:** Thank you for the opportunity. I have a couple of questions. Firstly, given the increasing importance of AI across your offerings, how do you evaluate building, partnering, or acquiring when expanding your AI capabilities? The second question is, in the media segment, I reviewed the data, and I believe it resulted in a loss of approximately Rs. 38.8 crores in Q1, compared to a profit of Rs. 30.5 crores in the previous quarter. What caused this drop, and what is your outlook for this vertical? Lastly, the BPM segment also experienced a decline in revenue and EBIT. Was this driven by client ramp-downs, macro softness, or seasonality? Given the Q1 performance and macro environment, what is your outlook for FY'26 revenue growth and margins? These are my questions.

**Venkatesh Korla:** I will take the first question. You have three questions, so we will address them one by one. I will start with the first question related to the partnership versus build, build versus buy approach for AI-related investments. We plan to approach this strategically. There are core

components of AI that will orchestrate the experience, and we will develop our own intellectual property for those that we have been working on. Additionally, we are developing orchestration capabilities that enable seamless integration across multiple platforms, whether built internally or through external partnerships. Non-core AI capabilities, such as voice biometrics, are areas where we would collaborate with external organizations and integrate their solutions. This philosophy guides our approach because speed to market is crucial. That's why we are adopting a strategic, careful approach—focusing on what can be built internally to give us a long-term competitive advantage and what can be quickly gained by partnering with an ecosystem player.

The second point, related to the BPM, focused on changes in the revenue profile between Q4 and Q1. This is because, first, we usually see a shift in the revenue profile during Q1, which accumulates toward the end of the fiscal year. When we compare our numbers for Q1 of FY25 to those of the current quarter, Q1 of FY26, they are almost identical. Yes, there has been a slight decline, but that is due to a few customers who have ramped down their vendor concentration and are trying to diversify their vendors. They aimed to improve their vendor mix to reduce risk on their end. We have not lost those customers; in fact, we have gained business in the technology services sector with them, and this trend is expected to continue. We expect to see this reflected in an improved margin profile.

Vyns, I'll pass it to you or Rajiv to answer the question about the media business.

**Vynsley Fernandes:**

Rajiv, do you want to discuss the financials first before I talk about the outlook?

**Rajiv Bhargava:**

Sure. Thank you very much. The revenue decline you observe is mainly due to two or three factors. Firstly, we have marketing deals with broadcasters, worth Rs. 30 crores, that could not be closed in Q1. Although the work was completed, we were unable to bill them due to a lack of confirmation from the broadcaster's side. That's why the most significant part of this revenue drop is Rs. 30 crores. Additionally, in Q4, we had an excess provision of approximately Rs. 15 crores, which resulted in a further decrease in revenue during that quarter. These are the two main reasons, along with a slight revenue decline of about Rs. 7–8 crores in our cable sector. As Vyns mentioned, we are facing headwinds there, and the environment remains challenging. These are the primary factors impacting the revenue.

In terms of cost, the broadcaster's expenses typically increased in April and May due to TRA regulations. However, there is a delay in passing on these increases on the ground. The price hike is expected to occur in September. We have already made plans, and the costs will be compensated when we raise the prices. It's a timing issue. Additionally, there are approximately Rs. 7 crores in expenses driven by inflation lag, including HR costs and other administrative expenses. This is why both EBITDA and revenue are lower compared to the last quarter.

Vyns will narrate it, but I can say that we are focusing on organic growth in the enterprise business, where margins are higher. So, the outlook looks bright for us, especially since this usually happens in Q1. Therefore, we anticipate better performance in the coming quarter.

**Vynsley Fernandes:**

Yes, sure. So, Nakul, I think your question was right on the spot. I want to add a bit to what Rajiv Bhargava mentioned. The marketing deals with broadcasters are essentially seasonal. The marketing work has been done, but the billing couldn't be completed due to confirmation issues. Therefore, it is seasonal and will be addressed in the upcoming quarters. This is something we've even seen in the last fiscal year. If you look at it, the previous fiscal year started at Rs. 307 crores and increased to Rs. 357 crores in the fourth quarter. I am talking about revenue from operations. Similarly, you will see this trend continuing in the current fiscal year as well.

Regarding the media business, which has experienced a decline, that is the core issue; there is a Rs. 8 crore drop in revenues. This presents a headwind we are facing in the digital television segment. As Rajiv mentioned, content costs have increased, but revenue remains unchanged from last year. As a result, our costs have increased. That adjustment, as Rajiv noted, will be addressed when we implement the price hike. However, from your relevant perspective, the outlook is mainly focused on broadband. We believe that instead of admitting defeat and saying things are tough in the media sector—particularly in DTV—broadband is the sunrise sector. The losses in DTV caused by these headwinds are what we aim to offset through growth in the broadband business.

Notably, you may have noticed a slight increase in manpower expenses within the business. These expenses are directly linked to hiring a large number of people across the broadband division as we expand. CelerityX, as I mentioned in my presentation, is a great example. They have delivered 1,000 links in just 45 days. We are also looking to accelerate this effort and need a strong backend to support a robust sales frontend. The sales front, which started gaining momentum in the first quarter, will begin to show significant traction in the coming months. The broadband division will offset any challenges we face from the DTV business because we are targeting markets with lower entry barriers—Tier-2, Tier-3, and Tier-4 markets—as well as the corporate segment, where deals yield much higher ARPU's.

I hope we were able to answer your question, Nakul.

**Nakul Dev:**

Yes, I have answers to the questions I asked. Thank you. If there's anything else, I will rejoin.

**Vynsley Fernandes:**

Sure. Thank you, Nakul.

**Moderator:**

Thank you. The next question is from Harshal Patil, an Individual Investor. Please go ahead.

**Harshal Patil:** Yes, hi. Thanks for the opportunity. First, I have two questions. Since the company operates in digital services and gets 60% of its pipeline from the Americas, how will pricing trends and deal velocity change in that region?

**Venkatesh Korla:** I can take the question. The field of digital operations, especially with the rise of Agentic AI, is evolving. The market remains uncertain, and consumers are unsure about how pricing will develop, making it difficult for us to provide clear guidance. Currently, we are seeing more transaction-based pricing, also known as outcome-based pricing, where you build software, combine it with process management and talent, and charge a single price per transaction or outcome delivered to the customer. The demand for this is beginning to grow. Expectations exist, but not all enterprises have yet figured them out. What we are noticing is that the initial project sizes are smaller because they are primarily in a pilot phase at the moment. However, as we complete these pilots and demonstrate success to customers, demand escalates, leading to larger deals. Generally, the revenue footprint of an automation-based solution is smaller, with much higher margins, compared to a fully manpower-driven solution, which has a larger revenue footprint but lower margins. I hope I answered your question.

**Harshal Patil:** Yes. What is the share of the recent wins that can be attributed to Agent X or the AI-led verticals offering? Are there any client testimonials or case studies? Could you share that, please?

**Venkatesh Korla:** We have had multiple case studies, and they are probably visible on our website. I would recommend that you review the case studies. However, at a high level, across multiple customers, we have been able to utilize Agent X as a means to manage fraud detection and anomaly detection for anti-money laundering purposes in a banking customer. We have been able to use Agent X as a base underlying the Agentic AI platform to essentially read out disclosures and meet the compliance needs of a major credit card organization across over 1,500 agents. So, when the agent and the consumer have a conversation, they cross-sell a new service or product; in this case, you need to provide a lot of financial disclosures. We have been able to utilize the Agentic AI to listen to the conversation, identify the necessary disclosures, and deliver those disclosures to the consumer. We have successfully utilized Agent X to support a set of agents across a major telecom organization, where cross-selling suggestions were presented to the human agent along with the following best action to take, enabling them to deliver a higher quality of cross-selling. These case studies will be available on our website. You should be able to take a look at it. But at a high level, these are some examples.

**Harshal Patil:** Sure, thank you. I will rejoin the queue. Thank you.

**Moderator:** The next question is from the line of Issac, an Individual Investor. Please go ahead.

**Isaac:** Hi, sir. I had a few questions on the financials. So, the EBITDA includes the interest income from our treasury?

**Vynsley Fernandes:** Yes, we can hear you. Mahesh, would you like to take that?

**Isaac:** Yes. I will repeat myself. The EBITDA includes the interest income from treasury.

**Mahesh Kumar:** It includes the other income portion. That is right.

**Isaac:** So, what are the operating profits then? Can you provide segment-wise operating margins?

**Mahesh Kumar:** It is published on the publication page. If you can access the publication page, we have provided segment-wise results.

**Isaac:** Segment-wise results include the interest income. And that is why I am unable to determine the operating margins by segment. And what is the operating profit?

**Mahesh Kumar:** Understood. We can share the information with you through email. If you could email us, we would be happy to provide the information you are looking for.

**Isaac:** And sir, regarding the treasury we have, that is with the promoters, like the treasury, the whole cash balance is lying with the promoters. So, do you think this is the right corporate governance practice for us to follow, specifically maintaining a cash balance with the promoters?

**Mahesh Kumar:** Let me first clarify the factual information. The cash balances are not with the promoters. Instead, this cash is invested in various companies, and these decisions are made after careful risk assessment. There is no risk from a capital or interest rate perspective. All interest rates charged on deposits with these companies are at arm's length, generating around 6.5% in current interest rate scenarios. All investments are overseas, offering healthy returns. From a principal standpoint, these are callable investments, meaning we can call the money back at any time if our acquisition strategy is ready. Therefore, there is no risk involved, and the funds are not with the promoters.

**Isaac:** Sure, sir. The annual report also states that IndusInd Finance and Hinduja Capital are categorized as non-promoters. Is that correct? Are both of them non-promoters? Are they not associated with the Hinduja Group?

**Mahesh Kumar:** No, there are two things to consider. One is whether they are an associated company. The second is whether they are related parties. These are not related parties. The risk assessment has been fully completed, and we have been maintaining these deposits with these companies for almost three years now. We have never had any issues with interest payments or receipt of interest. Whenever funds were needed, they were called, and we received the funds. So, there is no risk at all.

**Isaac:** Sir, I ask this question because we have a cash balance of Rs. 5,000 crores, but our market capitalization is only Rs. 2,500 crores. So, the street is not satisfied with something about the

company. The funds held or invested in the promoter entities are typically viewed negatively by the market, and that is my primary concern, sir.

**Mahesh Kumar:** We understand the point you're making. As Venk mentioned earlier, we are actively pursuing acquisitions and partnerships to expand our capabilities. We are currently in the market, sourcing potential partners and acquisition targets. When a suitable opportunity arises, we will definitely invest. In the meantime, to prevent the funds from remaining idle, we have already deployed them.

**Isaac:** Sure. I mean, the cash balance is Rs. 5,000 crores, and the market cap is Rs. 2,500 crores. The investors have really been let down. So, I just wanted to bring this point up, sir. Thank you.

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

**Neha Verma:** Hello. Thank you for the opportunity, sir. I have two questions. One is about the broadband ARPU, which is currently at Rs. 177 and has remained flat quarter-on-quarter. What are your expectations for ARPU trends and subscriber growth, especially in Tier-2 and Tier-3 cities?

**Vynsley Fernandes:** Neha, thank you. Glad to connect with you again. You're right about ARPU. As you may recall, a few years ago, our ARPUs were around Rs. 140. Last year, we removed lower ARPU customers and focused on what we call a launch ARPU. For us, Rs. 170+ is a strong ARPU considering operational costs, bandwidth, and other factors. What will increase ARPUs even more, Neha, is the additional layers you add on top. What do I mean by that? I mean OTT, IPTV, for example. The idea is that, yes, you pay Rs. 175 for broadband, but the real charges come from OTT services and IPTV. It's mainly a toll model. If an Edutech service wants to use your platform and closed user group, you earn a margin from that. I believe the growth you'll see is sustainable, and an important point is that the markets we target are sustainable. I'm sure you've experienced it in cities like Mumbai, Delhi, or Ahmedabad, where the high number of players often leads to a price war that lowers ARPU levels. You might get offers like if someone offers Rs. 100, you'd be willing to do it for Rs. 99, right? Our focus is on stabilizing ARPUs in Tier 2 and Tier 3 markets, where service quality is the key driver. All the extra layers we add will boost that, Neha. That's our strategy. Does that help?

**Neha Verma:** Yes, sir. Yes, I understand. That was very helpful. And sir, my other question is, going back to the point about the amount of cash the company is holding. Is there anything related to increasing the dividend payout or a buyback that the board plans to implement to help improve returns for shareholders?

**Vynsley Fernandes:** Mahesh, would you like to take that?

**Mahesh Kumar:** Yes, I will take that question. The last time we received proceeds from the sale of our healthcare division, we used approximately Rs. 1,020 crores to buy back shares, which was a tax-efficient strategy at the time. However, with the current tax scenarios, a buyback no longer appears to be the best way to return value to shareholders. Additionally, we used those funds for some acquisitions. TekLink was one of the acquisitions we made, along with investments in staffing solutions in the Australian market and the development of delivery locations in Colombia and South Africa. Our current focus is on identifying tax-efficient methods to maximize returns for our shareholders. As we mentioned earlier, our primary focus remains on acquisitions, which we believe is the most effective way to deploy our funds and generate better returns.

**Venkatesh Korla:** Let me jump in. Given the future outlook, we believe it's essential to ensure the company has enough cash available to invest in its transformation. We need to focus on both the AI space and acquiring capabilities, as well as investing in employees through reskilling and growth. For example, the South Africa location we opened less than a year ago is now expanding. We've already filled the facilities and need to expand that space. We're also expanding in Bengaluru. Our TekLink acquisition is growing, and we continue to plan further investments to drive future growth and establish ourselves as a more sustainable, AI-driven company. This is why having available cash for growth is a priority.

**Neha Verma:** Understood, sir. Both answers were very helpful. Thank you so much, and all the best, sir.

**Vynsley Fernandes:** Thank you, Neha. Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen, that was the final question for today. Since there are no more questions, I now turn the conference over to management for closing remarks.

**Vynsley Fernandes:** Venk, would you like to go first?

**Venkatesh Korla:** Yes. Once again, thank you to everyone for joining. As we look to the future, we see a great deal of hope and excitement, along with the potential for significant transformation and improved revenue quality within the company. We expect continued growth. Over the next few years, we will invest in building capabilities through employee reskilling, exploring potential acquisitions opportunistically, and improving our margins. As we undergo this transformation, there is considerable excitement both within the organization and in the market. So, thank you for your time. Vyns, do you have any final comments?

**Vynsley Fernandes:** Yes, sure. Everyone, thank you so much for taking the time. I know it's always challenging on a Friday evening, but we genuinely appreciate it. I can only echo what Venk has said. As an organization with a clear vision for the future, we aim to enhance revenue quality, which will come from the quality and portfolio of products and solutions we roll out. Across HGS, it is a highly integrated and synergistic business where we develop solutions that are productive and generate synergies throughout the industry. So, I believe this is something we will continue to

do successfully. I would like to conclude by mentioning that Raksha Bandhan and Naga Purnima are approaching. Wishing everyone happy festivities. Mahesh, would you like to sign off?

**Mahesh Kumar:** Thank you, Vyns and Venk, and thank you to everyone for your time and for joining the call. As Vyns mentioned, it's the festive season, so happy holidays to all, and have a great evening.

**Vynsley Fernandes:** Great. Thank you, everyone.

**Moderator:** Thank you. On behalf of Hinduja Global Solutions Limited, I would like to conclude this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

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

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