

For Immediate Release

February 9, 2016

## Hinduja Global Solutions Limited

### Q3 FY2016 Consolidated Performance Highlights

Net Sales of Rs. 8,829 million, an increase of 20.5% y-o-y

EBITDA of Rs. 780 million

PAT of Rs. 171 million

As of December 31, 2015, the Company had Net Debt of Rs. 3,834 million and a Net Worth of Rs. 11,342 million

The Board declared third interim dividend for FY2016 of Rs. 3.75 per share

**Mumbai, India, February 9, 2016:** Hinduja Global Solutions Limited ([HGS](#)) (Listed on NSE & BSE, India) today announced its Unaudited Third Quarter and Nine Months Ended Results for FY2016.

Commenting on the results, **Mr. Partha DeSarkar, Chief Executive Officer** said:

*"HGS continued its strong trajectory in topline growth at 20.5% y-o-y in Q3, led by robust performance in Healthcare, Consumer and Public Sector verticals. Profitability was lower in the quarter due to increased investments in ramp ups and exit costs related to unprofitable clients.*

*We won seven new logos and added new lines of business from existing clients in Q3, and expect performance going forward to be better.*

*Our focus on developing value-added solutions such as Digitization, Analytics and Automation to meet the ever-changing customer experience landscape and to make our clients more competitive, is seeing traction.*

*Keeping in view the capital requirement for future growth, the board has declared an interim dividend of Rs. 3.75 per share."*

### Consolidated Financial Highlights:

(Rs. Million)	Q3			y-o-y		Q2		q-o-q		Nine Months			y-o-y	
	FY2016	FY2015	Growth (%)	FY2016	Growth (%)	FY2016	Growth (%)	FY2016	Growth (%)	FY2016	FY2015	Growth (%)	FY2016	Growth (%)
Net Sales	8,829	7,325	20.5%			7,912	11.6%			24,143	21,008	14.9%		
EBITDA	780	904	(13.7)%			829	(6.0)%			2,163	2,479	(12.7)%		
Margin (%)	8.8%	12.3%				10.5%				9.0%	11.8%			
Profit Before Tax (PBT)	276	589	(53.2)%			420	(34.3)%			947	1,567	(39.6)%		
Margin (%)	3.1%	8.0%				5.3%				3.9%	7.5%			
Profit After Tax (PAT)	171	528	(67.6)%			269	(36.5)%			602	1,237	(51.3)%		
Margin (%)	1.9%	7.2%				3.4%				2.5%	5.9%			
Basic EPS (Rs.)	8.25	25.49	(67.6)%			12.99	(36.5)%			29.04	59.90	(51.5)%		

Note: EBITDA adjusted for impact of Payment of Bonus (Amendment) Act, 2015 of Rs. 13.6 million

## **Consolidated Financial Highlights:**

- Net Sales increased by 20.5% y-o-y to Rs. 8,829 million. This growth was primarily driven by an improvement in volume across all key geographies coupled with contribution from recently acquired BPM business in India.
- EBITDA was Rs. 780 million (excluding impact of Payment of Bonus (Amendment) Act, 2015 of Rs. 13.6 million). EBITDA margins were at 8.8%. EBITDA was impacted due to increased ramp-up, softness in profitability of Canada operation and MphasiS BPM consolidation.
- PAT was Rs. 171 million with a margin of 1.9%. Profitability was impacted due to lower operating profit coupled with unfavorable foreign exchange variations.
- As of December 31, 2015, the Company had Net Debt of Rs. 3,834 million and Net worth of Rs. 11,342 million.

## **Business Highlights:**

- Won seven new logos in the quarter; Added several new lines of business from existing clients
- Increase in ramp-ups and addition of capacity due to recent large wins, especially in healthcare and public sector verticals
- In advanced stage of closing a contract with an existing client in Canada. New terms expected to improve performance going forward
- Performance in the acquired business portfolio from MphasiS continued to trend upwards
- Automation and Digital solutions such as Digital Natural Assist (DNA) gaining traction with clients
- As of December 31, 2015, HGS had 188 active clients (excluding payroll processing clients).
- As of December 31, 2015, contribution from the Healthcare vertical is 40.8%, Telecom & Technology 29.1%, Consumer Electronics 12.9%, Banking & Financial Services 7.1%, Media 1.9%, Chemicals & Biotech 1.8% and 6.4% from other verticals.
- As of December 31, 2015, total headcount was 38,747: 66.5% in India, 16.4% in Philippines, 7.5% in the US, 6.1% in Canada and 3.5% in Europe.

## **Key Client Wins:**

- A leading audio equipment supplier signed HGS to provide a technical help desk solution to answer product inquiries including audio, home theatre and accessories from our Manila center.
- An online and mobile food ordering firm in the US awarded a contract to HGS to provide 24/7 customer service for all its orders across 900-plus US locations.

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- A leading American manufacturer of action cameras has selected HGS to provide technical help desk services in English and Spanish for its latest drone product.
- A large media company in India has engaged HGS to support their customer service communications across multi-channels, including social media, email and voice services from Mumbai. This is our first win in the Unified Customer Experience segment.

## **Performance Outlook:**

- Encouraging sales pipeline, especially in Healthcare, Consumer, Retail, Insurance and Public Sector verticals
- Strong performance projected from existing clientele
- Canada operations expected to normalize in coming quarters
- Acquisition portfolio seen to continue on growth trajectory; MphasiS acquired business expected to be gross margin positive in Q1 FY 2017

## **Industry Recognitions:**

During the quarter, HGS received several awards and accolades from various third party organizations and outsourcing research & analysis firms. These are a testament to the Company's leadership position in the BPM industry.

- HGS USA President Kathy Hamburger won the Silver Stevie® Award in “Female Executive of the Year” category at the 12<sup>th</sup> Annual Stevie Awards for Women in Business 2015.
- HGS Canada was honored with the Gold Stevie® Award for the “Customer Service Department of the Year” at the 12<sup>th</sup> Annual International Business Awards.
- At the 2015 Contact Center World (CCW) Awards - Global Finals, HGS was recognized with:
  - Best Large Center: Gold – HGS Preston UK
  - Best Customer Service for Small Center: Gold – HGS Chiswick UK
  - Best Medium Outsourced Contact Center: Silver – HGS Canada
  - Best Outsourcing Partnership: Silver – HGS USA
- HGS was recognized as a Leader in the NelsonHall Vendor Evaluation and Assessment Tool for Customer Management Services for High Tech Sector in the Cost Reduction Market Segment.
- HGS has been included in Everest Group's list of Top 50 BPO Service Providers.
- HGS has been included for the first time as a Breakthrough Sourcing Standout Top 10 vendors by ISG.

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## About Hinduja Global Solutions:

HGS is a leader in optimizing the customer experience and helping our clients to become more competitive. HGS provides a full suite of business process management (BPM) services from consumer interaction solutions to platform based back office services and digital enablement solutions. By applying analytics and interaction expertise to deliver innovation and thought leadership, HGS increases revenue, improves operating efficiency and helps retain valuable customers. HGS expertise spans the telecommunications and media, healthcare, insurance, banking, consumer electronics and technology, retail, consumer packaged goods industries, as well as the public sector. HGS operates on a global landscape with around 40,000 employees in 65 worldwide delivery centers providing localized solutions. For the year ended 31<sup>st</sup> March 2015, HGS had revenues of US\$ 458 million. HGS, part of the multi-billion dollar Hinduja Group, has over four decades of experience working with some of the world's most recognized brands.

[www.teamhgs.com](http://www.teamhgs.com)

## Safe Harbour

*Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.*

For more information, visit us at [www.teamhgs.com](http://www.teamhgs.com) or contact:

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