

For Immediate Release

August 12, 2015

## Hinduja Global Solutions Limited

### Consolidated Financial Performance: Q1 FY2016

Net Sales of Rs. 7,388 million, an increase of 10.9% y-o-y

EBITDA of Rs. 541 million with margin of 7.3%

PAT of Rs. 162 million with margin of 2.2%

As of June 30, 2015, the Company had Net Debt of Rs. 2,195 million and

Net Worth of Rs. 11,177 million

Interim dividend for FY2016 of Rs. 5 per share

**Mumbai, India, August 12, 2015:** Hinduja Global Solutions Limited ([HGS](#)) (Listed on NSE & BSE, India) today announced its Unaudited First Quarter Results for FY2016.

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

*“Revenues for the first quarter of FY2016 grew by almost 11%. Our profitability has been below expectations due to lower than anticipated volumes in some geographies and increased cost of operation.*

*We believe these volume fluctuations are short-term and expect volumes to improve over the rest of the year along with increase in profitability. We have introduced cost containment measures to further strengthen our profitability.”*

### Consolidated Financial Highlights:

(Rs. Million)	Q1		y-o-y	Q4	q-o-q
	FY2016	FY2015	Growth (%)	FY2015	Growth (%)
Net Sales	7,388	6,662	10.9%	7,068	4.5%
EBITDA	541	765	(29.3)%	693	(22.0)%
Margin (%)	7.3%	11.5%		9.8%	
Profit Before Tax (PBT)	251	458	(45.2)%	367	(31.6)%
Margin (%)	3.4%	6.9%		5.2%	
Profit After Tax (PAT)	162	325	(50.3)%	413	(60.9)%
Margin (%)	2.2%	4.9%		5.8%	
Basic EPS (Rs.)	7.80	15.76	(50.5)%	19.98	(60.9)%

## Consolidated Q1 FY2016 Financial Highlights:

- Net Sales increased by 10.9% to Rs. 7,388 million. This growth was primarily driven by increased contribution from the healthcare vertical.
- EBITDA was Rs. 541 million with margins of 7.3%. EBITDA was impacted primarily due to the seasonality. Decline in volumes across key geographies such as the US and Canada also impacted EBITDA.
- PAT was Rs. 162 million with a margin of 2.2%.
- As of June 30, 2015, the Company had Net Debt of Rs. 2,195 million and Net Worth of Rs. 11,177 million

## Q1 FY2016 Business Highlights:

- In end-June, HGS signed definitive agreements to acquire a significant part of Mphasis Group's BPM business in India. HGS has recently received approval for the acquisition from the Competition Commission of India (CCI) and the transaction is expected to be closed in the quarter ending 30<sup>th</sup> September 2015.
- **HGS US** continued build a strong pipeline with a good mix of both new business from existing clients as well as new client wins
- **HGS Canada's** performance remained soft due to seasonal reduction in volumes from telecom clients and minimum wage increase. Volumes across clients may improve for the remaining part of the fiscal year.
- We are in the middle of contract negotiations with our clients for price revision to reflect the higher costs of operations. We have also won a new non-telecom client in the Canadian public sector. This contract is getting executed and will go live in October 2015.
- **HGS UK** continues to gain strong traction with clients. We have won two significant contracts in the public sector this quarter. These two wins are expected to transform our UK business and further underpin the execution of our UK growth strategy.
- **HGS Philippines** commissioned two new centers in Manila and Iloilo. It also received new lines of business from two existing healthcare clients and is expected to start service support in Q2 FY2016.
- **HGS EBOS** business added two new clients during the quarter and continues to generate strong traction
- **India Domestic business** continued to perform in line with management's expectations
- HGS UK won seven awards at the Contact Center World Awards EMEA, including in the Best Large Contact Center, Best in Customer Service and Best Outsourcing Partnership categories
- As of June 30, 2015, HGS had 172 active clients (excluding payroll processing clients)

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- As of June 30, 2015, contribution from Healthcare vertical is 41%, Telecom & Technology 25%, Consumer Electronics 13%, Banking & Financial Services 7%, Media 5%, Chemicals & Biotech 2% and 7% from other verticals.
- As of June 30, 2015, total headcount was 29,531. 57% in India, 22% in Philippines, 8% in the US, 9% in Canada and 4% in Europe

## Performance Outlook:

- **USA:** Strong performance expected from both existing and new clients
- **Canada:** This year is likely to be a challenging year and the results would be impacted by the terms of renewal of our contracts with our clients. Volumes across existing clients may improve for the remaining part of the fiscal year
- **Europe:** Strong revenue growth expected in second half of the fiscal year
- **Philippines:** Good momentum expected in key client accounts across verticals
- **India:** Profitability is expected to improve going forward

## Industry Recognitions:

During the quarter, HGS received numerous accolades by various outsourcing research & analysis firms. These are a testament to the Company's leadership position in the BPM industry.

- HGS has been named as a Leader in every market segment in the NelsonHall Healthcare Customer Management Services NEAT report. This report includes Payer & Provider CMS and back office, and evaluated a total of 10 vendors. HGS is seen as the foremost leader with the ability to meet future requirements for Healthcare Payer Back office.
- HGS included in the first ever Everest Research note on "North America Domestic Outsourcing Services: Providers Embrace Onshoring – Is the World Still Flat?" which was also presented at the RevAmerica Conference in New Orleans, LA.
- HGS was included in the HfS Population Health & Care Management Blueprint report and is one of the top 3 out of eight vendors evaluated on execution ability.

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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 over 29,000 employees in 60 worldwide locations delivering 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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