

HGSL's Annual Revenues cross ₹ 1,000 crore The Board recommends a dividend of ₹ 20 per share

Mumbai, May 12, 2011: Hinduja Global Solutions Limited (HGSL), a leading provider of Outsourcing Solutions to Fortune 500 companies, today announced its audited financial results for the quarter ended March 31, 2011

Financial Highlights

- Consolidated Operating Revenue for Q4FY11 was ₹ 2,935.0 million against ₹ 2,232.1 million in Q4FY10, registering y-o-y growth of 31.5%. On a sequential quarter basis, revenues were higher by 2.3% compared to Q3FY11 revenues of ₹ 2,869.9 million.
- Consolidated EBITDA for Q4FY11 was ₹ 441.0 million against ₹ 339.2 million in Q4FY10 resulting in growth of around 30%. On a sequential quarter basis, the EBITDA in Q4FY11 was higher by 2.3%, as compared to the Q3FY11 EBITDA of ₹ 431.2 million.
- Consolidated PAT for Q4FY11 was ₹ 308.6 million up 18.8% as against ₹ 259.8 million in Q4FY10. On a sequential basis, Consolidated PAT was higher by 10.2% in Q4FY11 as compared to the Consolidated PAT of ₹ 280.1 million in Q3FY11.
- For FY11, Consolidated Operating Revenue of ₹ 10.7 billion was up 20.3% against ₹ 8.9 billion in FY10. Consolidated PAT was ₹ 1.07 billion compared to ₹ 1.3 billion in FY10. The Board of Directors has recommended a dividend of ₹ 20 per share.

CEO's message

Commenting on the results, **Mr. Partha De Sarkar, CEO**, said, “FY11 has been a milestone year for us in many ways. We have crossed Rs. 1,000 crore in annual revenues for the first time. It also marks the completion of our first decade of operations. FY11 has also been a year of continued growth in operations as we completed the acquisition of Careline Services in the UK in the first quarter as well as set up 4 new centres during the year – one each in Guntur (Andhra Pradesh) & Siliguri (West Bengal), a second centre in Durgapur and the SEZ Unit in Bangalore. We have also started the 3rd Philippines Centre towards the end of the fiscal.

As we enter into a new financial year, we anticipate continued growth in our business as our newly set up centres increase capacity utilization. The demand environment has been strong and we are pleased to partner with our clients to improve their business processes. While we see healthy growth from existing clients, we are actively pursuing opportunities through the addition of new clients, new verticals and new geographies.”

Operating Highlights

- The company added 2 new Clients during the quarter.
- Headcount of 19,442 associates at the end of the quarter against 18,730 associates at the start of the quarter.
- The Company, through its subsidiary, has commenced operations at its centre in the Global Village IT Sector SEZ in Bangalore.
- The centre at Iloilo City near Manila in the Philippines has gone live towards the end of March, 2011.

Key Perspectives

- Consolidated PAT for Q4FY11 – ₹ 308.6 million
 - Diluted EPS – ₹ 14.9 per share (not annualized)
- Consolidated PAT for FY11 – ₹ 1,073.2 million
 - Diluted EPS – ₹ 52.1 per share
- Net Worth as on March 31, 2011 – ₹ 9,986.7 million
 - Book Value – ₹ 485.05 per share
- Debt of ₹ 1,510.5 million as on March 31, 2011
- Cash & Cash equivalents (Net of debt) as on March 31, 2011 – ₹4,678.7 million
 - Cash and Cash Equivalents (Net of Debt) – ₹ 227.2 per share
- Market Capitalisation – ₹ 8,019.5 million
 - Based on the closing price of ₹ 389.5 per share on NSE on May 11, 2011.

-ENDS-

Attached: Details to the announcement

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About Hinduja Global Solutions Ltd. (HGSL)

Hinduja Global Solutions, a part of the multi-billion dollar conglomerate - Hinduja Group, excels in providing outsourcing solutions that include Back Office Processing, Contact Center services and customized ITES solutions to its global clientele comprising several Fortune 500 Companies. HGSL has been ranked the Best performing Call Center Worldwide by the Global Services Magazine in association with Neo IT in January 07. HGSL has its registered office in Mumbai, is headquartered in Bangalore and has 30 delivery centers in the United States, Canada, U.K., Mauritius, Philippines and India. The Company employs over 19,000 people worldwide.

Disclaimer

Some of the statements in this document that are not historical facts are forward looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate.

These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and global market conditions and other risks not specifically mentioned herein but those that are common to industry.

Further, this document may make references to reports and publications available in the public domain. Hinduja Global Solutions Ltd. makes no representation as to their accuracy or that the company subscribes to those views / findings.

Details to the announcement

P&L Perspective (all figures in ₹ Million)

Particulars	Q4FY11	Q4FY10	Q-on-Q Growth (%)	FY11	FY10	Y-on-Y Growth (%)
Revenues	2,935.0	2,232.1	31.5%	10,732.4	8,923.4	20.3%
EBITDA	441.0	339.2	30.0%	1,553.4	1,628.0	(4.6%)
EBITDA Margin	15.0%	15.2%		14.5%	18.2%	
PBT	385.2	262.9	46.5%	1,301.2	1,371.3	(5.1%)
PBT Margin	13.1%	11.8%		12.1%	15.4%	
PAT	308.6	259.8	18.8 %	1,073.2	1,300.8	(17.5%)
PAT Margin	10.5%	11.6%		10.0%	14.6%	

Revenue Analysis

Growth by Geography

Particulars	Mar '11	Dec '10	Q-on-Q Growth (%)	Mar '10	Y-on-Y Growth (%)
India	920.8	880.8	4.5%	792.2	16.2%
Manila	607.4	512.7	18.5%	409.0	48.5%
North America	1,048.6	1,113.3	(5.8%)	1,026.7	2.1%
U. K.	358.0	362.3	(1.2%)	NA	NA
Total Revenues	2,934.7	2,869.2	2.3%	2,227.9	31.7%

On a sequential quarter basis, revenues from Manila and India have exhibited robust growth as the centres set up at the start of the year transitioned to peak capacity. Revenues from North America and the UK were impacted due to seasonality, bad weather as well as exchange rate variation.

Particulars	FY 10-11	FY 09-10	%
India	3,417.2	3,374.8	1.3%
Manila	2,051.0	1,475.6	39.0%
North America	4,102.6	4,055.3	1.2%
U.K.	115.3	NA	NA
Total Revenues	10,723.9	8,905.6	20.4%

On a year-on-year basis, Revenues from Manila are up sharply driven by revenues from our second centre. India domestic revenues were impacted by pricing pressure but have grown on a net basis due to volume growth from our centres in Guntur (AP), Nagercoil (TN) and Durgapur (WB – second centre). Revenues from North America have been able to register growth despite the currency fluctuation.

Revenue Contribution by Geography

Particulars	Mar '11	%	Dec '10	%	Mar '10	%
India	920.8	31.4%	880.8	30.7%	792.2	35.6%
Manila	607.4	20.7%	512.7	17.9%	409.0	18.4%
North America	1,048.6	35.7%	1,113.3	38.8%	1,026.7	46.1%
U. K.	358.0	12.2%	362.3	12.6%	NA	NA
Total Revenues	2,934.7	100%	2,869.2	100.0%	2,227.9	100.0%

On a sequential quarter basis, percentage contribution of revenues from Manila and India increased smartly due to business and facility growth in those regions. Revenues from the UK now contribute steadily to overall revenues.

Particulars	FY 10-11	%	FY 09-10	%
India	3,417.2	31.9%	3,374.8	37.9%
Manila	2,051.0	19.1%	1,475.6	16.6%
North America	4,102.6	38.3%	4,055.3	45.5%
U.K	1,153.1	10.8%	NA	NA
Total Revenues	10,723.9	100.0%	8,905.6	100.0%

The UK acquisition has led to reduction of share of revenues of other geographies except in the case of Philippines which has grown due to the second centre, started in FY 2010, which has reached peak utilization. Revenues from India and North America has increased in absolute terms due to volume growth while facing challenges on account of pricing pressure and currency fluctuation, respectively.

Growth by Vertical

Particulars	Mar '11	Dec '10	Q-on-Q Growth (%)	Mar '10	Y-on-Y Growth (%)
Telecom & Technology	756.3	752.4	0.5%	556.4	35.9%
Consumer Electronics	667.2	687.3	(2.9%)	553.5	20.5%
Health Insurance	755.1	717.7	5.2%	643.7	17.3%
BFS	145.0	137.0	5.9%	112.1	29.4%
Chemicals & Biotech	126.1	131.8	(4.4%)	94.8	33.0%
Others	485.3	443.7	9.4%	271.6	78.7%
Total Revenues	2,935.0	2,869.9	2.3%	2,232.1	31.5%

On a sequential quarter basis, the 'Health Insurance' and 'BFS' verticals displayed robust growth. On a corresponding quarter basis, the 'Others' vertical was strong while 'Chemicals & Biotech' and 'Telecom & Technology' also reflected healthy growth rates.

Particulars	FY 10-11	FY 09-10	%
Telecom & Technology	2,756.3	2,466.6	11.7%
Consumer Electronics	2,467.0	2,169.3	13.7%
Health Insurance	2,835.1	2,393.5	18.4%
BFS	556.8	441.0	26.2%
Chemicals & Biotech	484.4	431.5	12.3%
Others	1,632.8	1,021.5	59.8%
Total Revenues	10,732.4	8,923.4	20.3%

The ‘‘Chemicals & Biotech’’ vertical and others have demonstrated strong traction although on a smaller base. There was all round growth as revenues from all of the verticals have grown in double digits compared to the same period last year.

Revenue Contribution by Vertical

Particulars	Mar ‘11	%	Dec ‘10	%	Mar ‘10	%
Telecom & Technology	756.3	25.8%	752.4	26.2%	556.4	24.9%
Consumer Electronics	667.2	22.7%	687.3	23.9%	553.5	24.8%
Health Insurance	755.1	25.7%	717.7	25.0%	643.7	28.8%
BFS	145.0	4.9%	137.0	4.8%	112.1	5.0%
Pharmaceuticals	126.1	4.3%	131.8	4.6%	94.8	4.2%
Others	485.3	16.5%	443.7	15.5%	271.6	12.2%
Total Revenues	2,935.0	100%	2,869.9	100%	2,232.1	100.0%

Revenue contribution from the top 3 verticals - ‘Telecom and technology’, ‘Health Insurance’ and ‘Consumer Electronics’ verticals have demonstrated a steady performance.

Particulars	FY 10-11	%	FY 09-10	%
Telecom & Technology	2,756.3	25.7%	2,466.6	27.6%
Consumer Electronics	2,467.0	23.0%	2,169.3	24.3%
Health Insurance	2,835.1	26.4%	2,393.5	26.8%
BFS	556.8	5.2%	441.0	4.9%
Pharmaceuticals	484.4	4.5%	431.5	4.8%
Others	1,632.8	15.2%	1,021.5	11.4%
Total Revenues	10,732.4	100.0%	8,923.4	100.0%

The BFS vertical and ‘Others’ have been able to increase their contribution to overall revenues during the year. However, ‘Health Insurance’, ‘Telecom & Technology’ and ‘Consumer Electronics’ remain the top 3 verticals for the company.

By Currency Exposure

Particulars	Mar '11	Dec '10	Q-on-Q Growth (%)	Mar '10	Y-on-Y Growth (%)
Local US Earnings – USD	1,048.8	1,114.0	(5.9%)	1,030.9	1.7%
Exports – USD	1,148.4	1,052.8	9.1%	899.3	27.7%
Total USD Exposure	2,197.2	2,166.8	1.4%	1,930.2	13.8%
U. K. Exposure (GBP)	358.0	362.3	(1.2%)	NA	NA
India Domestic Exposure (INR)	379.8	340.8	11.4%	301.9	25.8%
Total Revenues	2,935.0	2,869.9	2.3%	2,232.1	31.5%

Particulars	FY 10-11	FY 09-10	%
Local US Earnings – USD	4,111.0	4,073.0	0.9%
Exports – USD	4,153.8	3,519.9	18.0%
Total USD Exposure	8,264.8	7,592.9	8.9%
U. K. Exposure (GBP)	1,153.1	NA	NA
India Domestic Exposure (INR)	1,314.5	1,330.5	(1.2%)
Total Revenues	10,732.4	8,923.4	20.3%

The Company continues to receive a large part of its revenues in USD. However, earnings from US based businesses are matched by local expenses in USD. Hence the company's exposure to currency fluctuation is less than 40% of consolidated revenues. The Company's acquisition of U.K. based Careline Services has diversified its currencies of operation.

Details of India-based Revenues

Particulars	Mar '11	Dec '10	Q-on-Q Growth (%)	Mar '10	Y-on-Y Growth (%)
India – Domestic	379.8	340.8	11.5%	301.9	25.8%
India – International	541.1	540.1	0.2%	490.4	10.3%
Total India based Revenues	920.8	880.8	4.5%	792.2	16.2%

Particulars	FY 10-11	FY 09-10	%
India – Domestic	1,314.5	1,330.5	(1.2%)
India – International	2,102.8	2,044.3	2.9%
Total India based Revenues	3,417.2	3,374.8	1.3%

India – Domestic demonstrated a strong recovery towards the end of the financial year as the centres in Tier III cities are stabilizing and the company is realizing greater volumes. The drop in the first half of FY11 has resulted in de-growth during the year although the run-rate for Q4FY11 indicates strong momentum going into FY12.

Profitability Analysis

- The PBT (*pre-exceptional*) for Q4FY11 was ₹ 385.2 million as compared to ₹ 262.9 million in Q4FY10, a rise of 46.5%. On a sequential quarter basis, PBT (*pre-exceptional*) has expanded by 6.5% than ₹ 361.6 million in Q3FY11.
- Consolidated PAT for Q4FY11 was at ₹ 308.6 million as compared to ₹ 259.8 million in Q4FY10 impacted by investments in capacity expansion and rupee appreciation. On a sequential quarter basis, PAT increased by 10.3% as compared to the PAT of ₹ 280.1 million in Q3FY11 due to the expansion in revenues.

Expenditure Analysis

For Q4FY11 Total Expenditure (excluding interest and exceptional items) expanded due to increase in employee costs and administrative expenses which mirrored growth in the business. Depreciation has increased as new facilities have come on stream.

Client Metrics

Client contribution to revenues

Particulars	Mar '11	Dec '10	Mar '10
Top client	13%	12%	17%
Top 5 clients	45%	44%	50%
Top 10 clients	62%	62%	66%
Top 20 clients	77%	78%	84%

The addition of Careline revenues has expanded the overall base of clients. On a sequential quarter basis revenues from Top client, top 5 and 10 clients have remained stable.

Client demographics

Particulars	Mar '11	Dec '10	Mar '10
Over \$ 20 million	3	3	3
Over \$ 15 million	4	4	4
Over \$ 10 million	7	9	5
Over \$ 5 million	12	12	10
Over \$ 1 million	46	43	30

The number of '\$10 million +' clients have decreased while the company has added 3 more '\$1 million +' clients during the quarter.

Employee Metrics

Particulars	Mar '11	%	Dec '10	%	Mar '10	%
India	13,663	70.3%	12,457	66.5%	11,304	72.4%
Manila	2,964	15.2%	3,055	16.3%	2,312	14.8%
US	1,989	10.2%	2,287	12.2%	1,999	12.8%
UK	826	4.2%	931	5.0%	0	0%
Total	19,442	100.0%	18,730	100.0%	15,615	100.0%

The employee base in India & Manila continues to increased following ramp up in capacity and new business. The decrease in the number of employees in the UK and in North America is due to seasonality following the end of the festive and holiday season.

Update on Cash & Cash Equivalents

The company has a net worth of ₹ 9,986.7 million, debt of ₹1,510.5 million and ₹6,189.2 million (pre-dividend) in cash & cash equivalents as on March 31, 2011. Of this ₹5,661.3 million (US\$ 128 million) is lying in international branches of Indian banks. This sum of cash has been received by the company as its share due to a stake sale of a telecom business in the year 2006-2007. The company sees it prudent to keep cash on hand keeping in view its strategies to grow through acquisitions that provide real synergies. Although, cash on hand is available the company has been very prudent with its acquisition strategy believing that any acquisition it makes should provide real value, synergies and growth opportunities.

The surplus funds are deposited by Pacific Horizon, Mauritius in the fixed deposit schemes of the following banks:

Name of the Bank	Amt (\$ Mn)	Amt (₹ Cr.)
Bank of Baroda, London	95	420
Bank of Baroda, Dubai	26	115
Fiduciary Time Deposits	3	12
Current Account	4	19
Total	128	566

The money has been deposited in overseas branches / Dollar deposits of Indian Banks to maximize safety of capital.

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