



Q3 FY2016 Earnings Presentation

February 9, 2016

Certain statements in this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in the BPM industry including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-timeframe contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Hinduja Global Solutions has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Hinduja Global Solutions may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company

Consolidated Financial Highlights: Q3 FY2016

- 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

Management Perspective

Commenting on the results, **Mr. Partha DeSarkar, CEO, Hinduja Global Solutions Limited** 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.”

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.

Business 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

Region	Geography Highlights
USA and Canada	<p>US:</p> <ul style="list-style-type: none"> ▪ Added three new clients – an audio equipment supplier, online & mobile food ordering company and action camera manufacturer ▪ Significant growth in new business wins from existing clients across verticals - Open enrollment jumpstarted growth; Added 100 FTEs in our El Paso site for a not-for-profit health plan provider ▪ Expect strong performance going forward driven by both existing and new clients, primarily in the insurance and consumer packaged goods verticals <p>Canada:</p> <ul style="list-style-type: none"> ▪ Encouraging improvement in financial performance; managed to reduce operating losses ▪ Started the ramp-up of a recently signed public sector client to 120 FTEs ▪ Financial performance expected to normalize with finalization of contract renewal with an existing client and improved performance of other accounts
UK and Europe	<ul style="list-style-type: none"> ▪ Continued its growth momentum on the back of the recent large contract wins ▪ Large ramp completed for new client in the Consumer vertical ▪ Expect to add capacity in Q1 FY17 to support new client growth ▪ Sales pipeline remains robust

Region	Geography Highlights
Philippines	<ul style="list-style-type: none"> Continued its robust performance, primarily driven by volume growth on account of the Open Enrollment season Started work for new lines of businesses from existing clients in health insurance and consumer electronics verticals Launched support for clients in consumer electronics and education services verticals Expected to continue the growth trajectory, primarily driven by increased momentum from healthcare clients
India	<ul style="list-style-type: none"> Overall geography impacted by additional provision made for bonus as per The Payment of Bonus (Amendment) Act, 2015 <p>International:</p> <ul style="list-style-type: none"> Performance was in line with management expectations Volumes from certain healthcare clients remained soft due to business slowdown; this was offset by higher volumes from other healthcare clients Won a contract from a healthcare insurance major for providing international claims-related support from India. The program is expected to go live in Q1 FY2017 with about 40-50 FTEs. <p>Domestic:</p> <ul style="list-style-type: none"> Improved performance in Q3, with steady growth in volumes Profitability in some of our tier I centers, which were undergoing ramp ups in first half, improved Performance in the acquired business portfolio from MphasiS continued to trend upwards

Recognition from Analyst and Advisor community



- 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**.

Recognitions

- HGS USA President **Kathy Hamburger** received the **Silver Stevie® Award** in the “**Female Executive of the Year**” category at the 12th 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**” in the 12th 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
- One of the winners of the **2015 Best Outsourcing Thought Leadership (BOTL) Awards** for **BPO Innovation** by The Outsourcing Institute.

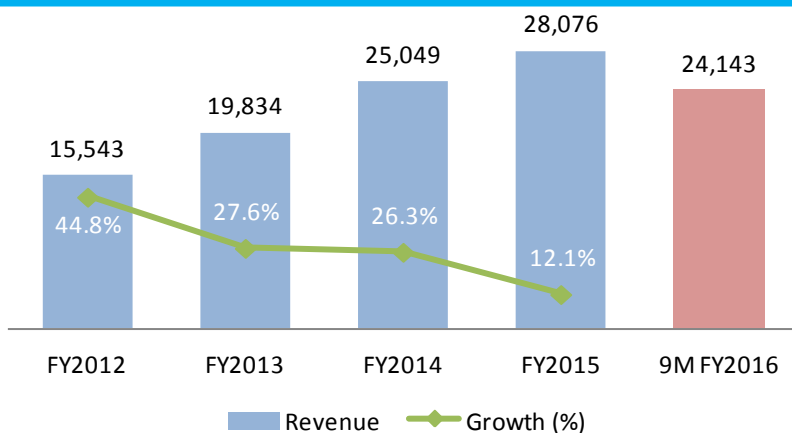


Financial Performance Summary

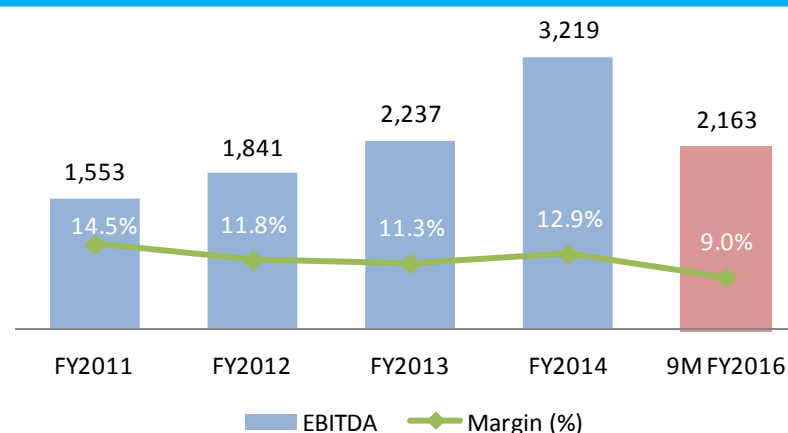
Consolidated Financial Highlights

(Rs. Million)	Q3		y-o-y	Q2		Nine Months		y-o-y
	FY2016	FY2015	Growth (%)	FY2016	Growth (%)	FY2016	FY2015	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)%

Annual Revenue Trend (Rs. Million)



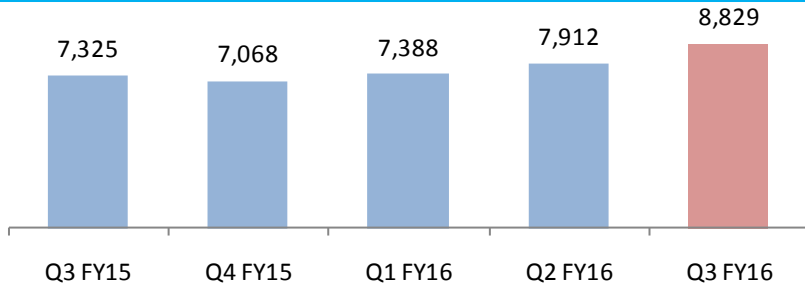
Annual EBITDA Trend (Rs. Million)



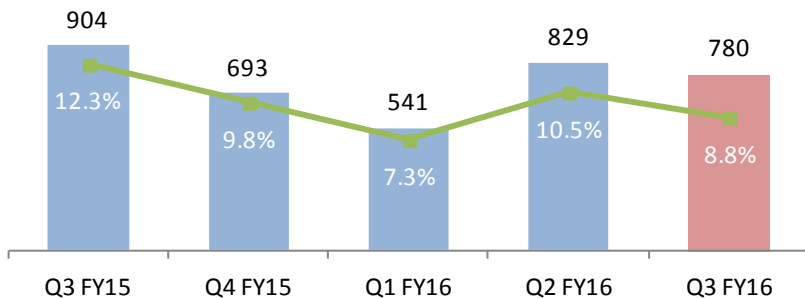
Note: EBITDA adjusted for impact of Payment of Bonus (Amendment) Act, 2015 of Rs. 13.6 million

Financial Performance Summary

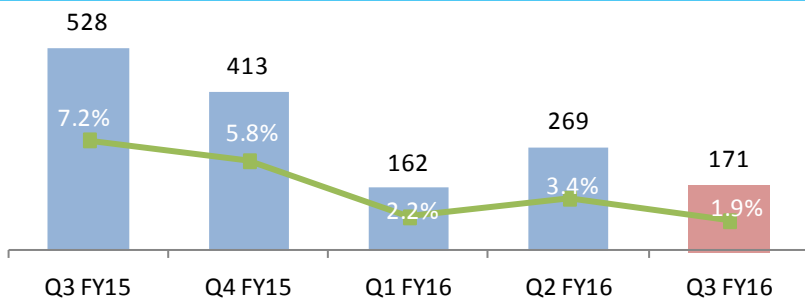
Revenue (Rs. Million) and Y-o-Y Growth (%)



EBITDA (Rs. Million) and Margin (%)



PAT (Rs. Million) and Margin (%)

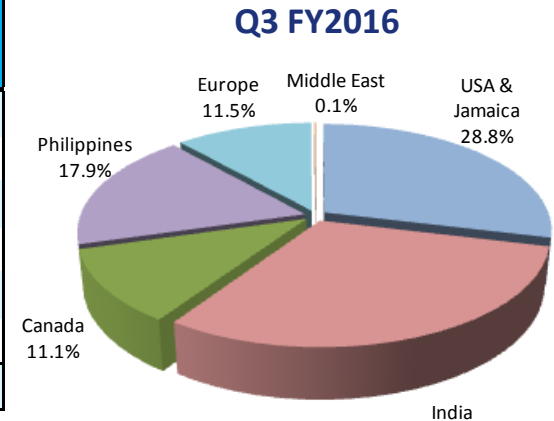


Y-o-Y Highlights

- Revenue 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 impacted due to increased ramp-up, softness in profitability of Canada operation and Mphasis BPM consolidation
- EBITDA adjusted for impact of Payment of Bonus (Amendment) Act, 2015 of Rs. 13.6 million
- PAT was impacted due to lower operating profit coupled with unfavorable foreign exchange variations

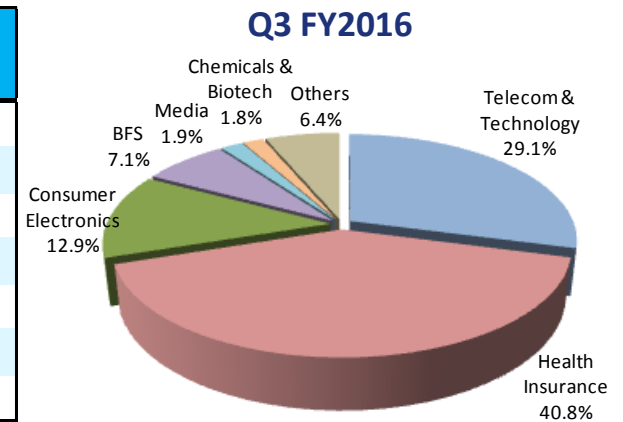
Revenue by Delivery Centers

(Rs. Million)	Q3		y-o-y Growth (%)	Q2	
	FY2016	FY2015		FY2016	q-o-q Growth (%)
USA & Jamaica	2,541	1,959	29.7%	2,278	11.5%
India	2,706	1,968	37.5%	2,298	17.8%
Canada	980	1,408	(30.4)%	979	0.1%
Philippines	1,583	1,210	30.8%	1,584	(0.1)%
Europe	1,011	778	30.0%	768	31.6%
Middle East	8	3	163.8%	5	56.4%
Total	8,829	7,325	20.5%	7,912	11.6%



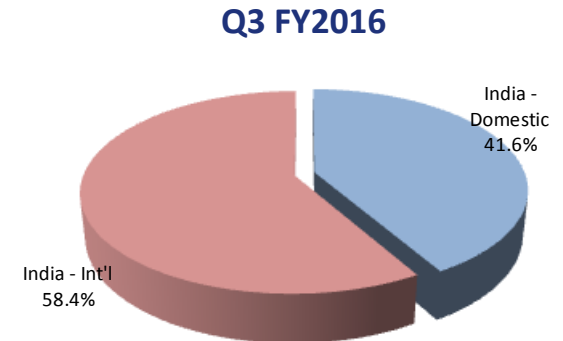
Revenue by Vertical

(Rs. Million)	Q3		y-o-y Growth (%)	Q2	
	FY2016	FY2015		FY2016	q-o-q Growth (%)
Telecom & Technology	2,569	2,084	23.3%	1,995	28.8%
Health Insurance	3,605	2,615	37.8%	3,320	8.6%
Consumer Electronics	1,138	972	17.0%	1,164	(2.3)%
BFS	629	594	6.0%	553	13.8%
Media	169	366	(53.9)%	167	0.8%
Chemicals & Biotech	159	169	(6.4)%	182	(12.8)%
Others	561	524	6.9%	531	5.6%
Total	8,829	7,325	20.5%	7,912	11.6%



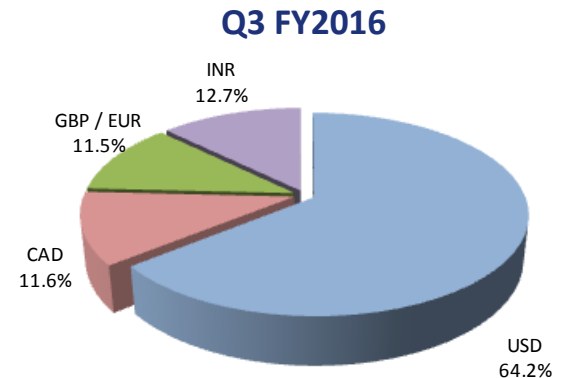
India Based Exposure

(Rs. Million)	Q3		y-o-y Growth (%)	Q2	
	FY2016	FY2015		FY2016	q-o-q Growth (%)
India - Domestic ¹	1,126	605	86.0%	783	43.8%
India - International	1,580	1,363	15.9%	1,515	4.3%
Total India	2,706	1,968	37.5%	2,298	17.8%



Revenue by Currency Exposure

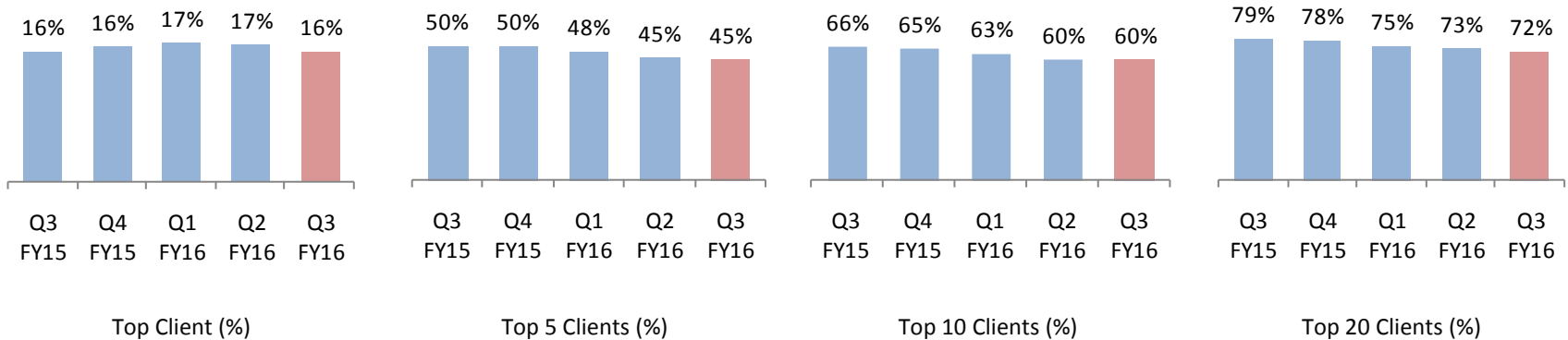
(Rs. Million)	Q3		y-o-y Growth (%)	Q2	
	FY2016	FY2015		FY2016	q-o-q Growth (%)
USD	5,672	4,535	25.1%	5,329	6.4%
CAD	1,020	1,408	(27.5)%	1,032	(1.2)%
GBP / EUR	1,011	778	30.0%	768	31.6%
INR	1,126	605	86.0%	783	43.8%
Total	8,829	7,325	20.5%	7,912	11.6%



Note(s):

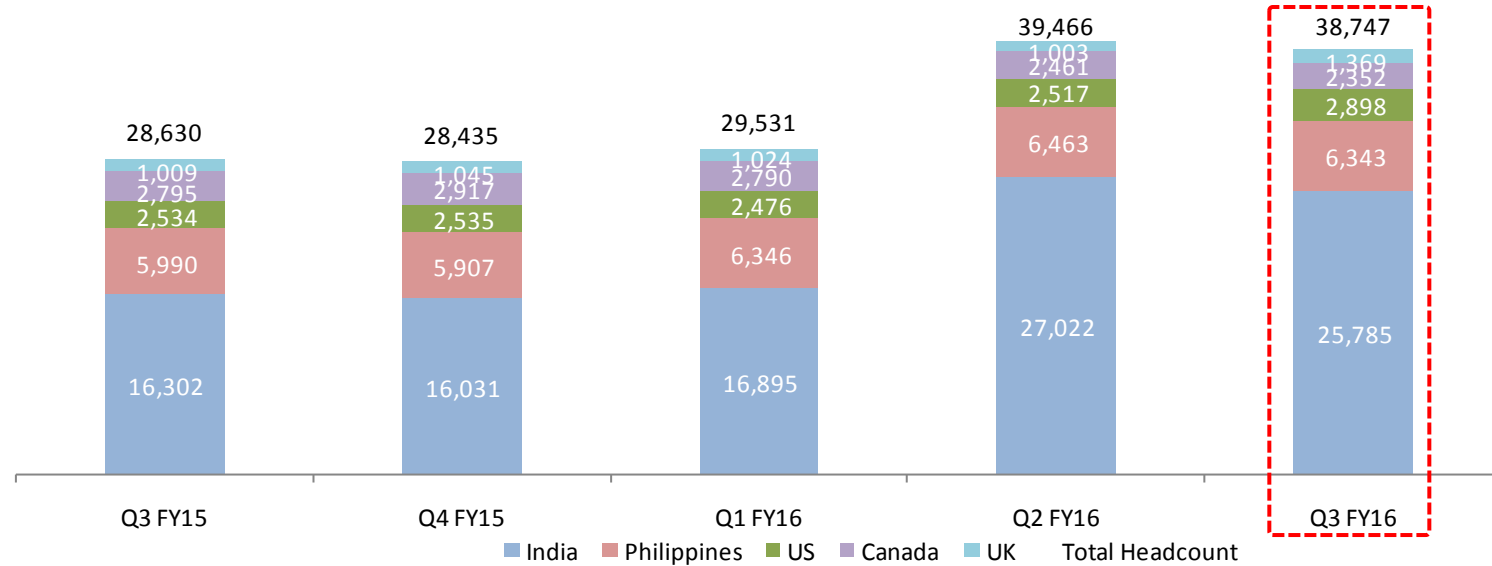
- Includes revenues from HGS Business Services

Key Client Metrics

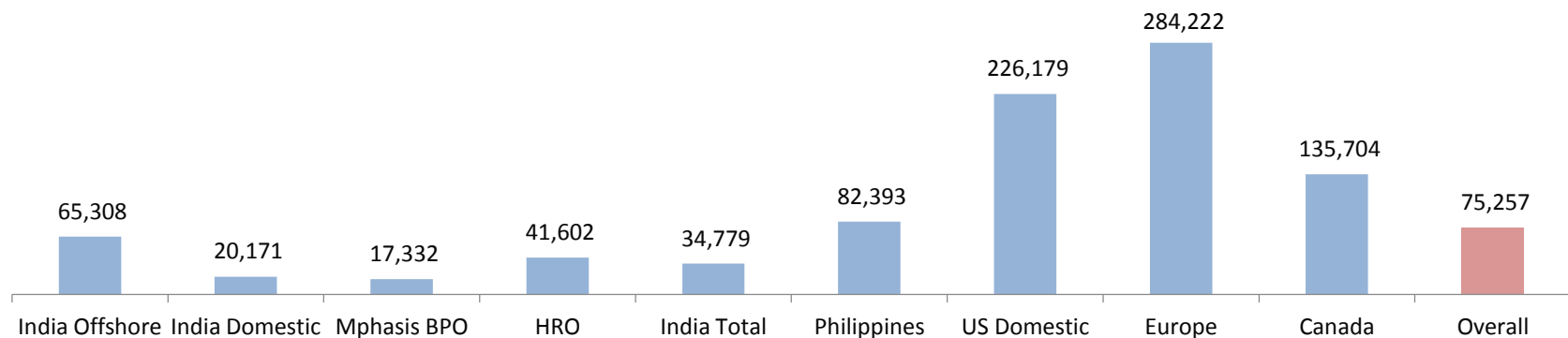


Client contributing revenues	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16
> Rs. 200 million during the quarter	8	8	8	8	10
> Rs. 150 million during the quarter	9	12	10	10	11
> Rs.100 million during the quarter	13	16	13	16	15
> Rs.50 million during the quarter	27	28	27	29	33
> Rs.10 million during the quarter	56	60	59	59	65

Employee Trend by Geography



Average Monthly Revenue / Employee (Rs.)



Conservative Leverage Profile

(Rs. Million)	31-Dec-15	30-Sep-15
Total Debt	8,432	7,725
Less: Cash & Treasury Surplus	4,598	5,134
Net Debt / (Net Cash)	3,834	2,591
Net Worth	11,342	11,222
Net Debt / EBITDA¹	1.35x	0.87x
Total Debt / Equity	0.74x	0.69x

Note(s):

1. LTM EBITDA used for computing net debt / EBITDA ratio

Summary Unaudited Balance Sheet

(Rs. Million)	31-Dec-15	30-Sep-15
Shareholder's Funds	11,342	11,222
Total Debt	8,432	7,725
Other Current and Non Current Liabilities	3,749	3,941
Total Equity and Liabilities	23,523	22,888
Net Fixed Assets and Intangibles	8,910	8,686
Other Non Current Assets	2,121	2,109
Total Non Current Assets	11,031	10,795
Trade Receivables and Other Current Assets	7,894	6,958
Cash and Treasury Surplus ¹	4,598	5,134
Total Current Assets	12,492	12,092
Total Assets	23,523	22,888

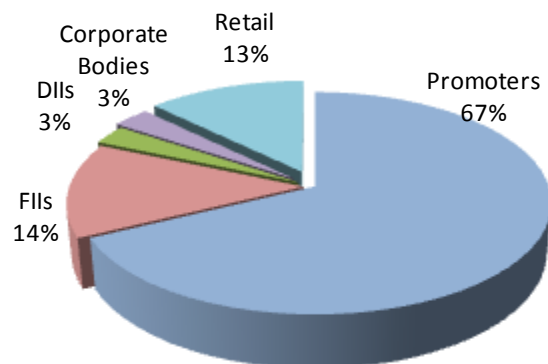
Notes:

1. Includes \$37 million of HGS International, Mauritius deposited with Bank of Baroda London

Summary Unaudited Cash Flow Statement

(Rs. Million)	Nine Months Ended 31-Dec-15
Cash flow from Operations and after working capital changes	408
Cash Flow due to Capex (net)	(1,568)
Consideration paid for acquisition of business	(141)
Cash Flow due other investing activities	245
Total Cash Flow from Investing Activities	(1,464)
Proceeds from Share allotment under Employee Stock Option Schemes	3
Proceeds/(Repayment) from Borrowings	1,977
Cash from Interest payment and others	(662)
Total Cash Flow from Financing Activities	1,318
Net Increase/ (Decrease) in Cash and Cash Equivalents	262
Cash and Treasury Surplus as on April 1, 2015	4,336
Cash and Treasury Surplus as on December 31, 2015	4,598

Shareholding Pattern



Market Data

Market Cap. (Rs. million) (9-Feb-16)	9,455
Outstanding Shares (Million)	20.7
Book Value /Share (Rs.) (31-Dec-15)	547.2
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Shareholders	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Promoters	67.8%	67.7%	67.7%	67.7%	67.7%
Foreign Institutional Investors (FIIs)	12.0%	12.0%	11.7%	13.4%	13.8%
Domestic Institutional Investors (DIIs)	5.0%	5.0%	5.5%	3.4%	2.8%
Corporate Bodies	4.8%	5.1%	4.8%	3.2%	3.0%
Retail	10.4%	10.2%	10.3%	12.3%	12.7%
Total Shares (Million)	20.68	20.72	20.72	20.73	20.73

Thank You

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