



Hinduja Global Solutions

Q1 FY2014 Earnings Presentation

8 August 2013

Cautionary Statement

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 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 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.

Highlights of the Quarter

Consolidated Financial Highlights: Q1 FY2014 vs. Q1 FY2013

- Net Sales increased by 19.8% to Rs. 5,592 million
- EBITDA increased by 41.9% to Rs. 634 million. EBITDA margin of 11.3%, an increase of 177 basis points
- PAT increased by 94.2% to Rs. 376 million. PAT margin of 6.7%, an increase of 258 basis points
- As of June 30, 2013, the Company had Net Debt of Rs. 84 million and Net Worth of Rs. 13,314 million

Management Commentary

Commenting on the results, **Mr. Partha De Sarkar, CEO of Hinduja Global Solutions** said:

“We are pleased to announce that for the third consecutive quarter we have crossed the Rs. 5,000 million quarterly revenues mark. Traditionally, the first quarter has been the slowest for our business. In this context delivering 20% revenue growth y-o-y to reach ~Rs. 5,600 million is an achievement we are proud of.

We have seen good volume growth from our existing clients. On top of that, there has been additional volumes from new logos. We have also been aided by the favorable exchange rates of the US dollar vis a vis the Indian Rupee and the Philipino Peso. Our profitability has also improved significantly as most of our facilities are now operating at optimal utilization levels.

From early July 2013, our site at Barrie (Ontario, Canada) has become operational and its benefits are expected to accrue in the second half of this fiscal year. The first phase of our SEZ in Bangalore is also complete and is expected to operate at optimum capacity by Q3 FY2014.

We take great delight in sharing that our Preston site in the UK has won a gold medal for ‘Best Mid-sized Contact Centre (Outsourced)’ in the prestigious Contact Centre World Awards 2013.

Senior management remains focused on diversifying our customer base, strengthening our presence in new verticals and expanding marketing activities to build a strong sales pipeline going forward.”

Highlights of the Quarter



Business Highlights

- HGS USA started servicing a large telecom client from our El Paso centre in Q1 FY2014
- Barrie, (Ontario, Canada) site became operational from July 2013 and is expected to operate with 400 full-time equivalents (FTEs) by Q2 FY2014. Benefits will accrue from H2 2014
- The second SEZ in Bangalore with capacity of around 550 seats is being established. The first phase with ~170 seats will start operations during August 2013 and the remaining seats are expected to be completed by Q2 FY2014
- EBOS business continues to perform well and will be offering a new service line of medical coding, during FY2014
- Launched Urdu language support for a Middle Eastern telecom company from our Hyderabad centre
- Expanded non-voice offering of chat and email support for a leading consumer electronics client
- 543 active clients as of June 30, 2013. Clients contributing revenues more than Rs. 150 million for the quarter increased from 7 to 9 compared to Q1 FY2013
- Team at the Preston (UK) site won a gold medal for 'Best Mid-sized Contact Centre (Outsourced)' in the prestigious Contact Centre World Awards 2013
- Ranked 42nd in the 2013 Global Outsourcing 100 list compiled annually by the International Association of Outsourcing Professionals (IAOP). This is a significant improvement in comparison to HGS' 71st position in 2011
- Named runner-up in the 'Best Outsourced Provider' category at the 14th Annual Call Center Week
- As of June 30, 2013, total headcount was 24,433, of which 61% were based in India, 16% in Philippines, 9% in the US, 10% in Canada and the remaining 4% in Europe

Business Update

Region	Operational Update	Strategic Initiatives
North America and Canada	<ul style="list-style-type: none"> US: Traction from existing clients for additional volumes and new lines of business US: Started servicing a large telecom client from El Paso centre US: Servicing of two new clients in consumer goods and technology sector is expected to start from Q2 FY2014 Canada: Barrie, Ontario site now operational and is expected to operate with 400 FTEs by Q2 FY2014 	<ul style="list-style-type: none"> US: Sales and marketing initiatives reinforced with appointment of experienced personnel US: Focus on large multiple geography delivery relationships US: Emphasis on adding new clients and expanding in new verticals Canada: Investment in infrastructure to benefit from expected increase in client volumes Canada: Sales pipeline continues to mature and key opportunities approaching closure
India	<ul style="list-style-type: none"> The 2nd SEZ in Bangalore with capacity of around 550 seats being established. First phase with ~170 seats will start operations during August 2013 and remaining seats are expected to be completed by Q2 FY2014 Expanded non-voice offering with a leading consumer electronics client India Domestic: <ul style="list-style-type: none"> Ongoing assessment of existing clients to ensure better profitability Non-telecom vertical continues to add clients 	<ul style="list-style-type: none"> Urdu language support started for a Middle Eastern telecom company Expanding capacity for healthcare business, 450 seats expected to be added by Q3 FY2014 Starting a new service line of medical coding during FY2014 HGS Business continues to add clients across sectors

Business Update

Region	Operational Update	Strategic Initiatives
Philippines	<ul style="list-style-type: none"> Continued improvement in performance with addition of new logos and growth in volumes from existing clients Started voice based clinical service for US based healthcare client Volume growth has lead to near peak capacity utilization 	<ul style="list-style-type: none"> Sales efforts in the domestic market gain momentum Contemplating opening of 5th centre in Philippines in the near future Expect to start servicing the first Canadian client from Philippines delivery centre during Q2 FY2014
Europe	<ul style="list-style-type: none"> UK's economy remains under pressure although there are positive future indicators Extended outsourcing decision making cycles in the private sector Performance aided by better than anticipated volumes from existing clients Preston, UK site won a gold medal for 'Best Mid-sized Contact Centre (Outsourced)' in the prestigious Contact Centre World Awards 	<ul style="list-style-type: none"> Continues to develop 'transformation' proposition in the UK market Evaluating inorganic growth opportunities in mainland Europe Actively pursuing opportunities in the public sector

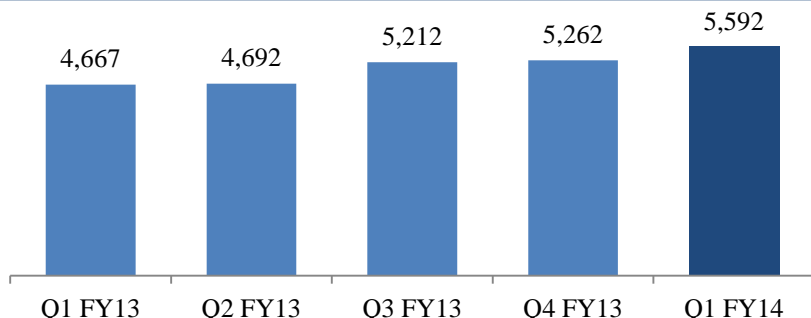
Financial Performance Summary

Consolidated Financial Highlights

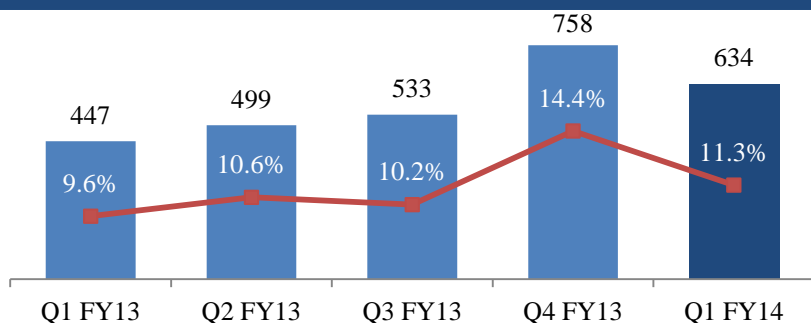
(Rs. Million)	Q1		y-o-y	Q4	q-o-q
	FY2014	FY2013	Growth (%)	FY2013	Growth (%)
Net Sales	5,592	4,667	19.8%	5,262	6.3%
EBITDA	634	447	41.9%	758	(16.4)%
<i>Margin (%)</i>	11.3%	9.6%		14.4%	
Profit Before Tax (PBT)	532	307	73.6%	551	(3.3)%
<i>Margin (%)</i>	9.5%	6.6%		10.5%	
Profit After Tax (PAT)	376	194	94.2%	402	(6.4)%
<i>Margin (%)</i>	6.7%	4.2%		7.6%	
Basic EPS (Rs.)	18.27	9.41	94.2%	19.51	(6.4)%

Financial Performance Summary

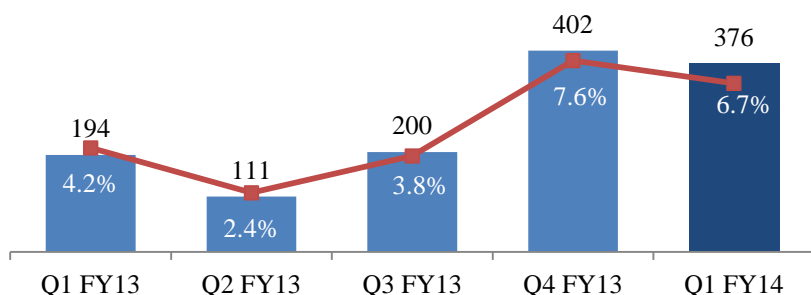
Revenue (Rs. Million)



EBITDA (Rs. Million) and Margin (%)



PAT (Rs. Million) and Margin (%)



Q1 FY2014

- Revenue growth driven by an increase in volumes from existing clients and the addition of new customers
- Regions such as Canada, Philippines and India performed better than expected

Q1 FY2014

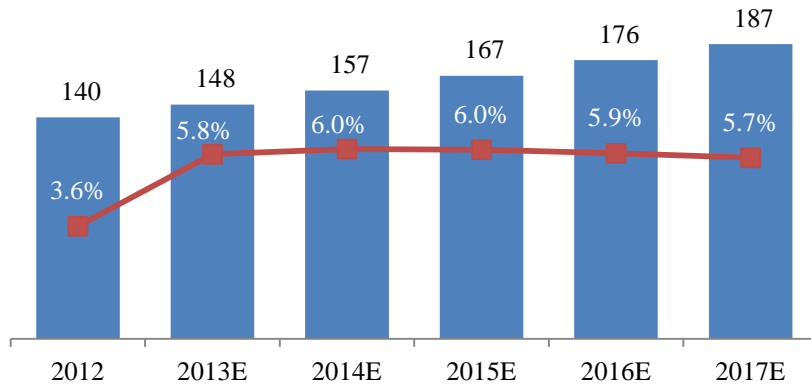
- EBITDA improved as compared to same period last year as most of the facilities operating at optimal utilization levels
- Various cost control measures implemented last year have started yielding results

Q1 FY2014

- PAT improved as compared to same period last year due to a higher operating profit, favorable exchange rate movements and a decline in interest expense
- Growth offset to certain extent by higher tax payable

BPM Industry: At a Glance

BPM Industry Spending (\$ Billion) and Growth (%)



Projected Growth by Domain

Domain	2012-17 CAGR (%)
Administration Services	5.6%
Customer Management	5.1%
F&A	4.7%
HR	6.0%
Operations	8.1%
Supply Management	5.2%

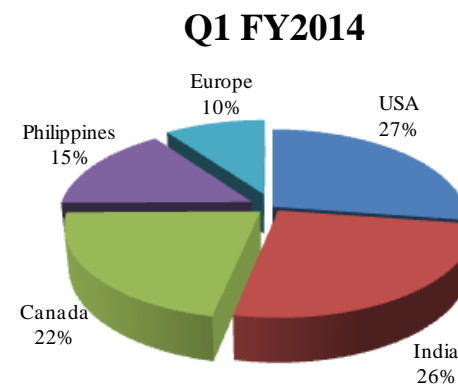
BPM Industry: Attractive Dynamics

- The BPM industry is in the process of transitioning from volume-based to value-based, by expanding its scope of services
- Customers of the BPM industry demand service quality, scalability, consistency and compliance
- Global BPM demand is expected to grow at 2012-17 CAGR of 6%
- Key growth drivers for the industry require the combination core services with emerging technologies such as social media and analytics, cloud, big data and platforms-based solutions
- The 2012-17 CAGR for BPM cloud-based services is forecast to be 11.3%
- Voice based services increasingly requires the integration of more complex services such as email, chat and IVR support. This is expected to grow exponentially given its lower base
- Emerging verticals such as healthcare and retail are expected to be the primary growth drivers for the BPM industry

Key Metrics

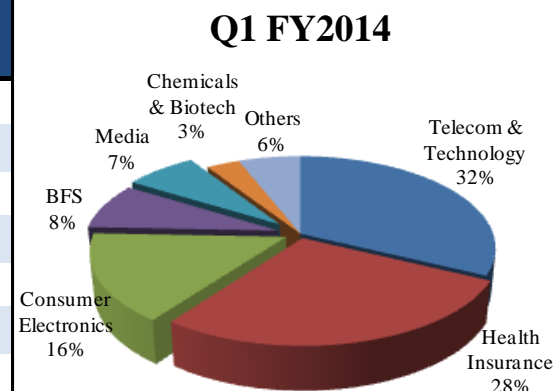
Revenue by Delivery Centers

(Rs. Million)	Q1		y-o-y Growth (%)	Q4	
	FY2014	FY2013		FY2013	q-o-q Growth (%)
USA ¹	1,527	1,317	16.0%	1,286	18.8%
India	1,450	1,209	19.9%	1,467	(1.1)%
Canada	1,208	882	36.9%	1,117	8.1%
Philippines	852	702	21.3%	760	12.1%
Europe	555	557	(0.3)%	633	(12.3)%
Total	5,592	4,667	19.8%	5,262	6.3%



Revenue by Vertical

(Rs. Million)	Q1		y-o-y Growth (%)	Q4	
	FY2014	FY2013		FY2013	q-o-q Growth (%)
Telecom & Technology	1,801	1,372	31.2%	1,651	9.1%
Health Insurance	1,561	1,115	40.0%	1,383	12.8%
Consumer Electronics	867	800	8.4%	850	2.0%
BFS	458	390	17.3%	446	2.7%
Media	394	338	16.4%	379	3.8%
Chemicals & Biotech	178	215	(17.2)%	169	5.2%
Others	333	436	(23.6)%	384	(13.1)%
Total	5,592	4,667	19.8%	5,262	6.3%



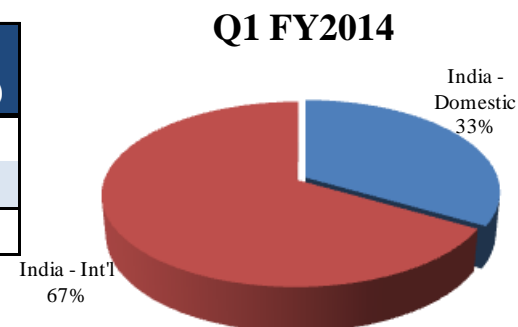
Note(s):

- For Q1 FY2014 and Q4 FY2013 USA includes revenue contribution from Jamaica delivery center

Key Metrics

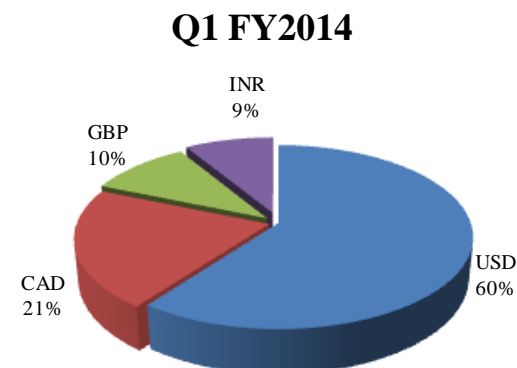
India Based Exposure

(Rs. Million)	Q1		y-o-y	Q4		q-o-q
	FY2014	FY2013	Growth (%)	FY2013	Growth (%)	
India - Domestic ¹	483	495	(2.3)%	503	(3.9)%	
India - International	967	714	35.3%	964	0.3%	
Total India	1,450	1,209	19.9%	1,467	(1.1)%	



Revenue by Currency Exposure

(Rs. Million)	Q1		y-o-y	Q4		q-o-q
	FY2014	FY2013	Growth (%)	FY2013	Growth (%)	
USD	3,345	2,733	22.4%	3,011	11.1%	
CAD	1,208	882	36.9%	1,117	8.1%	
GBP	555	557	(0.3)%	633	(12.3)%	
INR	483	495	(2.3)%	501	(3.5)%	
Total	5,592	4,667	19.8%	5,262	6.3%	

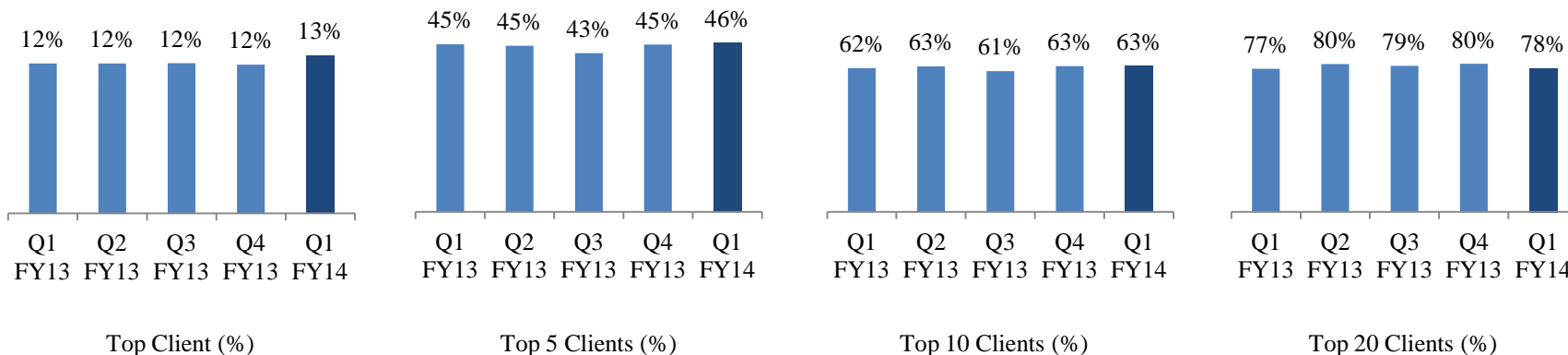


Note(s):

1. Includes revenues from HGS Business Services

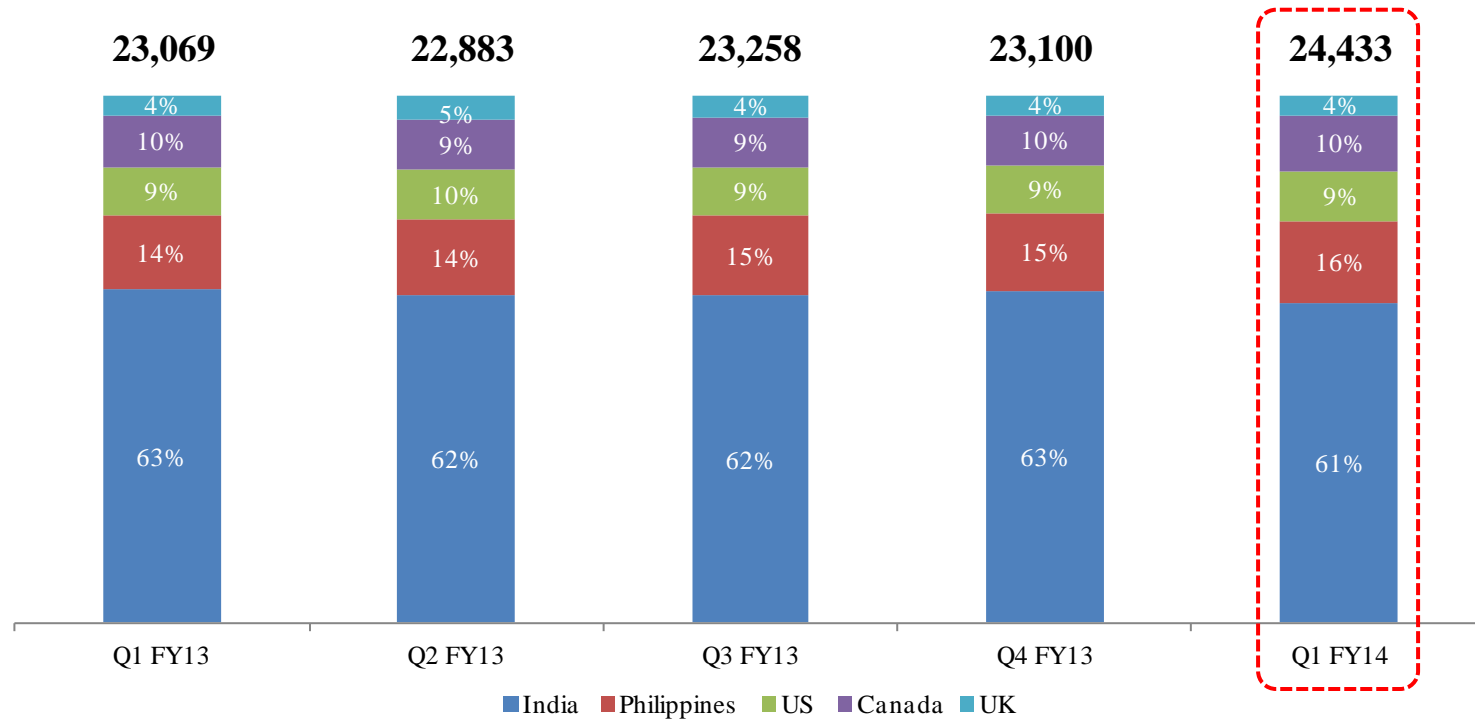
Key Metrics

Key Client Metrics



Client contributing revenues	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14
> Rs. 200 million during the quarter	6	6	7	8	8
> Rs. 150 million during the quarter	7	7	9	9	9
> Rs.100 million during the quarter	9	11	12	12	12
> Rs.50 million during the quarter	23	20	20	20	21
> Rs.10 million during the quarter	53	50	53	51	51

Employee Trend by Geography



Leverage Profile

Conservative Leverage Profile

(Rs. Million)	Q1 FY2014	Q4 FY2013
Total Debt	5,561	5,467
Less: Cash & Treasury Surplus	5,477	4,746
Net Debt / (Net Cash)	84	721
Net Worth	13,314	12,355
Net Debt / EBITDA¹	0.03x	0.32x
Total Debt / Equity	0.42x	0.43x

Commentary

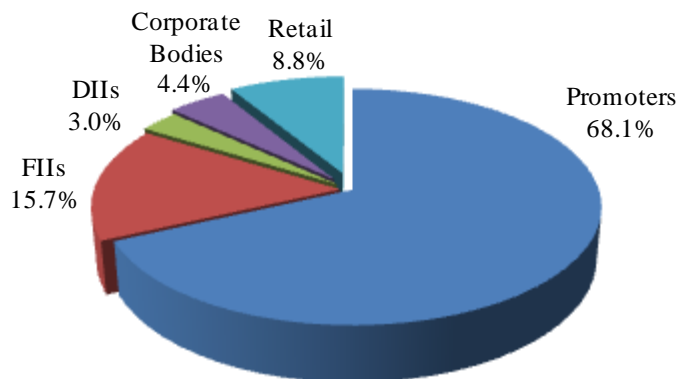
- During the quarter the Company repaid debt of Rs. 222 million
- The impact of this debt repayment was offset by an increase in total debt as a result of foreign currency denominated loans being restated in INR at higher exchange rates
- Cash & treasury surplus position improved significantly due to improved profitability and foreign currency denominated cash being restated in INR at higher exchange rates

Note(s):

1. Q1 FY2014 EBITDA annualised for computing Q1 FY2014 net debt / EBITDA; FY2013 EBITDA used for computing Q4 FY2013 net debt / EBITDA

Market Information

Shareholding Pattern



Market Data

Market Cap. (Rs. million) (8-Aug-13)	4,940
Outstanding Shares (Million)	20.6
Book Value /Share (Rs.) (30-Jun-13)	646.63
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Shareholders	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
Promoters	68.1%	68.1%	68.1%	68.1%	68.1%
Foreign Institutional Investors (FIIs)	15.7%	15.7%	15.6%	15.6%	15.7%
Domestic Institutional Investors (DIIs)	3.2%	3.1%	3.1%	3.1%	3.0%
Corporate Bodies	4.5%	4.6%	4.6%	4.5%	4.4%
Retail	8.5%	8.5%	8.6%	8.7%	8.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Hinduja Global Solutions: At a Glance





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