HGS
HINDUJA GLOBAL SOLUTIONS

Hinduja Global Solutions

Earnings Presentation

Q4 and Full Year FY2013

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 BPO 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

Q4 FY2013 vs. Q4 FY2012

- Net Sales increased by 14.3% to ₹5,262 million
- EBITDA increased by 25.8% to ₹758 million. Margins increased by 132 basis points to 14.4%
- PAT was ₹402 million, a growth of 29.3%. Margins increased by 88 basis points to 7.6%
- As of March 31, 2013, the Company had Net Debt position of ₹721 million and Net Worth of ₹12,355 million

FY2013 vs. FY2012

- Net Sales increased by 27.6% to ₹19,834 million
- EBITDA increased by 21.5% to ₹2,237 million
- PAT was ₹906 million
- Proposed dividend of ₹20 per share subject to shareholders approval

Highlights of the Quarter

Management Commentary

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

"I am delighted to report that HGS has been able to deliver a revenue growth of 28% compared to FY2012 and is touching an annual revenue of almost Rs.2,000 crores. In addition to strengthening our top line, we have also improved operating margins consistently over the course of the last 4 quarters. This has been achieved through a combination of improving the capacity utilization of all of our centers and efforts put in to rationalize some of our unviable businesses. Our new business pipeline looks very promising and conversion rates have improved. In addition, the growths of business from our existing clients have also been very strong. We have successfully completed the integration of our EBOS acquisition in USA. Our new SEZ facility at Hyderabad has also commenced operations for revenue cycle management.

In the near term our profitability and margins are expected to benefit from enhanced utilization levels at our facilities primarily in the Philippines and Canada.

As part of our commitment to delivering value to our shareholders, the Board has proposed a dividend of Rs 20 per share."

Highlights of the Quarter

Business Highlights

- HGS UK was selected as one of four outsourcing providers for the UK government outsourcing business which further strengthens the Company's presence in the public sector
- The US operations recently received a contract from a large customer in the telecom segment. This deal opens-up an opportunity to expand and offshore into other verticals with the same client
- SEZ at Hyderabad for servicing the Revenue Cycle Management business started operations in March 2013
- HGS is in the process of setting up the second SEZ in Bangalore and is expected to be operational by Q2 FY2014
- 535 active clients as of March 31, 2013:
  - Client contributing revenues more than ₹150 million for the quarter increased from 7 to 9 compared to Q4 FY2012
  - Recently won two consumer brand clients for servicing customers in the Philippines and Asia Pacific region
- HGS Canada was recognized as the top 3rd party vendor by a Canadian telecom client across all outsourced lines of business
- The Charlottetown, Canada center was recognized as the #1 site for warranty product sales across North America by a technology client in 2012
- As of March 31, 2013, total headcount was 23,100, of which 63% were based in India, 15% in Philippines, 9% in the US, 9% in Canada and the remaining 4% in Europe

Business Update

Region	Operational Update	Strategic Initiatives
North America	▪ US has won a contract for a large broadband and telecom company. Has potential to grow and offshore ▪ Canada experiencing better tractions from BFSI, technology & telecom clients ▪ Plans to open a new center in Barrie, Ontario ▪ Belleville site integrated and successfully launched ▪ Jamaica continues to attract near-shore business interest	▪ Established a dedicated marketing team in the US to focus on higher margin services ▪ The US operation is focussed on adding new clients and expanding in new verticals ▪ HGS Canada has secured its first offshoring order from a telecom client. Expected to start in Q2 FY2014 ▪ Expanding 2 existing delivery centers and plans to open 2 new facilities in Canada
India	▪ India international demonstrated strong growth ▪ India domestic is benefitting from better cost management: ○ Ongoing assessment of existing clients to ensure better profitability ○ Telecom volumes remain soft ○ Focussing on training initiatives to reduce cost and improve margins	▪ SEZ in Hyderabad has started in March 2013 ▪ Reducing telecom concentration by focusing on BFSI and consumer ▪ Worker's insurance compensation project for a new client started ○ In the process of setting-up the second SEZ in Bangalore, to be operational by Q2 FY2014

Business Update

Region	Operational Update	Strategic Initiatives
Philippines	▪ Improved client traction from APAC region in consumer durables and office equipment sectors ▪ Started non-voice work such as claims processing for healthcare clients ▪ Clinical voice based service started operations. Added one new client ▪ Established a Center of Excellence for the healthcare vertical	▪ Plans for setting-up a healthcare academy for the training of personnel ▪ Encouraging response for recently launched consulting and business transformation practice ▪ Plans for expansion of existing facility at Iloilo and looking for new site in Manila ▪ New offshoring opportunities to arise from past acquisitions
Europe	▪ Performance in line with management expectation in view of the overall UK economic scenario ▪ HGS UK has been selected by ‘Government Procurement Service’ as one of 4 suppliers to participate on the Government Framework for delivery of Contact Centre work ▪ Clients in consumer vertical remain cautious ▪ Strong interest from clients in consumer, telecom and the public sector	▪ Preston site is in the second phase of expansion ▪ Focus on geographic expansion primarily in German speaking regions ▪ Plans to focus on auto, logistics, healthcare, utilities and BFSI vertical ▪ Investing in technology for transformational services and venturing into e-commerce sector

Financial Performance Summary

HGS HINDUJA GLOBAL SOLUTIONS

Consolidated Financial Highlights

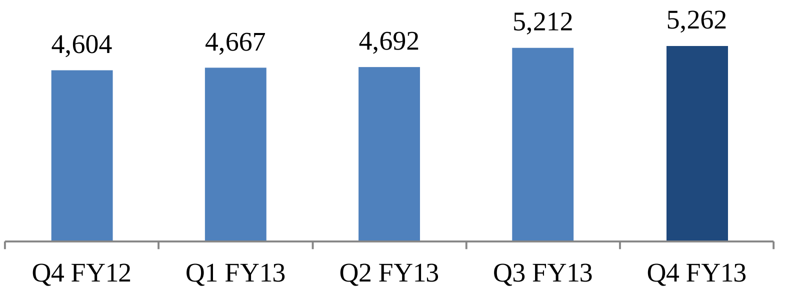
(₹ million)	Q4 FY2013	Q4 FY2012	y-o-y Growth (%)	Q3 FY2013	q-o-q Growth (%)	Full Year FY2013	Full Year FY2012	y-o-y Growth (%)
Net Sales	5,262	4,604	*14.3%*	5,212	*1.0%*	19,834	15,543	*27.6%*
EBITDA	758	603	*25.8%*	533	*42.2%*	2,237	1,841	*21.5%*
Margin (%)	*14.4%*	*13.1%*		*10.2%*		*11.3%*	*11.8%*	
Profit Before Tax (PBT)	551	388	*41.8%*	321	*71.3%*	1,361	1,224	*11.2%*
Margin (%)	*10.5%*	*8.4%*		*6.2%*		*6.9%*	*7.9%*	
Profit After Tax (PAT)	402	311	*29.3%*	200	*101.2%*	906	1,061	*(14.6)%*
Margin (%)	*7.6%*	*6.7%*		*3.8%*		*4.6%*	*6.8%*	
Basic EPS (₹)	19.51	15.09	*29.3%*	9.69	*101.2%*	43.99	51.52	*(14.6)%*

Notes:

1. Q3 FY2013 and FY2013 consolidated PAT was impacted by one-time non-recurring costs of ₹47.9 million
2. FY2013 consolidated PAT was also negatively impacted by ₹52.8 million on account of an exceptional item representing claims receivable written-off
3. FY2012 consolidated PAT benefitted from a tax reversal of ₹90.9 million
4. Other income includes gains/(losses) on account of fluctuations in foreign exchange

Financial Performance Summary

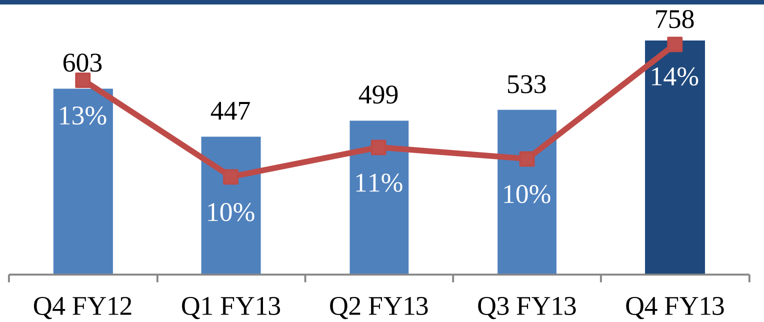
Revenue (₹ Million)



Q4 FY2013

- Revenue growth was driven by higher volumes achieved in the healthcare vertical and a improvement in business activity form clients in the telecom sector
- Regions such as Canada, Philippines and the US outperformed management expectations

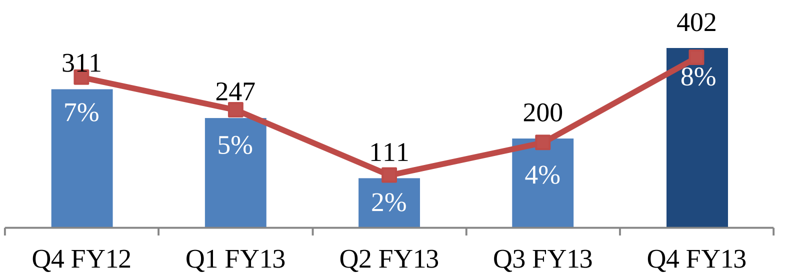
EBITDA (₹ Million) and Margin (%)



Q4 FY2013

- EBITDA improved as revenues are now better matched to the ramp up costs incurred earlier
- Benefitted from the integration of past acquisitions
- Consistent margin improvement over the past 4 quarters

PAT (₹ Million) and Margin (%)



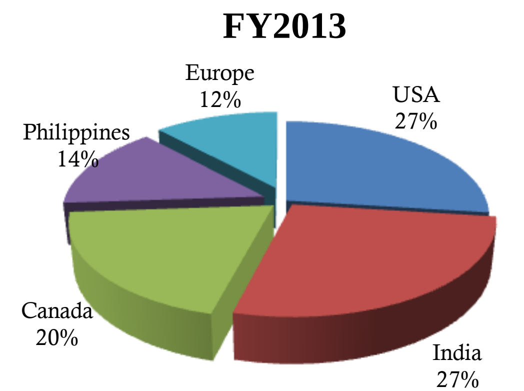
Q4 FY2013

- PAT improved due to better operating income coupled with lower interest expense
- Interest expense declined due to repayment of $10 million taken against deposits of HGS Int'l
- Growth was offset to certain extent by adverse movements in forex and higher tax incidence

Key Metrics

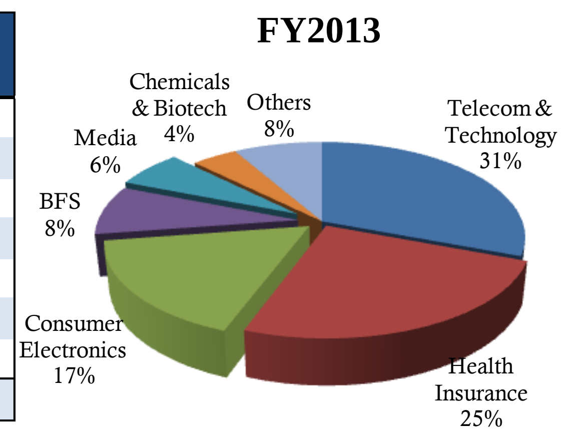
Revenue by Delivery Centers

(₹ Million)	Q4 FY2013	Q4 FY2012	y-o-y Growth (%)	Q3 FY2013	q-o-q Growth (%)
USA[1]	1,286	1,182	*8.8%*	1,452	*(11.4)%*
India	1,467	1,202	*22.1%*	1,444	*1.5%*
Canada	1,117	932	*19.9%*	1,043	*7.1%*
Philippines	760	675	*12.6%*	691	*10.0%*
Europe	633	614	*3.1%*	583	*8.7%*
Total	**5,262**	**4,604**	***14.3%***	**5,212**	***1.0%***



Revenue by Vertical

(₹ Million)	Q4 FY2013	Q4 FY2012	y-o-y Growth (%)	Q3 FY2013	q-o-q Growth (%)
Telecom & Technology	1,651	1,421	*16.2%*	1,589	*3.9%*
Health Insurance	1,383	1,009	*37.1%*	1,328	*4.1%*
Consumer Electronics	850	815	*4.3%*	908	*(6.4)%*
BFS	446	388	*15.0%*	435	*2.5%*
Media	379	225	*68.3%*	346	*9.6%*
Chemicals & Biotech	169	363	*(53.4)%*	169	*0.2%*
Others	384	383	*0.2%*	437	*(12.2)%*
Total	**5,262**	**4,604**	***14.3%***	**5,212**	***1.0%***



Note(s):

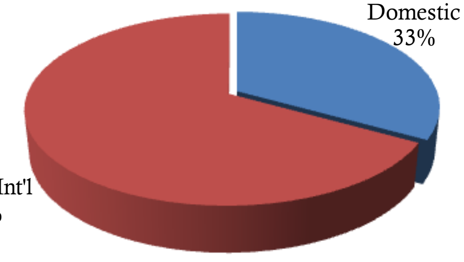
1. For Q3 and Q4 FY2013 USA includes revenue contribution from Jamaica delivery center

Key Metrics

India Based Exposure

(₹ Million)	Q4 FY2013	Q4 FY2012	y-o-y Growth (%)	Q3 FY2013	q-o-q Growth (%)
India - Domestic[1]	395	451	*(12.5)%*	390	*1.2%*
India - International	1,072	751	*42.8%*	1,054	*1.7%*
Total India	**1,467**	**1,202**	***22.1%***	**1,444**	***1.5%***

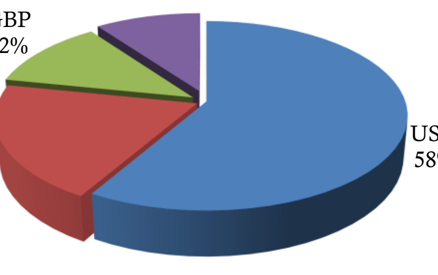
FY2013



Revenue by Currency Exposure

(₹ Million)	Q4 FY2013	Q4 FY2012	y-o-y Growth (%)	Q3 FY2013	q-o-q Growth (%)
USD	3,011	2,527	*19.2%*	3,097	*(2.8)%*
CAD	1,117	932	*19.9%*	1,043	*7.1%*
GBP	633	614	*3.1%*	583	*8.7%*
INR	501	532	*(5.8)%*	490	*2.3%*
Total	**5,262**	**4,604**	***14.3%***	**5,212**	***1.0%***

FY2013



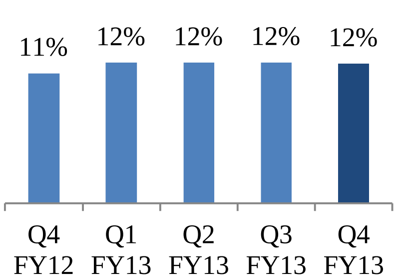
Note(s):

1. Includes revenues from HGS Business Services

Key Metrics

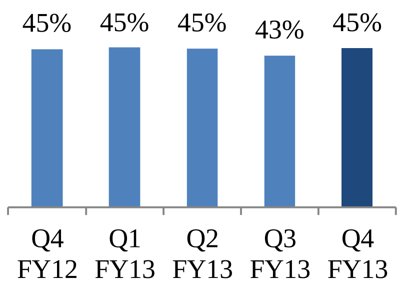
Key Client Metrics

FY2013: 12%



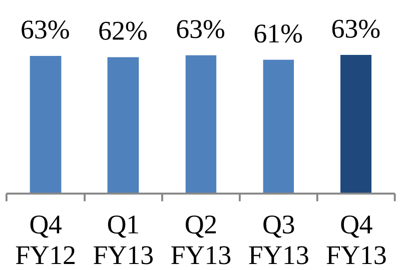
Top Client (%)

FY2013: 45%



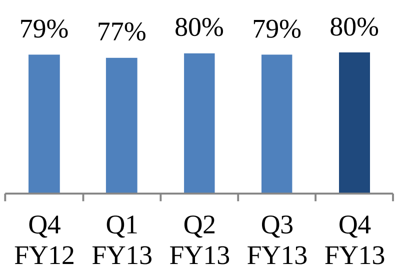
Top 5 Clients (%)

FY2013: 62%



Top 10 Clients (%)

FY2013: 77%



Top 20 Clients (%)

Client contributing revenues	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
> ₹200 million during the quarter	6	6	6	7	8
> ₹150 million during the quarter	7	7	7	9	9
> ₹100 million during the quarter	11	9	11	12	12
> ₹50 million during the quarter	21	23	20	20	20
> ₹10 million during the quarter	53	53	50	53	51

Key Metrics

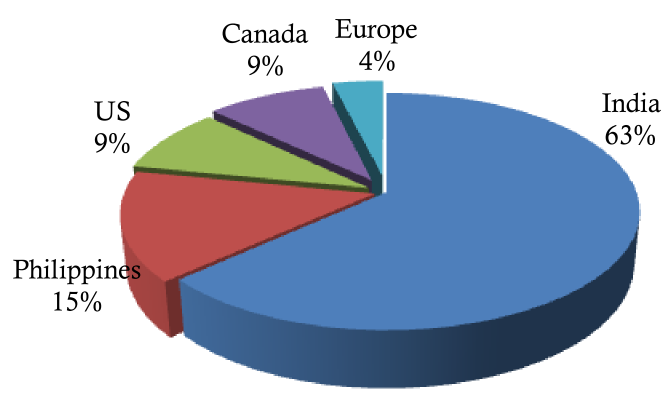
Key Employee Metrics

Employee by Geography	Q4 FY12	Q1 FY13	Q2 FY13	Q3 FY13	Q4 FY13
India	63%	63%	62%	63%	63%
Philippines	14%	14%	14%	15%	15%
US	9%	9%	10%	9%	9%
Canada	10%	10%	9%	9%	9%
Europe	4%	4%	5%	4%	4%
Total Headcount	**23,899**	**23,865**	**22,883**	**23,258**	**23,100**

Commentary

- As on March 31, 2013, total seats of 23,036
- 2nd SEZ in Bangalore is expected to be operational by Q2 FY2014

FY2013



Leverage Profile

Conservative Leverage Profile

(₹ Million)	Q4 FY2013	Q3 FY2013
Total Debt	**5,467**	**6,771**
Less: Cash & Cash Equivalents	4,746	6,057
Net Debt / (Net Cash)	**721**	**714**
Net Worth	**12,355**	**12,763**
Net Debt / EBITDA[1]	**0.3x**	**0.5x**
Total Debt / Equity	**0.4x**	**0.5x**

Commentary

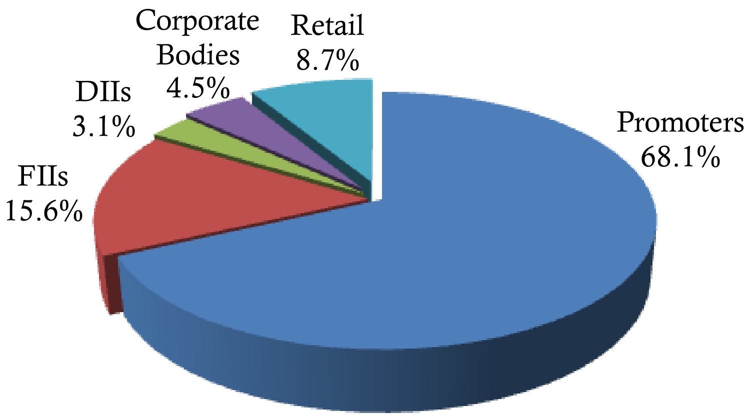
- Repaid $10 million loan which has been taken against deposits of HGS International
- Commercial paper issued last quarter enabled management of working capital requirement at a lower cost

Note(s):

1. FY2013 EBITDA considered for computing net debt / EBITDA

Market Information

Shareholding Pattern



Market Data

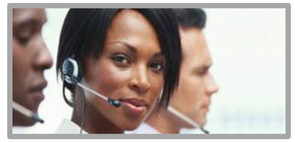
Market Cap. (Rs. million) (27-May-13)	5,295
Outstanding Shares (million)	20.6
Book Value /Share (Rs.) (31-Mar-13)	600.07
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Shareholders	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Promoters	68.1%	68.1%	68.1%	68.1%	68.1%
Foreign Institutional Investors (FIIs)	15.9%	15.7%	15.7%	15.6%	15.6%
Domestic Institutional Investors (DIIs)	2.9%	3.2%	3.1%	3.1%	3.1%
Corporate Bodies	4.6%	4.5%	4.6%	4.6%	4.5%
Retail	8.5%	8.5%	8.5%	8.6%	8.7%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

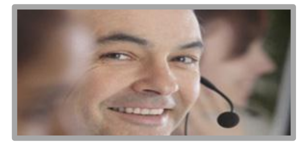
Hinduja Global Solutions: At a Glance

Customer Acquisition:
Generate leads for business and convert prospects into loyal customers

Customer Retention:
Engages customers to keep them happy and loyal to brand



Customer Support:
Capable of designing and implementing versatile customer care programs



HRO:
Provides solutions for all the transactional needs of HR department

Back Office Support:
Provides accurate, flexible, and scalable back office solutions

Analytics & Market Research:
Helps to understand customers' preferences and drive actionable recommendations

Interactive Services:
Manages outsourced processes and also restructures and refines them

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