



# FY2015 Earnings Presentation

(Revised)

May 20, 2015

*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: Q4 FY2015

- Net Sales of Rs. 7,068 million, an increase of 10.2% y-o-y
- EBITDA of Rs. 693 million with margin of 9.8%
- PAT of Rs. 413 million with margin of 5.8%
- As of March 31, 2015, the Company had Net Debt of Rs. 2,122 million and Net Worth of Rs. 10,742 million
- The Board recommended a final dividend of Rs. 5 per share, bringing the total dividend for the year to Rs. 20 per share

## Consolidated Financial Highlights: FY2015

- Net Sales of Rs. 28,076 million, an increase of 12.1% y-o-y
- EBITDA of Rs. 3,172 million with margin of 11.3%
- PAT of Rs. 1,650 million with margin of 5.9%
- HGS Europe received Silver at the 2014 Contact Center World Awards
- Achieved the Capability Level 5 certification of e-Sourcing Capability Model for Service Providers (eSCM-SP) for all its sites in India, Philippines and the US
- HGS Canada was awarded the Global Stevie award for the “Best Call Centre in Operational Excellence”
- Awarded UK Employer of the Year by SMART Training and Recruitment

## Management Commentary

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

*“Financial year 2015 was an exciting year for us from an operations standpoint. Compared to FY 2014, revenues increased by around 12% in rupee terms, and 12.8 % in constant currency terms. This growth was achieved despite the impact of portfolio rationalization coupled with unfavorable foreign exchange variations. The growth was primarily driven by our healthcare vertical, but it is encouraging to report that our other verticals performed as per our expectations. All our geographies, except Canada continued their growth momentum. Our Canada operations had strong volume demand but the prevailing labor issues and adverse weather conditions impacted our client servicing capability. However, we believe this is a short term phenomenon and have taken necessary steps to overcome these challenges.*

*During the year, we undertook certain initiatives to widen our footprint and strengthen our capabilities. HGS MENA set up a marketing office in Dubai to capitalize on the opportunities in the region and the prospects are very encouraging. In March 2015, we acquired Colibrium, an innovation leader in delivering multi-channel sales, service and wellness automation to health plans. This acquisition in the US market complements and enhances our already strong healthcare payer servicing platform.*

*We believe the various strategic initiatives coupled with the expansion of facilities strengthen the foundation for sustained growth for HGS in the long term. These steps are anticipated to grow and have a meaningful impact from the second half of FY2016. The continuous improvement in performance of all the geographies coupled with gradual recovery of the European operations gives us confidence to continue the growth momentum.”*

## Business Highlights for the Year

- The US operation received an off-shoring opportunity from an existing consumer electronics client for Spanish language support from Philippines
- The Canadian operations performance remained soft due to prevailing labor market conditions and snow storm. However, demand from existing clients increased significantly
- The UK and Europe operation experienced significant expansion in business opportunity and improvement in profitability. Continues to add clients in the key verticals such as the public sector, CPG and telecom
- The Philippines operation's sales pipeline continues to remain strong and is expected to continue the growth momentum
- India International operation received a new line of business on the enterprise segment from an existing telecom client, which is expected to result in increased revenues in FY2016
- India Domestic operation received a contract for customer support from Bangalore and Mumbai for an existing UK based leading international FMCG and food company
- Established a marketing office in the Dubai Internet City with the objective to build sales pipeline. Demand trend from MENA region is encouraging and the operation has started adding new clients
- HGS Canada was awarded the Global Stevie award for the "Best Call Centre in Operational Excellence"
- As of March 31, 2015, HGS had 171 active clients (excluding payroll processing clients)
- As of March 31, 2015, total headcount was 28,435, of which 56% were based in India, 21% in Philippines, 9% in the US, 10% in Canada and the remaining 4% in Europe

Region	Operational Update / Strategic Initiatives
USA and Canada	<p><b>US:</b></p> <ul style="list-style-type: none"> <li>▪ Added three new clients in the fitness, consumer electronics and consumer durable verticals</li> <li>▪ Significant growth in opportunities from an existing client in the agro-chemicals vertical</li> <li>▪ Off-shoring opportunity from an existing consumer electronics client for Spanish call support. To be serviced from Philippines</li> </ul> <p><b>Canada:</b></p> <ul style="list-style-type: none"> <li>▪ Performance impacted due to prevailing labor market conditions and snow storm</li> <li>▪ Revenue remained flat y-o-y but demand from existing clients increased significantly</li> <li>▪ In the process of expanding facility at Windsor, Ontario to cater to the increased demand</li> <li>▪ Q1 FY2016 performance expected to remain soft due to seasonality of the telecom clients but significant volume growth is expected from Q2 FY2016</li> </ul>
India	<p><b>International:</b></p> <ul style="list-style-type: none"> <li>▪ Performance was in line with our expectations across all the verticals</li> <li>▪ Received a new line of business in the enterprise segment from an existing telecom client. This is expected result in increased revenues in FY2016</li> </ul> <p><b>Domestic:</b></p> <ul style="list-style-type: none"> <li>▪ Received a contract for customer support from Bangalore and Mumbai from an existing UK based leading international FMCG and food company</li> <li>▪ A premium queue for an existing telecom client which started around 8 months ago has completed ramp up and is performing in line with our expectations</li> </ul>

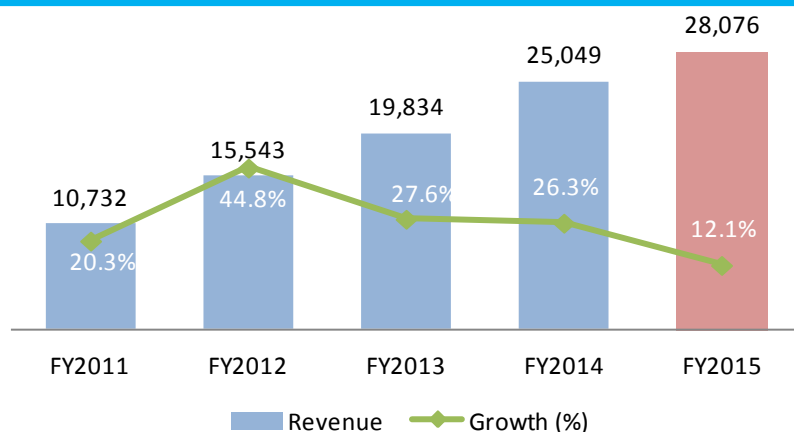
Region	Operational Update / Strategic Initiatives
Philippines	<ul style="list-style-type: none"> <li>▪ Significant growth in revenue primarily driven by clients from the healthcare vertical</li> <li>▪ Improvement in profitability driven by stabilization of ramp-up activities</li> <li>▪ Sixth facility at Alabang started operation with 643 seats, and is currently serving a fitness product and a healthcare client</li> <li>▪ Started serving new client in the medical device and media verticals coupled with additional line of business from an existing healthcare client</li> <li>▪ Sales pipeline continues to be strong and is expected continue the growth momentum</li> </ul>
UK and Europe	<ul style="list-style-type: none"> <li>▪ Significant expansion in business opportunity and improvement in profitability</li> <li>▪ Added a new client in the B2B telecom vertical</li> <li>▪ Consolidated two of the London sites into a single operation</li> <li>▪ HGS recognized as “a leader in optimizing the customer experience” by the Everest Group’s Peak Matrix for Healthcare Payer BPO</li> <li>▪ Continued focus on strengthening position in the core verticals such as public sector, CPG, telecom with strategy of selectively expanding in other verticals like healthcare</li> </ul>
MENA	<ul style="list-style-type: none"> <li>▪ HGS MENA was set up during the year to tap opportunities in the Middle East markets</li> <li>▪ Marketing office in the Dubai Internet City has been set-up to build sales pipeline</li> <li>▪ Demand trend from the market is encouraging and the operation has started adding new clients</li> </ul>

# Financial Performance Summary

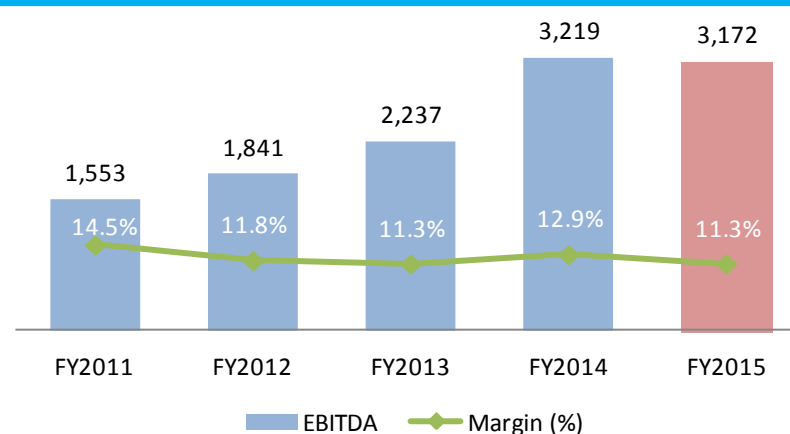
## Consolidated Financial Highlights

(Rs. Million)	Q4		y-o-y	Q3		q-o-q		Year Ended		y-o-y
	FY2015	FY2014	Growth (%)	FY2015	Growth (%)	FY2015	FY2014	FY2015	FY2014	Growth (%)
Net Sales	7,068	6,415	10.2%	7,325	(3.5)%	28,076	25,049	12.1%		
EBITDA	693	853	(18.7)%	904	(23.3)%	3,172	3,219	(1.5)%		
Margin (%)	9.8%	13.3%		12.3%		11.3%	12.9%			
Profit Before Tax (PBT)	367	576	(36.3)%	589	(37.7)%	1,934	2,309	(16.2)%		
Margin (%)	5.2%	9.0%		8.0%		6.9%	9.2%			
Profit After Tax (PAT)	413	349	18.3%	528	(21.7)%	1,650	1,696	(2.7)%		
Margin (%)	5.8%	5.4%		7.2%		5.9%	6.8%			
Basic EPS (Rs.)	19.98	16.94	18.0%	25.49	(21.6)%	79.88	82.33	(3.0)%		

## Annual Revenue Trend (Rs. Million)



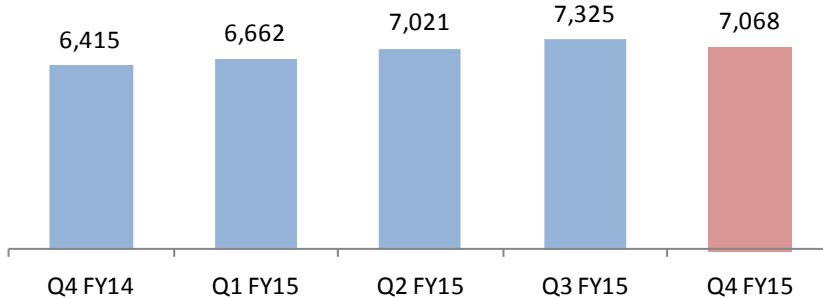
## Annual EBITDA Trend (Rs. Million)





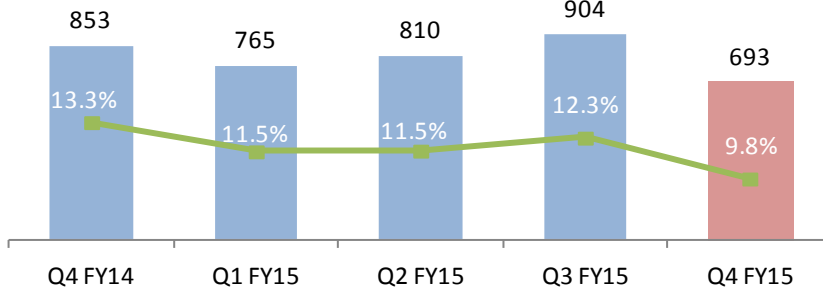
# Financial Performance Summary

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



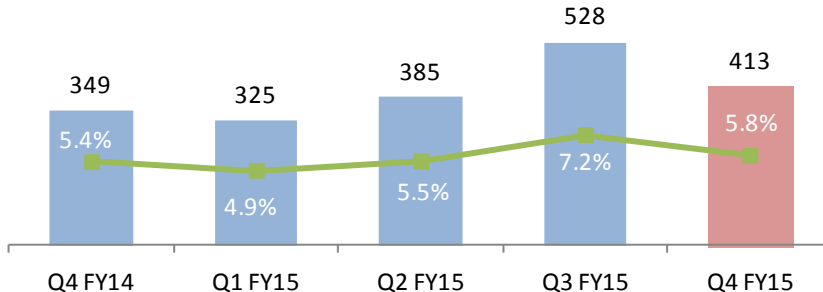
- Revenue for the quarter grew by 10.2% y-o-y, with the healthcare vertical being the major contributor
- Growth was broad-based across all geographies, except Canada
- Growth was achieved despite an impact of the depreciation of the Canadian Dollar

## EBITDA (Rs. Million) and Margin (%)



- EBITDA for the quarter was impacted by unfavorable foreign exchange variations
- Lower volumes in Canada on account of labour issues and weather challenges impacted EBITDA
- Operating margin for the quarter was lower due to cost of ongoing ramp-ups

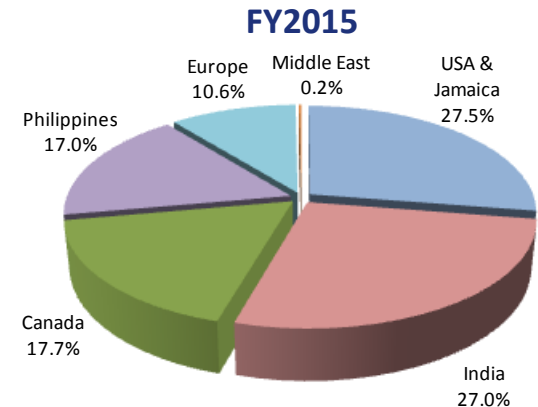
## PAT (Rs. Million) and Margin (%)



- PAT for the quarter benefitted from net tax credit of Rs. 103 million due to recognition of deferred tax assets at a foreign subsidiary
- Profitability is not comparable on y-o-y basis as it includes an impact of higher depreciation due to implementation of the new Companies Act

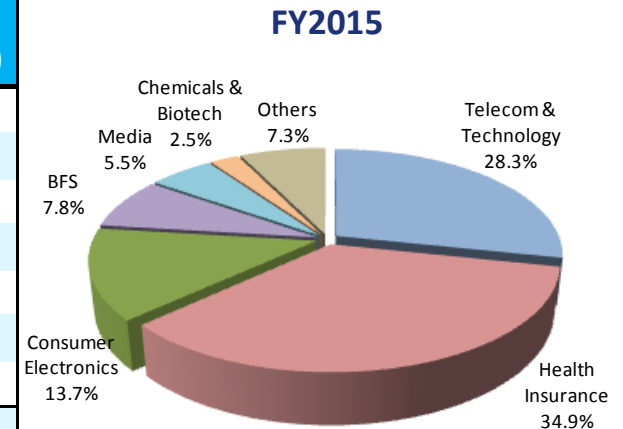
## Revenue by Delivery Centers

(Rs. Million)	Q4		y-o-y Growth (%)	Q3	
	FY2015	FY2014		FY2015	q-o-q Growth (%)
USA & Jamaica	2,031	1,581	28.5%	1,959	3.7%
India	1,926	1,639	17.5%	1,968	(2.1)%
Canada	1,034	1,433	(27.8)%	1,408	(26.5)%
Philippines	1,308	1,085	20.6%	1,210	8.1%
Europe	750	677	10.8%	778	(3.6)%
Middle East	18	na	n/a	3	483.4%
<b>Total</b>	<b>7,068</b>	<b>6,415</b>	<b>10.2%</b>	<b>7,325</b>	<b>(3.5)%</b>



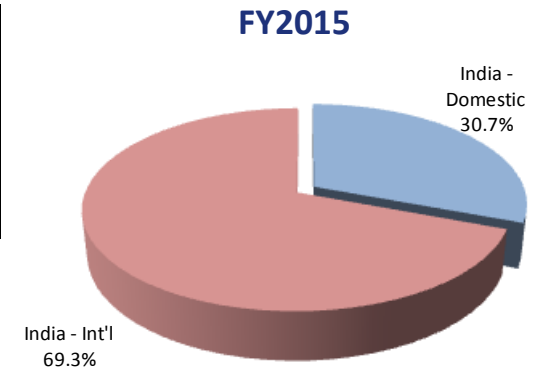
## Revenue by Vertical

(Rs. Million)	Q4		y-o-y Growth (%)	Q3	
	FY2015	FY2014		FY2015	q-o-q Growth (%)
Telecom & Technology	1,866	1,985	(6.0)%	2,084	(10.4)%
Health Insurance	2,694	1,882	43.1%	2,615	3.0%
Consumer Electronics	976	981	(0.5)%	972	0.4%
BFS	543	543	0.0%	594	(8.6)%
Media	334	459	(27.3)%	366	(8.8)%
Chemicals & Biotech	175	169	4.0%	169	3.6%
Others	479	396	21.0%	524	(8.6)%
<b>Total</b>	<b>7,068</b>	<b>6,415</b>	<b>10.2%</b>	<b>7,325</b>	<b>(3.5)%</b>



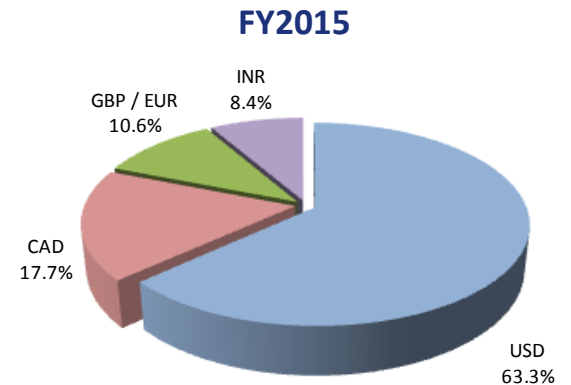
## India Based Exposure

(Rs. Million)	Q4		y-o-y Growth (%)	Q3		q-o-q Growth (%)
	FY2015	FY2014		FY2015	FY2014	
India - Domestic <sup>1</sup>	590	559	5.6%	605	(2.4)%	(2.4)%
India - International	1,336	1,080	23.7%	1,363	(2.0)%	(2.0)%
<b>Total India</b>	<b>1,926</b>	<b>1,639</b>	<b>17.5%</b>	<b>1,968</b>	<b>(2.1)%</b>	<b>(2.1)%</b>



## Revenue by Currency Exposure

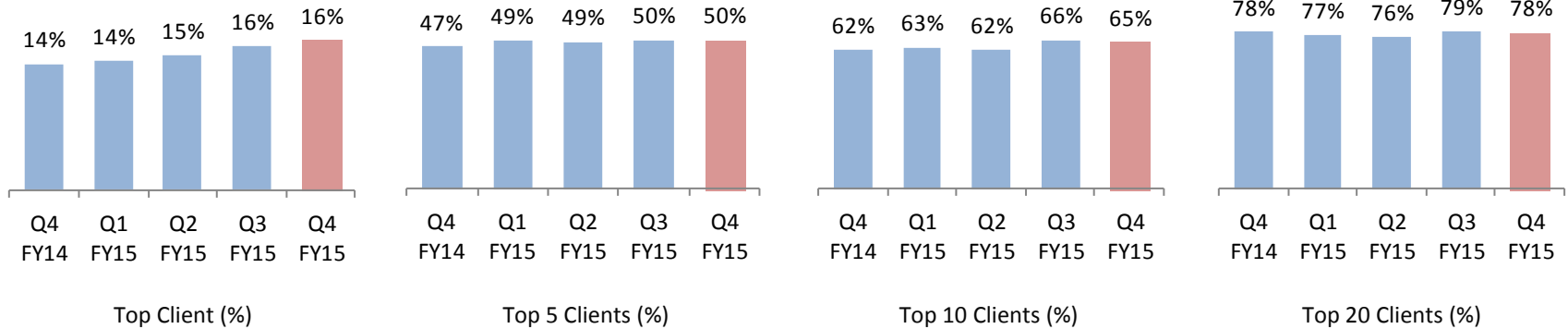
(Rs. Million)	Q4		y-o-y Growth (%)	Q3		q-o-q Growth (%)
	FY2015	FY2014		FY2015	FY2014	
USD	4,694	3,746	25.3%	4,535	3.5%	3.5%
CAD	1,034	1,433	(27.8)%	1,408	(26.5)%	(26.5)%
GBP / EUR	750	677	10.8%	778	(3.6)%	(3.6)%
INR	590	559	5.6%	605	(2.4)%	(2.4)%
<b>Total</b>	<b>7,068</b>	<b>6,415</b>	<b>10.2%</b>	<b>7,325</b>	<b>(3.5)%</b>	<b>(3.5)%</b>



Note(s):

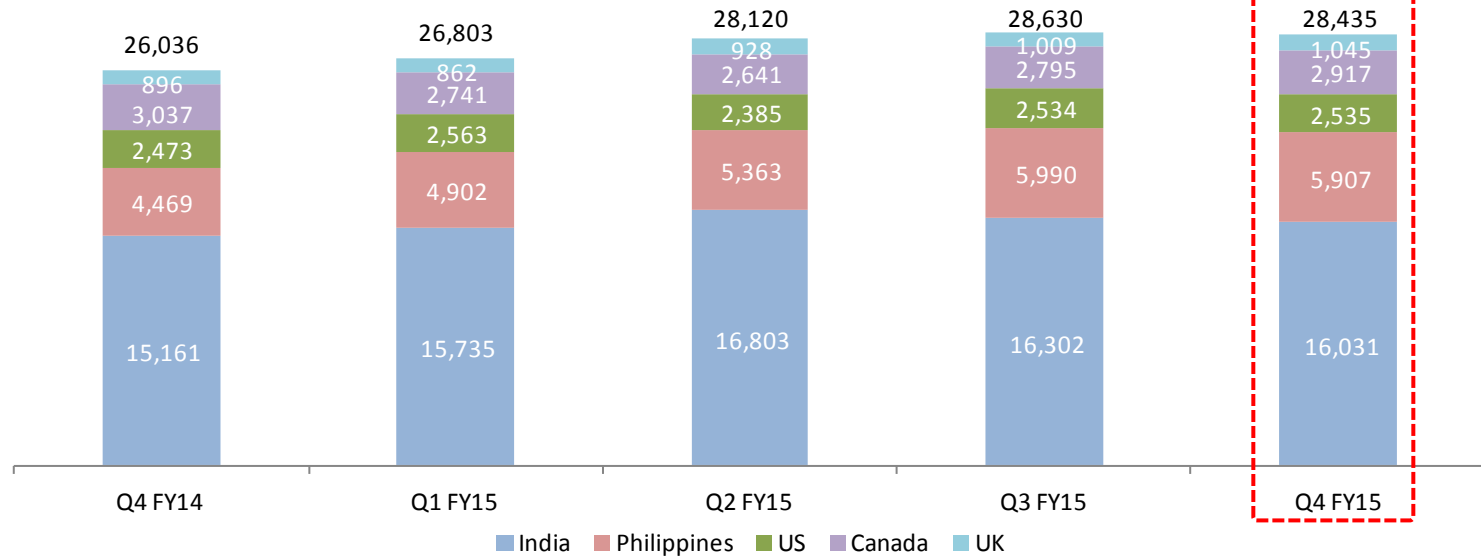
1. Includes revenues from HGS Business Services

## Key Client Metrics

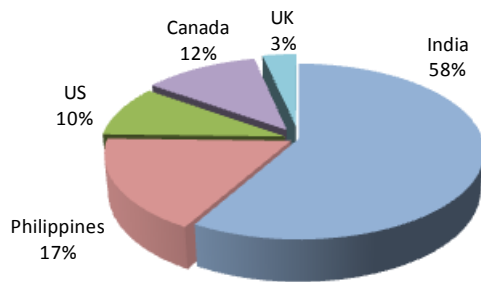


Client contributing revenues	Q4 FY14	Q1 FY15	Q2 FY15	Q3 FY15	Q4 FY15
> Rs. 200 million during the quarter	7	7	7	8	8
> Rs. 150 million during the quarter	11	9	11	9	12
> Rs.100 million during the quarter	16	14	15	13	16
> Rs.50 million during the quarter	29	25	25	27	28
> Rs.10 million during the quarter	59	57	60	56	60

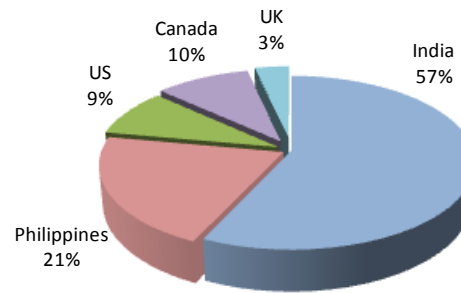
## Employee Trend by Geography



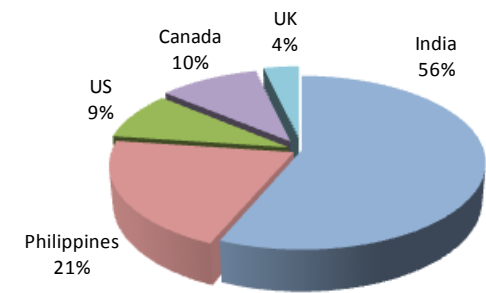
Q2 FY2015



Q3 FY2015



Q4 FY2015



## Conservative Leverage Profile

(Rs. Million)	31-Mar-15	31-Dec-14
<b>Total Debt</b>	<b>6,458</b>	<b>6,297</b>
Less: Cash & Treasury Surplus	4,336	5,647
<b>Net Debt / (Net Cash)</b>	<b>2,122</b>	<b>651</b>
<b>Net Worth</b>	<b>10,742</b>	<b>15,562</b>
<b>Net Debt / EBITDA<sup>1</sup></b>	<b>0.67x</b>	<b>0.20x</b>
<b>Total Debt / Equity</b>	<b>0.60x</b>	<b>0.40x</b>

Note(s):

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

# Summary Audited Balance Sheet

(Rs. Million)	31-Mar-15	31-Dec-14
<b>Shareholder's Funds<sup>1</sup></b>	<b>10,742</b>	<b>15,562</b>
Total Debt	6,458	6,297
Other Current and Non Current Liabilities	3,532	3,023
<b>Total Equity and Liabilities</b>	<b>20,732</b>	<b>24,882</b>
Net Fixed Assets and Intangibles	7,751	11,093
Other Non Current Assets	1,980	1,928
<b>Total Non Current Assets</b>	<b>9,731</b>	<b>13,022</b>
Trade Receivables and Other Current Assets	6,665	6,213
Cash and Treasury Surplus <sup>2</sup>	4,336	5,647
<b>Total Current Assets</b>	<b>11,011</b>	<b>11,860</b>
<b>Total Assets</b>	<b>20,732</b>	<b>24,882</b>

Notes:

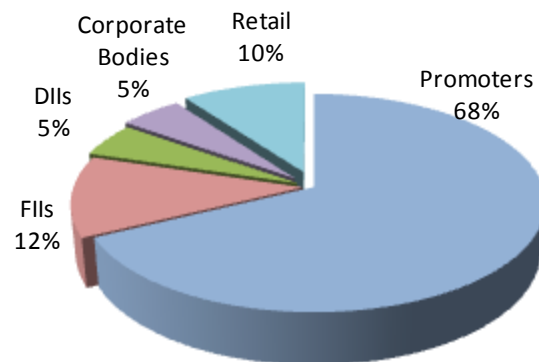
1. On account of amalgamation of overseas subsidiaries in Canada and the US (Colibrium) there has been reduction goodwill of Rs. 4,136 million which has been adjusted against reserves and surplus
2. Includes \$25 million of HGS International, Mauritius deposited with Bank of Baroda London

# Summary Audited Cash Flow Statement

(Rs. Million)	Year Ended 31-Mar-15
Cash flow from Operations and after working capital changes	1,924
Cash Flow due to Capex (net) (including changes in Capital advances and Capital Creditors)	(1,621)
Consideration paid for acquisition of business	(890)
Cash Flow due other investing activities	451
<b>Total Cash Flow from Investing Activities</b>	<b>(2,060)</b>
Cash Flow from allotment to shares under ESOP Scheme	36
Proceeds/(Repayment) from Borrowings	112
Capital Lease taken over pursuant to Acquisition	(49)
Cash from Interest payment and others	(997)
<b>Total Cash Flow from Financing Activities</b>	<b>(898)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>(1,034)</b>
Cash and Treasury Surplus as on April 1, 2014	5,303
Cash taken over pursuant to acquisition	27
Adjustments for exchange rate variations	40
<b>Cash and Treasury Surplus as on March 31, 2015</b>	<b>4,336</b>



## Shareholding Pattern

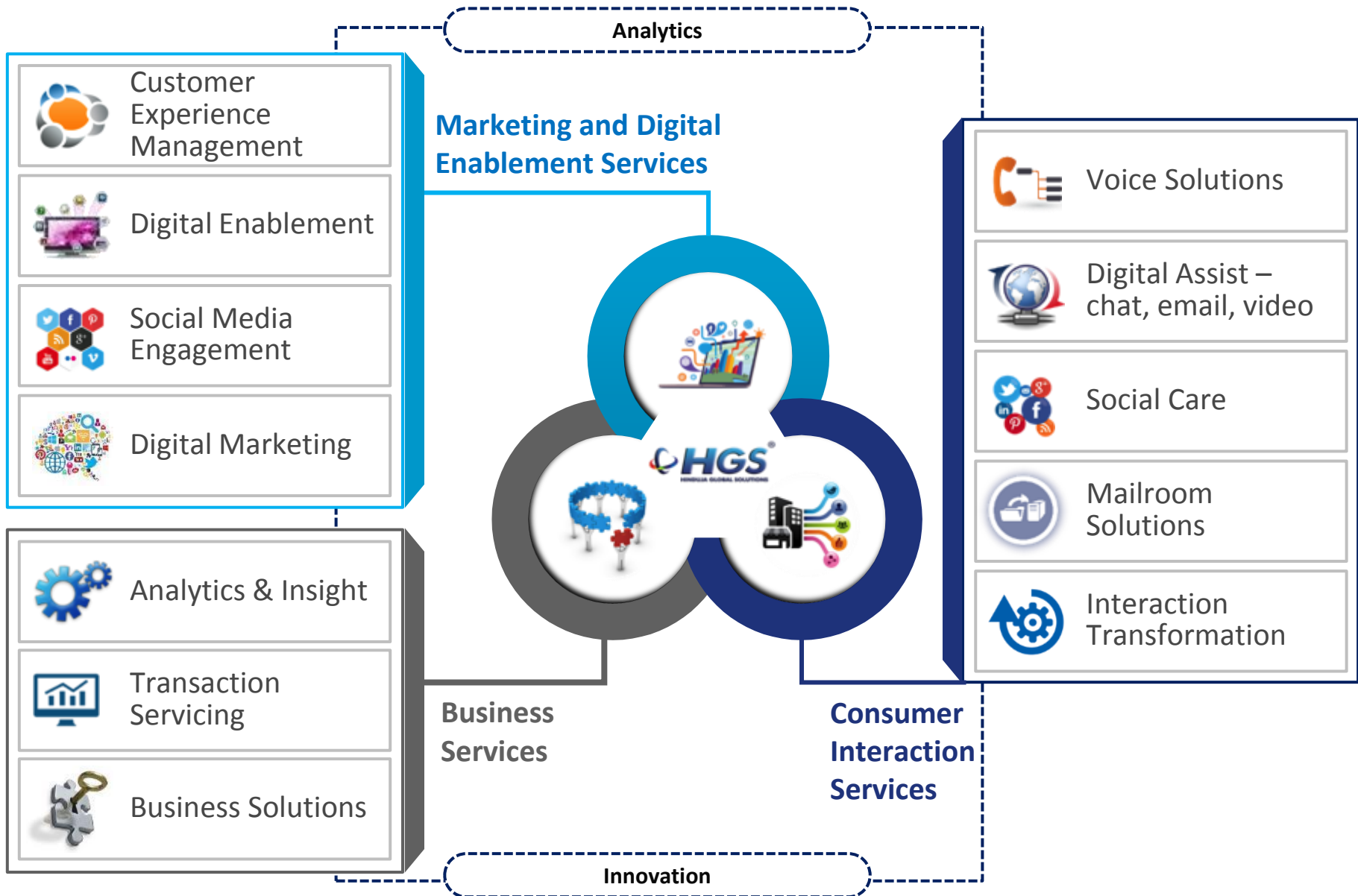


## Market Data

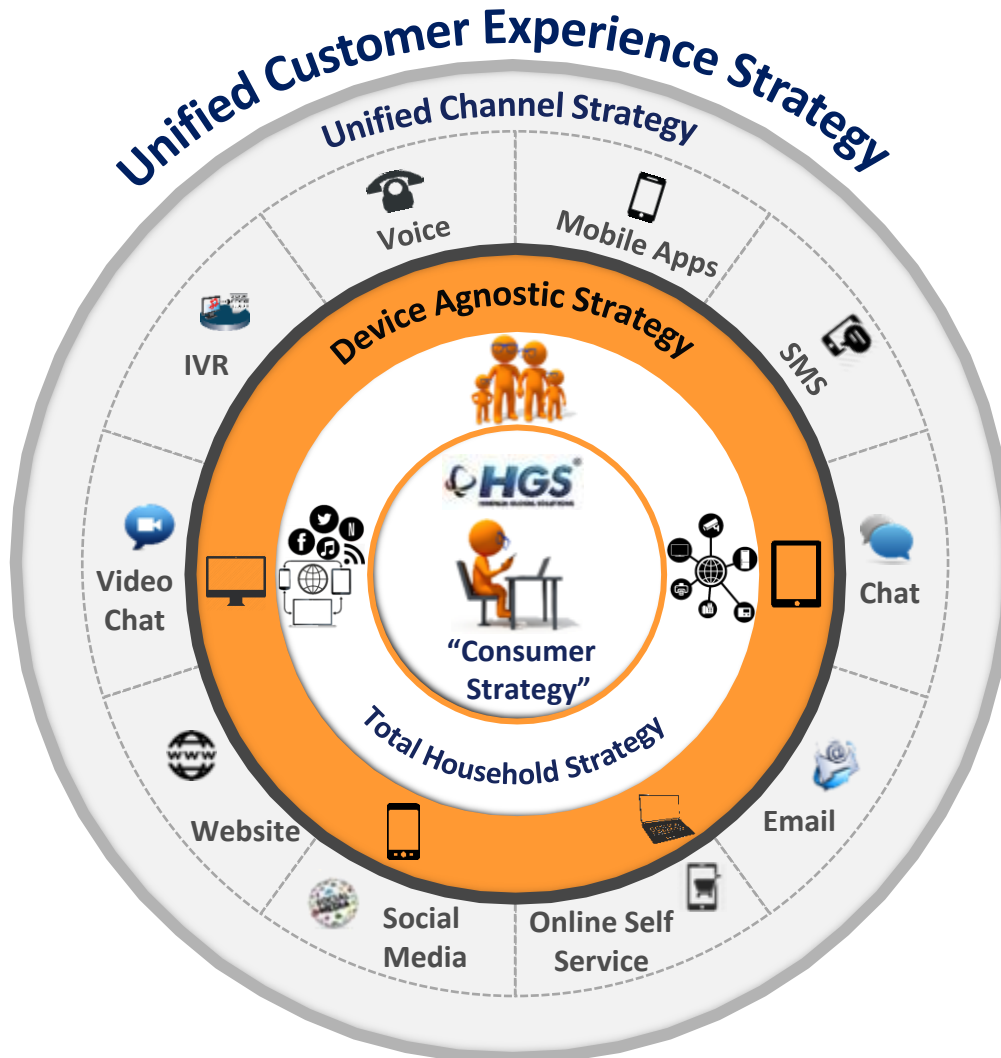
Market Cap. (Rs. million) (20-May-15)	11,509
Outstanding Shares (Million)	20.7
Book Value /Share (Rs.) (31-Mar-15)	518.0
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Shareholders	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Promoters	68.1%	68.0%	67.9%	67.8%	67.7%
Foreign Institutional Investors (FIIs)	15.7%	16.1%	16.7%	12.0%	12.0%
Domestic Institutional Investors (DIIs)	0.0%	0.0%	0.6%	5.0%	5.0%
Corporate Bodies	4.9%	5.7%	5.1%	4.8%	5.1%
Retail	11.3%	10.2%	9.7%	10.4%	10.2%
<b>Total Shares (Million)</b>	<b>20.62</b>	<b>20.62</b>	<b>20.65</b>	<b>20.68</b>	<b>20.72</b>

# Hinduja Global Solutions: At a Glance



Enabling the Optimized Consumer Journey... with clear objectives in mind

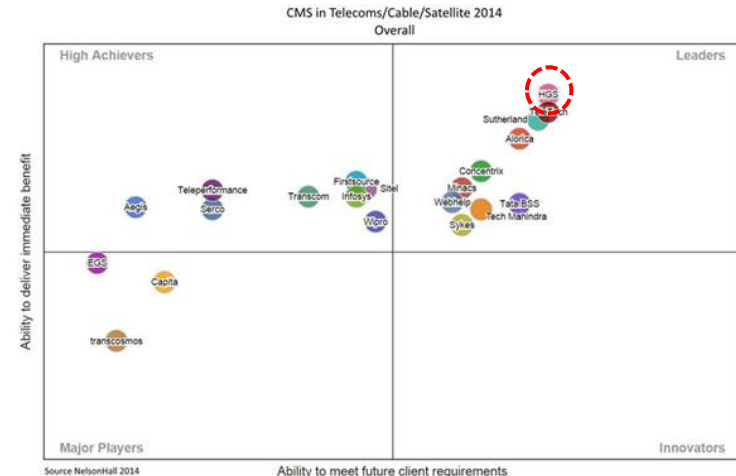


- ↑ Revenue generation and optimization
- ↑ Customer Experience – with NPS/RTF measure of loyalty
- ↑ Availability – Always open
- ↑ Ease of doing business – How the customer prefers
- ↑ Brand management across consumer channels
- ↓ Business and cost transformation

## Accolades from Analyst and Advisor community

In 2014, HGS has made significant progress in being recognised as one of the leading players in Contact Center Outsourcing space by the analyst and advisor community.

In the past quarter, HGS has been featured in a number of high profile reports that showcase our vertical expertise and extensive capabilities to potential future buyers



- Nelson Hall recognized HGS as a Leader in the Customer Management Services for telecommunications, cable and satellite
- Nelson Hall published a profile of HGS Healthcare Provider capabilities
- Everest Group included HGS as a Major Contender in their Peak Landscape for banking, financial services and insurance
- Everest Group included HGS in their Healthcare Contact Center Outsourcing Peak Landscape
- Gartner included HGS in the Magic Quadrant for Customer Management Contact Center BPO
- HfS Research included HGS in their Telecom Operations assessment Blueprint
- HfS Research included HGS in their Marketing Operations and Digital Engagement Management Blueprint

# *Thank You*

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