



Q4 and Full Year FY2017 Earnings Presentation

May 22, 2017

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

Conference Call Details: Thursday, May 23, 2017 at 4:00 PM IST

Dial-In Numbers	
Primary Number	+91 22 3938 1066
Local Access Number	3940 3977
The numbers listed above are universally accessible from all networks and all countries	
Toll Free Number	USA: 1 866 746 2133
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Q4 FY2017 Financial Highlights

- Net Sales of Rs. **9,400 million**, a growth of **2.9%**, as compared to same period last year.
- EBITDA of Rs. **1,248 million** with margin of **13.3%**.
- PAT of Rs. **427 million** with margin of **4.7%**.
- The Board declared a final dividend of **Rs. 2.5per share**

FY2017 Financial Highlights

- Net Sales of Rs. **37,110 million**, a growth of **11.5%**, as compared to same period last year
- EBITDA of Rs. **4,424 million** with margin of **11.9%**.
- PAT of Rs. **1,792 million** with margin of **4.8%**
- As of March 31st 2017, the Company had Net Debt of **Rs.1,979 million** and a Net Worth of Rs. 13,192 million

Management Perspective

Commenting on the performance and outlook, **Mr. Partha DeSarkar, CEO, Hinduja Global Solutions** said:

“FY2017 was a great year for HGS. We delivered a strong topline growth of 11.5% YoY while expanding the EBITDA margins by 250bps to 11.9% and growing PAT by 77.3 on YoY basis. These robust numbers were driven by higher volumes, especially in healthcare and telecom verticals, demand for near shore/offshore and high capacity utilization. EBITDA Margin of 13.3% in Q4FY17 is the highest quarterly EBITDA margin in the last 3 years and the quarterly EBITDA of Rs1,248 million, is the highest ever achieved in the last 3 years.

We have been able to bring down the Net Debt/Equity ratio to 0.15x from 0.33x in FY16, and after a gap of 3 years we reported FCF/EBITDA of 48%. Looking ahead, the business continues to gain momentum. Domain expertise is our key USP, especially in verticals like healthcare, and combined with technology led solutions like DigiCX, Analytics and HGS RPA is driving results for our clients. We are focused on enhancing this unique positioning by making investments in technology and services, centers and people. ”

Q4 FY2017 Business Highlights

- Won new business from clients in North America - across all verticals
- Launched W@Home (Work at Home), a new business delivery model in Canada in Q3FY17.
 - Expected to expand the employable labour market exponentially for HGS.
 - Likely to be game changer in migrating to an opex model in the coming quarters
- Philippines operation continued to experience good traction in Q4FY17.
 - Aided by the Healthcare vertical.
 - Expect Healthcare and Consumer Electronics to drive growth in the coming year
- As of March 31, 2017, HGS had **183** core BPM clients and **614** payroll processing clients
- In Q4 FY2017, contribution from Healthcare vertical was 48%, Telecom & Technology 22%, Consumer 13%, Banking & Financial Services 7%, Others 10%
- As of March 31, 2017, total headcount was 43,237: India: 67% (India Offshore 21% and India Domestic 46%), 16% in Philippines, 9% in the US, 5% in Canada and 3% in Europe

Financial Performance Summary

Consolidated Financial Highlights

(Rs Million)	Q4		YOY	Q3		QOQ	Full Year		YOY
	FY2017	FY2016	Growth (%)	FY2016	Growth (%)		FY2017	FY2016	Growth (%)
Operating Revenues	9,400	9,139	2.9%	9,563	-1.7%		37,110	33,282	11.5%
EBITDA	1,248	981	27.2%	1,145	9.0%		4,424	3,130	41.3%
EBITDA Margin *	13.3%	10.7%		12.0%			11.9%	9.4%	
Profit Before Tax	581	613	-5.2%	721	-19.4%		2,547	1,559	63.4%
PBT Margin (%)	6.2%	6.7%		7.5%			6.9%	4.7%	
Profit After Tax	427	408	4.7%	472	-9.6%		1,792	1,010	77.3%
PAT Margin (%)	4.5%	4.5%		4.9%			4.8%	3.0%	
Earnings/Share (Rs)	20.60	19.70		22.77			86.58	52.5	

Annual Revenue Trend (Rs. Million)

	Revenues	YOY growth
FY2013	19,834	27.6%
FY2014	25,049	26.3%
FY2015	28,076	12.1%
FY2016	33,282	18.5%
FY2017	37,110	11.5%

Annual EBITDA Trend (Rs. Million)

	EBITDA	YOY growth
FY2013	2,237	21.7%
FY2014	3,219	43.9%
FY2015	3,172	-1.5%
FY2016	3,130	-1.3%
FY2017	4,424	41.3%

Note: FY2013 to FY2016 financials are as per IGAAP. FY17 EBITDA margins are computed on the same basis as that of FY16

Region	Geography Highlights
North America and Jamaica	<ul style="list-style-type: none">▪ From the US domestic market we had good wins in healthcare and automotive verticals.▪ From Canada – we expanded the business in the telecom and media verticals.▪ There is headroom for improving the seat utilisation ratios in some of the centers in NA.▪ Closed the Waterloo site, in US in the last quarter.<ul style="list-style-type: none">○ The center was closed in view of the changing needs of the clients served from this location.▪ We have started providing support (100FTE) to a leading telecom cum Media client in Canada.▪ We have more than doubled our revenues in Jamaica in Q4FY17 over Q4FY16.▪ HGS Jamaica has increased its headcount by 400 to 1900 over the previous quarter
UK	<ul style="list-style-type: none">▪ Revenue from the UK operations in GBP terms were flat▪ We expect the volumes to pick up, as some of the seasonal opportunities starts flowing▪ To strengthen management team with additions in Operations and Business Development in Q4

Region	Geography Highlights
Philippines	<ul style="list-style-type: none">Continued to experience robust business expansion, primarily driven by the Healthcare verticalReported a 10% YOY growth and sequential growth of 3.3% in local currency termsCompleted 15 years of partnership with a client in BFSI vertical. This long standing relationship is testament to HGS' focus on qualityIn terms of outlook, it is going to witness strong growth in revenue from the existing clients.We have a good sales pipeline from the retail and technology verticals.
India	<p>International:</p> <ul style="list-style-type: none">Robust growth supported by significant volume growth in the healthcare verticalIn addition EBOS business did very well in Q4. Outlook is looking good, at this point of time. <p>Domestic:</p> <ul style="list-style-type: none">Strong revenue growth driven by higher volumes, new client additions in telecom and EcommerceThe EBITDA margins of this business continued to expand.

Awards and Accolades



- Frost & Sullivan's 2016 North American Contact Center Outsourcing New Product Innovation Award for HGS' DigiCX suite of solutions
- The award recognized HGS' new approach to applying design thinking and helping its clients optimize their CX, making their businesses more competitive
- Winning the Frost & Sullivan award puts HGS among some of the most elite brands in the industry



- Received two awards at the Contact Center World Awards in Las Vegas
 - A Silver in the category of Self-Service Technology - Enhancing The Customer Experience - for a self-help solution deployed for an electronics client
 - A bronze in the category of Making Outsourcing Work - Developing a Win : Win Partnership

Recognition from Analyst and Advisor community



- HGS recognized as “High Performer” In HfS Research Blueprint Report - Digital Marketing Operations 2016, Dec 2016
- HGS recognized as “Leader” In NelsonHall CMS Analytics NEAT 2016 for “Customer Experience capability” and “Cost Optimization capability”, Nov 2016
- HGS achieves Americas Top 15 status in the Breakthrough Sourcing standouts In ISG Outsourcing Index Global 3Q 2016, Oct 2016

Quarterly Financial Trends

Revenue (Rs. Million) and QoQ Growth (%)

	Revenues	QOQ growth
Q1FY16	7,388	4.5%
Q2FY16	7,890	6.8%
Q3FY16	8,829	11.9%
Q4FY16	9,139	3.5%
Q1FY17	9,095	-0.5%
Q2FY17	9,052	-0.5%
Q3FY17	9,563	5.6%
Q4FY17	9,400	-1.7%

EBITDA (Rs. Million) and Margin (%)

	EBITDA	Margin
Q1FY16	544	7.4%
Q2FY16	854	10.8%
Q3FY16	815	9.2%
Q4FY16	981	10.7%
Q1FY17	1,066	11.7%
Q2FY17	964	10.6%
Q3FY17	1,145	12.0%
Q4FY17	1,248	13.3%

PAT (Rs. Million) and Margin (%)

	PAT	Margin
Q1FY16	164	2.2%
Q2FY16	313	4.0%
Q3FY16	200	2.3%
Q4FY16	408	4.5%
Q1FY17	519	5.7%
Q2FY17	374	4.1%
Q3FY17	472	4.9%
Q4FY17	427	4.5%

Highlights

- Revenue growth was driven by volumes across key clients, but on account of negative Fx, revenue growth in Q4 declined modestly over Q3FY17
- Profitability benefitted from improvement in utilization levels, along with cost rationalisation, coupled with improvement in the offshore/near to onshore mix.

Break-up of Operating Expenses

(Rs. Million)	FY2017	FY2016
Rent and Connectivity Cost	28.9%	31.3%
Legal and Professional Charges	13.7%	14.0%
Others	57.3%	54.7%
Total Operating Expenses	8,362	7,752

Note: Q4 FY2016 financials are as per IGAAP. FY17 EBITDA margins are computed on the same basis as that of FY16

Revenue by Delivery Centres (Rs Million)

	Quarter 4		YOY	Quarter 3	QOQ	Revenue Mix by Delivery Centers	Q4FY17
	FY2017	FY2016	Growth	FY2017	Growth		
USA & Jamaica	2,758	2,573	7.2%	2,803	-1.6%	USA & Jamaica	29.3%
(a) India - Domestic	1,412	1,148	23.0%	1,340	5.4%	India - Domestic	15.0%
(b) India - International	1,898	1,737	9.3%	1,986	-4.4%	India - International	20.2%
India (a + b)	3,310	2,885	14.7%	3,326	-0.5%	Canada	9.7%
Canada	915	1,015	-9.9%	919	-0.5%	Philippines	18.5%
Philippines	1,740	1,716	1.4%	1,783	-2.4%	Europe	7.1%
Europe	664	941	-29.4%	719	-7.6%	Middle East	0.1%
Middle East	13	9	48.2%	12	5.0%		
Total	9,400	9,139	2.9%	9,563	-1.7%		

Revenue by Vertical (Rs Million)

	Quarter 4		YOY	Quarter 3	QOQ	Revenue Mix by Verticals	Q4FY17
	FY2017	FY2016	Growth	FY2017	Growth		
Telecom & Technology	2,106	2,419	-13.0%	2,143	-1.7%	Telecom & Technology	22.4%
Health Insurance	4,512	3,955	14.1%	4,521	-0.2%	Health Insurance	48.0%
Consumer & Retail	1,260	1,096	14.9%	1,283	-1.8%	Consumer & Retail	13.4%
Banking & Financials	658	601	9.5%	707	-6.9%	Banking & Financials	7.0%
Others	865	1,068	-19.0%	909	-4.8%	Others	9.2%
Total	9,400	9,139	2.9%	9,563	-1.7%		

Offshore/Near Shore to Onshore Revenues (Rs Million)

	Quarter 4		YOY	Quarter 3	QOQ
	FY2017	FY2016	Growth	FY2017	Growth
Onshore to Offshore/Near Shore Revenue Mix					
Onshore Revenues	4,869	5,145	-5.4%	4,982	-2.3%
Percent to total Revenues	51.8%	56.3%		52.1%	
Offshore Revenues	4,531	3,994	13.4%	4,581	-1.1%
Percent to total Revenues	48.2%	43.7%		47.9%	
Total Revenues	9,400	9,139	2.9%	9,563	-1.7%

Revenue by Currency Exposure (Rs Million)

	Quarter 4		YOY	Quarter 3	QOQ		
	FY2017	FY2016	Growth	FY2017	Growth		
USD - US Dollar	6,408	6,034	6.2%	6,563	-2.4%	Revenue Mix by Currency Exposure Q4FY17	
CAD - Canadian Dollar	915	1,015	-9.9%	952	-3.8%		68.2%
GBP/Euro - (UK Pound)	664	941	-29.4%	708	-6.1%		9.7%
INR - Indian Rupee	1,412	1,148	23.0%	1,340	5.4%		7.1%
Total	9,400	9,139	2.9%	9,563	-1.7%		15.0%

Key Client Metrics

Client Concentration Metrics (%)	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
From Top Customer	16.0%	17.0%	18.0%	18.0%	18.0%
From Top - 5 Customers	45.0%	47.0%	49.0%	50.0%	52.0%
From Top - 10 Customers	61.0%	60.0%	61.0%	61.0%	63.0%
From Top - 20 Customers	74.0%	72.0%	73.0%	72.0%	73.0%

Client Contributing Revenues

	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
Above Rs200mn/Quarter	11	11	10	11	8
Above Rs150mn/Quarter	11	12	13	14	11
Above Rs100mn/Quarter	16	17	15	19	16
Above Rs50mn/Quarter	36	33	35	39	35
Above Rs10mn/Quarter	67	62	65	70	75

Employee Trend by Geography (Nos)

	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
India	26,755	27,842	28,884	28,342	29,546
Philippines	6,505	6,883	7,547	7,765	7,248
US/Jamaica	2,657	2,227	3,425	4,096	3,883
Canada	2,430	2,507	2,366	2,316	2,377
UK/Europe	1,487	1,479	1,571	1,231	1,183
Total Employee Strength	39,834	40,938	43,793	43,750	44,237

Employee Mix (%)	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
India	67.2%	68.0%	66.0%	64.8%	66.8%
Philippines	16.3%	16.8%	17.2%	17.7%	16.4%
US/Jamaica	6.7%	5.4%	7.8%	9.4%	8.8%
Canada	6.1%	6.1%	5.4%	5.3%	5.4%
UK/Europe	3.7%	3.6%	3.6%	2.8%	2.7%

Average Monthly Revenue / Employee (Rs.)

Avg. Mthly Revenue/Employee (Rs)	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17
India Offshore	67,833	64,694	66,457	73,134	70,128
India Domestic	21,574	20,649	21,019	21,911	21,931
Acquired India CRM	18,870	19,924	19,958	20,042	21,798
HR Outsourcing	43,114	40,650	44,427	48,685	42,666
India Total	37,578	36,470	36,886	39,703	39,289
Philippines	89,244	80,225	75,842	77,872	78,574
Jamaica	0	0	97,343	75,473	74,314
US Domestic	214,626	232,288	228,926	244,180	235,439
UK/Europe	219,882	211,265	188,988	168,332	183,591
Canada	139,737	142,702	128,525	130,765	129,473
Overall	77,900	75,067	71,223	72,823	71,222

Conservative Leverage Profile

(Rs. Million)	31-March-17	31-March-16
Total Debt	6,555	8,508
Less: Cash & Treasury Surplus	4,576	4,646
Net Debt / (Net Cash)	1,979	3,862
Net Worth	13,192	11,880
Net Debt / EBITDA¹	0.45x	1.21x
Total Debt / Equity	0.50x	0.72x

Note(s):

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

Summary Balance Sheet

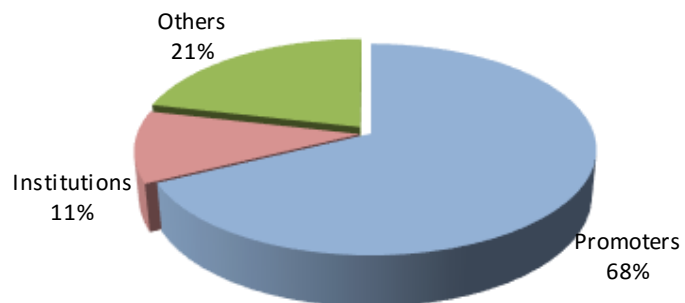
Summary Balance Sheet (Rs Million)

	FY2017	FY2016
Shareholder's Funds	13,192	11,880
Total Debt	6,555	8,508
Other Current & Non-Current Liabilities	4,865	3,991
Capital Employed	24,612	24,379
Fixed Assets & Intangibles	9,810	9,504
Other Non Current Assets	1,997	2,133
Total Non Current Assets	11,807	11,636
Sundry Debtors & Other Current Assets	8,229	8,096
Cash & Treasury Surplus	4,576	4,646
Total Current Assets	12,805	12,742
Capital Deployed	24,612	24,379

Summary Cash Flow Statement

(Rs. Million)	Period Ended 31 st March, 2017
Cash flow from Operations and after working capital changes	4,031
Cash Flow due to Capex (net) and investments	(1,779)
Cash Flow due other investing activities	138
Total Cash Flow from Investing Activities	(1,641)
Proceeds/(Repayment) from Borrowings	(1,823)
Cash from Interest payment and others	(636)
Total Cash Flow from Financing Activities	(2459)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(69)
Cash and Treasury Surplus as on April 1, 2016	4,645
Cash and Treasury Surplus as on March 31, 2017	4,576

Shareholding Pattern (31st March 2017)



Market Data

Market Cap. (Rs. million) (22nd-May-17)	11,056
Outstanding Shares (Million)	20.7
Book Value /Share (Rs.) (31 st Mar, 2017)	636
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Thank You

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