

11th Nov 2011

Q2FY12 Earnings Presentation

www.teamhgs.com





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.



	Slide
• Q2 FY12: Strong YoY performance	
- Revenues grew by 28.5% sequentially and 34.5% on corresponding basis	4
- Healthy organic growth supplemented by Inorganic thrust	
• Acquisition Impact	
– OLS Inc – marquee clients, enhanced scale and diversification	8
– HCCA – opens up new, high potential vertical	
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– Healthy growth across overall operations	16
– Diversification through more verticals, geographies & currencies	
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✓ **Consistent Growth in Topline**

- Sequential growth of 28.5% and y-on-y growth of 34.5%
- Growth driven through mix of organic and inorganic growth

✓ **Acquired Canada-based On-Line Support, Inc.**

- All cash deal for leading contact center provider with FY11 revenues of >US\$ 63 million
- Added marquee client names, new specialisations, unique delivery model

✓ **Acquired HCCA Business Services Pvt Ltd**

- Acquired Mumbai headquartered Human Resource Outsourcing (HRO) firm with 500+ employees
- Augments non-voice business, opens up high potential HRO Vertical

✓ **Progress in Integration of Careline**

- Pan European expansion with Unilever progressing well, center in Hamburg goes live
- Won high profile public service contract in challenging market, setting up new center in London

✓ **Further Enhancement in Global Delivery Capabilities**

- Philippines near 100% utilisation, to set up fourth centre in Philippines in Manila
- Tier 3 Cities in India are a success, Siliguri and Guntur report single digit attrition rates



In Rs Mn

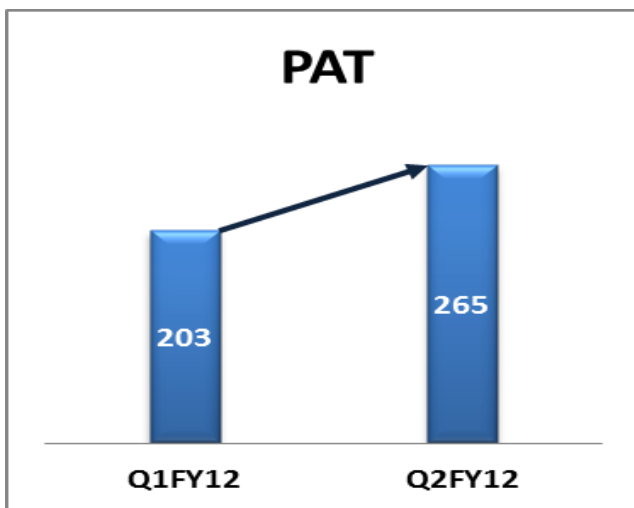
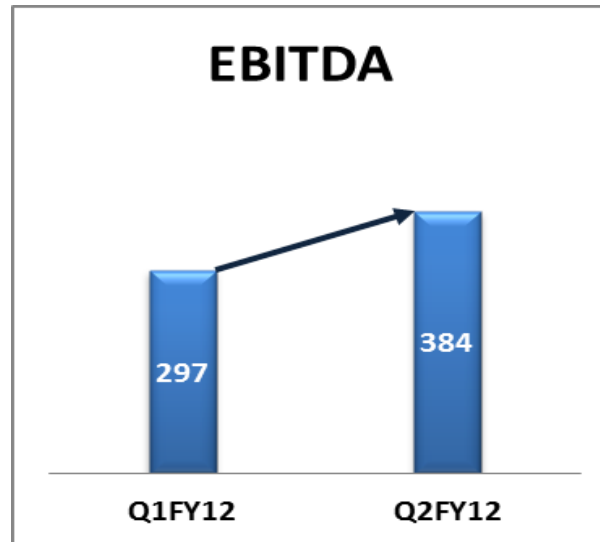
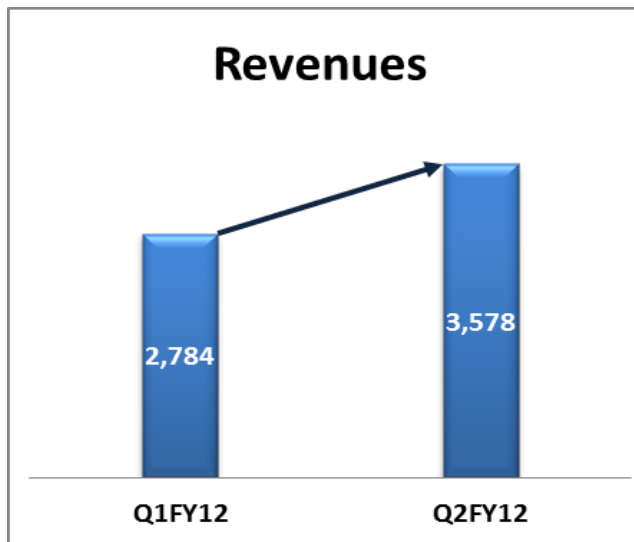
Particulars	Q2 FY12	Q2 FY11	% Growth	Q1FY12	%Growth
Revenue	3,578.2	2,660.7	34.5%	2,784.0	28.5%
EBITDA	383.9	366.6	4.7%	297.3	29.1%
EBITDA %	10.7%	13.8%		10.7%	
PBT	260.8	284.2	-8.23%	242.4	8%
PBT%	7.3%	10.7%		8.7%	
PAT	265.3	253.5	4.69%	203.0	30.7%
PAT%	7.4%	9.5%		7.3%	

Performance highlights – Q2 FY12

- Revenue growth driven by mix of organic and inorganic growth
- EBITDA margins steady compared to Q1FY12 despite investments in growth
- Higher interest, depreciation and provision for mark to market losses due to forex fluctuation
- Despite impact of the above, healthy sequential growth in profits



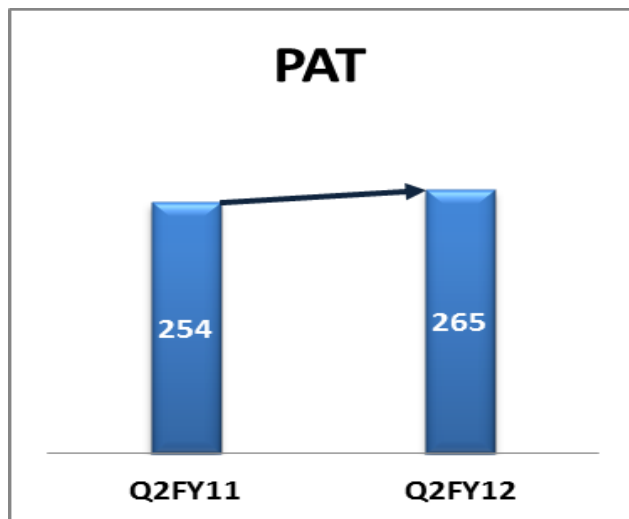
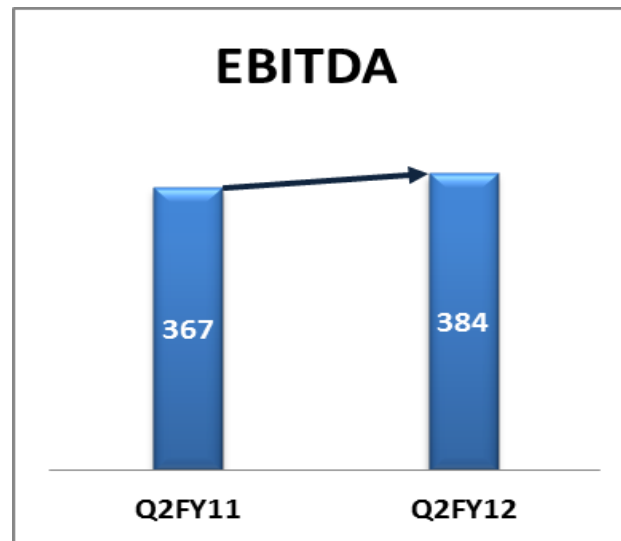
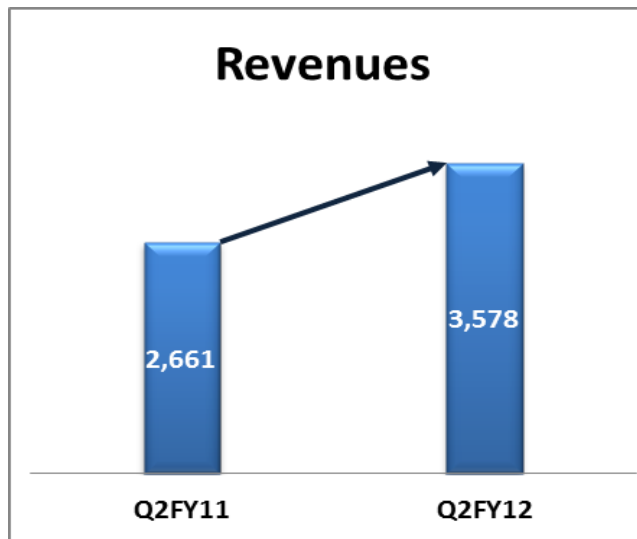
In Rs. Mn



- Organic revenue growth strong – all geographies report healthy growth
- EBITDA registers healthy growth, margins stable
- Acquisitions accretive to profits, margins improve by 10 basis points



In Rs. Mn.

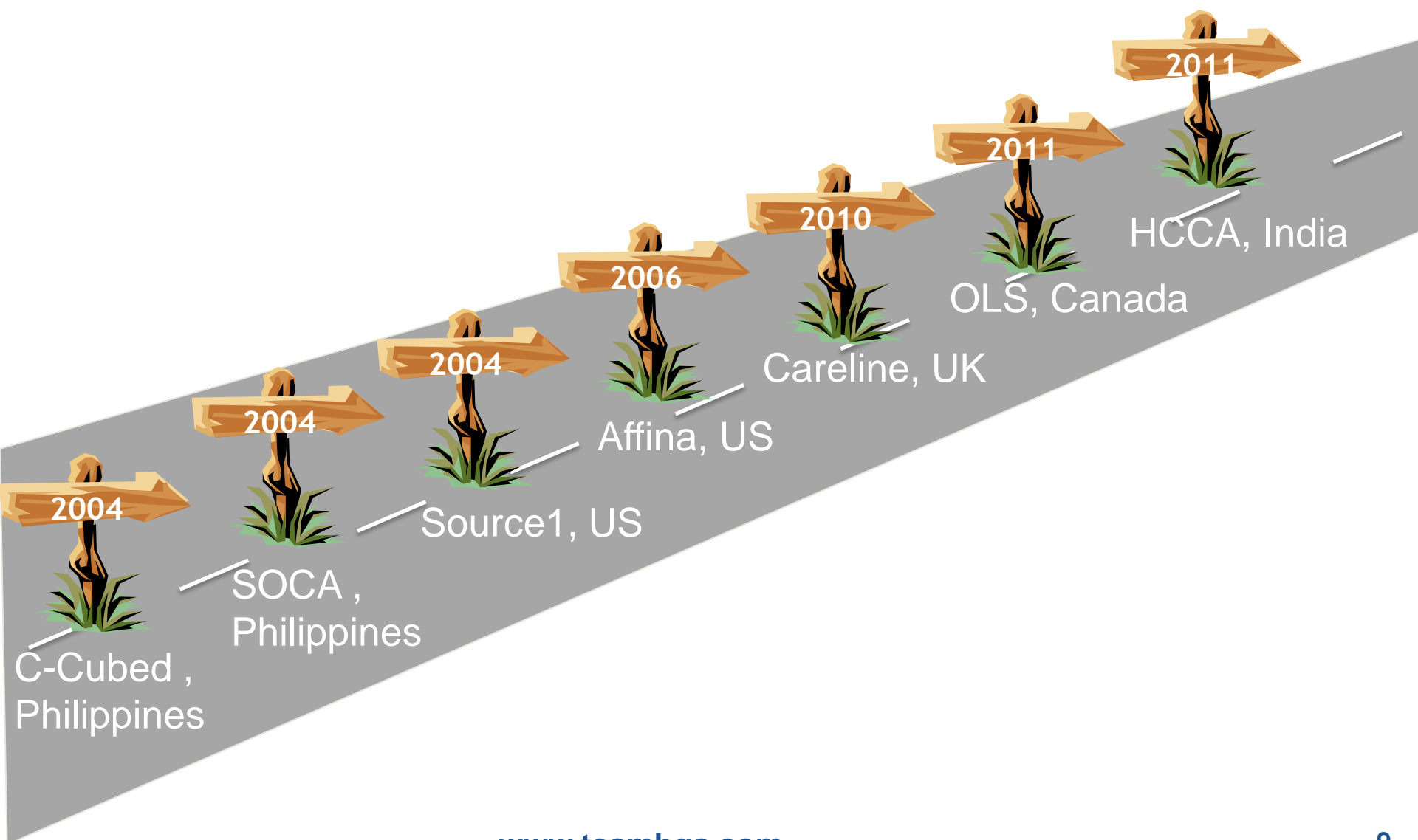


Comments

- Y-on-Y growth healthy across verticals and geographies
- Acquisition impact only for part of quarter
- Provision for mark to market loss of Rs 3.86 Cr impacted Q2FY12 profits



ACQUISITIONS





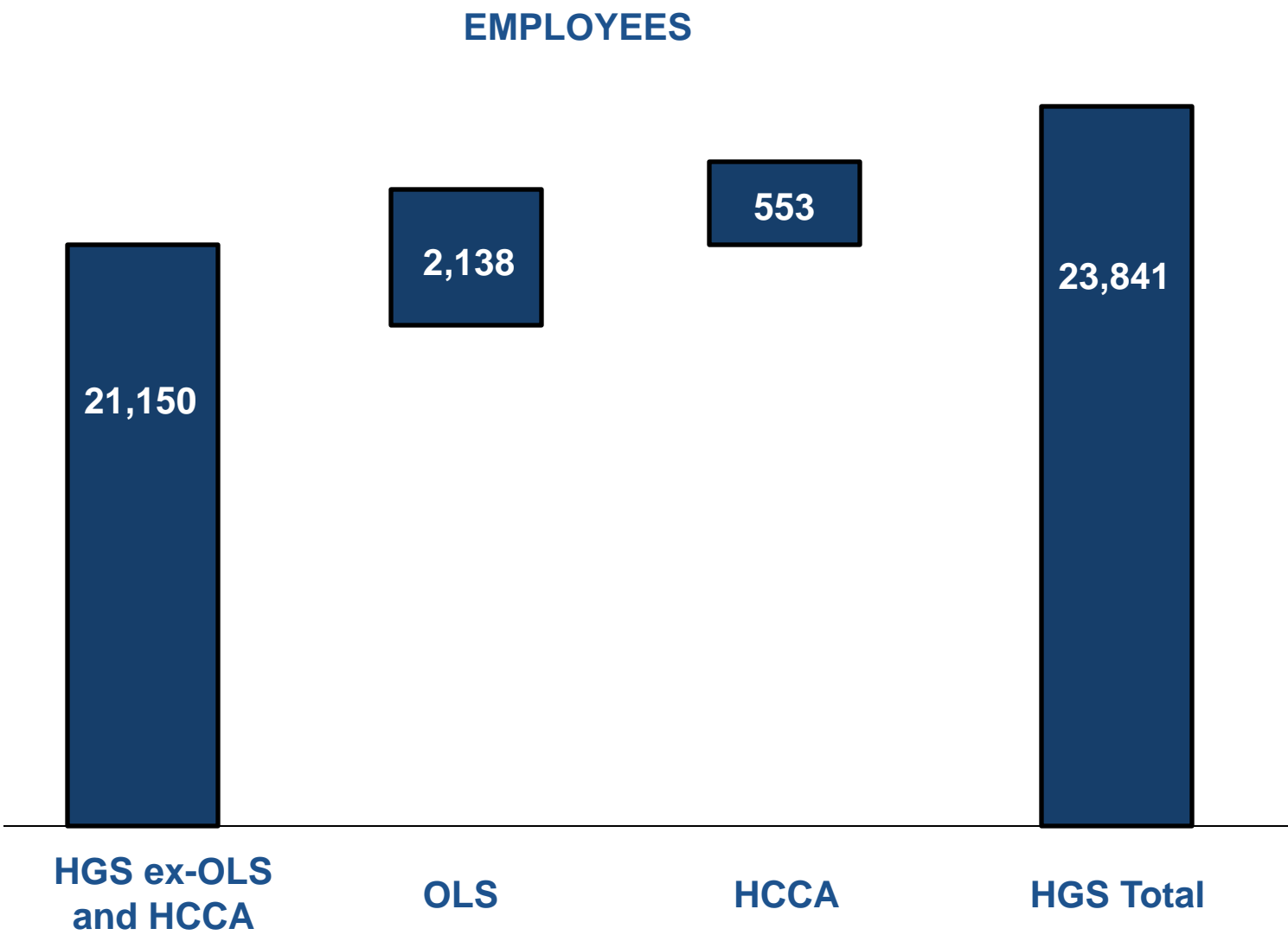
OLS and HGS

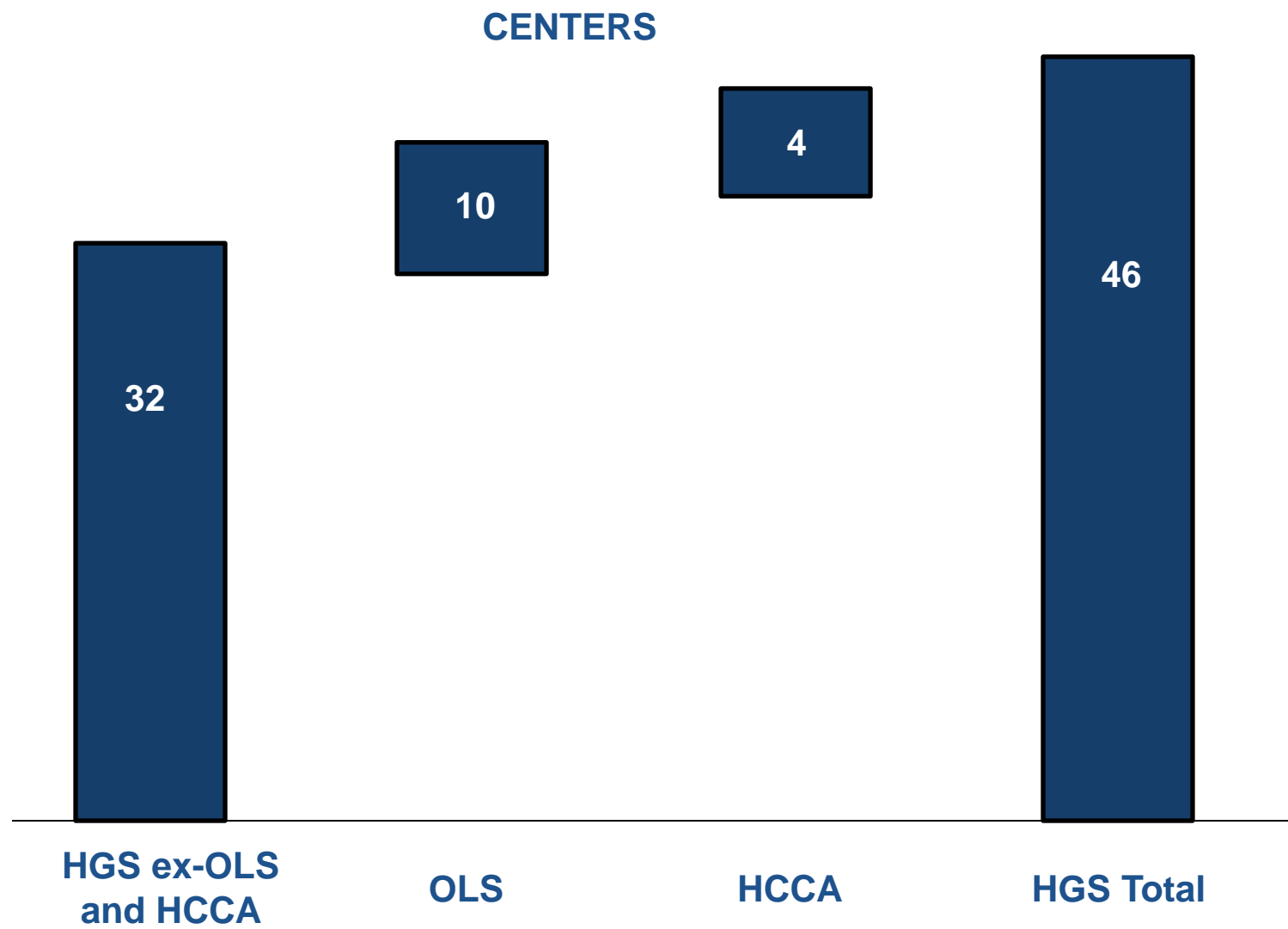
- **OLS (Online Support) is a Canadian corporation headquartered in Dartmouth**
- **Initially focused on providing technical support to communications industry, and later expanded to cover all aspects of customer care**
- **Marquee client names and new specialisations**
- **Near-shore option for US**
- **Consolidation of telecom capabilities**
- **In FY 2011, it had a turnover of US\$ 63 million and ~ 1,900 employees**
- **Growth strategy is to generate employment in the rural communities and to focus on fortune clients (in Technology and BFSI)**
- **Service offerings – Technical support , sales inbound/outbound, customer care, customer retention in English and French language**
- **89% of the business is from Canada, 11% from USA**
- **Apart from English, OLS has access to bilingual (English & French speaking) workforce**
- **French language capability – much in demand in US**

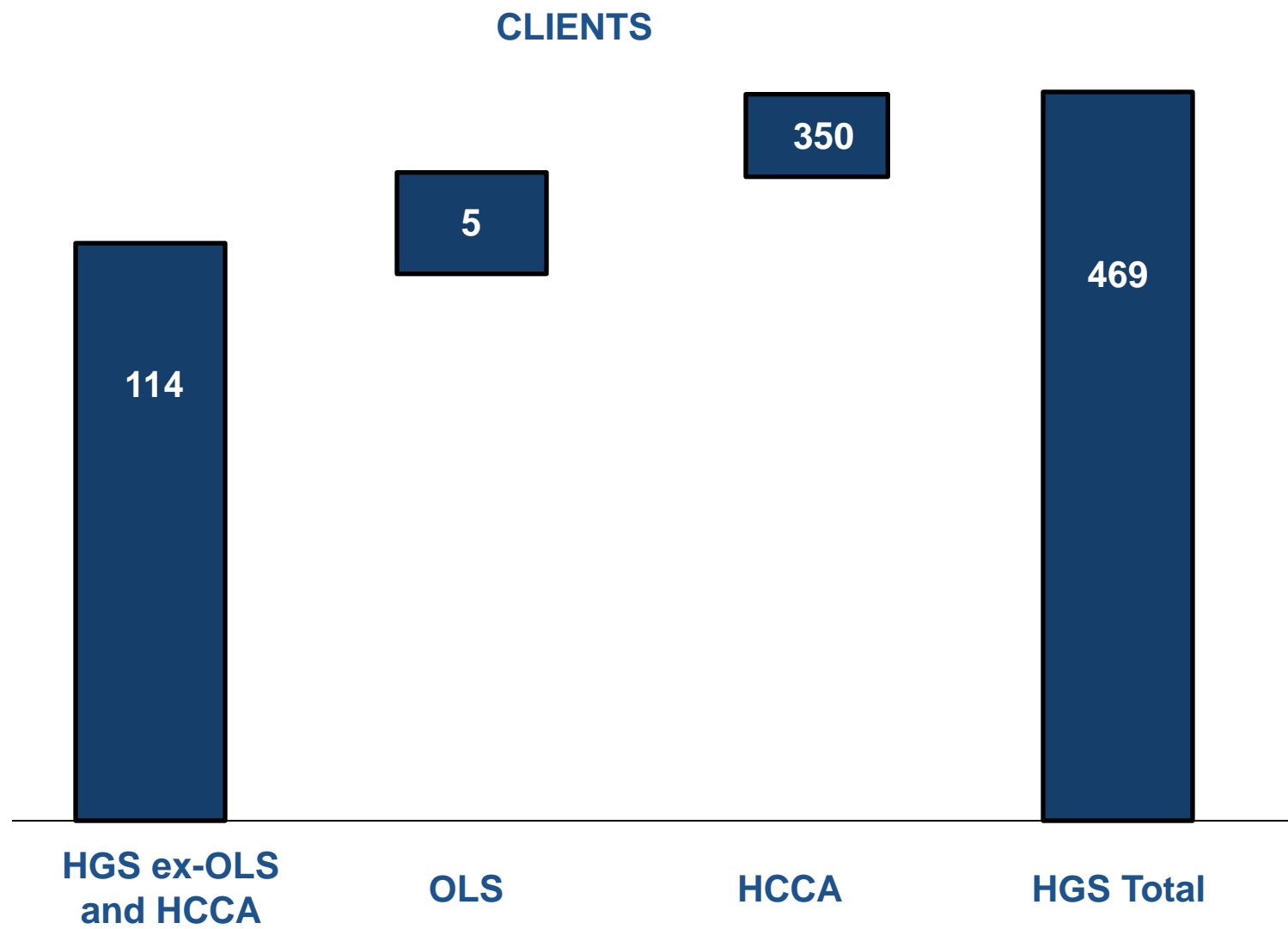


HCCA

- **Human Resources Outsourcing is one of the fastest growing segments with large-scale off-shoring opportunities**
- **HCCA offers a complete range of HRO solutions**
- **Payroll Processing & Compensation Structuring, HR Operations & Administration, Management of Labor and allied HR related Compliances, Reimbursement Processing and Accounting Services**
- **In FY 2011, it had a turnover of Rs 26.8 crores (roughly US \$ 5.9 million) with close to 450 employees**
- **Headquartered in Mumbai, with four operational centers, an extensive base of marquee clients and experience of more than 25 years**
- **Opportunity to cross-sell HRO to our global clientele**
- **Enables HGS to get a footprint in the Middle Eastern market**
- **Reduces our dependence on voice based business**









Detailed Financials



In Rs Million

P&L Account Q2FY12 Vs. Q2FY11	Q2FY12	Q2FY11	% Growth
Sales / Income from operations	3,578.2	2,660.7	34.5%
Expenditure			
b) Employees Cost	(2,462.6)	(1,724.0)	42.8%
c) Depreciation, Amortisation and Impairment	(141.0)	(106.7)	32.1%
d) Other Expenditure	(731.7)	(570.1)	28.3%
e) Total	(3,335.3)	(2,400.8)	38.9%
Profit from Operations (Before other Income, Interest & Exceptional items)	242.9	259.9	-6.5%
Other Income	73.8	55.3	33.5%
Profit before Interest & Exceptional Items	316.7	315.2	0.5%
Interest and Other Finance charges	(55.9)	(31.0)	80.3%
Profit from Ordinary Activities before tax	260.8	284.2	-8.2%
Tax Expense	4.5	(30.7)	
Net Profit from Ordinary Activities after Tax	265.3	253.5	4.7%
PAT %	7.4%	9.5%	
EBITDA	383.9	366.6	4.7%
EBITDA%	10.7%	13.8%	

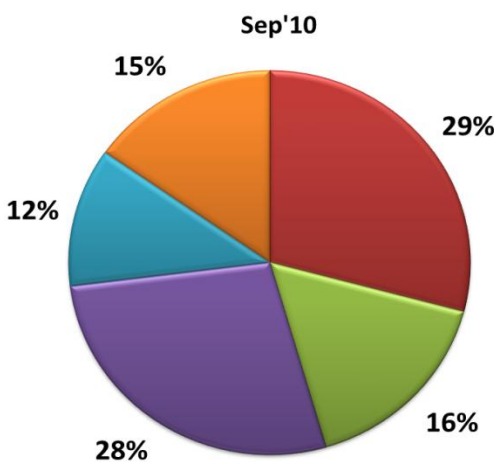
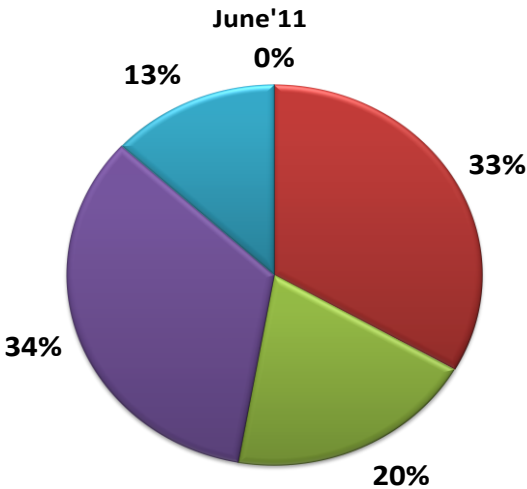
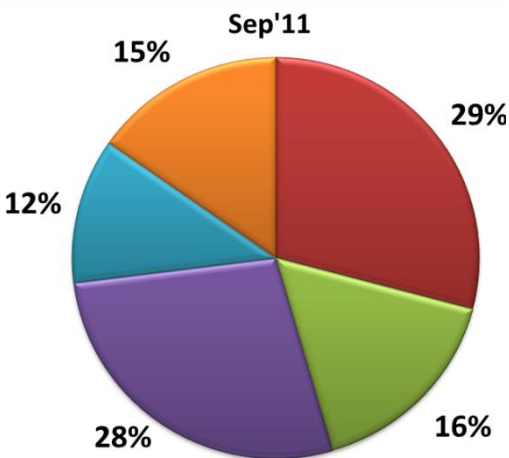


Growth by Geography

In Rs Million

Particulars	Sep'11	June'11	Q-on-Q Growth (%)	Sep'10	Y-on-Y Growth (%)
India	1,042.2	926.0	12.5%	829.0	25.7%
Manila	585.5	543.1	7.8%	495.2	18.2%
USA	985.2	948.1	3.9%	979.4	0.6%
U. K.	418.2	366.0	14.3%	354.0	18.1%
Canada	547.1	-	NA	-	NA
Total Revenues	3,578.2	2,784.0	28.5%	2,660.7	34.5%

Revenue Contribution by Geography



India Manila USA U. K. Canada

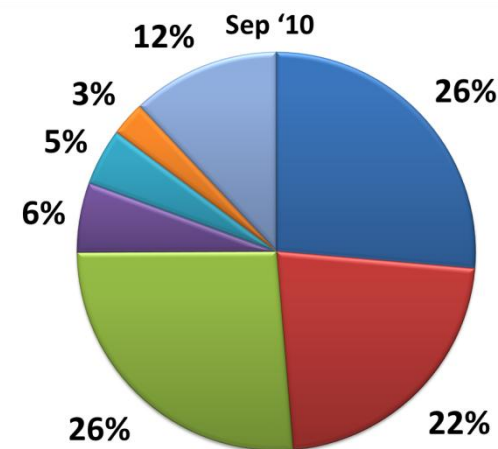
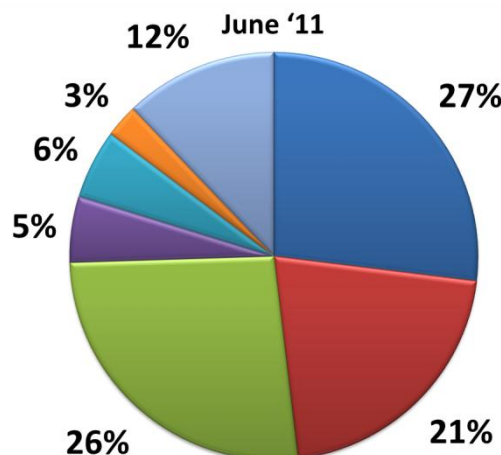
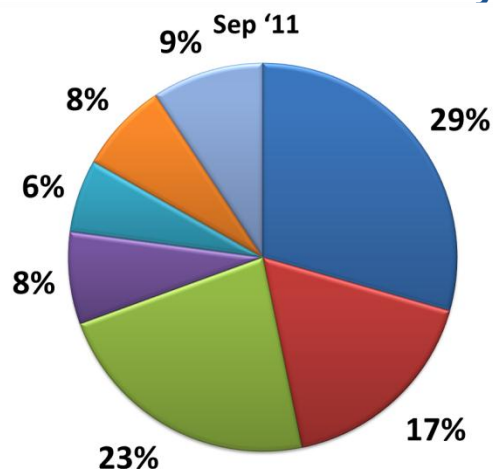


Growth by Vertical

In Rs Million

Particulars	Sep '11	June '11	Q-on-Q Growth (%)	Sep '10	Y-on-Y Growth (%)
Telecom & Technology	1,054.0	750.3	40.5%	701.9	50.2%
Consumer Electronics	619.0	588.9	5.1%	592.7	4.4%
Health Insurance	811.4	734.9	10.4%	698.7	16.1%
BFS	275.1	145.9	88.6%	150.5	82.8%
Chemicals & Biotech	216.8	153.2	41.6%	122.8	76.6%
Media	269.4	73.2	268.2%	74.5	261.7%
Others	332.5	337.7	-1.5%	319.5	4.1%
Total Revenues	3,578.2	2,784.0	28.5%	2,660.7	34.5%

Revenue Contribution by Vertical



■ Telecom & Technology
■ BFSI
■ Others

■ Consumer Electronics
■ Pharmaceuticals

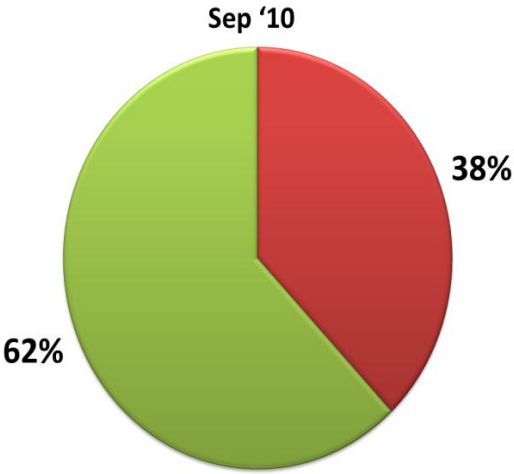
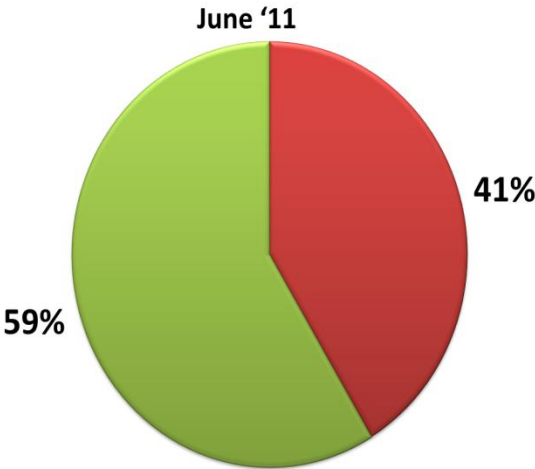
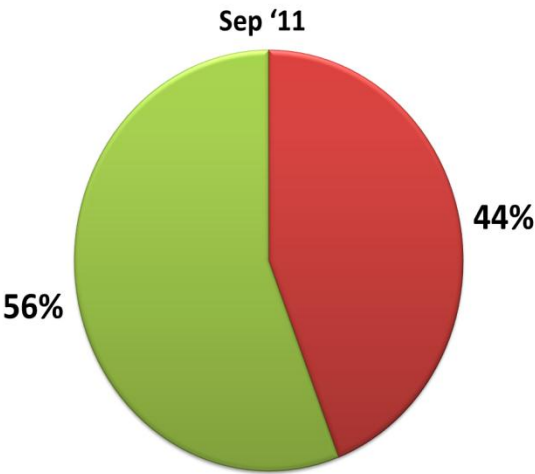
■ Health Insurance
■ Media



India based exposure

In Rs Million

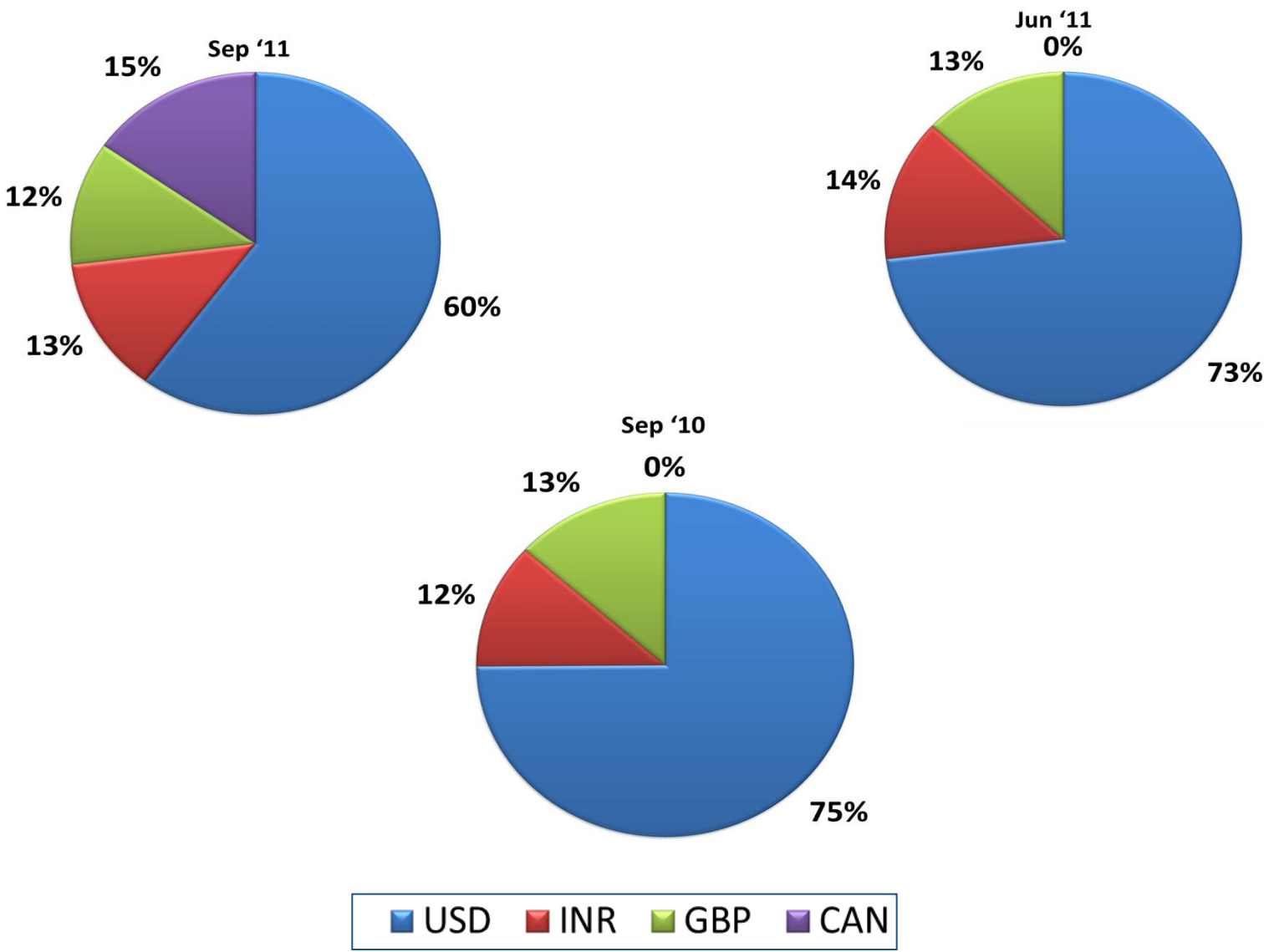
Particulars	Sep '11	June '11	Q-on-Q Growth (%)	Sep '10	Y-on-Y Growth (%)
India – Domestic	460.2	383.2	20.1%	314.3	46.4%
India – International	582.0	542.8	7.2%	514.7	13.1%
Total India based Revenues	1,042.2	926.0	12.5%	829.0	25.7%

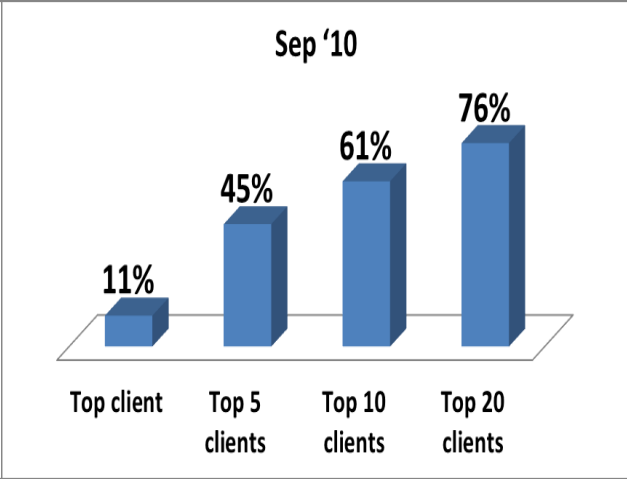
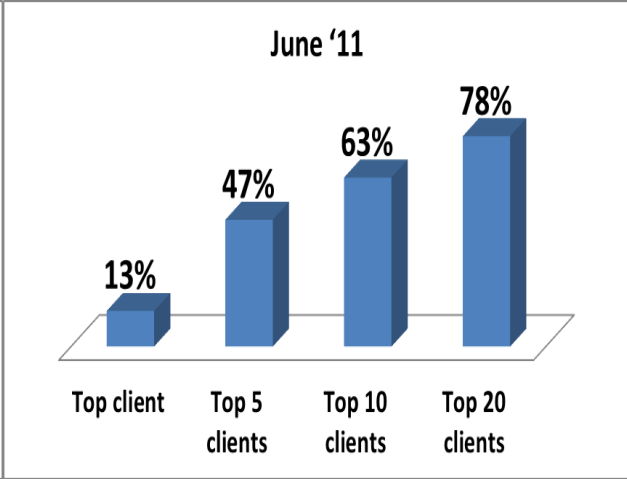
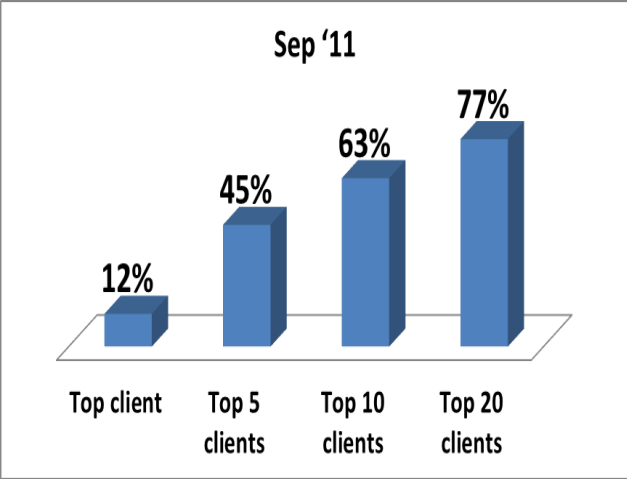


■ India – Domestic ■ India – International

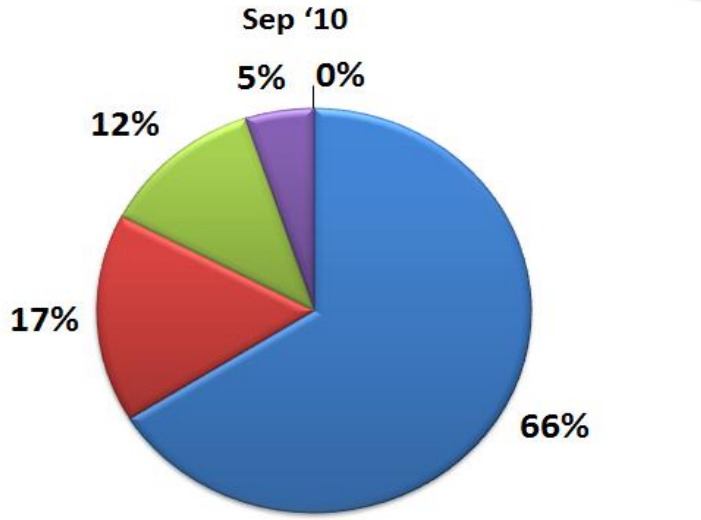
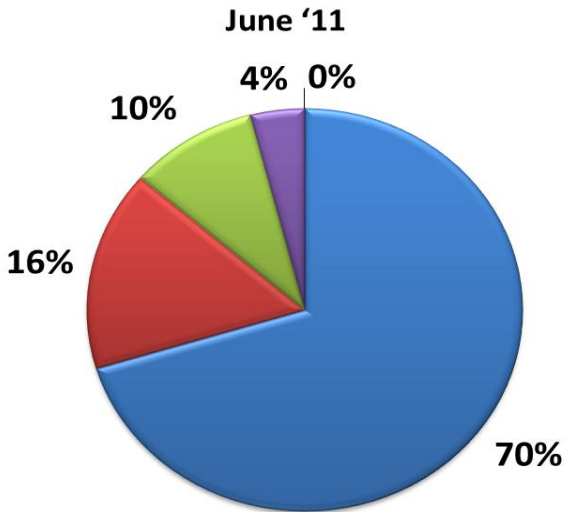
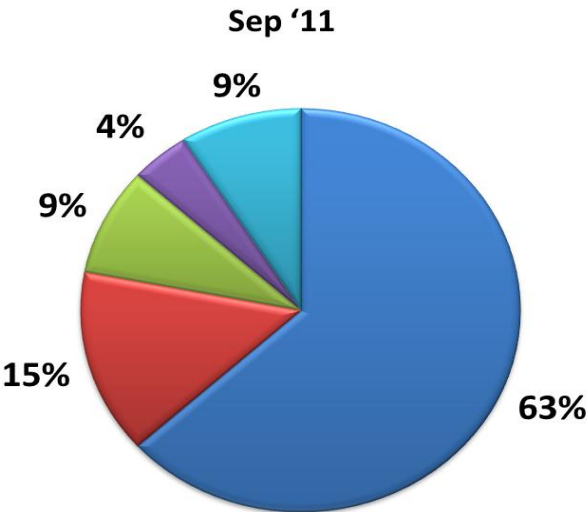


Revenue by Currency Exposure





Particulars	Sep '11	June '11	Sep '10
Over \$ 20 million	5	3	3
Over \$ 15 million	5	4	4
Over \$ 10 million	9	7	6
Over \$ 5 million	15	13	11
Over \$ 1 million	47	44	42



India Manila US UK Canada



In Rs Million

Balance Sheet as at...	30-Jun-11	30-Sep-11
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	206	206
Reserves and Surplus	10,017	10,767
	10,223	10,972
Secured Loans	1,721	5,239
	-	-
Unsecured Loans	502	1,957
	-	-
Deferred Tax Liability (Net)	163	179
	-	-
TOTAL	12,610	18,348
APPLICATION OF FUNDS		
Fixed Assets	3,753	8,005
	-	-
Investments	13	9
Current Assets, Loans and Advances		
Cash and Bank Balances	7,149	7,315
Other Current Assets	3,530	5,071
	10,679	12,386
Less: Current Liabilities and Provisions	1,835	2,052
Net Current Assets	8,844	10,334
TOTAL	12,610	18,348



Name of the Bank	Amt (\$ Mn)	Amt (Rs. Mn.)
Bank of Baroda, London	94	4,196
Bank of Baroda, Dubai	26	1,147
Fiduciary Time Deposits	3	125
Current Account (AMAS)	4	193
Total	127	5,661

- The company has a net worth of Rs. 10,972.5 million and debt of Rs. 7,196.4 million as on September 30, 2011.
- Cash & Cash Equivalents of Rs. 7,314.6 million on that date.
- Of this Rs. 5,660 million (US\$ 127 million) is deposited with international branches of Indian banks.



Europe

- Reeling under austerity measures of the government and debt crisis in 'PIIGS'
- Despite the depressed market conditions, significant £8million (over 2.5 years) contract win from a high profile public sector client
- Unilever pan-European contract progressing well (Hamburg is live now)
- New Cisco upgrade investment to support European expansion
- New facility coming up in London to support public sector business

India

- Traction in Telecom with increased volumes from top client and addition of new logos
- Ramp up in emerging vertical representing new specialisations and verticals which are being incubated – growth in excess of 100%
- Tier 3 Cities Delivery Model successful – Winning vendor delivery awards, low attrition rates recorded



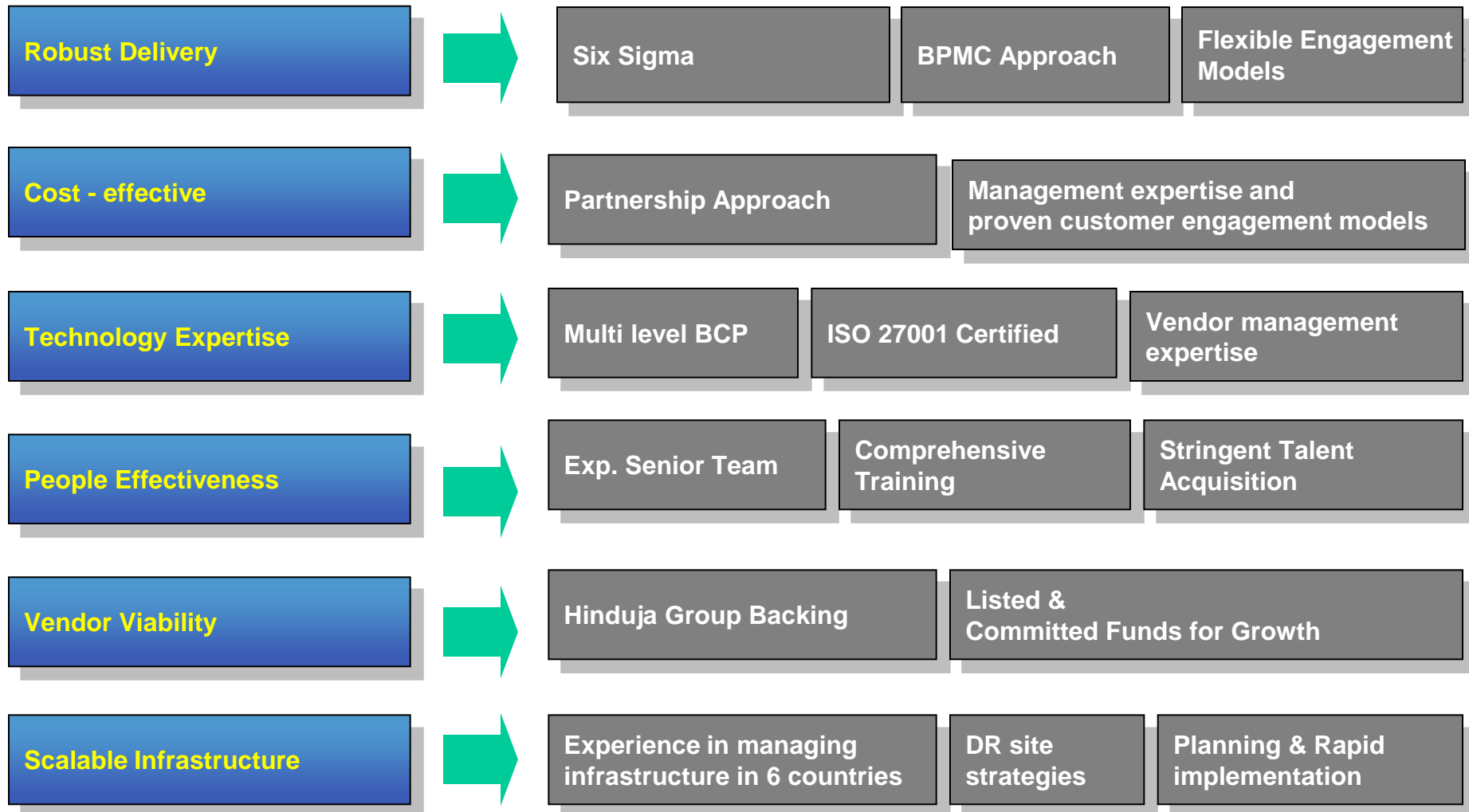
Philippines

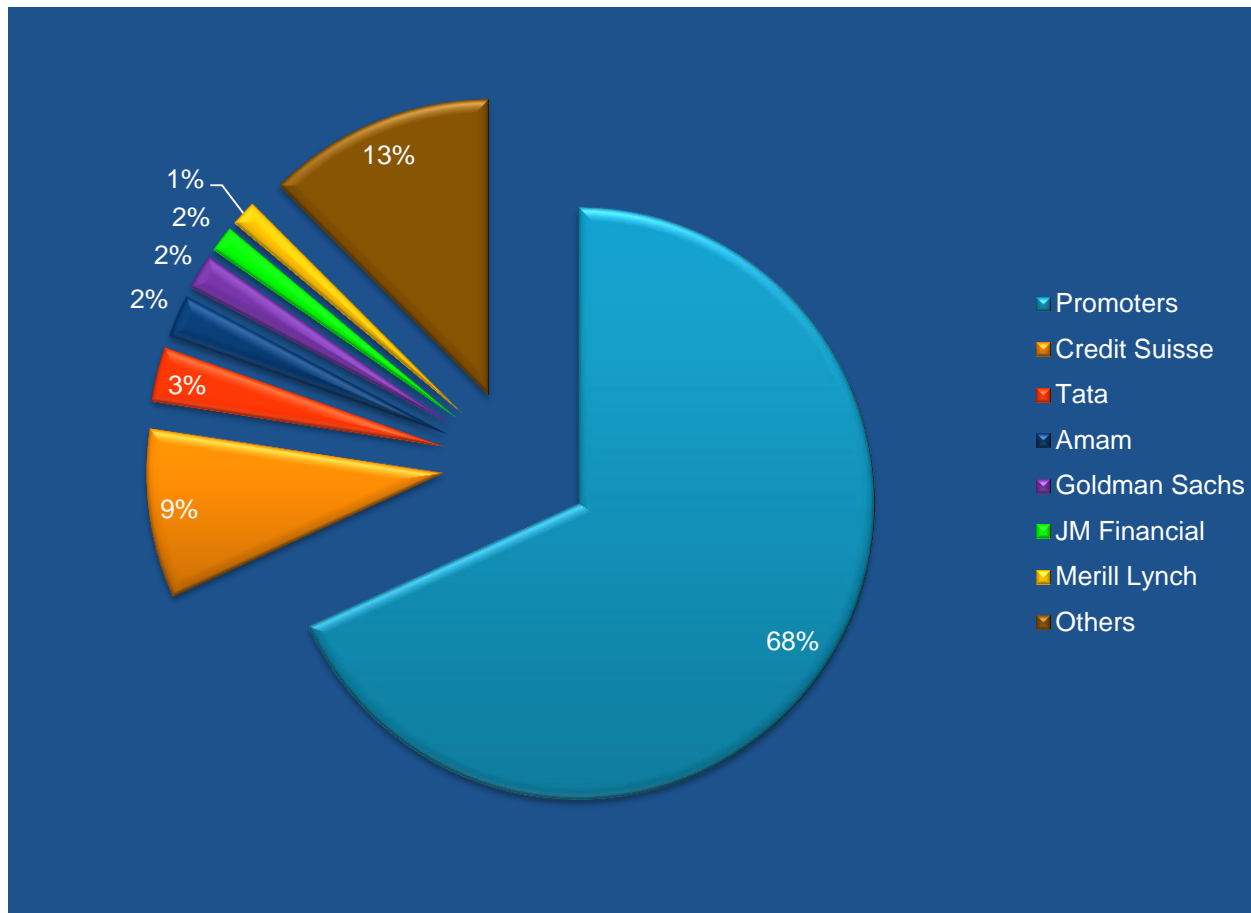
- Strong growth in all major accounts
- Seat Utilization close to 100% - Iloilo fully functional
- Fourth Center started in September, 2011 with 250 seats for large Consumer Electronics Clients
- Encouraging Discussions with Financial Services Client on Global Procurement & Australian business
- Incubated new service between Careline, UK and HGS Philippines focusing on the publishing domain



Corporate Overview









- **Board of Directors**

- | | |
|------------------------------------|---------------------|
| • Ramkrishan P. Hinduja – Chairman | Rajendra P. Chitale |
| • Dheeraj G. Hinduja | Anil Harish |
| • Vinoo S. Hinduja | Rangan Mohan |

- **Key Management Personnel**

- **Dr. Partha Sarkar, Global CEO**

