



## Q2 FY13 Earnings Presentation

November 7, 2012

# Cautionary Statement

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*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: Q2 FY2013 vs. Q2 FY2012

- Consolidated Net Sales increased by 31.2% compared to same period last year. This growth was driven by the acquisitions made in Canada and of the payroll business in August 2011 as well as organic growth
- Consolidated EBITDA grew by 30.7% after accounting for ramp up costs for new delivery centre in the UK, site expansion and site consolidation in Canada. EBITDA margins were maintained, compared to Q2 FY2012 and increased by ~100 basis points sequentially
- Consolidated PAT was negatively impacted by ₹53.2 million on account of foreign exchange re-measurement loss due to the appreciation of rupee towards end September 2012
- As of September 30, 2012, the Company had Net Debt position of ₹285 million and Net Worth of ₹12,229 million

## Management Commentary

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

*“Despite a challenging environment, we are pleased to report top line and EBITDA growth both in excess of 30%. Overall we benefited from increased volumes and new service offerings delivered to our existing clients. This also resulted in improvement in EBITDA margins by ~100 basis points sequentially. PAT for the quarter was adversely affected to the extent of ₹53.2 million on account of foreign exchange re-measurement.*

*We expect the remaining half of the financial year to show the seasonal increase. The Company continues to invest in sales, marketing and infrastructure to support its organic growth plans, increased complexity and scale of service delivery.”*

# Highlights of the Quarter



## Business Highlights

- US Subsidiary (HGS Inc.) acquired Deloitte's Revenue Cycle Management business, which is expected to add revenues of over \$11 million per annum. Significantly strengthens existing US healthcare business by providing direct access to the care providers
- Setting up an SEZ in Hyderabad for servicing Deloitte's EBOS business
- New centre opened in August 2012 in Bangalore to service the offshore business
- 521 active clients as of September 30, 2012
  - Client contributing revenues more than ₹100 million for the quarter increased from 9 to 11 compared to Q2 FY2012
  - Added two high profile healthcare clients, extending market coverage to 5 out of the top 12 healthcare companies in the US
  - Large number of client additions in the Emerging Market and HGS Business Services
  - DSO reduced to 62 from 78 in Q2 FY2012 and 66 in Q1 FY2013
- Appointed Kathy Hamburger to the HGS global executive team. In her role as President of HGS USA, Kathy will be responsible for strategic planning, business growth initiatives and enhancing profitability
- Opened new delivery centres in UK, Canada Jamaica and India
- As of September 2012, total headcount stood at 22,883, of which 62% were based in India, 14% in Philippines, 10% in the US, 9% in Canada and remaining 5% in Europe

Region	Financial / Operational Update	Strategic Initiatives
<div>North America &amp; Canada</div>	<ul style="list-style-type: none"> <li>Competitive telecom sector in Canada resulted in lower volumes</li> <li>Investments continue in marketing and business development for building a strong sales pipeline</li> <li>Commenced operations at Jamaica centre</li> </ul>	<ul style="list-style-type: none"> <li>Bellville Centre in Ontario, Canada opened for servicing a large consumer electronics client</li> <li>Centre at Antigonish shut down and business relocated to North Bay</li> <li>Investments in sales and marketing for BFS and other sectors</li> </ul>
<div>India</div>	<ul style="list-style-type: none"> <li>India International: MSA signed with a US health insurance company</li> <li>India Domestic:                             <ul style="list-style-type: none"> <li>Telecom volumes have been soft</li> <li>Emerging markets performing well and continues to add clients</li> <li>HBS Business Services' client wins: Tata Starbucks, J P Morgan, USA and CIMB</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Post acquisition of Deloitte's Revenue Cycle Management in the US, HOSIPL is setting up new SEZ centre in Hyderabad</li> <li>Servicing of a middle east based Telco from Hyderabad</li> <li>Launched chat support for a Telco in November 2012 and expected to ramp up significantly in FY2013</li> </ul>

Region	Financial / Operational Update	Strategic Initiatives
Philippines	<ul style="list-style-type: none"><li>▪ Subdued volumes from clients in consumer electronics sectors</li><li>▪ Strong interest by telecom clients to off shore to Philippines</li></ul>	<ul style="list-style-type: none"><li>▪ Reinforce healthcare focus with a health insurance company, which will start in Q4 FY2013</li></ul>
Europe	<ul style="list-style-type: none"><li>▪ New site at Preston, UK opened; Preston has reaffirmed our choice as a location for future expansion</li><li>▪ Visit to the Chiswick (London) centre by UK Minister for Climate Change. HGS UK runs the Energy Saving Advice Line</li></ul>	<ul style="list-style-type: none"><li>▪ Marketing and sales efforts focussed on the public sector</li></ul>

# Financial Performance Summary

## Consolidated Financial Highlights

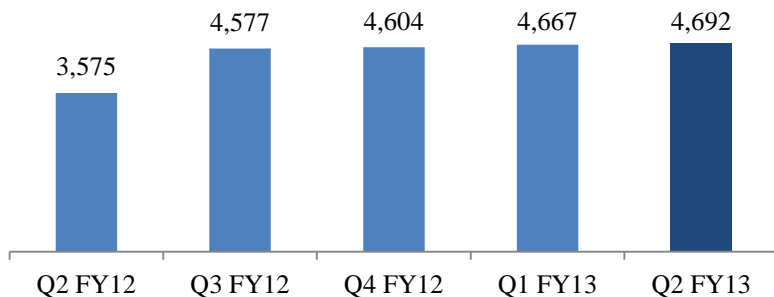
(₹ million)	Q2			Q1		Half Year		
	FY2013	FY2012	y-o-y Growth (%)	FY2013	q-o-q Growth (%)	FY2013	FY2012	y-o-y Growth (%)
Net Sales	4,692	3,575	31.2%	4,667	0.5%	9,359	6,357	47.2%
EBITDA	499	382	30.7%	447	11.8%	946	678	39.6%
Margin (%)	10.6%	10.7%		9.6%		10.1%	10.7%	
Profit Before Tax & Other Income	174	179	(2.4)%	168	3.6%	343	333	2.8%
Margin (%)	3.7%	5.0%		3.6%		3.7%	5.2%	
Profit Before Tax (PBT)	182	261	(30.3)%	307	(40.7)%	489	503	(2.9)%
Margin (%)	3.9%	7.3%		6.6%		5.2%	7.9%	
Profit After Tax (PAT)	111	265	(58.3)%	247	(55.1)%	357	468	(23.7)%
Margin (%)	2.4%	7.4%		5.3%		3.8%	7.4%	
Basic EPS (₹)	5.38	12.89	(58.3)%	11.98	(55.1)%	17.36	22.75	(23.7)%

### Notes:

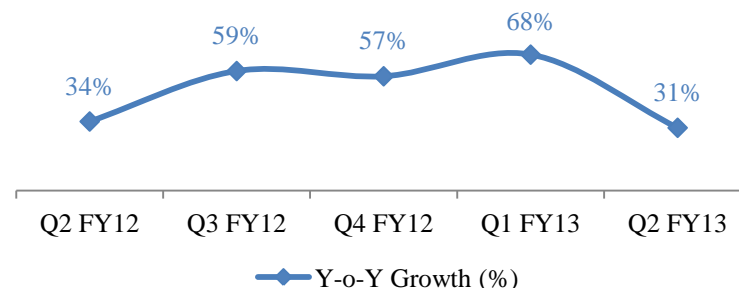
1. Consolidated PAT was negatively impacted by ₹53.2 million on account of foreign exchange re-measurement loss due to an appreciation of rupee towards end September 2012
2. PAT in Q2 FY2012 includes a one off ₹62.2 million reversal of tax credit
3. PAT and EPS for Q1 FY2013 and H1 FY2013 are adjusted for a one-time extraordinary item (loss)

# Financial Performance Summary

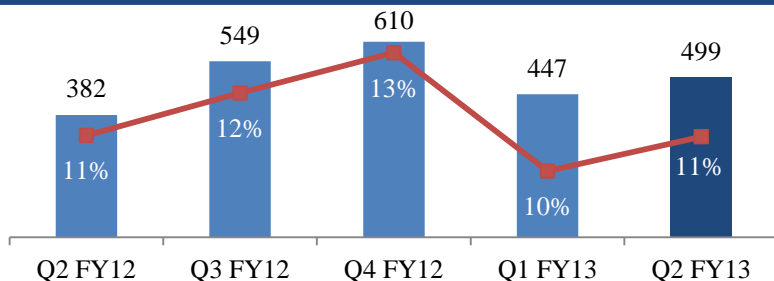
## Revenue (₹ Million)



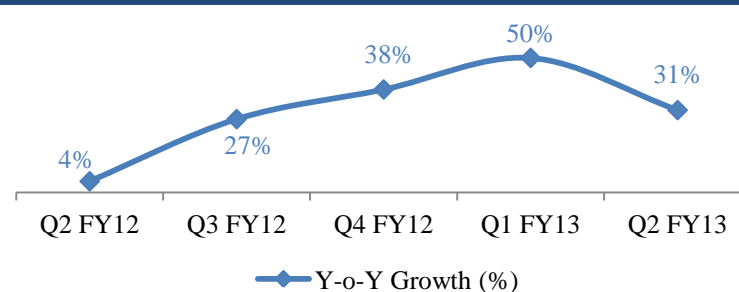
## Revenue Growth (%)



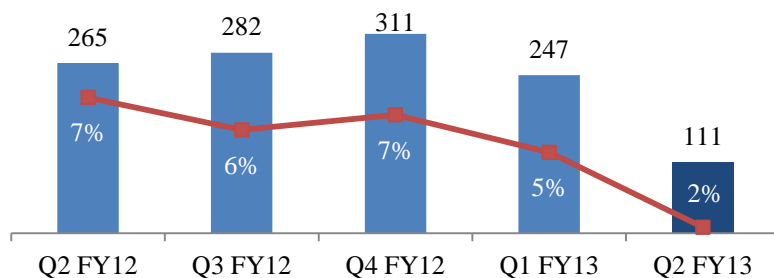
## EBITDA (₹ Million) and EBITDA Margin (%)



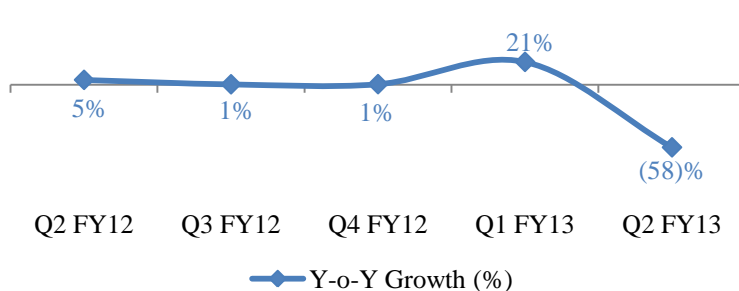
## EBITDA Growth (%)



## PAT (₹ Million) and PAT Margin (%)



## PAT Growth (%)

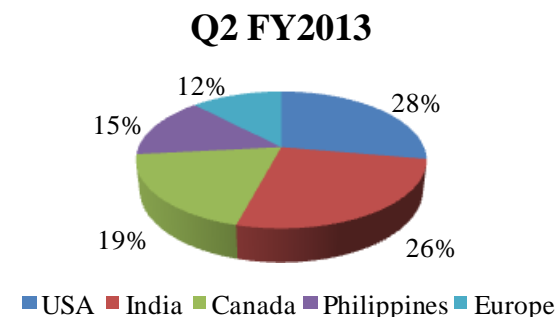




# Key Metrics

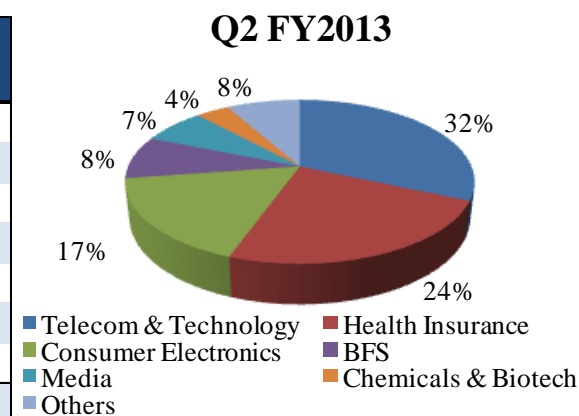
## Revenue by Delivery Centres

(₹ Million)	Q2		y-o-y Growth (%)	Q1	
	FY2013	FY2012		FY2013	q-o-q Growth (%)
USA	1,303	985	32.2%	1,317	(1.1)%
India	1,239	1,039	19.2%	1,209	2.5%
Canada	900	547	64.4%	882	2.0%
Philippines	681	585	16.4%	702	(3.0)%
Europe	570	418	36.3%	557	2.3%
<b>Total</b>	<b>4,692</b>	<b>3,575</b>	<b>31.2%</b>	<b>4,667</b>	<b>0.5%</b>



## Revenue by Vertical

(₹ Million)	Q2		y-o-y Growth (%)	Q1	
	FY2013	FY2012		FY2013	q-o-q Growth (%)
Telecom & Technology	1,491	1,054	41.5%	1,372	8.7%
Health Insurance	1,102	811	35.8%	1,115	(1.2)%
Consumer Electronics	810	619	30.9%	800	1.2%
BFS	398	275	44.6%	390	1.9%
Media	334	269	24.1%	338	(1.2)%
Chemicals & Biotech	171	217	(20.9)%	215	(20.2)%
Others	385	330	16.9%	436	(11.7)%
<b>Total</b>	<b>4,692</b>	<b>3,575</b>	<b>31.2%</b>	<b>4,667</b>	<b>0.5%</b>

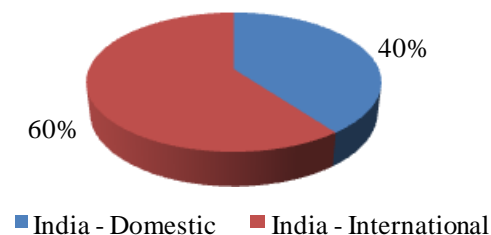


# Key Metrics

## India Based Exposure

(₹ Million)	Q2		y-o-y	Q1	
	FY2013	FY2012	Growth (%)	FY2013	q-o-q Growth (%)
India - Domestic <sup>1</sup>	492	460	7.0%	495	(0.4)%
India - International	747	579	28.9%	714	4.5%
<b>Total India</b>	<b>1,239</b>	<b>1,039</b>	<b>19.2%</b>	<b>1,209</b>	<b>2.5%</b>

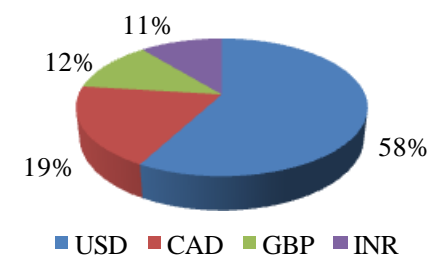
### Q2 FY2013



## Revenue by Currency Exposure

(₹ Million)	Q2		y-o-y	Q1	
	FY2013	FY2012	Growth (%)	FY2013	q-o-q Growth (%)
USD	2,731	2,150	27.0%	2,733	(0.1)%
CAD	900	547	64.4%	882	2.0%
GBP	570	418	36.3%	557	2.3%
INR	492	460	7.0%	495	(0.4)%
<b>Total</b>	<b>4,692</b>	<b>3,575</b>	<b>31.2%</b>	<b>4,667</b>	<b>0.5%</b>

### Q2 FY2013

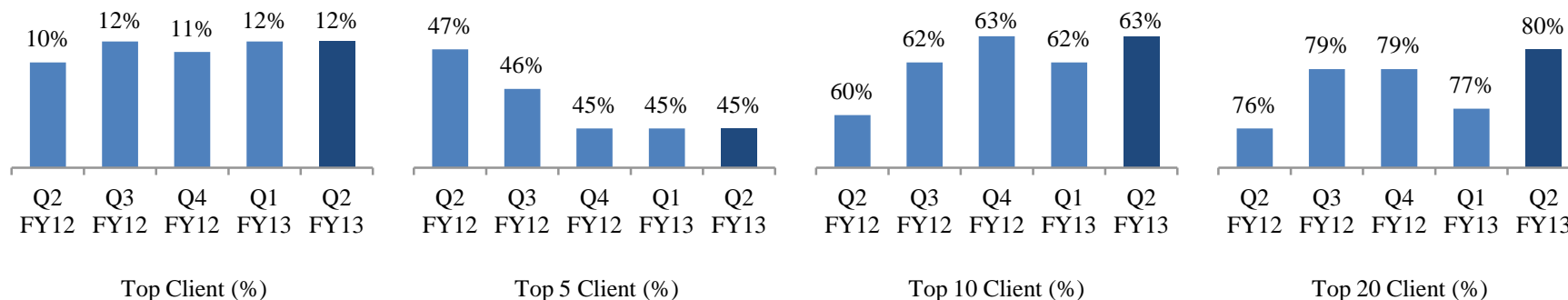


Notes:

1. Includes revenues from HGS Business Services (formerly HCCA Business Services)

# Key Metrics

## Key Client Metrics



Client contributing revenues	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13
More than ₹200 million during the quarter	5	6	6	6	6
More than ₹150 million during the quarter	5	7	7	7	7
More than ₹100 million during the quarter	9	11	11	9	11
More than ₹50 million during the quarter	15	20	21	23	20
More than ₹10 million during the quarter	47	54	53	53	50

## Key Employee Metrics

Employee by Geography	Q2 FY12	Q3 FY12	Q4 FY12	Q1 FY13	Q2 FY13
India	63%	63%	63%	63%	62%
Philippines	15%	15%	14%	14%	14%
US	9%	8%	9%	9%	10%
Canada	9%	9%	10%	10%	9%
Europe	4%	5%	4%	4%	5%
<b>Total Headcount</b>	<b>23,841</b>	<b>24,402</b>	<b>23,899</b>	<b>23,865</b>	<b>22,883</b>

## Commentary

- ❖ As on September 30, 2012, the total seats stood at 22,444
  - Net increase of 158 seats as compared to Q1 FY2013
- ❖ Setting up a SEZ centre in Hyderabad for servicing the Revenue Cycle Management business acquired by HGS Inc. in the USA

# Leverage Profile

## Conservative Leverage Profile

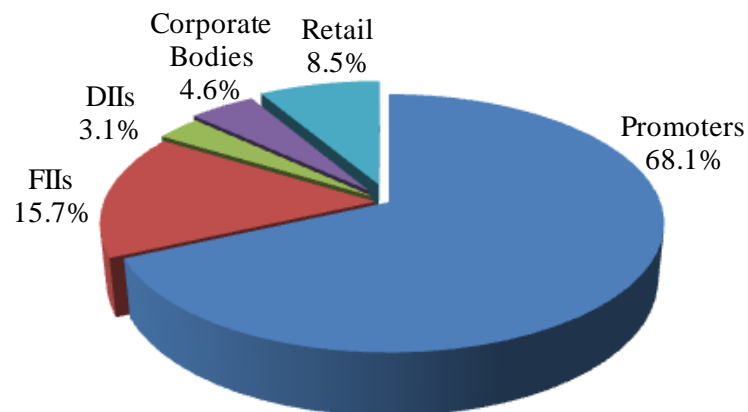
(₹ Million)	Q2 FY2013	Q1 FY2013
<b>Total Debt</b>	<b>6,081</b>	<b>5,714</b>
Less: Cash & Cash Equivalents	5,796	6,350
<b>Net Debt / (Net Cash)</b>	<b>285</b>	<b>(636)</b>
<b>Net Worth</b>	<b>12,229</b>	<b>12,348</b>

## Commentary

- Q2 FY2013 total debt includes \$5 million loan which has been taken against deposits of HGS International
- Foreign exchange fluctuations has impacted net debt position and net worth

# Market Information

## Shareholding Pattern



## Market Data

Market Cap. (Rs. Million)	6,580
Outstanding Shares	21
Book Value per Share (Rs.) (31-Mar-12)	557.62
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Note: Information as on 7-Nov-12

Shareholders	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12
Promoters	68.2%	68.2%	68.1%	68.1%	68.1%
Foreign Institutional Investors (FIIs)	15.9%	16.0%	15.9%	15.7%	15.7%
Domestic Institutional Investors (DIIIs)	3.2%	2.9%	2.9%	3.2%	3.1%
Corporate Bodies	4.5%	4.5%	4.6%	4.5%	4.6%
Retail	8.1%	8.4%	8.5%	8.5%	8.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

# Hinduja Global Solutions: At a Glance





**Contact Details:**

**Hinduja Global Solutions Limited**

HGS House, #614,  
Vajpayee Nagar, Bommanahalli,  
Hosur Road, Bangalore – 560068  
Ph.: +91 80 2573 2620  
Fax: +91 80 2573 1592

Srinivas Palakodeti  
*Chief Financial Officer*

pala@teamhgs.com  
+91 80 2573 2620 x 209

Mark SD Popaly  
*Vice President – Global Business Finance*

Mark.popaly@teamhgs.com  
+91 80 2573 2620 x 229

Anirudh Bhardwaj  
*Churchgate Partners*

anirudh@churchgatepartnersindia.com  
+91 22 3953 7444

Bijay Sharma  
*Churchgate Partners*

bijay@churchgatepartnersindia.com  
+91 22 3953 7444