



Q2 FY2014 Earnings Presentation

November 11, 2013

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 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.

Highlights of the Quarter



Consolidated Financial Highlights: Q2 FY2014 vs. Q2 FY2013

- Net Sales increased by 37.9% to Rs. 6,473 million
- EBITDA increased by 63.0% to Rs. 814 million. EBITDA margin of 12.6%, an increase of 193 basis points
- PAT increased by 287.7% to Rs. 429 million
- As of September 30, 2013, the Company had Net Debt of Rs. 410 million and Net Worth of Rs. 14,364 million
- Declared an interim dividend of Rs. 5 per share

Management Commentary

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

“We are very pleased to report that we continue to build on our growth momentum. This quarter we have recorded our highest ever revenue of nearly Rs. 6,500 million, EBITDA of over Rs. 800 million and PAT of Rs. 429 million. This robust performance has been driven by a combination of enhanced volumes across our existing clients, addition of new logos and better capacity utilization at all our centers. The favorable exchange rates are also helping our offshore revenues. We are seeing stronger demand from most of our markets. We have also continued our efforts to clean up our portfolio of businesses to rationalize our lower margin clients.

We are very confident of our performance for the remaining part of the year. Our optimism is supported by the strong sales pipeline that we have at the moment. The management expects to continue this growth trajectory along with strong profitability going forward.”

Highlights of the Quarter



Business Highlights

- The US continues to perform well and has added 3 new clients in consumer vertical during the quarter
- Canada received a new line of business from an existing telecom client, which is currently ramping up and is expected to reach full capacity by Q4 FY2014. Our first offshoring contract from Canada with Philippines delivery has started
- India Domestic operation received rate increases from their various clients. This is expected to yield better margin contribution in the second half of the fiscal year
- The Philippines operation added new lines of business such as payer data management for a healthcare client, and service centre back office and social media management for a consumer electronics client. A new centre is being opened in Manila with over 800 seats
- European operation's focus on building strong relationships has resulted in a new line of business from an existing telecom customer. It has also added 2 new clients in the consumer goods and the auto sectors
- 133 active clients as of September 30, 2013 (excluding payroll processing clients). Clients contributing revenues more than Rs. 100 million for the quarter increased from 11 to 16 compared to Q2 FY2013
- As of September 30, 2013, total headcount was 24,669, of which 60% were based in India, 15% in Philippines, 10% in the US, 11% in Canada and the remaining 4% in Europe

Business Update

Region	Operational Update	Strategic Initiatives
USA and Canada	<ul style="list-style-type: none"> US: Continued improvement in performance due to strengthened sales team US: Exited a non-profitable telecom client Canada: Barrie, Ontario site is operating as per expectations with around 350 FTEs Canada: Received a new line of business from an existing telecom client 	<ul style="list-style-type: none"> US: Ongoing assessment of profitability to improve margins US: Operations team centralized to generate better synergies Canada: Focused on acquiring new logos and more offshoring opportunities anticipated Canada: Plans for site expansion to address domestic growth opportunities
India	<ul style="list-style-type: none"> Completed 10th anniversary with a telecom and the largest healthcare client First SEZ in Bangalore operating at optimum capacity utilization levels Second SEZ in Bangalore, commissioned in Aug 2013, is servicing an international consumer client Started a new service line of medical coding for a healthcare client Ongoing assessment and corrective actions undertaken have started yielding results for India Domestic operations 	<ul style="list-style-type: none"> 526 seats to be added in Bangalore to service growing demand in healthcare vertical Selective and profitable client acquisitions across sector to improve profitability HGS Business Services continues to add clients across sectors and has built a strong sales pipeline

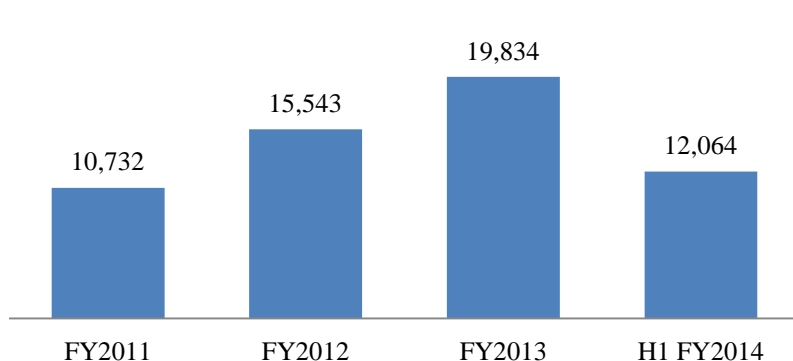
Region	Operational Update	Strategic Initiatives
Philippines	<ul style="list-style-type: none"> ▪ Robust volume growth is driving Philippines to full capacity ▪ Better capacity utilization resulted in improvement in performance and profitability ▪ Started servicing its first Canadian client ▪ Added new lines of business for a existing healthcare and consumer electronics client 	<ul style="list-style-type: none"> ▪ Focus on acquiring new clients is gathering momentum and have shown some early results ▪ Sales pipeline continues to remain strong ▪ Site for 5th center has been identified and is expected to start operations with 800 seats by Q4 FY2014
UK and Europe	<ul style="list-style-type: none"> ▪ UK's economy remains under pressure. Fewer large scale CRM outsourcing opportunities ▪ Better financial performance compared to the same period last year ▪ European operation's focus on building strong relationships has resulted in a new line of business from an existing telecom customer ▪ Added 2 new clients in the consumer and auto sectors 	<ul style="list-style-type: none"> ▪ Re-positioning of business as 'transformation' provider is expected to have positive impact in coming quarters ▪ Ongoing cost control measures to yield better profitability in coming quarters ▪ Actively pursuing opportunities in the public sector

Financial Performance Summary

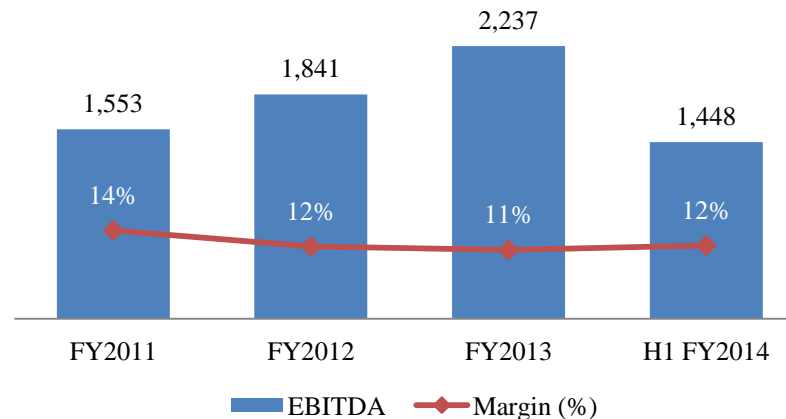
Consolidated Financial Highlights

(Rs. Million)	Q2		y-o-y	Q1		Six Months		y-o-y
	FY2014	FY2013	Growth (%)	FY2014	Growth (%)	FY2014	FY2013	Growth (%)
Net Sales	6,473	4,692	37.9%	5,592	15.8%	12,064	9,359	28.9%
EBITDA	814	499	63.0%	634	28.4%	1,448	946	53.0%
Margin (%)	12.6%	10.6%		11.3%		12.0%	10.1%	
Profit Before Tax (PBT)	583	182	220.4%	532	9.5%	1,115	489	128.3%
Margin (%)	9.0%	3.9%		9.5%		9.2%	5.2%	
Profit After Tax (PAT)	429	111	287.7%	376	14.2%	806	304	164.6%
Margin (%)	6.6%	2.4%		6.7%		6.7%	3.3%	
Basic EPS (Rs.)	20.85	5.38	287.4%	18.27	14.1%	39.12	14.79	164.5%

Annual Revenue Trend (Rs. Million)

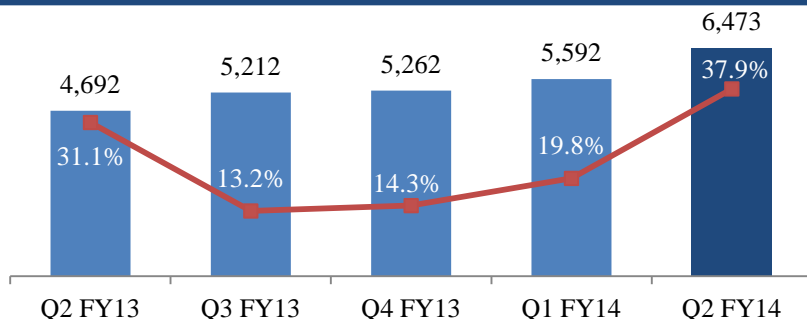


Annual EBITDA Trend (Rs. Million)



Financial Performance Summary

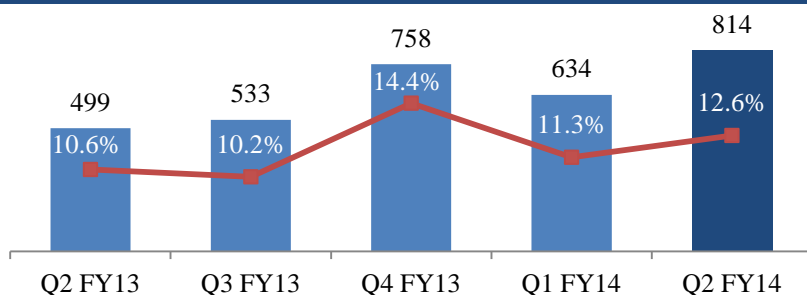
Revenue (Rs. Million) and Y-o-Y Growth (%)



Q2 FY2014

- Revenue growth driven by robust volume growth from existing customers and addition of new clients
- Almost all the geographic operations contributed to the growth

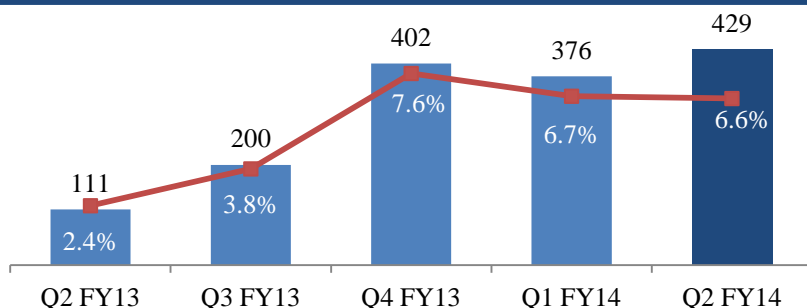
EBITDA (Rs. Million) and Margin (%)



Q2 FY2014

- Improvement in EBITDA was driven by strong organic growth resulting in optimal capacity utilization levels
- Ongoing assessment of profitability and corrective measures undertaken across clients have resulted in better margins

PAT (Rs. Million) and Margin (%)



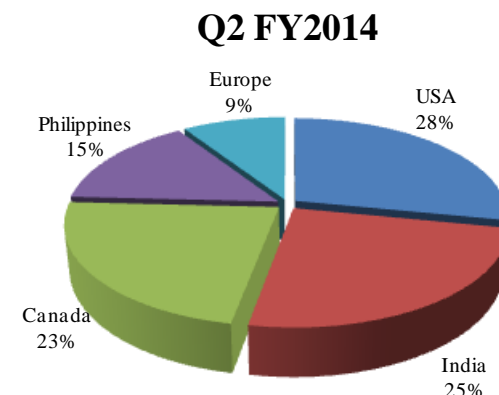
Q2 FY2014

- Lower interest expenses as a result of repayment of debt and lower working capital requirement due to better utilization. This has resulted in improved profitability and margins

Key Metrics

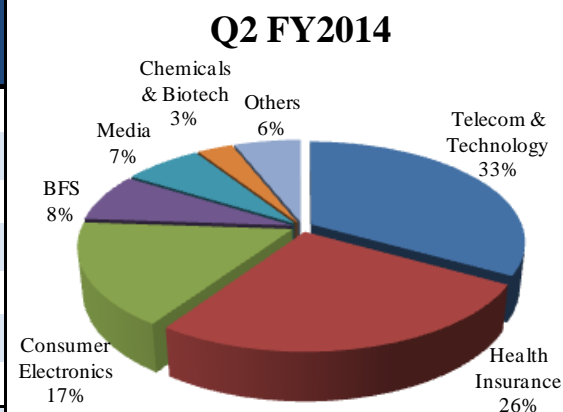
Revenue by Delivery Centers

(Rs. Million)	Q2		y-o-y	Q1	
	FY2014	FY2013	Growth (%)	FY2014	q-o-q Growth (%)
USA1	1,819	1,303	39.7%	1,527	19.2%
India	1,607	1,239	29.7%	1,450	10.8%
Canada	1,480	900	64.6%	1,208	22.5%
Philippines	968	681	42.1%	852	13.6%
Europe	598	570	5.0%	555	7.7%
Total	6,473	4,692	37.9%	5,592	15.8%



Revenue by Vertical

(Rs. Million)	Q2		y-o-y	Q1	
	FY2014	FY2013	Growth (%)	FY2013	q-o-q Growth (%)
Telecom & Technology	2,155	1,491	44.5%	1,801	19.7%
Health Insurance	1,715	1,102	55.6%	1,561	9.9%
Consumer Electronics	1,080	810	33.4%	867	24.6%
BFS	504	398	26.6%	458	10.0%
Media	456	334	36.3%	394	15.7%
Chemicals & Biotech	208	171	21.2%	178	16.8%
Others	355	385	(7.8)%	333	6.6%
Total	6,473	4,692	37.9%	5,592	15.8%



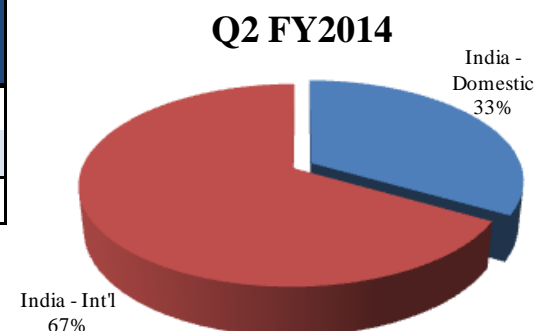
Note(s):

- For Q1 FY2014 and Q4 FY2013 USA includes revenue contribution from Jamaica delivery center

Key Metrics

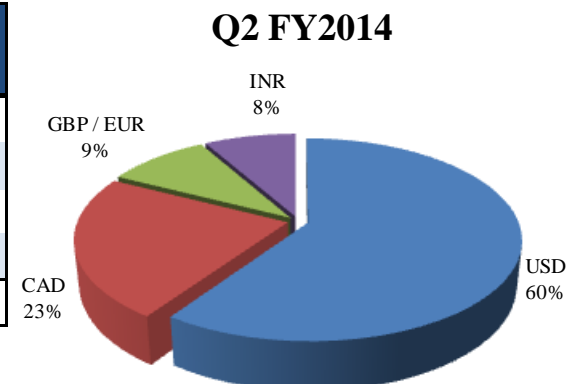
India Based Exposure

(Rs. Million)	Q2		y-o-y	Q1	
	FY2014	FY2013	Growth (%)	FY2013	q-o-q Growth (%)
India - Domestic ¹	535	492	8.6%	483	10.6%
India - International	1,072	747	43.6%	967	10.9%
Total India	1,607	1,239	29.7%	1,450	10.8%



Revenue by Currency Exposure

(Rs. Million)	Q2		y-o-y	Q1	
	FY2014	FY2013	Growth (%)	FY2013	q-o-q Growth (%)
USD	3,859	2,731	41.3%	3,345	15.4%
CAD	1,480	900	64.6%	1,208	22.5%
GBP / EUR	598	570	5.0%	555	7.7%
INR	535	492	8.6%	483	10.6%
Total	6,473	4,692	37.9%	5,592	15.8%

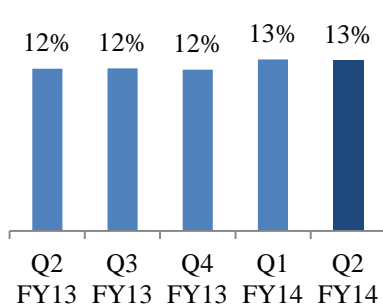


Note(s):

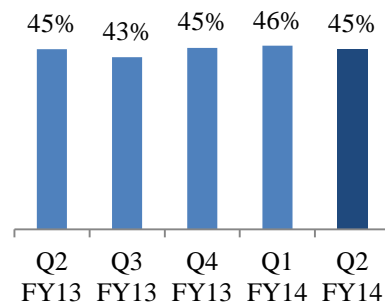
1. Includes revenues from HGS Business Services

Key Metrics

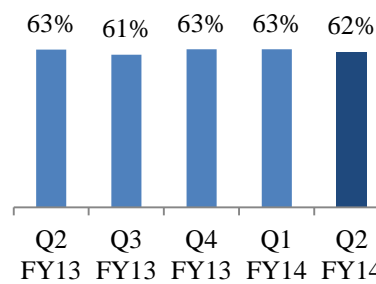
Key Client Metrics



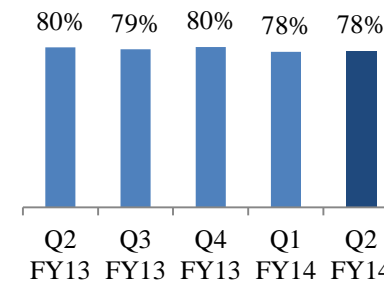
Top Client (%)



Top 5 Clients (%)



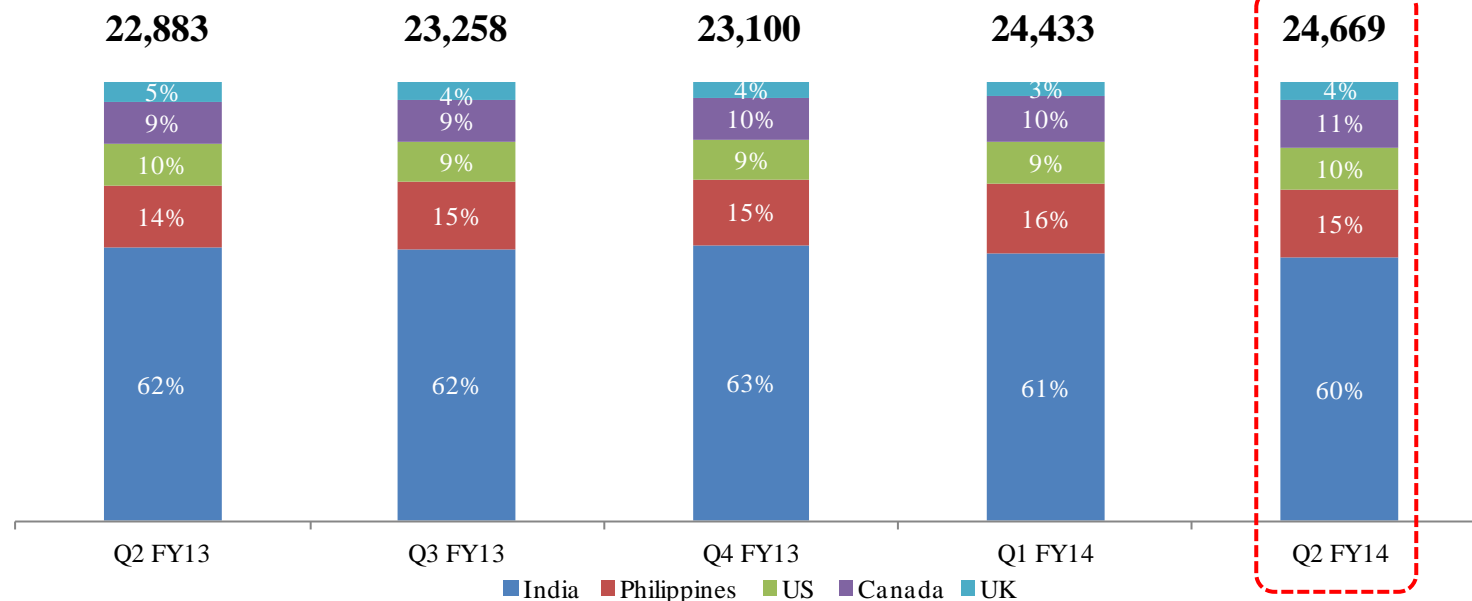
Top 10 Clients (%)



Top 20 Clients (%)

Client contributing revenues	Q2 FY13	Q3 FY13	Q4 FY13	Q1 FY14	Q2 FY14
> Rs. 200 million during the quarter	6	7	8	8	9
> Rs. 150 million during the quarter	7	9	9	9	10
> Rs.100 million during the quarter	11	12	12	12	16
> Rs.50 million during the quarter	20	20	20	21	23
> Rs.10 million during the quarter	50	53	51	51	52

Employee Trend by Geography



Commentary

- Increase in total number of employees was primarily due to commissioning of site at Barrie, Canada and Bangalore, India
- Total number of seats during the quarter stood at 24,827
 - An increase of 907 seats compared to Q1 FY2014

Leverage Profile

Conservative Leverage Profile

(Rs. Million)	30-Sep-13	30-Jun-13
Total Debt	6,110	5,561
Less: Cash & Treasury Surplus	5,700	5,477
Net Debt / (Net Cash)	410	84
Net Worth	14,364	13,314
Net Debt / EBITDA¹	0.14x	0.03x
Total Debt / Equity	0.43x	0.42x

Commentary

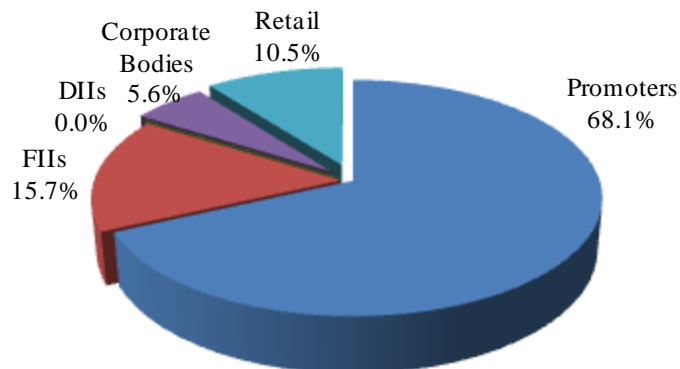
- Total debt includes foreign currency loans restated at higher exchange rates

Note(s):

1. H1 FY2014 EBITDA annualised for computing net debt / EBITDA as of 30-Sep-13 and Q1 FY2014 EBITDA annualised for computing net debt / EBITDA as of 30 Jun-13

Market Information

Shareholding Pattern



Market Data

Market Cap. (Rs. million) (8-Nov-13)	8,559
Outstanding Shares (Million)	20.6
Book Value /Share (Rs.) (30-Sep-13)	697.86
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Shareholders	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13
Promoters	68.1%	68.1%	68.1%	68.1%	68.1%
Foreign Institutional Investors (FIIs)	15.7%	15.6%	15.6%	15.7%	15.7%
Domestic Institutional Investors (DIIs)	3.1%	3.1%	3.1%	3.0%	0.0%
Corporate Bodies	4.6%	4.6%	4.5%	4.4%	5.6%
Retail	8.5%	8.6%	8.7%	8.8%	10.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Hinduja Global Solutions: At a Glance





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