

YOUR GLOCAL TRANSFORMATION PARTNER

RIGHT SHORE • ONE EXPERIENCE • COLLABORATIVE SOLUTIONS

Q2 FY2015 Earnings Presentation

November 12, 2014



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 FY2015 vs. Q2 FY2014

- Net Revenues increased by 8.5% to Rs. 7,021 million
- EBITDA of Rs. 810 million at a margin of 11.5%
- PAT of Rs. 385 million at a margin 5.5%
- As of September 30, 2014, the Company had Net Debt of Rs. 678 million and Net Worth of Rs. 15,221 million
- Declared second interim dividend of Rs. 5.00 per share

Management Commentary

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

“During the quarter, HGS posted revenue growth of around 8.5% on y-o-y basis in rupee terms and around 12% in constant exchange terms. Our EBITDA margin of 11.5% remained stable at the first quarter levels after absorbing substantial ramp-up costs related to the expansion of facilities in the Philippines.

Looking ahead, we see significant growth opportunities across our business. Healthcare vertical, in particular, is anticipated to be a major growth driver in the near term. Keeping in view the sales pipeline, we are confident that growth trajectory will be maintained.

I am also delighted to inform you that our Canadian operation won a Gold Stevie Award at the 11th Annual International Business Awards in the category of Customer Service Department of the Year. Two of our key client engagements in the UK and Europe region have also been ranked in the ‘Top 50 Companies for Customer Service’ list by the International Customer Management Institute. These recognitions encourage us to set new benchmarks in terms of customer service and satisfaction.”

Business Highlights

- The US operations continued its growth momentum across sectors. It received a new contract from a global consumer electronic company for the launch of an online self-help portal.
- Canadian operations experienced client expansion across sectors. It was awarded a new line of business from an existing telecom client for email support and network troubleshooting. HGS' Canada operation won a Gold Stevie Award at the 11th Annual International Business Awards in the category of 'Customer Service Department of the Year'.
- The UK and European operations' business development capability was strengthened with a senior level addition to the team. HGS added a new contract for multi-channel support from a leading FMCG company.
- The Philippines operation continues to experience strong demand from existing as well as new clients.
- India International business continued to perform well, primarily driven by the healthcare clients. It is expected to further benefit from start of the open enrolment season.
- India Domestic operation is expected to benefit from a new line of business from an existing telecom client.
- As of September 30, 2014, HGS had 143 active clients (excluding payroll processing clients).
- As of September 30, 2014, total headcount was 28,120, of which 60% were based in India, 19% in Philippines, 9% in the US, 9% in Canada and the remaining 3% in Europe.

Region	Operational Update / Strategic Initiatives
USA and Canada	<p>US:</p> <ul style="list-style-type: none"> Contract from a global consumer electronic company for the launch of an online self-help portal Jamaican facility received a contract from our largest healthcare client to deliver voice-based customer care support Continues to invest in sales and account management to strengthen client relationships <p>Canada:</p> <ul style="list-style-type: none"> New line of business from an existing telecom client for email support and network troubleshooting Expansion across all key clients, primarily in the telecom vertical Plans for expansion of existing facility to service increased volumes; ramp-up cost may impact margins in the near term Won a Gold Stevie Award at the 11th Annual International Business Awards in the category of 'Customer Service Department of the Year'
India	<p>International:</p> <ul style="list-style-type: none"> India International business continued to perform well, primarily driven by the healthcare clients; Expected to further benefit from start of the open enrolment season EBOS business continues to add clients but overall performance remained soft Strong sales pipeline to result in new client additions and will fructify from Q4 FY2015 <p>Domestic:</p> <ul style="list-style-type: none"> Continues to perform in line with management expectations Started a new line of business for an existing telecom client, based on FTE pricing Overall profitability expected to improve from Q4 FY2015

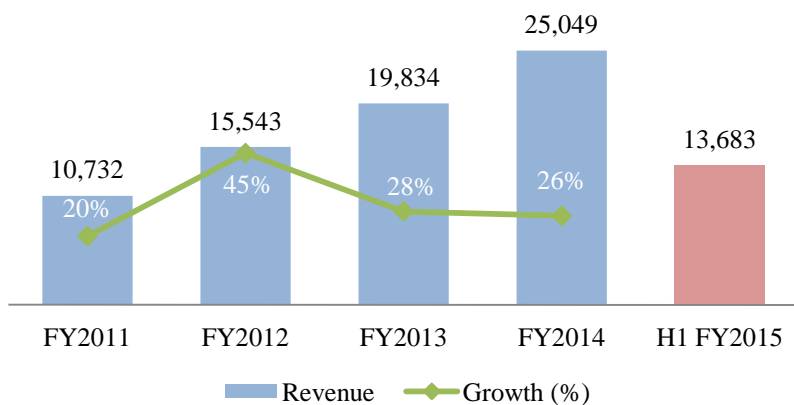
Region	Operational Update / Strategic Initiatives
Philippines	<ul style="list-style-type: none"> Started servicing a complete clinical process queue for one of the major healthcare clients; Hired 75 US registered nurses for clinical prior authorization work New line of business from an existing healthcare client resulting in addition of 100 FTEs Approval from an existing telecom client for additional 75 FTEs; HGS' operation in Iloilo was adjudged as client's top performing site Fourth site in Alabang to be operational by Q3 FY2015 to cater to the expansion of business from an existing healthcare client Based on the strong demand, primarily from the healthcare and telecom verticals, the Company is evaluating addition of two centers with around 900 seats
UK and Europe	<ul style="list-style-type: none"> Business development capability strengthened with an addition at senior level Expanded relationship with a key client in B2B domain New contract for multi-channel support from a leading FMCG company Some of our key client engagements have been ranked among 'Top 50 Companies for Customer Service' by the International Customer Management Institute Significant revenue growth expected in the second half of the year Continues to expand profitability; Investing in sales and marketing initiatives to enable and support growth

Financial Performance Summary

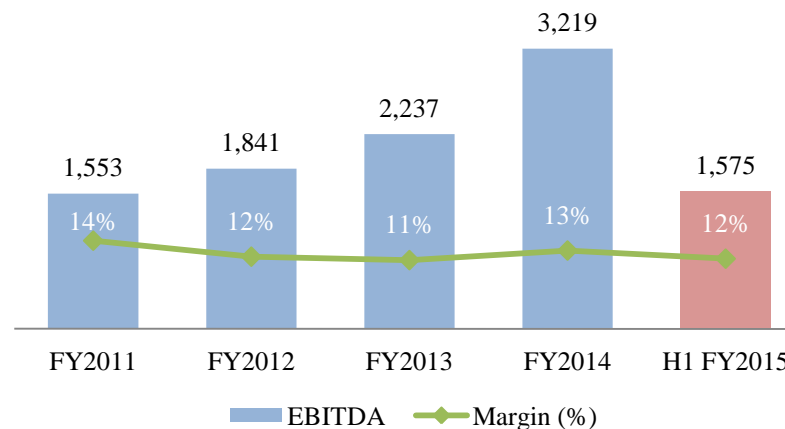
Consolidated Financial Highlights

(Rs. Million)	Q2		y-o-y	Q1		q-o-q	Six Months		y-o-y
	FY2015	FY2014	Growth (%)	FY2015	Growth (%)		FY2015	FY2014	Growth (%)
Net Sales	7,021	6,473	8.5%	6,662	5.4%		13,683	12,064	13.4%
EBITDA	810	814	(0.5)%	765	5.8%		1,575	1,448	8.8%
Margin (%)	11.5%	12.6%		11.5%			11.5%	12.0%	
Profit Before Tax (PBT)	519	583	(10.9)%	458	13.3%		978	1,115	(12.3)%
Margin (%)	7.4%	9.0%		6.9%			7.1%	9.2%	
Profit After Tax (PAT)	385	429	(10.5)%	325	18.3%		710	806	(11.9)%
Margin (%)	5.5%	6.6%		4.9%			5.2%	6.7%	
Basic EPS (Rs.)	18.65	20.85	(10.6)%	15.76	18.3%		34.41	39.12	(12.0)%

Annual Revenue Trend (Rs. Million)

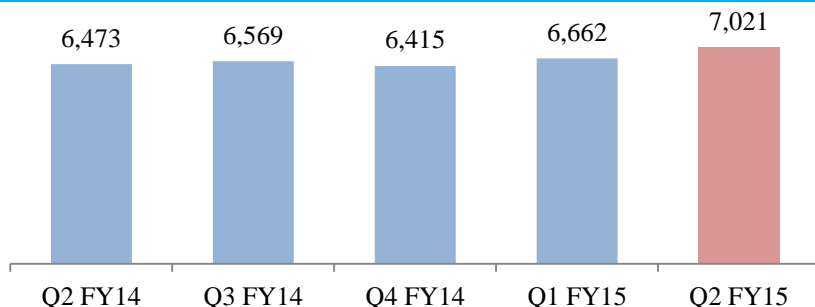


Annual EBITDA Trend (Rs. Million)



Financial Performance Summary

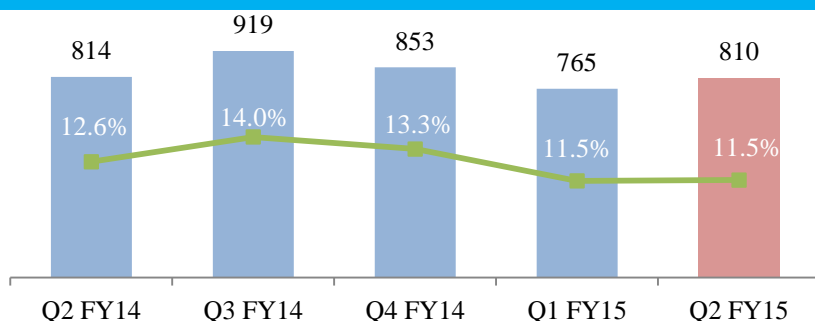
Revenue (Rs. Million) and Y-o-Y Growth (%)



Q2 FY2015

- Constant currency growth of 12% on y-o-y basis
- The growth for the quarter was offset to certain extent, around 3.5% by unfavorable foreign exchange variations

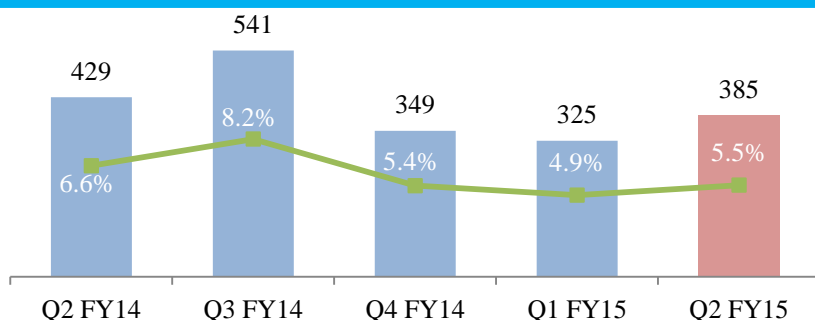
EBITDA (Rs. Million) and Margin (%)



Q2 FY2015

- EBITDA includes the impact of significant ramp-up cost pertaining to expansion of facilities in Philippines
- Also impacted by the start-up costs of the Middle East Operations

PAT (Rs. Million) and Margin (%)



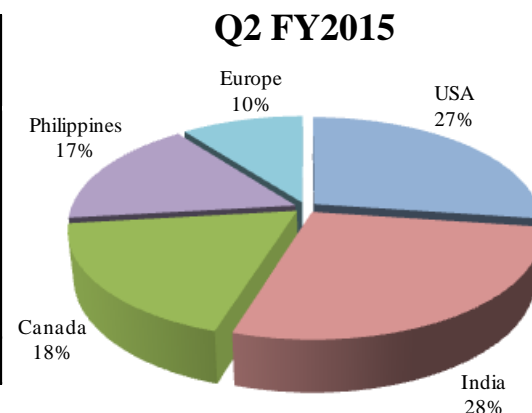
Q2 FY2015

- Includes the impact of decline in Other Income by Rs. 60 million
- Higher depreciation on account of implementation of the new Companies Act also impacted PAT

Key Metrics

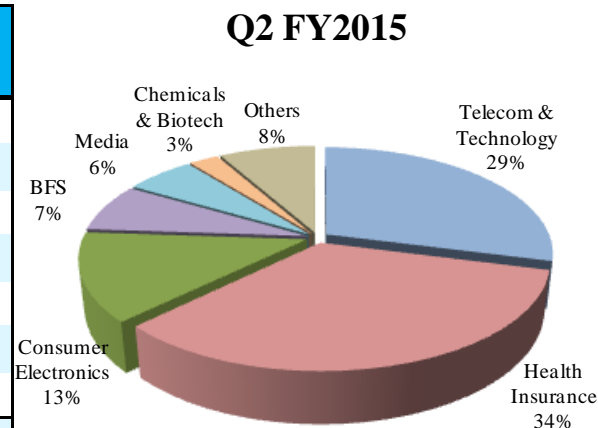
Revenue by Delivery Centers

(Rs. Million)	Q2		y-o-y	Q1	
	FY2015	FY2014	Growth (%)	FY2015	q-o-q Growth (%)
USA ¹	1,910	1,819	5.0%	1,830	4.4%
India	1,937	1,607	20.6%	1,749	10.8%
Canada	1,288	1,480	(13.0)%	1,249	3.1%
Philippines	1,159	968	19.7%	1,105	4.9%
Europe	727	598	21.5%	730	(0.3)%
Total	7,021	6,473	8.5%	6,662	5.4%



Revenue by Vertical

(Rs. Million)	Q2		y-o-y	Q1	
	FY2015	FY2014	Growth (%)	FY2015	q-o-q Growth (%)
Telecom & Technology	2,037	2,155	(5.5)%	1,960	3.9%
Health Insurance	2,370	1,715	38.2%	2,113	12.1%
Consumer Electronics	936	1,080	(13.4)%	974	(3.9)%
BFS	514	504	2.0%	535	(4.1)%
Media	412	456	(9.5)%	438	(5.9)%
Chemicals & Biotech	178	208	(14.5)%	175	1.8%
Others	575	355	61.9%	467	23.2%
Total	7,021	6,473	8.5%	6,662	5.4%



Note(s):

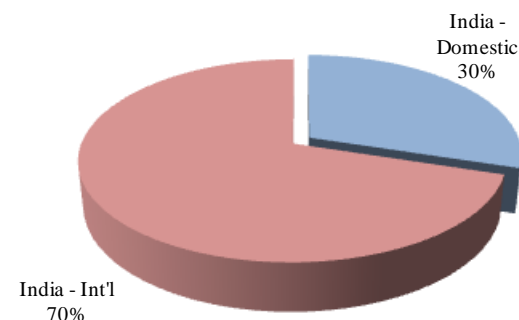
1. USA includes revenue contribution from Jamaica delivery center

Key Metrics

India Based Exposure

(Rs. Million)	Q2		y-o-y	Q1		q-o-q
	FY2015	FY2014	Growth (%)	FY2015	FY2014	Growth (%)
India - Domestic ¹	578	535	8.2%	555	535	4.1%
India - International	1,359	1,072	26.7%	1,193	1,072	13.9%
Total India	1,937	1,607	20.6%	1,749	1,607	10.8%

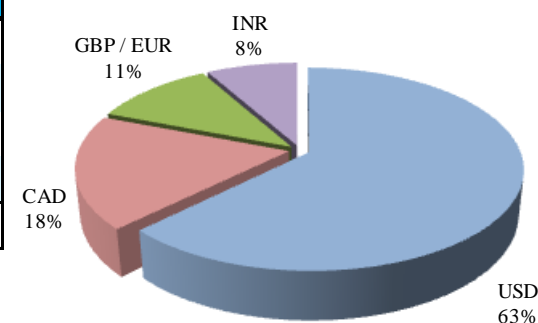
Q2 FY2015



Revenue by Currency Exposure

(Rs. Million)	Q2		y-o-y	Q1		q-o-q
	FY2015	FY2014	Growth (%)	FY2015	FY2014	Growth (%)
USD	4,428	3,859	14.7%	4,128	3,859	7.3%
CAD	1,288	1,480	(13.0)%	1,249	1,480	3.1%
GBP / EUR	727	598	21.5%	730	598	(0.3)%
INR	578	535	8.2%	555	535	4.1%
Total	7,021	6,473	8.5%	6,662	6,473	5.4%

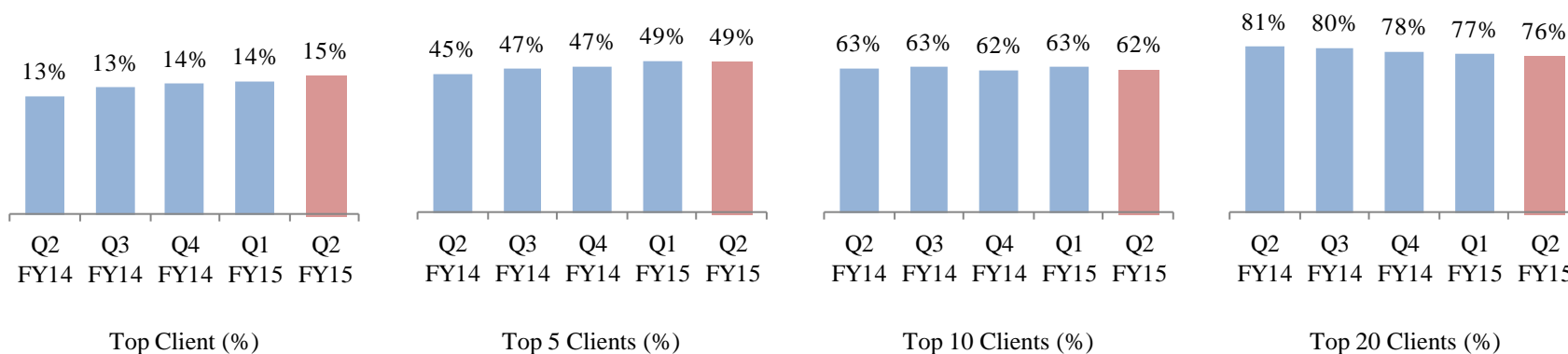
Q2 FY2015



Note(s):

1. Includes revenues from HGS Business Services

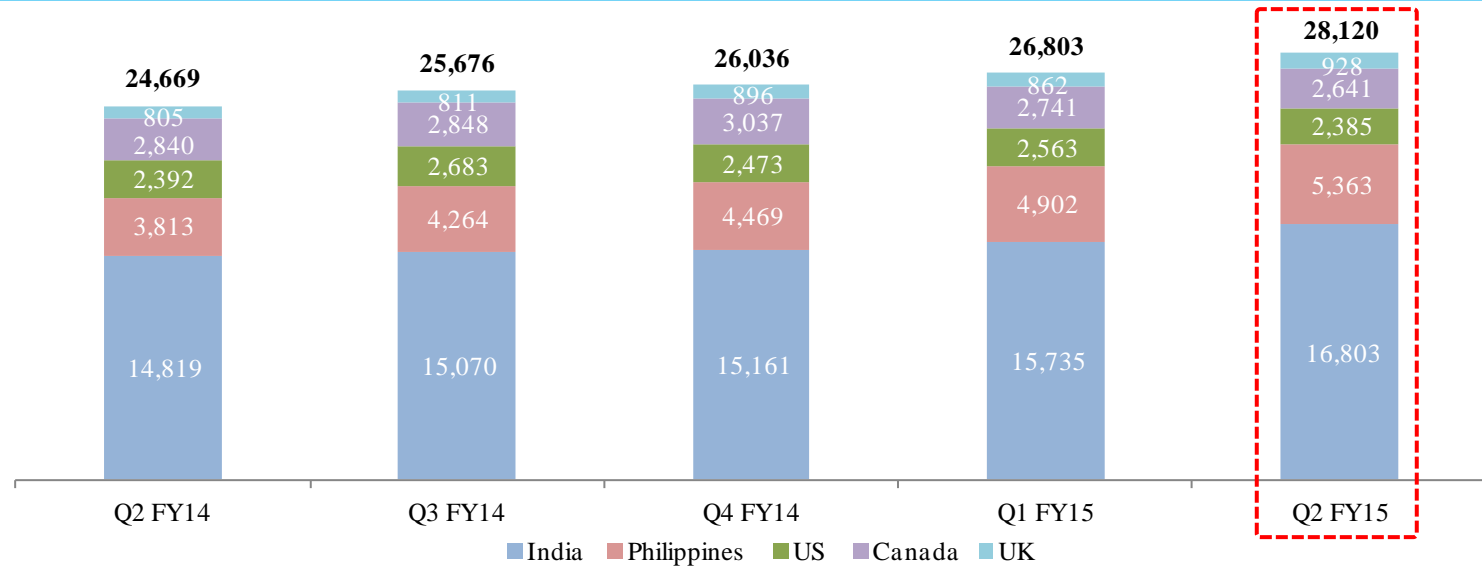
Key Client Metrics



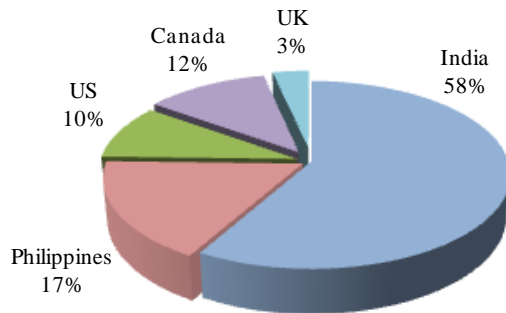
Client contributing revenues	Q2 FY14	Q3 FY14	Q4 FY14	Q1 FY15	Q2 FY15
> Rs. 200 million during the quarter	9	8	7	7	7
> Rs. 150 million during the quarter	10	10	11	9	11
> Rs.100 million during the quarter	16	15	16	14	15
> Rs.50 million during the quarter	23	26	29	25	25
> Rs.10 million during the quarter	52	54	59	57	60

Key Metrics

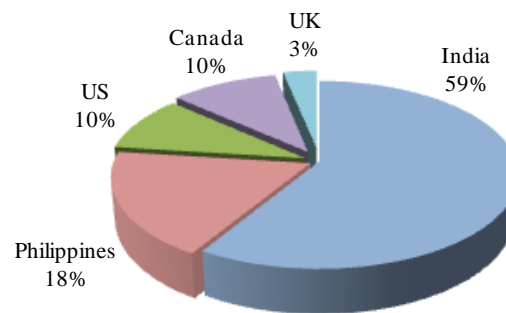
Employee Trend by Geography



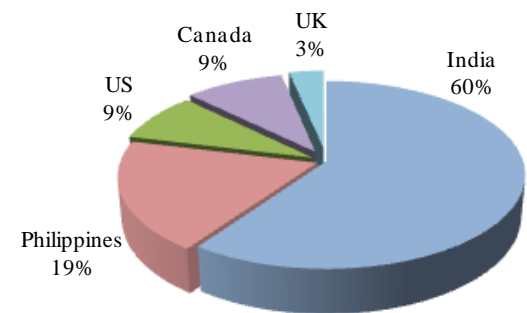
Q4 FY2014



Q1 FY2015



Q2 FY2015



Leverage Profile

Conservative Leverage Profile

(Rs. Million)	30-Sep-14	30-Jun-14
Total Debt	6,457	5,799
Less: Cash & Treasury Surplus	5,779	5,555
Net Debt / (Net Cash)	678	244
Net Worth	15,221	14,938
Net Debt / EBITDA¹	0.20x	0.07x
Total Debt / Equity	0.42x	0.39x

Note(s):

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

Summary Unaudited Balance Sheet

(Rs. Million)	30-Sep-14	30-Jun-14
Shareholder's Funds	15,221	14,938
Total Debt	6,457	5,799
Other Current and Non Current Liabilities	3,026	3,371
Total Equity and Liabilities	24,704	24,108
Net Fixed Assets and Intangibles	10,956	10,806
Other Non Current Assets	1,814	1,514
Total Non Current Assets	12,770	12,320
Trade Receivables and Other Current Assets	6,155	6,233
Cash and Treasury Surplus*	5,779	5,555
Total Current Assets	11,934	11,788
Total Assets	24,704	24,108

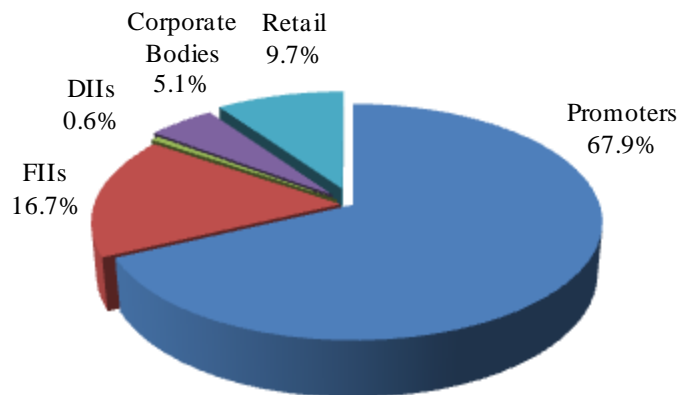
* Includes \$ 49.3 million of HGS International, Mauritius deposited with Bank of Baroda London

Summary Unaudited Cash Flow Statement



(Rs. Million)	Six Months Ended 30-Sep-14
Cash flow from Operations and after working capital changes	1,417
Cash Flow due to Capex	(768)
Cash Flow due other investing activities	(266)
Total Cash Flow from Investing Activities	(1,034)
Cash Flow from allotment to shares under ESOP Scheme	15
Proceeds/(Repayment) from/of Short-term borrowings	114
Cash from Interest payment and others	(572)
Total Cash Flow from Financing Activities	(443)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(60)
Cash and Treasury Surplus as on April 1, 2014	5,812
Adjustments for exchange rate variations	26
Cash and Treasury Surplus as on September 30, 2014	5,779

Shareholding Pattern



Market Data

Market Cap. (Rs. million) (12-Nov-14)	14,017
Outstanding Shares (Million)	20.7
Book Value /Share (Rs.) (30-Sep-14)	723
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Shareholders	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14
Promoters	68.1%	68.1%	68.1%	68.0%	67.9%
Foreign Institutional Investors (FIIs)	15.7%	15.7%	15.7%	16.1%	16.7%
Domestic Institutional Investors (DIIs)	0.0%	0.0%	0.0%	0.0%	0.6%
Corporate Bodies	5.6%	5.4%	4.9%	5.7%	5.1%
Retail	10.5%	10.7%	11.4%	10.1%	9.7%
Total Shares (Million)	20.59	20.59	20.62	20.62	20.65

Hinduja Global Solutions: At a Glance



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