



Q2 FY2016 Earnings Presentation

November 6, 2015

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

Consolidated Financial Highlights: Q2 FY2016

- Net Sales of Rs. 7,890 million, an increase of 12.4% y-o-y
- EBITDA of Rs. 807 million at 10.2% margin
- PAT of Rs. 269 million at 3.4% margin
- As of September 30, 2015, the Company had Net Debt of Rs. 2,591 million and Net Worth of Rs. 11,222 million
- The Board declared second interim dividend for FY2016 of Rs. 5 per share

Management Perspective

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

“HGS has recorded a revenue growth of 12.4% in Q2. In addition, increased capacity utilization and cost control measures initiated has led to significant improvement in EBITDA margins over Q1.

Healthcare continues to be the growth engine for the Company. Further, the Consumer & Public Sector verticals have shown good momentum with 3 new large contract wins in H1.

We are seeing traction in our investments in value added solutions such as platform-based tools, digital marketing services, analytics and consulting that are fundamentally changing how we interact with our clients end customers and drive efficiencies.”

Business Highlights

- HGS US showcased strong performance and business growth from existing clients and new client wins, Healthcare is the primary growth driver in this market. Colibrium, the acquisition done earlier this year, has signed up 150 FTEs for multiple clients.
- HGS Canada signed its first Public Sector client. The expected ramp up is 100 FTEs. It also received additional business worth 100 FTEs from a major Canadian Telecommunications company. The business experienced billing efficiencies across all clients. Benefits of all business initiatives expected to accrue in the coming quarters.
- HGS UK continues to grow on the back of two new large contract wins in the Consumer and Public Sector vertical. The Preston site has been expanded to support this growth. HGS UK remains focused on new business in the government, telecom and consumer goods verticals.
- HGS Philippines profitability improved driven by stabilization of investments and completion of ramp-up. Outlook is promising primarily due to higher volumes in the healthcare vertical driven by start of Open Enrollment Season.
- As Open Enrollment Season commences, the India International business is expected to perform well.
- India Domestic business revenues increased over Q1 on account of ramps in the Telecom sector. COLA (Cost of Living Adjustments) increases in some of the large accounts will benefit margins going forward. The Domestic business started operations for three new clients in E-commerce, Insurance and Healthcare sectors.

Business Highlights

- The acquisition of a significant part of Mphasis Group's BPM business in India concluded this quarter, with the smooth transition of clients and over 8,000 employees.
- The company signed 7 new logos in the quarter.
- As Healthcare moves to a B2C model, HGS is investing in solutions to enhance the customer experience. For a leading Healthcare Payer, HGS has implemented multiple automation projects which will yield cost saving in operational costs for the client.
- The Consulting Business has seen traction with our largest Healthcare Payer client, where the Sales Operations process was re-engineered, with an aim to deliver significant savings.
- The Company has also invested in HR Analytics to improvise the recruitment methodology.
- Digital Natural Assist (DNA), a new customer experience platform was launched to streamline customer service communications across all channels.
- As of September 30, 2015, HGS had 181 active clients (excluding payroll processing clients).
- As of September 30, 2015, contribution from Healthcare vertical is 41.8%, Telecom & Technology 25.3%, Consumer Electronics 14.8%, BFS 7.0%, Media 2.1%, Chemicals & Biotech 2.3% and 6.7% from other verticals.
- As of September 30, 2015, total headcount was 39,466. 68.5% in India, 16.4% in Philippines, 6.4% in the US, 6.2% in Canada and 2.5% in Europe.

Region	Highlights
USA and Canada	US: ▪ Experienced an excellent mix of new client wins as well as growth from existing clients ▪ Added new clients in consumer electronics, insurance and retail verticals ▪ Continues to experience robust traction from existing as well as new clients; has built a strong sales pipeline Canada: ▪ Billing efficiencies across all programs ▪ Additional business from existing telecom client and also added a client in public sector vertical ▪ Negotiations in progress for rate increase and additional volumes
UK and Europe	▪ Continues to build on its growth momentum ▪ Expanded the Preston site to support the growth of this operation ▪ Two large clients in Government and Consumer verticals are expected to start from Q3 FY2015 ▪ Sales pipeline remains robust with focus on new clients primarily in the government, telecom and consumer goods verticals

Region	Highlights
Philippines	▪ Stabilization of investments and completion of ramp-up improved profitability ▪ Received two new lines of businesses from two of existing healthcare clients ▪ Also received new business from a consumer electronics products client ▪ Promising outlook primarily due to higher volumes in the healthcare vertical driven by start of Open Enrollment Season
India	International: ▪ The operation met budgeted revenue and profitability marginally exceeded expectations ▪ Volumes from certain healthcare clients remained soft due to business slowdown ▪ However, volumes from other healthcare and EBOS clients compensated the shortfall ▪ EBOS business continues to generate strong traction from clients across verticals Domestic: ▪ Performed in line with expectations with increase in volumes driven by ramp-up of some of the centers ▪ Profitability remained under pressure due to recruitment and ramp-up of three new clients ▪ Received price increase from existing clients; benefits expected to accrue in coming quarter

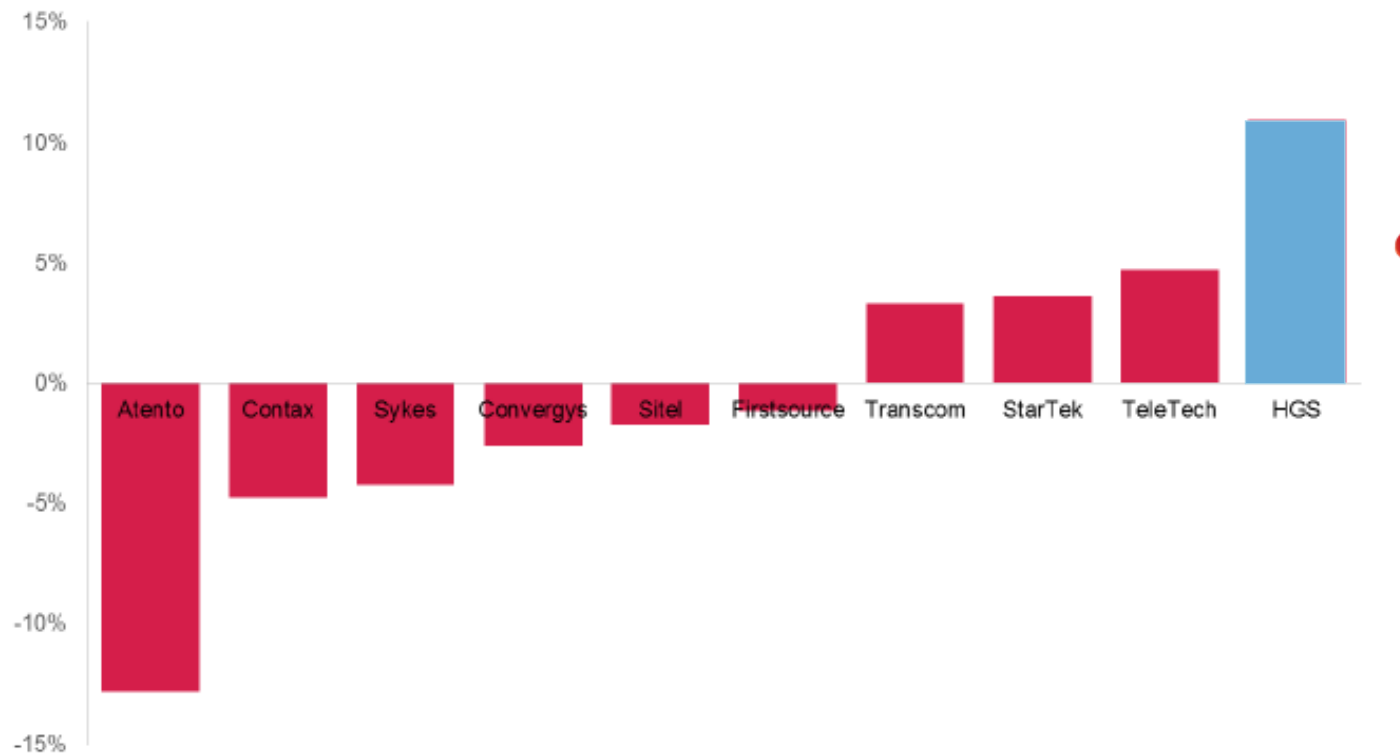
Recognition from Analyst and Advisor community

- HfS Research has named HGS to the Winners Circle in the Healthcare Payer Operations Blueprint, 2015
- HGS continues to share mindshare with Everest Research: Was named a Major Contender in their CCO PEAK Matrix, 2015 and included in the CCO Service Provider Compendium, 2015.
- HGS has been included in a few recent Frost & Sullivan reports including:
 - Frost & Sullivan 2015 Europe Contact Center Outsourcing Buyer's Guide: Negotiating a Changing Landscape
 - BPO Enabling Technology Part II Radically Transforming Client Partnerships, 2015
 - 2015 North American Mergers & Acquisitions Update: Contact Center Outsourcing Growth at Warp Speed



HGS recognized by Industry Analysts for leading revenue growth in Q2

Outsourcer reported revenue change, Q2 '15 vs. Q2 '14



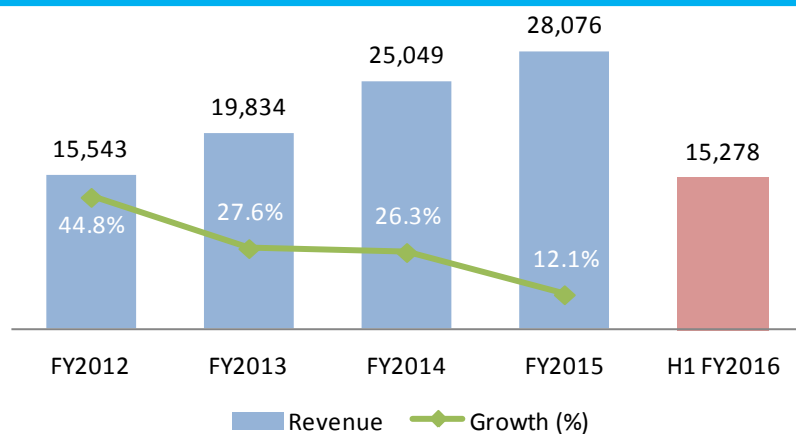
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Financial Performance Summary

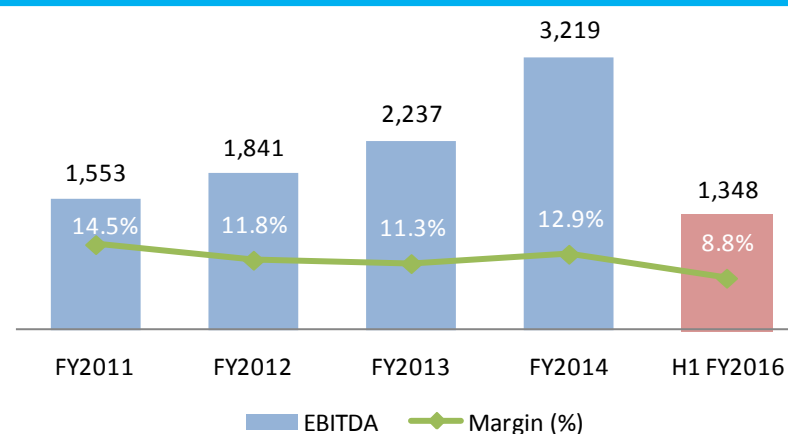
Consolidated Financial Highlights

(Rs. Million)	Q2		y-o-y	Q1		H1		y-o-y
	FY2016	FY2015	Growth (%)	FY2016	Growth (%)	FY2016	FY2015	Growth (%)
Net Sales	7,890	7,021	12.4%	7,388	6.8%	15,278	13,683	11.7%
EBITDA	807	810	(0.4)%	541	49.1%	1,348	1,575	(14.4)%
Margin (%)	10.2%	11.5%		7.3%		8.8%	11.5%	
Profit Before Tax (PBT)	420	519	(19.2)%	251	67.3%	671	978	(31.4)%
Margin (%)	5.3%	7.4%		3.4%		4.4%	7.1%	
Profit After Tax (PAT)	269	385	(30.0)%	162	66.5%	431	710	(39.3)%
Margin (%)	3.4%	5.5%		2.2%		2.8%	5.2%	
Basic EPS (Rs.)	12.99	18.65	(30.4)%	7.80	66.4%	20.79	34.41	(39.6)%

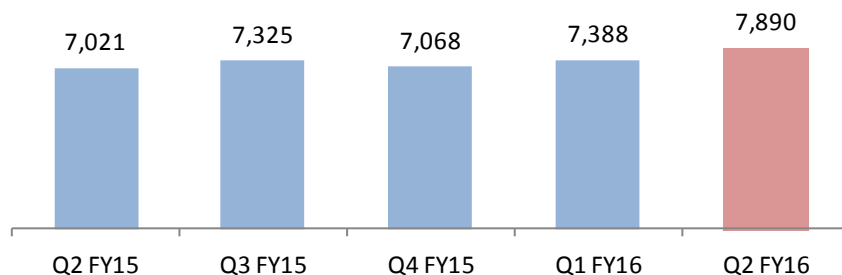
Annual Revenue Trend (Rs. Million)



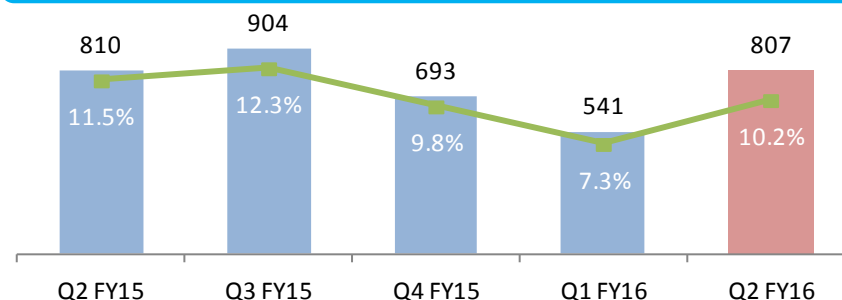
Annual EBITDA Trend (Rs. Million)



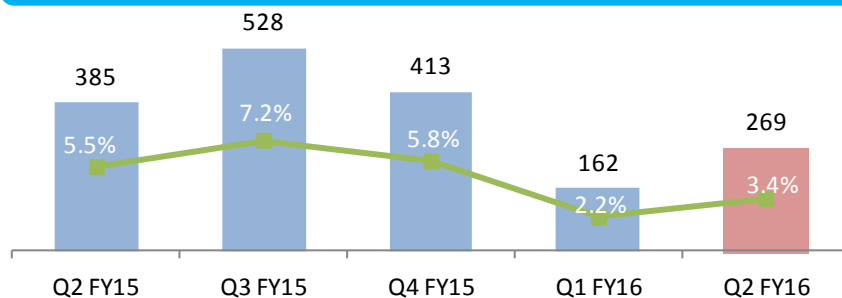
Revenue (Rs. Million) and Y-o-Y Growth (%)



EBITDA (Rs. Million) and Margin (%)



PAT (Rs. Million) and Margin (%)

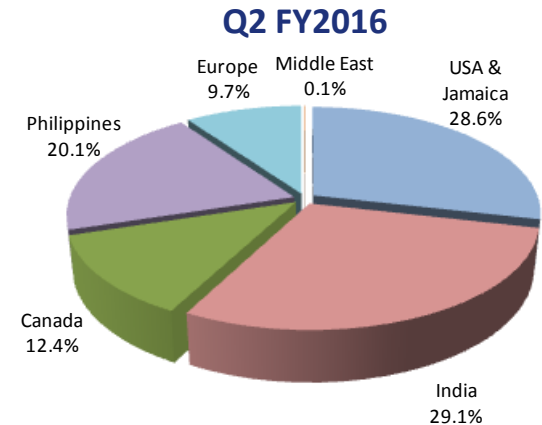


Y-o-Y Highlights

- Revenue growth on like to like basis was driven by improvement in volume across all key geographies, except Canada
- Of the total growth of 12.4%, 5.0% was organic, 5.3% inorganic and remaining 2.1% due to exchange rate variation
- EBITDA remained relatively flat compared to same period last year
- EBITDA for the quarter was impacted due to under performance by HGS Canada
- PAT for the quarter was impacted due to lower operating profit coupled with higher tax incidence

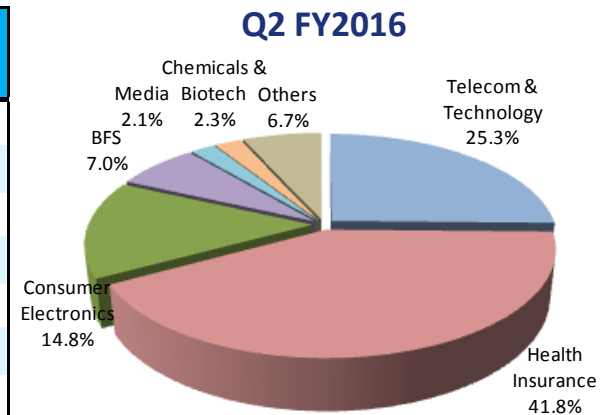
Revenue by Delivery Centers

(Rs. Million)	Q2		y-o-y	Q1	
	FY2016	FY2015	Growth (%)	FY2016	q-o-q Growth (%)
USA & Jamaica	2,256	1,910	18.1%	2,190	3.0%
India	2,298	1,937	18.6%	1,931	19.0%
Canada	979	1,288	(24.0)%	1,087	(9.9)%
Philippines	1,584	1,159	36.7%	1,399	13.2%
Europe	768	727	5.7%	763	0.7%
Middle East	5	na	n/a	18	(71.0)%
Total	7,890	7,021	12.4%	7,388	6.8%



Revenue by Vertical

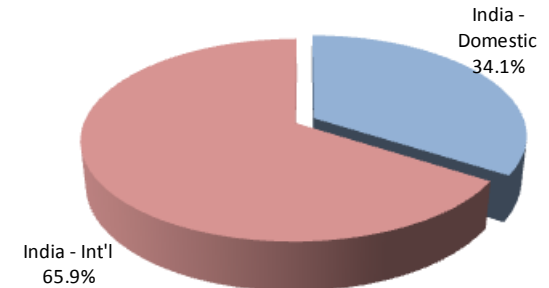
(Rs. Million)	Q2		y-o-y	Q1	
	FY2016	FY2015	Growth (%)	FY2016	q-o-q Growth (%)
Telecom & Technology	1,995	2,037	(2.0)%	1,829	9.1%
Health Insurance	3,297	2,370	39.2%	3,023	9.1%
Consumer Electronics	1,164	936	24.4%	993	17.2%
BFS	553	514	7.7%	502	10.3%
Media	167	412	(59.4)%	340	(50.8)%
Chemicals & Biotech	182	178	2.3%	184	(1.2)%
Others	531	575	(7.7)%	517	2.8%
Total	7,890	7,021	12.4%	7,388	6.8%



India Based Exposure

(Rs. Million)	Q2		y-o-y	Q1	
	FY2016	FY2015	Growth (%)	FY2016	q-o-q Growth (%)
India - Domestic ¹	783	578	35.4%	576	35.8%
India - International	1,515	1,359	11.5%	1,355	11.8%
Total India	2,298	1,937	18.6%	1,931	19.0%

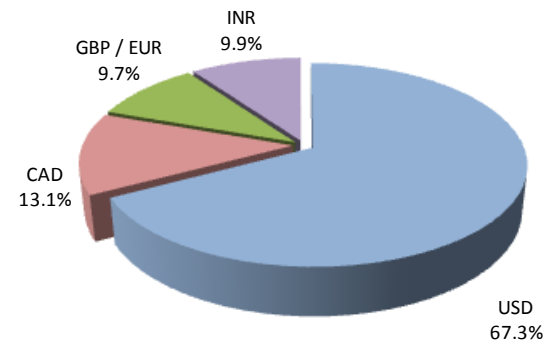
Q2 FY2016



Revenue by Currency Exposure

(Rs. Million)	Q2		y-o-y	Q1	
	FY2016	FY2015	Growth (%)	FY2016	q-o-q Growth (%)
USD	5,307	4,428	19.9%	4,902	8.3%
CAD	1,032	1,288	(19.9)%	1,147	(10.0)%
GBP / EUR	768	727	5.7%	763	0.7%
INR	783	578	35.4%	576	35.8%
Total	7,890	7,021	12.4%	7,388	6.8%

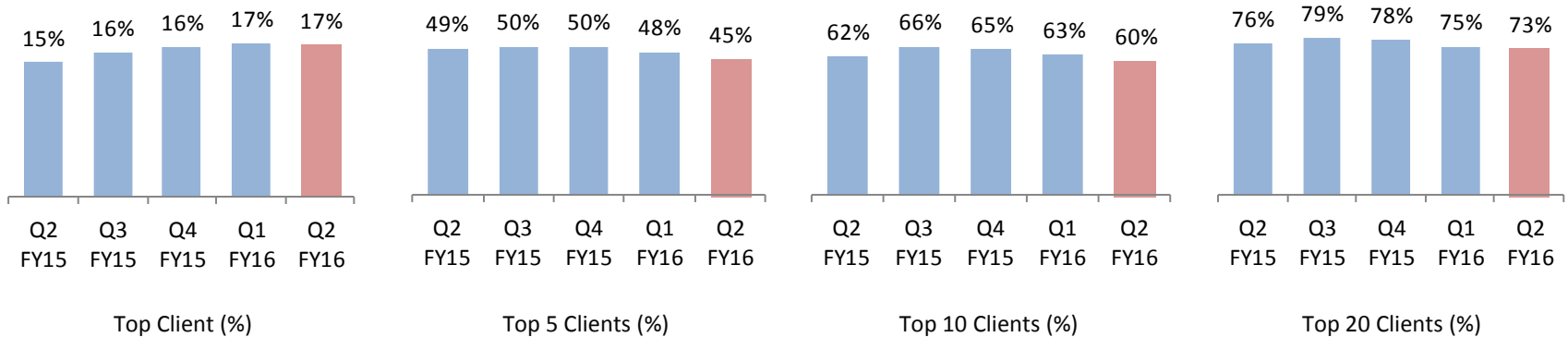
Q2 FY2016



Note(s):

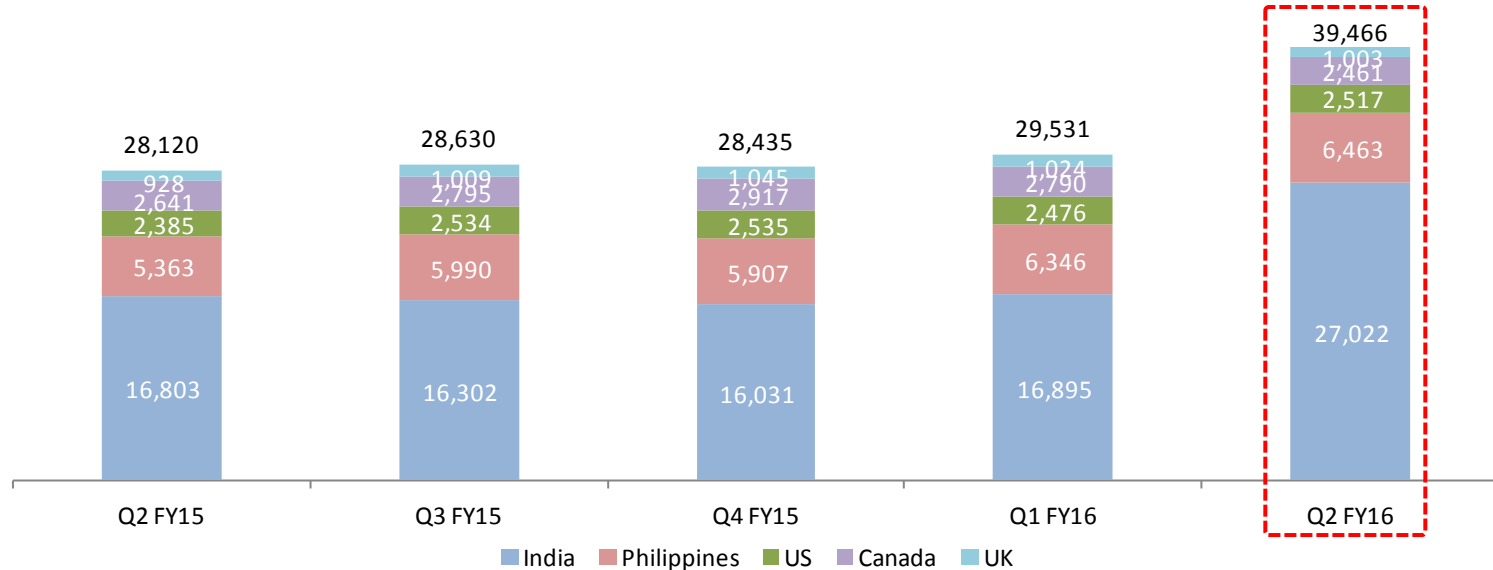
- Includes revenues from HGS Business Services

Key Client Metrics

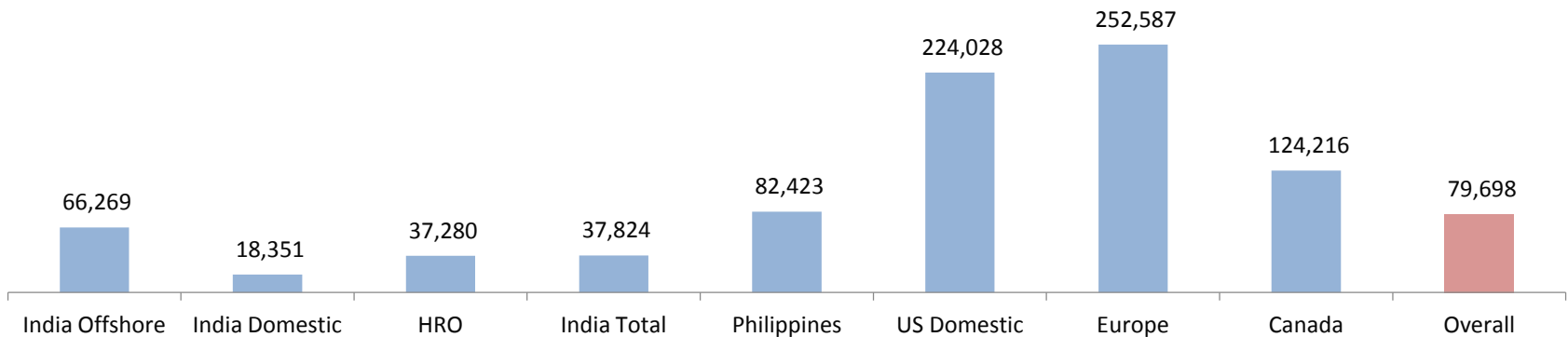


Client contributing revenues	Q2 FY15	Q3 FY15	Q4 FY15	Q1 FY16	Q2 FY16
> Rs. 200 million during the quarter	7	8	8	8	8
> Rs. 150 million during the quarter	11	9	12	10	10
> Rs.100 million during the quarter	15	13	16	13	16
> Rs.50 million during the quarter	25	27	28	27	29
> Rs.10 million during the quarter	60	56	60	59	59

Employee Trend by Geography



Average Monthly Revenue / Employee (Rs.)



Conservative Leverage Profile

(Rs. Million)	30-Sep-15	30-Jun-15
Total Debt	7,725	7,276
Less: Cash & Treasury Surplus	5,134	5,081
Net Debt / (Net Cash)	2,591	2,195
Net Worth	11,222	11,177
Net Debt / EBITDA¹	0.88x	0.74x
Total Debt / Equity	0.69x	0.65x

Note(s):

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

Summary Unaudited Balance Sheet

(Rs. Million)	30-Sep-15	30-Jun-15
Shareholder's Funds	11,222	11,177
Total Debt	7,725	7,276
Other Current and Non Current Liabilities	3,941	3,503
Total Equity and Liabilities	22,888	21,956
Net Fixed Assets and Intangibles	8,686	8,316
Other Non Current Assets	2,109	1,986
Total Non Current Assets	10,795	10,302
Trade Receivables and Other Current Assets	6,958	6,573
Cash and Treasury Surplus ¹	5,134	5,081
Total Current Assets	12,092	11,654
Total Assets	22,888	21,956

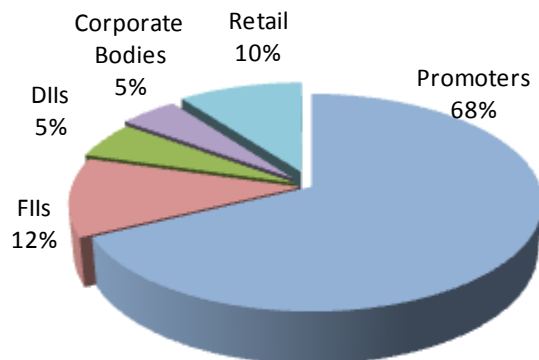
Notes:

1. Includes \$37 million of HGS International, Mauritius deposited with Bank of Baroda London

Summary Unaudited Cash Flow Statement

(Rs. Million)	Six Months Ended 30-Sep-15
Cash flow from Operations and after working capital changes	652
Cash Flow due to Capex (net)	(920)
Consideration paid for acquisition of business	(84)
Cash Flow due other investing activities	214
Total Cash Flow from Investing Activities	(790)
Proceeds from Share allotment under Employee Stock Option Schemes	2
Proceeds/(Repayment) from Borrowings	1,271
Cash from Interest payment and others	(337)
Total Cash Flow from Financing Activities	936
Net Increase/ (Decrease) in Cash and Cash Equivalents	798
Cash and Treasury Surplus as on April 1, 2015	4,336
Cash and Treasury Surplus as on September 30, 2015	5,134

Shareholding Pattern



Market Data

Market Cap. (Rs. million) (6-Nov-15)	9,764
Outstanding Shares (Million)	20.7
Book Value /Share (Rs.) (30-Sep-15)	541.5
Bloomberg Ticker	HGSL:IN
Reuters Ticker	HGSL.BO
BSE Ticker	532859
NSE Ticker	HGS

Shareholders	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Promoters	67.9%	67.8%	67.7%	67.7%	67.7%
Foreign Institutional Investors (FIIs)	16.7%	12.0%	12.0%	11.7%	13.4%
Domestic Institutional Investors (DIIs)	0.6%	5.0%	5.0%	5.5%	3.4%
Corporate Bodies	5.1%	4.8%	5.1%	4.8%	3.2%
Retail	9.7%	10.4%	10.2%	10.3%	12.3%
Total Shares (Million)	20.65	20.68	20.72	20.72	20.73

Thank You

For further information please contact:

Srinivas Palakodeti

Chief Financial Officer

Email: pala@teamhgs.com

Tel: +91 80 2573 2620

Bijay Sharma

Churchgate Partners

Email: HGS@churchgatepartnersindia.com

Tel: +91 22 6169 5988