



Investor Presentation

November 17, 2016

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 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.



HGS Overview



HISTORY

- Part of the Hinduja Group, in the BPM business since 2000
- Erstwhile HTMT, IT & BPM business demerged October 1, 2006
- Rebranded as HGS in 2008

SNAPSHOT

- FY 17 H1 Revenues – INR **18,147 mn** (US **\$271.3 mn**)
- FY 17 H1 EBITDA – INR **2,031 mn** (US **\$30.4 mn**)
- **66** Worldwide Centers
- **43,500 +** employees (as on 30th Sept 2016)
- **185** active clients for the BPM business
(additionally over 607 clients for HRO Business)

VALUE PROPOSITION

- Fastest growing company in the peer group - CAGR of **25%** over last 5 years
- Strong balance sheet with low Debt/Equity ratio of **0.61x**
- Track record of dividends
- Positive Free cash flow

Almost all HGS day to day activities relate to consumer transactions and interactions

Healthcare/ Insurance



- **58** Million transactions, **10** Million calls, **2.7** Million emails per annum
- Annual claim payout of **\$11.5** billion USD and **\$1.3** billion USD recoveries initiated for 4 of the Top 10 healthcare payers and several large hospitals/health systems in the US

Financial Services



- Only credit card issuer to win the **J.D. Power Award for customer experience 6 consecutive years** driven by HGS's best in class NPS customer service - supporting all aspects of consumer financial transactions
- Providing support to a large Public sector financial services company in UK for their operations

Telecommunications



- Providing extensive consumer support for land lines, wireless, satellite, IPTV, hi-speed internet – from supporting the consumer from the point of purchase to end of service
- HGS ranked as a **leader** by Nelson Hall in Customer management service for Telecommunication, Cable and Satellite.

Consumer Products



- Supporting many consumer electronics manufacturers and distributors from purchase to post-warranty servicing
- Multi-channel service over telephone, white-mail, email, text and social media for a CPG client
- Provides services in the area of automation analytics and channel management to enhance customer experience

Operational Excellence

- Only company in the world to have **eSCM – SP 4** certification across 3 geo's simultaneously
- Significant client tenure; with some clients of more than 3 decades!
- Strong client relationships – Around 94% of the revenues from the clients with tenure over 5 years

Domain Expertise

- Technology / Media / Telecom
- Healthcare, Insurance, BFS
- Consumer Electronics & Packaged Goods
- Other Verticals: Government, Publishing, Energy & Utilities, Transportation & Logistics

1

2

Easy to do Business

- The hallmark of our success has always been the flexibility and agility with which we approach our customer's dynamic needs, designing solutions to create long-term value
- Classified as a **“major contender”** in the BPM space by Everest Group¹

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Success at
HGS has
4 distinct
cornerstones

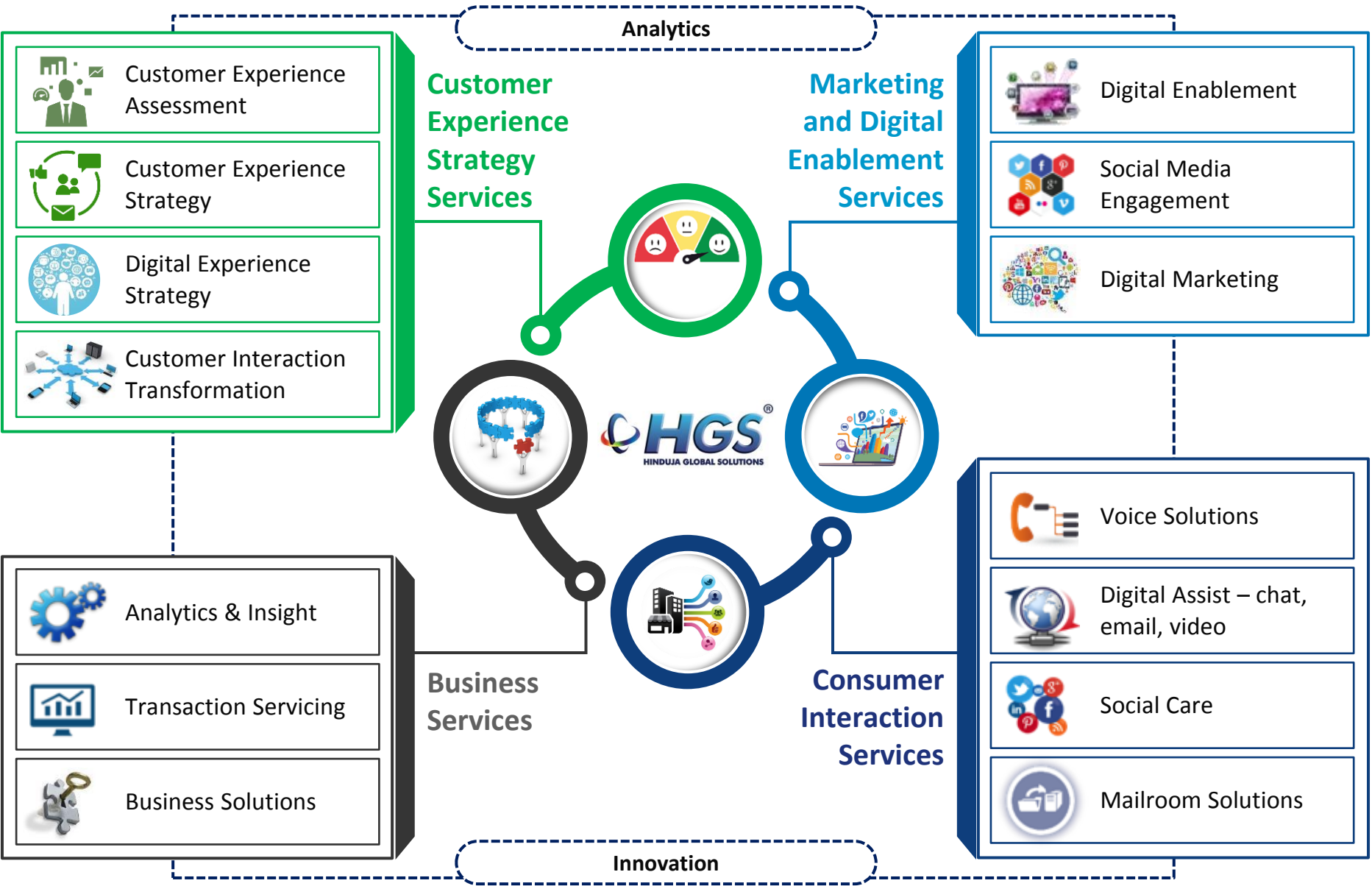
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Globally Local

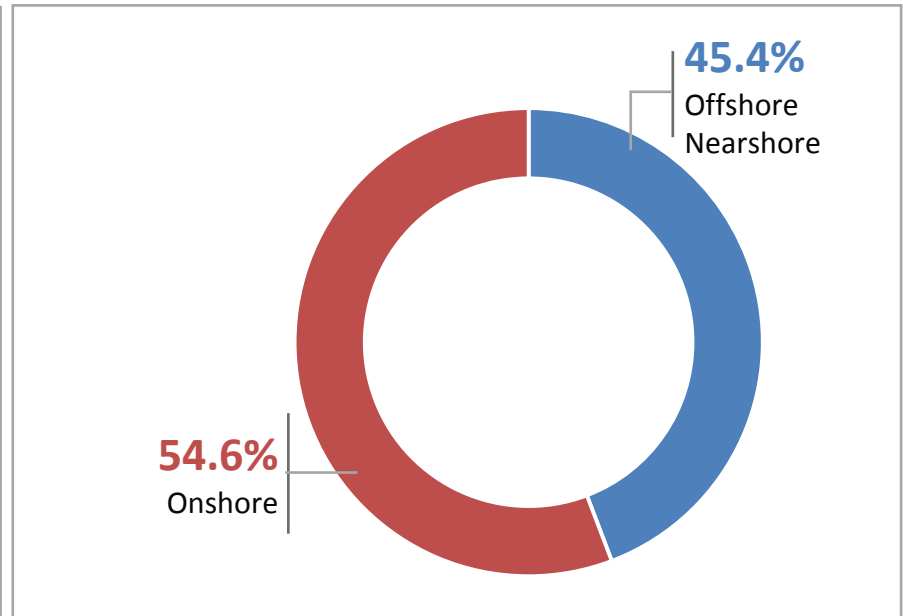
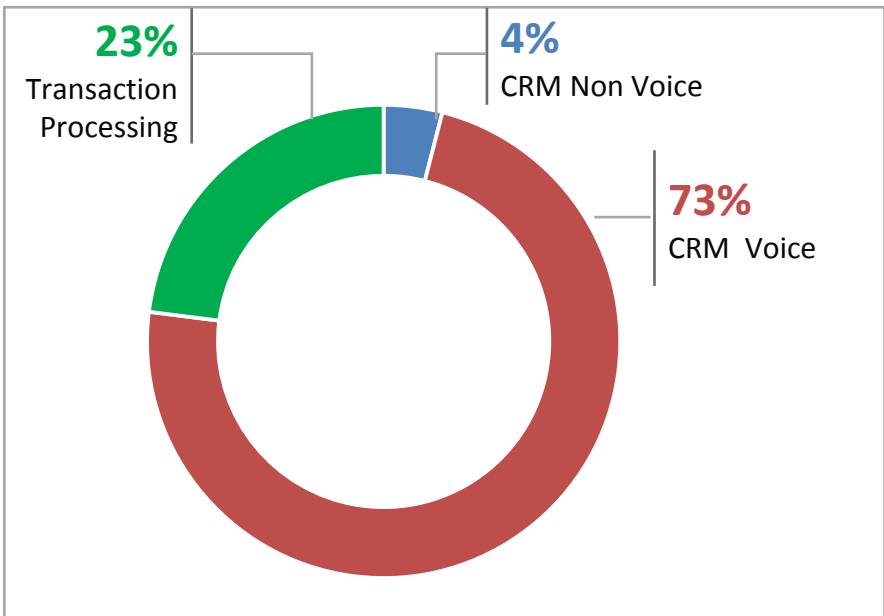
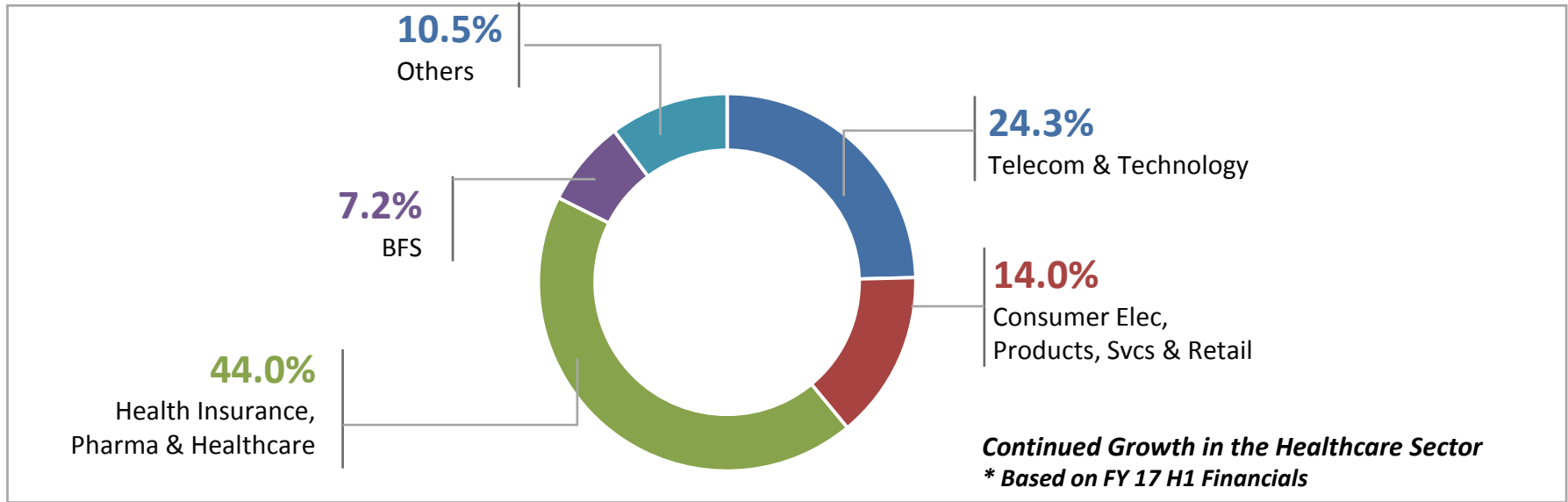
- Presence in India, USA, Canada, UK, Europe, Philippines, and Jamaica
- Philosophy of **“Right Sourcing”**: Getting the onshore-offshore mix right for round-the-clock productivity, shorter lead-times, faster response times and cost benefits to clients

¹ As per Everest Group's PEAK Matrix 2014 classification model

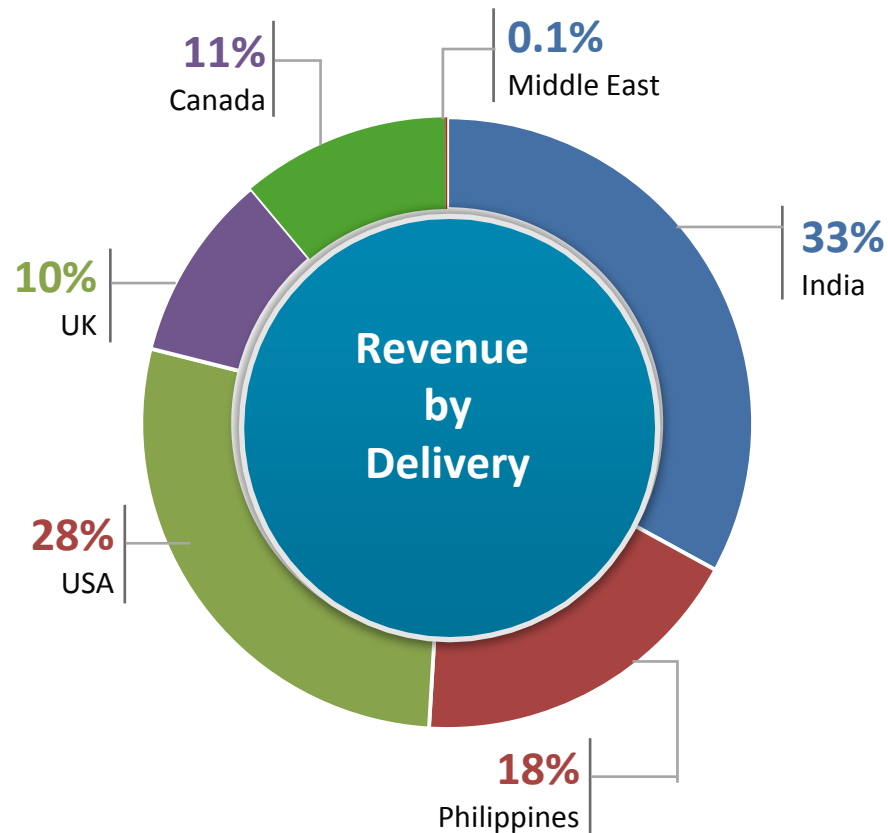
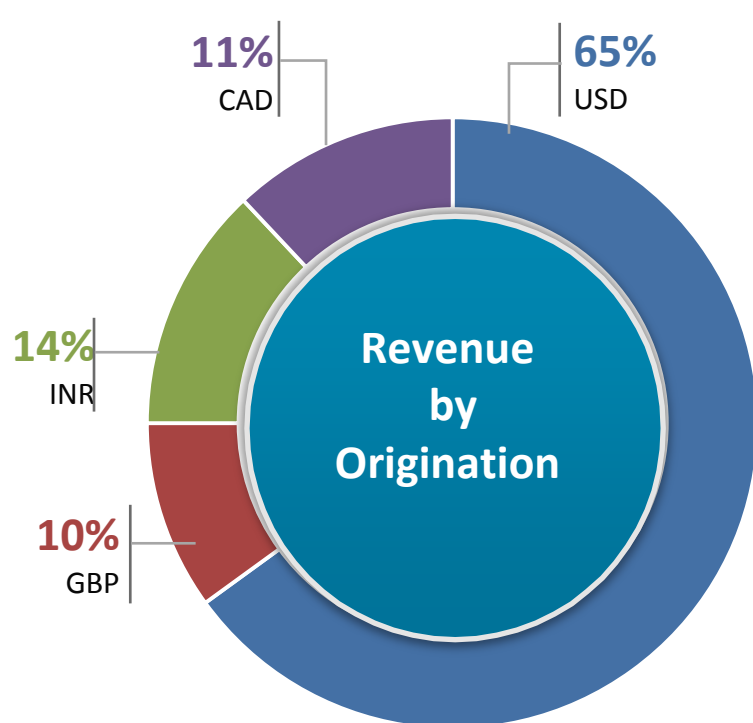
HGS Core Capabilities to Enable the Unified Customer Experience



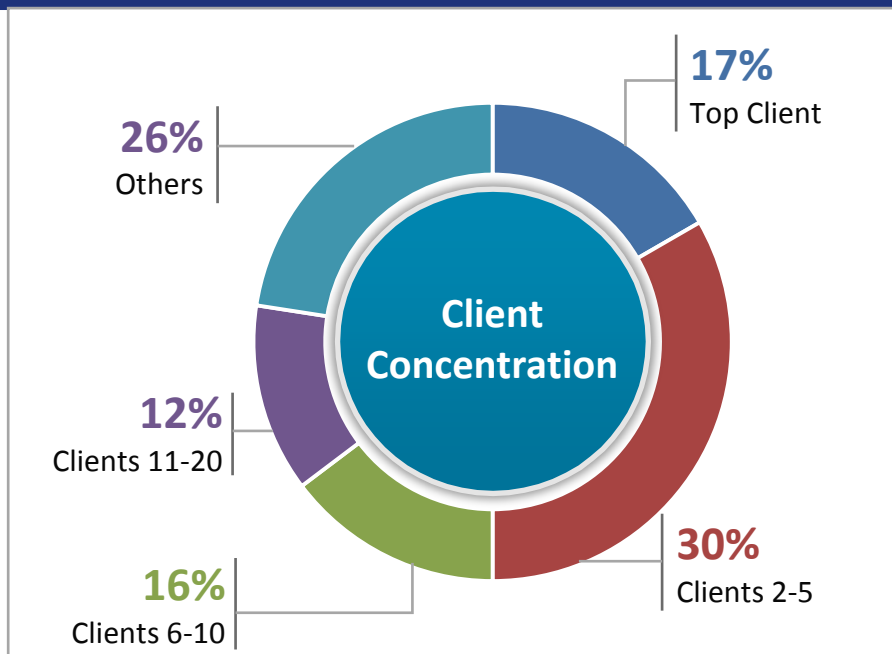
Revenue Composition



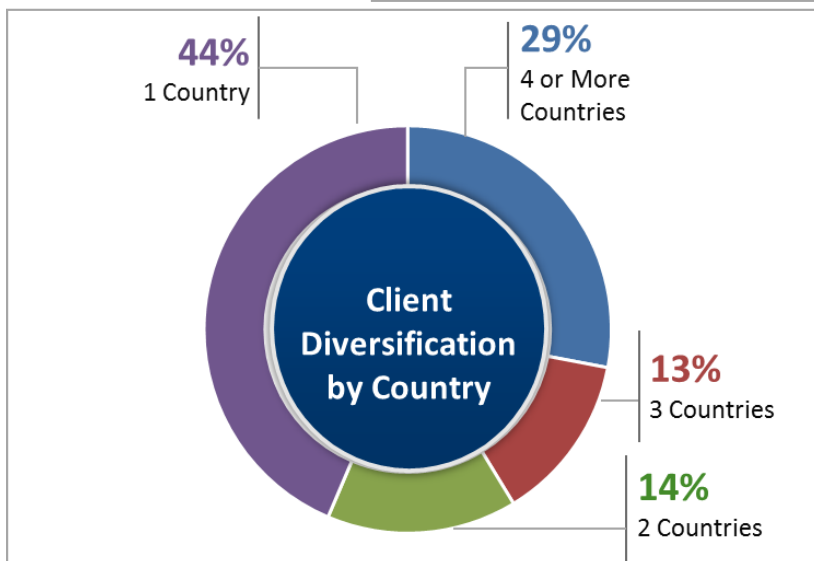
45% of revenues originated have offshore / near shore delivery



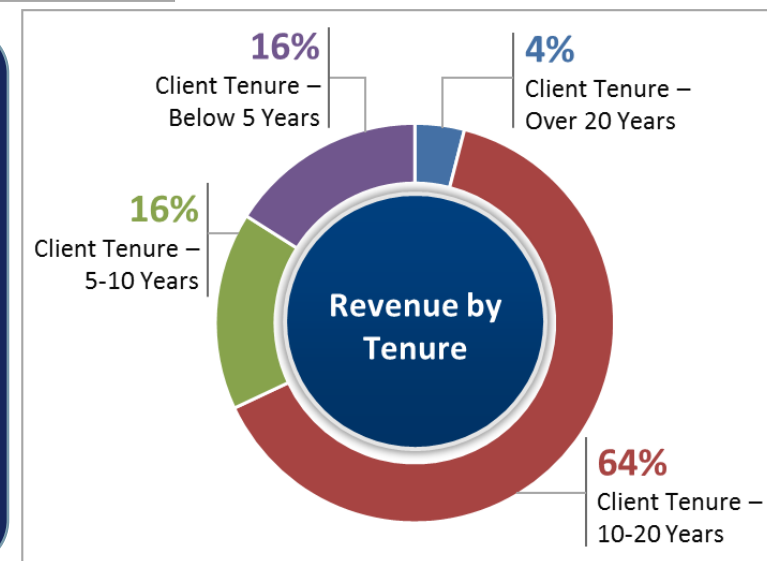
* Based on FY 17 H1 Financials



Top 20 clients contribute 72% of the Total Revenue



Strong Client relationships demonstrated by tenured and multi-geography engagements



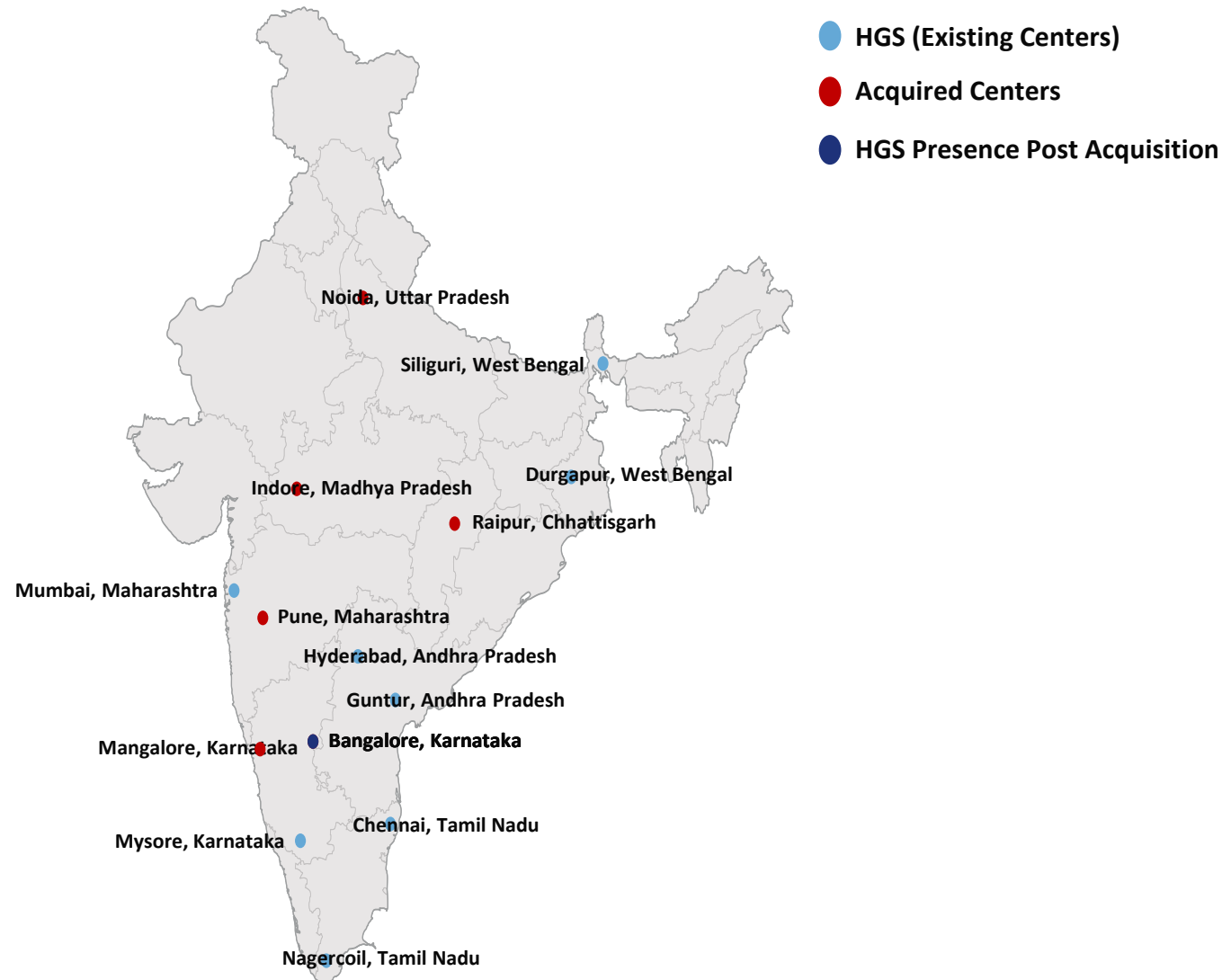
■ Pricing Models

- **FTE Based Pricing:** Traditional engagement model in which billing is based on number of employees (FTEs) engaged – HGS UK primarily has FTE based pricing
- **Transaction Based Pricing:** Billing based on Transactions (Calls, Email, Chat, Claims etc.) – Most of the HGS business is based on this model
- **Outcome based Pricing:** Based on successful achievements of outcomes – Applicable for Collections (EBOS), Outbound sales (Telecom, NGOs)
- **Hybrid Pricing models:** A combination of more than one of above business models
- **Nonlinear Business Models:** Platform play through Colibrium, leveraging of resources/investments across multiple engagements/clients (HRO Business)

■ Other Terms of Engagement

- **Forex and COLA adjustments:** To protect the margins against Inflation and Forex
- **Multi Year Contract Tenures:** HGS engagements are mostly multi year (over 70% of the contracts) and a substantial number (over 20%) have a perpetual term
- **Minimum Guarantee:** Safety net for protection against the volume fluctuations (mostly applicable for Transaction and Outcome based pricing models)

Pan-India delivery presence



Recognitions

- HGS USA President **Kathy Hamburger** received the **Silver Stevie® Award** in the “**Female Executive of the Year**” category at the 12th Annual Stevie Awards for Women in Business 2015
- HGS Canada was honored with the **Gold Stevie® Award** for the “**Customer Service Department of the Year**” in the 12th Annual International Business Awards
- At the 2015 Contact Center World (CCW) Awards - Global Finals, HGS was recognized with:
 - Ranked 11th among Top 20 IT/BPO Employers : HGS India
 - Best Large Center: Gold – HGS Preston UK
 - Best Customer Service for Small Center: Gold – HGS Chiswick UK
 - Best Medium Outsourced Contact Center: Silver – HGS Canada
 - Best Outsourcing Partnership: Silver – HGS USA
- One of the winners of the **2015 Best Outsourcing Thought Leadership (BOTL) Awards** for **BPO Innovation** by The Outsourcing Institute.



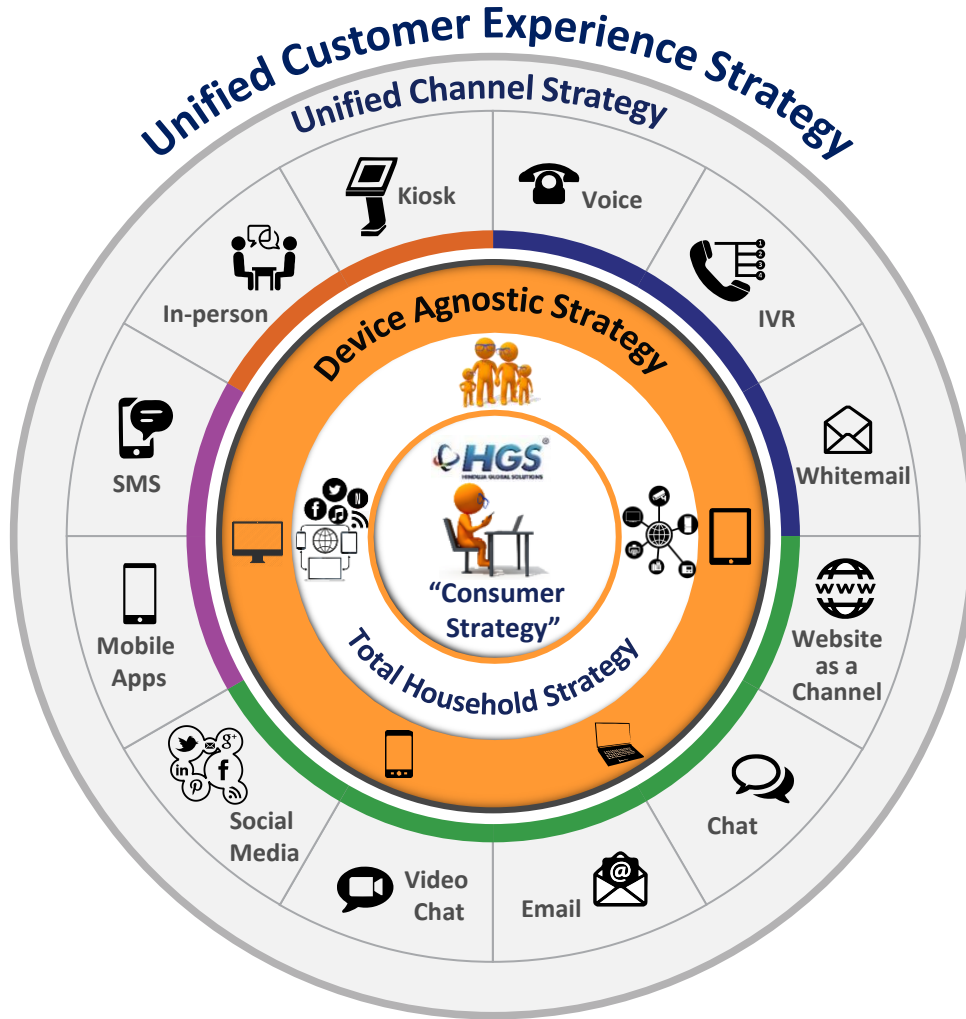
Marketplace Dynamics

- Total BPM market is over \$160 billion
- In-house BPM 4 times the size of the outsourced BPM market
- Next 5 year CAGR for BPM expected to be 5.9% (Gartner Q1, 2013 forecast)
- Billion Dollar Plus players in this are still only a handful, who grew between 5% to 20%
- Essentially a large, fragmented but growing market, enough for everybody to play in

Source: Gartner

HGS is developing industry leading Digital Customer Experience solutions, creating value for our clients, and their customers

Enabling the Optimized Consumer Journey... with clear objectives in mind

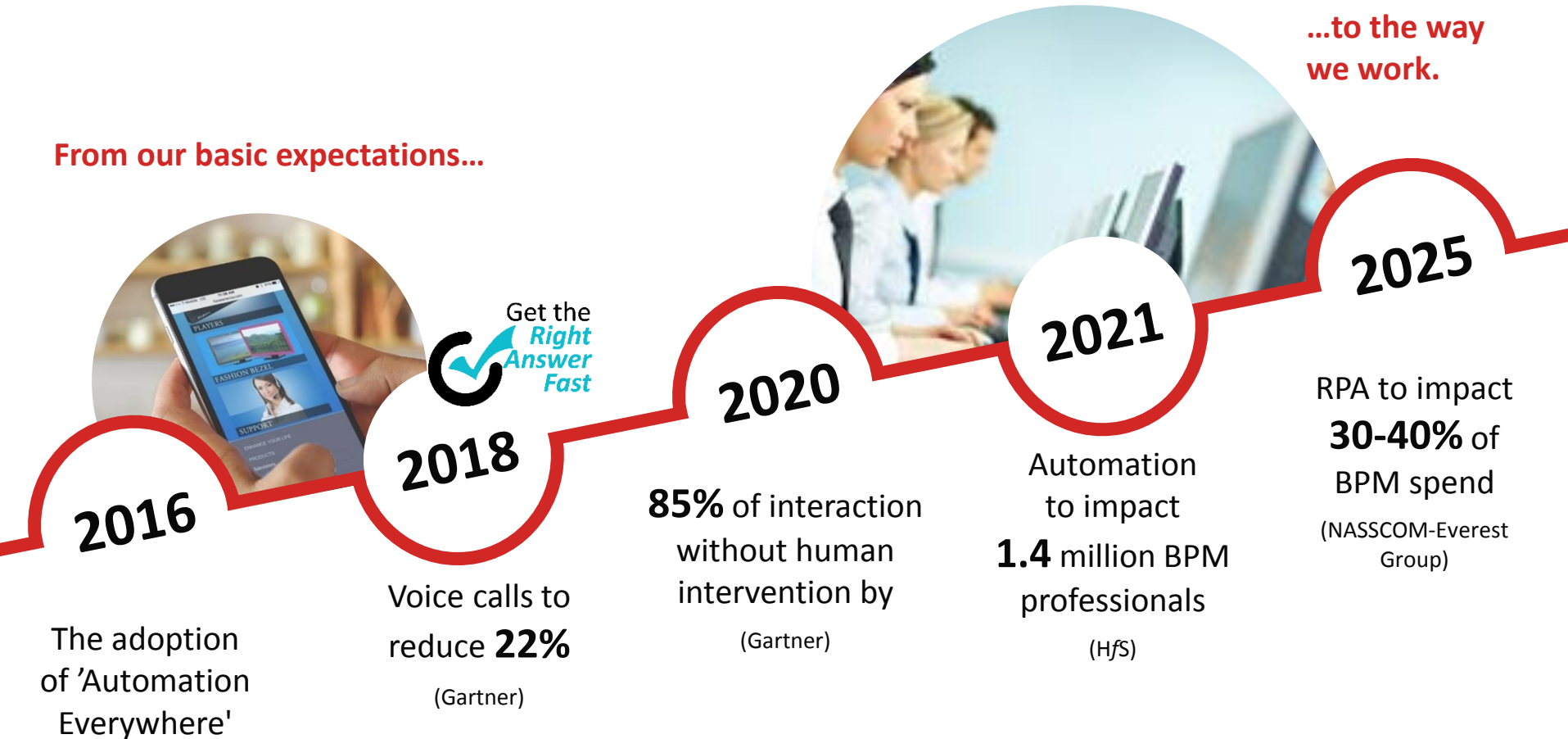


- ↑ Revenue generation and optimization
- ↑ Customer Experience – with NPS/RTF measure of loyalty
- ↑ Availability – Always open
- ↑ Ease of doing business – How the customer prefers
- ↑ Brand management across consumer channels
- ↓ Business and cost transformation

Every person on earth will be impacted in some way by automation:

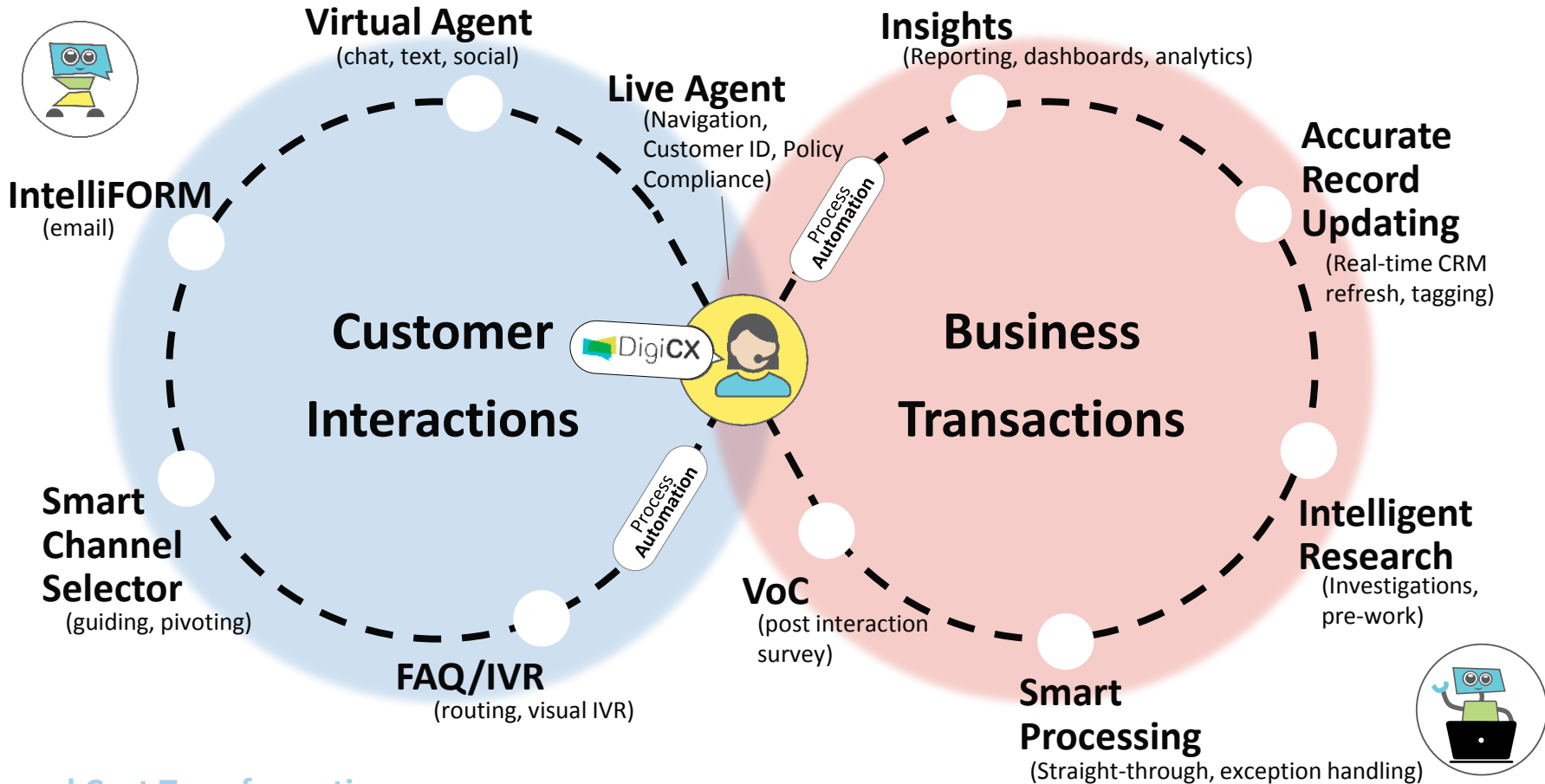
From our basic expectations...

...to the way we work.



'Digital + Automation will drive the creation of an Intelligent One Office' (HfS)

Automation everywhere enables each touchpoint through the digital end-to-end journey

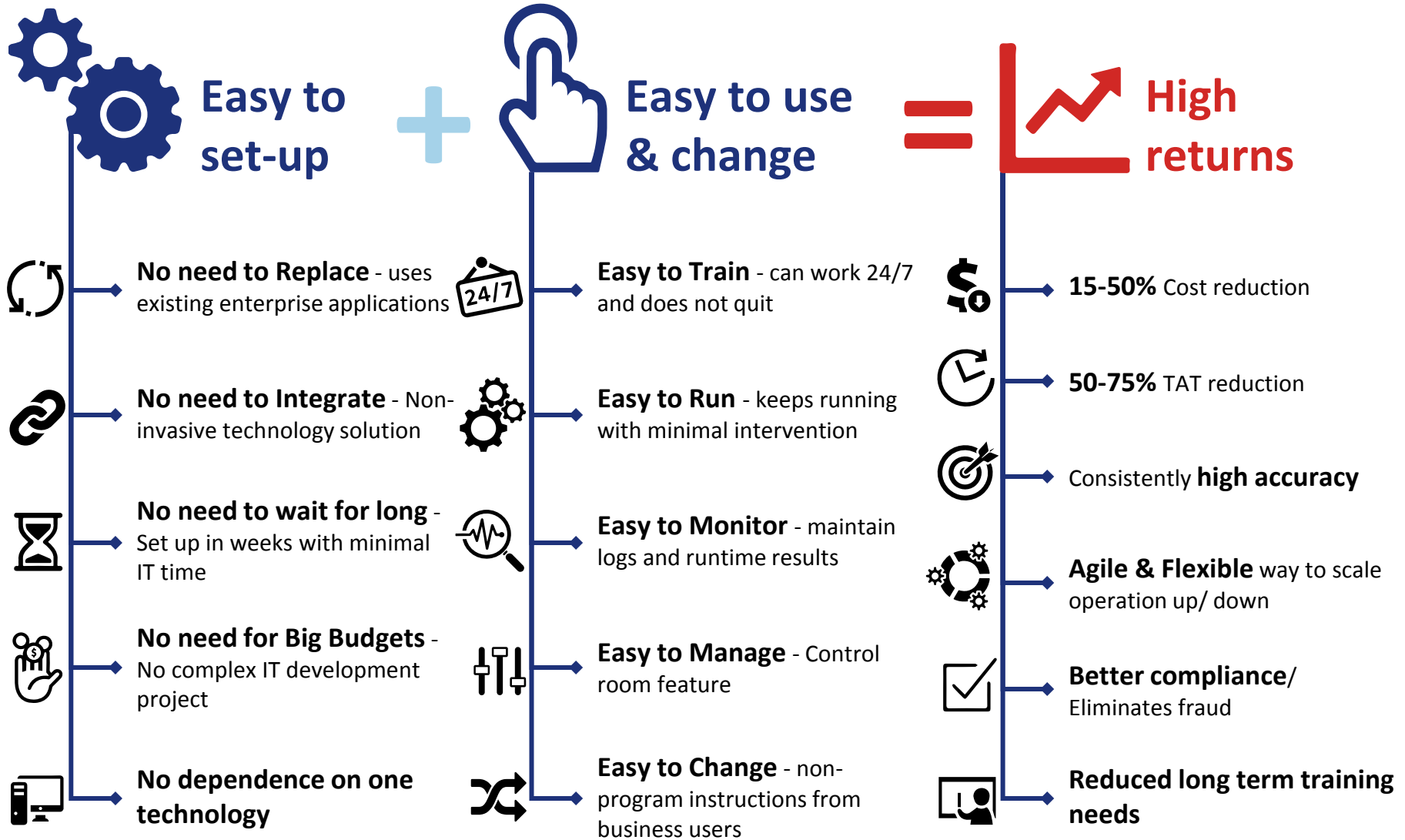


Beyond Cost Transformation...



- Always Open
- Agile Business
- Reduce Errors
- Reduce Time
- Optimize CX

Key Highlights of HGS Process Automation Solution





Financial Overview

Half-Yearly Performance - Consolidated

Figures in Rs Mn unless otherwise indicated

	Actual H1 FY 17	Actual H1 FY 16		YoY Growth %
Revenue	18,147	15,278	↑	19%
Operating Costs (excl Dep)	16,117	13,880	↓	-16%
EBITDA	2,031	1,398	↑	45%
EBITDA %	11.2%	9.2%	↑	2%
Depreciation	708	622	↓	-14%
Interest Expense	229	206	↓	-11%
Other income	62	169	↓	-64%
Other income - Tax refund	89			
PBT	1,245	739	↑	68%
PBT %	6.9%	4.8%	↑	2%
Tax	353	262	↑	35%
PAT	893	477	↑	87%
PAT %	4.9%	3.1%	↑	2%

Summary Cash Flow Statement

(Rs. Million)	FY 2014	FY 2015	FY 2016	H1 FY 2017
Cash flow from Operations and after working capital changes	2,352	1,924	1,589	2,264
Cash Flow due to Regular Capex	(1,137)	(1,621)	(2,472)	(926)
Total Cash Flow from operations and Capex	1,215	303	(883)	1,338
For Purchase of building	(400)	0	(44)	---
Cash Flow paid for acquisition of business	0	(890)	(153)	(17)
Cash Flow due other investing activities	192	451	269	118
Total Cash Flow from Operation and investing	1,007	(136)	(811)	1,439
Dividend and dividend distribution tax	(638)	(610)	(468)	(61)
Proceeds from share allotment under ESOP scheme	9	36	3	---
Proceeds/(Repayment) from Borrowings	877	112	1,990	(878)
Capital Lease Taken Pursuant to Acquisition		(49)		---
Cash from Interest payment and others	(384)	(387)	(404)	(225)
Total Cash Flow from Financing Activities	(1,36)	(898)	1,121	(1164)
Net Increase/ (Decrease) in Cash and Cash Equivalents	871	(1,034)	310	275

- **Robust Growth** - Revenue growth of 18.8 % over H1 FY 16. Volume growth of 13.5 %, 0.7 % due to FX effect and 4.6 % due to timing difference on the Mphasis BPO Acquisition made in Sept 15
- **Margin Expansion** - EBITDA Margin of 11.2% as compared to 9.2 % in H1 of FY 16 . EBITDA growth driven by the following factors –
 - HGS Canada has turned profitable for the quarter driven by new contractual terms with the largest client
 - Mphasis BPO integration – Completion of integration of the Mphasis domestic BPO with the existing domestic BPO resulting in cost synergies
 - Improvement in India Domestic business
 - Colibrium – HGS has been investing in developing the Colibrium platform acquired in Mar’15, which led to lower margins in FY 16. With the development mostly done the revenue and profitability from Colibrium is higher as compared to last year
 - Cost Control Measures – HGS has implemented various cost control measures in FY 16, which have started bringing results

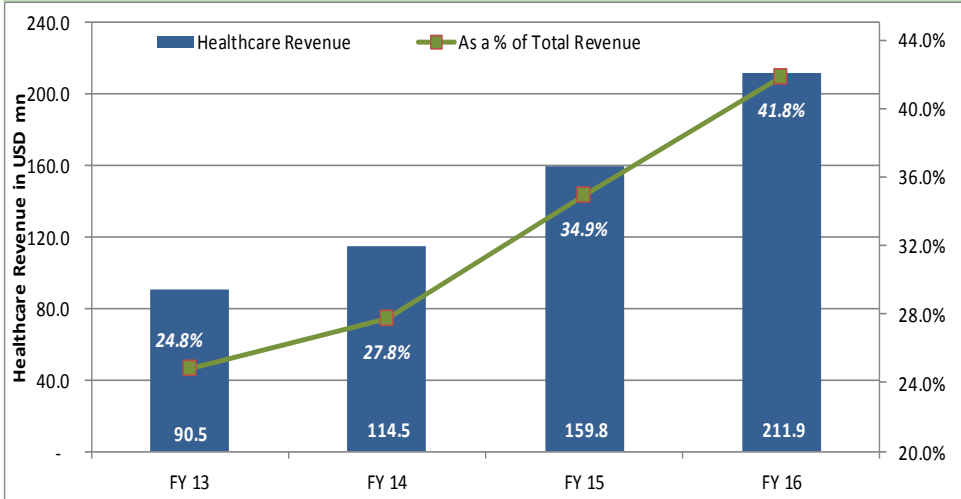
Summary Financial Profile – As at 30th Sept 2016



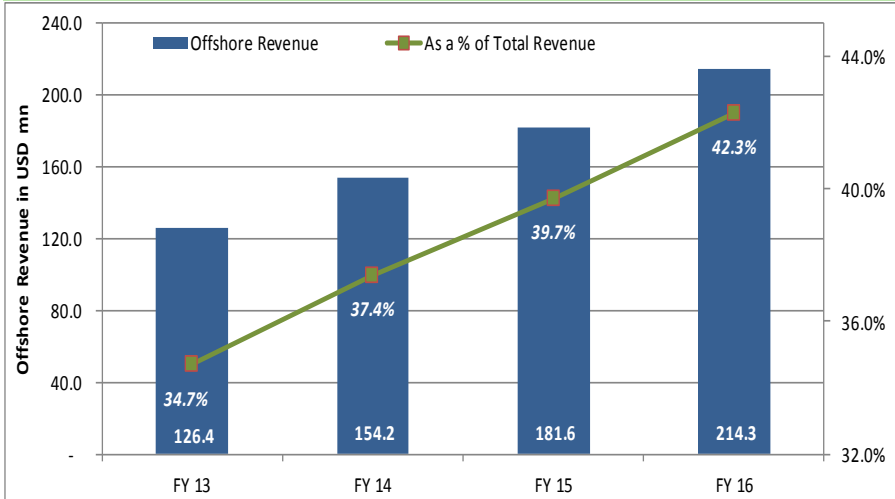
Particulars	HGSL	
	Rs.	USD
Net Worth (in millions)	12,191	180.1
Book value per share	588.9	8.7
Price per share	503.0	7.4
Dividend per share (Q1 FY 17)	2.5	0.04
EPS (TTM)	72.90	1.1
P/E Ratio (TTM)	6.90	6.9
Gross Debt (in millions)	7,464	110.3
Total Cash (in millions)	4,920	72.7
Net Debt (Net Cash) (in millions)	2,544	37.6
Net Debt/EBITDA	0.67x	0.67x
Total Debt/Equity	0.61x	0.61x

- Book Value taken is as reported on QE Sept 2016
- Stock prices and USD/INR exchange rate latest available prices
- Total Debt includes foreign currency debt taken at applicable exchange rates

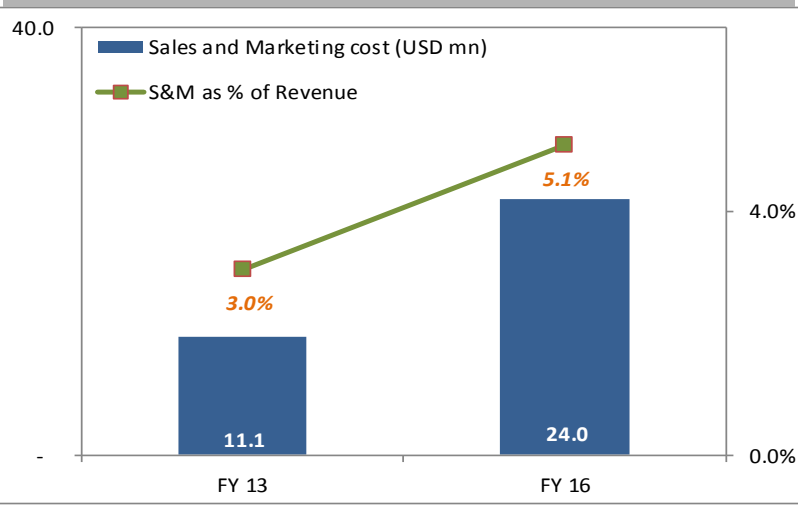
Healthcare growth to be driven by increased depth and breadth of Service Offerings



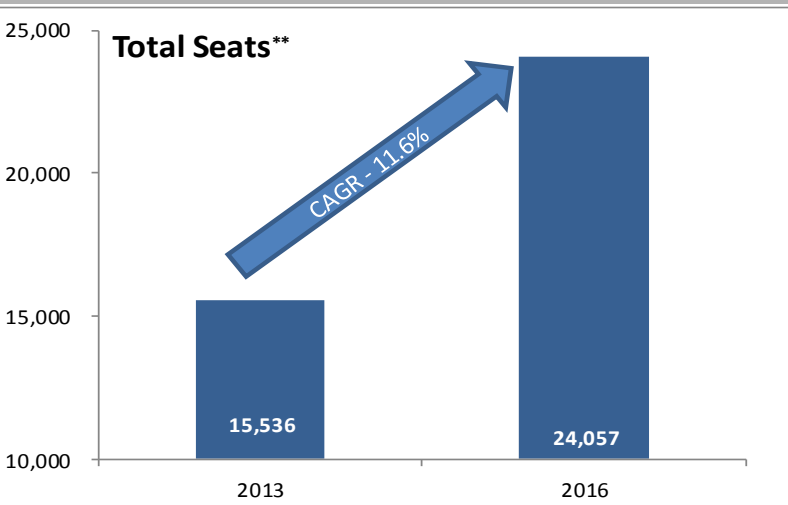
Strong Client relationships and multishore delivery capabilities to further drive offshore/ nearshore growth



Increased investment in Sales and Marketing

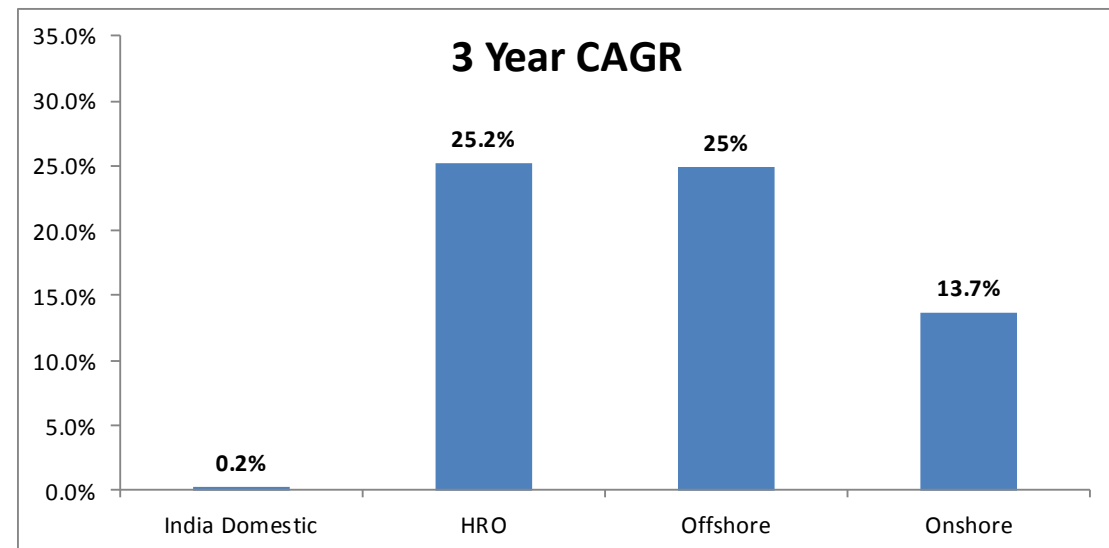
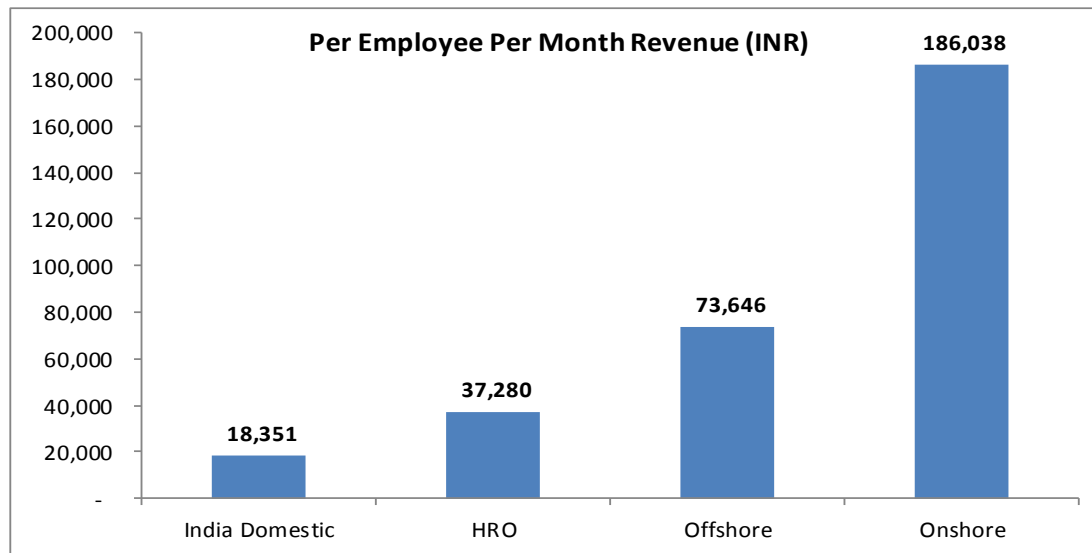


Increased Capacity for Growth



** Represents seats excluding seats for India Domestic CRM Business

Per Employee Revenue Across Delivery Models





HGS – Healthcare Business

Sales & Distribution

- Lead mgmt
- Tele-marketing
- Promotional campaigns
- Sales
- Payment

Policy Administration

- Plan Setup
- Policy Maintenance
- Enrollment
- Eligibility

Claims Management

- Fulfillment services
- Adjudication
- Re-pricing
- Financial recovery
- FWA services

Patient Care Management

- Nurse triage
- Utilization mgmt
- Pre-payment clinical reviews
- Care management
- Wellness care support
- Outreach services

Provider Network Management

- Provider credentialing
- Contract review
- Database mgmt
- Online directory services
- Outreach services
- Pre-authorization

HGS Colibrium



HGS Core Healthcare Services







Peer Comparison

Peer Comparison: TTM QE Ending Sept 2016



Particulars <i>TTM data in \$ mn</i>	HGSL	FirstSource	Genpact	WNS	Sykes	EXL
Net Sales	540.9	512.0	2,535.5	584.8	1,407.8	674.51
TTM Growth	15.4%	6.5%	5.0%	7.5%	8.4%	12.8%
EBITDA	56.7	67.1	408.7	114.0	156.5	101.24
Growth	21.8%	11.5%	3.0%	9.2%	1.5%	14.9%
EBITDA%	10.5%	13.1%	16.1%	19.5%	11.1%	15.0%
PBT	32.1	51.2	317.4	76.7	90.2	84.46
Growth	24.6%	27.2%	14%	-6.41%	-3.4%	31.2%
PBT%	5.9%	10.0%	12.5%	13.1%	6.4%	12.5%
PAT	22.6	43.6	255.1	56.4	64.4	61.01
Growth	3.9%	15.8%	17%	-5.18%	-9.35%	37.4%
PAT%	4.2%	8.5%	10.1%	9.6%	4.6%	9.0%

* \$/RE exchange rate used – INR 66.86 to the dollar (average for the period Sept'15 to Sept'16)



Analyst Recognitions

HGS is a Leader, Major Player, Innovator

According to the foremost analysts, HGS is a company on the rise, challenging the status quo to optimize the customer experience and make brands more competitive.

Gartner

**Magic Quadrant for
Customer
Management
Contact Center BPO,
December 2014¹**



**2015
NEAT Leader
CMS in Telecom,
Healthcare,
Marketing BPO
(Digital
Transformation)**



**2015
PEAK Matrix™
Major Contender
Healthcare
Payer BPO
CCO**

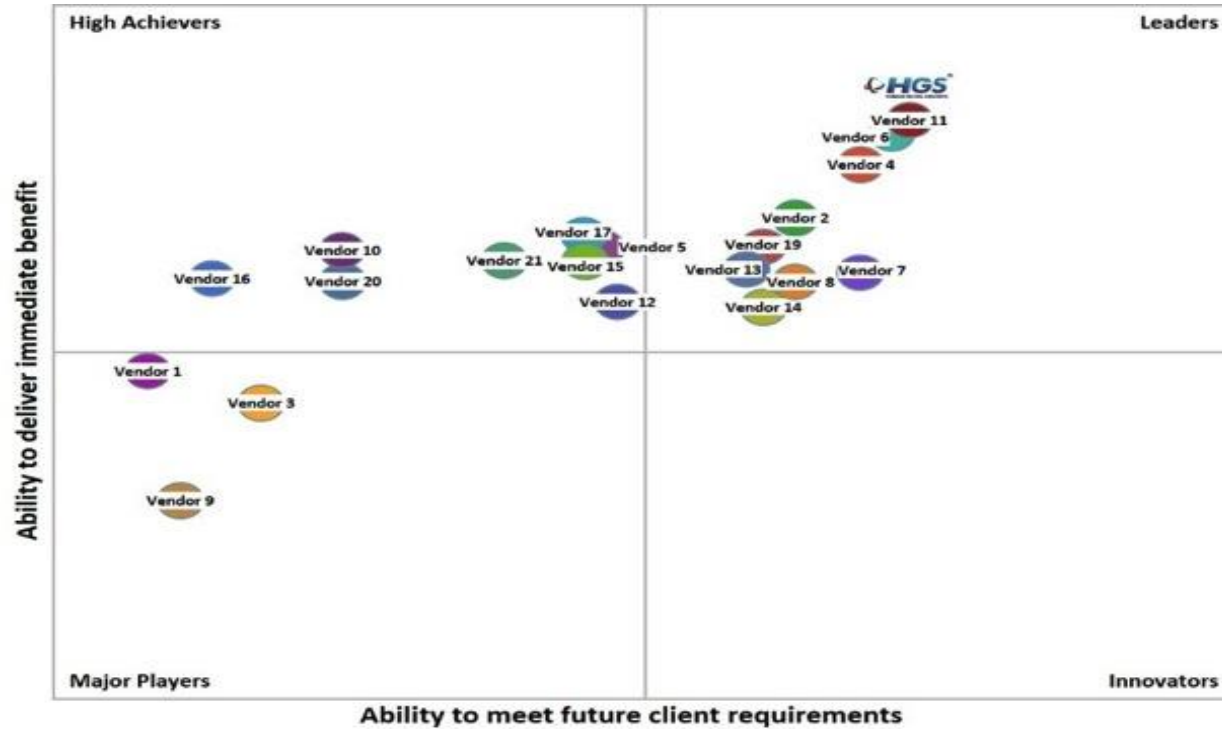


**2015 Healthcare
Payer Operations
Blueprint
2014
Blue Print
High Performer
Across Multiple
Industries**

¹ Gartner, Inc, Magic Quadrant for Customer Management Contact Center BPO, TJ Singh, Brian Manusama, December 2014. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose



NelsonHall CMS in Telecom NEAT Report

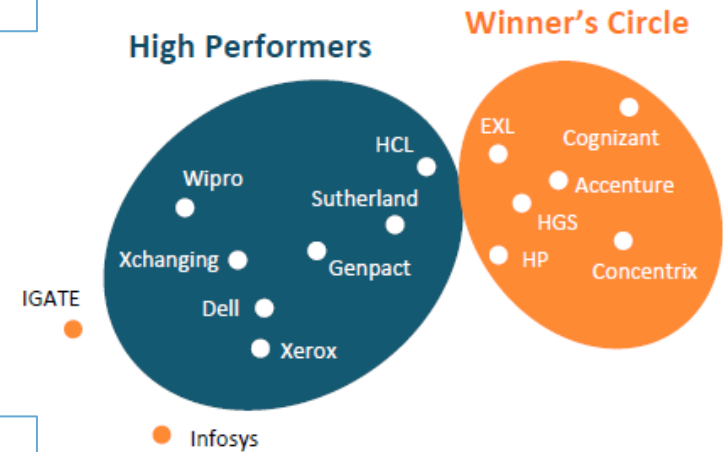


Source: NelsonHall 2014

HGS challenges the status quo, helping brands to be more competitive, with better Customer Experience



HfS Winner's Circle for Healthcare Payer Operations



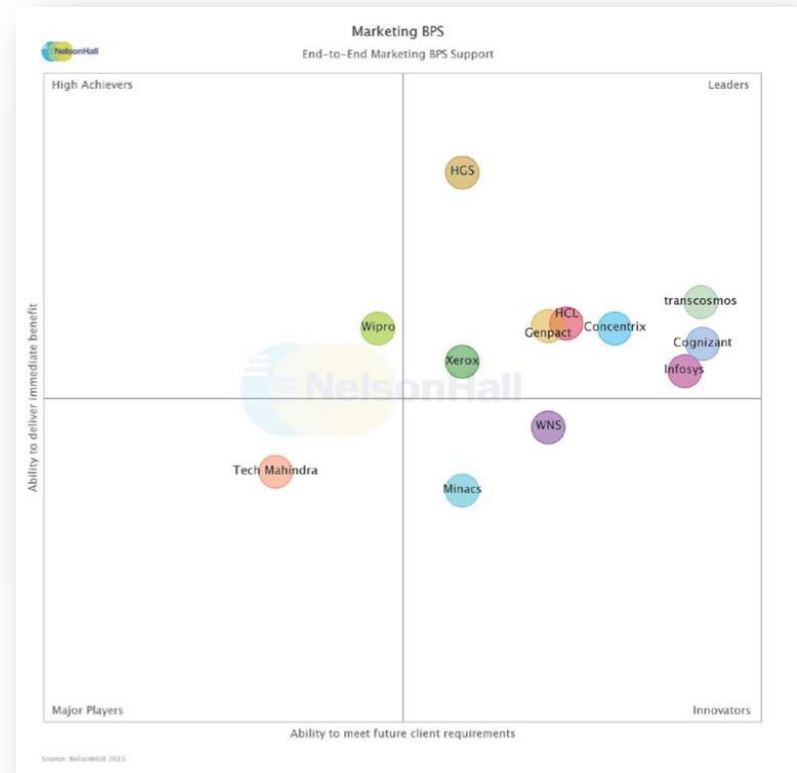
Major Contender Everest 2015 PEAK Matrix for CCO

HGS is challenge the status quo, helping brands to be more competitive, with better Customer Experience.



Nelson Hall PEAK Leader for:

- Digital Transformation
- Digital & End-to-End Marketing
 - Proven ability to provide end to end marketing BPS support
 - Ability to fully run and manage social media marketing campaigns
 - Repeat business from marquee clients
 - Proven e-commerce management
 - Ability to provide creative support.



Thank You
