



Investor Presentation

August 18, 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 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 15 Revenues – INR **28,076 mn** (US **\$458 mn**)
- FY 15 EBITDA – INR **3,172 mn** (US **\$52 mn**)
- Presence in **11** countries ,across **60** centers
- **29,500 +** employees
- **172** active clients for the BPM business
(additionally over 500 clients for HRO Business)

VALUE PROPOSITION

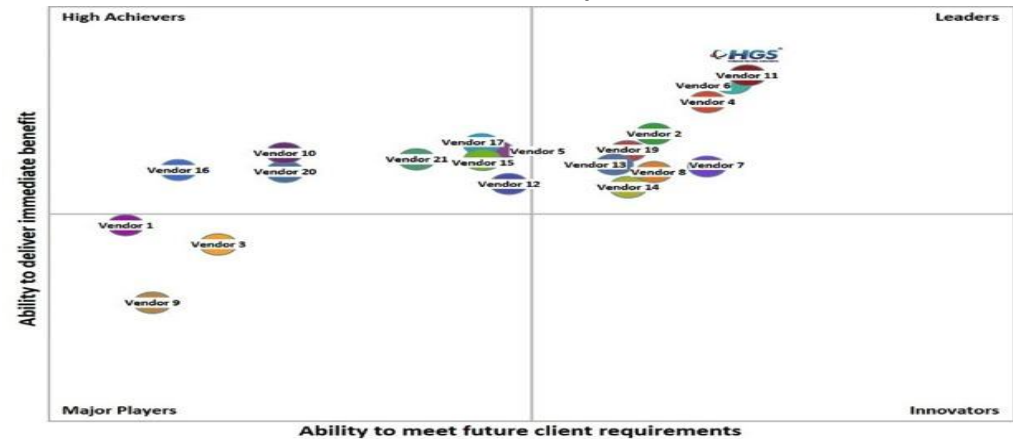
- Fastest growing company in the peer group - CAGR of **26%** over last 5 years
- Strong balance sheet with low Debt/Equity ratio of **0.65x**
- Track record of consistent dividends

- **Best Call Centre in Operational Excellence** - Global Stevie award for HGS Canada
- **UK Employer of the Year** by SMART Training and Recruitment
- **Best Contact Center award in FY 14** (second consecutive year) at Contact Center World EMEA finals
- **Best Mid-Sized Contact Centre (Outsourced)** by Contact Centre World Awards – November 2013
- **Best Outsourced Provider Runner Up** – Call Center Week – July 2013
- **Global Services 100 Survey** - Top 2 Call Center Companies globally: Neo-IT & Global Services Magazine
- **Best Under A Billion** – Forbes Asia

HGS is recognized as one of the leading players in Contact Center Outsourcing space by the analyst and advisor community

In the past quarter, HGS have been featured in a number of high profile reports that showcase our vertical expertise and extensive capabilities to potential future buyers

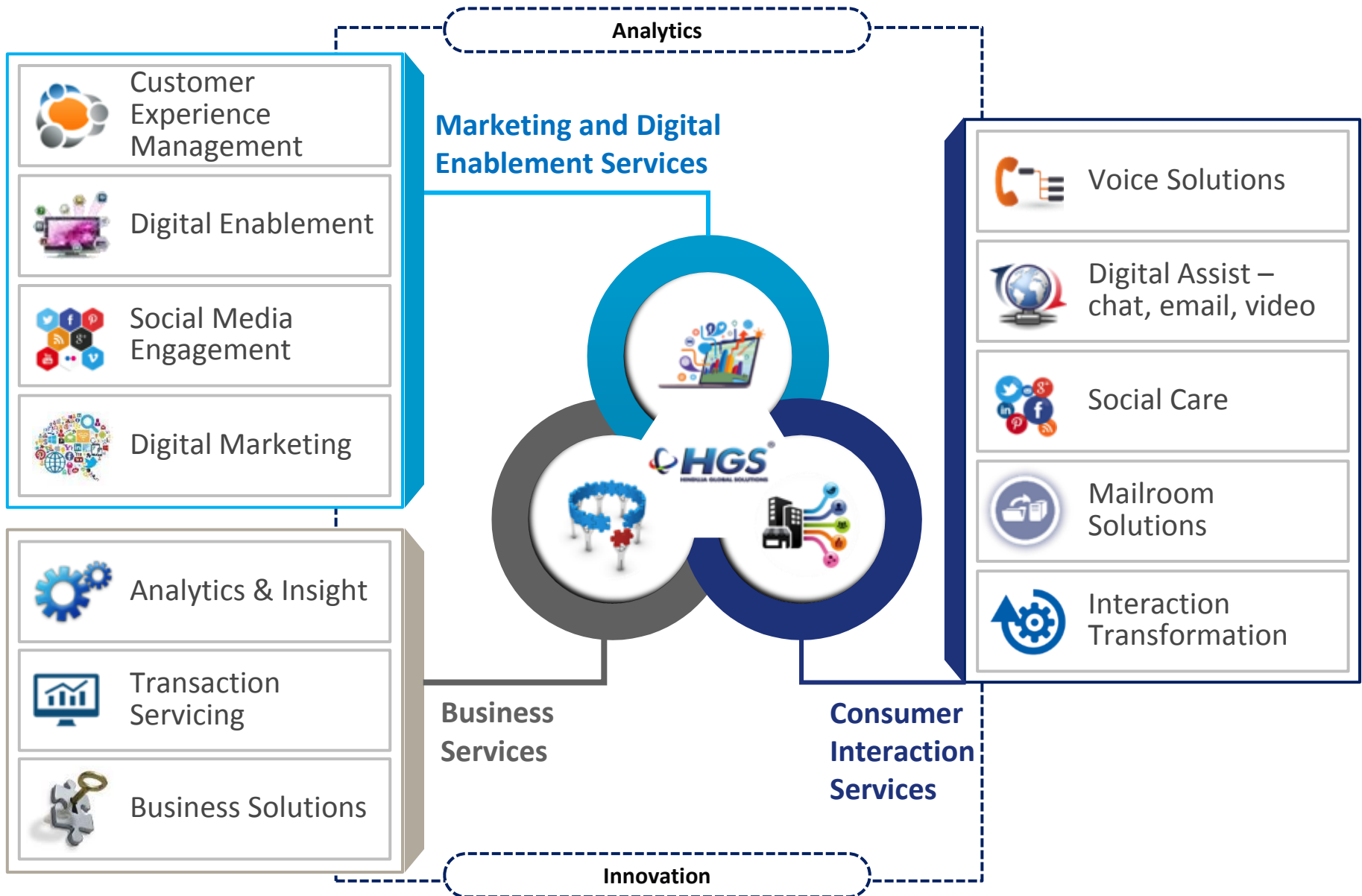
NelsonHall CMS in Telecom NEAT Report



Source: NelsonHall 2014

- Nelson Hall recognized HGS as a Leader in the Customer Management Services for telecommunications, cable and satellite
- Everest Group included HGS as a Major Contender in their Peak Landscape for banking, financial services and insurance
- Everest Group included HGS in their Healthcare Contact Center Outsourcing Peak Landscape
- Gartner included HGS in the Magic Quadrant for Customer Management Contact Center BPO

Who we are



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

Telecommunications

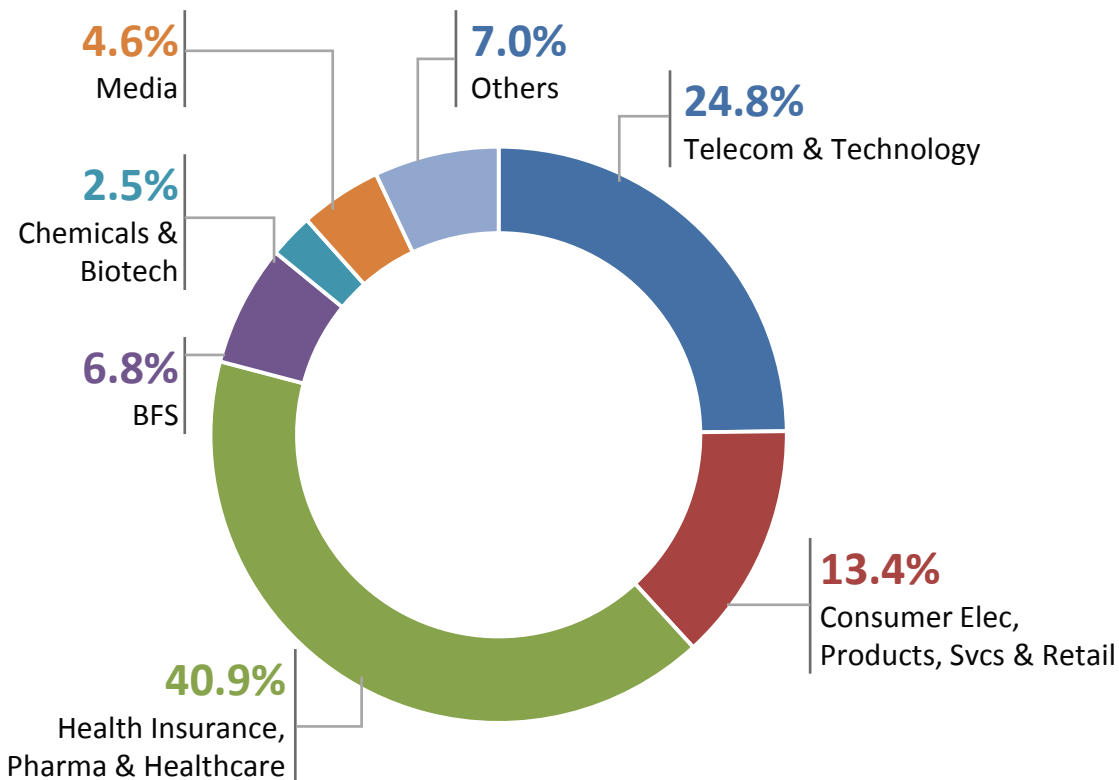


- Providing extensive consumer support for land lines, wireless, satellite, IPTV, hi-speed internet – from supporting the consumer from the point of purchase to end of service
- HGS provides the best service across all partners and internal centers consistently; while another clients operation recently won **“best mid sized call center worldwide”**

Consumer Products



- National technical support organization for industry leading tablets and smartphones
- Supporting many consumer electronics manufacturers and distributors from purchase support to post warranty servicing
- Support over **3000** consumer branded products for **8** European countries for client enquires include telephone, paper, email and social media



Continued Growth in the Healthcare Sector

** Based on Q1 FY 16 Financials*

Healthcare/ Insurance

- 58 million transactions, 10 million calls, 2.7 million emails for 4 of the top 10 healthcare payers and several large hospitals and health systems

Financial Services

- Best in class NPS customer service - supporting all aspects of consumer financial transactions

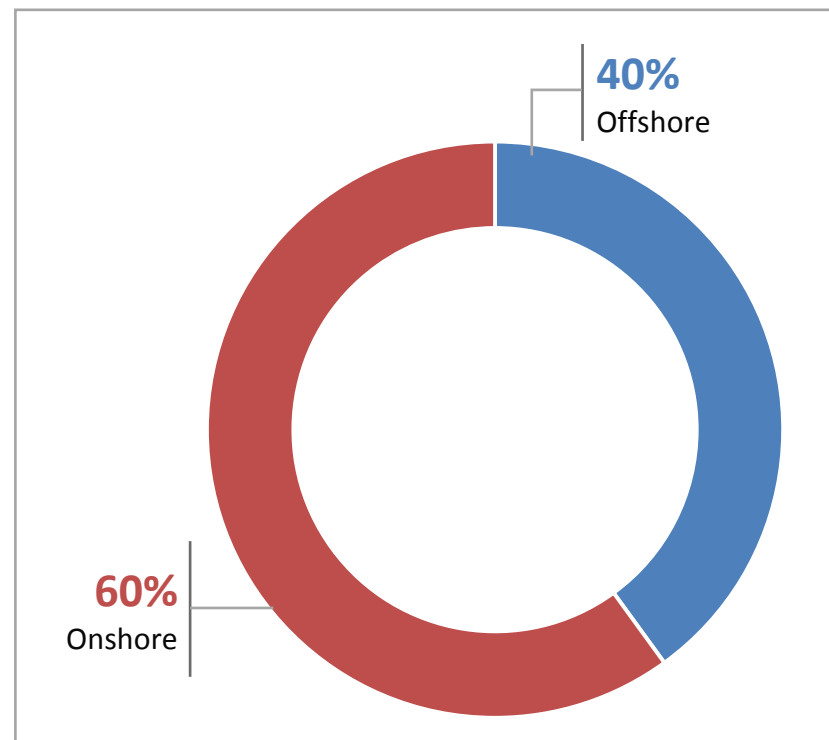
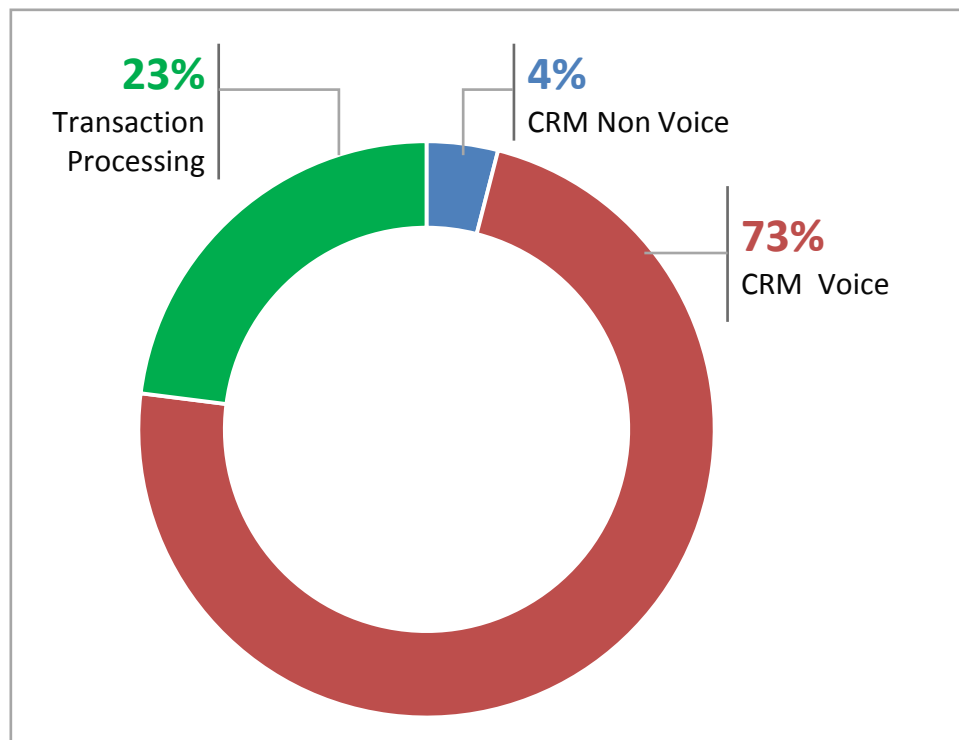
Telecommunications

- Provides consumer support for land lines, wireless, satellite, IPTV, hi-speed internet – supporting the consumer from the point of purchase to end of service
- Won “best mid sized call center worldwide” for one of the clients

Consumer Products

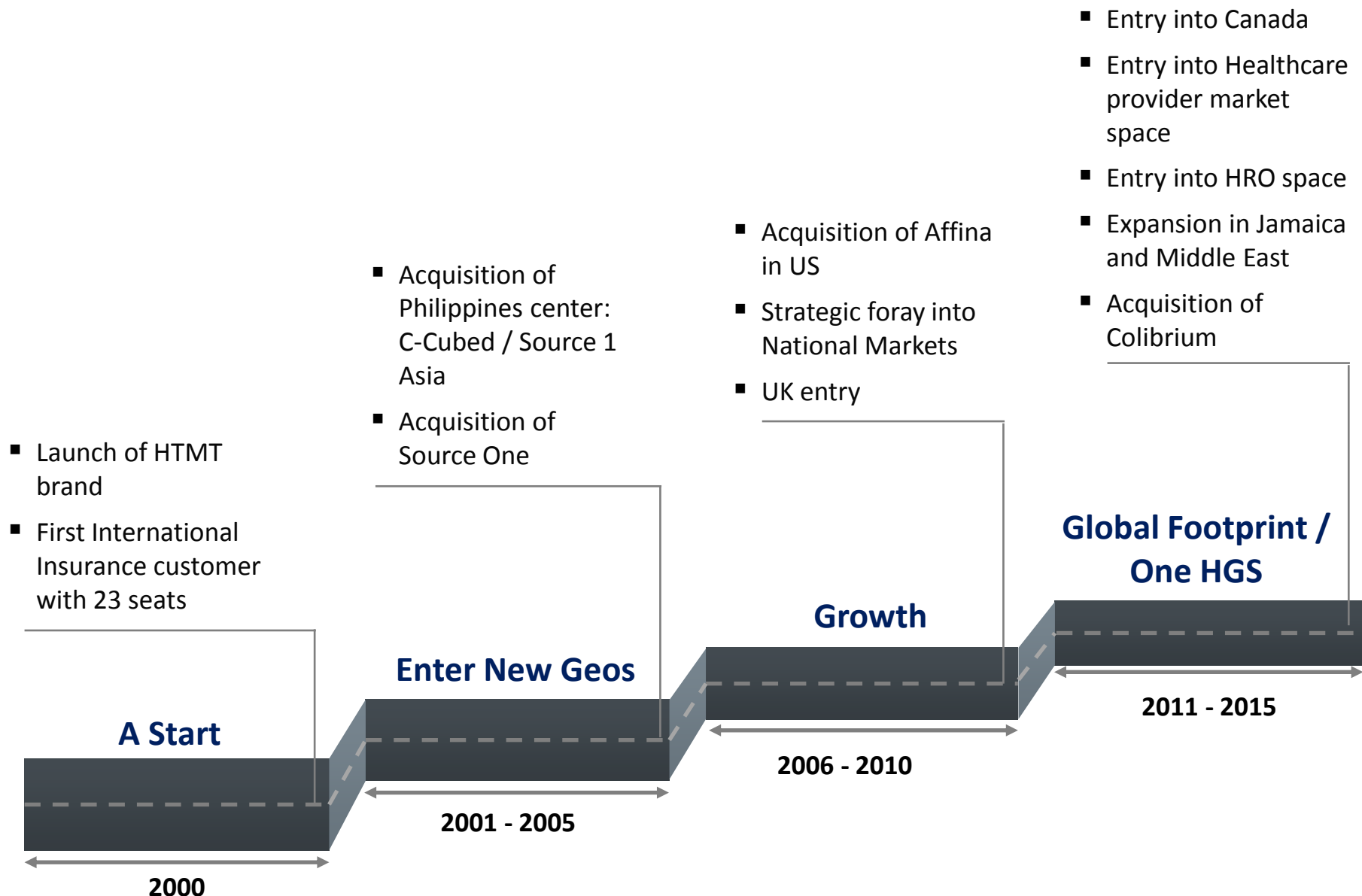
- Tech-support for industry leading tablets and smartphones and many consumer electronics manufacturers from purchase to post warranty servicing

What we do – Our Service offering Mix and delivery model



HGS leveraging the onshore presence has been able to grow the Offshore business in the last 2 years (from 34 to 40 as a % of total revenue)

Milestones in our growth story



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

4

Success at
HGS has
4 distinct
cornerstones

3

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

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

Demand Environment

- Strong U.S recovery driving organic volume growth, both onshore and offshore
- Canada is an under-penetrated market for both outsourcing and offshoring
- Strong growth in UK
- Offshoring momentum strong
- Wait and Watch approach for India Domestic Business

Source: Gartner

- **Multi-year Contracts** : Driven by creativity and innovative contract terms. For instance, upfront funding arrangements for purchase of client's assets, cost of acquisition of contract. *Most of our MSAs are 3 years to 5 year engagements – perpetual renewal.*
- **Domain Expertise Key** : Specialist provider deep domain expertise and flexibility are now key requirements to most opportunities – particularly for experienced buyers. *Recognised Domain leadership in Telecom & Healthcare.*
- **Partners with ability to drive Innovation** : Active encouragement for innovation & ideas by buyers. *Have an Innovation Lab.*
- **Balanced Shore Outsourcing** : Ability to offer flexible outsourcing locations, which will fulfil cost, service quality as well as regulatory framework & requirements. *Presence in 60 centers across 12 countries.*
- **Transaction & Outcome based pricing** : Greater ask for transaction based pricing.
- **Digitally powered Solutions** : Increasing incorporation of digital based solutions being incorporated part of the overall services/solutions. *Colibrum for Healthcare.*
- **BPaaS & Cloud** : Navigating the new reality to provide solutions that are a combination of Business process as a service with secure Cloud Infrastructure.

■ 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)

Investments in Growth

- Revenue CAGR of over 25% in the last 5 years
- Significant Investments in sales and marketing
- Impressive track record of mining and growing tenured client relationships

M&A for new markets and competencies

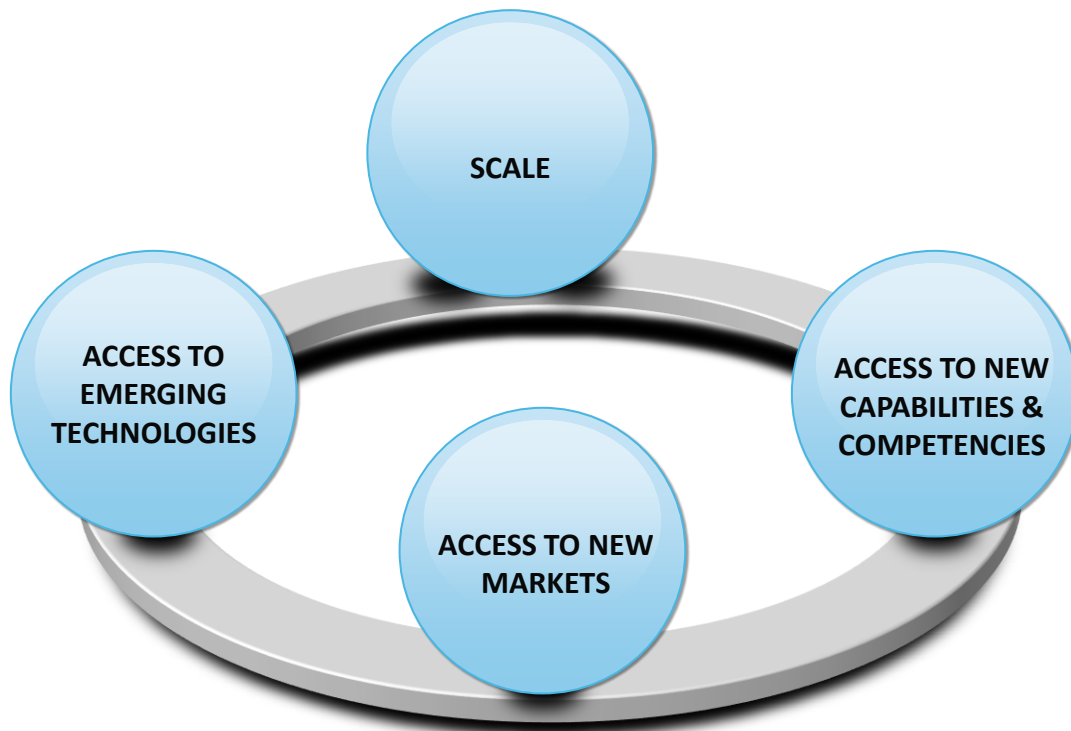
- Entry into Philippines, US, UK and Canada through acquisitions to achieve speed of market entry
- Entry in Healthcare Provider Market through EBOS and Payroll through HCCA
- Emerging interest in Latin America and Middle East.
- Healthcare platform play through the acquisition of Colibrum

Innovation and New Product Development

- Developing offerings in New Age Customer Interaction Management Services like self-service, web, social media and analytics
- In-house IT teams deliver proprietary workflow and process automation platforms, interactive services, animation, learning and knowledge management systems

Robust Talent Management

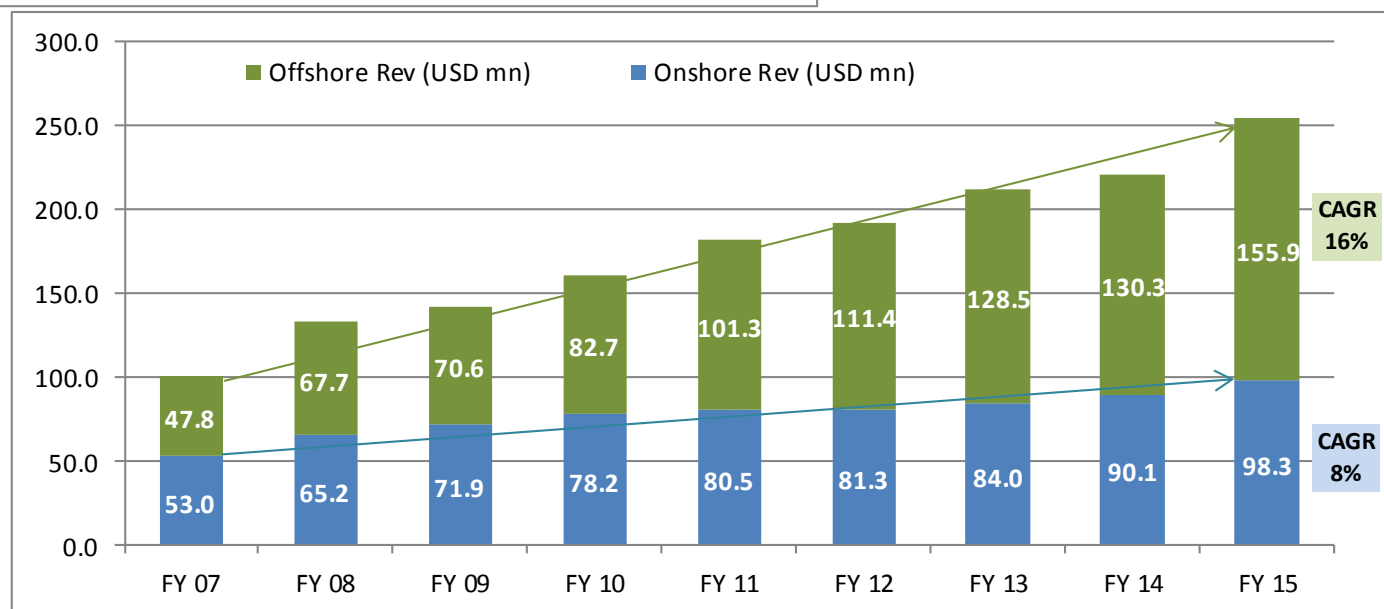
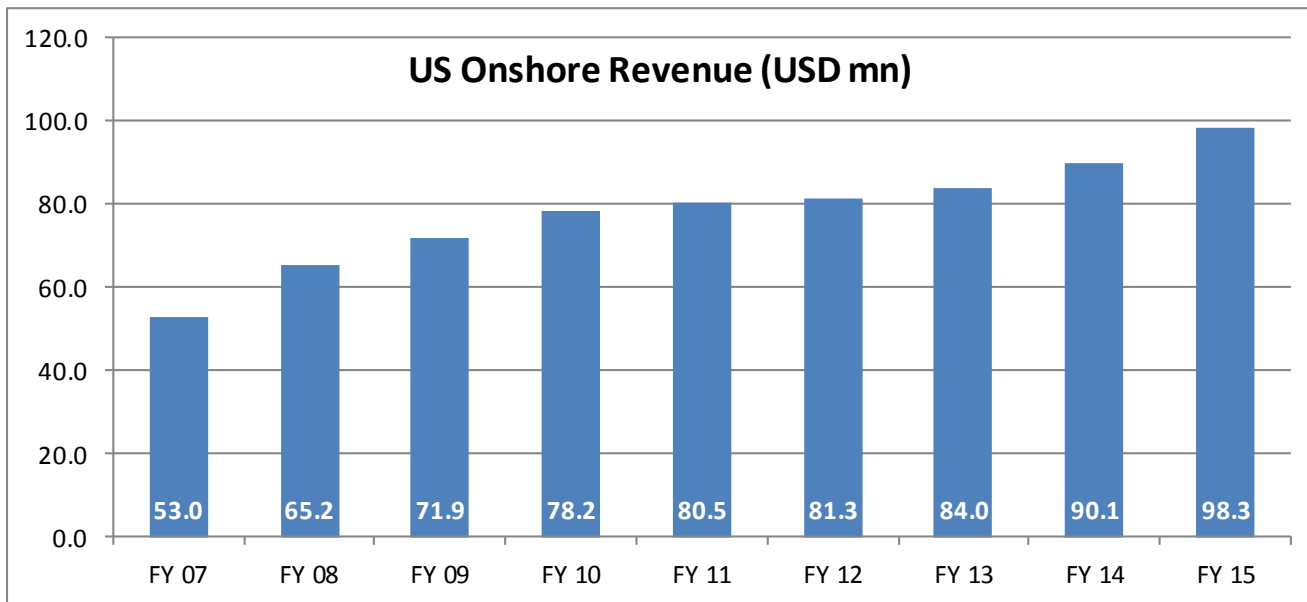
- Good mix of tenured leadership and new talent from the industry
- From the top management institutes in India and Abroad
- Strong career development and performance management processes
- Attractive career paths, job enhancements, ESOPs and profit share plans
- Track record of attracting and retaining high performers



- Right valuations and strict Payback norms
- Avoid auctions; private, off-market deals
- Right size, business and cultural fit
- Take time to integrate; single brand in the market
- Retain leadership

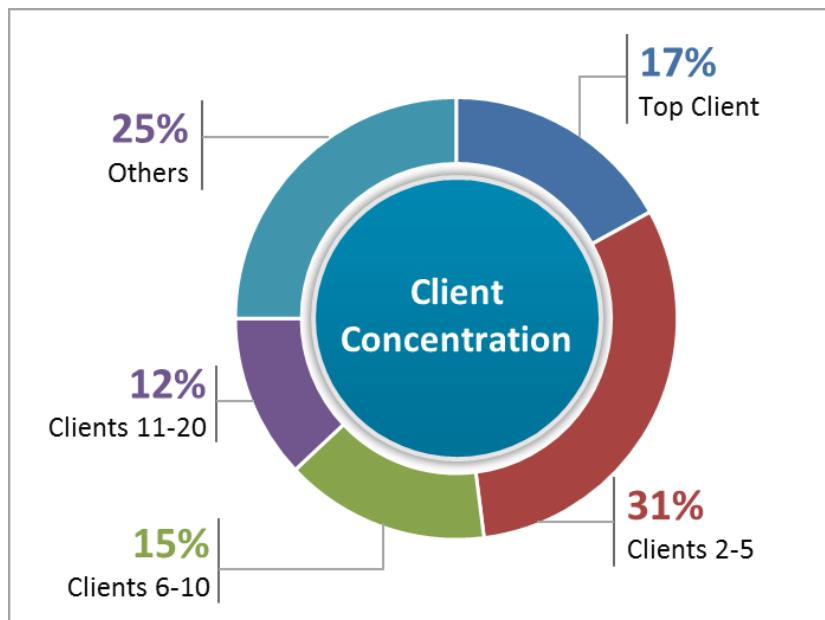
- Structural changes in the Health insurance market due to the Affordable Care Act
- Healthcare companies have traditionally been selling insurance as a B2B service to large employer groups, which now transforms to a B2C model
- Colibrum Partners (CP) is a cloud-based sales, service and wellness automation platform that helps consumers to buy insurance. With this platform, the health exchanges, employer groups, and brokers can onboard new clients.
- Multi channel lead generation through the health exchange, web, telesales channel and mobile. Helps brokers and direct customers to enroll for health insurance schemes
- Colibrum Direct - Call Centre Operations staffed by agents and licensed insurance agents to provide services related to sales, premium collection, payments and customer care
- Ended year ended Dec 2014 with revenues of US \$ 12.5 mn (US \$ 8 mn from Colibrum Partners and US \$ 4.5 mn from Colibrum Direct)
- Traditionally, HGS has been in the post-sale services business. The acquisition of Colibrum marks HGS' foray in the customer acquisition space.
- The acquisition offers opportunities to cross sell to existing HGS and Colibrum Clients

Onshore Acquisition Drives Offshore Growth

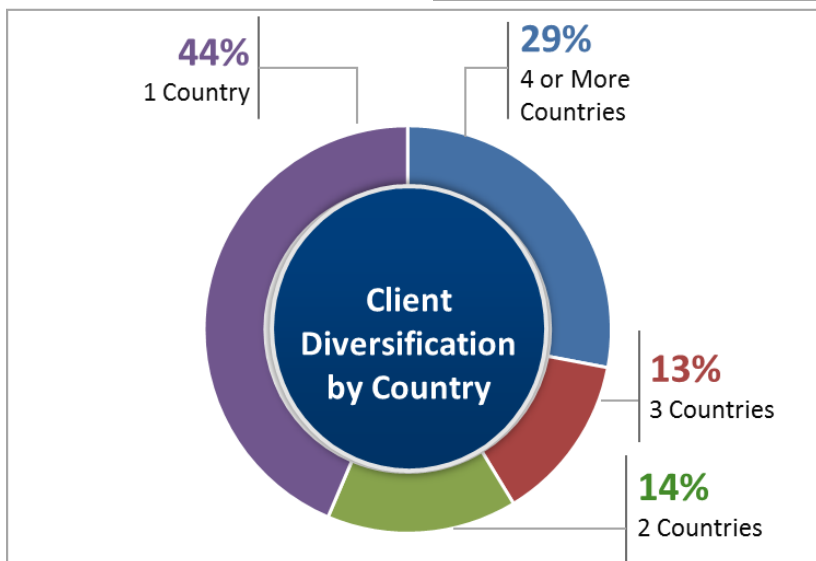




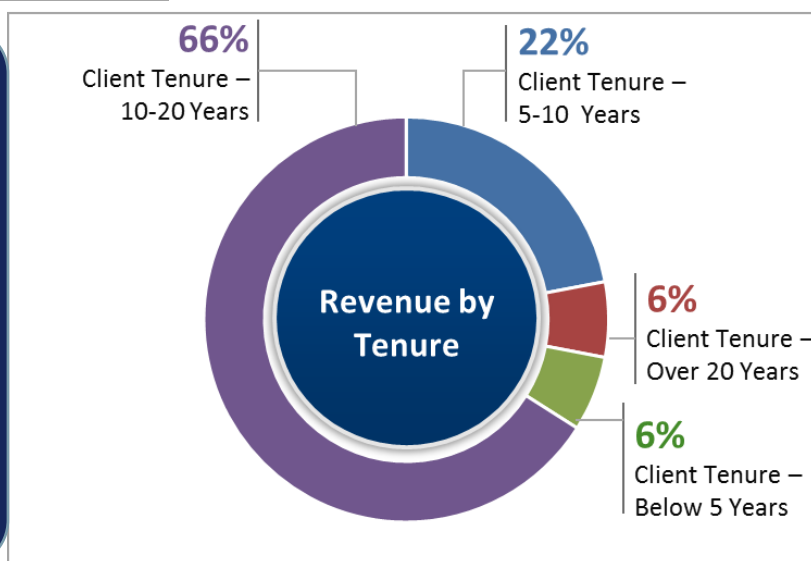
Financial Overview



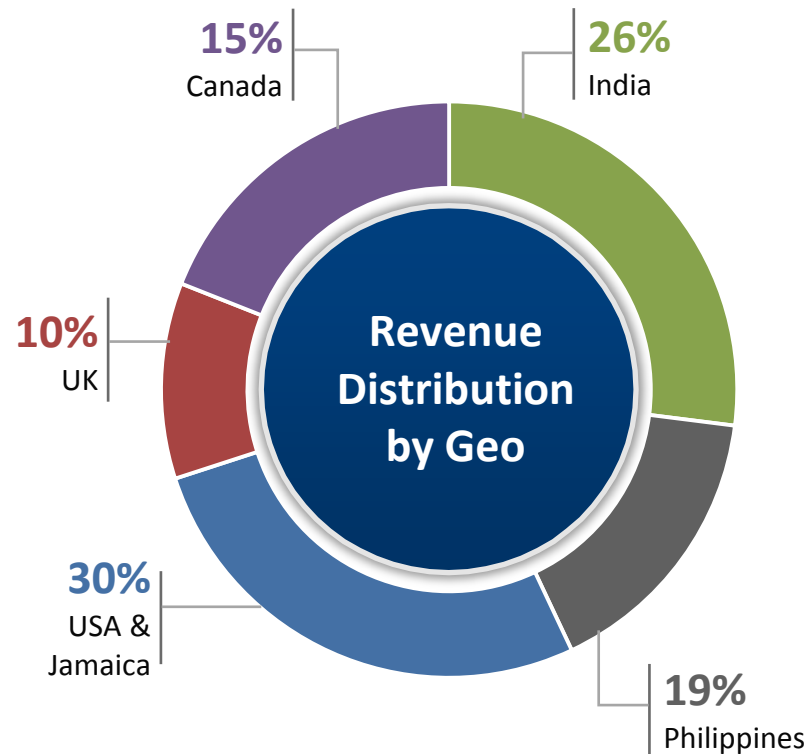
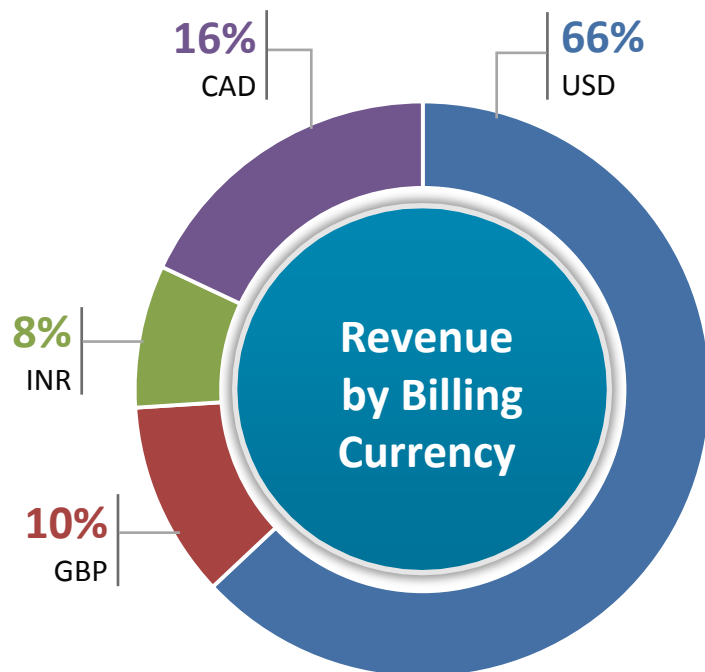
Top 20 clients contribute 75% of the Total Revenue



Strong Client relationships demonstrated by tenured and multi-geography engagements

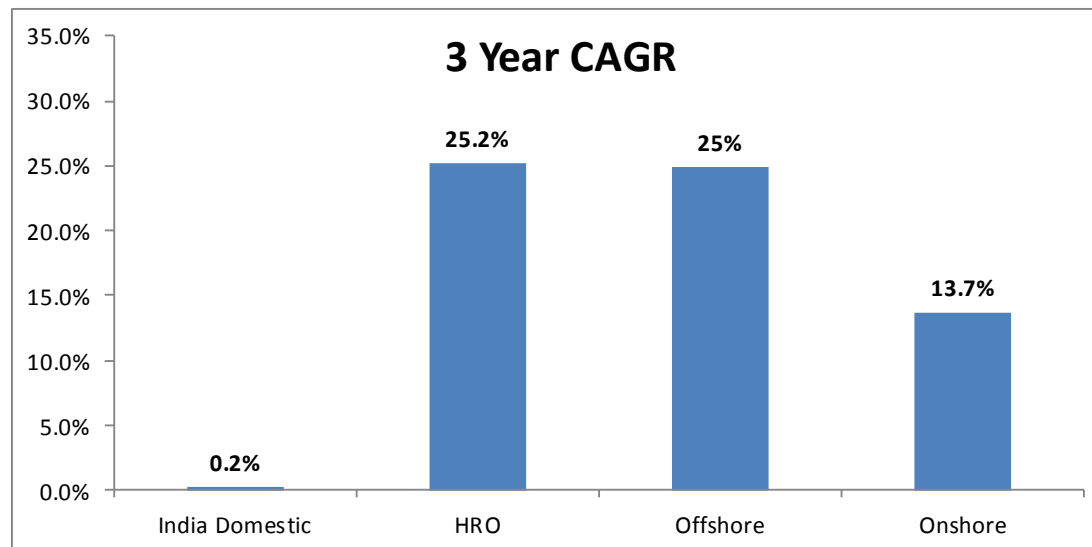
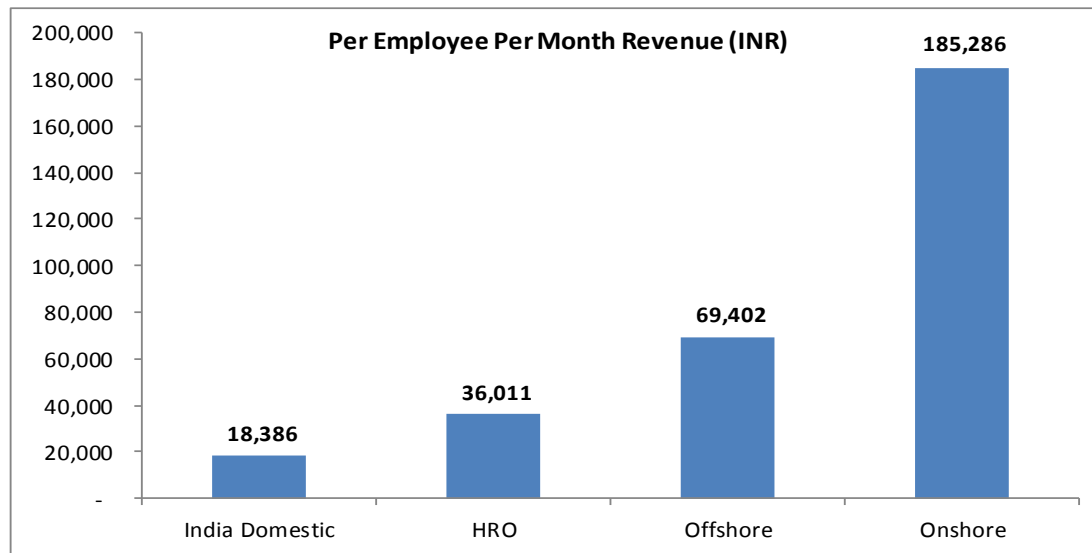


40% of revenues originated have offshore delivery



* Based on Q1 FY 16 Financials

Per Employee Revenue Across Delivery Models



USD/INR and USD/Philippine Peso variations impact our financials

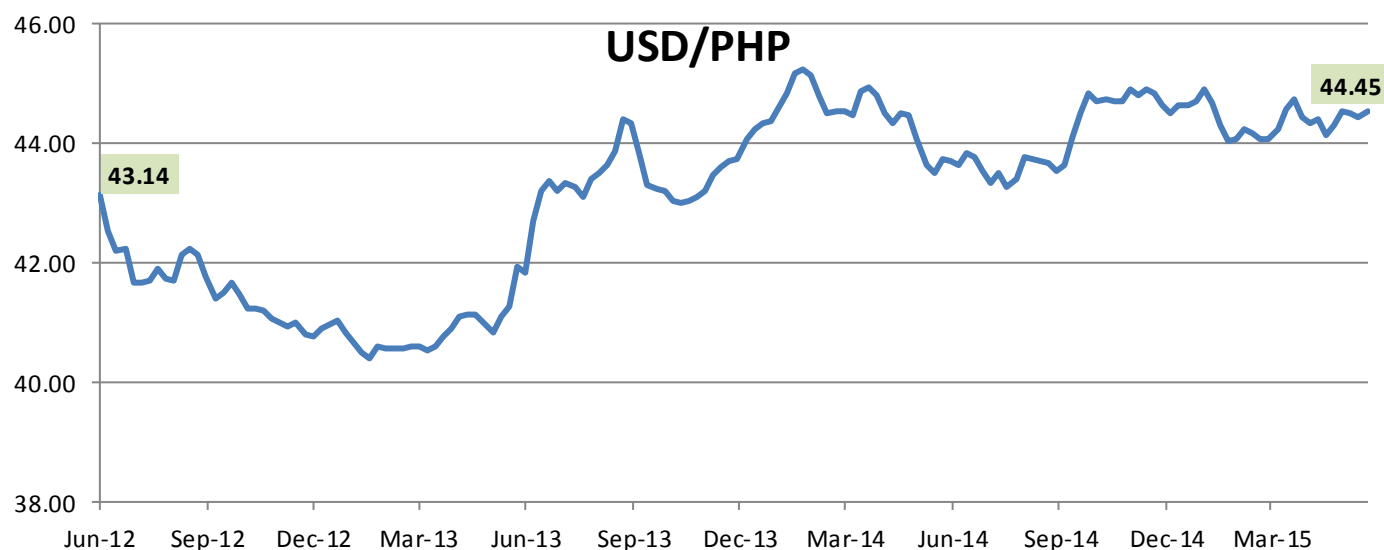


Over the last 3 years:

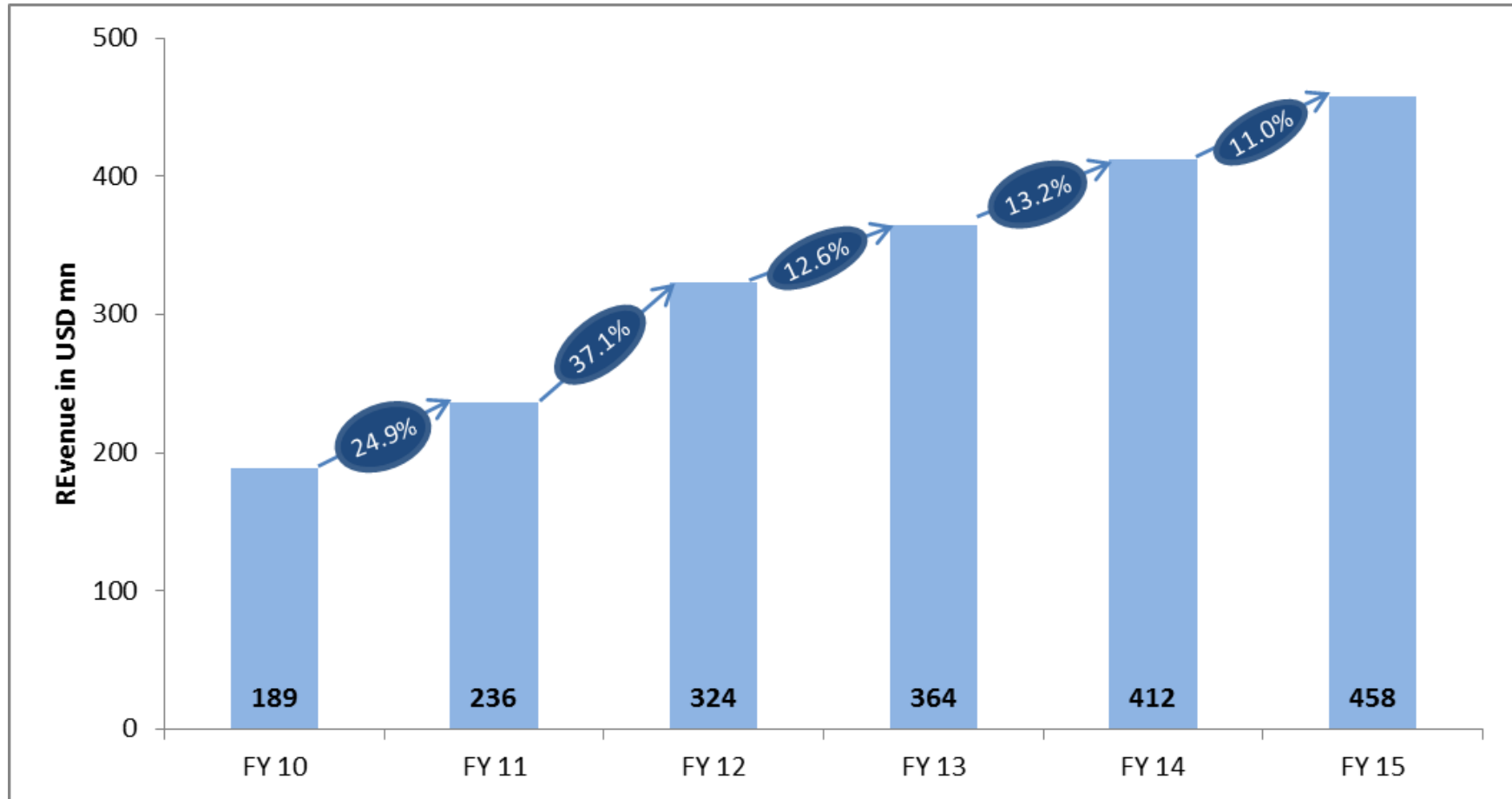
Rupee has depreciated around **15%**

And Philippine Peso (PhP) has depreciated only about **3%**

HGS hedges up to 75% of USD/ Rs and USD/ PhP revenues



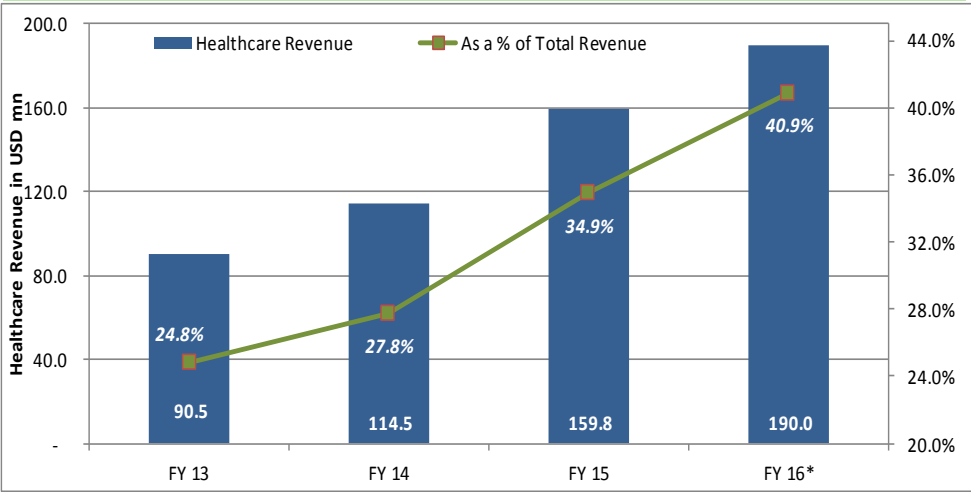
CAGR Revenue Growth of over 20 % (USD mn)



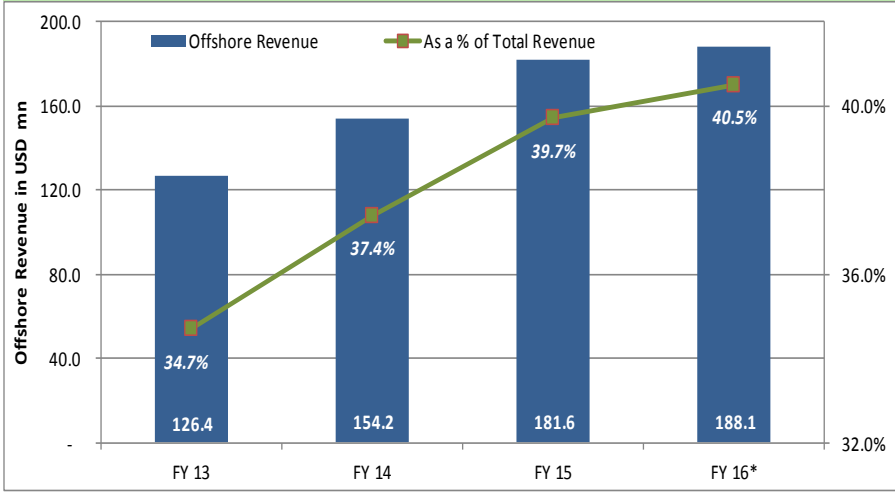
- **Growth of HGS in FY 15 (in Rupee terms) was 12.1%**
- **12.8% of volume growth offset by 0.8% due to exchange rate variation**

* Business ROCE is calculated as EBIT (excl. Treasury Income) / Capital Employed (excl. Treasury Surplus)

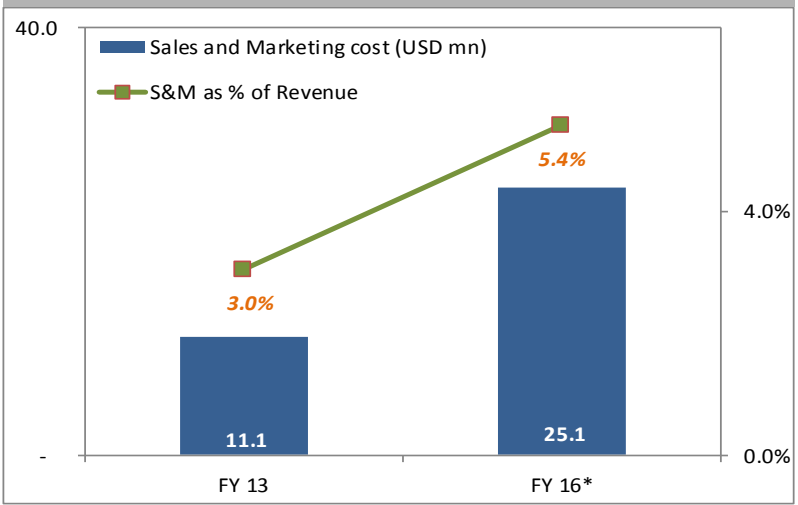
Healthcare growth to be driven by increased Depth and Breadth of service Offerings



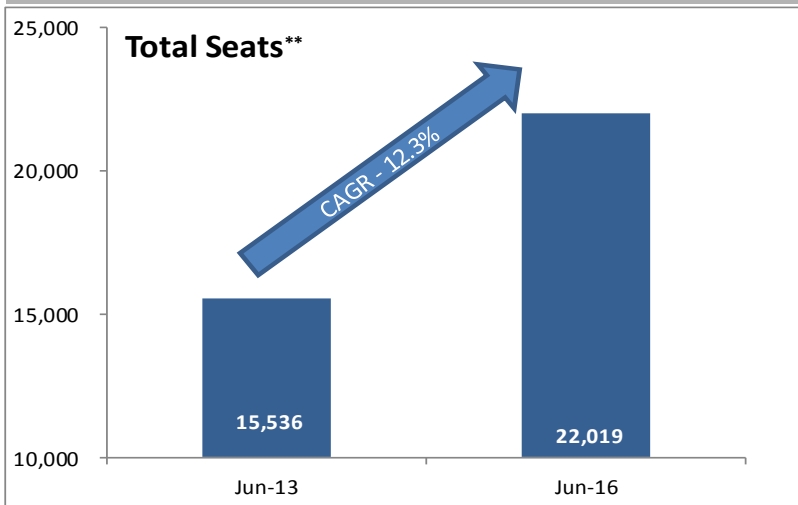
Strong Client relationships and Offshore delivery Capabilities to further drive offshore growth



Increased investment in Sales and Marketing



Increased Capacity for Growth



* Based of Q1 FY 16 Annualized

** Represents seats excluding seats for India Domestic CRM Business

Summary Financial Profile – As at 30th June 2015

Particulars	HGSL	
	Rs.	USD
Net Worth (in millions)	11,177.0	172.0
Book value per share	539.4	8.3
Price per share	452.5	7.0
Dividend per share (FY 14)	20.0	0.3
EPS (TTM)	71.9	1.1
P/E Ratio (TTM)	6.29	6.3
Gross Debt (in millions)	7,276	111.9
Total Cash (in millions)	5,081	78.2
Net Debt (Net Cash) (in millions)	2,195	33.8
Net Debt/EBITDA	0.74x	0.74x
Total Debt/Equity	0.65x	0.65x

- Book Value taken is as reported on QE June 2015
- Stock prices and USD/INR exchange rate latest available prices
- Total Debt includes foreign currency debt taken at applicable exchange rates

QE June'15 Performance Vs QE Mar'15 and QE June'15

Quarterly Performance - Consolidated

Figures in Rs mn unless otherwise indicated

	Actual QE June '15	Actual QE Mar '15	QoQ Growth %	Actual QE June'14	YoY Growth %
Revenue	7,388	7,068	↑ 5%	6,662	↑ 11%
Operating Costs (excl Dep)	6,847	6,374	↓ -7%	5,897	↓ -16%
EBITDA	541	693	↓ -22%	765	↓ -29%
EBITDA %	7.3%	9.8%	↓ -2%	11.5%	↓ -4%
Depreciation	296	281	↓ -5%	278	↓ -6%
Interest Expense	96	86	↓ -11%	108	↑ 11%
Other income	102	41	↑ 150%	79	↑ 29%
PBT	251	367	↓ -32%	458	↓ -45%
PBT %	3.4%	5.2%	↓ -2%	6.9%	↓ -3%
Tax	89	(46)	↑ 294%	133	↑ 33%
Reported PAT	162	413	↓ -61%	325	↓ -50%
PAT %	2.2%	5.8%	↓ -4%	4.9%	↓ -3%

- **Q1 historically has been a slow quarter**
 - Q1 FY 16 has been slower than expected with lower volumes in Canada, US and Philippines
 - Lower volumes impact the utilization levels thus impacting the profitability
- **Canada Performance impacted by various reasons**
 - Due to falling commodity prices Canadian economy has been undergoing a slowdown which impacted the volumes in Canada
 - Canadian Dollar (CAD) has depreciated by over 40% in the last few years against USD which has impacted the offshore performance of Canadian Business
 - HGS has been following low cost rural delivery model but due to labor shortage in these areas we have realigned our strategy to shift to urban centers. The transition has resulted in increased operating cost
 - Increase in the minimum wages in Canada
 - Discontinuation of apprentice tax credits offered as grants by government

Due to change in operating environment HGS is renegotiating the pricing and other contractual terms with our largest vendor and expects to finalize the new terms by end of next quarter



In Conclusion

Big company capabilities with entrepreneur spirit

HGS (Revenue over \$450 mn) is a part of the multi-billion dollar Hinduja Group with big company attributes. We are entrepreneurs at our core and are known to be nimble and responsive with innovative customer centric solutions

Unique Local UK, Canada and USA Operating Model

Our local CEO's and leadership teams operate their business with complete P+L accountability and empowerment. These teams are from the local markets, providing extensive local client insight and intimate knowledge and a fabric within the local markets

Onshore Strategy and Investments

HGS's industry leading 67% of revenue being delivered domestically enables empathy and consumer centricity to effectively support our clients and their customers

Financial Strength

Debt-free and with the backing of our multi-billion dollar parent company, allows us to invest in our people, process, technologies, and business models that create value for our clients including carve outs, asset monetization and transformational agreements with committed outputs

Operational Excellence

Our heritage and business excellence framework enhances our clients business often reducing HGS fees and dramatic business value through automation, elimination and self serve

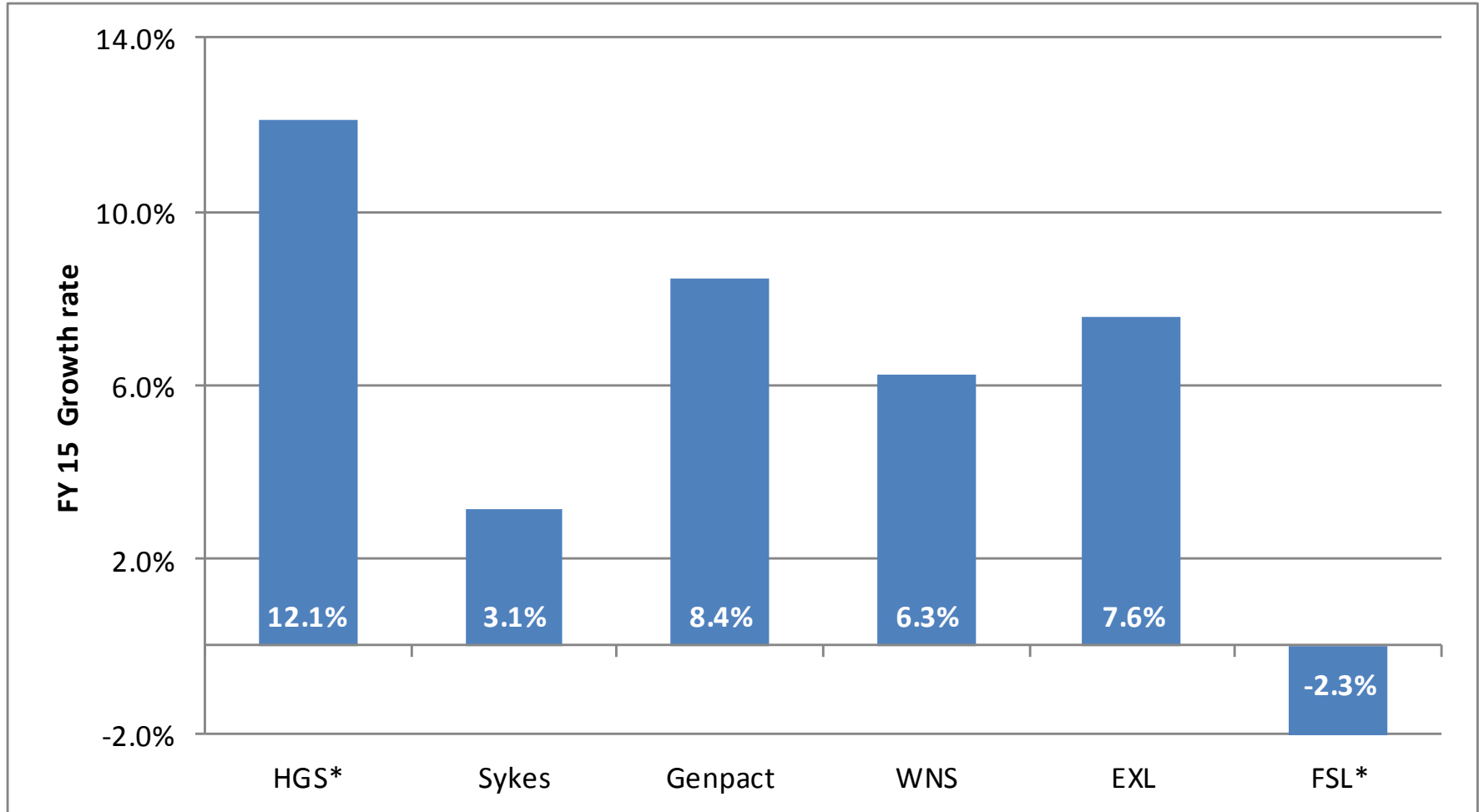
Client specific and industry insight

Our long tenured relationships across the entire consumer channel suite, allow HGS to act on our clients behalf to resolve and support their clients with deep industry insight in all methods that the consumers desire – voice, web, email, paper, SMS, social Media, video, IVR and self service



Peer Comparison

Peer Comparison - Growth



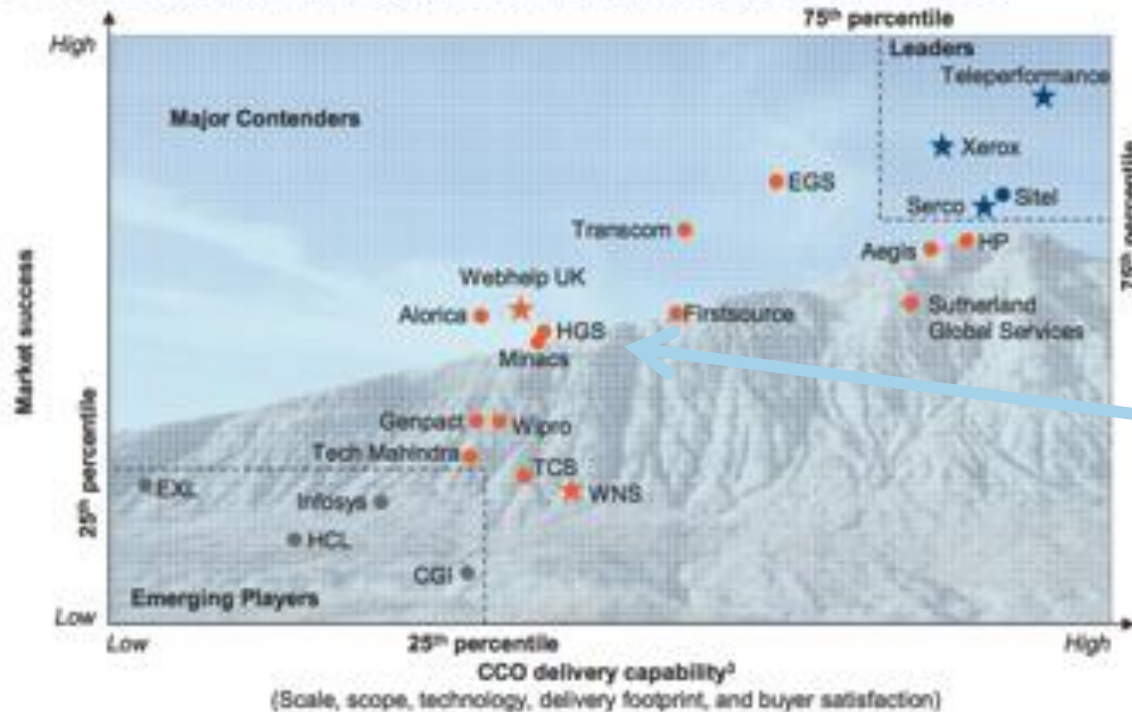
Everest Group PEAK Matrix – 2014 CCO market standings



Performance | Experience | Ability | Knowledge

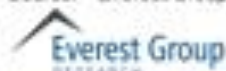
Everest Group Performance | Experience | Ability | Knowledge (PEAK) Matrix for CCO^{1,2}

- Leaders
- Major Contenders
- Emerging Players
- ☆ Star Performers

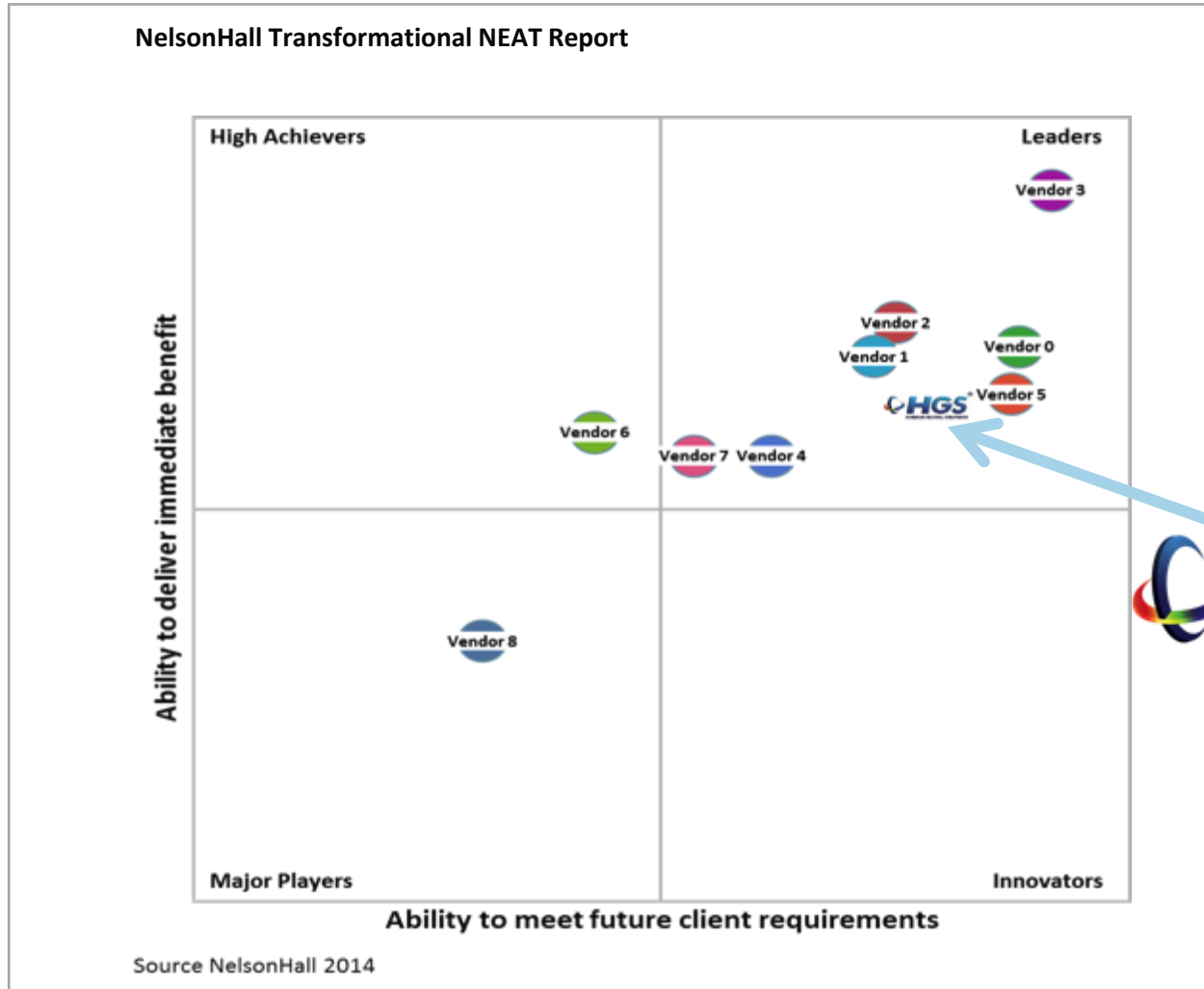


- 1 The analysis only includes service providers who participated in our research process mentioned on page 8
- 2 Notwithstanding the acquisition of Aegia USA Inc. by Teleperformance, both service providers are analyzed separately in this report as it is based on the data collected in 2013
- 3 Service providers scored using Everest Group's proprietary scoring methodology given on page 23

Source: Everest Group (2014)

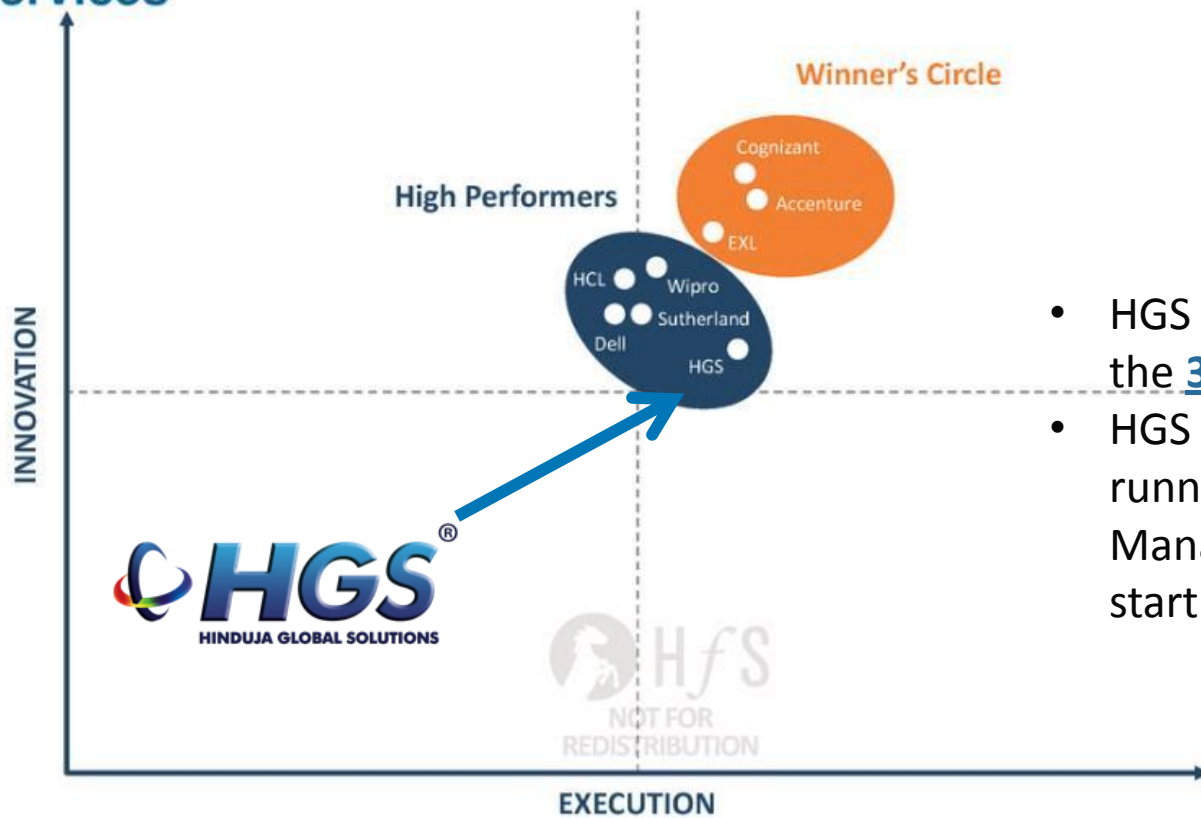


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HfS Population Health & Care Management Blueprint

HfS Blueprint 2015 Population Health and Care Management Business Services



- HGS “shines in execution”, as the **3rd** highest vendor
- HGS has one of the **longest** running Utilization Management practices, starting in 2009

Thank You
