DIVIDEND INTIMATION

August 21, 2019

Dear Shareholder,

I am pleased to share with you this business update on HGS' performance and unaudited financial results of the first quarter (Q1) of FY2020.

Our focus on driving long-term growth and sustainable profitability is helping deliver solid results. We posted a topline growth of 17.2% over Q1 FY2019 while EBITDA more than doubled. Growth was led by organic expansion and new client ramp ups, especially in the US. All our geographies are performing as expected, and Axis Point Health and India domestic businesses continue to show improvement.

Highlights from Q1 FY2020:

- HGS reported a YoY revenue growth of 17.2% at Rs. 12,905 million
- Revenue growth in constant currency terms was 15.3%
- EBITDA was Rs. 1,496 million, up by 104.6% YoY; EBITDA margins stood at 11.6%
- Net profit was Rs. 404 million, a YoY growth of 0.3%; Net margins stood at 3.1%
- Capital expenditure for the quarter was Rs. 129 million

HGS has been posting strong double-digit growth rates in the past few quarters... It reiterates the steady growing demand by clients for our BPM services – across traditional call center and back-office segments as well as the newer transformative and digital solutions. Our solutions for social care, intelligent automation, analytics and cloud services are seeing big demand from clients. We plan to increase our investments to build capabilities in these growth areas as we see big opportunities for technology-led services.

Looking ahead, the pipeline is looking healthy and we expect to post higher growth in coming quarters.

The Board of Directors of HGS, at its meeting held on August 5, 2019, declared an interim dividend of Rs. 2.50 per equity share of Rs. 10/- each for FY2020. The Record Date for interim dividend entitlement was August 14, 2019 and the dividend payment date is August 27, 2019.

I thank you for your invaluable support and look forward to the same in future.

Yours sincerely,

Partha DeSarkar
Chief Executive Officer

[PTO]

BUSINESS HIGHLIGHTS FROM THE FIRST QUARTER

- **Client Wins:**
  - Added eight new clients across healthcare, consumer electronics and retail for core BPM and 12 for HRO/ Payroll Processing
  - Expanded engagements with 18 existing clients
  - Won contracts from eight clients (new and existing) for digital, cloud and intelligent automation services.
- **Clientele:** As of 30th June, 2019, HGS had 241 core BPM clients and 668 HRO/Payroll processing clients.
- **Employee Headcount:** 42,371 as on 30th June, 2019.
- **Delivery Centers:** In Q1, HGS set up a center in Manila, Philippines, where we plan to consolidate operations from four existing centers by early FY2021. HGS had 72 global delivery centers across seven countries as on 30th June, 2019.
- **Awards & Recognition:**
  - BPS Top 50 2019, up 10 points from 2018, Everest Group, April 2019
  - Leader in:
    - Customer Service Buyers, Automation Seekers & Digital Experts Archetypes, ISG, Contact Center / Customer Experience Services Archetype report, April 2019
    - Healthcare and Retail & CPG Analytics BPS, Advanced Analytics BPS NEAT, Nelson Hall, June 2019
    - Healthcare Commercial Payer BPS NEAT Overall, Nelson Hall, April 2019
  - Star Performer in:
    - Healthcare Payer PEAK Matrix Assessment 2019, Everest Group, April 2019
    - Contact Center Outsourcing (CCO) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019, Everest Group, June 2019
  - Major Contender:
    - Customer Experience (CX) Analytics Services PEAK Matrix™ Assessment 2019, Everest Group, May 2019
    - Revenue Cycle Management Business Process Services PEAK Matrix Assessment 2019, Everest Group, (June 2019)
  - Product Challenger, Contact Center / Customer Experience Services Quadrant report, ISG, April 2019
  - Asia Pacific Top 15 status in the Booming 15 Sourcing standouts, The ISG Index™ Global Sourcing and As-a-Service Market Insights, First Quarter, April 2019
  - Recognized with the Business-to-Business Services Stevie Award for Social Media Customer Care that transforms business and delivers growth at American Business Awards