

## DIVIDEND INTIMATION

November 30, 2016

Dear Shareholder,

I am pleased to share with you this business update on HGS' performance and unaudited financial results of the second quarter (Q2) of FY 2017.

HGS continued its strong trajectory of topline growth at 14.7% y-o-y in Q2 FY2017, led by robust performance in Healthcare vertical and Offshore business. However as indicated previously, profitability was softer when compared to the first quarter, impacted primarily by currency volatility, one-time cost of a client exit in Europe and investment for ramp ups in India, Philippines and Jamaica. Below are some highlights of Q2 operating performance:

- Net Sales increased by 14.7% Y-o-Y to Rs. 9,052 million
- EBITDA was Rs. 964 million with margins of 10.7%
- PAT was Rs. 374 million with margins of 4.1%
- 185 BPM clients and 607 HRO/ F&A clients
- Total headcount at end-September 2016 was 43,793... India: 66% (India Offshore 20% and India Domestic 46%), Philippines: 17%, US: 8%, Canada: 5% and Europe: 4%

For the first half (H1) of the fiscal, HGS posted a Y-o-Y revenue growth of 18.8% to touch Rs. 18,147 million. This was led by new wins, growth in the acquired business portfolio and shift towards offshore/ nearshore. We have set up four new delivery centres in this six-month period and will continue to add more centres based on demand. We also added over 4,000 employees, mainly in India, Philippines and Jamaica.

Looking ahead, we see huge demand for our services across key service offerings and verticals. Along with expected improvement in seat utilization in North America, we believe a healthy pipeline, the Open Enrolment for the Healthcare vertical and festive season for the Consumer vertical will drive an improved performance in terms of revenue growth and profitability in H2.

HGS' Board of Directors have declared a second interim dividend of Rs. 2.50 per share for FY 2017 at their meeting held on November 9, 2016, with November 23, 2016 as the Record Date for dividend entitlement. The dividend payment date is December 1, 2016.

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

Yours sincerely,



**Partha DeSarkar**  
Chief Executive Officer

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## **BUSINESS HIGHLIGHTS FROM THE QUARTER**

- New Business:
  - Launched a technical support program for a consumer electronics major from US to support operation of their consumers' home theatre display and audio products from anywhere in their home
  - Won an engagement to support a leading US-based healthcare client's customer calls across medical and dental platforms, to be serviced from our Manila facility
  - Two healthcare clients have awarded contracts to HGS for English and bilingual Southeast Asian language support from Philippines
  - Won a contract to support customer care for an existing telecom client's retention and wireless businesses in Canada
  - Received two new lines of businesses from an existing client in the public sector vertical in Canada
  - Ramped up voice and chat programs for an existing ecommerce client in Mysuru
  - HGS' digital arm, HGS Interactive, won a contract to develop and manage an ecommerce portal for a leading jewellery brand in India
  - HGS' HRO and F&A business in India won seven new clients across BFSI, consumer products and energy verticals
- New Delivery Centers: In Q2-2017, HGS opened one new center in Philippines. Currently, HGS has 66 global delivery centers across 7 countries.

## **RECOGNITION**

- HGS received Frost & Sullivan 2016 North American New Product Innovation Award for DigiCX (September 2016)
- HGS achieved Americas Top 15 status in the Breakthrough Sourcing Standouts in ISG Outsourcing Index Global Q3 2016 (September 2016)
- HGS recognized in the "Winner's circle" in HfS Digitally Enabled Contact Center Blueprint 2016 (September 2016)
- HGS recognized as "Major Contender" in Everest Group Healthcare Payer BPO Service Provider Profile Compendium (August 2016)
- HGS ranked as "Leader" In NelsonHall CMS in Retail & CPG NEAT Overall 2016 (July 2016)
- HGS recognized in Everest Group BPS Top 50 2016 list (July 2016)
- HGS recognized as "High Performer" in HfS Blueprint 2016 - Population Health & Care Management (July 2016)