

DIVIDEND INTIMATION

March 6, 2018

Dear Shareholder,

I am pleased to share with you this business update on HGS' performance and unaudited financial results of the third quarter (Q3) and Nine Months (9M) of FY2018.



Partha DeSarkar
CEO - HGS

HGS posted a steady revenue growth of 5.2% Year on Year (YoY) in constant currency terms. Revenue growth in Rupee terms and EBITDA margins were muted due to appreciation of the Rupee against the US Dollar. In dollar terms, we crossed \$150 million in a single quarter for the first time, clocking \$151.6 million, a 7.4% growth YoY. The Healthcare vertical continued to drive growth for HGS, contributing 51% of Q3 revenues, led by the Open Enrolment season and strong onshore delivery.

Highlights of Q3 -

- HGS reported a YoY revenue growth of 2% at Rs. 9,757 million; In constant currency terms, growth was 5.2% YoY
- EBITDA was Rs. 1,001 million; EBITDA margin stood at 10.3%
- Net profit was Rs. 490 million, a YoY growth of 3.84%; Net margin stood at 5.0%
- Capital expenditure for the quarter was Rs. 156 million
- 191 BPM clients and 633 payroll processing and HRO/ F&A clients
- The Board of HGS has approved the merger of its wholly-owned subsidiary, HGS International Services Private Limited with HGS, April 1, 2017 being the Appointed Date. The merger is subject to requisite approvals.

At the end of Nine Months of FY2018, HGS reported -

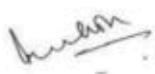
- Revenue of Rs. 28,455 million, a YoY growth of 2.7%; in constant currency, growth was 6% YoY
- EBITDA was Rs. 3,022 million; EBITDA margin stood at 10.6%
- Net profit was Rs. 1,438 million; Net margin stood at 5.1%

The Board of Directors of HGS, at its meeting held on February 8, 2018, declared a third interim dividend of Rs. 2.50 per equity share of Rs. 10/- each for FY2018. The Record Date for the third interim dividend entitlement is February 23, 2018 and the dividend payment date is March 7, 2018.

HGS performance for the first nine months of the current fiscal has been led by business expansion amongst existing clients. We also won several large deals in the latter half of FY2018, which augurs well for growth in FY2019. With our differentiated customer experience services powered by technology-led solutions resonating well with clients, we expect to continue the trend of posting a better second half compared to first half in FY2018 too.

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

Yours sincerely,



Partha DeSarkar
Chief Executive Officer

[PTO]

CIN: L92199MH1995PLC084610

Corporate Office: 1st Floor, Gold Hill Square Software Park, No. 690, Bommanahalli, Housr Road, Bangalore - 560 068 India. T: 91-80-4643 1000

Regd. Office: Hinduja Global Solutions Limited. Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai - 400 018, India. T: 91-22-2496 0707, F: 91-22-2497 4208, W: www.teamhgs.com

BUSINESS HIGHLIGHTS FROM THE QUARTER

- New Business:
 - Signed six new clients across BFSI, Energy and Telecom & Media verticals till date
 - Expanded engagements with five existing clients
 - Won two DigiCX deals
- Currently, HGS has 69 global delivery centers across seven countries.
- Total headcount stood at 46,321 as on December 31, 2017, a net addition of 395 people in Q3

AWARDS & RECOGNITION

- HfS “Winners’ Circle” in their Healthcare Business Operations Blueprint
- ISG Rising Star in their Contact Center Services Provider Lens Quadrant report
- ISG Leader for “Digital Enthusiast” & “Automation Seeker” Archetypes in Contact Center CX Provider Lens Report
- Everest Research Major Contender in both Healthcare Provider & Healthcare Payer BPO Peak Matrixes
- Contact Center World Global Awards: Best Outsourcing Partnership and Best Use of Self-Service Technology
- UBS Business Transformation Summit & Awards 2017: Ramesh Gopalan, President - Global Healthcare and India Business, HGS adjudged Cultural Transformation Leader of the Year; Ram Mohan Natarajan, Sr. VP - Business Transformation & Innovation, HGS recognized as Business Transformation Leader of the Year
