

LETTER TO SHAREHOLDERS

February 23, 2015

Dear Shareholder,



Hope 2015 has started on a good note for you. I take great pleasure in sharing with you, the unaudited financial results of HGS for the third quarter ended December 31, 2014, business highlights, as well as the awards and recognitions received.

Your company continued to maintain its robust business performance and reported consolidated revenues of ₹ 732.50 crores in the third quarter, a growth of around 13.5% on year-on-year basis (at constant exchange rates) and 11.5% in rupee terms. The growth was driven by increased contribution from healthcare vertical, enhanced business from existing clients, addition of new clients and a better demand scenario.

The Consolidated EBITDA increased to ₹90.4 crores (compared to ₹ 81.0 crores, in Q2) a growth of 11.60%. This growth is after absorbing substantial ramp up costs related to the expansion of facilities in the Philippines and costs related to the ongoing portfolio rationalization initiatives.

Consolidated PAT for Q3 improved by 37 % to ₹ 52.80 crores compared to ₹ 38.50 crores of Q2. However, a higher depreciation charge as per the new Companies Act, 2013, continued to impact profitability of the current financial year, hence PAT of Q3 declined by 3.4% to ₹ 52.80 crores from ₹54.10 crores of Q3 of the previous financial year.

Encouraged by the strong performance of HGS in Q3, the Board of Directors at their meeting held on February 05, 2015 declared third interim dividend of ₹5 per share for FY 2014-15 with February 20, 2015 as the Record Date and February 27, 2015 as the payment date.

Thank you for your continued support that has led HGS to grow into the organization we are today. We hope to continue this journey with you, creating value and transforming vision into excellence.

Yours sincerely,



Partha DeSarkar
Chief Executive Officer

Expanding Business

The **Canadian** operation continued its strong performance and plans to start a new site with 450 seats at Windsor, Ontario to cater to additional volumes

The **UK** and **Europe** operation is focused on consolidation of two London sites into one to cater to multilingual services primarily for Government and consumer goods sectors

Efforts are on to leverage wider organization capabilities with the aim to leverage the growing UK healthcare BPM industry

The **Philippines** operations experienced client expansion. It received two new contracts from a fitness client and a durable medical equipment provider

The **US** operation is focused on expansion, with the announcement of its second site in El Paso, Texas, a center with the capability to accommodate over 800 seats

Strong growth momentum gained in the healthcare vertical which has benefited both **India** and **Philippines** operations

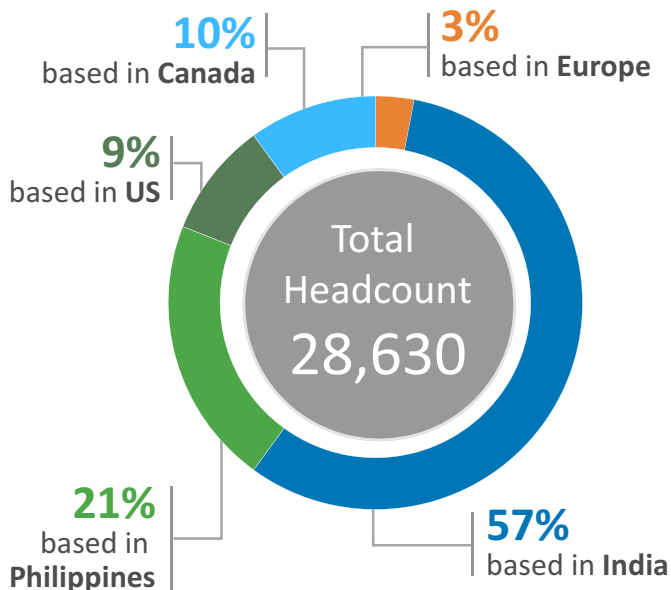
140 active clients

(Excluding payroll processing clients)



No. of Employees

As of December 31, 2014



India Performance

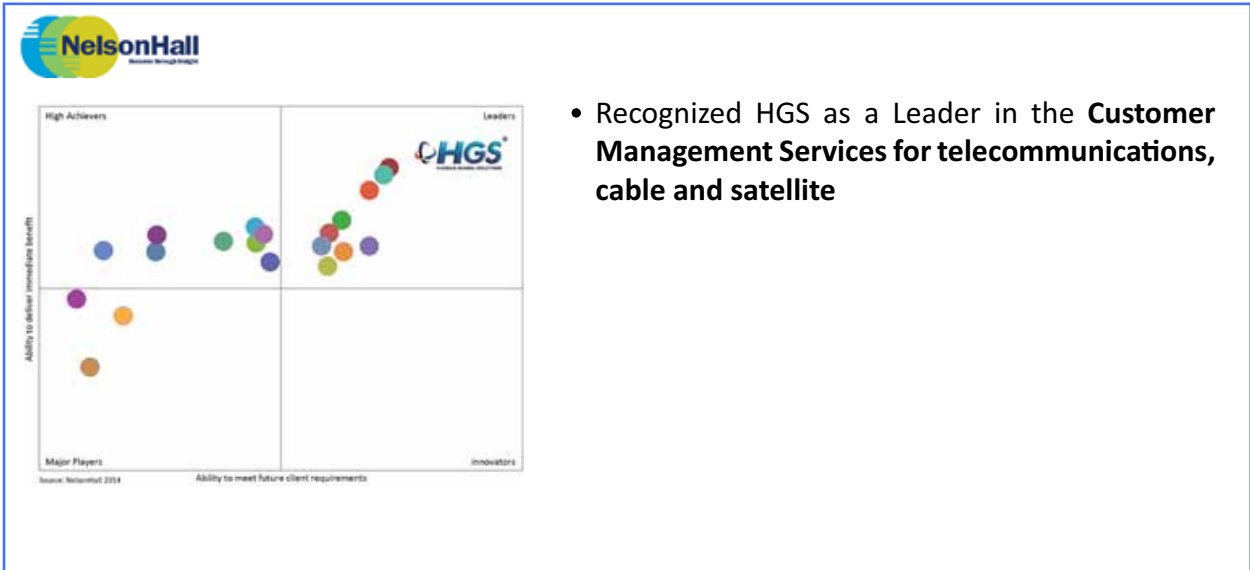
Strong growth momentum gained in the healthcare vertical; trend expected to continue





RECOGNITIONS

In 2014, HGS has made significant progress in being recognized as one of the leading players in the Contact Center Outsourcing space by the analyst and advisor community.



Gartner

- Included HGS in the Magic Quadrant for **Customer Management Contact Center BPO**

HfS Research

- Included HGS in their **Telecom Operations Assessment Blueprint**
- Included HGS in their **Marketing Operations and Digital Engagement Management Blueprint**