

Dear Shareholder,

I take great pleasure in sharing with you the unaudited results of the quarter ended June 30, 2014.

Your company started FY 2014-15 with a robust business performance, reporting revenue of ₹ 66,621.83 lakhs in the first quarter, a growth of 19% on year-on-year basis. The growth was driven by enhanced volumes across existing clients, addition of new clients, a better demand scenario and favorable exchange rates.

Consolidated EBITDA rose by 20.7% to ₹ 7,654.17 lakhs, leading to EBITDA margin of 11.5%. Better capacity utilization levels across geographies and delivery centers as well as various performance management and cost control measures undertaken during the last year led to the strong margins.

Our consolidated PAT for Q1 was ₹ 3,249.99 lakhs. A higher depreciation charge of approximately ₹ 540 lakhs, due to implementation of provisions of the new Companies Act, 2013, and a drop in Other Income, which was impacted by lower exchange rate volatility, resulted in PAT declining by around 14% as compared to quarter ended June 2013.

Encouraged by the strong performance in Q1, the Board of Directors at a meeting held on August 12, 2014 declared an interim dividend of ₹ 5/- per share for FY 2014-15 with August 26, 2014 as the Record Date.

Highlights of the quarter ended June 30, 2014:

- Strong traction in volumes across existing clients and new additions.
- US operations added two major clients, a large financial services company and a healthcare client, for US-based delivery services.
- Signed a lease for a larger facility at El Paso, Texas in the US.
- Added 210 FTEs in Canada to manage increased volumes for new lines of service wins from our existing clients.
- HGS UK - Preston center won the "Best Large Contact Center" title at the EMEA finals of Contact Center World Awards 2014.
- Philippines operation experienced strong demand from US and Canadian clients, mainly in the healthcare vertical.
- India International operations continued its growth momentum; EBOS business signed two new clients for account receivable management services.
- Awarded a new line of business from an existing telecom client in India to service its premium customers.
- 141 active clients as of June 30, 2014 (excluding payroll processing clients).
- Total employee headcount stood at 26,803 of which around 59% are based in India and the rest are in the Philippines, US, Canada, Europe and Jamaica.

Your company continues to see strong demand for its services across geographies. We are focused on translating these exciting opportunities into new business, and drive higher growth for us during the year.

I thank you for your continued support and look forward to sharing key developments as we progress through FY 2014-15.

Yours sincerely,



Partha DeSarkar
Chief Executive Officer

CIN: L92199MH1995PLC084610

Corporate Office: HGS House, No. 614, Vajpayee Nagar, Bommanahalli, Hosur Road, Bangalore - 560 068, India. T: 91-80-2573 2620, F: 91-80-2573 1592

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

