

DIVIDEND INTIMATION

August 31, 2017

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 FY 2018.

HGS posted a growth of 6.4% y-o-y (constant currency terms) and 1.9% y-o-y (Rupee terms) in topline in Q1 FY 2018. Revenue growth in Rupee terms was muted due to appreciation of the Rupee against the US Dollar, Profitability margins were soft due to a strong Rupee and lower profitability of India domestic business. Excluding impact of FX losses, EBDITA was reasonably strong at Rs. 1,002 million.

Below are some highlights of our performance as compared to the quarter ended 30th June, 2016

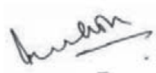
- Net Sales increased by 1.9% y-o-y to Rs. 9,272 million
- Revenue growth led by double-digit growth in healthcare vertical and India CRM business
- EBITDA was Rs. 1,002 million with margins of 10.8%
- PAT was Rs. 415 million with margins of 4.5%
- Capex and investments was Rs. 395 million
- Gross debt reduction of Rs. 553 million during Q1; Net Debt of Rs. 1,187 million at quarter-end
- 187 BPM clients and 618 payroll processing & HRO/ F&A clients
- Total headcount stood at 44,877 as on 30th June, 2017; India: 67% (India Offshore 20% and India Domestic 47%), Philippines: 16%, US: 5%, Canada: 5%, Jamaica: 4% and Europe: 3%

The Board of Directors of HGS, at its meeting held on August 11, 2017, has declared an interim dividend of Rs. 2.50 per equity share of Rs. 10/- each for FY 2018. The Record Date for interim dividend entitlement was August 22, 2017 and the dividend payment date is September 5, 2017.

As with previous years, we expect the second half to be better for HGS than the first half of FY 2018. We continue to make investments in technology-led solutions such as Automation, Digital and Analytics to drive growth across our geographies. The pipeline looks promising with several ramp ups planned in the next few quarters, especially in the healthcare business for the forthcoming Open Enrolment season for US.

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]

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BUSINESS HIGHLIGHTS FROM THE QUARTER

- New Business:
 - Signed seven new clients across healthcare, airline, retail and consumer electronics till date; Two of them have already started generating revenue
 - Expanded engagements with 19 existing clients
 - Won five digital-related deals across new and existing clients
- Delivery Centers: Opened a new center in Indore; Total delivery centers as on 30th June, 2017 was 69 across seven countries
- Management changes: Announced Adam Foster as the new CEO for UK & Europe (July 2017)
- New Solutions & Innovation: Signed a strategic partnership with Conversable, a leader in AI, CX and intelligent automated conversations; Will enhance HGS' service offerings to transform customer experience through intelligent integration of bots and brains

RECOGNITION

- Named as Major Contender in Contact Center Outsourcing - Everest PEAK Matrix
- Named Leader in delivering Digital Customer Experience - NelsonHall Multi-channel Customer Management Services NEAT
- Named Leader in Customer Management Services for Telecom - NelsonHall NEAT
- Named in the ISG Americas Breakthrough 15 Sourcing Standout
- Winner in Contact Center World Awards for –
 - Gold for Best Outsourcing Partnership
 - Gold for Best Self-Service Technology using the HGS' Bots & Brains approach