



DIVIDEND INTIMATION

August 30, 2016

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 2017.

Continuing the trend of profitability turnaround seen in the previous quarter, HGS posted a strong financial performance in Q1. We grew our topline significantly and posted a triple-digit growth in PAT. Below are some highlights of the operating performance:

- Net Sales of Rs. 9,095 million, a y-o-y increase of 23.1%
- EBITDA of Rs. 1,066 million, a y-o-y increase of 95.8%; Margin of 11.7%
- PAT of Rs. 517 million, a y-o-y increase of 212.4%; Margin of 5.7%
- 189 active clients (excluding payroll processing clients); Added five new clients in Q1
- Total headcount was 40,938, an increase of over 1,000 compared to March 31, 2016

The quarter has seen significant growth in volumes from both existing and new clients. The robust performance was seen across our geographies and industry verticals; this was led by the healthcare vertical, which recorded a growth of 30.4% in Q1, and now contributes 43% of HGS' total revenue.

As evinced over the last few quarters, HGS is dealing with rapid growth globally. Our efforts in strengthening the client-facing team has resulted in an encouraging pipeline across geographies and verticals. The Company is also focused on expanding our delivery footprint... we have added three new centers so far this fiscal and will continue to add more based on demand. With clients viewing India, Philippines and Jamaica as popular destinations, we are driving a change in onshore/ offshore and nearshore mix, that is helping margin growth. We are growing steadily on the right path, and are confident that the coming quarters will only reiterate this.

In view of the performance in Q1, HGS' Board of Directors have declared an interim dividend of Rs. 2.50 per share for the financial year 2016-17 at their meeting held on August 11, 2016. The Record Date for dividend entitlement is August 20, 2016 and Dividend Payment date is August 30, 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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HINDUJA GROUP



BUSINESS HIGHLIGHTS FROM THE QUARTER

- HGS deepened its footprint in the eCommerce segment, winning a contract from a Fortune 100 retailer to provide customer care support to the client's B2C customers from Mysore in Kannada and English languages. The program will operate with over 200 FTEs.
- HGS USA signed multiple engagements across Healthcare, Consumer Products, Auto and Technology verticals. Many of them included a digital component, an area where HGS is rapidly building expertise. These include –
 - o Engagement to handle social media support for a major car-sharing company
 - o Contract with a technology company that manufactures action cameras to provide customer service support
- HGS Canada further leveraged on the gains of last quarter and continued to expand business. We won additional lines of business from Telecom and Public Sector verticals.
- In Jamaica, we expanded programs for an existing US-based healthcare client as well as won new business from a leading Jamaican bank for providing social media support.
- HGS Philippines continues to expand - Launched a line of business to support provider Medicare calls for a leading US-based healthcare client; to begin an engagement with a consumer electronics giant for customer support services
- New Solutions and Innovation –
 - o Launched DigiCX, a suite of CX (Customer Experience) services focused on transforming traditional customer experiences. DigiCX leads with self-service intelligently integrating people to help consumers 'Get the Right Answer Fast' at every moment of truth using analytics, automation and artificial intelligence.
 - o Colibrium partnered with Health Alliance Medical Plans to implement Colibrium's Tuo® Marketplace to provide a sales automation solution for individual and group markets.

RECOGNITION

- HGS was ranked 11th on Nasscom's Top 20 IT/ BPO Employers list for FY2016; HGS jumped from 18th position the previous year
- HGS won two Gold awards for the second year in a row at the Contact Center World Best Practices Americas 2016 competition in Miami, Florida:
 - o Gold in the category of Best Outsourcing Partnership based on our partnership with a major electronics company
 - o Gold for Best Use of Self-Service Technology
- HGS was recognized as a Leader in the NelsonHall Customer Management Services NelsonHall Evaluation Assessment Tool, showcasing both a focus on improving customer experience and taking out cost.
- HGS was recognized as a High Performer in the HfS Contact Center Operation Blueprint.
- HGS was included as a "Rising Star" in Gartner Competitive landscape: Building Differentiated Customer Management BPO Services.