LETTER
TO SHAREHOLDERS

December 1, 2014



Dear Shareholder,

I take great pleasure in sharing with you, the unaudited financial results of HGS for the second quarter ended September 30, 2014, business highlights and the awards, recognitions received.

At the outset, I am pleased to inform that your Company has enjoyed a quarter-on-quarter growth during the current financial year. Your Company continued with its robust business performance of first quarter, reporting revenue of ₹702.06 crores in the second quarter, a growth of 12% on year-on-year basis (at constant exchange rates) and 8.5% in rupee terms. The growth was driven by enhanced volumes across existing clients, addition of new clients and a better demand scenario.

The Consolidated EBITDA margin remained stable at 11.5% at the first quarter level, even after absorbing the substantial ramp up costs related to the expansion of facilities in the Philippines.

The consolidated PAT for Q2 was ₹38.45 crores. A higher depreciation charge due to the implementation of provisions of the new Companies Act, 2013, and a drop in Other Income by ₹6.04 crores, due to lower exchange rate volatility, resulted in PAT declining by around 10.5% as compared to quarter ended September 2013.

Encouraged by the strong performance of HGS in Q2, the Board of Directors at the meeting held on November 12, 2014 declared a second interim dividend of ₹5 per share for FY 2014-15 with November 28, 2014 as the Record Date and December 5, 2014 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

Canadian operations experienced client expansion across sectors. It was awarded a new line of business from an existing telecom client for email support and network troubleshooting

HGS **UK** and **European** operations' added a new contract for multi-channel support from a leading FMCG company

We expanded our **Philippines** facility which continues to experience strong demand from existing as well as new clients

The **US** operations continued its growth momentum across sectors. It received a new contract from a global consumer electronic company for the launch of an online self-help portal

The **Jamaica** business was awarded a new contract to deliver voice based customer care support by one of its largest healthcare client

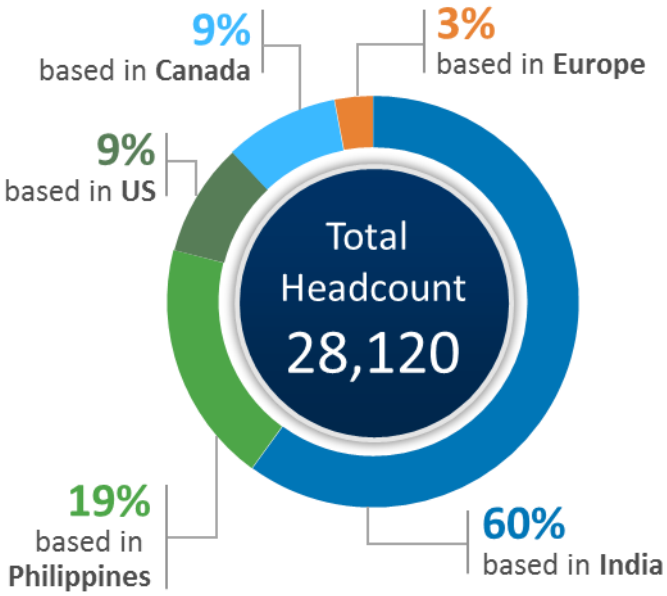


143 active clients

(Excluding payroll processing clients)

No. of Employees

As of September 30, 2014



India Performance

- India International business continued to perform well, primarily driven by the healthcare clients. It is expected to further benefit from start of the open enrolment season.
- India Domestic operation is expected to benefit from a new line of business from an existing telecom client.



RECOGNITIONS

HGS recognized as a "Leader in Transformational Customer Management Services"
in Nelson Hall's NEAT Vendor Evaluation

"HGS has demonstrated its ability to deliver on multi-service line transformational CMS contracts through a combination of training and hiring innovation, and the use of process analytics"

Mike Cook
Principal CMS Analyst

NelsonHall
Success through Insight

HGS recognized as a "Major Contender in Customer Care Outsourcing"
by Everest Group

"HGS is clearly committed to building a strong and competitive contact center outsourcing business. Everest Group believes HGS is well-positioned to grow as a CCO provider as this dynamic market continues to evolve."

Katrina Menzigian
Vice President, Research

Everest Group
From insight to action.



HGS' Canada operation won a Gold Stevie Award at the 11th Annual International Business Awards in the category of 'Customer Service Department of the Year'