December 05, 2018

BSE Limited
Corporate Relation Dept.
P. J. Towers, Dalal Street
Mumbai 400 001.
Scrip Code : 532859

National Stock Exchange of India Ltd.
"Exchange Plaza",
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051.
Symbol : HGS

Dear Sirs,

Sub: CEO's letter to Shareholders - Second Interim Dividend

We are enclosing a copy of CEO's letter sent to the Shareholders of the Company in respect of payment of Second Interim Dividend for the Financial Year 2018-19.

Thanking you,

Yours truly,
For **Hinduja Global Solutions Limited**

Makarand Dewal
Company Secretary

Encl : a/a.

DIVIDEND INTIMATION

Dear Shareholder,

November 29, 2018

I am pleased to share with you this business update on HGS' performance and unaudited financial results of the second quarter (Q2) and half year (H1) of FY2019.

HGS continued its business momentum in Q2, registering a strong double-digit topline growth, led by demand across both healthcare and CET (Consumer, eCommerce, Telecom & Tec hnology) verticals. The organic business is doing very well, with markets such as US, Canada and UK posting excellent growth, while the recent acquisitions of AxisPoint Health and Element Solutions saw modest gains in revenue.

Led by this robust performance, HGS reported revenue growth of 20.8% YoY at Rs 22,595 million for H1 FY2019… this is significantly more than what we achieved in terms of growth rates in the last two years.

Highlights from Q2 FY2019:

- HGS reported a YoY revenue growth of 22.9% at Rs. 11,586 million
- Organic revenue growth in constant currency terms was 7.4%
- EBITDA, excluding the acquired businesses, was Rs. 1,109 million; EBITDA margins stood at 10.2%
- Overall EBIDTA, including the Element and Axis Point acquired businesses, was Rs. 776 million and EBITDA margin was 6.7%
- PAT was Rs. 448 million, a YoY drop of 16%; Net margins stood at 3.9%

In CET, a large part of the growth in Q2 was led by some big logos that we signed toward the end of last fiscal. Healthcare vertical continued to ramp up, with the Provider segment registering 52.9% growth YoY in dollar terms. While the India CRM business continued to face challenges from the drop in telecom volumes, we are seeing strong growth in verticals like financial services.

Looking ahead, we expect the second half to be better than H1 based on our conversations with clients and the pipeline visibility. The focus is now on expanding the EBIDTA margins, both of the legacy business and the acquisitions. We expect improvement from the various measures we have undertaken, and with Canada and the UK on the turnaround path.

The Board of Directors of HGS, at its meeting held on November 2, 2018, declared second interim dividend of Rs. 2.50 per equity share of Rs. 10/- each for FY2019. The Record Date for said interim dividend entitlement was November 19, 2018 and the dividend payment date is November 29, 2018.

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]

BUSINESS HIGHLIGHTS FROM THE SECOND QUARTER

- **Client Wins:**
- Signed three new clients in Healthcare, Education and Media, and five new clients in HRO/ Payroll Processing
- Expanded engagements with four existing clients
- Business Transformation & Digital:
  - Signed a contract with an education provider in the Middle East to deploy RPA as a Service
  - Set up a Social Media Command Center in Mumbai to support social media engagement for an Indian media company
- **Clientele:** At the end of 30th September 2018, HGS had 255 core BPM clients and 644 HRO/Payroll Processing clients.
- AxisPoint Health, an HGS company and a leader in population health management, has earned URAC reaccreditation in Health Call Center for its GuidePoint solution, a clinically and analytically driven nurse advice, navigation, and member engagement service.
- **Delivery Network:** Expanded capacity in India for servicing healthcare and financial services clients
- **Employee Headcount**: 44,528 globally as on 30th September 2018.
  HGS' Work@Home program in North America had 860 remote associates, compared to 558 in Q1 FY2019.
- **Awards & Recognition:**
  - Recognized by NASSCOM with the Customer Service Excellence Award 2018 in Transformation category
  - Won the TMC Magazine's 2018 CRM Excellence Award for DigiCX deployment
  - Won the Best in Biz Awards 2018 International award for Consumer Service of the Year for digital chat - SMS platform delivery, concurrency and service excellence focus
  - Achieved Americas Top 15 status in the Breakthrough Sourcing standouts in ISG Outsourcing Index for Q2 2018 for The ISG Index™Global Sourcing and As -a-Service Market Insights Second Quarter 2018, July 2018
  - Named as a Leader in the NelsonHall Digital CX Services NEAT 2018 for Cost Optimization, CX Improvement & Overall Views, September 2018

MEDIA COVERAGE OF HGS (Q2 FY2019)





Watch the TV interviews of Partha DeSarkar, Global CEO, HGS on the Q2 results…

If you are getting this communication on email, click directly on the images above. Otherwise, you can log onto www.teamhgs.com and visit the News Resources section.