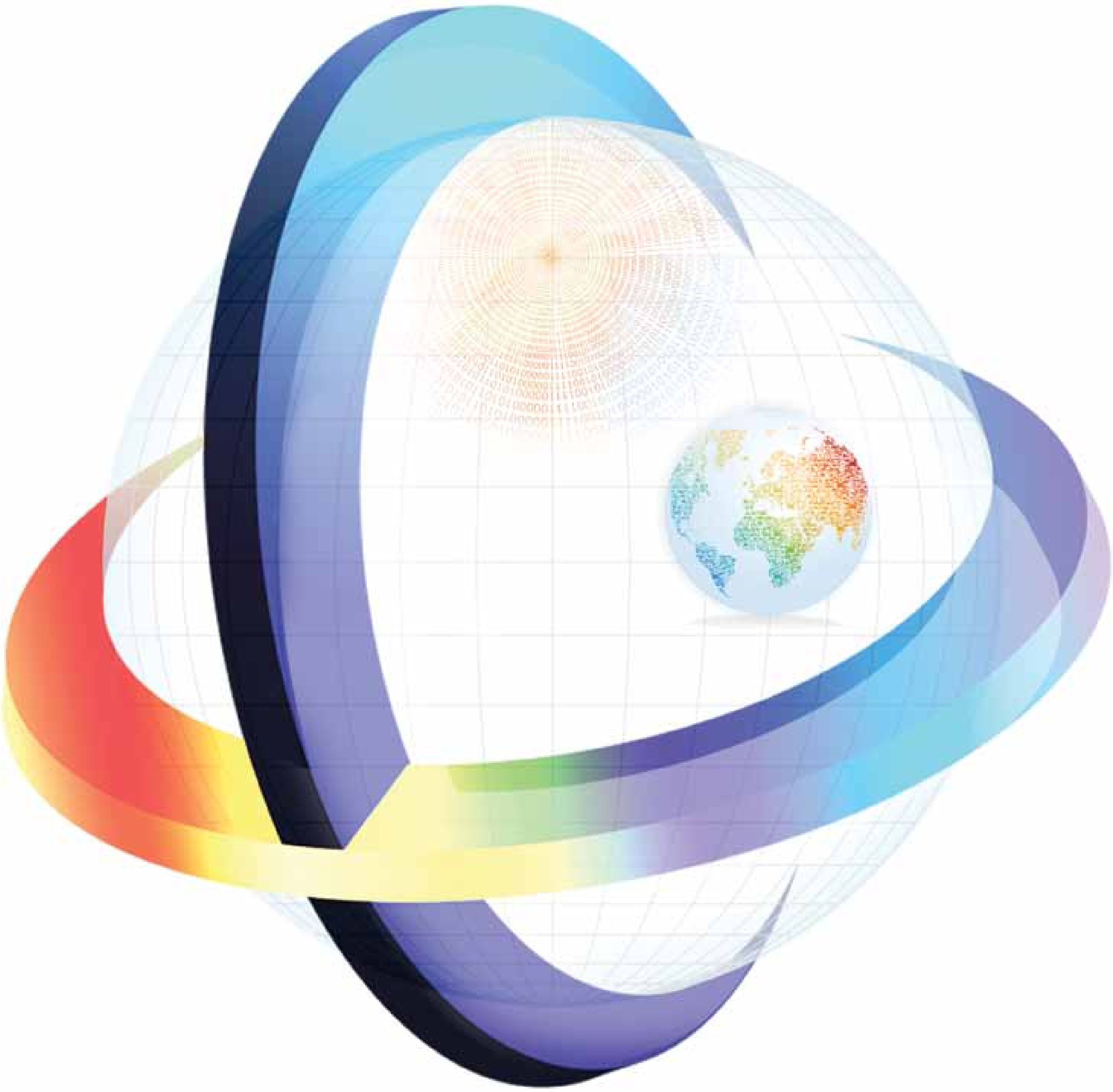
ANNUAL REPORT 2012-13



YOUR GLOCAL TRANSFORMATION PARTNER

RIGHT SHORE • ONE EXPERIENCE • COLLABORATIVE SOLUTIONS

ACT LOCAL, THINK GLOBAL

HGS business excellence models benefit our client processes by leveraging local expertise and global best practices to deliver enhanced business performance.

UNITED STATES
- PEORIA
- WATERLOO
- EL PASO
- ST. LOUIS
- WARRENVILLE
- GREENFIELD
- PRINCETON

INDIA
- BANGALORE
- MUMBAI
- CHENNAI
- NAGERCOIL
- HYDERABAD
- DURGAPUR
- MYSORE
- GUNTUR
- SILIGURI

PHILIPPINES
- MANILA
- ILOILO

CANADA
- MONTREAL
- DARTMOUTH
- CHARLOTTETOWN
- MONTAGUE
- KENTVILLE
- BELLEVILLE
- LIVERPOOL
- TIMMINS
- PEMBROKE
- NORTHBAY
- THUNDERBAY

UK
- LONDON
- SELKIRK
- PRESTON

ITALY
- ROME

GERMANY
- HAMBURG

NETHERLANDS
- ROTTERDAM

MAURITIUS
- ROSE HILL

FRANCE
- PARIS

JAMAICA
- KINGSTON

AUTOMOTIVE
BANKING & FINANCIAL SERVICES
CHEMICALS & BIOTECHNOLOGY
CONSUMER (PRODUCTS & SERVICES)
HEALTHCARE
LOGISTICS & TRANSPORTATION
MEDIA
PHARMACEUTICALS
TECHNOLOGY
TELECOMMUNICATION
GOVERNMENT & PUBLIC SECTOR
RETAIL STORE

INDEX

SHRI PARMANAND DEEPCHAND HINDUJA

FOUNDER - HINDUJA GROUP

The five principles distilled from the lifetime experience of the Founder of Hinduja Group, Late Shri Parmanand D. Hinduja, serve as the cultural cornerstones of the businesses of the Group, leading to a synergistic and creative partnership of professional management and entrepreneurship among the Group companies.

- Work to Give
- Act Local, Think Global
- Advance Fearlessly
- Word is a Bond
- Partnership for Growth

MISSION

To Make Our Customers More Competitive

VISION

To be a globally preferred business process transformation partner for our clients, creating value in their business through innovative outsourcing solutions.

VALUES

Based on the five principals established by the Group Founder, HGS has evolved the following set of Seven Values that inspire and energise every employee of the Company and its subsidiaries:

Customer Focus

Our customer is in the centre of whatever we do. We listen to our customers, anticipate and consistently meet and exceed their expectations. We create value in partnership with clients.

People Empowerment

We encourage employees to take risk and ownership for all their actions, take pride in their achievements and celebrate small successes.

Global Mindset

We think globally and the world is our stage to play in. In all our operating geographies, we respect cultural diversity and provide equal opportunities for all of our employees to voice their opinions, to learn, contribute and to grow.

Sustained Growth

We are driven to grow our businesses rapidly and profitably to create value for all our stakeholders; viz., shareholders, customers, employees and society as a whole.

Total Quality

We are passionate about quality. We believe in continuous improvements through innovation, process improvement and team work.

Integrity

We act ethically, honestly and with transparency. Honesty is the cornerstone in all our dealings, be it with our employees, customers, suppliers, partners, shareholders, the communities we serve or the Government.

Pride in Execution

Our work is our passion. We deliver consistently superior business results by excelling in whatever we do for our clients.

BOARD OF DIRECTORS

Hinduja Global Solutions Limited

From left to right:

Anil Harish, Shanu S. P. Hinduja, Ramkrishan P. Hinduja, Vinoo S. Hinduja, Rajendra P. Chitale, Rangan Mohan

CHAIRMAN'S MESSAGE

Dear Shareholders,

I am pleased to inform you that your Company's journey for growth continues to gain momentum. Your Company's solid foundation is based on the five principles laid out by the founder of the Hinduja Group. These principles have been woven into the core strategies and values of the organization.

This year's theme of 'Your *Glocal* Transformation Partner' is inspired by three of these principles: Act Local-Think Global, Advance Fearlessly and Partnership for Growth. The theme reinforces the strategic focus outlined over the last few years under the acronym R.O.C., which stands for Right Shore, One Experience and Collaborative Solutions.

The leadership team is committed to executing the 'Right Shore' strategy of offering clients access to a wider talent pool by servicing them from domestic locations, as well as near-shore and off-shore locations. Our Business Excellence Framework not only ensures the excellence of the process delivery, but also provides the consistency of 'One Experience' across geographically diverse delivery locations. HGS has successfully demonstrated its unique ability, as endorsed by many of its key clients, to develop and execute win-win solutions that go beyond the initial mandate of cost reduction based outsourcing. These transformational initiatives are a result of a partnership approach dedicated to 'Collaborative Solutions'.

The R.O.C. strategy clearly differentiates your Company and creates lasting value for its customers as reflected in high customer retention, increased share of customer wallet and long-term partnerships. A significant majority of client relationships, acquired through the domestic U.S. acquisition seven years ago, have not only stayed with your Company, but have also grown in size. Out of a total of 62 customers from the U.S. market, as many as 11 have been with HGS for at least 10 years, with one partnership now in its 41st year. It was in January 2000 that the predecessor of HGS started its BPO business with its first client and 13 years later this partnership has grown significantly and is now a multi-shore relationship. Recently, a ninth client adopted the multi-shore delivery model with HGS, only four years since its first such implementation.

The *Glocal* approach is further reflected in how your Company has integrated acquisitions to enter new markets, provide better delivery choices and acquire new capabilities. In each of the four acquisitions completed in the last three years, successful retention of management and entrepreneurs demonstrates the collaborative culture of HGS. While account management and leadership styles have retained their local characteristics, your Company has enhanced delivery excellence and has ensured delivery. Likewise, when superior local practices have been found, they have been proactively incorporated into the global best practices of HGS.

Our Business Excellence framework not only ensures the excellence of our process delivery irrespective of where it is delivered from, but makes certain that the experience across delivery centers is consistent.

HGS has handled numerous end-to-end and contiguous processes for its clients over many years and is now in a position to propose and implement transformation opportunities by using the in-depth knowledge that has been developed. A comprehensive *HGS Transformation Framework* has been created to transform clients' business processes by evaluating end-customer touch points, diving deep into processes and mining data. HGS provides a range of transformation solutions from IVR optimization to social media transition in addition to platform based technologies, as well as advanced analytics and machine-to-machine solutions for value creation. HGS is working with our marquee clients on such transformation opportunities. Your Company has now embarked on offering transformation solutions to potential new customers.

Management's successful implementation of your Company's strategy is reflected in another year of record revenue and EBITDA despite an environment of sluggish growth in North America, continuing economic uncertainty in Europe and a weakened growth story in India.

Following the demerger in October '06, your Company had annualized revenue of 531 crore for the second half of FY '07; the revenue for FY '13 of 1,983 crore represents ~25% compounded annual growth rate (CAGR) and EBITDA has grown from 53.4 crore annualized to 223.7 crore at ~27% CAGR. For the same period, the number of delivery locations has increased from 20 to 55 in 10 countries up from 4 countries and the number of employees has grown from 9,500 to 23,100 at ~16% CAGR. Organic growth has been bolstered by judicious acquisitions. Your Company remains committed to this growth strategy.

The ongoing success of your Company, as evidenced by the strength of its partnerships with its customers and its record performance, benefits from the guidance and vision of the Hinduja Group Chairman Shri S. P. Hinduja, your Chairman-Emeritus Shri A. P. Hinduja, and the support of other members of the Hinduja Group and the family. I would like to thank our CEO, the management team, each employee and the esteemed Board members for making this continued success possible. Special thanks to our shareholders and other stakeholders for their continued support.

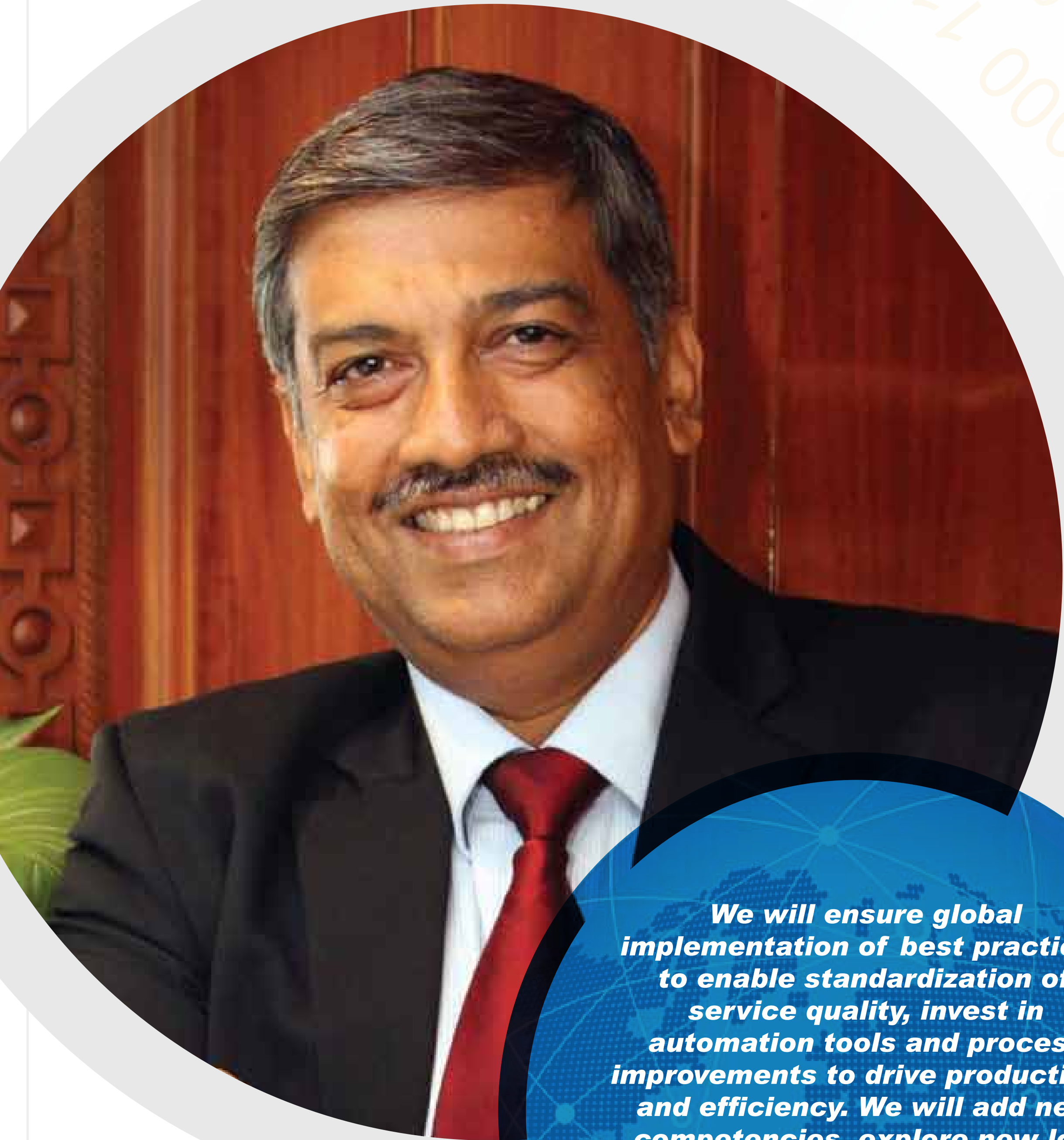
I am confident that 'Team-HGS' will continue to deliver for our customers, shareholders and other stakeholders.

Yours sincerely,

Ramkrishan P Hinduja

Chairman

June 30, 2013



We will ensure global implementation of best practices to enable standardization of service quality, invest in automation tools and process improvements to drive productivity and efficiency. We will add new competencies, explore new low cost delivery destinations and more markets to achieve our mission making our customers more competitive.

Partha DeSarkar
Chief Executive Officer

CEO'S MESSAGE

Dear Shareholders,

The year 2012-13 was a strong year for HGS - our operating revenues grew by 27.6% from ₹ 1,554 crore in FY 2012 to ₹ 1,983 crore in FY 2013. Along with the growth in sales, our profit (EBITDA) improved from ₹ 184 crore to ₹ 224 crore, a growth of 21.7%. In view of this performance, the Board recommended a dividend of 200% at ₹ 20 per share, doing so for the fourth year in a row.

FY 2013 is the first full year of our new brand "HGS". You will recall that the "HGS" brand with its new identity was launched in India in FY 2011, but our Subsidiaries, which were acquired in the recent past, had continued to operate with different brand names. In FY 2012, we undertook an extensive integration to bring all of the new entities under one umbrella brand – "HGS". Now, globally HGS operates as one single brand. The new HGS brand has won various awards and recognitions. We were ranked 42nd in the Global Outsourcing 100 list published by the International Association of Outsourcing Professionals. We were also "Runners Up" for the Best Outsourced Provider in the 14th Annual Call Center Week USA by IQPC. These are significant recognitions for a young brand like ours.

> FY 2013 has been remarkable for all of us. Revenue growth and the increased strength of our brand were achieved due to the perseverance and excellence of our ONE HGS family, which now has more than 23,000 members.

We are happy to report that the recent acquisitions in Canada, UK and India are doing very well following very successful integration of each. In October 2012, we acquired the business of Healthcare Revenue Cycle Management from Deloitte USA, which is now called "HGS EBOS" and focuses on the U.S. Healthcare Provider market. With this acquisition, we have added more teeth to our Healthcare capabilities and expanded our footprint across both Payers and Providers. This integrated capability is our competitive advantage in the growing U.S. Healthcare Market. One of the requirements, under Obamacare, is that all insurance providers need to ensure the SG&A costs are within a specified limit, which means they will need to look for opportunities to reduce costs. By virtue of offering the complete portfolio, HGS will benefit immensely from the implementation of Obamacare.

Your Company has always been valued by its clients for its operational excellence clearly demonstrated in several decade long continuing relationships. We continue to invest in business excellence models to drive our future growth through excellence in whatever we do. Today, we source 75% of our revenue from North America. In recognition of its importance and with the intent to strengthen the focus on sales and account managements, we have strengthened our leadership team in North America and we are already seeing results of the expansion as demonstrated by a recent large customer win in the Telecom segment. This has provided us a strong pipeline of prospects from North America. We are very hopeful that a substantial part of this pipeline will convert into confirmed business to fuel our growth in FY 2014 as well. The team has a mandate to leverage HGS's strong presence in the BFSI, Telecom and Healthcare verticals.

Your Company complements its new products and services with new markets and centers. During the year, your Company entered the Jamaican market and has already tied up with a leading local national bank. We are getting several inquiries which are likely to lead to potential business. In all, we opened five new centers in FY 2013. This includes a center each in Bangalore, Hyderabad, Preston (UK), Kingston (Jamaica) and Belleville (Canada). Additionally, we leased out another SEZ space for 500 seats in Bangalore which is expected to go live in Q2 FY 2014.

The domestic operations in India remained subdued, which was expected given the context of slow economic growth and weak performance of the telecom companies. There was a significant decline in our volumes which was primarily due to weaknesses in the telecom sector. We have actively streamlined processes and trimmed operating costs during the year. Our emphasis in the coming year will be on making the existing domestic accounts profitable and restructure sub-optimal accounts.

The India International Operations demonstrated strong growth compared to the previous year. This performance was led by the healthcare vertical. The acquisition of EBOS from Deloitte has provided us a

CEO'S MESSAGE

360º capability in the Healthcare practice by adding provider side offerings to our payer side portfolio. Eleven new clients were added due to this acquisition. In the next year, we expect to make rapid and all-round gains in the healthcare segment. India International Operations are well placed to benefit from continued growth in the US Healthcare industry by leveraging its expertise and client network.

HGS Philippines has also delivered a healthy growth across all verticals. It has gradually become the hub of our activities in the APAC region and has made a name for itself in the healthcare segment. It has added new clients to its portfolio in addition to getting more business from the existing clients. A Center for Excellence is already in place for healthcare. There are plans to set up a Healthcare Academy and launch Consulting and Business transformation practice. With more than a decade of healthcare services to the Fortune 500 companies, we are in a position to add Healthcare Consultancy to our service portfolio. Very soon other geographies will also launch their respective suite of consultancy offerings.

Our European business is empanelled as one of only four vendors under the new UK Government outsourcing framework. This is a significant achievement as it allows HGS to directly bid for all public sector contracts.

FY 2013 has been remarkable for all of us. Revenue growth and the increased strength of our brand were achieved due to the perseverance and excellence of our ONE HGS family, which now has more than 23,000 members.

We believe that the Fiscal year 2014 will also be a year of strong revenues and profitability. Revenue will be driven by strong demand for our services in all our operating geographies. Profitability will be guided by better capacity utilization in all our centers as well as a stronger U.S. Dollar. We will ensure global implementation of best practices to enable standardization of service quality alongside, invest in automation tools and process improvements to drive productivity and efficiency. We will add new competencies, explore new low cost delivery destinations and add more markets to achieve our mission of making – 'Our Customers More Competitive'.

With your support and the guidance of our Board, we will grow from strength to strength.

Yours sincerely,

Partha DeSarkar
Chief Executive Officer
June 30, 2013

BUSINESS VERTICALS

BUSINESS EXCELLENCE

As an organization, we believe in making our customers more competitive and ensuring they are successful. The HGS Business Excellence function works towards achieving the standardization of processes, uniformity of practices, usage of similar tools and methodologies for process improvement, and capabilities of people to deliver consistently noiseless and high quality service and experience to its customers globally.

HGS Business Excellence Framework is based on a structure of Assurance, Control and Improvement. Various initiatives and activities under this framework are managed through four groups viz. Organization Capability Group, Compliance and Audits Group; Quality Group and Continual Improvement Group.

The HGS Business Excellence Framework

ASSURANCE

Organisation Capability Group

Excellence Frameworks
- eSCM/COPC
  - Implementation and Evaluation Management
  - Training
- COPC Table F deployments
- Project Health Assessments

Perception Management
- Best Practices Management
- Customer Satisfaction Survey
- Internal Customer Satisfaction Survey
- Taking relevant action based on the surveys

Capability Enhancement
- Knowledge Management
- Quality COE

Brand Building
- Technical Papers
- Articles in Journals
- Seminars

Compliance and Audits Group

Compliance
- Statutory and Regulatory Compliance
- Industry Specific Standards
- Contractual Compliance
- Adherence to Compliance Methodology

Audit
- Quality Management System
- Information Security Management
- Environment Management System
- Occupational Safety and Health Management
- Internal Audit
- Self-Assessment
- Adherence to Audit Methodology

CONTROL

Quality Group

Operations Quality
- Transactions Monitoring
- SLA Management
- OpEX Scorecard Reporting
- COPC Table F implementation
- Adherence to Operations Methodology

Transition Quality
- Customer Interfacing
- SLA Base-lining
- Metrics Management
- Adherence to Transition Methodology
- Transition Assessments
- Tollgate Reviews

Shared Services Quality
- Process Creations and Adherence
- Metrics and SLA creation and management

Quality Tools and Macros Development
- Coordinate with automation team for design and development
- Small tools development and automation

IMPROVEMENT

Continual Improvement Group

Opportunity Assessment
- Process Capability Base-lining
- Benchmarking

Continual Improvement Methodology
- Small Improvements/KAIZEN
- LEAN
- Six Sigma
- Diet Six Sigma
- Improvement Methodology

Training and Awards
- Training on
  - Quality Concepts
  - CI Methodologies
- Quality Professional Excellence Program (QPEP)
- Awards Management

Process Adherence
- Adherence to Continual Improvement Methodology

We bring to you a snapshot of some of the key programs that have been implemented globally

SPARK (Sharing Practices And Replicating Knowledge) is a global repository of more than 750 knowledge assets from India, Philippines, UK & USA. The knowledge assets include best practices, case studies, white papers, external learnings, transition learnings, domain knowledge and improvement projects across the geographies. The sharing of these practices has taken a step further with the incorporation of Webinars. which aim at leveraging on actual experiences and success stories. They involve the sharing of practices across operations and support functions to provide a uniform standard of exceptional service across HGS locations.

AIM (All Ideas Matter) is a Kaizen initiative to solicit, evaluate and implement process improvement ideas from employees at all levels. This program reinforces a culture of continuous process improvement within the organization and motivates employees through involvement, ownership, rewards and recognition. This initiative has received an excellent response across India, Philippines, UK & USA. Most of these ideas focus on further improving productivity and quality and have yielded positive results.

Period	# of Themes Launched	Feasible Ideas	Implemented Ideas	Implementation %
FY 2012 -13	157	831	610	73%
FY 2011-12	115	1003	548	55%

QPEP (Quality Professional Excellence Program) is an in-house, in-depth training program for HGS quality professionals. QPEP was initiated to create a community of high profile quality professionals within HGS to enable the Quality function help deliver outstanding service to the customer. As of today 300 quality professionals have been trained across India and the Philippines and close to 70% of them certified.

eSCM – SP is the model developed by a research consortium led by Carnegie Mellon University's Information Technology Services Qualification Center (ITSqc), is a "best practices" model for service providers in IT-enabled sourcing that helps companies demonstrate capabilities in outsourcing relationships, engagements and practices.

In March 2012, HGS sites across India, the Philippines, and the United States achieved Capability Level 4 certification in their first Evaluation for Certification. This certification has set HGS apart from its competitors thereby providing it with an added advantage in terms of servicing its existing customers as well as acquiring new ones. Implementation of eSCM-SP has ensured the further standardization of existing processes, uniformity of practices, usage of similar tools and methodologies, and fungibility of expertise to deliver consistent high quality service and experience to customers globally.

eSCM-SP has helped HGS attain competitive edge through increased efficiencies and enhanced the existing credibility and reliability that HGS has across the industry globally following the Level 4 certification. Rigour and focus to ensure practices are in place are tracked through Self-Assessments deployed using automated tool on HGS intranet. All the accounts in steady state mandatorily go through the periodic self assessment cycle and come out with the action plan for any non-conformances.

ICSAT (Internal Customer satisfaction Survey) is a survey to get feedback on the performance of the support functions and enables us to continuously improve on service levels and make changes to existing process and practices. The response rate of 67% in 2011 increased to a phenomenal 78% in 2012. The satisfaction scores have improved from 5.25 in 2011 to 5.37 in 2012 for India and 5.14 in 2011 to 5.23 in 2012 for the Philippines.

CSAT (Customer Satisfaction Survey) is a global customer satisfaction survey. HGS has outdone its own benchmark. The CSAT 2012 response rate is the highest received so far – an impressive 79.5%. HGS has also made its mark on other parameters measured by customers vis-à-vis industry benchmarks. It is almost in the 'Best-in-class' category and tops in Loyalty. Overall, 64% of our respondents are delighted with us, parameters measured by customers vis-à-vis industry benchmarks.

Transitions Methodology : HGS has established a transition methodology built on the eSCM-SP framework and our own transition experience.

Transition methodology is the backbone in achieving 'First-Time-Right' transition for the HGS team. This Methodology covers 3 phases of Transition namely Planning, Execution & Parallel

BUSINESS EXCELLENCE

A Suite of Methodologies has been created to facilitate the standardization of processes and practices across all locations of HGS. A few key methodologies are:

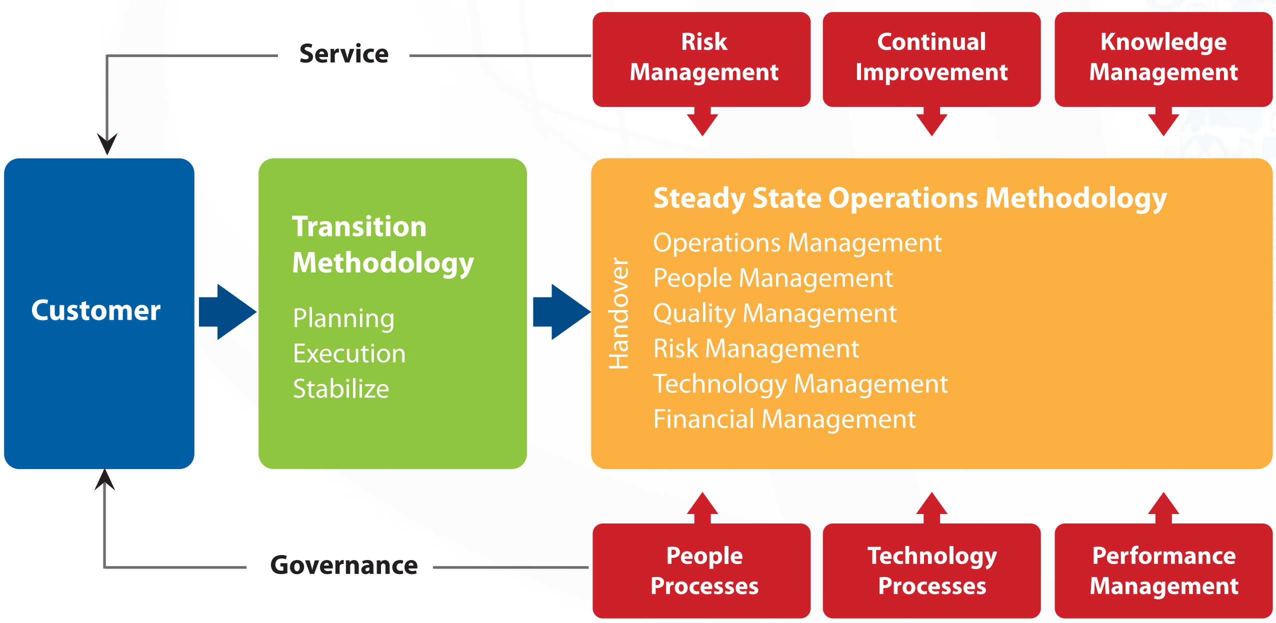
Run / Stabilize stages. Transition activities are categorized into distinct paths with a view to monitor progress across different aspects of the transition.

At the end of each transition phase, a tollgate review is conducted to measure the compliance to the transition methodology. The outcome of the review is reported to the senior management and all the actions are tracked for closure. The results of the tollgates are reviewed periodically to provide input to the methodology to enhance organization capability. The greatest advantage of the tollgate is the quantitative evaluation of the transition project which is set as a base for comparison to all transitions.

Operations Methodology Each engagement is unique and the requirements are different with a common thread that runs across all operations. The Operations Methodology in HGS provides a comprehensive framework for executing predictable service delivery and achieves operational excellence. It provides structured processes and guidelines required to deploy all the essential elements of service delivery.

The key objectives of Operations Methodology:-

- To ensure all engagements and sub-processes follow a structured approach
- To plan and execute the service delivery activities in all the accounts
- To deliver service based on agreed-upon commitments
- To monitor and control service delivery based on agreed-upon commitments
- To identify the problems that may impact the service delivery, and take preventive and corrective actions

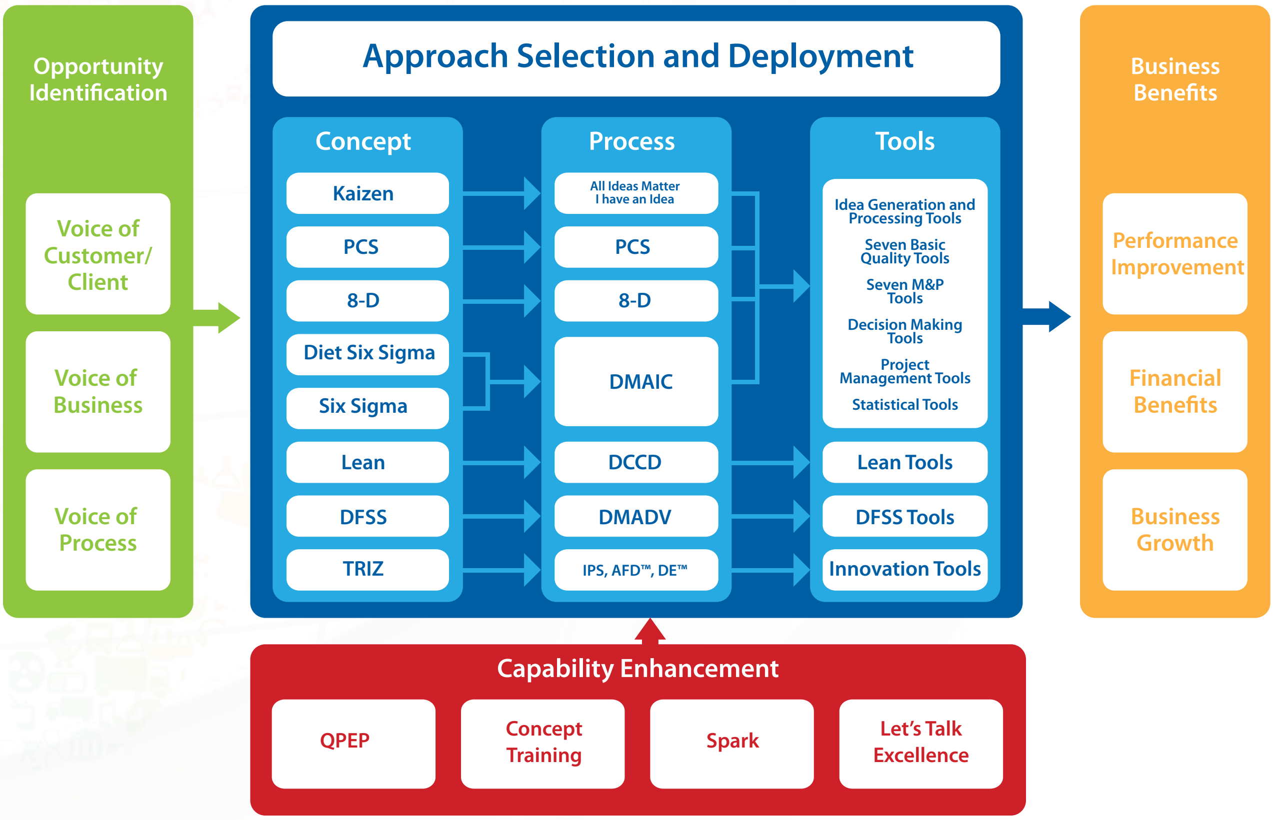


BUSINESS EXCELLENCE

Quality Monitoring Procedures: HGS follows standardized procedures for managing quality in operations. Under the umbrella of the Operations Methodology, the Service Quality Plan describes the details of managing quality control, assurance and improvements.

The Service Quality Plan addresses:

- Create Sampling Plan and Auditing Plan
- Sampling Process
- Quality Monitoring Process
- Define Feedback and Coaching Process
- Define Reporting Requirements



Continual Improvement Methodology Process improvements in HGS are carried out as per HGS's own Continual Improvement Methodology (CIM). The methodology provides the comprehensive framework for identification of opportunities of improvement, selection of approach appropriate to the type of opportunity and implementation leading to expected improvement. CIM is applicable to the entire life cycle of the project and strongly supported by the enablement provided through Concept Training, Quality Professional Excellence Program, Knowledge Asset Repository (SPARK) and mentoring from the Corporate Business Excellence that have expertise in various process improvement tools and methodologies.

The Continual Improvement at HGS is an on-going effort to improve products, services or processes.

These efforts can seek incremental improvement over time or breakthrough improvement all at once. More than 150 improvement projects have been initiated which have led to significant benefits to both HGS and our clients.

BUSINESS EXCELLENCE

HGS Transformation Expertise Outsourcing is in a mature phase where clients have outsourced most of their functions while retaining their Core functions. Business Process Analytics linked to Transformation solutions is one area that clients can realize more value and ROI from the Outsourcing Partners.

The Scope of the Transformation opportunities and solutions is diverse and can cover entire spectrum of functions. Traditional delivery models are yielding to new models Customer acquisition models and Service Models have changed with setting up of various regulatory functions, industry performance and cost pressures. Operational Transformation opportunities are centered on Integrated Service Delivery, Platform Based Solutions, Call Avoidance, Customer Effort Reduction, One and Done Programs. The shift in Service Delivery is also evident with more focus on Effectiveness Metrics. End client/Member engagement models are also changing based on Customer behaviour Analytics.

Technology Solutions are changing the touch points of both clients and end customers. HGS Business Transformation Solution has been designed around Process Transformation, Technology Based Transformation and Service Model HGS has been working with existing clients, both with Healthcare and Non-Healthcare clients, on Business Transformation Projects.

Intelligent transformation framework has been developed to demonstrate HGS understanding and capability to transform business using advanced analytics and technology enabled solutions for value creation journey.

Broadly it fits under four categories:

- Advance Analytics & Technology driven Trans formation,
- Social Media & Research based Transformation
- Process Integration and Transformation
- Service Model Transformation

HUMAN RESOURCES

As HGS grows, so does its talent pool. In FY '13, we experienced both organic and inorganic growth, across verticals and geographies. Its recent acquisitions of HGS Business Services (HRO) and of EBOS, a health care unit from Deloitte; as well as its venture into new business areas like e-Learning Products and Domestic Health Care Service offerings, and its entry into new geographies like the Netherlands, France and Jamaica, have been very successful. This also led to a significant increase in the headcount of employees at the entry level and need for sustained hiring at the mid and senior positions while we provided internal growth opportunities for our employees.

HGS has created an employee life cycle (ELC) approach to help the business for effective management and resource allocation. The Employee Life Cycle management encompasses all the processes such as selection, recruitment, on-boarding, learning and development and separation. In a large global company as yours, plans specific to each geography and each unit are developed. The priorities and the issues may change from region to region, however the initiatives are largely uniform and driven by the core thought process shared within the organisation. Across HGS, the ELC process takes from 3-6 weeks up to 25 weeks depending on the kind of processes our employees are assigned. A key challenge on which HGS has delivered successfully is to ensure good retention levels. This has been done by providing appropriate and regular training and learning opportunities in an empowered and entrepreneurial setting. The result is a large pool of energetic and passionate people, who are ready and keen to take HGS to the next level.

Employees are our core corporate assets. We have therefore created a favourable work environment that encourages innovation and promotes meritocracy. There is a scalable recruitment and human resources management process in place, which enables HGS to attract and retain the best people.

HGS comprises of over 300 trained HR professionals in the various functions of HR and Learning and Development, each of whom has sufficient experience and expertise to handle the challenges typical of the BPO industry. It now has in-house capabilities to measure, track and constantly improve employee experience from the requisition stage to the separation stage. The department has dedicated teams to handle resource forecasting, requisitioning, on-boarding, compensation and benefits, and training and development. The policies are determined locally based on the needs of the

local business environment, cultural framework and legislation. However, policies which have global implications are formalised by the Global Corporate Function in consultation with the respective geographies.

As HGS expands into new markets, through organic growth and acquisitions, it delivers on its vision of One HGS by creating a collaborative and high performance environment across cultures that the customer can depend on to deliver uniformly high standard of service. Integration initiatives include engaging, educating and sensitising the leadership team on managing cross cultural matters. Cross geography interaction is actively encouraged. Cross geography teams work on how best to meet the client's service delivery requirements and training is provided to enhance cross-geography collaboration. In addition, learning platforms, such as webinars and formal exchanges, facilitate sharing of best practices that allow employees to build a common platform. We also send project teams in a planned manner across countries to enable transfer of expertise and customer integration.

While standardizing the processes and systems for uniformity and scalability of delivery, the unique cultural aspects of each location are respected and the differing regulatory requirements are strictly adhered to.

HGS believes that it takes an engaged employee to work as part of a team to achieve common goals and objectives. To this end, the HR team implements successful sustainability initiatives, soliciting employee participation to build engagement and to maintain commitment. Programs are specifically designed to help associates develop and build required competencies. Employee development at HGS is a judicious mix of professional and personal development and is geared towards assisting each employee to realize personal aspirations in the context of business needs. Individual performance is rewarded. HGS has individual and team awards ranging from Top Gun award, Best Process Trainer, Service Award, Best Lead, Champion Team to Outstanding Performance and CEO awards for senior management. Fun-at-work is an integral part of engagement for all associates. Fun activities are organized in the middle of a working day. These include Carrom Tournament, Clay Fest - Pot Making, Team-wise Bay Decoration, "Making Use of Waste" and Fancy Dress Competition. Another dimension of employee engagement is to encourage community service. HGS engages with the society across all its geographies for improving the conditions within the community that it located in. Every business unit of the HGS has its own community engagement team that reaches out to the distressed and dispossessed sections of the society by partnering with leading local NGOs.

In FY 2013, HGS paid special attention to ensure employee satisfaction through skip level issue resolution, on-time employee grievance resolution, and 360^0 appraisals. A robust HR Information System has been successfully deployed in all the geographies, providing a standardized platform to collate and compare HR related data. This provides a bird's eye view of the entire organization to the leadership team so that prompt action can be taken to resolve emerging issues.

The voice of every employee is heard and recorded through annual employee satisfaction surveys, conducted in partnership with an external, independent agency. This has helped HGS benchmark itself against the industry best practices and achieve superlative scores. In order to quantify and improve upon important factors such as employee satisfaction, loyalty and professional growth; HGS has employed a novel way of measuring people and practices in the form of 'HR Lead Indicators'. Under this initiative, the entire HR portfolio is split into distinctively identifiable and measurable processes, which have 'indicators' and 'ownership' assigned to them. It brings a focused approach to the challenges on hand and an increased ownership by the stakeholders who rigorously monitor and drive performance on a regular basis. Using key data from the lead indicators, several offshoot projects have been launched, such as investing in identifying first-line people managers and their development, and standardising KRAs for various roles, and the automation of the Internal Job Posting (IJP) process. The coming year will see concrete results from these initiatives and more similar projects will be launched to carry on the good work.

This hard and smart work has not gone unnoticed by the industry. HGS has moved up 7 places to rank 6 in the Top 10 BPO Employers 2012 by Dataquest in India. This accomplishment has been made possible by a wise and sustained investment in people, processes and technology.

ADVANCE FEARLESSLY

12 Years of Growth

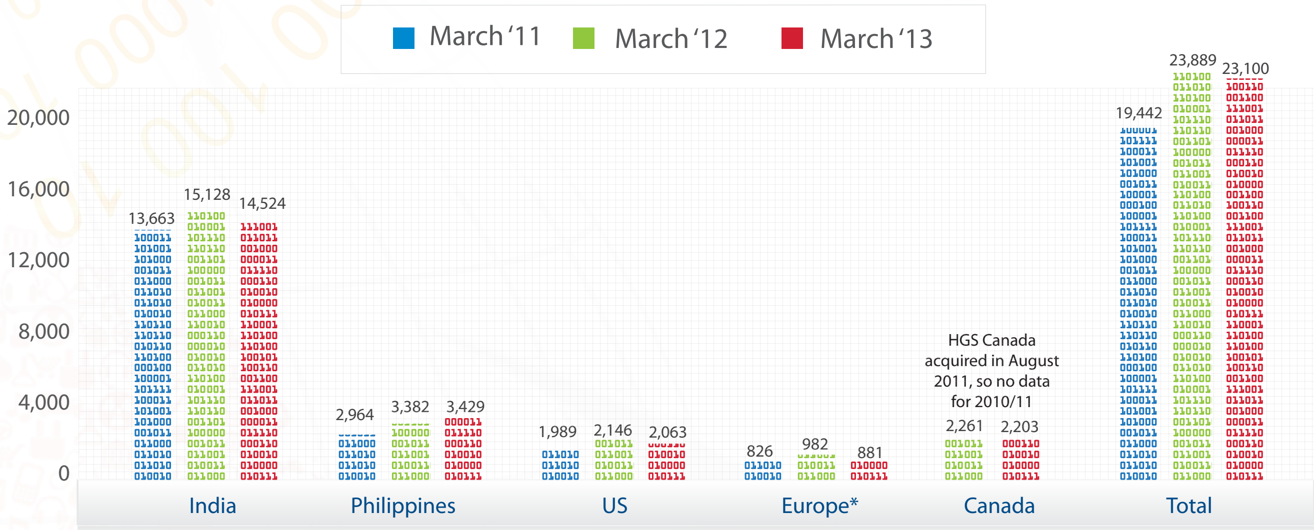
Year	Geographies	Headcount	Global IT / BPO Revenue (US$ million)	Delivery Centers	Number of Clients Worldwide
2002	India	978	13	1	4
2003	India, Philippines	1,400	23	2	15
2004	India, Philippines	1,700	35	4	20
2005	India, Philippines	5,000	46	8	40
2006	India, USA, Philippines, Mauritius	7,000	66	19	60
2007	India, USA, Philippines, Mauritius	9,500	97	20	70
2008	India, USA, Philippines, Mauritius	12,600	160	20	75
2009	India, USA, Philippines, Mauritius	14,500	175	24	80
2010	India, USA, UK, Philippines, Mauritius	15,600	196	25	80
2011	India, USA, Europe*, Philippines, Canada, Mauritius, Jamaica**	19,442	242	32	106
2012	India, USA, Europe*, Philippines, Canada, Mauritius, Jamaica**	23,899	323	50	485#
2013	India, USA, Europe*, Philippines, Canada, Mauritius, Jamaica**	23,100	364	55	535

Figures for FY 2002 to FY 2007 include IT/ITES undertaking of Hinduja TMT LTD., which was demerged and transferred to the company effective October 1, 2006

* UK, Netherlands, Germany, France, Italy, ** HGS entered Jamaica in FY'13.

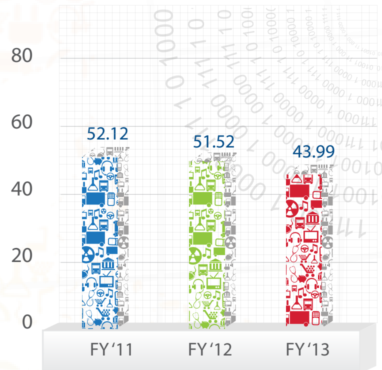
\# 378 payroll clients added through acquisition.

FINANCIAL & GENERAL HIGHLIGHTS

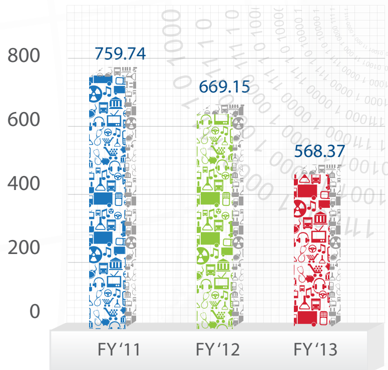


*Europe - UK, Netherlands, Germany, France, Italy

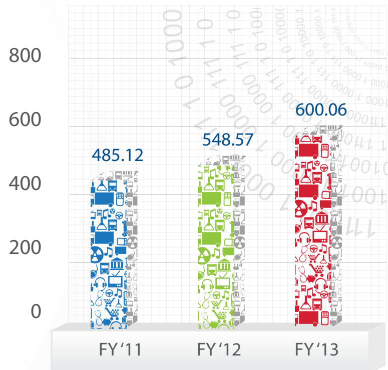
Head Count - by Geography



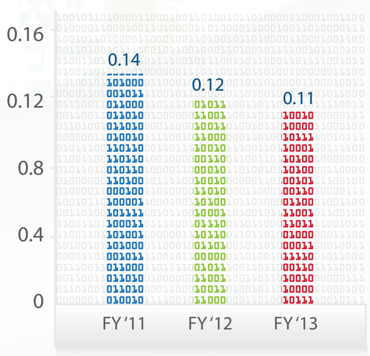
Basic EPS (in ₹)*



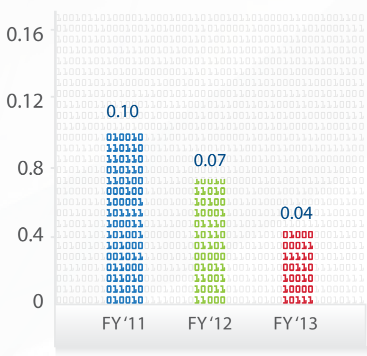
Market Capitalisation (₹ Cr)



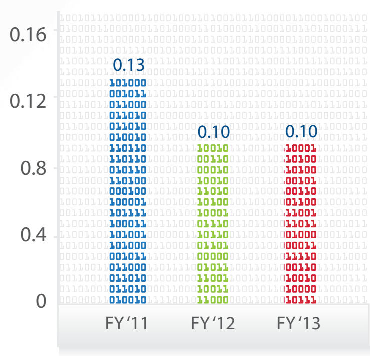
Book value per share (in ₹)



Operation Profit/Total Revenue



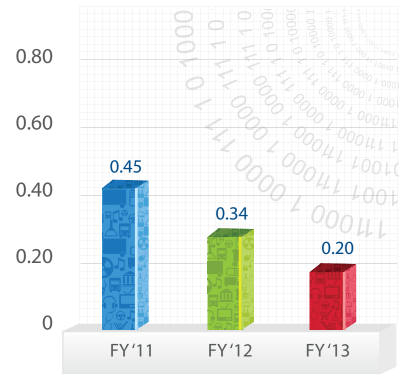
PAT/Total Revenue*



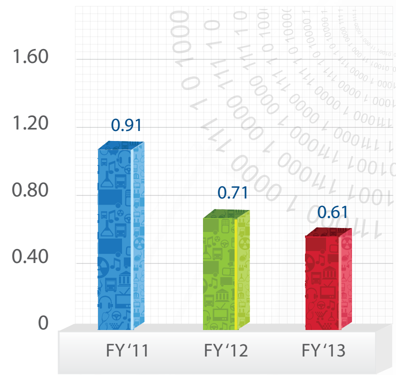
ROCE (PBIT/Av. Capital Employed)

(*) Drop in PAT In FY '13 due to transaction cost related to an acquisition, change in tax rates and certain one - time costs..

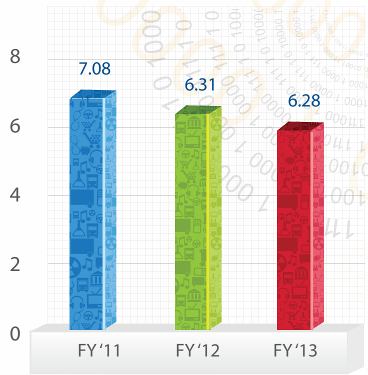
FINANCIAL & GENERAL HIGHLIGHTS



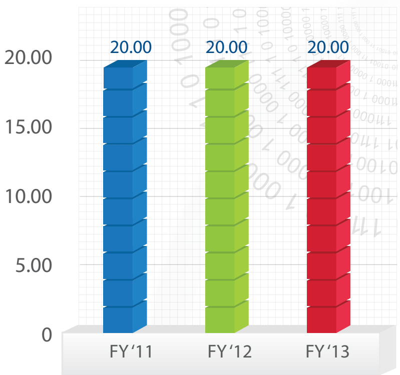
Cash & Equivalents/Total Assets



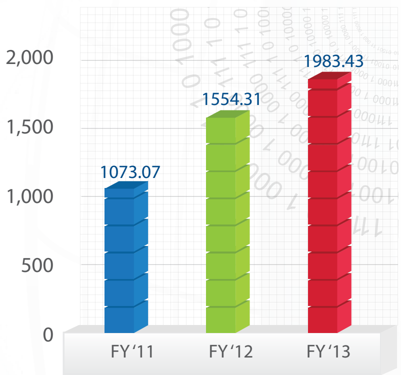
Capital/Output Ratio



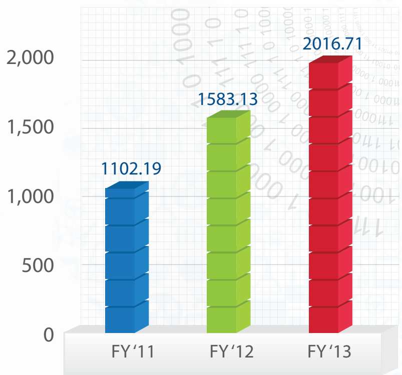
Price/EPS end of year



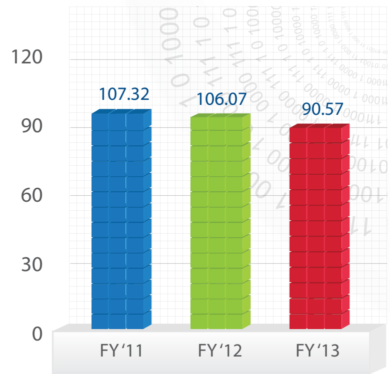
Dividend per share (in ₹)



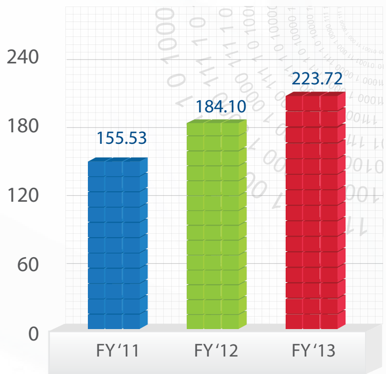
Operating Revenue (₹ Cr)



Total Revenue (₹ Cr)



PAT (₹ Cr)*

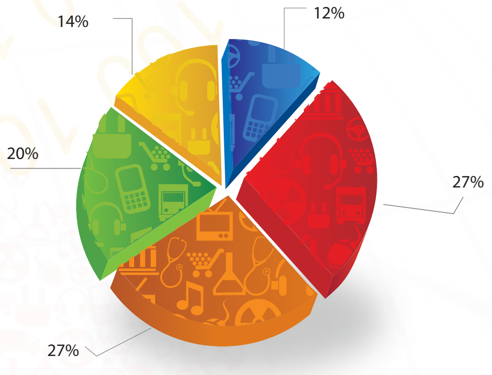


EBIDTA (₹ Cr)

(*) Drop in PAT In FY '13 due to transaction cost related to an acquisition, change in tax rates and certain one - time costs..

FINANCIAL & GENERAL HIGHLIGHTS

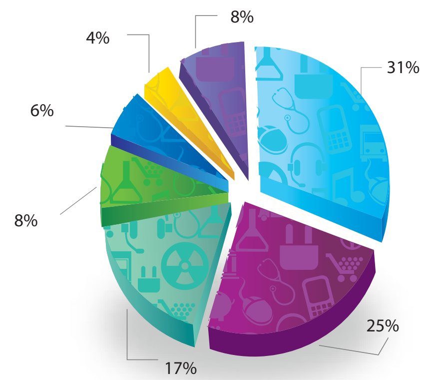
Revenue by Delivery Location (FY '12-'13)



- Europe*
- India
- Philippines
- USA
- Canada

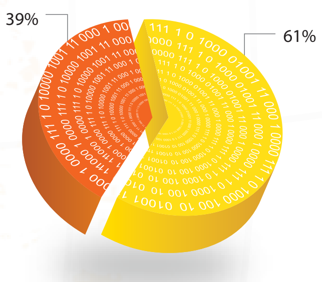
*Europe - UK, Netherlands, Germany, France, Italy

Revenue Split - by Vertical (FY '12-'13)



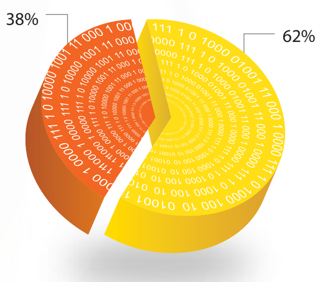
- Telecom & Technology
- Healthcare
- Consumer (Products & Services)
- BFS
- Media
- Chemicals & Biotechnology
- Others

Customer Concentration (FY '11-'12)



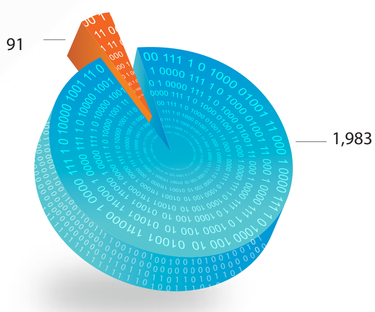
- Top 10 Customers
- Rest

Customer Concentration (FY '12-'13)



- Top 10 Customers
- Rest

Revenue & Net Profit (FY'12-'13.₹ Cr)



- Net Profit
- Revenue

LEADERSHIP TEAM

We have a diverse leadership team. The composition of our leadership team is a reflection of our operating principle of being "Globally Local". Our leaders bring in the depth of "local knowledge" required to succeed in the geographies that we operate in. They are all senior professionals from the industry, with vast experience in leading and managing large organizations in our key markets and verticals.

Partha DeSarkar
Global CEO

Partha DeSarkar is Chief Executive Officer of HGS and leads the organization across all its geographies.

Partha has more than 25 years of experience in customer service and operations across industries like Banking, Financial Services and Health Insurance. Prior to HGS, Partha has worked with Deloitte Consulting, GE Capital International Services and Bank of America.

Partha holds a post-graduate degree in Management from the Indian Institute of Management (IIM), Bangalore, and a Masters degree in Technology from the Indian Institute of Technology (IIT), Chennai. He has also done his PhD in Strategic Management at IIT Delhi.

Srinivas Palakodeti
CFO

Srinivas Palakodeti, spearheads the Finance function across all HGS locations. An integral member of the Global Executive Council, he plays a key role in Mergers & Acquisitions strategy and execution.

Pala has more than 21 years of experience and has a long association with the Hinduja Group, handling versatile assignments and diverse roles in the Group Companies - Ashok Leyland Investments Services, Hinduja TMT Ltd, IndusInd Bank and IndusInd Media & Communications Ltd. Prior to HGS, Pala has worked with IMCL, Sahara One Media and Entertainments Ltd and Sakal Papers Ltd. Pala holds a Post Graduate Diploma in Management from Indian Institute of Management (IIM), Ahmedabad and a Bachelor's degree in Metallurgical Engineering from Institute of Technology, BHU, Varanasi.

LEADERSHIP TEAM

Charles Cooper-Driver
CEO HGS UK & Europe

Charles became a member of the HGS global leadership team in 2010 after Careline, the UK Company he co-founded in 1996, became part of the HGS global network. Charles leads the expansion of HGS' business from the UK into Europe, enhancing HGS' domestic and pan-European service delivery capability. Charles previously held marketing and sales and development roles with US based software companies including Wang, CompuServe,. Charles is a BSc in business administration and engineering from Boston University and an MBA from Wharton School, University of Pennsylvania.

B. N. Narasimha Murthy
President, HGS Inc.

B. N. Narasimha Murthy is responsible for Strategic Initiatives in M&A, New Markets, New Product Development, Technology, as well as Risk Management, Finance and Corporate Governance in Americas. Murthy has been a key member of HGS' Global Leadership team for the past 12 years. During his time with HGS, Murthy has held a number of roles including Business Development, Business Transition, Delivery and Planning. In a career spanning of over 20 years, Murthy has been associated with organizations like Datapro, GTL, PCL, and Larsen & Toubro. Murthy is a Bachelor of Technology from the Indian Institute of Technology(IIT), Chennai and a post-graduate from the Indian Institute of Management (IIM), Kolkata.

Pushkar Misra
CEO HGS Philippines

Pushkar heads HGS' operations in the Philippines. He has been with the Hinduja Group for 14 years in various capacities and functions, including Investment Banking, Project Management, Business Planning & Development and Corporate Finance. Pushkar specializes in Project Planning & Implementation. Prior to HGS, Pushkar was the CEO of Hinduja Global' s Media Commerce and E-Commerce businesses in India.

Pushkar has over 22 years of experience, and has had distinguished stints with India's leading Investment Banking company, SBI Capital Markets and Larsen & Toubro, India's leading engineering company. Pushkar is a B.Tech in Mechanical Engineering from the Institute of Technology (IIT), Kanpur India and an MBA from the Institute of Management (IIM), Ahmedabad, India.

LEADERSHIP TEAM

Ramesh Gopalan

Executive Vice President – HGS India

Ramesh heads HGS' operations in India. Ramesh and his team drive customer loyalty, strengthen customer partnerships and consistently deliver high value to HGS' customers.

Ramesh has over 20 years of work experience with significant experience in research, healthcare and outsourcing. Ramesh has experience in client services, transition management and operations with direct P&L and organizational building responsibility during his previous assignments. Prior to HGS, Ramesh has worked with Accenture, Deloitte Consulting, and Infosys BPO.

Ramesh has a Bachelor's degree in Engineering from the Indian School of Mines, Dhanbad, an MBA from the Indian Institute of Management(IIM), Ahmedabad. He is a CFA charter holder awarded by the CFA Institute, USA.

Ross Beattie

CEO – HGS Canada

Ross heads HGS' operations in Canada. Ross has over 30 years experience in the Technology Sectors. As a Senior Account Manager at Digital Equipment, he assisted the hardware giant to multiply sales six-fold to blue chip accounts such as Michelin Tire, Pratt & Whitney and Litton Systems. Ross led HGS Canada (formerly OLS), to grow from a 20 person, 1 site operation to its current size of 12 centers with over 2000 employees. HGS Canada has an enviable position in the market place, and is constantly ranked among the top 2 suppliers for their clients.

Sridhar Krishnamurthy

Executive Vice President – Strategic Initiatives

As the Global Head of Strategic Initiatives, Sridhar is responsible for M&A Integration and the Roll-out of New Strategic Initiatives for the Company. Sridhar has over 22 years experience in back office operations and BPO working with clients both in the Indian and International markets, on processes across banking, financial services, telecom and insurance domains.

Prior to HGS, Sridhar has worked at 3i Infotech, Mastek , EMR Technology Ventures., and AR Credit Information Services. Sridhar is a Fellow of the Institute of Chartered Accountants of India and holds a Bachelor's degree in Zoology from Delhi University.

LEADERSHIP TEAM

Kathy Hamburger

President – HGS USA

As the President of HGS USA, Kathy is responsible for business revenue retention and growth, profitability and overall leadership of the US business. She is accountable for Sales, Marketing and Client Services, Operations, Quality & Business Excellence and Human Resources.

Kathy has 30+ years of experience covering significant areas of business strategy with expertise in sales, client services and operations. Prior to HGS, Kathy has worked with AT&T, 3i Infotech, Quantum Information Services and Regulus Group, LLC.

Anthony Joseph

Executive Vice President – Global Human Resources

As the Global Head of Human Resources, Anthony is responsible for developing, recommending, implementing and leading human resources strategy and policy in support of the Business Objectives of HGS. He implements HGS' operational and strategic goals providing a fully integrated and effective human resources service. In his illustrious career spanning 25 years, Anthony has initiated and implemented HR best practices across global corporations like Deloitte Consulting, NSL group, G.E. Plastics and Convergys.

Anthony is a Post Graduate in Personnel Management and Human Resources from XLRI, Jamshedpur and has a Bachelor's degree in Commerce from St Xavier's College, Calcutta. As an opinion leader in the ITeS sector, he is a speaker and mentor at NASSCOM & CII forums.

Ashwin Hoskote

Executive Vice President – Global Business Excellence

Ashwin Hoskote is responsible for operational excellence across all the business functions globally. Ashwin and his team drive process excellence across global locations. Ashwin has over 30 years of work experience in the area of Quality, Business Excellence, Six Sigma and HRD. Prior to HGS, Ashwin has been associated with LG-Philips Displays Ltd., Hong Kong, Philips Software Pvt. Ltd., India, Mascot Systems (iGATE Solutions) and Wipro, in the quality and business excellence functions. Ashwin spearheaded the global initiative that enabled HGS achieve the eSCM Level 4 certification across HGS India, Philippines and US geographies simultaneously which is the first such achievement anywhere in the world. Ashwin is a certified Six Sigma Master Black Belt and certified in Juran on Quality Improvement methodology.

LEADERSHIP TEAM

Kanti Mohan Rustagi

Executive Vice President – Legal & Company Secretary

Kanti Mohan Rustagi leads the legal function at HGS. Kanti is responsible for all legal matters pertaining to contracts, statutory compliances on commercial, property, labour, intellectual property rights, patents & government matters.

Kanti has over 25 years of professional experience in the corporate sector as well as in his professional practice. Kanti has worked with Steel Tubes of India, Pro-Agro Seeds Company Limited and Coca-Cola India in both the legal functions as well as performing the statutory role of a company secretary. Kanti has a Bachelor's Degree in Law, is a qualified Company Secretary from the Institute of Company Secretaries of India as well as a Cost and Management Accountant from the Institute of Cost and Works Accountants of India. He is a member of the International Bar Association, London and the Bar Council of India.

Sanjay Sinha

Executive Vice President – HR, Mergers & Acquisitions

Sanjay is responsible for bringing in integration capabilities for HR in the various M & A opportunities that HGS is exploring globally.

Sanjay's last assignment was with Nortel Networks as Director - HR (Asia Pacific & Greater China) He has worked with NTPC, Siemens, Lucent Technologies and Polaris Software.

Sanjay has more than 22 years of experience in Human Resources across industries like Telecom, Software and Infrastructure. Sanjay holds a post-graduate degree in Management from Faculty of Management Studies (FMS) University of Delhi. He also holds certification on psychometric instruments related to Personality profiling by Thomas International and Association of Psychological Types (APT) on DISC and MBTI. Sanjay has many research reports to his credit. He is also a member of Indian Society of Applied Behavioural Sciences (ISABS) and National HRD Network.

Subramanya C

Chief Technology Officer

Subramanya is responsible for the Technical Services Group at HGS. He is an expert in Information Technology and Information Security and is responsible for implementing, maintaining and monitoring our world-class technology and information security.

Subramanya has over 20 years of experience in the technology domain across various industries, and handles various aspects of conceptualizing and commissioning of Business Process Outsourcing (BPO) and other IT Enabled Services operations including transition of projects across our global facilities.

Subramanya is an Engineering graduate in Computer Science from MEI Group of Institutions, India and has undergone short term courses in Customer Support and Finance from India Institute of Management (IIM), Bangalore, India.

ONE HGS TEAM

JOHN HOOPER

Senior Vice President – Business Development & Client Relations

I have been privileged to be a part of a fantastic team of about 300 people in 2003 to almost 2,000 people today, and growing. We have become a company renowned for providing great customer care to some of the largest brand name companies in Canada and the world.

In my position I am charged with growing our portfolio with current partners as well as bringing in new logos. New logos came early because of our relationships and strong delivery of service the last several years has been primarily due to organic growth. A great testament to our people, our company and our culture!

This growth brought a lot of challenges but at the same time has been truly rewarding. When I speak with our partners they consistently tell me how great our people are and that we are different than other vendors they deal with. I don't think we could receive a greater compliment.

Now as part of the HGS family I am truly excited. Our partners have embraced our expanded capabilities and our ability to deliver services in multiple geographies. I see the same passion and commitment within HGS and it gives me great confidence that we will be able to achieve great heights!

> When I speak with our partners they consistently tell me how great our people are and that we are different than other vendors they deal with. I don't think we could receive a greater compliment.

AJAY BAKSHI

Vice-President Process Automation & Improvements

I have been in HGS for 9 years and the time simply flies-by as we tackle new and interesting challenges every day. I am fortunate to be a part in the rise of HGS from a "small company with big dreams" to a "large organization with even bigger dreams".

We all embrace HGS' Core Values and appreciate that HGS has been successful because its foundation is based on innovation and empowerment. This has driven me to excel in whatever I do with a strong sense of ownership and responsibility.

I have been entrusted with many responsibilities to architect, deliver and implement Software Applications to meet the growing needs of the organization. The opportunity to make a difference and contribute to the overall success of the company is deeply rewarding.

The people I get to work with are most valuable and with the right vision and the guidance from inspiring leaders, I have successfully exceeded various expectations by partnering with employees across the Globe. Helping clients achieve their business goals has provided me with valuable experience that I leverage each day.

HGS's belief in innovation, execution and transformation creates an arena of never ending action streams which resonates across the globe and it feeds the adrenaline of job satisfaction and creativity. I can proudly say I work for an organization that encourages you to be innovative, gives freedom of execution, and teaches you things that no business school can.

It is indeed joyful that even as I enter my tenth year in HGS, I walk into my organization with the same excitement as I had on my first day here!

> HGS's belief in innovation, ideation, execution and transformation creates an arena of never ending action streams which resonates across the globe and it feeds the adrenaline of job satisfaction and creativity.

ONE HGS TEAM

RICHARD GLANVILLE

Business Excellence Director – UK & Europe

In my current role as Business Excellence Director for UK & Europe, I have been working with a global team to facilitate sharing of best practice processes. HGS has a global client base which includes brand leaders in virtually every industry sector and our teams will hugely benefit from a Business Excellence Framework that extends across our global operations. It will empower us to share our knowledge while capturing sector specific capabilities and experiences developed in various HGS markets. Our UK and Europe operations continue to focus on delivering premium valued-added solutions. In parallel, we are also maximising our revenue potential by identifying creative ways to engage with our clients. Over the past year, we have developed our service portfolio to include social media and digital engagement channels. We will continue to focus on leveraging this new 'digital and social' capability to gain solid traction into existing accounts and acquire new businesses.

I continue to be delighted and proud of HGS' growth and achievements. As a team, we will continue to grow and face challenges. Being part of a global enterprise gives us the strength and endurance to take each one of those challenges in our stride and translate them into a winning proposition for us and our clients.

Over the past year, we have developed our service portfolio to include social media and digital engagement channels. We will continue to focus on leveraging this new 'digital and social' capability.

SANJAY IYER

CFO & Company Secretary - HGS UK & Europe

I joined HGS in October 2012 as CFO for all operations across UK and Europe. Over the past few months, I have gained considerable insight into the various businesses of HGS. As CFO, my role is not only to partner Sales and Operations in growing the business but also to ensure that it is done in an ethical, compliant and cost efficient manner and in accordance with the policies and procedures of a global enterprise.

In the short time I have been at HGS, I remain quite impressed by the cohesion between different geographies and the unequivocal support extended to all operations by the Senior members of the Management and Board. We also have a very efficient and talented delivery resource pool in UK and Europe and I am positive our combined efforts will take the HGS group to even greater heights.

In the short time I have been at HGS, I remain quite impressed by the cohesion between different geographies and the unequivocal support extended to all operations by the Senior members of the Management and Board.

ONE HGS TEAM

KATHY HAMBURGER
President – HGS USA

HEMANT KAPRE
Vice President - Transitions and Solutions Design

Having joined HGS in the summer of 2012, I am thrilled to be part of the leadership team. HGS has grown aggressively in the past ten years, and I see tremendous opportunity for us to build on HGS' global presence and resources, while servicing our existing clients and moving into new logos and locations across the world.

My team and I are committed to creating 'customers for life' – every day…every way. This can only be achieved through relentless focus on outstanding customer experience, investing in the right talent, and becoming the employer of choice. To create customer stickiness, we will have to provide innovative and scalable solutions for our clients, and we will have to transform our business by integrating voice and non-voice channels with emerging social media platforms.

With our commitment to making our customers competitive, developing our people, and our ability to deliver sustained business excellence, I am confident that HGS is well-positioned for growth and I look forward to the journey ahead.

My team and I are committed to creating 'customers for life' – every day…every way. This can only be achieved through relentless focus on outstanding customer experience, investing in the right talent, and becoming the employer of choice.

I joined HGS as the head of the Transitions and Solutions Design function in March 2010.

My role requires a lot of interaction with people in other functions within India and in other geographies as well. These experiences have helped me realize first-hand, the seamlessness with which we work in teams within and across geographies.

Having said that, one attribute clearly stands out. HGS is truly a "little big company". It has the size as well as the breadth and depth of experience to be considered a very serious player in the outsourcing space. At the same time, we retain the nimbleness and agility to respond swiftly to customer requests at a speed and level of detail that only much smaller organizations would normally, be expected to. This is what our clients love about HGS and speak about in annual CSAT surveys.

How do we do it? Collaborative behaviour is encouraged and hierarchical thinking is a strict no. An associate sharing a best practice with a geography or a member of the leadership team getting into the trenches to solve an issue are examples of usual employee behaviour at HGS.

Personally, I have found working in HGS a very fulfilling experience. I look forward to the exciting journey as HGS marches ahead.

We retain the nimbleness and agility to respond swiftly to customer requests at a speed and level of detail that only much smaller organizations would normally, be expected to.

ONE HGS TEAM

TONY DELA CRUZ
SVP &CFO, HGS Philippines

Amid a rapidly expanding domestic economy, which has become the new "tiger" in Asia, the Philippines is enjoying an unprecedented wave of confidence characterized by sizable foreign investments, a continually appreciating local currency and a boom in the services sector. It is against this backdrop that the Philippine BPO industry, one of the key engines for this economic revival, and HGS Philippines, specifically, operated in the year that just ended. Thus, while the global spotlight on the country has resulted in generating significant interest from potential clients, the Branch had to contend with the strong Peso and a tight labour market. Nonetheless, the Branch was able to further expand its footprint into the Healthcare space with the continuing ramp-up of two globally-recognized Healthcare names. Also, the Branch has received a mandate from a Telco firm to be its first outsource partner outside of Canada. Meanwhile, the Branch's renewed focus on the Asia-Pacific market, is gaining some traction with two recent logo wins from the Consumer Electronics sector. Given these positive developments, the Branch is approaching this coming year with a great dose of optimism and excitement.

> The Branch was able to further expand its footprint into the Healthcare space with the continuing ramp-up of two globally-recognized Healthcare names.

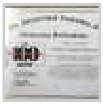
STEVE SACKS
Senior Vice President
New Business Development

As Senior Vice President of New Business Development for HGS in the United States, I am responsible for significantly growing the HGS U.S. Client Base in onshore, nearshore, and offshore solutions HGS is strategically positioned to become a strong partner for U.S. based Clients in Global BPO Solutions Since joining HGS I have experienced the internal HGS teamwork in striving to close profitable new business and ensure that we deliver the operational results at the highest level of "Customer Excellence".

I have seen the strong HGS passion for ensuring our Clients and their customers have the best "value added" solutions, especially as the way in which Clients and their customers have changed doing business on a global basis. We need to be steps ahead of our competitors and WOW our new and existing clients.. I am personally very excited that HGS is committed to building a strong U.S. Sales Team , which I will lead, as HGS US becomes the major driver of Revenue and bottom line growth in fiscal 2013 and beyond for HGS.

> I have experienced the internal HGS teamwork in striving to close profitable new business and ensure that we deliver the operational results at the highest level of "Customer Excellence".

INDUSTRY RECOGNITION



Ranked 42nd in 2013 Global Outsourcing 100 by International Association of Outsourcing Professionals

- Best 20 Leaders in Retail & Consumer Goods
- Best 20 Leaders in Healthcare
- Best 20 Leaders in Telecommunications
- Best 20 companies in CRM
- Best 20 companies in Transaction Processing Services
- Best 20 companies in Industry Specific Services
- Best 20 companies in Canada.

Ranked 2nd Outsourced Provider of the Year - Call Center Week 2013

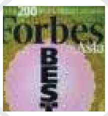
Global Services 100 Survey - Top 2 Call Center Companies globally: Neo-IT & Global Services Magazine

Deloitte – Fast 50 companies in India

Dataquest - Top 10 Employers for Employee Satisfaction / HR Practices

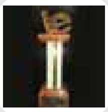
NASSCOM Top 15 ITeS BPO Exporters

Winner of the Most Innovative BPO 2008 - Philippines

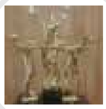


One of the 200 'Best under a Billion' Forbes Asia

Dun & Bradstreet – Since 2005: One of the Top ITeS and BPO Companies in India



Intelligent Enterprise Awards – 2006



Best Employer Brand Award (BPO) 2009

WHAT OUR CLIENTS SAY ABOUT US

World's Largest Car Sharing and Car Club Service

"I appreciate the tireless work you've done this week. I think it is extraordinary that we have such a partner working beside us at the Home Office and our dedicated team in New York in the trying times that faced us in the last few days. Hurricanes and other disasters of this magnitude bring great uncertainty and fear.

In your collaborative work with us, members and employees alike have shared in many moments of triumph over the last few days and to that, I tip my hat. You folks have successfully aided thousands of members get on their way and reclaim some sense of normalcy when they stepped into the one of our vehicles you helped secure for them.

I want to express my own gratitude and look forward to hopefully seeing you all soon to toast the successes of this week and the many successes awaiting all of us in the days and weeks to come."

National Member Services Manager

North America's leading provider of Property & Casualty Claims Management Solutions

"Please extend a special thanks to your team from us for delivering excellent results! I personally want to thank you all for a solid partnership and relentless focus on quality and delivery! We are jointly exceeding the expectations of our customers and, as we all know, the best results are when the client is happy! Keep up the excellent work. We sincerely appreciate the partnership."

Customer Service Manager

The 2012 Organising Committee for the Olympic and Paralympic Games

"The customer experience was our absolute priority and HGS went the extra mile to deliver excellence. We certainly threw them some curve balls in the process, but they caught every one of them. We soon stopped thinking of them as suppliers, they became part of us."

Senior Contact Centre Manager

London Organising Committee for the Olympic Games

Department of Energy and Climate Change

"Thank you for your efforts in supporting the successful launch of the Green Deal. My thanks to the Energy Savings Advice Line call handlers who I know have been taking calls non-stop over the last week. They are on the front-line and are key to making the Green Deal a success. You will continue to play an important role in helping customers benefit from the Green Deal and ECO."

Greg Barker MP

US Fortune 50 Healthcare Company

"As you might expect, we were pleased with the recoveries considering the age of the receivable we placed, but what really excited our team was their level of partnering with the staff and management. This was a significant benefit we derived from the engagement and as a result of their informative monthly reporting, we were able to address areas of opportunity and prevent future accounts from aging."

Customer Service Manager

US Fortune 50 Healthcare Company

"Your management team recently shared with us your successful quality scores. You make a difference every day and we are very pleased to have you as a part of our team and appreciate your dedication to doing outstanding work."

Head of Customer Service and Processing

Leading Hospital in the Southeast of U.S.

"I am grateful for our business relationship and undeniably, it has been a pleasure working with you. I am happy that we are partnering with your firm and now i believe it is the right match for us. As previously shared, I must say I have never been this impressed with an external business partner in my 15 year tenure in the health care industry than I have experienced with your firm."

Head of Customer Service

US Fortune 50 Healthcare Company

"Wow! You have again exceeded all expectations. I am truly touched and humbled. I am proud to have family around the world. Family, love, trust and appreciation are all words that come to mind when I think of each of you. Thank you so much for sharing the special moments with me."

Business Information Management Analyst

Fortune 100 Financial Services Client

"What I truly see in you is your passion and a real ownership of our goals and directions. Your excellent performance and that I see on the floor shows how you provide relationship care in each and every interaction with our Customers. This blurs the lines between your company and ours and because of this I consider HGS as a true extension of my organization."

Executive Vice President

Fortune 100 Financial Services Client

"It's our vision to become the most respected service brand and it is you, our agents who are making this happen through each and every interaction with our customers. It is your hard work and dedication that as a team we are now recognized across the Company as a significant contributor for driving superior customer service."

Vice President

Fortune 100 Healthcare Payer

"The information you shared with us was extremely valuable in understanding your operations. I look forward to learning more about the Governance Process you use to drive accountability and improve performance. I believe it might be something that we can replicate with our stateside teams."

CIT Director

World's Largest Car Sharing and Car Club Service

"Wanted to take quick moment to acknowledge the help of the HGS team. They've been an excellent partner for us as we try to get back on our feet. At times over the past 72 hours, they have been our ears while we've hit the pavement to confirm the status of locations and vehicles. Through our partnership we've been able to help thousands of members get on their way safely in very trying times. I have seen in tickets members looking to evacuate, get to loved ones, help friends and family and HGS has been great in handling all situations, in some cases with blind knowledge while we've been assessing our inventory and fleet.

Thank you HGS team, you were extremely helpful."

National Member Services Manager

US Fortune 50 Healthcare Company

"The team that I work with continues to meet and exceed the goals set for them. They are always willing to assist in any way that they can so that the overall goals are met. The team makes every effort to improve their service if issues are identified."

Project Manager

British Multinational Banking and Financial Services Company

"Really appreciate your efforts in pulling up so many numbers quickly. Please convey my appreciation and thanks to the team which helped us today."

Head of Credit Initiation

North America's Largest Window and Door Manufacturer

"To our valued business partners at HGS, I would like to extend a sincere "Thank You" for the work you have done supporting our new line of business. It has been made abundantly clear, that through your efforts we have a achieved significant reduction in escalated calls, executive contacts and frustrated customers.

With your successful implementation of this process, you have taken a potentially negative customer experience and turned it into a better experience where the customer is involved in the decision making process, thus strengthening our brand and increasing our reputation in the marketplace.

It is with great anticipation that I await of even more positive feedback from our customers as you continue to offer these new options to our customers."

Senior Vice President

Canada's Largest Telecommunications Company

"They have partnered with us in a difficult time, they brought recommendations to the table and executed on their commitments."

Partner Portfolio Manager

Canada's Leading Provider of Communications and Media Company

"Well in the last year because of HGS flexibility and adoptability, they managed to secure a few additional projects, and now 2 new Line of businesses. Their performance ranks amongst highest between the other vendors here."

Vendor Manager

Canada's Leading Provider of Communications and Media Company

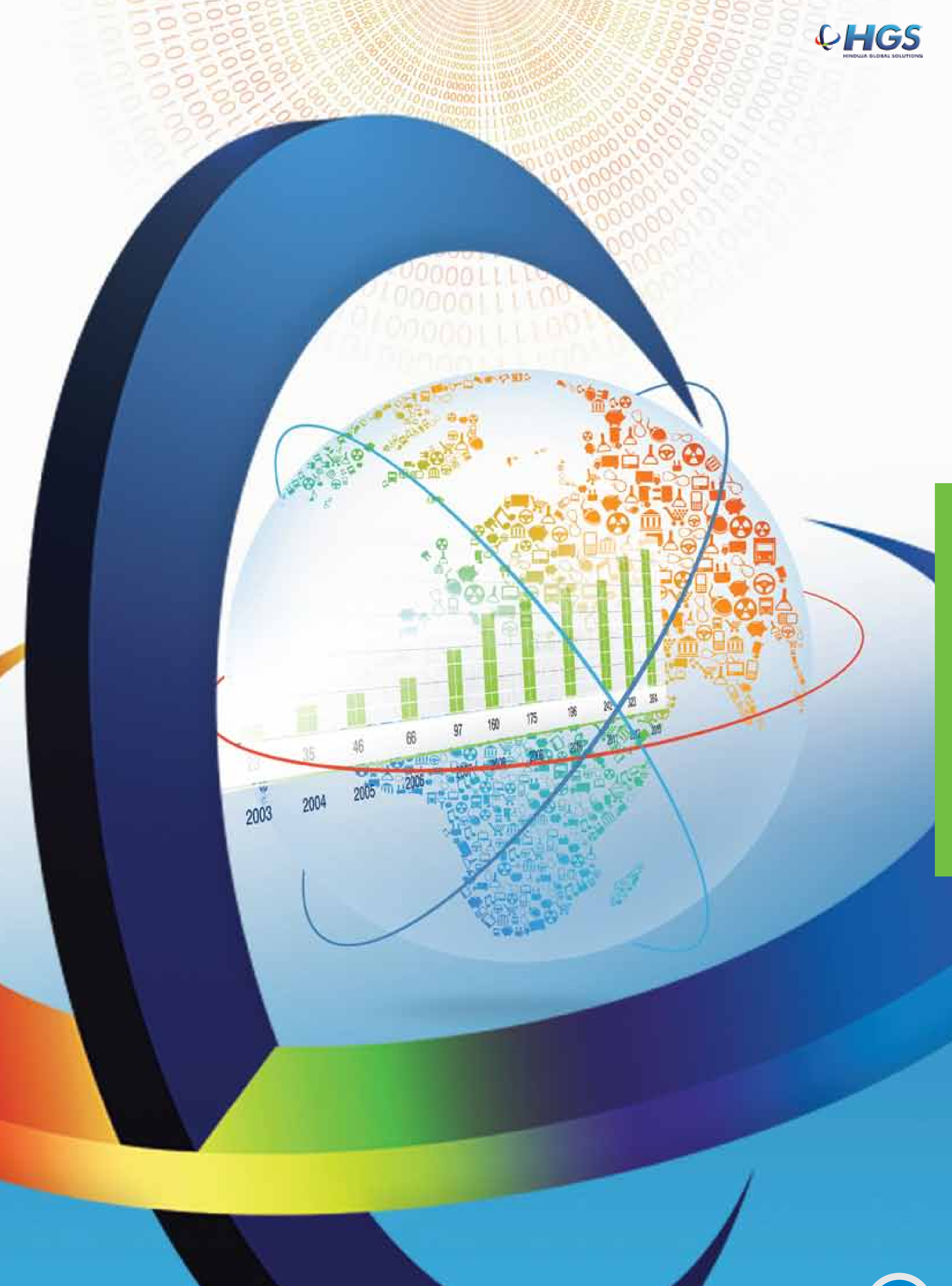
"HGS has been a phenomenal partner in aligning to our priorities and delivering proven results, quantifiable against our scorecard."

Director of Customer Service

Not for Profit Organization in India

"I want to express my deepest appreciation for the help, support and opportunities you all have offered me on executing my part in whatever small way towards a successful T20 world cup. I feel very grateful to all of you .Without your help, I doubt if we would have been able to carry out a mega event in such a proficient manner."

Founder and Director – NGO



35
46
66
97
160
175
196
2003
2004
2005
2006

OUR COMMUNITY INITIATIVES

"My dharma (duty) is to work so that I can give"

We are inspired by the pioneering thoughts of late Shri Parmanand Deepchand Hinduja - Founder, Hinduja Group. For us, Corporate Social Responsibility (CSR) encompasses engagements in socially relevant events for the under-privileged sections of the society. Our commitment to CSR is focused on initiatives that make a constructive contribution to the community.

Committed to providing for the underserved communities

INDIA


HGS India – Mysore Center takes up the task to clean Mysore


HGS India – Bangalore Centers at the World 10K run


HGS India – Durgapur Center visit to the Missionaries of Charity


HGS India – Mysore Center visits rural areas to distribute local supplies


HGS India – Mysore Center visits rural areas to distribute local supplies


HGS India – Mysore Center takes up the task to clean Mysore

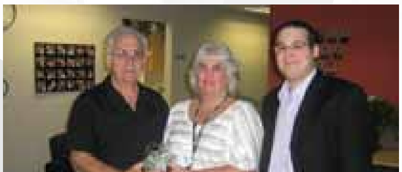

HGS India – Mysore Center visits orphanage


HGS India – Bangalore Center visits BalUtsav

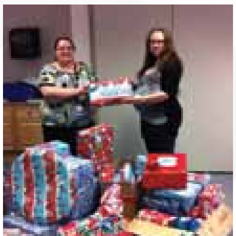

HGS India – Mysore Center spreads awareness on World Tobacco Day

Encouraging collective involvement of employees towards community development

HGS Canada – Charlottetown Center at the Charity & Fund raising event


HGS Canada – Liverpool Center at the Hospital Hustle

HGS Canada – Charlottetown Center at the Joel Flaskett and Poor Young Things


HGS Canada – Timmins Center sends its wishes to Children's Aid Society


HGS Canada – Dartmouth Center participates in the 'Head for a Cure'

CANADA

Partnering with local nonprofit organizations to achieve our goals

USA

HGS USA – Peoria Center at a Community Silent Fund Raiser Event


HGS USA – Peoria Center at MLK Community event

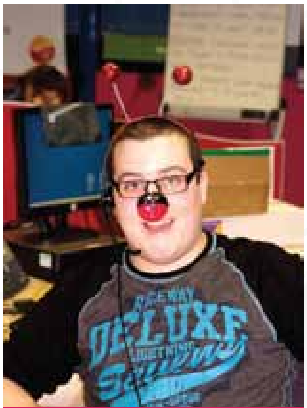
Actively contributing to the social and economic development of our communities

UK

HGS UK – Preston Center at a charity event

HGS UK – Chiswick Center at the BIS Charity Event


HGS UK – Preston Center celebrating Halloween by raising money for charities


HGS UK – Selkirk Center raised funds on Red Nose Day


HGS UK – Selkirk Center raised funds on Red Nose Day


HGS UK – Chiswick Center at the BIS Charity Event

Supporting responsible development in our local communities

PHILIPPINES

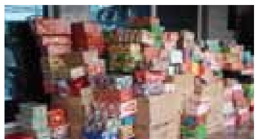
HGS Philippines – Reached out with boxes of school supplies to children


HGS Philippines – Manila Center at 'Save the Environment Program'


HGS Philippines – Manila Center at 'Save the Environment Program'


HGS Philippines – Manila Center at 'Save the Environment Program'


HGS Philippines – Manila Center at 'Save the Environment Program'


HGS Philippines - Boxes of school supplies to the children

ENGAGING OUR EMPLOYEES

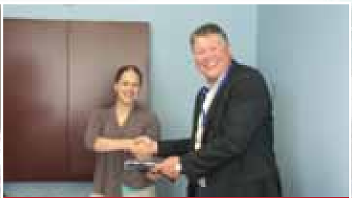
Being a global corporation is not always about chasing big targets, it's also about the employees that coordinate across physical boundaries to make delivering One Experience to the world possible. We endeavour to grow a unique corporate culture which inspires growth, business excellence and drives employees to excel.

INDIA

CANADA

HGS India – Durgapur Center at the Angels League Tournament

HGS India – Bangalore Center in back to back balloon race



HGS Canada – Ross Beattie, CEO handing over branded HGS Jacket

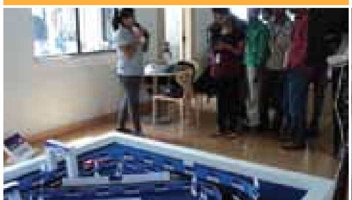
HGS Canada – Ross Beattie BBQing burgers for staff

HGS India – Hyderabad Center celebrating Rangoli day

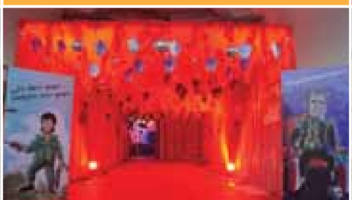
HGS India – Hyderabad Center Women's Day Celebrations

HGS Canada – Rebranding Celebrations

HGS Canada – Belleville Center Graduation Day Party



HGS India – Mumbai Center at the Car Race



HGS India – Hyderabad Center Celebrates Kismat Konnections

HGS Canada – Liverpool Center Ice Rink Sponsorship

HGS Canada – NS Corporate Office Rebranding Day

HGS India – Hyderabad Center Cricket Match Winners

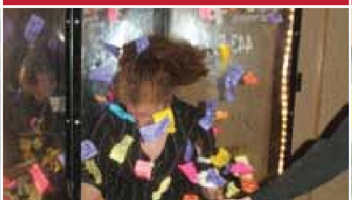
HGS India – Chennai Center hair style competition

HGS Canada – Belleville Center Pie in the face contest

HGS Canada – Dartmouth Center Casino Night

HGS India – Nagercoil Center at Games Carnival

HGS India – Bangalore Center food festival



HGS Canada – Dartmouth Center Casino Night

HGS Canada – Dartmouth Center Casino Night

USA

PHILIPPINES


HGS USA – St. Louis Center Recognition Service


HGS USA – Peoria Center Recognition Perfect Attendance Breakfast


HGS Philippines – Manila Center Dance Contest Winners


HGS Philippines – Iloilo Center Summer Sports Fest


HGS USA – Perfect Attendance Breakfast


HGS USA – Peoria Center Recognition Service Luncheon


HGS Philippines – Celebrates Customer Service with a Smile

HGS Philippines – Annual Kick Off Party

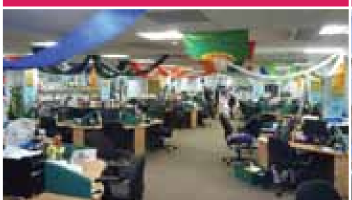
UK

HGS UK – Selkirk Center Easter Egg and Spoon Race


HGS UK – Chiswick Center Boat Party


HGS UK – Chiswick Center Football Team


HGS UK – Mystery Shopping Wave


HGS UK – Centers Bay Decoration


HGS UK – Rebranding Celebrations


HGS UK – Rebranding Celebrations Luncheon


HGS UK – Pizza Day


HGS UK – Selkirk Center celebrating Rednose Cupcakes


HGS UK – Selkirk Center Red Nose Day Dress Down


HGS UK – Marshmallow Challenge


HGS UK – Mystery Shopping Wave Celebrations

HOLDING STRUCTURE...

(#) Name of Hinduja Outsourcing Solutions India Private Limited changed to HGS International Services Private Limited w.e.f. January 09, 2013

(*) Name of Hinduja TMT France changed to HGS France w.e.f. September 12, 2012
HGS France became 100% Subsidiary of Hinduja Global Solutions Europe Limited w.e.f. March 27, 2013

GENERAL INFORMATION

HINDUJA GLOBAL SOLUTIONS LIMITED

Chairman Emeritus

Ashok P. Hinduja

Board of Directors

Ramkrishan P. Hinduja
Chairman

Shanu S. P. Hinduja
Co-Chairperson (Appointed w.e.f. March 4, 2013)

Vinoo S. Hinduja

Dheeraj G. Hinduja
(Resigned w.e.f. March 4, 2013)

Anil Harish

Rajendra P. Chitale

Rangan Mohan

Audit Committee

Anil Harish
Chairman

Rajendra P. Chitale

Ramkrishan P. Hinduja

Investors' Grievance and Share Allotment Committee

Rangan Mohan
Chairman

Shanu S. P. Hinduja
(w.e.f. March 4, 2013)

Dheeraj G. Hinduja
(upto March 4, 2013)

Compensation Committee

Anil Harish
Chairman

Shanu S. P. Hinduja

Rajendra P. Chitale

Dheeraj G. Hinduja
(upto March 4, 2013)

Rangan Mohan

Committee of Directors

Ramkrishan P. Hinduja
Chairman

Vinoo S. Hinduja

Rangan Mohan

Chief Executive Officer

Partha DeSarkar

Global Advisory Committee

Anthony Joseph
Executive Vice President,
Global Head - Human Resources

Ashwin Y. Hoskote
Executive Vice President,
Global Business Excellence

Kanti Mohan Rustagi
Executive Vice President,
Legal & Company Secretary

Narasimha Murthy B. N.
President - HGS Inc.

Kathy Hamburger
President - HGS USA

Partha DeSarkar
CEO
Chairman - Global Advisory Committee

Pushkar Misra
President & CEO - HGS Philippines

Ramesh Gopalan
Executive Vice President,
Business Head - India &
Head – Healthcare Vertical

Sanjay Sinha
Executive Vice President,
M & A (HR) & New Initiatives

Srinivas Palakodeti
Chief Financial Officer

Sridhar Krishnamurthy
Executive Vice President -Strategic Initiatives

Subramanya C.
Chief Technology Officer

Charles Cooper-Driver
CEO, Europe & UK

Ross Beattie
President & CEO, Canada

Business Heads

PHILIPPINES

Pushkar Misra
President & CEO,
HGS Philippines

INDIA

Ramesh Gopalan
Executive Vice President,
Business Head – India &
Head – Healthcare Vertical

Sridhar Krishnamurthy
Executive Vice President,
Strategic Initiatives

EUROPE & UNITED KINGDOM

Charles Cooper-Driver
CEO, HGS Europe & UK

CANADA

Ross Beattie
President & CEO, HGS Canada Inc.

USA

Narasimha Murthy B. N.
President, HGS Inc.

Kathy Hamburger
President, HGS USA

BANKERS

Axis Bank
Bank of Baroda
Bank of America
Barclays Bank PLC
BNP Paribas
Canara Bank
Chinatrust (Phils.) Commercial Bank Corp.
CIBC
HDFC Bank
Hinduja Bank (Switzerland) Ltd.
HSBC Bank
ICICI Bank
IndusInd Bank
State Bank of India
State Bank of Mauritius
Union Bank of Philippines
Yes Bank

Internal Audit & Systems

Rakesh S. Jain
Assistant General Manager – Internal Audit

Auditors

Price Waterhouse
Chartered Accountants

REGISTERED OFFICE

Hinduja House
171, Dr. Annie Besant Road
Worli, Mumbai - 400 018

REGISTRAR & SHARE TRANSFER AGENT

Sharepro Services (India) Pvt. Ltd.
13AB, Samhita Warehousing Complex
Second floor, Near Sakinaka Telephone
Exchange, Andheri Kurla Road
Sakinaka, Andheri (East)
Mumbai - 400072

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present their Report on the business and operations of your Company for the financial year ended March 31, 2013.

Financial Results

(₹ in million except share data)

For the year ended March 31	Standalone		Consolidated	
	2013	2012	2013	2012
Operating Income	7,034.1	6,313.5	19,834.3	15,543.1
Other Income	175.0	141.7	332.8	288.2
Total Income	**7,209.1**	**6,455.2**	**20,167.1**	**15,831.3**
Operating Expenses	5,874.8	5,261.5	17,650.0	13,702.0
Depreciation and Amortization	386.0	361.4	772.5	612.9
Financial Expenses	173.1	110.2	436.6	292.3
Profit Before Tax	**775.2**	**722.1**	**1,308.0**	**1,224.1**
Provision for tax (incl. deferred tax)	235.1	95.9	402.3	163.4
Profit After Tax	**540.1**	**626.2**	**905.7**	**1,060.7**
Add: Balance brought forward from Previous year	1,196.0	1,109.5	2,989.7	2,476.7
Profit Available for Appropriation	**1,736.1**	**1,735.7**	**3,895.4**	**3,537.4**
Dividend				
- Final (Proposed)	411.8	411.8	411.8	411.8
- Dividend Tax	68.4	65.3	70.0	66.8
Transferred to General Reserve	54.0	62.6	75.2	69.1
Balance Carried Forward	**1,201.9**	**1,196.0**	**3,338.4**	**2,989.7**
Earnings per share (₹)				
- Basic	26.23	30.41	43.99	51.52
- Diluted	26.23	30.41	43.99	51.52

Review of Financials

On a Consolidated basis (covering global operations in India, USA, Canada, Europe, Philippines, Jamaica and Mauritius), Operating Income for FY'13 was ₹ 19,834 million higher by 27.6% compared to the Operating Income of ₹ 15,543 million in FY'12. EBITDA (Earnings before Interest, Taxes, Depreciation & Amortization) was ₹ 2,237 million and it grew by 22% over the EBITDA of ₹ 1,841 million in FY'12.

On a Standalone basis (for India and overseas branch offices), Operating Income was ₹ 7,034 million in FY'13, an increase of 11.4% over the Operating Income of ₹ 6,314 million in FY'12. EBITDA increased by 15.2% from ₹ 1,052 million in FY'12 to ₹ 1,212 million in FY'13. PAT fell by 13.7% from ₹ 626 million in FY'12 to ₹ 540 million in FY'13.

Key highlights for the year were:

- Growth of consolidated revenues by 27.6%;
- Acquisition of healthcare revenue cycle management business by HGS Inc. from Deloitte;
- Opening of five new centers at - Belleville (Canada), Preston (UK), Jamaica, Hyderabad (SEZ) and Bangalore; Total number of centers now stand at 55;
- Employee headcount at 23,100 (Previous Year-end 23,899);
- Addition of 50 new customers during the year including addition of 11 customers from the acquisition of healthcare revenue cycle management business in the US. As of March 31, 2013, your Company has 535 active customers;
- As of March 31, 2013, your Company had a Net Worth of ₹ 12,355 million translating into a Book Value of ₹ 600.07 per share.

Dividend

Your Directors are pleased to recommend final dividend of ₹ 20 per equity share (200% on face value of ₹ 10/- each) for the year ended March 31, 2013. The total dividend for the financial year will absorb ₹ 481.8 million including dividend distribution tax of ₹ 70.0 million.

Business Review

Global ITES Industry Overview

In the context of volatile economic environment, the ITES sector has registered a steady growth rate of 4.8% compared to the previous year. Global IT spend was estimated to be $1.9 trillion in 2012, of which software products, IT and Business Process Management (BPM) services accounted for $1.1 trillion. The global outsourcing market was estimated to grow at 9% to reach $130 billion. The ongoing uncertainty in demand impacted the overall volumes which declined by around 13%.

The ongoing corporate IT spending budget constraints continued to put pressure on the IT/BPO industry margins. This has led to outsourcing service providers offer solutions that can leverage technology-enabled platforms and effective delivery models. The BPO industry today is focused on delivering innovative business models that offer specialized delivery services to their customers. These new solutions are designed to provide customized solutions and facilitate transformation. Access to specialized services, ability to concentrate on their core businesses, decreased time-to-market and increased customer centricity are some of the key drivers.

Increasing use of the mobile technologies is expected to result in significant growth in the pace of adoption of high-end mobile devices and mobile applications in the coming years. Delivery of complex services from India along with emerging technologies such as social media, analytics, cloud technology and platform-based solutions will offer new opportunities to the outsourcing service providers in the near future.

Indian ITES Industry Overview

The Indian IT services and BPO sectors are an integral part of the global sourcing strategy. These sectors have made increasing contributions to the domestic economy over the years. During FY'13, the IT industry in India is estimated to have generated revenues of $108 billion, with the IT software and services sector accounting for $95 billion of revenues. Export revenues are estimated to be at $76 billion in FY'13, up 10.2% compared to the previous year and have contributed 80% to the total IT-BPO revenues (Source: NASSCOM).

NASSCOM indicated that FY'14 total revenues from India (domestic and exports) are expected to grow by 13-15% to reach $106-111 billion and out of this, exports are likely to be in the range of $84-87 billion, indicating a growth of 12-14%.

Despite India being the global outsourcing leader, it accounts for only 10% of the global IT-BPM spend. This reflects significant untapped opportunities for Indian IT-BPM firms. They are well positioned to take advantage of these trends by developing new capabilities, servicing the entire IT services value chain and expanding their focus to new geographies and industry verticals.

Performance of Hinduja Global Solutions Ltd.

During FY '13, revenues of your Company grew by around 27.6%. Of the total growth, around 10.5% was due to the revenue cycle management business acquisition made during the year and full benefits of the Canada and payroll processing businesses acquired in August 2011. The balance of the growth was due to organic growth and variation in the exchange rate.

Nearly 31% of your Company's revenues are from the telecom sector. In the first half of FY '13, telecom volumes across all geographies remained subdued. This coupled with costs associated with opening of new centers at Belleville (Canada), and Preston (UK), adversely affected the financial performance of the Company during the first two quarters. Telecom volumes in Canada rebounded strongly in the second half of FY '13. This along with costs better matched with revenues led to a strong improvement in the financial performance of your Company in the second half of the year.

For a larger part of the year, the financial performance of your Company was also adversely affected by the excess capacity built in the Philippines. By the end of the year, volumes improved significantly which contributed to the improvement in the financial performance of your Company.

During the year, your Company performed a stringent review of its various accounts and has initiated necessary measures to improve the overall profitability of the Company.

Depreciation and amortization expenses for the year were higher on account of the new delivery centers opened during the year, impact of exchange rate and full year impact of the acquisition.

Interest costs were higher on account of full year impact of loans taken for the HGS Canada acquisition and growth in working capital requirements in line with growth in the business.

Tax was higher on account of end of tax holiday period for some of the units in the Philippines and absence of the tax reversals recorded in FY'12. Overall profitability was impacted by certain one-time costs related to the revenue cycle management business acquisition and exceptional costs on account of a settlement of a dispute with a bank.

Key Subsidiaries

HGS International, a wholly owned subsidiary of your Company, incorporated under the laws of Mauritius, is primarily engaged in investment business. HGS International owns 100% of the share capital of Hinduja Global Solutions Inc., USA, C-Cubed N.V., Curacao, Hinduja Global Solutions Europe Ltd., UK and HGS St. Lucia Ltd., Saint Lucia.

During the year under review, Total Income of HGS International was US$ 5.5 million as compared to US$ 5.6 million in the previous year.

Hinduja Global Solutions Inc., USA (HGS Inc.), a wholly owned subsidiary of HGS International, Mauritius, specializes in marketing and provision of both voice and non-voice related Customer Contact and Business Process Outsourcing services to its clientele. Its key subsidiaries are HGS (USA), LLC and HGS Canada Inc., Canada. During the year HGS EBOS, LLC was setup to acquire the healthcare revenue cycle management business from Deloitte.

For FY'13, HGS Inc. reported consolidated revenues of US$ 270.5 million as compared to US$ 230.7 million in FY'12.

HGS (USA), LLC, which was acquired in November 2006 by HGS Inc., USA, operates in five cities in USA and Canada. It partners with Fortune 1000 companies and Government agencies to provide comprehensive Customer Relationship Management programs. For FY'13, HGS (USA), LLC recorded total revenues of US$ 191.7 million. HGS (USA) LLC and its US subsidiaries have over 2,000 employees who are engaged in customer services, fulfillment services, sales, marketing and account management.

HGS Canada Inc., which was acquired in August 2011 by HGS Inc., USA is a leading Canadian contact center service provider servicing marquee customers across verticals such as media, telecom, technology and BFS. HGS Canada offers technical support, inbound and outbound sales, customer care and customer retention in English and French languages and has a team size of over 2,200 associates at 10 centers in Canada. For FY'13, HGS Canada recorded total revenues of CAD 72.8 million as compared CAD 48.6 million in FY'12.

Hinduja Global Solutions Europe Ltd. is the UK based subsidiary focusing on consulting services for BPO and call center services and markets offshoring services to UK based clients. It owns 100% stake in Hinduja Global Solutions UK Ltd. During FY'13, it acquired 100% stake in HGS France making it a wholly owned subsidiary. It also has a subsidiary in Italy called HGS Italy, SARL.

Hinduja Global Solutions UK Ltd. is a leading contact center company with over 850 employees in London, Preston and Selkirk (Scotland). Established in 1977, it offers a range of services for inbound and outbound interactions to over 20 marquee customers across verticals such as Government, FMCG, Financial Services, Automobiles and Retail. It has branches in Rotterdam (Netherlands) and Hamburg (Germany). For FY'13, Hinduja Global Solutions UK Ltd. reported revenues of GBP 26.8 million as compared to GBP 25.0 million in FY '12. During the year, it was selected as one of the four service providers for the UK Government's outsourcing contracts.

HGS St. Lucia Ltd., Saint Lucia is the holding company of Team HGS Ltd., Jamaica.

Team HGS Ltd., Jamaica in FY'13, has opened a call center at Kingston, Jamaica. The center is currently servicing a Jamaican client. Jamaica has been eliciting strong interest as a near-shore destination among North American clients.

HGS International Services Pvt. Ltd. (HGSISPL)

HGSISPL has set up two Special Economic Zone (SEZ) units at i) Global Village, Bangalore; and ii) DLF Towers, Hyderabad. While the Global Village SEZ has completed two years of operations, the Hyderabad SEZ commenced operations in the last quarter of FY'13. HGSISPL has also received approvals for setting up its third SEZ at Pritech Park, Bangalore which is in the process of being built up and is expected to be completed in the first half of FY'14. In FY'13, it recorded revenues of ₹ 673.6 million as compared to ₹ 284.7 million in FY'12.

HGS Business Services Pvt. Ltd., which was acquired in August 2011, is a prominent player in Human Resource Outsourcing (HRO) domain. This acquisition also included a Payroll Processing activity in the Middle East. HGS Business Services offers payroll, statutory compliance and employee life cycle support to marquee customers in Banking, Financial Services, Insurance and other industry verticals. In FY'13, it recorded revenues of ₹ 388.9 million as compared to ₹ 227.2 million in FY'12.

HGS International Services Private Limited and HGS Business Services Private Limited have filed a Scheme of Amalgamation of HGS Business Services Private Limited into HGS International Services Private Limited with Hon'ble High Court of Judicature at Bombay on March 29, 2013.

Addressing Social Concerns

Your Company continues to be committed to community welfare initiatives and engages with the local community where HGS has work locations.

HGS employees participated in the Bangalore 10K Open as well as the Majja Run and the proceeds from this event were donated to Concern India Foundation - an NGO which supports the primary education of less privileged children, specifically children of migrant workers.

In addition, HGS is engaged with Magic Bus Foundation which supports the education of children and enables them develop skills in order to support themselves reducing their dependence on others. The Foundation has programmes running across the country and your Company supported a programme which trains their project leaders to manage their programmes in their local regions.

HGS also continues to support orphanages, old age homes and the cause of less privileged children through its offices at different locations including Durgapur and Siliguri in the East, Bangalore, Mysore and Guntur in the South.

HGS is also engaged with various NGOs for the collection of donations and subscriptions on their behalf.

In the Philippines, your Company has partnered with Dr. Jose Fabella Memorial Hospital and Quirino Memorial Medical Center for charitable purposes. Besides, the Philippines branch on a regular basis supports the children and public during the period of national disasters.

In the US, your Company supports two national charities each year and it supported St. Jude Children's Research Hospital and the American Cancer Society in the past year. The Peoria center supported the Children's Hospital of Illinois and the Peoria Humane Society. The Waterloo center supports the Cedar Bend Humane Society and Cedar Valley Hospice. Your Montreal center takes great pride in raising funds for the Cure Foundation.

On the whole, your Company actively meets its duties towards all stakeholders through a positive and a very active Corporate Social Responsibility programme.

Marketing / Communication and Public Relations

HGS continued to employ all the communications and marketing tools to constructively engage with all its stakeholders. FY'13 marked the completion of brand alignment of all its units. The year was especially fruitful in terms of generating brand awareness internally and externally using all possible media channels, including social media.

Brand transition activities were successfully carried out in HGS UK, HGS Canada and HGS Business Services India. Your Company hopes to reap benefits of brand integration, which will enable it to put together cross-geography teams to carry out complex global projects in quick time. 'One HGS' - the umbrella program for carrying out brand integration has now become bigger and better. 'One HGS' has two equally important objectives - Standardize the look and feel of all entities and substantially increase the brand awareness of your Company among the general public. It has used the print as well as the digital and electronic media to good effect in raising the brand awareness globally. Your Company received considerable media interest during the past year, and all its events and awards were covered by leading media houses. It got positive mentions in all media channels and its press releases were syndicated in good numbers.

HGS paid special attention to the social media, creating platforms for continuous outreach to the wider community on Facebook, LinkedIn, twitter and YouTube. The response has been encouraging. These platforms will be used for branding and recruitment activities. Your Company believes in pro-actively sharing information with all stakeholders and tapping the boundless opportunities to listen, understand and engage with its audiences.

All the Global Delivery Centers are now connected to the rest of the centers through the new intranet - Ozone. Ozone has developed into a powerful tool to engage the employees and facilitate two-way communication between the management and the employees. Through many creatively conceived online events and competitions, Ozone has helped augment the awareness level of all employees regarding the business and the brand of your Company. In the coming year, Ozone will become richer in terms of features and build on the good work done in the past year. This new avatar of the intranet will soon become your Company's internal wiki.

The CEO of your Company continued to communicate directly with the employees through his blog and Town Hall Meetings. The Town Hall Meetings now cover all the locations and get active participation from thousands of employees. 'Global Voice', the flagship internal digital quarterly newsletter, keeps employees informed on the latest happenings in your Company.

Continuing the trend of the previous years, HGS was recognized for its excellence during FY'13 too. It featured in the NASSCOM list of Top 10 BPO exporters in India and among the Top 10 in Dataquest India's list of Top BPO Companies. HGS featured among the Top 50 Business Process Management Service Providers in the annual International Association of Outsourcing Professionals' (IAOP) Global Outsourcing 100 List of 2012. It jumped 28 ranks within a span of just one year, reaffirming the belief of the stakeholders that your Company is making the right moves towards the top of the field.

Your Company's financial results, and updates on important developments and achievements are available on its website *www.teamhgs.com.*

Awards & Recognition

Your Company was conferred with awards and recognitions during the year, such as:

- HGS Canada Inc. was recognized as top 3rd party vendor by a Canadian telecom client across all its outsourced lines of business; and
- Charlottetown, Canada center earned recognition as the #1 site for warranty product sales across North America by a technology client in FY'13.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

The Chief Executive Officer and Chief Financial Officer Certification as required under Clause 49 of the Listing Agreements and Chief Executive Officer declaration about the Code of Conduct are furnished as Annexure 'A' and 'A-1' to this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The prescribed particulars as required under Section 217 (1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are furnished as Annexure 'B' to this Report.

Corporate Governance

As required under Clause 49 of the Listing Agreements, a detailed report on Corporate Governance forms Annexure 'C' to this Report.

The Statutory Auditors of the Company have examined the Company's compliance and have certified the same as required under the Listing Agreements. The certificate is reproduced as Annexure 'D' to this Report.

Management Discussion and Analysis Report

Further, a separate Management Discussion and Analysis Report covering a wide range of issues relating to industry trends, company performance, SWOT analysis, corporate process, business outlook among others is annexed as Annexure 'E' to this Report.

ESOP Disclosure

The disclosures required to be made under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexures 'F1' and 'F2' to this Report.

Fixed Deposits

Your Company has not accepted any fixed deposits from the public and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

Directors

Ms. Shanu S.P. Hinduja has been appointed as Director and designated as Co-Chairperson of the Company w.e.f. March 4, 2013, in the casual vacancy caused by resignation of Mr. Dheeraj G. Hinduja. The Board place on record their appreciation of the invaluable contribution provided by Mr. Dheeraj G. Hinduja during his tenure as a Director.

Mr. Rangan Mohan and Mr. Anil Harish, Directors of your Company, are liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 your Directors, based on the information and documents made available to them, confirm that:

i) in the preparation of Annual Accounts for the year ending March 31, 2013, the applicable accounting standards have been followed. There are no material departures in the adoption and application of the accounting standards;

ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the profits of your Company for that period;

iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and

iv) they have prepared the Annual Accounts on a going concern basis.

Auditors

M/s. Price Waterhouse, Chartered Accountants, the Statutory Auditors of your Company, retire at the conclusion of the forthcoming Annual General Meeting of your Company and being eligible, offer themselves for re-appointment. The Board recommends the re-appointment of the Auditors.

Exemption from attaching Accounts and other Documents of Subsidiaries

The Ministry of Corporate Affairs (MCA) vide Circular dated February 8, 2011 has granted exemption under Section 212(8) of the Companies Act, 1956 from annexing Balance Sheet and other documents of subsidiaries with the Annual Report of the holding company provided certain conditions are fulfilled. The Board of Directors of your Company at its meeting held on May 28, 2013 (in view of fulfilment of all conditions prescribed by the Ministry of Corporate Affairs under Circular No. 5 / 12 /2007 - CL - III dated February 8, 2011) resolved for not attaching the Balance Sheet and other documents of the subsidiaries, with the Balance Sheet of the holding Company, i.e. Hinduja Global Solutions Limited, for FY'13.

Accordingly, the Annual accounts and other documents for the year ended March 31, 2013 of the subsidiary companies are not attached to the Annual Report. The accounts of the subsidiaries will be made available for inspection by any member of the Company at its Registered Office and also at the Registered Office of the concerned subsidiary. The accounts of the subsidiary companies and detailed information will be made available to the members upon receipt of request from them. The summary of key financials of the Company's subsidiaries, as provided in the circular dated 8th February, 2011 is included in this Annual report. The accounts of individual subsidiary companies would be available on Company's website *www.teamhgs.com*.

Employees' Particulars

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, form part of this Directors' Report. However, in accordance with the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, this Report is being sent to all the shareholders of the Company excluding the aforesaid information. Members interested in obtaining the said information may write to the Company Secretary at the Registered Office of the Company.

Acknowledgements

Your Board takes this opportunity to thank the customers, vendors, business partners, shareholders and bankers for the faith reposed in the Company and also thank the Government of India, various regulatory authorities and agencies, State Governments, Government of various countries for their support and looks forward to their continued encouragement. Your Directors place on record their sincere appreciation of the contribution of the Company's most important asset, viz. the employees, who through their competence, hard work and co-operation have enabled the Company to achieve consistent growth.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 28, 2013

Ramkrishan P. Hinduja
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Certificate in terms of Clause 49 of the Listing Agreement

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2013 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the Auditors and the Audit Committee:

   i. Significant changes in internal control over financial reporting during the year;

   ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Srinivas Palakodeti	**Partha DeSarkar**
Chief Financial Officer	Chief Executive Officer & Manager

Date : May 21, 2013

ANNEXURE 'A-1' TO THE DIRECTORS' REPORT

Confirmation towards Code of Conduct

I hereby confirm that all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2013.

Partha DeSarkar
Chief Executive Officer & Manager

Date : May 28, 2013

ANNEXURE 'B' TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

a. Conservation of Energy:

With respect to conservation of energy, the total cost of power and fuel during the year are contained at minimum possible levels and attempts have been made to reduce it further in the coming years. The operations of your Company are not energy-intensive. Adequate measures are still taken to ensure that there is optimum utilization of energy and zero wastage of resources, energy or otherwise, as far as possible. Extensive use of multi-site video-conferencing has been taken up to reduce the need for travel across geographies, thereby reducing the carbon footprint of your Company. The equipment that your Company uses is compliant with the highest standards of energy efficiency. With all the global facilities becoming standardized in terms of design and layout, there is a greater scope for driving even more savings in energy in the coming years.

b. Research and Development:

Your Company continues to engage actively with customers across all geographies and businesses, to identify potential opportunities to enhance and deepen the relationships. It believes that Research and Development cannot be done in isolation, but only in constant partnership with the clients. So, all possible attempts are made to take structured feedback from the clients in order to identify their business needs. Primarily, the clients in telecom, consumer electronics, consumer packaging and insurance verticals are looking for transformational services. The first priority is revenue enhancement both for the clients and your Company through efficient and effective cost management using technology. The Information Technology team of your Company does continuous research and development for upgrading and implementing applications, in order to provide better services to its clientele.

Your Company continues to invest in developing transactional platforms that could radically change the overall cost structures and business delivery models in target industries. It is exploring a suite of applications/tools that are targeted at bringing down the average cost of providing services. It is strongly considering adoption of Speech Analytics, which, it believes, will play a dominant role in providing value-added services to its clients.

c. Technology Absorption:

Your Company takes continuous measures to adopt and adapt to the latest technology to stay ahead of the competition. It continues to use the latest technological tools for improving the productivity and quality of its services. Your Company, in its attempts to turn fixed costs into variable, has also implemented cloud based solutions for its clients. Adoption of cloud based solutions has been successfully completed in many verticals. Voice processes have been revamped by bringing cloud solutions for the clients in the Philippines.

HR Information System has been successfully deployed to business delivery centers across geographies, providing a standardized platform to collate and compare HR related data. The Finance Team has implemented a consolidation tool that enables them to generate information in a very timely and cost effective manner. Your Company has also revamped its corporate intranet and become very active in social media.

The biggest development in the realm of technology absorption has been the collaboration among different geographies that has enabled economies of scale and scope.

d. Export Initiative, Foreign exchange earnings and Outgo

➢ **Export initiatives and development of new export market**:

The share of export in the total income for the last two years is as given under:-

For the Year	2012-2013	2011-2012
Export as a:		
% of Operating Income	36.91%	34.33%
% of Total Income	36.02%	33.58%

➢ **Foreign Exchange Earnings and Outgo**

₹ in million

For the Year	2012-2013	2011-2012
Total Foreign Exchange Earned	2,596.6	2,167.6
Total Foreign Exchange Outgo	15.3	15.4

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 28, 2013

Ramkrishan P. Hinduja
Chairman

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") and the Management of your Company commit themselves to:

- Strive towards the medium and long term enhancement of shareholder value through sound business decisions, prudent financial management and high standard of ethics throughout your Company;
- Ensure transparency and professionalism in all decisions and transactions of your Company;
- Achieve excellence in Corporate Governance by:
  - ❖ Conforming to and exceeding wherever possible, prevalent guidelines on Corporate Governance;
  - ❖ Regularly reviewing the Board processes and Management systems directed towards continuous improvement.

2. BOARD OF DIRECTORS

A. Composition

Non-Executive Directors (Promoter Group)

Mr. Ramkrishan P. Hinduja, Chairman

Ms. Shanu S. P. Hinduja, Co-Chairperson
(Appointed w.e.f. March 4, 2013)

Ms. Vinoo S. Hinduja

(*Mr. Dheeraj G. Hinduja had resigned as a Director w.e.f. March 4, 2013*)

Independent Directors

Mr. Anil Harish

Mr. Rajendra P. Chitale

Mr. Rangan Mohan

Chairman Emeritus

Mr. Ashok P. Hinduja

Chief Executive Officer and Manager

Mr. Partha DeSarkar

The composition of the Board is in conformity with Clause 49 of the Listing Agreement with the Stock Exchanges.

B. Dates of Board Meetings held during the year

Dates of Board Meetings	Board Strength	No. of Directors present
23/05/2012	6	5
08/08/2012	6	5
07/11/2012	6	3
12/02/2013	6	5
03/03/2013	6	3
04/03/2013	6	5

The time gap between any two Meetings did not exceed four months. The information as prescribed under Clause 49 of the Listing Agreement was placed before the Board from time to time.

C. Attendance of Directors

Name of the Director	No. of Meetings Attended	Attendance at the previous AGM held on August 9, 2012
Mr. Ramkrishan P. Hinduja	5	YES
Ms. Shanu S. P. Hinduja (w.e.f. March 4, 2013)	1	NA
Ms. Vinoo S. Hinduja	3	YES
Mr. Dheeraj G. Hinduja* (up to March 4, 2013)	2	NO
Mr. Anil Harish	5	YES
Mr. Rajendra P. Chitale	6	YES
Mr. Rangan Mohan	4	YES

* Mr. Dheeraj G. Hinduja attended the Board Meeting held on 23/05/2012 through Video Conference.

D. Details of Membership of the Directors on Boards and Board Committees (including Hinduja Global Solutions Limited)

Name of the Director	Board*		Board Committees**	
	Chairman#	Member	Chairman#	Member
Mr. Ramkrishan P. Hinduja	1	4	–	3
Ms. Shanu S. P. Hinduja (w.e.f. March 4, 2013)	–	1	–	1
Ms. Vinoo S. Hinduja	–	3	–	–
Mr. Dheeraj G. Hinduja (up to March 4, 2013)	1	5	–	–
Mr. Anil Harish	–	14	4	10
Mr. Rajendra P. Chitale	–	8	1	6
Mr. Rangan Mohan	–	3	3	3

* Excludes Foreign Companies, Private Limited Companies and Alternate Directorships.

** Only the following Board Committees have been considered for this purpose:

(i) Audit Committee and

(ii) Shareholders'/Investors' Grievance Committee.

\# Board membership excludes where a Director is a Chairman; however, board committee membership includes where a member is a Chairman.

3. AUDIT COMMITTEE

A. Terms of Reference

Terms of reference include following:

i) To oversee your Company's financial reporting process and disclosure of its financial information;

ii) To recommend appointment of Statutory Auditors and to fix their audit fee;

iii) To review and discuss with the Statutory Auditors the following:

a) internal control systems, scope of audit including observations of auditors, adequacy of internal audit function, major accounting policies and practices;

b) compliance with accounting standards;

c) compliance with applicable clauses of Listing Agreement with Stock Exchanges;

d) legal requirements concerning financial statements; and

e) related party transactions, if any;

iv) To review Company's fiscal and risk management policies;

v) To discuss with internal auditors any significant findings for follow-up thereon;

vi) To review quarterly, half yearly and annual financial statements before submission to the Board;

vii) To advise and guide operating management on specific issues/ transactions;

viii) To review the Management Discussion and Analysis Report on the financial condition of your Company and review of your Company's operations; and

ix) To review the statement of significant related party transactions.

The terms of reference and composition of the Audit Committee conform to the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

B. Composition

The Audit Committee was constituted by the Board of Directors of your Company on March 7, 2007. The composition of the Audit Committee is as follows:

Chairman: Mr. Anil Harish

Members: Mr. Ramkrishan P. Hinduja

Mr. Rajendra P. Chitale

The Company Secretary acts as Secretary to the Committee. The permanent invitees to Audit Committee meetings include representatives of the Statutory Auditor, representatives of the Internal Auditor, Chief Executive Officer and Chief Financial Officer.

C. Meetings and Attendance

The details of meetings held during the year and the attendance thereat are as follows:

Dates of Meetings: 22/05/2012; 08/08/2012; 06/11/2012 and 11/02/2013

Attendance:

Name of the Director	No. of Meetings Attended
Mr. Anil Harish	4
Mr. Ramkrishan P. Hinduja	3
Mr. Rajendra P. Chitale	4

4. COMMITTEE OF DIRECTORS

A. Terms of Reference

i) The Committee of Directors is, *inter-alia* empowered to oversee the functioning of the Company, to provide strategic direction and to approve investments and borrowings within the limits prescribed by the Board at its meeting held on October 31, 2007;

ii) To recommend to the Board Revenue and Capital budgets and other major capital schemes;

iii) To consider new businesses, acquisitions, divestments, changes in organization structure and also periodically review the Company's business plans and future strategies;

iv) To approve donations within the limits prescribed by the Board;

v) To open/close bank accounts of the Company;

vi) To grant limited Power of Attorney to the officers of the Company;

vii) To appoint proxies to attend general meetings on behalf of the Company;

viii) To assign lease-hold rights on the property of the Company/approve sale of scraps/sale of furniture and fixtures;

ix) To provide performance guarantee for the projects for and on behalf of subsidiaries; and

x) The Committee would also take decisions on such matters as may be delegated to it by the Board and ensure their implementation by the Management within the guidelines fixed by the Board.

B. Composition

The Committee of Directors was constituted by the Board of Directors of your Company on July 30, 2007. The composition of the Committee of Directors is as follows:

Chairman: Mr. Ramkrishan P. Hinduja

Members: Ms. Vinoo S. Hinduja

Mr. Rangan Mohan

C. Meetings and Attendance

Dates of Meetings: 23/05/2012 and 12/02/2013

Name of the Director	No. of Meetings Attended
Mr. Ramkrishan P. Hinduja	2
Ms. Vinoo S. Hinduja	2
Mr. Rangan Mohan	1

5. INVESTORS' GRIEVANCE AND SHARE ALLOTMENT COMMITTEE

A. Terms of Reference

i) To specifically look into redressing shareholders' and investors' complaints in the following areas:

a) Transfer of shares;

b) Non-receipt of financial statements and other documents under the Companies Act, 1956;

c) Non-receipt of declared dividends;

d) Non-receipt of Shares lodged for transfer;

e) Issue of Duplicate Share Certificates;

f) Forged Transfers; and

g) Any other matter of Shareholders' interest.

ii) To review the system of dealing with and responding to correspondence from all categories of investors.

iii) To review the details regarding the complaints/letters, if any, received from the Stock Exchanges and/or the SEBI and responses provided thereto.

iv) To review and approve initiatives for further improvements in servicing investors.

During the year, one complaint was received from shareholder which was duly attended to. There were no complaints pending against the Company as on 31st March, 2013.

B. Composition

The Investors' Grievance Committee was constituted by the Board of Directors of your Company on March 7, 2007. The Committee was renamed as Investors' Grievance and Share Allotment Committee in the Board Meeting held on November 7, 2012.

The composition of the Investors' Grievance and Share Allotment Committee is as follows:

Chairman: Mr. Rangan Mohan

Member: Ms. Shanu S. P. Hinduja
(w.e.f. March 4, 2013)

Mr. Dheeraj G. Hinduja
(up to March 4, 2013)

C. Meetings and Attendance

Date of Meeting: 25/01/2013

Name of the Director	No. of Meetings Attended
Mr. Rangan Mohan	1
Mr. Dheeraj G. Hinduja	1

6. COMPENSATION COMMITTEE

A. Terms of Reference

i) Search for, evaluate, shortlist and recommend the incumbent for the position of Chief Executive Officer/Managing Director and their engagement terms;

ii) Design and administer processes for evaluating the effectiveness [i.e., Performance Management System] of Chief Executive Officer/Managing Director and Senior Management;

iii) Review the succession plan for Critical Positions and suggest actions.

➢ The Committee shall (subject to compliance of the Companies Act, 1956 and other applicable regulations):

❖ Establish the KRAs and clear metrics of performance for Chief Executive Officer/Managing Director against which their performance shall be appraised at the end of the year.

Review and approve KRAs and performance metrics for Senior Management proposed by the Chief Executive Officer/Managing Director.

Document the expectations and the actual achievements for a full Board review as may be taken as an audit.

❖ Have the responsibility for a) setting the remuneration for the Chief Executive Officer/Managing Director and b) review and approval of Senior Management (one level below MD/CEO) remuneration proposed by Managing Director/Chief Executive Officer. Remuneration in this context will include salary, performance based variable component and any compensation payments, such as retiral benefits or stock options.*

❖ Make available its terms of reference, its role, the authority delegated to it by the Board and what it has done for the year under review to the shareholders in a separate section of the chapter on corporate governance in the Annual Report.

➢ The Committee shall be able to appoint external consultants for assistance on policy and compensation inputs whenever required.

***Explanation:**

To determine all the terms governing the Employees Stock Options Plan implemented/ to be implemented by the Company from time to time, including any variation thereof and *inter alia* determining eligibility for the grant, timing and number of options to be granted, vesting schedule, exercise price and other related matters;

To exercise all rights, authority and functions of the Board of Directors under all of the Company's stock option, stock incentive, employee stock purchase and other equity-based plans, including without limitation, the authority to interpret the terms thereof;

To grant options there under and to make stock awards there under.

B. Composition

The Compensation Committee was constituted by the Board of Directors of the Company on March 7, 2007. The composition of the Compensation Committee is as follows:

Chairman: Mr. Anil Harish

Members: Ms. Shanu S. P. Hinduja (w.e.f. March 4, 2013)

Mr. Dheeraj G. Hinduja (up to March 4, 2013)

Mr. Rajendra P.Chitale

Mr. Rangan Mohan

C. Meetings and Attendance

During the year, one circular resolution was passed on June 28, 2012 and one meeting was held on March 3, 2013.

Attendance:

Name of the Director	No. of Meetings Attended
Mr. Anil Harish	1
Mr. Dheeraj G. Hinduja	1
Mr. Rajendra P. Chitale	1
Mr. Rangan Mohan	-

The Compensation Committee reviewed:

- Increase in the remuneration of the CEO;
- Grant of stock options to a senior executive of a subsidiary Company; and
- Performance review of direct reportee to CEO, amongst other matters.

7. REMUNERATION OF DIRECTORS

No payments were made to Directors during the year under review except sitting fees. There were no material pecuniary relationships or transactions with Non-Executive Directors.

Sitting fee paid to Non-Executive Directors during the year

Name of the Director	Sitting Fee (₹)
Mr. Ramkrishan P. Hinduja	1,60,000
Ms. Shanu S. P. Hinduja (w.e.f. March 4, 2013)	20,000
Ms. Vinoo S. Hinduja	60,000
Mr. Dheeraj G. Hinduja (up to March 4, 2013)	50,000
Mr. Anil Harish	1,85,000
Mr. Rajendra P. Chitale	2,05,000
Mr. Rangan Mohan	85,000

Details of fees for professional services rendered by Firms of Solicitors/Advocates/ Chartered Accountants/ Strategic Consultants in which certain Independent Directors are partners are as under:

Name of Firm	Amount paid during the year under review	Name of Director who is partner
Rangan Mohan Associates	₹ 15,61,860	Mr. Rangan Mohan
D. M. Harish & Co.	₹ 8,77,500	Mr. Anil Harish

8. GENERAL BODY MEETINGS

A. Details of location, date and time of holding the last three Annual General Meetings.

Financial Year	Location	Date and Time
2009-2010	Hall of Harmony Nehru Centre Dr. Annie Besant Road Worli Mumbai-400 018	July 31, 2010 at 11.00 a.m.
2010-2011	Hall of Harmony Nehru Centre Dr. Annie Besant Road Worli Mumbai-400 018	August 1, 2011 at 11.00 a.m.
2011-2012	Hall of Harmony Nehru Centre Dr. Annie Besant Road Worli Mumbai-400 018	August 9, 2012 at 11.00 a.m.

B. There was no special resolution requiring voting through postal ballot during the year.

C. The following are the special resolutions passed at the previous three Annual General Meetings.

AGM held on	Summary
August 9, 2012	1) Pursuant to provision of Section 81(1A) and other applicable provisions, if any, of Companies Act, 1956, the Foreign Exchange Management Act, 1999 to create, offer, issue and allot Securities in the form of Equity Shares, Warrants, Bonds, Depository Receipts, whether Global Depository Receipts ("GDR"), American Depository Receipts ("ADR"), provided aggregate issue price of Securities to be issued shall not exceed ₹ 500 Crore (Rupees Five Hundred Crore) inclusive of such premium as may be payable on the Securities.
August 1, 2011	1) Pursuant to provisions of Section 81 and such other provisions of the Companies Act, 1956 to issue, offer for subscription and allot, in one or more tranches, new equity shares not exceeding 1.5% of the outstanding paid up capital of the Company at the beginning of the year, in any one year, for the benefit of such person(s) as may be in the employment of the Company, whether shareholders of the Company or not at such price and other terms as set out in the Hinduja Global Solutions Limited Employees Stock Option Plan 2011. 2) Benefits of Hinduja Global Solutions Limited Employees Stock Option Plan 2011 be extended to the eligible employees of the subsidiary(ies)/holding Company(ies). 3) Pursuant to provision of Section 81(1A) and other applicable provisions, if any, of Companies Act, 1956, the Foreign Exchange Management Act, 1999 to create, offer, issue and allot Securities in the form of Equity Shares, Warrants, Bonds, Depository Receipts, whether Global Depository Receipts ("GDR"), American Depository Receipts ("ADR"), provided aggregate issue price of Securities to be issued shall not exceed ₹ 500 Crore (Rupees Five Hundred Crore) inclusive of such premium as may be payable on the Securities.
July 31, 2010	1) Pursuant to provision of Section 81(1A) and other applicable provisions, if any, of Companies Act, 1956, the Foreign Exchange Management Act, 1999 to create, offer, issue and allot Securities in the form of Equity Shares, Warrants, Bonds, Depository Receipts, whether Global Depository Receipts ("GDR"), American Depository Receipts ("ADR"), provided aggregate issue price of Securities to be issued shall not exceed ₹ 500 Crore (Rupees Five Hundred Crore) inclusive of such premium as may be payable on the Securities.

9. DISCLOSURES

A. There were no material significant related party transactions during the year that may have a potential conflict with the interests of the Company at large. Transactions with related parties have been disclosed vide Note 27 to the Financial Statement.

B. There have been no instances of non-compliance by your Company on any matter related to the capital markets, nor has any penalty/stricture been imposed on your Company by the Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years.

C. Your Company has complied with all the mandatory requirements of Corporate Governance as required by the Listing Agreement.

D. No personnel have been denied access to the Audit Committee of your Company to discuss any matter of substance.

10. MEANS OF COMMUNICATION

A. The quarterly results are published in leading national newspapers (Business Standard and Sakaal). The results are simultaneously displayed on your Company's official website *www.teamhgs.com*. The website is updated regularly with the official news releases, presentations made to Institutional Investors and Analysts and disclosures as required from time to time.

B. Management Discussion and Analysis Report is given as an Annexure to the Directors' Report.

11. GENERAL SHAREHOLDER INFORMATION

Sr. No.	Subject	Date
1.	Next Annual General Meeting	
	Date	August 10, 2013
	Time	11.00 A.M.
	Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
2.	Financial Calendar for 2013-14 (Tentative)	
	Unaudited results for the quarter ending June 30, 2013	August 8, 2013
	Unaudited results for the quarter/half year ending September 30, 2013	2nd week of November, 2013
	Unaudited results for the quarter ending December 31, 2013	2nd week of February, 2014
	Audited results for the year ending March 31, 2014	2nd week of May, 2014
3.	Book Closure Dates	From August 7, 2013 to August 10, 2013 (both days inclusive)
4.	Dividend payment date for the financial year 2012-13	On or after August 16, 2013
5.	Listing of Equity Shares	BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
6.	Stock Code	BSE: 532859 NSE: HGS
7.	ISIN	INE170I01016

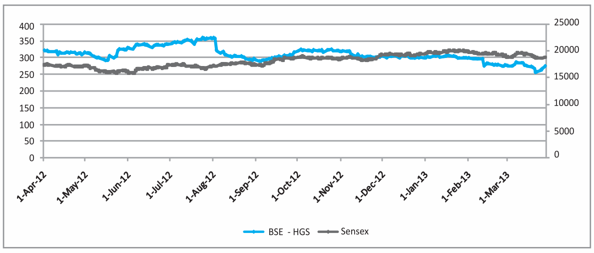
Note: Annual Listing fee for the financial year 2013-14 has been paid to BSE Limited and National Stock Exchange of India Limited.

12. STOCK MARKET DATA

Month	BSE Limited		National Stock Exchange of India Limited	
	Month's High (₹)	Month's Low (₹)	Month's High (₹)	Month's Low (₹)
Apr-12	325.05	301.30	325.10	296.35
May-12	338.00	287.00	343.30	285.00
Jun-12	359.00	322.20	346.70	323.10
Jul-12	363.35	335.00	367.40	337.00
Aug-12	364.00	290.10	368.00	289.05
Sep-12	318.40	280.00	318.00	278.65
Oct-12	345.00	313.30	343.00	297.00
Nov-12	325.00	300.00	326.05	300.10
Dec-12	310.00	297.15	310.75	296.95
Jan-13	327.95	296.00	310.00	297.10
Feb-13	334.50	268.00	303.95	268.10
Mar-13	289.60	218.00	287.70	250.00

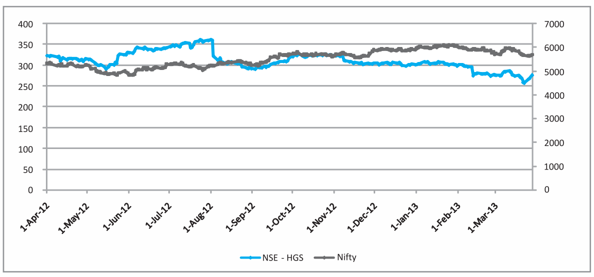
A. SHARE PRICE MOVEMENT (BSE)

Your Company's closing share price performance on the BSE relative to BSE Sensex closing prices (April 2012 to March 2013)



B. SHARE PRICE MOVEMENT (NSE)

Your Company's closing share price performance on the NSE relative to NIFTY closing prices (April 2012 to March 2013)



13. SHARE TRANSFER SYSTEM

Your Company's equity shares are compulsorily traded in dematerialized form. As on March 31, 2013, about 99.72% of your Company's equity (comprising of 2,05,32,676 shares) had been dematerialized. The shares of your Company are regularly traded on the BSE and NSE w.e.f. June 19, 2007.

The power to approve transfer of shares in physical form and to attend to share transfer formalities has been delegated by the Board to a Committee consisting of officers of the Company.

Requests received for transfer of physical shares are processed / returned within 30 days from the date of receipt.

As on March 31, 2013, there were no pending unprocessed transfers. The details of physical shares transferred during the last three years are as under:

Particulars	2010-2011	2011-2012	2012-2013
No. of transfer deeds received	03	03	03
No. of shares transferred	150	200	300

Pattern of Shareholding as on March 31, 2013:

Particulars	No. of shares	% of share-holding
Promoters	1,40,29,452	68.14
FIIs	31,98,127	15.53
NRIs/OCBs/Non Domestic Companies	1,05,707	0.51
Mutual Funds, Banks, Financial Institutions, Insurance Companies	6,39,274	3.11
Private Corporate Bodies	9,25,862	4.50
Individuals / Others	16,90,801	8.21
Total Paid-up capital	2,05,89,223	100.00

Distribution Schedule as of March 31, 2013:

Distribution		No. of share-holders	% to Total No. of shareholers	Shareholding	
				No. of shares	% to Total paid-up capital
Upto	500	9513	94.04	6,26,739	3.04
501	1000	269	2.66	2,05,166	1.00
1001	2000	158	1.56	2,31,324	1.12
2001	3000	49	0.48	1,23,746	0.60
3001	4000	33	0.33	1,17,370	0.57
4001	5000	14	0.14	62,640	0.30
5001	10000	27	0.27	1,90,834	0.93
Above 10000		48	0.52	1,90,31,404	92.44
Total		**10,111**	**100.00**	**2,05,89,223**	**100.00**

Reconciliation of Share Capital Audit as mandated by SEBI requirements is carried out by an independent Company Secretary. The reports confirming the aggregate number of equity shares of your Company held in demat form (with NSDL & CDSL) and in physical form, tally with the issued/paid-up capital of your Company, is placed before and noted by the Board from time to time.

None of the Directors of your Company hold any shares of your Company as on March 31, 2013 except Ms. Vinoo S. Hinduja who holds 61,065 equity shares, which represents 0.30% of the total paid-up capital of the Company and Ms. Shanu S. P. Hinduja who holds 955 equity shares, which represents 0.0046% of the total paid-up capital of the Company.

Code of Conduct: Your Company has adopted separate Code of Conduct for Executive Directors and Senior Management and/or Non-Executive Directors on March 7, 2007 and the same has also been displayed on your Company's website. As required under Clause 49 of the Listing Agreement, the Chief Executive Officer has given a declaration to the effect that all the Directors and Senior Management personnel of your Company have affirmed compliance with the Code of Conduct as on March 31, 2013.

Secretarial Standards relating to Meetings

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to Meetings of the Board and Committees thereof SS-1, General Meetings SS-2, Dividend SS-3, Registers and Records SS-4, Minutes SS-5, Transmission of Shares and Debentures SS-6, Passing resolution by Circulation SS-7, Affixing of Common Seal SS-8, Forfeiture of Shares SS-9 and Board's Report SS-10. These Standards are presently recommendatory and may become mandatory in due course. The secretarial practices of your Company generally comply with these Standards.

14. DISCLOSURES OF ADOPTION/NON-ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT

A. **The Board:** Your Company does not reimburse expenses incurred by the Non-Executive Chairman for maintenance of a separate Chairman's office. Your Company has not provided for tenure of Independent Directors.

B. **Remuneration Committee:** Your Company has constituted a Compensation Committee. A detailed note on Compensation Committee is provided under point (6) - Compensation Committee section in this report.

C. **Shareholder Rights:** Your Company publishes its quarterly unaudited financial results in the newspapers and also displays it on its official website *www.teamhgs.com* apart from displaying it on stock exchanges' website. Accordingly, it does not envisage sending the same separately to the households of the shareholders.

D. **Audit qualifications:** During the year under review, there was no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure a regime of unqualified financial statements.

E. **Training of Board Members:** Your Company does not have any formal training program for Board Members. However, periodical presentations are made to the Board on changes made by SEBI and the Stock Exchanges in respect of disclosure and other requirements. Periodically, legal updates are also sent to the Directors. The Directors interact with the management in a very free and open manner on information that may be required by them on orientation and centre visits.

F. **Mechanism for evaluating Non-Executive Board Members:** There is no separate mechanism for evaluating the performance of Non-Executive Board Members.

G. **Whistle Blower Policy:** Your Company has established a Whistle Blower Policy and appointed Mr. Rangan Mohan, Independent Director, as the Ombudsman. The Whistle Blower Policy is displayed on your Company's official website *www.teamhgs.com.*

15. REGISTRAR AND SHARE TRANSFER AGENT

Your Company's Registrar and Share Transfer Agent is:

Sharepro Services (India) Pvt. Ltd.

Address : 13 AB, Samhita Warehousing Complex
2nd Floor, Near Sakinaka Telephone
Exchange, Andheri-Kurla Road
Sakinaka, Andheri (East)
Mumbai-400072

Shareholders' correspondence should be addressed to the Registrar and Share Transfer Agent at the above address, marked to the attention of:

Ms. Indira Karkera / Mr. Damodar K.

Tel : (91 22) 6772 0300 / 6772 0400
Fax : (91 22) 2859 1568 / 2850 8927 or
E-Mail : *sharepro@shareproservices.com*

Investor Relation Centre:

Sharepro Services (India) Pvt. Ltd.
912, Raheja Centre, Free Press Journal Road
Nariman Point, Mumbai-400021
Tel : (91 22) 6613 4700 / 2282 5163

16. ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

Queries relating to operational and financial performance of your Company may be addressed to:

Mr. Srinivas Palakodeti, Chief Financial Officer

Address : HGS House
No. 614, Vajpayee Nagar
Bommanahalli, Hosur Road
Bangalore-560068
Tel : (91 80) 2573 2620 / 2573 3212
Fax : (91 80) 2573 1592

Shareholders may address queries relating to their holdings to:

Mr. Hasmukh Shah,
Vice President-Legal & Secretarial

Address : Hinduja House
171, Dr. Annie Besant Road
Worli, Mumbai - 400018
Tel : (91 22) 2496 0707 (Ext : 333)
Fax : (91 22) 2497 4208
Email: *investor.grievances@teamhgs.com*

Members are requested to register their email address with the Company's Registrar and Share Transfer Agent (RTA) at *sharepro@shareproservices.com* to enable the Company to send all notices/documents through email and also advice any changes in their email address from time to time to the RTA.

Plant Locations : Not applicable

Pursuant to the SEBI Circular No. MIRSD/DPS III/Cir-01/07 dated January 22, 2007, the Company has designated an exclusive e-mail ID viz. *investor.grievances@teamhgs.com*, where the investors would be able to register their complaints and also take necessary follow-up actions as necessary.

17. COMPLIANCE OFFICER

Mr. Kanti Mohan Rustagi, Executive Vice President - Legal & Company Secretary.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 28, 2013

Ramkrishan P. Hinduja
Chairman

ANNEXURE 'D' TO THE DIRECTORS' REPORT

Auditors' Certificate regarding Compliance of Conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To

The Members of Hinduja Global Solutions Limited,

1. We have examined the compliance of conditions of Corporate Governance by Hinduja Global Solutions Limited (the 'Company') for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: 055913

Place : Mumbai
Date : May 28, 2013

Annexure 'E' to the Directors' Report

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. Our Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein.

The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

Macroeconomic Trends

Market conditions in 2012 have been challenging and as a consequence, economic growth rates globally have failed to meet broad expectations. Several factors were responsible for this low growth environment including Government fiscal control, rising unemployment in certain European countries, increasing regulation in the financial sector and weak consumer confidence.

However, the US has demonstrated a rebound from last year's slowdown as rising house prices have improved consumer sentiment and industrial order-books have strengthened. This has been offset to some extent by strict federal spending budgets resulting in a poorer pace of economic activity.

There are some signs of economic progress in Europe with increasing financial stability in southern Europe and improved competitiveness through lower labor costs. However, ongoing recessionary environment coupled with persistent high rates of unemployment continue to cause concern. The UK has also shown marginal improvement in GDP growth and has been on the edge of recession throughout the year.

Although India's economy expanded by 5.0% in FY'13, this was the slowest growth rate recorded in the last decade. This difficult economic environment was a result of relatively high interest rates, a sharp drop in exports, high commodity prices, stalled investments and overall low business sentiment. The Reserve Bank of India has been hesitant to cut interest rates as there have been no clear signs of inflation subsiding. Indications are that India's economy may have reached its low point with the IMF predicting a growth rate of 5.7% in 2013.

Market expectations of slightly stronger economic growth in 2013 and 2014 are predominantly dependent on continued traction in the US, increased stability across Europe and Asia returning to a higher growth trajectory.

Industry Overview

Traditionally, the global BPO industry had been aligned to services such as customer relationship management, finance & accounting and human resources outsourcing with a primary geographic focus on North America and Europe. However, over the recent years the industry has grown through increased outsourcing contracts from countries such as India, Australia and China. This has been possible as service providers have been able to increase the scale of their operations in the APAC region. As outsourcing service providers have become more client solutions focused, they have started to offer new business services such as social media, data analytics, legal and knowledge services outsourcing. In addition, clients from verticals such as manufacturing, healthcare and Government sectors have also started to seek outsourcing opportunities to optimize their costs.

With increased pressures on profit margins and rising operating costs, it has become essential for organizations to seek outsourcing solutions that leverage technology-enabled platforms and effective delivery models. The implementation of emerging technologies is a pre-requisite to integrate cloud, platform and process innovations. These solutions have the ability to anticipate change, adapt to new conditions and facilitate innovation through the exchange of best practices.

Despite the current economic uncertainties, the technology and related services sector has grown steadily at 4.8% compared to the previous year and worldwide spending reached $1.9 trillion in 2012. Of this total spend, software products, IT and Business Process Management (BPM) services accounted for $1.1 trillion. The global outsourcing market was estimated to be $130 billion, a growth of 9% over 2011 and nearly twice the growth rate of global IT spend. As per NASSCOM, ongoing concerns about the global economy also impacted contracts in 2012 as volumes fell by around 13%.

The Indian IT services and BPO industries are an integral part of the global sourcing strategy and have made increasing contributions to the domestic economy over the years. During FY'13, the IT industry in India is estimated to have generated revenues of $108 billion, with the IT software and services sector accounting for $95 billion of revenues. Export revenues are estimated to be at $76 billion in FY'13, up 10.2% compared to previous year and have contributed 80% to the total IT-BPO revenues. Domestic IT-BPO revenue is expected to grow at 2% to $19.3 billion in FY'13 (Source: NASSCOM).

From an industry vertical perspective, volumes from the telecom sector remained moderate during the year. However, some signs of improvement have emerged recently, primarily driven by the launch of 3G and 4G in some countries.

The proposed reforms in the US healthcare sector will create significant opportunities in this vertical. These reforms are likely to accelerate the growth and improve the profitability for healthcare industry by optimizing costs and increased operational efficiencies offered by BPO service providers. For example, by outsourcing more of the healthcare related services they will be better placed to comply with related mandates such as a medical loss ratio of 80:20 spend on clinical outcome driven activities. As per NelsonHall analysis, the payer outsourced services market is expected to grow to about $15 billion by 2016 and the provider segment will grow to $9 billion by 2015.

Verticals such as healthcare, life sciences, retail and utilities have contributed 30% to the total outsourced spend in 2012 representing a growth rate of 12%.

The BFSI industry is a relatively established vertical in terms of offshoring and the services encompass the entire BFSI value chain. This vertical accounts for more than 40% of the Indian IT-BPO exports. In the coming years, the growth will be driven by integration, optimization, regulation and increasing transition of BPO business onto platforms. The IT-BPO providers are increasingly focused on building capabilities to provide customer service solutions through cloud, smarter analytics, business intelligence, m-commerce, cloud computing and virtualization. In context of the current business environment, IT-BPO service providers in India have a significant opportunity with the potential to upsell, upgrade and customize solutions for clients in this sector given their limited internal resources.

Business Overview

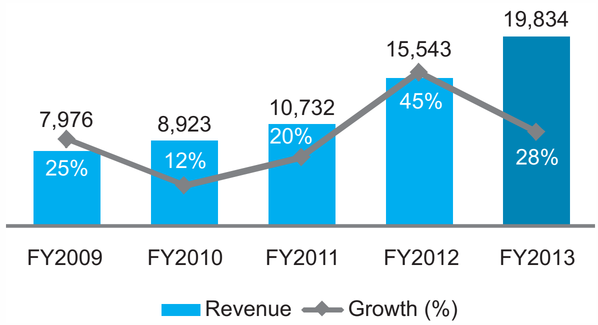
Hinduja Global Solutions (HGS), a part of the multi-billion dollar Hinduja Group, is a world leader in customer relationship and business process management. The Company provides outsourcing solutions that include back office processing, contact center services and customized IT solutions to its global clients comprising several Fortune 500 Companies. HGS currently serves 535 clients through its 55 Global Delivery Centers and employs around 23,000 people worldwide. The Company has a strong presence in India, the US, the UK, Canada, Mauritius, France, Germany, Italy, Jamaica, the Netherlands and Philippines.

HGS delivers outsourcing expertise and best-in-class practices based on its longstanding experience and client partnerships. HGS designs and deploys customized solutions on behalf of its clients across a wide range of industry verticals. The Company's client partners benefit from high quality services, optimized process costs and a competitive edge. As the industry evolves from transaction based services to a transformation based model, HGS is well placed to capitalize on market opportunities such as CRM, HRO, social media and digitization.

Financial Review

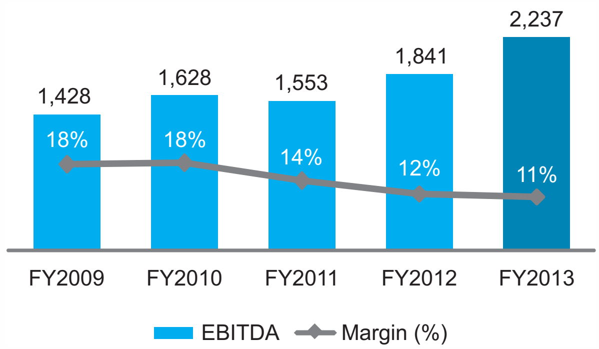
During the FY'13, the Company continued to demonstrate strong and consistent organic growth. HGS's acquisition of a healthcare revenue cycle management business in October 2012 significantly enhanced its market positioning in the sector. HGS recorded consolidated revenue of ₹ 19,834 million in FY'13, an increase of 27.6% compared to FY'12, of which 16% was organic. This increase was primarily due to a combination of better volumes from existing clients and the addition of new clients and exchange rate variations.

(Revenue in ₹ Million)



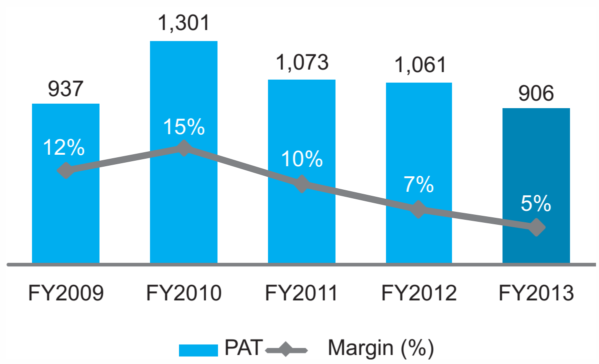
Consolidated EBITDA increased by 21.5% to ₹ 2,237 million resulting in EBITDA margin of 11.3%. Revenues are now matched with operation ramp-up costs incurred in previous years. Cost management measures have been implemented during the year, the benefits of which were offset to a certain extent by one-time non-recurring costs.

(EBITDA in ₹ Million)



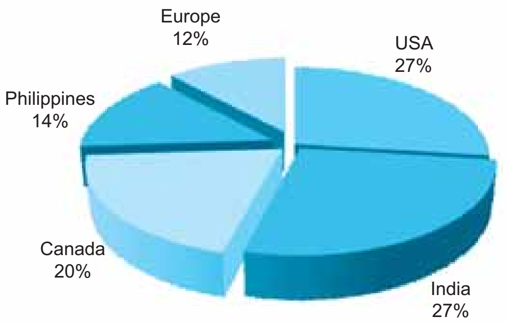
Consolidated profit after tax (PAT) for the year was ₹ 906 million with a margin of 4.6%. PAT margins were affected to a certain extent by unfavorable movements in foreign exchange, a higher tax incidence and certain onetime costs.

(PAT in ₹ Million)



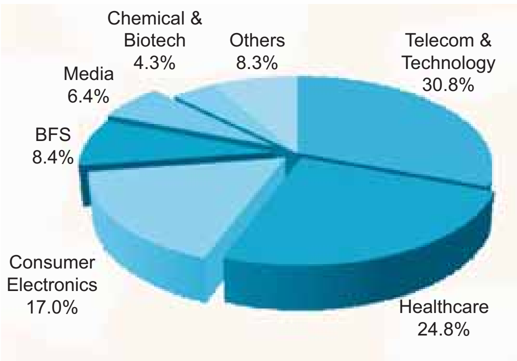
Revenue by delivery centers continues well diversified with no region contributing more than 30% of total revenue. Contribution from the US and from India declined marginally to 27% from 28% last year. Canadian operations increased their contribution significantly from 15% in FY'12 to 20% in the current year.

Revenue by Delivery Location



From a vertical perspective, Telecom & Technology remained the largest contributor with 31% of total revenue. The Healthcare vertical was further strengthened by the acquisition of a healthcare revenue cycle management business in the US and contributed 25% of revenues in FY'13 up from 23% in FY'12.

Revenue by Verticals



Financial Condition

Shareholders' funds

Share Capital: The authorized share capital of the Company is ₹ 250 million with 25 million equity shares of ₹ 10 each. The paid up share capital as of March 31, 2013 was ₹ 206 million unchanged from last year.

Reserves and Surplus: The reserves and surplus of the Company increased from ₹ 11,089 million in FY'12 to ₹ 12,149 million in FY'13.

Long-term borrowings (including current maturity)

As of March 31, 2013, the total long term borrowing was ₹ 4,590 million as compared to ₹ 4,317 million in FY'12.

Deferred tax liabilities

Net deferred tax liabilities as of March 31, 2013 were ₹ 242 million as compared to ₹ 188 million as of March 31, 2012. This increase is primarily due to an increase in deferred tax liability on account of amortization.

Long-term provisions

As of March 31, 2013, long term provisions stood at ₹ 24 million. These provisions include provisions for gratuity and pension obligations (as per actuarial valuation performed by an independent actuary), provisions for employee claims and indirect tax matters.

Short-term borrowings

Short-term borrowings as of March 31, 2013 were ₹ 918 million as compared to ₹ 3,010 million as of March 31, 2012. During the year, the Company issued commercial paper of ₹ 750 million which provides an alternative source of working capital requirement funding at a lower cost.

Trade payables

Trade payables as of March 31, 2013 were ₹ 815 million as compared to ₹ 775 million on March 31, 2012.

Other current liabilities

Other current liabilities as of March 31, 2013 were ₹ 1,963 million as compared to ₹ 1,616 million on March 31, 2012. This is due to an increase in the current maturities of the long term debt included in other current liabilities.

Short-term provisions

Short-term provisions as of March 31, 2013 represents provisions for gratuity & pension and compensated absences payable to employees based on an actuarial valuation of ₹ 69 million and ₹ 207 million respectively (compared to ₹ 64 million and ₹ 177 million respectively, on March 31, 2012). It also includes provisions for mark-to-market losses on derivatives. The proposed dividend and dividend tax amounting to ₹ 480 million compared to ₹ 479 million on March 31, 2012.

Goodwill

Goodwill as of March 31, 2013 was ₹ 5,769 million as compared to ₹ 5,515 million as of March 31, 2012. The increase in goodwill during the year was due to the acquisition of healthcare revenue cycle management business in the US and variation in exchange rate.

Fixed assets

The net block of tangible and intangible assets was ₹ 2,974 million and ₹ 6,442 million respectively, as of March 31, 2013 (₹ 3,101 million and ₹ 5,778 million respectively, as of March 31, 2012), representing an increase of ₹ 537 million of the total fixed assets. The Company incurred capital expenditure of ₹ 587 million during the year. The major items of capital expenditure during FY'13 were primarily on account of addition of new centers in India, Canada, and Jamaica.

Investments

The investments of the Company represent non-current investments of ₹ 76 million as of March 31, 2013 (March 31, 2012: ₹ 63 million) and current investment of ₹ 1 million as of March 31, 2013 (March 31, 2012: ₹ 1 million).

Long-term loans and advances

The long-term loans and advances of the Company as of March 31, 2013 were ₹ 1,113 million compared to

₹ 1,094 million as at March 31, 2012. Significant items of loans and advances include payment towards security deposits, capital advances, loans to related parties and net income tax paid.

Other non-current assets

The other non-current assets of the Company as of March 31, 2013 were ₹ 67 million. This includes deposits with banks for margin money and long-term deposits.

Current assets

Trade receivables: Trade receivables of ₹ 3,600 million (net of provision for doubtful debts of ₹ 13 million) as of March 31, 2013 as compared to ₹ 2,726 million (net of provision for doubtful debts of ₹ 20 million) as of March 31, 2012. The requirement for provisions is assessed based on various factors including collectability of specific receivables, risk perceptions of the industry in which the customer operates and general economic factors which could affect the Company's ability to settle. Provisions are generally made for all debtors outstanding for more than 180 days and also for others, depending on management's perception of the risk.

Cash and bank balances: Cash balance includes balances with banks in current, deposit and exchange earners' foreign currency accounts. It also includes cash in hand to manage the Company's petty expenses. The cash and bank balance as of March 31, 2013 was ₹ 4,061 million as compared to ₹ 7,198 million as of March 31, 2012.

Short-term loans and advances: Short-term loans and advances as of March 31, 2013 were ₹ 1,329 million as compared to ₹ 522 million as of March 31, 2012. This was primarily due to an increase in receivables from Canadian Government authorities and loan to third parties.

Other Current assets: The other current assets of the Company as of March 31, 2013 were ₹ 961 million as compared to ₹ 925 million as of March 31, 2012.

Liquidity

As of March 31, 2013 the Company had consolidated debt of ₹ 5,508 million comprising ₹ 3,583 million of long term debt (including financial leases), ₹ 1,007 million of current maturities of long term debt and ₹ 918 million of working capital requirements. At the end of FY'13 the Company has cash and cash equivalents of ₹ 4,061 million resulting in net debt of ₹ 1,447 million. As of March 31, 2013 HGS had a conservative leverage of Gross Debt/EBITDA of 2.46x and Debt/Equity of 0.45x.

Operational Review

The US operations continued to perform well and in particular, Healthcare vertical delivered robust growth. A key part of the growth strategy is to continue to diversify and leverage HGS's presence in the BFSI, Telecom and Healthcare verticals. Although retailers continued to face pricing pressure from their end customers, revenue from the Consumer vertical remained robust. During the year, the Company's sales team was expanded to focus on marketing higher margin services to large corporate clients. The team has shown early success as demonstrated by a recent large customer win in the Telecom segment. This contract started operations in April 2013 and it also opens up opportunities to offer other services to the same client. The Jamaican facility became operational during second half of FY'13. Currently it is servicing a domestic bank and continues to attract near-shore business interest.

In Canada, the Belleville site operation, which was integrated and successfully launched during the year, now generates $16 million of annual revenue. This operation continues to develop a strong sales pipeline primarily in the BFSI vertical. Currently the Canadian operation is focused on Telecom, BFSI and Technology verticals. After experiencing softness in volumes from the telecom sector for most of the last year, it has now started to deliver growth as HGS has focused on providing an improved customer experience. The vertical is also expanding service lines that it can offer to its existing clients. HGS's continuous focus on innovation supported by its best-in class R&D capabilities has resulted in emerging growth opportunities in the Technology vertical.

The European operation achieved its budgeted goals despite the subdued demand environment. Corporate clients, primary in the Consumer vertical, remained cautious about their strategic and operating plans. This year, unfortunately, two of the UK clients entered into administration. HGS has made appropriate accounting provisions for the receivables due from these clients. The European business continues to be focused on the Consumer, Telecom and Public Sector verticals. In recognition of its service capabilities, HGS was recently selected as one of the four service providers for the UK Government's outsourcing program. This is a significant achievement in strengthening the Company's presence in the public sector and allows HGS to directly bid for all public sector contracts.

During FY'13, the Philippines operation has been successful in gaining significant traction from existing as well as new clients and delivering a broad-based growth across all verticals. The operation has received a positive response from the APAC region, primarily from clients in the consumer durables and office equipment sectors. Currently, the Healthcare vertical constitutes the largest portfolio for the Philippines business and continues to generate new origination leads. The Company also provides transformational services such as claims processing to healthcare clients. During the year, the high profile clinical voice service project started operations with over 100 registered nurses. HGS recently signed a new client for this service which added around 200 registered nurses. This new healthcare client will improve the utilization levels of the Philippines operation significantly as ramp up has already started and it is expected to utilize approximately 150 seats. The Philippines operation has plans for setting-up a healthcare academy for the training of employees and has already established a Center of Excellence for the Healthcare vertical. A consulting and business transformation practice was launched for existing and new clients and is receiving an encouraging response.

In context of a relatively low growth of the Indian economy, the performance of the India domestic operation remained under pressure. There was a decline in volumes which was primarily due to weakness in the telecom sector. In response to this, management has streamlined processes and reduced costs during the year. The Company is undertaking an ongoing assessment of client-wise profitability to ensure internal resources are deployed optimally. In contrast, the India international operation demonstrated strong growth of nearly 25% compared to the previous year. This performance was led by organic growth with the primary contribution from the Healthcare vertical. The worker's insurance compensation project became operational during the year. The Company's subsidiary is also in the process of setting up a second SEZ in Bangalore to service this contract which is expected to start by Q2 FY'14. HGS's Indian operations are well placed to capitalize on the opportunities arising from the ongoing reforms in the US healthcare industry due to its deep domain expertise and existing client relationships.

Delivery Infrastructure

At the end of FY'13, the Company has 55 global delivery centers across 11 countries. During the year, five centers were opened - Belleville (Canada), Preston (UK), Jamaica, Hyderabad (SEZ) and Bangalore.

HGS continues to pursue significant growth opportunities in all the geographies it operates in as well as from selected new markets. The Company is exploring to expand its operations to strengthen its presence in the Middle East region. During the year, the Company invested in Philippines operation to expand capacity, which is now fully utilized. As a result of this, it has plans to set up a new facility at Manila.

Supported by its strong balance sheet and cash-flow position, the Company is well placed to capitalize on any opportunities by expanding delivery capabilities.

Human Capital

As HGS is a truly global company employing people from diverse cultures and backgrounds, the Company follows a policy of 'empowered geography and enabled corporate'. This allows each facility in a different region to decide on its hiring policies based on its requirement. The global operations help to develop business leadership skills by acquiring different experiences while working across geographies.

HGS recognizes that human capital is critical for business success and has partnered with universities globally to develop a program especially designed for the BPO industry. The training and hiring methodology enables HGS to attract talented individuals who can rapidly prove to be productive and efficient in delivering value within the organization.

As of March 31, 2013, the Company had around 23,000 employees. The total numbers of seats were 23,036, an increase of 750 seats compared to last year. Of the total employees, 63% were based in India, 15% in Philippines, 9% each in the US and Canada, and remaining 4% in Europe.

Acquisitions

In October 2012, HGS Inc., acquired the healthcare revenue cycle management business from Deloitte. This business comprises of accounts receivable processing services and insurance eligibility verification services. HGS already had a significant presence in the payer side of the Healthcare vertical and the acquisition has strengthened its capability from a provider perspective. This completes the Company's presence across the full spectrum of activities in the healthcare sector. This transaction is expected to result in incremental annual revenue of over $11 million.

Business Excellence

The Mission of HGS is "To Make Our Customers More Competitive". The HGS Business Excellence function works towards achieving the standardization of processes, uniformity of practices, usage of similar tools and methodologies for process improvement and capabilities of people to consistently deliver a high quality service experience to its customers globally.

The HGS Business Excellence Framework is based on a structure of Assurance, Control and Improvement. Various initiatives and activities under this framework are managed through four groups: Organization Capability Group, Compliance and Audits Group, Quality Group and Continual Improvement Group.

The HGS Business Excellence function is being strengthened across all geographies in the spirit of "ONE HGS".

Customer Additions

As of March 31, 2013, the Company had 535 clients as compared to 485 clients as on March 31, 2012. The acquisition of the healthcare revenue cycle management business in the US also resulted in adding 11 additional clients. As of March 31, 2013, HGS had 51 clients contributing revenues of more than ₹ 10 million per quarter.

Customer Satisfaction (CSAT) Survey

HGS has long term customer relationships with around 70% of its clients associated with the Company for longer than 5 years. HGS's longest relationship (over three decades) is with a global consumer electronics manufacturer, which is an achievement given the extremely competitive nature of this industry. HGS Philippines has been associated with two of its clients for more than 11 years in the BFSI and Consumer sectors. All these long term client relationships clearly demonstrate the quality of the services provided and level of customer satisfaction.

During the year, HGS conducted a global customer satisfaction survey managed by an independent third-party organization. The response rate increased to 80% from 77% last year and was significantly above the industry average of 57%. The survey was primarily focused on four key parameters: Satisfaction, Loyalty, Advocacy and Value for Money. HGS received a superior rating in all four of the parameters and was rated "best-in-class" on Loyalty. The improvement in the response rates and superior ratings coupled with long-term client relationships demonstrates that HGS has developed a partner status with its customers.

One HGS

During FY'12, the Company initiated steps to simplify its global brand by providing a global identity to all of its operations. Under this initiative, the names of various subsidiaries were changed to reflect the spirit of 'One HGS'. The rebranding has enabled market communication in a streamlined and consistent manner.

During this year, the Company's vision of 'One HGS' was achieved by bringing together the employees across all geographies on a single platform with a shared identity. The Company launched its first ever communications platform 'Ozone', which enables the seamless sharing of information among employees located in different geographies.

The primary objective of the 'One HGS' initiative is to ensure 'One Brand, One Experience' for all clients. This will enable the Company to provide a similar experience to all customers in terms of the quality of service, irrespective of the delivery center.

In FY'13, HGS strengthened its capital markets interaction program to raise the profile of the Company among investors and the research analyst community.

Information Technology Platform

Given the recent developments in the BPO industry, there has been an increase in demand for transformational services primarily from clients in the telecom, consumer electronics, consumer packaging and insurance verticals. To cater to these requirements, in particular for processes relating to social media and digitization, the Company has developed a dynamic information technology (IT) platform.

Business IT

Business IT primarily enhances revenue for both, clients and HGS by optimizing cost with the assistance of technology. The customer support calls for clients are analyzed over a period using analytical tools to determine the nature of the calls and to identify the areas for implementation of technology platforms. Following such analysis, the identified calls are directed to a service portal where the solutions are readily available. This solution has received positive feedback from clients in the telecom and consumer electronics verticals. HGS also provides disaster recovery (DR) centers for customers by providing access to its facilities. Given its global presence, HGS assists its clients by increasing their point of presence (POP). The Company recently implemented cloud based solutions for its customers and the adoption of this technology has been successfully completed.

Corporate IT

Corporate IT includes analytics management, management information system (MIS), and customer dashboard implementation. The Company redesigned its corporate intranet and is now also active on social media platforms. The implementation of this platform across regions has enabled operational efficiencies and improved execution of services. HGS has specifically designed tools for its clients as well as for internal application.

An in-house developed human resource management platform has been successfully deployed across all geographies. HGS has upgraded its voice processes by implementing cloud computing solutions for customers.

SWOT Analysis

Strengths

Global Delivery Model: HGS is a truly global organization currently serving 535 clients through its 55 Global Delivery Centers and around 23,000 people worldwide. The Company has a strong market presence in India, the US, the UK, Canada, Mauritius, France, Germany, Italy, Jamaica, the Netherlands and Philippines. This global presence enables HGS's customers to select most suitable delivery option based on their requirements, whilst minimizing their operating cost.

Depth in Service and Sector Expertise: The Company has a significant presence in the telecom, healthcare and consumer verticals which jointly contribute 75% of the total revenues. HGS attracts and retains most of its clients due to its proactive approach in providing value added services.

The acquisition of the healthcare revenue cycle management business in the US has further strengthened HGS's capability to deliver outsourcing services on the provider side. This complements the Company's significant existing market presence on the payer side of the healthcare vertical. This acquisition has also created a 360° presence in the Healthcare vertical enabling the Company to service entire value chain.

Improving Quality of Services: HGS has always focused on providing its customers with a superior quality of service. The Business Excellence Framework developed by the Company results in the standardization of processes, uniformity of practices and usage of similar tools & methodologies. The framework allows for the improvement of processes and capabilities of people to deliver consistent, superior quality services globally. HGS sites across India, Philippines and the US achieved e-Sourcing Capability Level 4 Certification in FY'13.

Diversified Portfolio of Services: As the BPO industry is evolving from transaction based services to a transformation based model, HGS is well placed to capitalize on such opportunities. The Company is focused on moving towards transformational processes such as social media CRM, HRO and digitization. HGS has also started providing chat services to some of its clients and has received encouraging feedback from clients across various sectors.

Experienced Leadership Team: The Company's leadership team includes reputed promoters and executives with significant industry experience. Recent senior level appointments are in line with the Company's strategy to meet growth targets and win business from new priority clients.

Strong Credentials: HGS started its operations with 23 seats for an international insurance client in 2000. Today, it has evolved into a global organization with scalable delivery centers across 11 countries. The Company also has longstanding relationships with many of its clients including those from past acquisitions who have explicitly expressed their trust in HGS as their preferred service provider. Over the last decade, the Company has successfully demonstrated its ability to successfully service dynamic customer requirements through its flexible approach.

Training Initiatives: The Company remains focused on continuous training of its executives as well as new hires before they join the team. Such initiatives include partnering with universities in the geographies to develop a program especially designed for the BPO industry. In addition, HGS Philippines has established a Healthcare vertical center of excellence and also plans to set-up a healthcare academy for the training of employees.

Weaknesses

Customer Concentration: Currently, around 45% of the Company's revenues are derived from its top 5 customers. HGS remains continuously focused on diversifying its customer base by entering into new industry verticals and geographies.

Business Mix: A significant part of the Company's revenues are derived from transactional based services and HGS is now focused on diversifying into transformational services such as social media CRM, HRO and digitization. The feedback from clients for these types of services has been positive and the ongoing successful implementation of these initiatives will diversify business mix and enhance margins. In addition, selected acquisitions, such as that of the healthcare revenue cycle management business in the US, have also enabled the servicing of previously unfulfilled components of sector value chains.

Attrition: Generally, the IT/BPO industry experiences a higher rate of attrition compared to other sectors. HGS acknowledges the fact that retention of human capital is critical for business success and is therefore focused on initiatives to keep attrition levels as low as possible. The senior management team has been associated with the Company for a long period of time and through their support and guidance encourages the development of the global team.

Exchange Rate Fluctuations: The volatility in the foreign exchange rates can impact the financial performance from the offshoring business. The Company undertakes various steps such as forward contracts to mitigate the risk of exchange rate variations.

Opportunities

New Avenues: HGS is well positioned to capitalize on the delivery of transformational services and in particular, those opportunities relating to social media and digitization. The proposed reforms in the US healthcare sector will create significant opportunities in the vertical with strong demand for transformational services.

Emerging Geographies: Traditionally, the BPO industry has been focused on the US and the UK. However, over the recent years, there have been increasing outsourcing contracts originating from countries such as India, Australia and China. HGS is continuously evaluating such opportunities and has received favorable responses from clients in these regions. HGS has recently added German speaking capabilities to its operations which will strengthen its presence in Europe. The Middle-East and Latin America markets are also expected to provide significant outsourcing opportunities for HGS in the near term.

Focus on Verticals: The Company's ability to develop new verticals was demonstrated by the selection of HGS UK as one of the four outsourcing providers for the UK Government, strengthening its presence in the public sector. HGS continues to be focused on increasing its presence in the Healthcare, BFSI, Media and FMCG verticals as greater outsourcing opportunities emerge from these.

Emergence of Digital Media: With the rapid growth of mobile technologies, significant opportunities are expected to arise from increased use of high-end mobile devices and applications. Technological advancements such as social media, analytics, cloud technology and platform-based solutions will offer new opportunities. HGS has developed a dynamic IT platform to address such requirements.

Threats

Human Resource: The increasing use of technology to provide value-added services to clients may lead to increase in the cost of skilled employees. This may increase HGS's operating costs and negatively impact its cost competiveness.

Technological Advancement: The increasing preference of internet and social media over traditional voice based services may adversely impact HGS's CRM services.

Regulatory and Political Risks: Protectionist measures adopted by developed countries like introduction of tariff or non-tariff barriers to outsourcing or the BPO industry to spur growth in their economies may adversely affect the industry.

Competition from other countries: Emerging countries having low cost labor at their disposal are proving to be tough competition and are tweaking laws and regulations to make outsourcing more effective.

Business Outlook

The BPO industry today is focused on delivering innovative business models that offer specialized delivery services to their customers. These new solutions are designed to meet the requirements of customers and facilitate transformation. Access to specialized services, ability to concentrate on their core businesses, decreased time-to-market and increased customer centricity are some of the key drivers.

With the proliferation of mobile technologies, the pace of adoption for high-end mobile devices and mobile applications will see significant growth in the coming years. Delivery of complex services from India along with emerging technologies such as social media, analytics, cloud technology and platform-based solutions will offer new opportunities to the service providers in the future.

India continues to be the global outsourcing leader, but the total global IT-BPM outsourcing market of $130 billion accounts for only 10% of the global IT-BPM spend. This reflects significant untapped opportunities for Indian IT-BPM firms. They are well positioned to take advantage of these trends by developing new capabilities, servicing the entire IT services value chain and expanding their focus to new geographies and industry verticals.

NASSCOM indicated that FY'14 total revenues from India (domestic and exports) are expected to grow by 13-15% to reach $106-111 billion and out of this, exports are likely to be in the range of $84-87 billion, indicating a growth of 12-14% year on year. Gartner has increased its IT spending growth forecast for 2013 to 4.2%, up from 3.8% forecasted earlier.

Risk Management

HGS has established a robust enterprise risk management framework encompassing practices relating to identification, assessment, mitigation and monitoring of risks to its business objectives. The risk management practices implemented at HGS are aimed at minimizing adverse impact of risks on the business objectives and to enable the Company to leverage market opportunities effectively. The risk management process is continuously monitored, reviewed, and revised as appropriate to adapt to the changing global risk scenario & landscape. The risk categories covered under the HGS risk management includes strategic, operational and tactical risks across various levels of the organization covering the following areas:

1. **Environmental Risk:** Risk relating to inherent characteristics of the industry including competition, technological innovations, sovereignty/political changes, linkage to economic environment, catastrophic losses and regulatory structure;
2. **Strategy Risks:** Risks emanating out of choices that HGS makes on markets, business portfolio, resource allocation, life cycle planning and delivery model which can potentially impact its long term competitive advantage;
3. **Resources:** Risks arising from inappropriate sourcing or sub optimal utilization of key organizational resources;
4. **Financial Risks:** Risks arising from foreign exchange volatility, interest rates, credit conditions, client concentration which can potentially impact the organization;
5. **Operations Risks:** Risks inherent to business operations including service delivery to clients, business support activities, information & data security, intellectual property, physical security, and business continuity of service delivery operations; and
6. **Compliance and Regulatory Risks:** Risks due to inadequate compliance to statutes, regulations, contractual obligations, and intellectual property violations leading to litigation and loss of reputation.

HGS has a strong review mechanism of risks. All risks identified along with the mitigation action are reported to the Audit Committee of the Board on a quarterly basis. The Audit Committee reviews the effectiveness of the controls implemented and provides direction in maintaining the culture of risk within the organization.

Internal Controls

HGS has ensured that adequate systems for internal control commensurate with its size and complexity are in place. These ensure that its assets and interests are carefully protected; checks and balances are in place to determine the accuracy and reliability of accounting data. Well documented processes have been implemented to ensure that policies are promoted and adhered to. There is clear demarcation of roles and responsibilities at various levels of operations. The Internal Control system aims to make sure that the business operations function efficiently, applicable laws, rules, regulations, policies of the Company are followed and there is reliability of financial reporting. The internal audit function periodically performs audits of various processes and activities.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations, predictions and assumptions may be 'forward looking' within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed herein, important factors that could influence the Company's operations include global and domestic economic conditions affecting demand, supply, price conditions, change in Government's regulations, tax regimes, other statutes and other factors such as litigation and industrial relations.

Annexure 'F1' to the Directors' Report

ESOP DISCLOSURE

Hinduja Global Employees Stock Option Plan 2008, earlier known as HTMT Global Employees Stock Option Plan 2008

Your Company has implemented the Hinduja Global Employees Stock Option Plan 2008 ("ESOP 2008"), earlier known as HTMT Global Employees Stock Option Plan 2008 during 2009-2010 in terms of approval accorded by the members of the Company at their Meeting held on September 27, 2008.

The Compensation Committee have on 1) July 31, 2009 granted 2,05,380 options at the exercise price of ₹ 400.10 per share and on 2) June 1, 2011 granted 33,160 options at the exercise price of ₹ 400.65 per share giving the optionee the right to be allotted one fully paid up share of the Company upon exercise, post vesting.

1. Vesting Period:
   - 1/6th of the options granted will vest on the first anniversary of the grant date.
   - 1/3rd of the options granted will vest on the second anniversary of the grant date.
   - 1/2 of the options granted will vest on the third anniversary of the grant date.
2. Time Limit of Exercise of option: The optionee may exercise his/her vested options, in part or in whole, at any day after the earliest applicable vesting date and prior to the completion of the 48th month from the grant date.

   As required under Clause 12 of the SEBI (ESOS & ESPS) Guidelines, 1999, your Directors disclose the following details of the above Scheme as at March 31, 2013.

	Subject	**Details**
	Particulars	Hinduja Global Employees Stock Option Plan 2008, earlier known as HTMT Global Employees Stock Option Plan 2008
(a)	i) Total Options granted	On July 31, 2009 : 2,05,380 On June 1, 2011 : 33,160 (out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2008) Total : 2,38,540
	ii) Options granted during the year	Nil
(b)	The pricing formula	Latest available closing price prior to the date of the meeting of the Compensation Committee, in which options are granted, on the Stock Exchange where there is higher trading volume on the said date
(c)	Options vested	1,21,883
(d)	Options exercised	Nil
(e)	The total number of shares arising as a result of exercise of option	Nil
(f)	Options lapsed	89,025
(g)	Variation of terms of options	Nil
(h)	Money realised by exercise of options	Nil
(i)	Total number of options in force	1,49,515
(j)	Employee-wise details of options granted during the year to:	
	(i) Senior Managerial personnel	None
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during that year.	None
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None

	Subject	Details
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 Earnings Per Share.	Nil
(l)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2012-13 is Nil. If the cost based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognized in the financial statement for the year 2012-13 would be lower by ₹6.17 Lacs and net profit after taxes would have been higher by the like amount and consequently both the Basic as well as Diluted EPS would have been higher by ₹ 0.03
(m)	Weighted average exercise price and weighted average fair value of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	1 a) Weighted average exercise price : ₹ 400.10 per share for options granted on July 31, 2009 b) Weighted average exercise price : ₹ 400.65 per share for options granted on June 1, 2011 2 a) Weighted average Fair Value of options for grant date July 31, 2009 was ₹ 178.04 per share b) Weighted average Fair Value of options for grant date June 1, 2011 was ₹ 161.45 per share
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	The fair value of the options have been calculated using the Black Scholes Options Pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumption used in the estimation is as under:

		Options granted on July 31, 2009	Option granted on June 1, 2011
i.	Risk free interest rate	5.72%	8.43% to 8.44%
ii.	Expected life	2 years to 4 years	3 years to 5 years
iii.	Expected volatility	75.86%	56% to 60.13%
iv.	Expected dividends, and	4.56%	4.99%
v.	The price of the underlying share in market at the time of option grant.	₹ 400.10	₹ 400.65

For and on behalf of the Board

Place : Mumbai
Date : May 28, 2013

Ramkrishan P. Hinduja
Chairman

Annexure 'F2' to the Directors' Report

ESOP DISCLOSURE

Hinduja Global Solutions Limited Employees Stock Option Plan 2011

Your Company has implemented the Hinduja Global Solutions Limited Employees Stock Option Plan 2011 ("ESOP 2011") during 2011-2012 in terms of approval accorded by the members of the Company at their Meeting held on August 1, 2011.

The Compensation Committee have on 1) November 11, 2011, granted 2,74,100 options at the exercise price of ₹ 340.20 per share and 2) June 28, 2012, granted 5,000 options at the exercise price of ₹ 340.25 per share giving the optionee the right to be allotted one fully paid up share of the Company upon exercise, post vesting.

1. Vesting Period:
   - 0.16 of the options granted will vest at the end of one year from the grant date.
   - 0.17 of the options granted will vest at the end of 18 months from the grant date.
   - 0.17 of the options granted will vest at the end of 24 months from the grant date.
   - 0.25 of the options granted will vest at the end of 30 months from the grant date.
   - 0.25 of the options granted will vest at the end of 36 months from the grant date.
2. Time Limit of Exercise of option: The optionee may exercise his/her vested options, in part or in whole, any day after the earliest applicable vesting date and prior to the completion of the 24th month from the earliest applicable vesting date of such vested options.

   As required under Clause 12 of the SEBI (ESOS & ESPS) Guidelines, 1999, your Directors disclose the following details of the above Scheme as at March 31, 2013.

	Subject	Details
	Particulars	Hinduja Global Solutions Limited Employees Stock Option Plan 2011
(a)	i) Options granted ii) Options granted during the year Total Options granted	On November 11, 2011 : 2,74,100 On June 28, 2012 : 5,000 2,79,100
(b)	The pricing formula	Latest available closing price prior to the date of the meeting of the Compensation Committee in which options are granted, on the Stock Exchange where there is higher trading volume on the said date
(c)	Options vested	38,107
(d)	Options exercised	Nil
(e)	The total number of shares arising as a result of exercise of option	Nil
(f)	Options lapsed	35,930
(g)	Variation of terms of options	Nil
(h)	Money realised by exercise of options	Nil
(i)	Total number of options in force	2,43,170
(j)	Employee-wise details of options granted during the year to:	
	(i) Senior Managerial personnel	5,000 options granted to Ms. Kathy Hamburger, President-USA
	(ii) Any other employee who receives a grant in any one year of option amounting to 5 % or more of options granted during that year.	None
	(iii) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None

	Subject	Details
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 Earnings Per Share	Nil
(l)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2012-13 is Nil. If the cost based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognized in the financial statement for the year 2012-13 would be higher by ₹ 125.05 Lacs and net profit after taxes would have been lower by the like amount and consequently both the Basic as well as Diluted EPS would have been lower by ₹ 0.61
(m)	Weighted average exercise price and weighted average fair value of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	1 a) Weighted average exercise price: ₹ 340.20 per share for options granted on November 11, 2011 b) Weighted average exercise price: ₹ 340.25 per share for options granted on June 28, 2012 2 a) Weighted average Fair value of options for grant date November 11, 2011 was ₹ 101.21 per share b) Weighted average Fair value of options for grant date June 28, 2012 was ₹ 83.28 per share
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	The fair value of the options have been calculated using the Black Scholes Options Pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumption used in the estimation is as under:

		Options granted on November 11, 2011	Options granted on June 28, 2012
i.	Risk free interest rate	8.65% - 8.76%	7.98% - 8.10%
ii.	Expected life	2 years to 4 years	2 years to 4 years
iii.	Expected volatility	29.9% - 58.4%	28.36% - 49.96%
iv.	Expected dividends, and	5.88%	5.88%
v.	The price of the underlying share in market at the time of option grant.	₹ 340.20	₹ 340.25

For and on behalf of the Board

Place : Mumbai
Date : May 28, 2013

Ramkrishan P. Hinduja
Chairman

SECTION 212 STATEMENT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 (FORMING PART OF THE DIRECTORS' REPORT)

Name of the Subsidiary Company	Holding Company	Extent of Holding Company's Interest	Face Value of Equity Shares held by the Holding Company	Number of shares held by Holding Company	Net Aggregate amount of Subsidiary Company's Profit/ (Loss) so far as not dealt with in the Company's Accounts	Net Aggregate amount of Subsidiary Company's Profit/ (Loss) so far as not dealt with in the Company's Accounts for previous financial years since it became Company's Subsidiary	Net Aggregate amount of Subsidiary Company's Profit/ (Loss) so far as dealt with in the Company's Accounts	Net Aggregate amount of Subsidiary Company's Profit/ (Loss) so far as dealt with in the Company's Accounts for previous financial years since it became Company's Subsidiary
HGS International, Mauritius	Hinduja Global Solutions Limited	100%	USD 1	32,514,228	USD 3,561,907	USD 25,532,534	–	–
HGS International Services Private Limited (formerly known as Hinduja Outsourcing Solutions India Private Limited)	Hinduja Global Solutions Limited	100%	INR 10	950,000	INR 211,862,896	INR 35,332,439	–	–
HGS Business Services Private Limited (formerly known as HCCA Business Services Private Limited)	Hinduja Global Solutions Limited	100%	INR 10	52,932	INR 34,446,524	INR 15,061,870	–	–
Hinduja Global Solutions Inc., U.S.A.	HGS International	100%	USD 0.01	1,000	USD (3,557,142)	USD (15,823,273)	–	–
HGS Properties LLC, U.S.A.	Hinduja Global Solutions Inc.	100%	–	–	USD 1,100,457	USD 355,781	–	–
HGS Canada Holdings LLC, U.S.A.	Hinduja Global Solutions Inc.	100%	USD 1	27,560,000	–	–	–	–
HGS Canada Inc., Canada (formerly known as Online Support Inc.)	HGS Canada Holdings LLC	100%	CAD 1	26,370,010	CAD (1,816,638)	CAD (314,363)	–	–
HGS EBOS LLC, U.S.A.	Hinduja Global Solutions Inc.	100%	–	–	USD (1,553,041)	–	–	–
HGS (USA), LLC	Hinduja Global Solutions Inc.	100%	USD 1	5,300,000	USD 4,450,460	USD 27,380,157	–	–
RMT LLC, U.S.A	HGS (USA) LLC	100%	USD 1	1,000	–	–	–	–
Affina Company, Canada	RMT LLC	100%	USD 1	206	USD (208,318)	USD (5,920,615)	–	–
Hinduja Global Solutions Europe Limited, U.K.	HGS International	100%	GBP 1	961,378	GBP (17,762)	GBP 153,314	–	–
Hinduja Global Solutions UK Limited, U.K. (formerly known as Careline Services Limited)	Hinduja Global Solutions Europe Limited	100%	GBP 0.01	1,452,800	GBP (199,510)	GBP 2,207,822	–	–
HGS Italy, S.A.R.L	Hinduja Global Solutions Europe Limited	100%	Euro 1	10,000	Euro 101,480	Euro 12,264	–	–
HGS France S.A.R.L (formerly known as Hinduja TMT France, S.A.R.L)	Hinduja Global Solutions Europe Limited	100%	Euro 10	800	Euro (128,955)	Euro (176,976)	–	–
C–Cubed N.V, Curacao	HGS International	100%	USD 1	6,000	USD (5,290)	USD 187,396	–	–
C–Cubed B.V, Netherlands	C–Cubed N.V.	100%	Euro 100	227	Euro (288,881)	Euro 1,045,864	–	–
Customer Contact Centre Inc, Manila	C–Cubed B.V.	100%	PhP 10	10,000,000	Php (4,119,280)	Php (15,158,742)	–	–
HGS St. Lucia Limited, Saint Lucia	HGS International	100%	XCD 1	3	XCD (60,581)	–	–	–
Team HGS Limited, Jamaica	HGS St. Lucia Limited	100%	JMD 1	1,000	JMD 138,556	–	–	–

Notes:

1. The financial year of all the subsidiaries ended on March 31, 2013.
2. Information on Subsidiaries is provided in compliance with the Circular no.2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs, Government of India. We undertake to make available the audited annual accounts and related information of subsidiaries, where applicable, upon request by any of our shareholders. The annual accounts will also be available for inspection during business hours at our registered office Mumbai, India.

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

Anil Harish
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP-Legal & Company Secretary

Place : Mumbai
Date : May 28, 2013

CONSOLIDATED AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Hinduja Global Solutions Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of Hinduja Global Solutions Limited ("the Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 31 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements notified under Section 211(3C) of the Companies Act, 1956.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
   (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
   (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements of one branch and eighteen subsidiaries included in the consolidated financial statements, which constitute total assets of ₹ 162,752.43 Lacs and net assets of ₹ 104,546.86 Lacs as at March 31, 2013, total revenue of ₹ 152,288.67 Lacs, net profit of ₹ 2,799.80 Lacs and net cash outflows amounting to ₹ 31,288.44 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: 055913

Place : Mumbai
Date : May 28, 2013

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2013

(₹ in Lacs)

	Note	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,058.92	2,058.92
Reserves and Surplus	4	121,488.11	110,886.62
		123,547.03	112,945.54
Minority Interest			
	43	1.29	1.23
		1.29	1.23
Non-Current Liabilities			
Long-term borrowings	5	35,833.79	37,367.42
Deferred tax liabilities (Net)	32	2,419.02	1,879.01
Long term provisions	6	236.58	184.75
		38,489.39	39,431.18
Current Liabilities			
Short-term borrowings	7	9,175.67	30,099.58
Trade payables	8	8,149.07	7,748.69
Other current liabilities	9	19,633.69	16,155.72
Short term provisions	10	7,630.80	7,741.37
		44,589.23	61,745.36
TOTAL		**206,626.94**	**214,123.31**
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11A	29,743.43	31,008.94
- Intangible assets	11B	64,421.00	57,783.22
- Capital work-in-progress		229.64	30.39
- Intangible assets under development		159.44	–
Non-current investments	12A	755.93	627.81
Long term loans and advances	13	11,125.25	10,936.91
Other non-current assets	14	671.13	7.34
		107,105.82	100,394.61
Current assets			
Current investments	12B	12.68	12.05
Trade receivables	15	35,995.85	27,264.57
Cash and Bank balances	16	40,609.29	71,976.59
Short-term loans and advances	17	13,292.91	5,223.37
Other current assets	18	9,610.39	9,252.12
		99,521.12	113,728.70
TOTAL		**206,626.94**	**214,123.31**

The accompanying notes are an integral part of these financial statements.
In terms of our report of even date.

For Price Waterhouse
Firm Registration No: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership No: 055913

Place : Mumbai
Date : May 28, 2013

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager
Place : New York

Ramkrishan P. Hinduja
Chairman
Place : Mumbai

Anil Harish
Director
Place : Mumbai

Srinivas Palakodeti
Chief Financial Officer
Place : New York

Kanti Mohan Rustagi
EVP-Legal and Company Secretary
Place : Mumbai

Date : May 28, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

	Note	Year ended 31.03.2013	Year ended 31.03.2012
Revenue from operations	19	198,342.82	155,430.79
Other Income	20	3,327.69	2,881.73
Total Revenue		**201,670.51**	**158,312.52**
EXPENSES			
Employee Benefit Expense	21	134,120.04	103,478.81
Finance costs	22	4,366.47	2,922.60
Depreciation/ Amortisation	11C	7,724.83	6,128.86
Other Expenses	23	41,850.92	33,541.67
Total Expenses		**188,062.26**	**146,071.94**
Profit before exceptional item and tax		**13,608.25**	**12,240.58**
Exceptional Item	41	528.67	–
Profit before tax		**13,079.58**	**12,240.58**
Tax expense			
Current tax [Net of reversal of prior year's provision ₹ Nil (Previous Year: ₹ 655.56 Lacs)]		3,529.68	1,908.14
Deferred tax [Includes prior year's provision ₹ 242.50 Lacs (Previous Year net of reversal of prior year's provision : ₹ 253.00 Lacs)]		492.84	(274.63)
Profit After Tax		**9,057.06**	**10,607.07**
Minority Interest		**–**	**–**
Profit After Tax and Minority Interest		**9,057.06**	**10,607.07**
Earnings per share	30		
- Basic (Rupees)		43.99	51.52
- Diluted (Rupees)		43.99	51.52
(Face value of Equity share ₹ 10/- each)			

The accompanying notes are an integral part of these financial statements.
In terms of our report of even date.

For Price Waterhouse
Firm Registration No: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership No: 055913

Place : Mumbai
Date : May 28, 2013

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager
Place : New York

Ramkrishan P. Hinduja
Chairman
Place : Mumbai

Anil Harish
Director
Place : Mumbai

Srinivas Palakodeti
Chief Financial Officer
Place : New York

Kanti Mohan Rustagi
EVP-Legal and Company Secretary
Place : Mumbai

Date : May 28, 2013

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

		Year Ended 31.03.2013	Year Ended 31.03.2012
A Cash Flow from Operating Activities :			
Profit before tax		13,079.58	12,240.58
Adjustments for :			
Depreciation/ Amortisation		7,724.83	6,128.86
Bad Debts/ Advances Written off (net)		432.40	36.28
Profit on Sale of Long-term Investment		–	(288.00)
(Profit)/ Loss on Sale of assets		(6.66)	3.37
Provisions for Doubtful Debts/ Advances		–	66.32
Liabilities/ Provisions no longer required Written Back		(464.11)	(206.15)
Fixed Assets Written Off		16.80	–
Interest Income		(1,947.07)	(2,096.31)
Dividend from Current Investment		(0.63)	(0.55)
Interest Expense		4,366.47	2,922.60
Unrealised Foreign Exchange (Gain)/ Loss (Net)		40.64	4.47
Provision for Gratuity and Compensated absences		343.49	409.43
Operating profit before working capital changes		23,585.74	19,220.90
Adjustments for :			
Trade and Other receivables		(8,567.80)	(7,296.64)
Trade and Other payables		2,795.48	6,253.81
		(5,772.32)	(1,042.83)
Operating Profit after working capital changes		17,813.42	18,178.07
Direct Taxes Paid		(3,507.39)	(3,660.52)
Net Cash from/ (used in) Operating Activities	**(A)**	**14,306.03**	**14,517.55**
B Cash Flow from Investing Activities :			
Purchase of Fixed Assets		(5,866.50)	(9,048.40)
Consideration paid for acquisition of assets/ business		(8,341.23)	(39,864.55)
Sale of Fixed Assets		61.12	43.21
Investments Made - Others		(128.75)	(177.53)
Investments Sold - Others		–	328.00
Bank Deposits (net)		27,477.19	(15,580.02)
Loan (to)/ repaid by third parties		(6,269.16)	680.96
Interest Income		2,379.76	2,146.18
Dividend from Current Investment		0.63	0.55
Net Cash from/ (used in) Investing Activities	**(B)**	**9,313.06**	**(61,471.60)**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

			Year Ended 31.03.2013	Year Ended 31.03.2012
C	**Cash Flow from Financing Activities :**			
	Proceeds from Long-term borrowings		3,283.80	32,292.91
	Proceeds/(Repayment) from/of Short-term borrowings		(20,923.91)	24,788.13
	Dividend Paid and tax thereon		(4,797.62)	(4,782.17)
	Interest Expense		(4,378.23)	(2,844.05)
	Net Cash from/ (used in) Financing Activities	**(C)**	**(26,815.96)**	**49,454.82**
	Net Increase/ (Decrease) in Cash and Cash Equivalents	**(A + B + C)**	(3,196.87)	2,500.77
	Cash and Cash Equivalents as at the beginning of the year		10,146.05	8,402.72
	Cash and Cash Equivalents taken over pursuant to acquisition of business		–	226.35
	Effect of exchange differences on translation of foreign currency Cash and Cash Equivalents during the year		(537.02)	(983.79)
	Cash and Cash Equivalents as at the end of the year		**6,412.16**	**10,146.05**
			As at 31.03.2013	**As at 31.03.2012**
	Cash and Cash Equivalents comprise :			
	Cash on Hand		30.18	36.87
	Balances with banks			
	- Current Account		5,173.02	7,767.02
	- Deposit Account		797.70	2,320.39
	- EEFC (Exchange Earners' Foreign Currency Account)		411.26	21.77
			6,412.16	**10,146.05**

Notes :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.
2. In view of acquisition referred in Note 40 in notes to the financial statements and in view of the acquisition of HGS Canada Inc. (formerly Online Support Inc.) effective August 2, 2011 and HGS Business Services Private Limited (formerly HCCA Business Services Private Limited) effective August 12, 2011, the current year figures are not comparable with the corresponding previous year's figures.
3. Previous Year's figures have been regrouped/ rearranged, wherever necessary, to conform to the current year's classification.

In terms of our report of even date.

For Price Waterhouse
Firm Registration No: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership No: 055913

Place : Mumbai
Date : May 28, 2013

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager
Place : New York

Ramkrishan P. Hinduja
Chairman
Place : Mumbai

Anil Harish
Director
Place : Mumbai

Srinivas Palakodeti
Chief Financial Officer
Place : New York

Kanti Mohan Rustagi
EVP-Legal and Company Secretary
Place : Mumbai

Date : May 28, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. General Information

Hinduja Global Solutions Limited ("HGS"), is engaged in Business Process Management. HGS with its subsidiaries offer voice and non-voice based services such as contact centre solutions and back office transaction processing across North America, Europe and Asia. HGS is a public limited company, listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under historial cost convention on accrual basis. These financial statements have been prepared to comply with the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 ('the Act') and the relevant provisions of the Act.

2.2 Use of Estimates

The preparation of the financial statements in conformity with the Generally Accepted Accounting Principles in India requires the Management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) and the reported Income and Expenses during the year. The Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could defer than these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

2.3 Principles of Consolidation

The Consolidated Financial Statements relate to Hinduja Global Solutions Limited ('the Company') and its subsidiaries (collectively referred to as 'the Group'). The consolidated financial statements have been prepared using uniform accounting policies and on the following basis:

a. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and intra-group balances and resultant unrealised profits/ losses.

b. The excess of cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' in the consolidated financial statements.

Refer Note 31 for details of subsidiaries considered in consolidated financial statements.

2.4 Fixed Assets

a) **Tangible Assets**

Tangible Assets are stated at cost of acquisition less accumulated depreciation/ impairment losses, if any. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the asset to its working condition for intended use.

Subsequent expenditures related to an item of tangible assets are added to its book value only if they increase the future benefits from the existing assets beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the Straight Line Method over the estimated useful lives of the assets as follows:

Particulars	Useful life
Leasehold Land, Leasehold building and Leasehold improvement	Over the period of Lease
Building	Upto 61 years
Office Equipment	Upto 21 years
Computers	Upto 7 years
Furniture and Fixtures	Upto 16 years
Vehicles	11 years

Assets costing less than ₹ 5,000 each are depreciated fully in the year of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Assets given to employees on contractual obligations are depreciated to the extent of 50% of the value over a period of four years, at the end of which these assets are transferred to the respective employees at the residual book value.

b) **Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortisation/ impairment losses, if any.

Computer Software having benefit of more than one year is capitalised and amortised over the period of 3 to 6 years.

Commercial rights are amortised over a period of 10 years and Non-compete fee is amortised over a period of non-compete agreement (i.e. five years).

Goodwill arising on consolidation/ acquisition is tested for impairment at each Balance Sheet date.

Gains or Losses arising from the retirement or disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Statement of Profit and Loss.

2.5 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.6 Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.7 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.8 Foreign Currency Translations

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items, which are carried in terms of historical cost, denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items, which are carried at fair value or other similar valuation, denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All foreign currency monetary assets and liabilities as at Balance Sheet date are translated at the exchange rate prevailing on the Balance Sheet date. With respect to foreign exchange difference on long-term foreign currency monetary items, the Group has adopted the following policy from April 1, 2011 onwards:

a. Foreign exchange difference relating to the acquisition of a depreciable asset is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.

b. In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

Translation of foreign operations

Foreign operations are classified as either ‘integral’ or ‘non-integral’ operation. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise’s net investment in a non-integral foreign operation are accumulated in the “Cumulative Foreign Currency Translation Reserve” until the disposal of the net investment, at which time they are recognised as income or as expenses.

In case of integral foreign operations, all revenue and expense transactions reflected in the Statement of Profit and Loss have been translated into Indian Rupees at an average exchange rate. Monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. The net foreign exchange gain/ loss are recognised in Statement of Profit and Loss.

In case of non-integral foreign operations, all revenue and expense transactions reflected in Statement of Profit and Loss have been translated into Indian Rupees at an average exchange rate. The year-end assets and liabilities have been translated into Indian Rupees at the closing exchange rate at the year-end. The resultant foreign exchange gain/ loss have been accumulated in “Cumulative Foreign Currency Translation Reserve”.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or losses arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

In accordance with its risk management policies and procedures, the Group uses derivative instruments such as foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecasted transactions. The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value and are re-measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss is recognised directly in Shareholders’ Funds under hedging reserve account to the extent considered highly effective. Gain or loss on derivative instruments that either does not qualify for hedge accounting or not designated as cash flow hedges or designated cash flow hedges to the extent considered ineffective are recognised in Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognised in Shareholders’ Funds under hedging reserve account is retained there until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Shareholders’ Funds is transferred to Statement of Profit and Loss in the same period.

2.9 Revenue Recognition

a) In Contact Centre Activity, revenue is recognised as the related services are performed, based on actual utilisation or minimum utilisation level, as appropriate, specified in the agreements.

   In Claim Processing Activity, revenue is recognised based on number of claims processed, at contractual rates.

   In respect of other services, revenue is accrued as per terms of specific contracts once the related services are rendered.

   In cases where services are rendered to customers during the year but invoices are yet to be raised at the year end, revenue is accrued and classified under ‘Other Current Assets – Note 18’.

b) Interest income is accounted on accrual basis and dividend income is accounted on right to receipt basis.

c) In respect of other heads of income, the Group follows the practice of accounting of such income on accrual basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

2.10 Employee Benefits

(i) *Defined Contribution Plan*

The Group has Defined Contribution plans for post employment benefits namely Provident Fund, Superannuation Fund and other funds.

Under the Provident Fund Plan, the Group contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund applicable to certain employees, constitutes an insured benefit, which is classified as a defined contribution plan as the Group makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Group makes contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

There are contributory plans at certain overseas branches/ subsidiaries and contributions are made as per their policies/ local regulations.

The Group's contributions to the above funds are charged to revenue every year.

(ii) *Defined Benefit Plan*

The Group provides for retirement benefits in the form of gratuity for all its employees in India and pension benefit plan at certain foreign branches. The gratuity scheme is funded through Group Gratuity Policy with Life Insurance Corporation of India ('LIC') for certain employees of the Group. The pension benefit plan at certain foreign branches is funded for employees through payment in trustee administered funds as determined by periodic actuarial calculation.

The liability for the defined benefits plan of Gratuity and Pension is determined on the basis of an actuarial valuation carried out by an independent actuary at the year end using Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

The Group does not have Defined Benefits Plans at its overseas subsidiaries.

(iii) *Other Employee Benefits*

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long term employee benefits. The Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(iv) *Termination benefits*

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

2.11 Taxation

a) Provision for Income Tax is made after considering exemptions and deductions available under the Income Tax Laws of the respective countries of incorporation of the Company and its subsidiaries and as per legal advice received from time to time.

b) Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company and/ or its subsidiary to whom MAT is applicable will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company and/ or its subsidiary will pay normal income tax during the specified period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

c) Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company or its subsidiaries has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

2.12 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.13 Leases

As Lessee

a. Leases of assets under which all the risks and benefits of ownership are substantially transferred to the lessee are classified as finance leases. Finance leases are capitalised at the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in Long-term borrowings. The interest element of the finance charge is charged to the Statement of Profit and Loss over the lease period.

b. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

2.14 Accounting for Employee Stock Options

Stock options granted to employees under the Employee Stock Option Scheme are accounted as per the accounting treatment prescribed by Employee stock option scheme and Employee stock purchase Guidelines, 1999, issued by Securities and Exchange Board of India ('SEBI') and Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

2.15 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with maturities of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

3 Share Capital

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Authorised:		
25,000,000 (Previous Year - 25,000,000) Equity Shares of ₹ 10 each	2,500.00	2,500.00
	2,500.00	**2,500.00**
Issued, Subscribed and Paid up:		
20,589,223 (Previous Year - 20,589,223) Equity Shares of ₹ 10 each, fully paid-up	2,058.92	2,058.92
	2,058.92	**2,058.92**

a. **Rights, preferences and restrictions attached to equity shares:**

The Company has one class of Equity Shares having a par value of ₹ 10 each. Each Shareholder is eligible for one vote per share held.

The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend.

In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

b. **Number of shares reserved for issue under the Employee Stock Option Plan**

	As at 31.03.2013	As at 31.03.2012
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	149,515	169,015
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	243,170	270,600

Refer Note 36 for details.

c. **The details of Shareholder holding more than 5%**

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	% held	Number of Shares	% held
Aasia Management and Consultancy Private Limited	5,748,541	27.92	5,224,729	25.38
Aasia Management and Consultancy Private Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Aasia Exports)	1,724,490	8.38	1,497,202	7.27
Aasia Management and Consultancy Private Limited Jointly with Hinduja Realty Ventures Limited (as the demat account holder and partners of Aasia Corporation)	2,177,809	10.58	2,056,900	9.99
Amas Mauritius Limited	2,761,427	13.41	2,761,427	13.41
Credit Suisee (Singapore) Limited	1,894,810	9.20	1,894,810	9.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4 Reserves and Surplus

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Capital reserve		
As per last Balance Sheet	**24,235.00**	**24,235.00**
Securities Premium Account		
As per last Balance Sheet	**181.27**	**181.27**
General Reserve		
As per last Balance Sheet	51,474.23	50,783.06
Add: Transfer from Statement of Profit and Loss	751.98	691.17
	52,226.21	**51,474.23**
Cumulative Foreign Currency Translation Reserve		
As per last Balance Sheet	6,372.93	(2,141.96)
Add: Adjustment on Consolidation	5,213.04	8,514.89
	11,585.97	**6,372.93**
Hedging Reserve Account		
As per last Balance Sheet	(275.92)	–
Add/ (Less): Adjustment for the year	596.24	(275.92)
	320.32	**(275.92)**
Foreign currency monetary item translation difference account	**(445.08)**	**(997.90)**
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	29,897.01	24,767.07
Add: Profit for the year	9,057.06	10,607.07
Less: Proposed Dividend*	4,117.84	4,117.84
Less: Dividend Tax (net)	699.83	668.12
Less: Transfer to General Reserve	751.98	691.17
	33,384.42	**29,897.01**
	121,488.11	**110,886.62**

* During the year ended March 31, 2013 and March 31, 2012, the amount of per share dividend proposed as distribution to Equity Shareholder was ₹ 20 and recognised in respective years.

5 Long-term borrowings

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Secured		
Term Loan from a Bank (Refer Note 38)	35,423.49	37,077.76
Finance Lease Obligation (Secured by hypothecation of assets underlying the lease)	254.76	90.05
Unsecured		
Others	155.54	199.61
	35,833.79	**37,367.42**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

6 Long term provisions

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Provision for Employee Benefits:		
- Pension/ Gratuity	49.68	57.95
Others (Refer Note 34)	186.90	126.80
	236.58	**184.75**

7 Short-term borrowings

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Secured:		
Term Loan from a Bank (Loan was taken by a Subsidiary of the Company and was secured by a pledge in favour of the bank with respect to all the claims, securities and custody account held with Hinduja Bank (Switzerland) Limited. The Loan had a fixed interest rate of 3.1% p.a and matured in April 2012.)	–	16,024.05
Loans repayable on demand from banks (Refer Note 39)	1,675.67	9,300.29
Unsecured:		
Other loans and advances from Banks towards:		
- Packing Credit Facilities	–	3,094.28
- Bill Discounting Facilities	–	680.96
- Commercial Paper (Maximum amount outstanding during the year ₹ 7,500.00 Lacs)	7,500.00	–
Inter-corporate Deposits	–	1,000.00
	9,175.67	**30,099.58**

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
8 Trade payables	8,149.07	7,748.69
	8,149.07	**7,748.69**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

9 Other current liabilities

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Current maturities of long-term debt	10,068.11	5,803.50
Current maturities of finance lease obligations	24.58	22.46
Interest accrued but not due on borrowings	61.90	–
Interest accrued and due on borrowings	30.61	104.28
Unpaid Dividend	21.17	17.50
Others:		
- Advance from customers	724.61	382.31
- Statutory dues including Provident Fund and Tax deducted at Source	2,190.72	1,594.70
- Employee benefits payable	5,494.09	3,442.87
- Payable for Capital Purchases	466.36	471.94
- Additional consideration for acquisition of Hinduja Global Solutions UK Limited	–	3,949.41
- Other Payables	551.54	366.75
	19,633.69	**16,155.72**

10 Short term provisions

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Provision for Employee Benefits:		
- Compensated Absences	2,068.95	1,769.29
- Pension/ Gratuity	691.31	639.22
Others:		
- Provision for Mark-to-Market losses on Derivatives (Refer Note 35)	–	260.55
- Proposed Dividend	4,117.84	4,117.84
- Dividend tax	684.50	668.12
- Provision for Income Tax (net of Advance Tax)	68.20	286.35
	7,630.80	**7,741.37**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

11 FIXED ASSETS

A Tangible Assets

(₹ in Lacs)

	Land	Leasehold Land	Buildings	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improve-ments	Total
Owned Assets:										
Gross Block										
As at 01.04.2011	100.97	232.97	2,775.78	2,343.02	4,189.22	172.07	5,883.38	16,288.45	9,905.53	41,891.39
Taken over on acquisitions	74.21	–	1,185.75	–	620.88	31.98	1,011.59	92.33	1,283.06	4,299.80
Additions/ Adjustments during the Year	610.74	38.20	3,512.13	–	1,074.45	21.21	874.06	2,665.81	1,659.59	10,456.19
Deductions	–	–	–	–	(28.80)	(21.92)	(219.50)	(244.80)	(21.07)	(536.09)
As at 31.03.2012	**785.92**	**271.17**	**7,473.66**	**2,343.02**	**5,855.75**	**203.34**	**7,549.53**	**18,801.79**	**12,827.11**	**56,111.29**
Additions during the Year	–	–	27.90	–	498.59	28.40	243.59	2,130.20	1,579.27	4,507.95
Deductions	–	–	–	–	(30.64)	–	(0.46)	(383.98)	(95.43)	(510.51)
As at 31.03.2013	**785.92**	**271.17**	**7,501.56**	**2,343.02**	**6,323.70**	**231.74**	**7,792.66**	**20,548.01**	**14,310.95**	**60,108.73**
Depreciation										
As at 01.04.2011	–	7.01	117.15	132.44	1,828.54	65.70	2,176.68	12,389.76	4,631.78	21,349.06
Taken over on acquisitions	–	–	–	–	11.84	6.55	4.71	30.75	–	53.85
Charge for the year	–	2.49	133.82	39.39	392.19	15.57	949.14	1,833.94	1,595.10	4,961.64
Deductions	–	–	–	–	(22.45)	(1.56)	(217.30)	(229.61)	(21.07)	(491.99)
As at 31.03.2012	**–**	**9.50**	**250.97**	**171.83**	**2,210.12**	**86.26**	**2,913.23**	**14,024.84**	**6,205.81**	**25,872.56**
Charge for the year	–	2.75	225.71	39.39	663.91	24.90	173.34	2,965.46	2,199.96	6,295.42
Deductions	–	–	–	–	(22.58)	–	(0.14)	(362.89)	(54.56)	(440.17)
As at 31.03.2013	**–**	**12.25**	**476.68**	**211.22**	**2,851.45**	**111.16**	**3,086.43**	**16,627.41**	**8,351.21**	**31,727.81**
Leased Assets:										
Gross Block										
As at 01.04.2011	–	–	–	–	–	–	–	4.37	–	4.37
Additions during the Year	–	–	–	–	–	–	–	116.28	–	116.28
As at 31.03.2012	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**120.65**	**–**	**120.65**
Additions during the Year	–	–	–	–	–	–	–	–	–	–
As at 31.03.2013	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**120.65**	**–**	**120.65**
Depreciation										
As at 01.04.2011	–	–	–	–	–	–	–	4.37	–	4.37
Charge for the year	–	–	–	–	–	–	–	16.15	–	16.15
As at 31.03.2012	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**20.52**	**–**	**20.52**
Charge for the year	–	–	–	–	–	–	–	43.32	–	43.32
As at 31.03.2013	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**63.84**	**–**	**63.84**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

	Land	Leasehold Land	Buildings	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improve-ments	Total
Net Block:										
As at 31.03.2012	785.92	261.67	7,222.69	2,171.19	3,645.63	117.08	4,636.30	4,877.08	6,621.30	30,338.86
Exchange fluctuation	38.84	–	245.77	–	26.75	0.08	1.95	315.67	41.02	670.08
	824.76	261.67	7,468.46	2,171.19	3,672.38	117.16	4,638.25	5,192.75	6,662.32	31,008.94
As at 31.03.2013	785.92	258.92	7,024.88	2,131.80	3,472.25	120.58	4,706.23	3,977.41	5,959.74	28,437.73
Exchange fluctuation	85.78	–	547.64	–	61.41	0.21	2.61	499.42	108.63	1,305.70
	871.70	258.92	7,572.52	2,131.80	3,533.66	120.79	4,708.84	4,476.83	6,068.37	29,743.43

B Intangible Assets

(₹ in Lacs)

	Goodwill on Consolidation	Goodwill on acquisition	Computer Software	Commercial Rights	Non-Compete Fees	Total
Gross Block						
As at 01.04.2011	14,808.49	–	5,002.50	–	–	19,810.99
Taken over on acquisitions	–	–	230.56	375.33	–	605.89
Additions during the Year	36,631.00	–	1,021.43	–	143.00	37,795.43
Deductions	–	–	(941.57)	–	–	(941.57)
As at 31.03.2012	**51,439.49**	**–**	**5,312.92**	**375.33**	**143.00**	**57,270.74**
Additions during the Year	2.73	3,421.12	1,856.62	–	–	5,280.47
Deductions	–	–	(25.95)	–	–	(25.95)
As at 31.03.2013	**51,442.22**	**3,421.12**	**7,143.59**	**375.33**	**143.00**	**62,525.26**
Amortisation						
As at 01.04.2011	–	–	2,957.14	–	–	2,957.14
Taken over on acquisitions	–	–	0.19	162.68	–	162.87
Charge for the year	–	–	1,106.11	24.99	19.97	1,151.07
Deductions	–	–	(939.09)	–	–	(939.09)
As at 31.03.2012	**–**	**–**	**3,124.35**	**187.67**	**19.97**	**3,331.99**
Charge for the year	3.26	–	1,310.98	37.53	34.32	1,386.09
Deductions	–	–	(25.04)	–	–	(25.04)
As at 31.03.2013	**3.26**	**–**	**4,410.29**	**225.20**	**54.29**	**4,693.04**
Net Block:						
As at 31.03.2012	**51,439.49**	**–**	**2,188.57**	**187.66**	**123.03**	**53,938.75**
Exchange fluctuation	**3,711.20**	**–**	**133.27**	**–**	**–**	**3,844.47**
	55,150.69	**–**	**2,321.84**	**187.66**	**123.03**	**57,783.22**
As at 31.03.2013	**51,438.96**	**3,421.12**	**2,733.30**	**150.13**	**88.71**	**57,832.22**
Exchange fluctuation	**6,255.13**	**109.82**	**223.83**	**–**	**–**	**6,588.78**
	57,694.09	**3,530.94**	**2,957.13**	**150.13**	**88.71**	**64,421.00**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

C Depreciation/ Amortisation for the year

(₹ in Lacs)

	Year ended 31.03.2013	Year ended 31.03.2012
Tangible Assets	6,338.74	4,977.79
Intangible Assets	1,386.09	1,151.07
Total	**7,724.83**	**6,128.86**

12 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2013		As at 31.03.2012	
			Quantity Nos.	Amount (₹ in Lacs)	Quantity Nos.	Amount (₹ in Lacs)
[A]	**Non-Current Investments:**					
(i)	**Investment in Equity Instruments (Long-term, Unquoted and Non-Trade):**					
	Ashley Airways Limited	₹ 10	750,000	81.45	750,000	81.45
(ii)	**Other Non- Current Investments (Long-term, Unquoted and Non-Trade):**					
	Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]			674.48		546.36
	Aggregate Value of Unquoted Non-Current Investments			**755.93**		**627.81**
[B]	**Current Investment (Unquoted)**					
	Investment in Mutual Funds:					
	PNB Principal Cash Management Fund - Liquid Option -Institutional Plan-Dividend Reinvestment - Daily	₹ 1,000	145	1.44	135	1.36
	[N.A.V. per unit - ₹ 1,000.07 (Previous Year - ₹ 1,000.07)]					
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan)	₹ 10	95,065	11.24	90,775	10.69
	[N.A.V. per unit - ₹ 12.70 (Previous Year - ₹ 12.30)]					
	Aggregate Value of Unquoted Current Investments			**12.68**		**12.05**
	Aggregate Value of Unquoted Investments [A]+[B]			**768.61**		**639.86**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13 Long term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Capital Advances		
- Considered Good	59.39	29.00
- Considered Doubtful	11.85	11.85
	71.24	40.85
Less: Provision for Doubtful Debts	(11.85)	(11.85)
	59.39	29.00
Loans and Advances to related parties [Refer Note 27]	3,750.00	3,750.00
Security Deposits	2,718.64	1,970.93
Other loans and advances:		
- MAT Credit Entitlement	–	570.81
- Balance with Goverment Authorities	735.25	686.19
- Loan to a third party	–	637.56
- Employee loans and advances	–	18.90
- Advance Tax and Tax Deducted at Source (net of Provision for Income Tax*)	3,782.14	3,212.30
- Fringe Benefit Tax (net of Provision for Tax)	17.16	21.16
- Prepaid expenses	25.81	22.95
- Miscellaneous	36.86	17.11
	11,125.25	**10,936.91**

* The provision for tax is net of utilisation of Minimum Alternate Tax Credit during the year ₹ 806.28 Lacs (Previous Year - ₹ 522.37 Lacs)

14 Other non-current assets

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Deposits with bank for Margin Money (Under Lien with Banks towards Guarantees issued by them on behalf of the Company)	68.88	7.34
Deposits with banks with maturity exceeding 12 months *	602.25	–
	671.13	**7.34**

* Amount held by a Bank as an interest reserve against amounts owed under loan agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

15 Trade receivables (Unsecured)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Debts Outstanding for a period exceeding six months from the date they are due for payment:		
- Considered Good	315.52	122.79
- Considered Doubtful	129.65	195.80
	445.17	318.59
Other Debts (Considered Good)	35,680.33	27,141.78
Less: Provision for Doubtful Debts	(129.65)	(195.80)
	35,995.85	**27,264.57**

16 Cash and Bank Balances

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Cash and Cash Equivalents:		
Balances with Banks in:		
- Current Accounts	5,173.02	7,767.02
- Deposit Accounts	797.70	2,320.39
- EEFC (Exchange Earners' Foreign Currency Account)	411.26	21.77
Cash on hand	30.18	36.87
	6,412.16	10,146.05
Other Bank Balances:		
- Deposits with maturity more than 3 months but less than 12 months	33,748.13	13,146.56
- Earmarked balance with bank (Unpaid Dividend)	21.17	17.50
- Earmarked balance with bank (Unpaid Bonus)	1.82	1.82
- Deposits with bank for Margin Money #	426.01	585.90
- Deposits pledged against borrowings	–	48,078.76
	34,197.13	61,830.54
	40,609.29	**71,976.59**

Under Lien with Banks towards Guarantees/ Letter of credit issued by them on behalf of the Company and towards margin against forward contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

17 Short-term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Security Deposits	68.33	116.05
Other loans and advances:		
- Balance with Government Authorities	2,096.65	105.38
- Employee loans and advances	214.62	183.97
- MAT Credit Entitlement (Current portion)	357.44	592.91
- Advance to Vendors	460.37	292.39
- Prepaid expenses	1,425.06	1,345.04
- Loan to third parties	8,363.64	1,456.92
- Claim Receivable	–	682.11
- Others		
- Considered Good	306.80	448.60
- Considered Doubtful	12.48	10.83
	319.28	459.43
Less: Provision for Doubtful Debts	(12.48)	(10.83)
	306.80	448.60
	13,292.91	**5,223.37**

18 Other current assets

(Unsecured and Considered good)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Unbilled Revenue	8,722.07	8,300.98
Interest Accrued on Deposits/ Loans	518.46	951.14
Accrual for Mark-to-Market gain on Derivatives (Refer Note 35)	295.28	–
Others	74.58	–
	9,610.39	**9,252.12**

19 Revenue from operations

(₹ in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Sale of Service:		
Business Process Management	198,342.82	155,430.79
	198,342.82	**155,430.79**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

20 Other Income

(₹ in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest Income	1,947.07	2,096.31
Dividend from Current Investment	0.63	0.55
Profit on Sale of long-term Investments	–	288.00
Profit on Sale of assets	6.66	–
Employment Generation Subsidy	107.79	–
Foreign Exchange Gain (Net)	695.44	75.23
Liabilities/ Provisions no longer required written-back	464.11	206.15
Other non-operating income	105.99	215.49
	3,327.69	**2,881.73**

21 Employee Benefit Expense

(₹ in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Salaries allowances and other benefits	126,617.97	97,007.73
Contribution to Provident and Other Funds	6,245.88	5,278.87
Unfunded Gratuity/ Pension plan	21.56	41.37
Staff Welfare	1,234.63	1,150.84
	134,120.04	**103,478.81**

22 Finance Costs

(₹ in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest on:		
- Term Loan from Banks	2,628.23	1,674.69
- Cash Credit and Other Facilities	1,300.19	1,086.18
Other borrowing costs	438.05	161.73
	4,366.47	**2,922.60**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

23 Other Expenses

(₹ in Lacs)

		Year Ended 31.03.2013		Year Ended 31.03.2012
Power and Fuel		3,416.37		2,935.19
Rent (Refer Note 28)		7,647.86		5,772.04
Repairs and Maintenance - Leased Premises		943.53		1,046.19
Repairs and Maintenance - Others		2,374.09		1,928.50
Insurance		413.17		627.20
Rates and Taxes		812.86		295.85
Directors' sitting fees		7.65		7.10
Payment to the Auditors:				
- as Auditors [(includes payment to Company's Branch Auditor ₹ 25.94 Lacs (Previous Year: ₹ 19.98 Lacs)]		91.44		85.48
- for other services		2.00		1.00
- for reimbursement of expenses		2.20		0.94
Connectivity Cost		7,537.63		6,886.07
Advertisement and Business Promotion		650.80		382.99
Communication		1,133.27		694.34
Travelling, Conveyance and Car Hire Charges		2,602.75		1,917.30
Legal and Professional		5,129.48		3,907.08
Training and Recruitment		1,140.84		1,255.34
Commission		2,942.21		2,441.23
Donation		112.92		31.58
Software Expenses		1,000.50		212.94
Fulfillment Cost		849.83		833.46
Bad Debts/ Advances Written off	432.40		326.97	
Less: Provisions for Doubtful Debts/ Advances	–	432.40	(290.69)	36.28
Provisions for Doubtful Debts/ Advances		–		66.32
Fixed Assets Written Off		16.80		–
Loss on Sale of Assets (net)		–		3.37
Miscellaneous Expenses		2,590.32		2,173.88
		41,850.92		**33,541.67**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

24. a) Contingent Liabilities

A) Claims against the Group not acknowledged as debts:

(₹ in Lacs)

	Particulars	As at 31.03.2013	As at 31.03.2012
(i)	Service Tax demand raised by authorities against which appeal has been filed by the Company (Refer Note 1 below)	633.08	633.08
(ii)	Income Tax demand raised by authorities against which appeal has been filed by the Company	5,196.73	1,336.31
(iii)	Others (to the extent ascertainable)	1,158.95	832.47
(iv)	Other matters (Refer Note 2 below)	18,275.72	16,662.50

Notes:

1. The Company has deposited an amount of ₹ 633.08 Lacs (Previous year: ₹ 633.08 Lacs) with the service tax authorities, which is included in "Balance with Government Authorities – Note 13".

2. Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹18,275.72 Lacs (Previous Year: ₹16,662.50 Lacs) in respect of period prior to October 1, 2006 which is reimbursable by the Company pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ITES business into the Company sanctioned by High Court of Judicature of Bombay and made effective on March 7, 2007. In this regard, the Company has paid ₹ 3,750 Lacs (Previous Year: ₹ 3,750 Lacs) to Hinduja Ventures Limited to discharge part payment of disputed Income tax dues pertaining to IT/ ITES business, which is included in the 'Loans and Advances to related parties' under Note 13 – 'Long-term loans and advances'. Hinduja Ventures Limited has filed an appeal against the said demand. In view of Management and based on the legal advice obtained, the Company has strong case to succeed.

3. Future cash outflow in respect of above, if any, is determinable only on receipt of judgements/ decisions pending with relevant authorities.

B) Guarantees given by Company in favour of:

- Zurich Services Corporation, Schaumburg to secure the performance of Hinduja Global Solutions Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Hinduja Global Solutions Inc. has contracted to perform certain services.
- California Physicians' Service dba Blue Shield of California to secure the performance of Hinduja Global Solutions Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Hinduja Global Solutions Inc. has contracted to perform certain services.

b) Capital and other commitments:

i) Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account – ₹ 64.28 Lacs (Previous Year - ₹ 104.75 Lacs)

ii) The Group has entered into certain non-cancellable agreements with vendors, the cancellation of which will entail substantial monetary compensation. The future commitments under non-cancellable purchase agreements is USD 2,327,000 (Previous Year – USD 6,115,000) [equivalent ₹ 1,263.21 Lacs (Previous Year - ₹ 3,110.70 Lacs)]

25. Disclosures in terms of Accounting Standard 15 (Revised 2005) 'Employee Benefits'.

The Group has classified the various benefits provided to employees as under: -

I Defined Contribution Plans

a) Provident Fund

b) Superannuation Fund

c) State Defined Contribution Plans

i. Employers' Contribution to Employee's State Insurance

ii. Employers' Contribution to Employee's Pension Scheme 1995

d) Contribution Plan at overseas branch/ subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

During the year, the Group has recognised the following amounts in the Statement of Profit and Loss

(₹ in Lacs)

	2012-2013	2011-2012
Employers' Contribution to Provident Fund [includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	1,200.91	1,033.18
Employers' Contribution to Superannuation Fund*	6.90	1.97
Employers' Contribution to Employees' State Insurance *	611.76	619.65
Employers' Contribution to Other Employees' Benefit Scheme and Contribution by Overseas Branch/ Subsidiaries*	4,019.47	3,275.52

* Included in Contribution to Provident and Other Funds (Refer Note 21)

II Defined Benefit Plan

Gratuity and Pension Plan

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was carried out in respect of the aforesaid defined benefit plan of gratuity and pension based on the following assumptions: -

	2012-2013	2011-2012
Discount Rate (per annum)	4.51% - 7.75%	6.86% - 8.56%
Rate of increase in Compensation levels	3.00% - 5.00%	4.50% - 5.00%
Rate of Return on Plan Assets	5.00% - 8.70%	8.00% - 8.60%

A) Changes in the Present Value of Defined Benefit Obligation

(₹ in Lacs)

	2012-2013				2011-2012			
	Gratuity		Pension		Gratuity		Pension	
	Funded	Unfunded	Funded	Unended	Funded	Unfunded	Funded	Unfunded
Balance at beginning of the year	484.18	52.61	1,231.89	96.77	377.10	0.13	944.77	69.16
Add: On acquisition of a Subsidiary	–	–	–	–	–	38.72	–	–
Add/ (Less): Transfer as Funded Plan introduced for all employees at a foreign branch	–	–	96.77	(96.77)	–	–	–	–
Sub-total	484.18	52.61	1,328.66	–	377.10	38.85	944.77	69.16
Interest Cost	38.73	4.07	100.80	–	31.11	3.32	86.91	6.36
Current Service Cost	68.19	18.98	332.81	–	115.25	15.66	259.64	42.63
Benefits Paid [includes payment made by the Company ₹ 41.41 Lacs (Previous Year – ₹ 70.45 Lacs) and not claimed from Plan Assets]	(81.71)	(2.72)	(41.41)	–	(74.55)	–	(70.45)	–
Actuarial (gain)/ loss on obligations	59.52	(1.49)	283.16	–	35.27	(5.22)	11.02	(21.38)
Balance at end of the year	**568.91**	**71.45**	**2,004.02**	**–**	**484.18**	**52.61**	**1,231.89**	**96.77**

B) Changes in the Fair Value of Plan Assets

(₹ in Lacs)

	2012-2013		2011-2012	
	Gratuity	Pension	Gratuity	Pension
Balance at beginning of the year	331.16	837.12	324.90	228.50
Expected Return on Plan Assets	28.48	180.12	25.99	109.48
Contribution to the Plan Assets	153.02	219.20	52.26	446.52
Actuarial gain/ (loss) on obligations	4.19	263.59	2.56	52.62
Benefits Paid	(81.71)	–	(74.55)	–
Balance at end of the year	**435.14**	**1,500.03**	**331.16**	**837.12**
Actual return on Plan Assets	9.25%	23.00%	9.25%	11.74%

C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2013

The Plan Assets for Defined Benefit Plan in India are administered by Life Insurance Corporation of India ('LIC') as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority Regulations. In case of defined benefit plan at a foreign branch, the Plan Assets are administered by the Investment department of Deutsche Bank AG. The Plan Assets consists of investment in Government Bonds 71.93% (Previous Year: 89.28%), Cash and Cash Equivalents 1.27% (Previous Year: 0.40%), Corporate Bonds 0.88% (Previous Year: Nil) and Others 25.92% (Previous Year: 10.32%) for an amounts aggregating ₹ 1,500.03 Lacs (Previous Year ₹ 837.12 Lacs).

D) Amount recognised in the Balance Sheet

(₹ in Lacs)

	2012-2013			2011-2012			
	Gratuity		Pension	Gratuity		Pension	
	Funded	Unfunded	Funded	Funded	Unfunded	Funded	Unfunded
Present Value of Defined Benefit Obligation as at end of the year	568.91	71.45	2,004.02	484.18	52.61	1,231.89	96.77
Fair Value of Plan Assets as at end of the year	435.14	–	1,500.03	331.16	–	837.12	–
Asset/(Liability) recognised in the Balance Sheet	**(133.77)**	**(71.45)**	**(503.99)**	**(153.02)**	**(52.61)**	**(394.77)**	**(96.77)**
Recognised under:							
Long-term Provisions (Refer Note 6)	–	49.68	–	–	52.61	–	5.34
Short-term Provisions (Refer Note 10)	133.77	53.55	503.99	153.02	–	394.77	91.43

E) Expenses recognised in the Statement of Profit and Loss

(₹ in Lacs)

	2012-2013			2011-2012			
	Gratuity		Pension	Gratuity		Pension	
	Funded	Unfunded	Funded	Funded	Unfunded	Funded	Unfunded
Current Service Cost	68.19	18.98	332.81	115.25	15.66	259.64	42.63
Interest Cost	38.73	4.07	100.80	31.11	3.32	86.91	6.36
Expected Return on Plan Assets	(28.48)	–	(180.12)	(25.99)	–	(109.48)	–
Net actuarial (gain)/ loss recognised in the year	55.33	(1.49)	19.57	32.71	(5.22)	(41.60)	(21.38)
Total Expenses recognised in the Statement of Profit and Loss**	**133.77**	**21.56**	**273.06**	**153.08**	**13.76**	**195.47**	**27.61**

** Included in Employee Benefit Expense (Refer Note 21)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

F) Experience Adjustments

(₹ in Lacs)

	2012-2013		2011-2012	
	Gratuity	Pension	Gratuity	Pension
On Defined Benefit Obligation – Loss/ (Gain)	46.31	15.29	1.89	(35.52)
On Plan Assets – Loss/ (Gain)	(4.19)	(263.59)	(2.56)	(52.62)

G) Details of Defined Benefit Obligation, Plan Assets and Experience Adjustments

(₹ in Lacs)

Years	Nature	Present Value of Obligation at the end of the year	Fair Value of Plan Assets at the end of the year	Surplus/ (Deficit)	Experience Adjustments on Defined Benefit Obligation - Loss/ (Gain)	Experience Adjustments on Plan Assets - Loss/ (Gain)
2010-2011	Gratuity	377.23	324.90	(52.33)	125.88	1.84
	Pension	1,013.93	228.50	(785.43)	(19.18)	–
2009-2010	Gratuity	321.03	213.66	(107.37)	(66.92)	0.36
	Pension	604.91	–	(604.91)	(56.34)	–
2008-2009	Gratuity	210.98	144.85	(66.13)	(11.42)	1.01
	Pension	605.84	–	(605.84)	3.96	–

H) Expected Contribution for next year

(₹ in Lacs)

	2013-2014	2012-2013
Gratuity and Pension Plan	453.37	665.28

III The liability for compensated absences as at March 31, 2013 aggregates ₹ 2,068.95 Lacs (Previous Year – ₹ 1,769.29 Lacs).

26. Segment Information

Primary Segment

The Group has identified business segment as its primary segment. In accordance with Accounting Standard 17 “Segmental Reporting”, the Group has determined its operations as a single reportable business segment, namely Business Process Management. Hence, it has no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets and liabilities, capital expenditure incurred to acquire the assets, the total amount of charge for depreciation are all as reflected in the financial statements as of and for the year ended March 31, 2013.

Secondary Segment

The Group has identified geographical segment as its secondary segment. The details of geographical segment are as follows:

(₹ in Lacs)

Particulars	India		Outside India		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
Sales Revenue*	19,765.96	19,034.14	178,576.86	136,396.65	198,342.82	155,430.79
Carrying Amount of Assets	36,082.61	34,893.23	170,544.33	179,230.08	206,626.94	214,123.31
Capital Expenditure	2,891.52	2,185.37	2,970.39	6,863.03	5,861.91	9,048.40

* There are no Inter Segment Revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

27. **Related Party Disclosures (as identified by the Management)**

I **Individual having control with his relatives and associates**

Mr. Ashok P. Hinduja

II **Key Management Personnel**

Mr. Partha DeSarkar, Chief Executive Officer and Manager

III **Enterprises where common control exists**

1. Hinduja Group India Limited
2. Aasia Management and Consultancy Private Limited
3. Hinduja Ventures Limited
4. IndusInd Media and Communication Limited
5. Hinduja Healthcare Private Limited
6. InEntertainment (India) Limited

IV **Relatives of Key Management personnel**

Mr. Pabitra DeSarkar

The following details pertain to transactions carried out with the related parties in the ordinary course of business and the balances outstanding at the year-end:

(₹ in Lacs)

Nature of Transaction	Parties referred to in II & IV above	Parties referred to in III above	Total
Rendering of Services			
IndusInd Media and Communication Limited	– [–]	63.10 [–]	63.10 [–]
Others	– [–]	0.02 [–]	0.02 [–]
Total	**– [–]**	**63.12 [–]**	**63.12 [–]**
Rent Expense			
Aasia Management and Consultancy Private Limited	– [–]	91.32 [76.80]	91.32 [76.80]
Mr. Pabitra DeSarkar	3.13 [2.25]	– [–]	3.13 [2.25]
Total	**3.13 [2.25]**	**91.32 [76.80]**	**94.45 [79.05]**
Interest on Loan			
InEntertainment (India) Limited	– [–]	29.34 [41.15]	29.34 [41.15]
Total	**– [–]**	**29.34 [41.15]**	**29.34 [41.15]**
Professional Fees			
Hinduja Group India Limited	– [–]	179.50 [155.80]	179.50 [155.80]
Total	**– [–]**	**179.50 [155.80]**	**179.50 [155.80]**
Connectivity Cost			
IndusInd Media and Communication Limited	– [–]	4.23 [12.50]	4.23 [12.50]
Total	**– [–]**	**4.23 [12.50]**	**4.23 [12.50]**
Executive Remuneration			
Mr. Partha DeSarkar	134.16 [162.89]	– [–]	134.16 [162.89]
Total	**134.16 [162.89]**	**– [–]**	**134.16 [162.89]**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

Nature of Transaction	Parties referred to in II & IV above	Parties referred to in III above	Total
Advance paid to Key Managerial personnel			
Mr. Partha DeSarkar	1.41 [–]	– [–]	1.41 [–]
Total	**1.41 [–]**	**– [–]**	**1.41 [–]**
Advance payment for tax matters [Refer foot note 2 in Note 24(a)(A)]			
Hinduja Ventures Limited	– [–]	– [600.00]	– [600.00]
Total	**– [–]**	**– [600.00]**	**– [600.00]**
Consultancy charges			
Aasia Management and Consultancy Private Limited	– [–]	54.27 [28.38]	54.27 [28.38]
Total	**– [–]**	**54.27 [28.38]**	**54.27 [28.38]**
Loan received			
InEntertainment (India) Limited	– [–]	– [1500.00]	– [1500.00]
Total	**– [–]**	**– [1500.00]**	**– [1500.00]**
Loan Outstanding at the year–end			
InEntertainment (India) Limited	– [–]	– [1000.00]	– [1000.00]
Total	**– [–]**	**– [1000.00]**	**– [1000.00]**
Loan repaid			
InEntertainment (India) Limited	– [–]	1,000.00 [500.00]	1,000.00 [500.00]
Total	**– [–]**	**1,000.00 [500.00]**	**1,000.00 [500.00]**
Interest Accrued and Due on Borrowings			
InEntertainment (India) Limited	– [–]	– [4.09]	– [4.09]
Total	**– [–]**	**– [4.09]**	**– [4.09]**
Receivable net of payable as at the year–end			
Hinduja Ventures Limited [Refer footnote 2 in Note 24(a)(A)]	– [–]	3,750.00 [3,750.00]	3,750.00 [3,750.00]
Others	3.91 [–]	4.53 [–]	8.44 [–]
Total	**3.91 [–]**	**3,754.53 [3,750.00]**	**3,758.44 [3,750.00]**
Payable net of Receivables as at year–end			
IndusInd Media and Communications Limited	– [–]	7.95 [0.22]	7.95 [0.22]
Aasia Management and Consultancy Private Limited	– [–]	10.98 [8.30]	10.98 [8.30]
Hinduja Group India Limited	– [–]	37.92 [1.49]	37.92 [1.49]
Mr. Pabitra DeSarkar	0.24 [0.23]	– [–]	0.24 [0.23]
Total	**0.24 [0.23]**	**56.85 [10.01]**	**57.09 [10.24]**

Notes:

1. There were no transactions with party referred in I above.
2. Figures in bracket pertain to the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

28. Operating Leases

The details of non-cancellable operating leases are as follows:

(₹ in Lacs)

Particulars	Minimum Future Lease Rentals			Amount recognised during the year
	Due within one year	Due later than one year and not later than five years	Due after five years	
Office Premises and Equipments	6,477.46 [4,294.24]	15,695.26 [11,812.12]	17,001.76 [13,605.58]	7,182.10 [5,561.90]

Figures in bracket pertain to the previous year.

The operating lease arrangement relating to office premises and equipments extend up to a maximum of twenty years from the respective dates of inception and are renewable on mutual consent/ at the option of lessee. In addition, the Group has entered into various cancellable leasing arrangements for office and residential premises and equipments towards which an amount of ₹ 465.76 Lacs (Previous Year - ₹ 210.14 Lacs) has been recognised in the Statement of Profit and Loss.

29. Finance Leases

Certain subsidiaries of the Company have taken some office equipments on finance lease. The details of such equipment are as under:

Minimum lease payments as at year end.

(₹ in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Present Value	279.34	112.51
Finance Charge	23.66	2.68

The minimum lease payment is payable as follows:

(₹ in Lacs)

Particulars	Minimum Future Lease Rentals		
	Due within one year	Due later than one year and not later than five years	Due after five years
Present Value	83.93 [22.46]	195.40 [90.05]	– [–]
Finance Charges	12.24 [0.23]	11.42 [2.45]	– [–]
Total	**96.17 [22.69]**	**206.82 [92.50]**	**– [–]**

Figures in bracket pertain to the previous year.

30. Earnings per Equity Share (Basic and Diluted)

	2012-2013	2011-2012
Profit After Tax and Minority Interest (₹ in Lacs)	9,057.06	10,607.07
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,589,223	20,589,223
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A.	**20,589,223**	**20,589,223**
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	–	–
No. of shares for Diluted Earnings per share	**20,589,223**	**20,589,223**
Nominal Value of an equity share (₹)	10.00	10.00
Earnings per share (Basic) (₹)	43.99	51.52
Earnings per share (Diluted) (₹)	43.99	51.52

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

31. The subsidiaries (including step-down subsidiaries) considered in the consolidated financial statements for the year ended March 31, 2013 with Company's share in voting power in these companies are:

Sr. No.	Name of the Company	Country of Incorporation	Held by	Parent's Shareholding (%)	Company's Share in Voting Power (%)
A	**SUBSIDIARIES**				
1	HGS International (HGS Intl.)	Mauritius	HGS	100	100
2	HGS International Services Private Limited (formerly Hinduja Outsourcing Solutions India Private Limited)	India	HGS	100	100
3	HGS Business Services Private Limited (formerly HCCA Business Services Private Limited)	India	HGS	100	100
B	**STEP-DOWN SUBSIDIARIES**				
1	Hinduja Global Solutions Inc. (HGSI)	United States of America	HGS Intl.	100	100
2	C-Cubed N.V. (C3-NV)	Curacao, Netherlands	HGS Intl.	100	100
3	HGS St. Lucia Limited	Saint Lucia	HGS Intl.	100	100
4	Hinduja Global Solutions Europe Limited (HGS Europe)	United Kingdom	HGS Intl.	100	100
5	HGS Properties LLC	United States of America	HGSI	100	100
6	HGS EBOS LLC (w.e.f. October 8, 2012)	United States of America	HGSI	100	100
7	HGS (USA) LLC	United States of America	HGSI	100	100
8	HGS Canada Holdings LLC (HGS Canada)	United States of America	HGSI	100	100
9	HGS Canada Inc. (formerly Online Support Inc.)	Canada	HGS Canada	100	100
10	RMT LLC, (RMT)	United States of America	HGS (USA) LLC	100	100
11	Affina Company, Canada	Canada	RMT	100	100
12	Hinduja Global Solutions UK Limited (formerly Careline Services Limited)	United Kingdom	HGS Europe	100	100
13	HGS Italy S.A.R.L	Italy	HGS Europe	100	100
14	HGS France S.A.R.L (formerly Hinduja TMT France S.A.R.L)	France	HGS Europe	100	100
15	C-Cubed B.V., (C3-BV)	Netherlands	C3-NV	100	100
16	Customer Contact Centre Inc.	Philippines	C3-BV	100	100
17	Team HGS Limited, Jamaica	Kingston, Jamaica	HGS St. Lucia Limited	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

32. Break-Up of Deferred Tax Asset/ (Liability)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Deferred Tax Liability		
Depreciation on Fixed Assets	(1,161.08)	(1,145.21)
Amortisation of Goodwill	(1,619.14)	(1,032.45)
Others	(2.26)	–
Total Deferred Tax Liability	**(2,782.48)**	**(2,177.66)**
Deferred Tax Asset		
Expenses allowed on payment basis	316.49	271.16
Provision for doubtful debts/ advances	19.17	16.91
Others	27.80	10.58
Total Deferred Tax Asset	**363.46**	**298.65**
Net Deferred Tax Liability	**(2,419.02)**	**(1,879.01)**

33. Current tax includes provision for tax of ₹ 749.10 Lacs (Previous Year: ₹ 704.07 Lacs) pertaining to overseas branches/ subsidiaries which is determined as per the laws applicable in the relevant country.

34. Provisions - Others

(₹ in Lacs)

Particulars	Onerous Lease	Building Maintenance	Redundancy Costs	Employee claim	Earn-outs	Indirect tax matters	Total
Opening Provision	21.75 [9.16]	44.02 [27.17]	61.03 [–]	– [–]	– [1,514.74]	– [–]	126.80 [1,551.07]
Add: Additional provision during the year	– [12.59]	– [16.85]	– [61.03]	12.99 [–]	– [–]	129.89 [–]	142.88 [90.47]
Less: Provision utilised/ reversed during the year	21.75 [–]	– [–]	61.03 [–]	– [–]	– [1,514.74]	– [–]	82.78 [1,514.74]
Closing Provision	**–** **[21.75]**	**44.02** **[44.02]**	**–** **[61.03]**	**12.99** **[–]**	**–** **[–]**	**129.89** **[–]**	**186.90** **[126.80]**

Figures in bracket pertain to the previous year.

Onerous Lease - The onerous lease provision relates to a lease of a premises no longer in use by the business. The same has been reversed during the year as the Group considers the same as no longer payable.

Building Maintenance - The provision is in respect of dilapidations of a building at one of the subsidiary company, which the subsidiary is responsible for under the terms of the lease. The outflow depends on actual dilapidations and hence, the Group is not able to reasonably ascertain the timing of the outflow.

Redundancy Costs – The provision is in respect of the costs of redundancies following the downscaling of a specific contract for which staff members were employed and are no longer needed. The provision has been utilised during the year.

Employee claim - The provison is in respect of employee claim at Hinduja Global Solutions UK Limited. The outflow with regard to the said matter depends on the exhaustion of remedies available to the Group and hence the Group is not able to reasonably ascertain the timing of the outflow.

Indirect tax matters - Provision represents estimates made for probable liabilities/ claims arising out of pending disputes/ litigation with statutory authorities. The outflow with regard to the said matter depends on the exhaustion of remedies available to the Group under the law and hence the Group is not able to reasonably ascertain the timing of the outflow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

35. Derivative instruments

a) Derivatives Outstanding as at the reporting date

Particulars	Amount (USD)	Type	No. of Contracts	Contract Value (₹ in Lacs)
Forward contract in respect of firm commitment or highly probable forecasted transactions	45,500,000 [23,025,000]	Sell [Sell]	54 [36]	25,834.50 [11,718.51]

Figures in bracket pertain to the previous year.

b) Mark-to-Market losses/ (gains) on outstanding derivatives

Particulars	2012-2013	2011-2012
Mark-to-market losses/ (gains) provided for	(295.28)	260.55

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. The (gain)/ loss recognised in hedging reserve in equity during the year amounts to ₹ (320.32) Lacs (Previous Year: ₹ 275.92 Lacs).

The ineffective portion recognised in the Statement of Profit and Loss that arises from cash flow hedges amounts to ₹ Nil (Previous Year: ₹ 0.32 Lacs).

Gains and losses recognised in the hedging reserve in equity (Note 4) on forward foreign exchange contracts as of March 31, 2013 would be recognised in the income statement in the period or periods during which the hedged forecast transaction affects the related transaction in the Statement of Profit and Loss.

36. The details of Employee Stock Option Plan [ESOP] of the Company are as follows:

Particulars	ESOP 2008	ESOP 2011
	The Shareholders of the Company at their Annual General Meeting held on September 27, 2008 granted approval to the HTMT Global Solutions Limited Employees Stock Option Plan 2008 (now Hinduja Global Solutions Employees Stock Option Plan 2008) (“ESOP 2008”). Subsequently, the Compensation Committee approved the terms and conditions relating to ESOP 2008 and options were granted on July 31, 2009.	The Shareholders of the Company at their Annual General Meeting held on August 1, 2011 granted approval to the Hinduja Global Solutions Employees Stock Option Plan 2011 (“ESOP 2011”). Subsequently, the Compensation Committee approved the terms and conditions relating to ESOP 2011 and options were granted on November 11, 2011.
Maximum grant of options	The maximum number of options that could be issued under ESOP 2008 is 205,380 (being 1% of the outstanding equity shares of the Company as at April 1, 2009).	The maximum number of options that could be issued under ESOP 2011 is 308,838 (being 1.5% of outstanding paid up capital of the Company at the beginning of the year).
Vesting Period	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest on the first anniversary of the grant date. - 1/3rd of the options granted will vest on the second anniversary of the grant date. - 1/2 of the options granted will vest on the third anniversary of the grant date.	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest at the end of one year from the grant date. - 1/6th of the options granted will vest at the end of 18 months from the grant date. - 1/6th of the options granted will vest at the end of 24 months from the grant date. - 1/4th of the options granted will vest at the end of 30 months from the grant date. - 1/4th of the options granted will vest at the end of 36 months from the grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	ESOP 2008	ESOP 2011
Exercise Period	Options vested with an employee will be exercisable prior to completion of the 48th month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.	Options vested with an employee will be exercisable prior to completion of the 24th month from the date of vesting of options by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise Price	₹ 400.10 per share The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.	₹ 340.20 per share The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.
Method of Accounting and Intrinsic Value	The compensation costs of stock options granted to employees are accounted using the intrinsic value method. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. In view of exercise price being equal to closing market price on the day prior to the date of the grant, the intrinsic value of the option is ₹ Nil.	The compensation costs of stock options granted to employees are accounted using the intrinsic value method. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. In view of exercise price being equal to closing market price on the day prior to the date of the grant, the intrinsic value of the option is ₹ Nil.
Fair Value and Model Used	₹ 178.04 per option. The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.	₹ 101.21 per option. The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.
Grant/ Re-grant of Options under the Scheme	The Compensation Committee on June 1, 2011 approved the re-grant of lapsed options under ESOP 2008, which were subsequently granted to specific employees on the said date. The number of stock options granted during the year is Nil (Pvevious Year: 33,160) at an exercise price of ₹ 400.65 per share Stock Options. The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant. The Intrinsic value is Nil and fair value of stock options determined using Black – Scholes Option Pricing model is ₹ 161.45 per option. The term for vesting and exercise period are as stated above.	The Compensation Committee on June 28, 2012 approved the further grant of options under ESOP 2011, which were subsequently granted to specific employees on the said date. The number of stock options granted is 5,000 (Previous Year: Nil) at an exercise price of ₹ 340.25 per share Stock Options. The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant. The Intrinsic value is Nil and fair value of stock options determined using Black – Scholes Option Pricing model is ₹ 83.28 per option. The term for vesting and exercise period are as stated above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The details of options granted are as follows:

	ESOP 2008		ESOP 2011	
Particulars	**2012-13**	**2011-12**	**2012-13**	**2011-12**
Outstanding at the beginning of the year	169,015	172,220	270,600	–
Granted during the year	–	–	5,000	274,100
Re-granted during the year	–	33,160	–	–
Lapsed during the year	19,500	36,365	32,430	3,500
Exercised/ Allotted during the year	–	–	–	–
Outstanding at the end of the year	149,515	169,015	243,170	270,600
Exercisable at the end of the year	121,883	67,928	38,107	–
Weighted Average remaining life in years	1.58	2.47	2.61	3.61

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by ₹ 118.88 Lacs (Previous Year - ₹ 85.15 Lacs), Profit After Tax and the basic and diluted earning per share would have been lower by ₹ 118.88 Lacs (Previous Year - ₹ 85.15 Lacs) and Re. 0.58 (Previous Year - Re. 0.41), respectively.

37. Cash and Bank Balances – (Note 16) includes ₹ 33,548.13 Lacs (Previous Year – ₹ 61,203.22 Lacs) pertaining to the Company's wholly owned subsidiary HGS International, Mauritius which has been deposited by it through its fiduciary bankers Hinduja Bank (Switzerland) Limited in the fixed deposit scheme of Bank of Baroda, London.

38. Term Loan from Banks (Secured)

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2013	As at 31.03.2012
1	Term Loans from a Bank		
–	Secured by first charge on entire movable fixed assets of the Company (present and future). Principal amount is repayable in 16 equal quarterly installments commencing from June 2013. Interest (Base rate set by Reserve Bank of India + 2%) is payable at beginning of next month on the outstanding loan balance.	1,102.87	–
–	Secured by first charge on entire movable fixed assets of the Company (present and future). Principal amount is repayable in 60 equal monthly installments commencing from August 2013, Interest (Base rate set by Reserve Bank of India + 2%) is payable at beginning of next month on the outstanding loan balance.	4,002.13	–
2	Secured by First ranking pari passu charge on all of the assets, including all immovable and movable properties of a subsidiary company, HGS International Services Private Limited (both present and future). Principal amount is repayable in 16 equal quarterly installments commencing from January 2014. Interest (I-Base + Spread) is payable at end of every month on the outstanding loan balance.	375.00	–
3	Secured by way of charge on all assets of a subsidiary company, HGS Inc., USA. The term loan is repayable in quarterly installments beginning March 31, 2012. The facility matures on March 31, 2017. The rate of interest is 6 month USD LIBOR +3.5% p.a.	8,957.03	12,208.80
4	Secured by way of charge on all assets of a subsidiary company, HGS Canada Inc. The term loan is repayable in quarterly installments beginning December 26, 2012. The term loan matures in full on September 26, 2018. The rate of interest is six month Canadian Dollar bankers acceptance ('CDOR') plus applicable margin. The loan was obtained in two tranches, A and B. Margin for Tranche A is 3.80% per year and for Tranche B is 3.50% per year. Also refer Note 42.	20,264.21	23,443.49

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2013	As at 31.03.2012
5	Secured by way of charge on all assets of a subsidiary company, Hinduja Global Solutions Europe Limited. The loan is repayable in 16 equal quarterly installments beginning June 2011. The rate of interest is three months GBP LIBOR +2.75% p.a.	722.25	1,425.47
	Total	**35,423.49**	**37,077.76**

39. Loans repayable on demand from banks (Secured)

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2013	As at 31.03.2012
1	Secured by first paripassu charge on entire current assets of the Company both present and future and second paripassu charge on entire movable fixed assets of the Company both present and future (excluding vehicles/ equipment acquired under hire purchase) Interest rate range from 10.25% to 11.75% p.a.	531.83	9,286.21
2	Secured by First ranking pari passu charge on all of the assets, including all immovable and movable properties of a subsidiary, HGS International Services Private Limited (both present and future). Present Interest rate is 12.60% p.a	142.05	–
3	Secured by all the assets of a subsidiary, Hinduja Global Solutions UK Limited Interest rate 3.00% over 3 months GBP LIBOR p.a.	1,001.79	14.08
	Total	**1,675.67**	**9,300.29**

40. Effective October 8, 2012, Hinduja Global Solutions Inc, has executed an Asset Purchase Agreement with Deloitte Consulting Extended Business Services LLC (“EBOS”) comprising of Accounts receivable processing services and insurance eligibility verification services for a consideration of USD 8,350,000 (equivalent ₹ 4391.82 lacs).

41. Exceptional Item represents net claims receivable writtten-off consequent to settlement of dispute with a bank.

42. Hinduja Global Solutions Inc, (‘HGSI’), a step-down subsidiary of the Company, has entered into a credit agreement with ICICI Bank, Canada for providing a Canadian dollar term loan facility. The credit agreement contains various provisions and covenants including maintaining certain financial ratios as at the testing date specified therein. HGSI and ICICI Bank have mutually agreed to amend the terms and conditions of the credit agreement relating to covenant testing period and pursuant to the letter dated May 14, 2013 issued by ICICI Bank, the first covenant testing period would be June 30, 2013.

43. Minority Interest represents preferred stock issued by an overseas subsidiary.

44. In view of acquisition referred in Note 40 above and in view of the acquisition of HGS Canada Inc. (formerly Online Support Inc.) effective August 2, 2011 and HGS Business Services Private Limited (formerly HCCA Business Services Private Limited) effective August 12, 2011, the current year figures are not comparable with the corresponding previous year’s figures.

45. Previous Year’s figures have been regrouped/ rearranged, wherever considered necessary, to conform to current year’s classification.

Signature to Notes

For Price Waterhouse
Firm Registration No: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership No: 055913

Place : Mumbai
Date : May 28, 2013

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager
Place : New York

Ramkrishan P. Hinduja
Chairman
Place : Mumbai

Anil Harish
Director
Place : Mumbai

Srinivas Palakodeti
Chief Financial Officer
Place : New York

Kanti Mohan Rustagi
EVP-Legal and Company Secretary
Place : Mumbai

Date : May 28, 2013

SECTION 212 STATEMENT

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

(₹ in Lacs)

Sr. No.	Name of Subsidiary Company	Functional Currency	Conversion Rate	Paid Up Capital	Reserves	Total Assets	Total Liabilities	Investments (except in case of investment in the subsidiary)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after Taxation	Proposed Dividend
1	HGS International, Mauritius	USD	B/S 54.2850 P/L 54.4450	17,650.35	72,365.17	90,198.15	182.63	Nil	2,976.54	2,004.55	65.27	1,939.28	Nil
2	HGS International Services Private Limited (formerly known as Hinduja Outsourcing Solutions India Private Limited)	INR	–	107.00	3,681.41	5,098.08	1,309.67	Nil	6,771.51	2,648.55	529.92	2,118.63	95.00
3	HGS Business Services Private Limited (formerly known as HCCA Business Services Private Limited)	INR	–	5.29	1,847.29	2,558.45	705.87	Nil	3,919.87	521.91	177.44	344.47	Nil
4	Hinduja Global Solutions Inc., U.S.A.	USD	B/S 54.2850 P/L 54.4450	6,935.70	(15,835.50)	78,343.30	87,243.10	Nil	245.76	(1,607.84)	*328.84	(1,936.68)	Nil
5	HGS Properties LLC.U.S.A.	USD	B/S 54.2850 P/L 54.4450	–	790.52	4,819.79	4,029.27	Nil	814.68	599.14	–	599.14	Nil
6	HGS Canada Holdings LLC, U.S.A.	USD	B/S 54.2850 P/L 54.4450	14,960.95	0.01	14,960.94	–	Nil	–	–	–	–	Nil
7	HGS Canada Inc., Canada (formerly known as Online Support Inc.)	CAD	B/S 53.3566 P/L54.2436	14,071.43	(1,137.03)	50,797.18	37,862.78	Nil	39,494.31	(1,377.03)	(391.62)	(985.41)	Nil
8	HGS EBOS LLC, U.S.A.	USD	B/S 54.2850 P/L 54.4450	–	(843.07)	6,097.20	6,940.27	Nil	3,174.47	(845.55)	–	(845.55)	Nil
9	HGS (USA), LLC	USD	B/S 54.2850 P/L 54.4450	2,877.11	13,264.95	24,185.47	8,043.41	Nil	103,719.36	2,423.05	–	2,423.05	Nil
10	RMT LLC., U.S.A.	USD	B/S 54.2850 P/L 54.4450	0.54	(0.54)	–	–	Nil	–	–	–	–	Nil
11	Affina Company, Canada	USD	B/S 54.2850 P/L 54.4450	0.11	(3,263.85)	46.65	3,310.39	Nil	724.66	(113.42)	–	(113.42)	Nil
12	Hinduja Global Solutions Europe Limited, U.K.	GBP	B/S 82.5431 P/L 86.0456	793.55	(689.25)	10,949.27	10,844.97	Nil	514.29	(15.28)	–	(15.28)	Nil
13	Hinduja Global Solutions UK Limited, U.K. (formerly known as Careline Services Limited)	GBP	B/S 82.5431 P/L 86.0456	11.99	2,711.88	6,819.37	4,095.50	Nil	23,051.96	(203.81)	(32.14)	(171.67)	Nil
14	HGS Italy, S.A.R.L	EURO	B/S 69.6069 P/L 70.1374	6.96	79.62	151.20	64.62	Nil	253.40	106.76	(35.58)	71.18	Nil
15	HGS France S.A.R.L (formerly known as Hinduja TMT France S.A.R.L)	EURO	B/S 69.6069 P/L 70.1374	5.57	(224.36)	260.26	479.05	Nil	287.01	(90.45)	–	(90.45)	Nil
16	C–Cubed N.V, Curacao	USD	B/S 54.2850 P/L 54.4450	3.26	49.50	2,326.61	2,273.85	Nil	108.20	(2.88)	–	(2.88)	Nil
17	C–Cubed B.V, Netherlands	EURO	B/S 69.6069 P/L 70.1374	15.80	530.71	2,944.26	2,397.75	Nil	–	(202.61)	–	(202.61)	Nil
18	Customer Contact Centre Inc, Manila	PHP	B/S 1.3295 P/L 1.3114	1,329.50	1,596.10	2,931.38	5.78	Nil	–	(54.02)	–	(54.02)	Nil
19	HGS St. Lucia Limited, Saint Lucia	XCD	B/S 20.1056 P/L 20.1648	0.00	(12.18)	529.08	541.26	Nil	–	(12.22)	–	(12.22)	Nil
20	Team HGS Limited, Jamaica	JMD	B/S 0.5571 P/L 0.6011	0.01	0.77	757.93	757.15	Nil	655.15	3.34	2.50	0.84	Nil

Note:

* Represents Federal and State taxes assessed as per United States of America tax laws at a consolidated level.

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Members of Hinduja Global Solutions Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Hinduja Global Solutions Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
   (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
   (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
   (c) The reports on the accounts of the Branch offices audited under Section 228 by other auditors have been forwarded to us in accordance with Section 228(3)(c) and have been considered in preparing this Report;
   (d) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
   (e) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
   (f) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of The Act.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: 055913

Place : Mumbai
Date : May 28, 2013

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Hinduja Global Solutions Limited on the financial statements for the year ended March 31, 2013

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 4(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c),(d),(f) and (g)] of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax and employees' state insurance though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, wealth tax, service tax, customs duty, and excise duty which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2013 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax liability including interest and penalty, where applicable	1,336.31	Assessment Year 2007–2008	The Income Tax Appellate Tribunal
		1,162.44	Assessment Year 2008–2009	Addl. Commissioner of Income Tax

Also, refer Note 24(a)(A)(2) of the Financial Statement.

ANNEXURE TO THE AUDITORS' REPORT

x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.

xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.

xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.

xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.

xv. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to the Company.

xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short-term basis for long-term investment. The Company has borrowed ₹ 1,794.17 lacs on short term basis, which has been used for non-current assets.

xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.

xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.

xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.

xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: 055913

Place : Mumbai
Date : May 28, 2012

BALANCE SHEET

AS AT MARCH 31, 2013

(₹ in Lacs)

	Note	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,058.92	2,058.92
Reserves and Surplus	4	64,402.45	63,288.28
		66,461.37	65,347.20
Non–Current Liabilities			
Long–term borrowings	5	5,105.00	–
Deferred tax liabilities (Net)	30	545.56	582.86
Long term provisions	6	129.89	5.36
		5,780.45	588.22
Current Liabilities			
Short–term borrowings	7	8,031.83	13,061.45
Trade payables	8	4,148.59	3,325.63
Other current liabilities	9	5,953.73	4,764.67
Short term provisions	10	6,395.65	6,487.31
		24,529.80	27,639.06
TOTAL		**96,771.62**	**93,574.48**
ASSETS			
Non–current assets			
Fixed assets:			
– Tangible assets	11 A	18,198.04	19,267.44
– Intangible assets	11 B	1,020.56	1,129.62
– Capital work–in–progress		113.64	9.45
– Intangible assets under development		159.43	–
Non–current investments	12 A	44,775.38	43,447.25
Long term loans and advances	13	9,700.06	9,311.00
Other non–current assets	14	68.88	7.34
		74,035.99	73,172.10
Current assets			
Current investments	12 B	12.68	12.05
Trade receivables	15	12,792.32	9,531.37
Cash and Bank balances	16	2,036.86	1,746.93
Short–term loans and advances	17	2,124.69	2,996.32
Other current assets	18	5,769.08	6,115.71
		22,735.63	20,402.38
TOTAL		**96,771.62**	**93,574.48**

The accompanying notes are an integral part of these financial statements.
In terms of our report of even date.

For Price Waterhouse
Firm Registration No: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership No: 055913

Place : Mumbai
Date : May 28, 2013

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager
Place : New York

Ramkrishan P. Hinduja
Chairman
Place : Mumbai

Anil Harish
Director
Place : Mumbai

Srinivas Palakodeti
Chief Financial Officer
Place : New York

Kanti Mohan Rustagi
EVP-Legal and Company Secretary
Place : Mumbai

Date : May 28, 2013

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

	Note	Year ended 31.03.2013	Year ended 31.03.2012
Revenue from operations	19	70,341.39	63,135.01
Other Income	20	1,750.09	1,417.05
Total Revenue		**72,091.48**	**64,552.06**
EXPENSES			
Employee Benefit Expense	21	45,237.41	41,299.93
Finance costs	22	1,730.88	1,102.10
Depreciation and Amortisation Expenses	11 C	3,860.38	3,613.70
Other Expenses	23	12,981.65	11,314.92
Total Expenses		**63,810.32**	**57,330.65**
Profit before exceptional item and tax		**8,281.16**	**7,221.41**
Exceptional Item	37	528.67	–
Profit before tax		**7,752.49**	**7,221.41**
Tax expense			
Current tax [Net of reversal of prior year's provision ₹ Nil (Previous Year: ₹ 487.08 Lacs)]	38	2,388.66	1,212.66
Deferred tax [Net of reversal of prior year's provision ₹ Nil (Previous Year: ₹ 253.00 Lacs)]		(37.30)	(252.76)
Profit for the year		**5,401.13**	**6,261.51**
Earnings per share	29		
– Basic (Rupees)		26.23	30.41
– Diluted (Rupees)		26.23	30.41
(Face value of Equity Share ₹ 10/– each)			

The accompanying notes are an integral part of these financial statements.
In terms of our report of even date.

For Price Waterhouse
Firm Registration No: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership No: 055913

Place : Mumbai
Date : May 28, 2013

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager
Place : New York

Ramkrishan P. Hinduja
Chairman
Place : Mumbai

Anil Harish
Director
Place : Mumbai

Srinivas Palakodeti
Chief Financial Officer
Place : New York

Kanti Mohan Rustagi
EVP-Legal and Company Secretary
Place : Mumbai

Date : May 28, 2013

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

			Year Ended 31.03.2013	Year Ended 31.03.2012
A	**Cash Flow from Operating Activities :**			
	Profit before tax		7,752.49	7,221.41
	Adjustments for :			
	Depreciation/ Amortisation		3,860.38	3,613.70
	Profit on Sale of Long–term Investment		–	(288.00)
	Profit on Sale of Assets (net)		(6.93)	–
	Bad Debts/ Advances Written off		7.43	–
	Provisions for Doubtful Debts/ Advances		4.81	–
	Liabilities/ Provisions no longer required written–back		(363.53)	(204.83)
	Loss on Sale of Assets (net)		–	3.37
	Fixed Assets Written Off		16.80	–
	Interest Income		(146.27)	(72.14)
	Dividend from Current Investment		(0.63)	(0.55)
	Interest Expense		1,730.88	1,102.10
	Unrealised Foreign Exchange (Gain)/ Loss (Net)		36.54	1.95
	Dividend from Subsidiaries		(95.12)	(95.00)
	Provision for Gratuity and Compensated Absences		122.46	(164.66)
	Operating Profit before working capital changes		12,919.31	11,117.35
	Adjustments for :			
	Trade and Other receivables		(2,479.16)	(3,253.42)
	Trade and Other payables		1,478.71	1,316.30
			(1,000.45)	(1,937.12)
	Operating Profit after working capital changes		11,918.86	9,180.23
	Direct Taxes Paid		(2,135.09)	(2,039.11)
	Net Cash from/ (used in) Operating Activities	**(A)**	**9,783.77**	**7,141.12**
B	**Cash Flow from Investing Activities :**			
	Purchase of Fixed Assets		(3,049.37)	(5,084.22)
	Sale of Fixed Assets		54.94	43.20
	Investment in a subsidiary		(1,200.00)	(3,850.62)
	Investments Made – Others		(128.76)	(177.52)
	Investments Sold – Others		–	328.00
	Interest Income		155.14	56.41
	Dividend from Subsidiaries		95.00	–
	Dividend from Current Investment		0.63	0.55
	Net Cash from/ (used in) Investing Activities	**(B)**	**(4,072.42)**	**(8,684.20)**

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2013

(₹ in Lacs)

		Year Ended 31.03.2013	Year Ended 31.03.2012
C Cash Flow from Financing Activities :			
Proceeds/(Repayment) from/of Long–term borrowings		6,088.33	(900.00)
Proceeds/(Repayment) from/of Short–term borrowings		(5,029.62)	7,751.85
Dividend Paid and tax thereon		(4,766.78)	(4,782.17)
Interest Expense		(1,679.46)	(1,117.34)
Net Cash from/ (used in) Financing Activities	**(C)**	**(5,387.53)**	**952.34**
Net Increase/ (Decrease) in Cash and Cash Equivalents	(A + B + C)	323.82	(590.74)
Cash and Cash Equivalents as at the beginning of the year		1,690.05	2,280.79
Cash and Cash Equivalents as at the end of the year		**2,013.87**	**1,690.05**
		As at 31.03.2013	**As at 31.03.2012**
Cash and Cash Equivalents comprise :			
Cash on Hand		3.23	3.22
Balances with banks			
– Current Accounts		1,138.82	717.31
– Deposit Accounts		797.70	948.64
– EEFC (Exchange Earners’ Foreign Currency Account)		74.12	20.88
		2,013.87	**1,690.05**

Notes :

1. The above cash flow statement has been prepared under the “Indirect Method” as set out in the Accounting Standard–3 on Cash Flow Statement.
2. Previous Year’s figures have been regrouped/ rearranged, wherever necessary, to conform to the current year’s classification.

In terms of our report of even date.

For Price Waterhouse
Firm Registration No: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership No: 055913

Place : Mumbai
Date : May 28, 2013

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager
Place : New York

Ramkrishan P. Hinduja
Chairman
Place : Mumbai

Anil Harish
Director
Place : Mumbai

Srinivas Palakodeti
Chief Financial Officer
Place : New York

Kanti Mohan Rustagi
EVP-Legal and Company Secretary
Place : Mumbai

Date : May 28, 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. General Information

Hinduja Global Solutions Limited ("HGS"), is engaged in Business Process Management. HGS with its subsidiaries offer voice and non–voice based services such as contact centre solutions and back office transaction processing across North America, Europe and Asia. HGS is a public limited company, listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

2. Significant Accounting Policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under historial cost convention on accrual basis. These financial statements have been prepared to comply with the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 ('the Act') and the relevant provisions of the Act.

2.2 Use of Estimates

The preparation of the financial statements in conformity with the Generally Accepted Accounting Principles in India requires Management to make estimates and assumptions considered in the reported amount of assets and liabilities (including contingent liabilities) and the reported Income and Expenses during the year. The Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Future results could defer than these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

2.3 Fixed Assets

a) **Tangible Assets**

Tangible Assets are stated at cost of acquisition less accumulated depreciation/ impairment losses, if any. Cost comprises of cost of acquisition, cost of improvements and any attributable cost of bringing the asset to its working condition for intended use.

Subsequent expenditures related to an item of tangible assets are added to its book value only if they increase the future benefits from the existing assets beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of tangible assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on assets for own use is provided on Straight Line Method on pro–rata basis at the rates prescribed under Schedule XIV to the Act, except for leasehold land and building and leasehold improvements, which are amortised over the period of the lease. Assets costing less than ₹ 5,000 each are depreciated fully in the year of acquisition.

Assets given to employees on contractual obligations are depreciated to the extent of 50% of the value over a period of four years, at the end of which these assets are transferred to the respective employees at the residual book value.

b) **Intangible Assets**

Intangible Assets are stated at cost of acquisition less accumulated amortisation/ impairment losses, if any.

Computer Software having benefit of more than one year is capitalised and amortised over a period of 3 to 6 years. Non–compete fees is amortised over a period of non–compete agreement (i.e. five years).

Gains or Losses arising from the retirement or disposal of intangible assets are determined as the difference between the net disposal proceeds and the carrying amount of asset and recognised as income or expense in the Statement of Profit and Loss.

2.4 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.5 Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long–term investments. Current investments are carried at cost or fair value, whichever is lower. Long–term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.7 Foreign Currency Translations

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non–monetary items, which are carried in terms of historical cost, denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non–monetary items, which are carried at fair value or other similar valuation, denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All foreign currency monetary assets and liabilities as at Balance Sheet date are translated at the exchange rate prevailing on the Balance Sheet date. With respect to foreign exchange difference on long–term foreign currency monetary items, the Company has adopted the following policy from April 1, 2011 onwards:

a. Foreign exchange difference relating to the acquisition of a depreciable asset is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.

b. In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

A monetary asset or liability is termed as a long–term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

Translation of foreign operations

Foreign operations are classified as either 'integral' or 'non–integral' operation. Exchange differences arising on a monetary item that, in substance, forms part of an enterprise's net investment in a non–integral foreign operation are accumulated in the "Cumulative Foreign Currency Translation Reserve" until the disposal of the net investment, at which time they are recognised as income or as expenses.

In case of integral foreign operations, all revenue and expense transaction reflected in the Statement of Profit and Loss have been translated into Indian Rupees at an average exchange rate. Monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date. The non–monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. The net foreign exchange gain/ loss are recognised in Statement of Profit and Loss.

Forward Exchange Contracts

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or losses arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

In accordance with its risk management policies and procedures, the Company uses derivative instruments such as foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecasted transactions. The derivatives that qualify for hedge accounting and designated as cash flow hedges are initially measured at fair value and are re–measured at a subsequent reporting date and the changes in the fair value of the derivatives i.e. gain or loss is recognised directly in Shareholders' Funds under hedging reserve account to the extent considered highly effective. Gain or loss on derivative instruments that either does not qualify for hedge accounting or not designated as cash flow hedges or designated cash flow hedges to the extent considered ineffective are recognised in Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires, sold, terminated, or exercised, or no longer qualifies for hedge accounting. The cumulative gain or loss on the hedging instrument recognised in Shareholders' Funds under hedging reserve account is retained there until the forecasted transaction occurs subsequent to which the same is adjusted against the related transaction in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Shareholders' Funds is transferred to the Statement of Profit and Loss in the same period.

2.8 Revenue Recognition

a. In Contact Centre Activity, revenue is recognised as the related services are performed, based on actual utilisation or minimum utilisation level, as appropriate, specified in the agreements.

   In Claim Processing Activity, revenue is recognised based on number of claims processed, at contractual rates.

   In respect of other services, revenue is accrued as per terms of specific contracts once the related services are rendered.

   In cases where services are rendered to customers during the year but invoices are yet to be raised at the year end, revenue is accrued and classified under 'Other Current Assets – Note 18'.

b. Interest income is accounted on accrual basis and dividend income is accounted on right to receipt basis.

c. In respect of other heads of income, the Company follows the practice of accounting of such income on accrual basis.

2.9 Employee Benefits

(i) Defined Contribution Plan

The Company has Defined Contribution plans for post employment benefits namely Provident Fund, Superannuation Fund and other funds.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund applicable to certain employees, constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company makes contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

There are contributory plans at certain overseas branches of the Company and contributions are made as per their policies/ local regulations.

The Company's contributions to the above funds are charged to revenue every year.

(ii) Defined Benefit Plan

The Company provides for retirement benefits in the form of gratuity for all its employees in India and pension benefit plan at certain foreign branches. The gratuity scheme is funded through Group Gratuity Policy with Life Insurance Corporation of India ('LIC'). The pension benefit plan at certain foreign branches is funded for certain employees through payment in trustee administered funds as determined by periodic actuarial calculation.

The liability for the defined benefit plan of Gratuity and Pension is determined on the basis of an actuarial valuation carried out by an independent actuary at the year–end using Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Statement of Profit and Loss as income or expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(iii) Other Employee Benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

(iv) Termination benefits

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

2.10 Taxation

a. Provision for Income Tax is made after considering exemptions and deductions available under the Income Tax Act, 1961, of India and legal advice from time to time. Provisions for Income Tax in respect of overseas branches are made as per the tax laws applicable to the relevant country.

b. Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

c. Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

2.11 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.12 Leases

As Lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight–line basis over the period of the lease.

2.13 Accounting for Employee Stock Options

Stock options granted to employees under the Employee Stock Option Scheme are accounted as per the accounting treatment prescribed by Employee stock option scheme and Employee stock purchase Guidelines, 1999, issued by Securities and Exchange Board of India ('SEBI') and Guidance Note on Accounting for Employee Share–based Payments issued by the Institute of Chartered Accountants of India.

2.14 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short–term highly liquid investments with maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

3 Share Capital

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Authorised:		
25,000,000 (Previous Year – 25,000,000) Equity Shares of ₹ 10 each	2,500.00	2,500.00
	2,500.00	**2,500.00**
Issued, Subscribed and Paid up:		
20,589,223 (Previous Year – 20,589,223) Equity Shares of ₹ 10 each, fully paid–up	2,058.92	2,058.92
	2,058.92	**2,058.92**

a. **Rights, preferences and restrictions attached to equity shares:**

The Company has one class of Equity Shares having a par value of ₹ 10 each. Each Shareholder is eligible for one vote per share held.

The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend.

In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

b. **Number of shares reserved for issue under the Employee Stock Option Plan**

Particulars	As at 31.03.2013	As at 31.03.2012
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	149,515	169,015
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	243,170	270,600

Refer Note 36 for details.

c. **The details of Shareholder holding more than 5%**

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	Number of Shares	% held	Number of Shares	% held
Aasia Management and Consultancy Private Limited	5,748,541	27.92	5,224,729	25.38
Aasia Management and Consultancy Private Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Aasia Exports)	1,724,490	8.38	1,497,202	7.27
Aasia Management and Consultancy Private Limited Jointly with Hinduja Realty Ventures Limited (as the demat account holder and partners of Aasia Corporation)	2,177,809	10.58	2,056,900	9.99
Amas Mauritius Limited	2,761,427	13.41	2,761,427	13.41
Credit Suisee (Singapore) Limited	1,894,810	9.20	1,894,810	9.20

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4 Reserves and Surplus

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Securities Premium Account		
As per last Balance Sheet	181.27	181.27
General Reserve		
As per last Balance Sheet	51,409.21	50,783.06
Add: Transfer from Statement of Profit and Loss	540.11	626.15
	51,949.32	**51,409.21**
Hedging Reserve Account		
As per last Balance Sheet	(262.51)	–
Add/ (Less): Adjustment for the year	515.28	(262.51)
	252.77	**(262.51)**
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	11,960.31	11,095.50
Add: Profit for the year	5,401.13	6,261.51
Less: Proposed Dividend *	4,117.84	4,117.84
Less: Dividend Tax (net)	684.40	652.71
Less: Transfer to General Reserve	540.11	626.15
	12,019.09	**11,960.31**
	64,402.45	**63,288.28**

* During the year ended March 31, 2013 and March 31, 2012, the amount of per share dividend proposed as distribution to Equity Shareholder was ₹ 20 and recognised in respective years

5 Long–term borrowings (Secured)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Term Loan from a Bank – Secured by first charge on entire movable fixed assets of the Company (present and future). Principal amount is repayable in 16 equal quarterly installments commencing from June 2013. Interest (Base rate set by Reserve Bank of India + 2%) is payable at beginning of next month on the outstanding loan balance.	1,102.87	–
– Secured by first charge on entire movable fixed assets of the Company (present and future). Principal amount is repayable in 60 equal monthly installments commencing from August 2013, Interest (Base rate set by Reserve Bank of India + 2%) is payable at beginning of next month on the outstanding loan balance.	4,002.13	–
	5,105.00	**–**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

6 Long term provisions

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Provision for Employee Benefits:		
– Pension	–	5.36
Other Provision (Refer Note 31)	129.89	–
	129.89	**5.36**

7 Short–term borrowings

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Secured:		
Loans repayable on demand from banks [Cash Credit] [Secured by first paripassu charge on entire current assets of the Company both present and future and second paripassu charge on entire movable fixed assets of the Company both present and future (excluding vehicles/ equipment acquired under hire purchase)]	531.83	9,286.21
Unsecured:		
Other loans and advances from Banks towards:		
– Packing Credit Facilities	–	3,094.28
– Bill Discounting Facilities	–	680.96
– Commercial Paper (Maximum amount outstanding during the year ₹ 7,500.00 Lacs)	7,500.00	–
	8,031.83	**13,061.45**

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
8 Trade payables (Refer Note 34)	4,148.59	3,325.63
	4,148.59	**3,325.63**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

9 Other current liabilities

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Current maturities of long–term debt	983.33	–
Interest accrued but not due on borrowings	61.90	–
Interest accrued and due on borrowings	–	10.49
Unpaid Dividend *	21.17	17.50
Others :		
– Advance from customers	30.23	29.14
– Statutory dues including Provident Fund and Tax deducted at Source	721.69	622.07
– Employee benefits payable	2,066.54	1,927.03
– Payable for Capital Purchases	1,879.33	1,897.39
– Other Payables	189.54	261.05
	5,953.73	**4,764.67**

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205(c) of the Companies Act, 1956.

10 Short term provisions

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Provision for Employee Benefits:		
– Compensated Absences	955.55	826.29
– Gratuity/ Pension	637.76	639.20
Others:		
– Provision for Mark–to–Market losses on Derivatives [Refer Note 32]	–	251.27
– Proposed Dividend	4,117.84	4,117.84
– Dividend tax	684.50	652.71
	6,395.65	**6,487.31**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

11 FIXED ASSETS

A Tangible Assets

(₹ in Lacs)

	Land	Leasehold Land	Buildings	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
Gross Block:										
As at 01.04.2011	100.97	232.97	2,775.78	2,343.02	3,448.85	131.27	2,751.56	11,454.26	9,268.59	32,507.27
Additions during the Year	–	38.20	–	–	900.59	21.11	78.89	2,055.49	1,354.65	4,448.93
Deductions	–	–	–	–	(19.17)	(21.92)	(3.12)	(244.80)	–	(289.01)
As at 31.03.2012	**100.97**	**271.17**	**2,775.78**	**2,343.02**	**4,330.27**	**130.46**	**2,827.33**	**13,264.95**	**10,623.24**	**36,667.19**
Additions during the Year	–	–	–	–	221.05	23.61	200.35	877.31	1,088.81	2,411.13
Deductions/ Adjustments	–	–	–	–	(30.68)	–	–	(383.98)	(88.48)	(503.14)
As at 31.03.2013	**100.97**	**271.17**	**2,775.78**	**2,343.02**	**4,520.64**	**154.07**	**3,027.68**	**13,758.28**	**11,623.57**	**38,575.18**
Depreciation:										
As at 01.04.2011	–	7.01	117.15	132.44	1,172.82	24.90	618.20	7,867.20	4,439.09	14,378.81
Charge for the year	–	2.49	45.25	39.39	267.79	13.15	137.18	1,586.43	1,174.17	3,265.85
Deductions	–	–	–	–	(12.83)	(1.56)	(0.91)	(229.61)	–	(244.91)
As at 31.03.2012	**–**	**9.50**	**162.40**	**171.83**	**1,427.78**	**36.49**	**754.47**	**9,224.02**	**5,613.26**	**17,399.75**
Charge for the year	–	2.75	45.25	39.39	361.21	20.69	139.40	1,445.95	1,361.99	3,416.63
Deductions/ Adjustments	–	–	–	–	(22.58)	–	–	(362.89)	(53.77)	(439.24)
As at 31.03.2013	**–**	**12.25**	**207.65**	**211.22**	**1,766.41**	**57.18**	**893.87**	**10,307.08**	**6,921.48**	**20,377.14**
Net Block:										
As at 31.03.2012	**100.97**	**261.67**	**2,613.38**	**2,171.19**	**2,902.49**	**93.97**	**2,072.86**	**4,040.93**	**5,009.98**	**19,267.44**
As at 31.03.2013	**100.97**	**258.92**	**2,568.13**	**2,131.80**	**2,754.23**	**96.89**	**2,133.81**	**3,451.20**	**4,702.09**	**18,198.04**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

B Intangible Assets

(₹ in Lacs)

	Computer Software	Non-Compete Fees	Total
Gross Block:			
As at 01.04.2011	1,635.99	–	1,635.99
Additions during the Year	509.38	143.00	652.38
Deductions	(2.62)	–	(2.62)
As at 31.03.2012	**2,142.75**	**143.00**	**2,285.75**
Additions during the Year	335.60	–	335.60
Deductions	(25.95)	–	(25.95)
As at 31.03.2013	**2,452.40**	**143.00**	**2,595.40**
Amortisation:			
As at 01.04.2011	808.43	–	808.43
Charge for the year	327.88	19.97	347.85
Deductions	(0.15)	–	(0.15)
As at 31.03.2012	**1,136.16**	**19.97**	**1,156.13**
Charge for the year	409.43	34.32	443.75
Deductions	(25.04)	–	(25.04)
As at 31.03.2013	**1,520.55**	**54.29**	**1,574.84**
Net Block:			
As at 31.03.2012	**1,006.59**	**123.03**	**1,129.62**
As at 31.03.2013	**931.85**	**88.71**	**1,020.56**

C Depreciation/ Amortisation for the year

(₹ in Lacs)

	Year ended 31.03.2013	Year ended 31.03.2012
Tangible Assets	3,416.63	3,265.85
Intangible Assets	443.75	347.85
Total	**3,860.38**	**3,613.70**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

12 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2013		As at 31.03.2012	
			Quantity Nos.	Amount (₹ in Lacs)	Quantity Nos.	Amount (₹ in Lacs)
[A]	**Non-Current Investments:**					
(i)	**Investment in Equity Instruments:**					
	In Wholly Owned Subsidiaries (Long-term, Unquoted and Trade):					
	HGS International, Mauritius	USD 1	32,514,228	38,880.28	32,514,228	38,880.28
	HGS International Services Private Limited, India (formerly Hinduja Outsourcing Solutions India Private Limited)	₹ 10	950,000	95.00	950,000	95.00
	HGS Business Services Private Limited, India (formerly HCCA Business Services Private Limited)	₹ 10	52,932	3,850.62	52,932	3,850.62
	Others (Long-term, Unquoted and Non-Trade):					
	Ashley Airways Limited	₹ 10	750,000	75.00	750,000	75.00
(ii)	**Investment in Preference Shares:**					
	In Wholly Owned Subsidiaries (Long-term, Unquoted and Trade):					
	HGS International Services Private Limited, India (formerly Hinduja Outsourcing Solutions India Private Limited)	₹ 10	120,000	1,200.00	–	–
(iii)	**Other Non- Current Investments (Long-term, Unquoted and Non-Trade):**					
	Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]			674.48		546.35
	Aggregate Value of Unquoted Non-Current Investments			**44,775.38**		**43,447.25**
[B]	**Current Investment (Unquoted)**					
	Investment in Mutual Funds:					
	PNB Principal Cash Management Fund - Liquid Option - Institutional Plan-Dividend Reinvestment - Daily	₹ 1,000	145	1.44	135	1.36
	[N.A.V. per unit - ₹ 1,000.07 (Previous Year - ₹ 1,000.07)]					
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan)	₹ 10	95,065	11.24	90,775	10.69
	[N.A.V. per unit - ₹ 12.70 (Previous Year - ₹ 12.30)]					
	Aggregate Value of Unquoted Current Investments			**12.68**		**12.05**
	Aggregate Value of Unquoted Investments [A]+[B]			**44,788.06**		**43,459.30**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13 Long term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Capital Advances		
– Considered Good	48.80	27.85
– Considered Doubtful	11.85	11.85
	60.65	39.70
Less: Provision for Doubtful Debts	(11.85)	(11.85)
	48.80	27.85
Security Deposits	2,011.52	1,649.18
Loans and Advances to related parties #	3,990.26	3,976.98
Other loans and advances:		
– MAT Credit Entitlement	–	570.81
– Balance with Government Authorities	633.08	633.08
– Advance Tax and Tax Deducted at Source [Net of Provision for Tax of ₹ 6,809.22 Lacs (Previous Year – ₹ 5,226.84 Lacs)]	2,966.11	2,409.39
– Fringe Benefit Tax [Net of Provision for Tax of ₹ 60.26 Lacs (Previous Year – ₹ 60.26 Lacs)]	17.16	21.16
– Prepaid expenses	23.95	18.94
– Miscellaneous	9.18	3.61
	9,700.06	**9,311.00**
# Includes receivable from following parties:		
Hinduja Ventures Limited [Refer Note 24(a)(A)(2)]	3,750.00	3,750.00
C–Cubed N.V.	22.49	21.08
C–Cubed B.V.	24.54	23.93
Hinduja Global Solutions Inc.	193.23	181.97
	3,990.26	**3,976.98**

* The provision for tax is net of utilisation of Minimum Alternate Tax Credit during the year ₹ 806.28 Lacs (Previous Year – ₹ 522.37 Lacs)

14 Other non–current assets

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Deposits with bank for Margin Money (Under Lien with Banks towards Guarantees issued by them on behalf of the Company)	68.88	7.34
	68.88	**7.34**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

15 Trade receivables (Unsecured)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Debts outstanding for a period exceeding six months from the date they are due for payment:		
– Considered Good	208.76	50.97
– Considered Doubtful	31.97	29.44
	240.73	80.41
Other Debts		
– Considered Good	12,583.56	9,480.40
– Considered Doubtful	0.10	–
	12,583.66	9,480.40
Less: Provision for Doubtful Debts	(32.07)	(29.44)
	12,792.32	**9,531.37**

16 Cash and Bank Balances

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Cash and Cash Equivalents:		
Balances with Banks in:		
– Current Accounts	1,138.82	717.31
– Deposit Accounts	797.70	948.64
– EEFC (Exchange Earners' Foreign Currency Account) [USD 136,537 (Previous Year – USD 41,051)]	74.12	20.88
Cash on Hand	3.23	3.22
	2,013.87	**1,690.05**
Other Bank Balances:		
– Earmarked balance with bank (Unpaid Dividend)	21.17	17.50
– Earmarked balance with bank (Unpaid Employee Bonus)	1.82	1.82
– Deposits with bank for Margin Money*	–	37.56
	22.99	**56.88**
	2,036.86	**1,746.93**

*Under Lien with Banks towards Guarantees issued by them on behalf of the Company

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

17 Short–term loans and advances

(Unsecured, Considered Good unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Loans and Advances to related parties#	112.84	258.48
Security Deposits	67.43	80.07
Other loans and advances:		
– MAT Credit Entitlement (Current portion)	357.44	592.91
– Balance with Government Authorities	63.70	105.27
– Employee loans and advances	177.54	171.85
– Advance to Vendors	418.89	292.39
– Loan to a third party	417.50	465.00
– Claim Receivable	–	682.11
– Prepaid expenses	299.14	172.30
– Others:		
– Considered good	210.21	175.94
– Considered doubtful	12.48	10.83
	222.69	186.77
Less: Provision for Doubtful Advances	(12.48)	(10.83)
	210.21	175.94
	2,124.69	**2,996.32**
# Includes receivable from following parties:		
HGS International Services Private Limited (formerly Hinduja Outsourcing Solutions India Private Limited)		
– Loan	–	150.00
– Others	31.78	7.87
Hinduja Global Solutions Inc.	9.58	48.97
HGS UK Limited (formerly Careline Services Limited)	3.59	25.59
Hinduja Global Solutions Europe Limited	0.35	–
HGS USA, LLC	35.37	19.38
Hinduja Business Services Private Limited (formerly HCCA Business Services Private Limited)	1.27	5.27
Team HGS Limited	29.53	1.40
HGS Canada Inc	1.37	–
	112.84	**258.48**

18 Other current assets

(Unsecured and Considered good)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Unbilled Revenue	5,303.45	5,943.67
Interest Accrued on Deposits/ Loans	68.18	77.04
Accrual for Mark–to–Market gain on Derivatives [Refer Note 32]	227.75	–
Dividend Receivable from a Subsidiary Company	95.12	95.00
Others	74.58	–
	5,769.08	**6,115.71**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

19 Revenue from operations

(₹ in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Sale of Services:		
Business Process Management	70,341.39	63,135.01
	70,341.39	**63,135.01**

20 Other Income

(₹ in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest Income	146.27	72.14
Dividend Income :		
– From Subsidiary (Non–current Investment)	95.12	95.00
– From Others (Current Investment)	0.63	0.55
Profit on Sale of long–term Investments	–	288.00
Profit on Sale of assets	6.93	–
Employment Generation Subsidy	107.79	–
Foreign Exchange Gain (Net)	855.94	515.84
Liabilities/ Provisions no longer required written–back	363.53	204.83
Other non–operating income	173.88	240.69
	1,750.09	**1,417.05**

21 Employee Benefit Expense

(₹ in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Salaries allowances and other benefits	42,175.67	38,255.28
Contribution to Provident and Other Funds	2,483.37	2,401.68
Unfunded Pension plan	–	27.61
Staff Welfare	578.37	615.36
	45,237.41	**41,299.93**

22 Finance Costs

(₹ in Lacs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest on:		
– Term Loan from a Bank	423.73	–
– Cash Credit and Other Loans	1,191.82	970.03
Other borrowing costs	115.33	132.07
	1,730.88	**1,102.10**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

23 Other Expenses

(₹ in Lacs)

		Year Ended 31.03.2013		Year Ended 31.03.2012
Power and Fuel		2,529.65		2,129.41
Rent (Refer Note 28)		2,997.34		2,357.88
Repairs and Maintenance – Leased premises		617.07		586.79
Repairs and Maintenance – Others		979.65		871.07
Insurance		138.66		108.56
Rates and Taxes		192.42		120.23
Directors' Sitting Fees		7.65		7.10
Payment to the Auditors:				
– as Auditors [including payment to Branch Auditors ₹ 25.94 Lacs (Previous Year: ₹ 19.98 Lacs)]		86.44		80.48
– for other services		2.00		1.00
– for reimbursement of expenses		1.96		0.94
Connectivity Cost		697.81		765.58
Advertisement and Business Promotion		141.95		115.81
Communication		396.31		394.15
Travelling, Conveyance and Car Hire Charges		923.49		898.06
Legal and Professional		1,436.38		1,030.48
Training and Recruitment		626.48		733.36
Commission		14.41		–
Donation		36.85		1.87
Software Expenses		138.40		33.89
Bad Debts/ Advances Written off	7.43		290.69	
Less: Provisions for Doubtful Debts/ Advances	–	7.43	(290.69)	–
Provisions for Doubtful Debts/ Advances		4.81		–
Loss on Sale of Assets (Net)		–		3.37
Asset Written Off		16.80		–
Miscellaneous Expenses		987.69		1,074.89
		12,981.65		**11,314.92**

24. a) Contingent Liabilities

A) Claims against the Company not acknowledged as debts:

(₹ in Lacs)

	Particulars	As at 31.03.2013	As at 31.03.2012
(i)	Service Tax demand raised by authorities against which appeal has been filed by the Company (Refer Note 1 below)	633.08	633.08
(ii)	Income Tax demand raised by authorities against which appeal has been filed by the Company	5,196.73	1,336.31
(iii)	Others (to the extent ascertainable)	1,124.15	694.64
(iv)	Other matters (Refer Note 2 below)	18,275.72	16,662.50

Notes:

1. The Company has deposited an amount of ₹ 633.08 Lacs (Previous year: ₹ 633.08 Lacs) with the service tax authorities, which is included in "Balance with Government Authorities – Note 13".

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

2. Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹18,275.72 Lacs (Previous Year: ₹16,662.50 Lacs) in respect of period prior to October 1, 2006 which is reimbursable by the Company pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ITES business into the Company sanctioned by High Court of Judicature of Bombay and made effective on March 7, 2007. In this regard, the Company has paid ₹ 3,750 Lacs (Previous Year: ₹ 3,750 Lacs) to Hinduja Ventures Limited to discharge part payment of disputed Income tax dues pertaining to IT/ ITES business, which is included in the 'Loans and Advances to related parties' under Note 13 – 'Long–term loans and advances'. Hinduja Ventures Limited has filed an appeal against the said demand. In view of Management and based on the legal advice obtained, the Company has strong case to succeed.

3. Future cash outflow in respect of above, if any, is determinable only on receipt of judgements/ decisions pending with relevant authorities.

B) Guarantees given in favour of:

– Zurich Services Corporation, Schaumburg to secure the performance of Hinduja Global Solutions Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Hinduja Global Solutions Inc. has contracted to perform certain services.

– California Physicians' Service dba Blue Shield of California to secure the performance of Hinduja Global Solutions Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Hinduja Global Solutions Inc. has contracted to perform certain services.

b) Capital and other commitments:

(i) Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account – ₹ 41.53 Lacs (Previous Year – ₹ 98.27 Lacs).

(ii) The Company has issued an Undertaking to provide need based financial support and is committed, if needed, to continue such support to meet the ongoing obligations of its following step–down subsidiaries.

i. Hinduja Global Solutions Inc.

ii. C–Cubed N.V.

iii. Hinduja Global Solutions Europe Limited

25. Disclosures in terms of Accounting Standard 15 (Revised 2005) 'Employee Benefits'.

The Company has classified various benefits provided to employees as under: –

I Defined Contribution Plans

a) Provident Fund

b) Superannuation Fund

c) State Defined Contribution Plans

i. Employers' Contribution to Employee's State Insurance

ii. Employers' Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss –

(₹ in Lacs)

	2012–2013	2011–2012
Employers' Contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	1,038.70	953.02
Employers' Contribution to Superannuation Fund*	6.90	1.97
Employers' Contribution to Employees' State Insurance *	555.92	581.84
Employers' Contribution to Other Employees' Benefit Scheme*	475.02	516.30

*Included in Contribution to Provident and Other Funds (Refer Note 21)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

II Defined Benefit Plan

Gratuity and Pension Plan

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was carried out in respect of the aforesaid defined benefit plan of gratuity and pension based on the following assumptions: –

	2012–2013	2011–2012
Discount Rate (per annum)	4.51% – 7.75%	6.86% – 8.00%
Rate of increase in Compensation levels	3.00% – 5.00%	4.50% – 5.00%
Rate of Return on Plan Assets	5.00% – 8.70%	8.00% – 8.60%

A) Changes in the Present Value of Defined Benefit Obligation

(₹ in Lacs)

	2012–2013			2011–2012		
	Gratuity	Pension		Gratuity	Pension	
	Funded	Funded	Unfunded	Funded	Funded	Unfunded
Balance at beginning of the year	484.18	1,231.89	96.77	377.10	944.77	69.16
Add/ (Less): Transfer as Funded Plan introduced for all employees at a foreign branch	–	96.77	(96.77)	–	–	–
Sub–total	484.18	1,328.66	–	377.10	944.77	69.16
Interest Cost	38.73	100.80	–	31.11	86.91	6.36
Current Service Cost	68.19	332.81	–	115.25	259.64	42.63
Benefits Paid [includes payment made by the Company ₹ 41.41 Lacs (Previous Year – ₹ 70.45 Lacs) and not claimed from Plan Assets]	(81.71)	(41.41)	–	(74.55)	(70.45)	–
Actuarial (gain)/ loss on obligations	59.52	283.16	–	35.27	11.02	(21.38)
Balance at end of the year	**568.91**	**2,004.02**	**–**	**484.18**	**1,231.89**	**96.77**

B) Changes in the Fair Value of Plan Assets

(₹ in Lacs)

	2012–2013		2011–2012	
	Gratuity	Pension	Gratuity	Pension
Balance at beginning of the year	331.16	837.12	324.90	228.50
Expected Return on Plan Assets	28.48	180.12	25.99	109.48
Contribution to the Plan Assets	153.02	219.20	52.26	446.52
Actuarial gain/ (loss) on obligations	4.19	263.59	2.56	52.62
Benefits Paid	(81.71)	–	(74.55)	–
Balance at end of the year	**435.14**	**1,500.03**	**331.16**	**837.12**
Actual return on Plan Assets	9.25%	23.00%	9.25%	11.74%

C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2013

The Plan Assets for Defined Benefit Plan in India are administered by Life Insurance Corporation of India ('LIC') as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority Regulations. In case of defined benefit plan at a foreign branch, the Plan Assets are administered by the Investment department of Deutsche Bank AG. The Plan Assets consists of investment in Government Bonds 71.93% (Previous Year: 89.28%), Cash and Cash Equivalents 1.27% (Previous Year: 0.40%), Corporate Bonds 0.88% (Previous Year: Nil) and Others 25.92% (Previous Year: 10.32%) for an amounts aggregating ₹ 1,500.03 Lacs (Previous Year ₹ 837.12 Lacs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

D) Amount recognised in the Balance Sheet

(₹ in Lacs)

	2012–2013		2011–2012		
	Gratuity	Pension	Gratuity	Pension	
	Funded	Funded	Funded	Funded	Unfunded
Present Value of Defined Benefit Obligation as at end of the year	568.91	2,004.02	484.18	1,231.89	(96.77)
Fair Value of Plan Assets as at end of the year	435.14	1,500.03	331.16	837.12	–
Asset/(Liability) recognised in the Balance Sheet	**(133.77)**	**(503.99)**	**(153.02)**	**(394.77)**	**(96.77)**
Recognised under:					
Long–term Provisions (Refer Note 6)	–	–	–	–	5.36
Short–term Provisions (Refer Note 10)	133.77	503.99	153.02	394.77	91.41

E) Expenses recognised in the Statement of Profit and Loss

(₹ in Lacs)

	2012–2013		2011–2012		
	Gratuity	Pension	Gratuity	Pension	
	Funded	Funded	Funded	Funded	Unfunded
Current Service Cost	68.19	332.81	115.25	259.64	42.63
Interest Cost	38.73	100.80	31.11	86.91	6.36
Expected Return on Plan Assets	(28.48)	(180.12)	(25.99)	(109.48)	–
Net actuarial (gain)/ loss recognised in the year	55.33	19.57	32.71	(41.60)	(21.38)
Total Expenses recognised in the Statement of Profit and Loss**	**133.77**	**273.06**	**153.08**	**195.47**	**27.61**

** Included in Employee Benefit Expense (Refer Note 21)

F) Experience Adjustments

(₹ in Lacs)

	2012–2013		2011–2012	
On Defined Benefit Obligation – Loss/ (Gain)	45.30	15.29	1.33	(35.52)
On Plan Assets – Loss/ (Gain)	(4.19)	(263.59)	(2.56)	(52.62)

G) Details of Defined Benefit Obligation, Plan Assets and Experience Adjustments

(₹ in Lacs)

Years	2010–2011		2009–2010		2008–2009	
Nature	**Gratuity**	**Pension**	**Gratuity**	**Pension**	**Gratuity**	**Pension**
Present Value of Obligation at the end of the year	377.10	1,013.93	321.03	604.91	210.98	605.84
Fair Value of Plan Assets at the end of the year	324.90	228.50	213.66	–	144.85	–
Surplus/ (Deficit)	(52.20)	(785.43)	(107.37)	(604.91)	(66.13)	(605.84)
Experience Adjustments on Defined Benefit Obligation – Loss/ (Gain)	125.88	(19.18)	(66.92)	(56.34)	(11.42)	3.96
Experience Adjustments on Plan Assets – Loss/ (Gain)	1.84	–	0.36	–	1.01	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

H) Expected Contribution for next year

(₹ in Lacs)

	2013–2014	2012–2013
Gratuity and Pension Plan	453.37	639.20

III The liability for compensated absences as at March 31, 2013 aggregates ₹ 955.55 Lacs (Previous Year – ₹ 826.29 Lacs).

26. Segment Information

In accordance with paragraph 4 of Accounting Standard 17 “Segment Reporting”, the Company has presented segmental information only on the basis of the Consolidated financial statements (Refer Note 26 of the Consolidated financial statements).

27. Related Party Disclosures (as identified by the Management)

I Individual having control with his relatives and associates

Mr. Ashok P. Hinduja

II Subsidiaries of Hinduja Global Solutions Limited (Includes step–down subsidiaries)

1. HGS International, Mauritius
2. HGS International Services Private Limited, India (formerly known as Hinduja Outsourcing Solutions India Private Limited)
3. HGS Business Services Private Limited, India (formerly known as HCCA Business Services Private Limited)
4. Hinduja Global Solutions Inc., U.S.A.
5. HGS Canada Inc., Canada (formerly known as Online Support Inc.)
6. C–Cubed B.V., Netherlands
7. C–Cubed N.V., Curacao
8. Customer Contact Centre Inc., Philippines
9. Hinduja Global Solutions Europe Limited, U.K.
10. Hinduja Global Solutions UK Limited, U.K. (formerly known as Careline Services Limited)
11. HGS France, S.A.R.L (formerly known as Hinduja TMT France, S.A.R.L)
12. HGS (USA), LLC
13. RMT L.L.C., U.S.A.
14. Affina Company, Canada
15. HGS St. Lucia Ltd, Saint Lucia
16. Team HGS Limited, Jamaica
17. HGS Properties LLC, U.S.A.
18. HGS Canada Holdings LLC, U.S.A.
19. HGS Italy, S.A.R.L
20. HGS EBOS LLC , U.S.A. (w.e.f. October 8, 2012)

III Key Management Personnel

Mr. Partha DeSarkar, Chief Executive Officer and Manager

IV Enterprises where common control exists

1. Hinduja Group India Limited
2. Aasia Management and Consultancy Private Limited
3. Hinduja Ventures Limited
4. IndusInd Media and Communication Limited
5. Hinduja Healthcare Private Limited

V Relatives of Key Management personnel

Mr. Pabitra DeSarkar

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The following details pertain to transactions carried out with the related parties in the ordinary course of business and the balances outstanding at the year–end:

(₹ in Lacs)

Nature of Transaction	Parties referred to in II above	Parties referred to in III and V above	Parties referred to in IV above	Total
Rendering of Services				
Hinduja Global Solutions Inc.	45,422.82 [37,937.30]	– [–]	– [–]	45,422.82 [37,937.30]
Others	1,841.23 [2,516.36]	– [–]	63.12 [–]	1,904.35 [2,516.36
Total	**47,264.05 [40,453.66]**	**– [–]**	**63.12 [–]**	**47,327.16 [40,453.66]**
Dividend Income				
HGS International Services Private Limited	95.12 [95.00]	– [–]	– [–]	95.12 [95.00]
Total	**95.12 [95.00]**	**– [–]**	**– [–]**	**95.12 [95.00]**
Interest Income				
HGS International Services Private Limited	76.29 [6.07]	– [–]	– [–]	76.29 [6.07]
Total	**76.29 [6.07]**	**– [–]**	**– [–]**	**76.29 [6.07]**
Rent Expense				
Aasia Management and Consultancy Private Limited	– [–]	– [–]	91.32 [76.80]	91.32 [76.80]
Mr. Pabitra DeSarkar	– [–]	3.13 [2.25]	– [–]	3.13 [2.25]
Total	**– [–]**	**3.13 [2.25]**	**91.32 [76.80]**	**94.45 [79.05]**
Professional Fees				
Hinduja Group India Limited	– [–]	– [–]	179.50 [155.80]	179.50 [155.80]
Total	**– [–]**	**– [–]**	**179.50 [155.80]**	**179.50 [155.80]**
Connectivity Cost				
IndusInd Media and Communication Limited	– [–]	– [–]	4.23 [12.50]	4.23 [12.50]
Total	**– [–]**	**– [–]**	**4.23 [12.50]**	**4.23 [12.50]**
Consultancy charges				
Aasia Management and Consultancy Private Limited	– [–]	– [–]	54.27 [28.38]	54.27 [28.38]
Total	**– [–]**	**– [–]**	**54.27 [28.38]**	**54.27 [28.38]**
Executive Remuneration				
Mr. Partha DeSarkar	– [–]	134.16 [162.89]	– [–]	134.16 [162.89]
Total	**– [–]**	**134.16 [162.89]**	**– [–]**	**134.16 [162.89]**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Nature of Transaction	Parties referred to in II above	Parties referred to in III and V above	Parties referred to in IV above	Total
Advance Paid to Key Managerial Personnel				
Mr. Partha DeSarkar	– [–]	1.41 [–]	– [–]	1.41 [–]
Total	**– [–]**	**1.41 [–]**	**– [–]**	**1.41 [–]**
Advance payment for tax matters [Refer foot note 2 of Note 24(a)(A) above]				
Hinduja Ventures Limited	– [–]	– [–]	– [600.00]	– [600.00]
Total	**– [–]**	**– [–]**	**– [600.00]**	**– [600.00]**
Expenses reimbursed to Other Companies				
HGS Business Services Private Limited	2.04 [–]	– [–]	– [–]	2.04 [–]
HGS (USA), LLC	3.45 [45.28]	– [–]	– [–]	3.45 [45.28]
Hinduja Global Solutions Inc.	28.34 [136.01]	– [–]	– [–]	28.34 [136.01]
Total	**33.83 [181.29]**	**– [–]**	**– [–]**	**33.83 [181.29]**
Expenses reimbursed by Other Companies				
Hinduja Global Solutions UK Limited	26.90 [20.96]	– [–]	– [–]	26.90 [20.96]
HGS (USA), LLC	34.75 [18.04]	– [–]	– [–]	34.75 [18.04]
HGS Canada Inc.	31.78 [24.92]	– [–]	– [–]	31.78 [24.92]
Hinduja Global Solutions Inc.	41.03 [56.71]	– [–]	– [–]	41.03 [56.71]
HGS Business Services Private Limited	34.95 [–]	– [–]	– [–]	34.95 [–]
Team HGS Limited	29.66 [–]	– [–]	– [–]	29.66 [–]
Others	3.92 [10.97]	– [–]	– [–]	3.92 [10.97]
Total	**202.99 [131.60]**	**– [–]**	**– [–]**	**202.99 [131.60]**
Sale of Fixed Assets				
HGS International Services Private Limited	21.39 [–]	– [–]	– [–]	21.39 [–]
Total	**21.39 [–]**	**– [–]**	**– [–]**	**21.39 [–]**
Inter–Corporate Deposits given				
HGS International Services Private Limited	1,680.00 [382.00]	– [–]	– [–]	1,680.00 [382.00]
Total	**1,680.00 [382.00]**	**– [–]**	**– [–]**	**1,680.00 [382.00]**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Nature of Transaction	Parties referred to in II above	Parties referred to in III and V above	Parties referred to in IV above	Total
Repayment of Inter–Corporate Deposits				
HGS International Services Private Limited	1,830.00 [232.00]	– [–]	– [–]	1,830.00 [232.00]
Total	**1,830.00 [232.00]**	**– [–]**	**– [–]**	**1,830.00 [232.00]**
Receivable net of payable as at the year–end				
Hinduja Global Solutions Inc.	11,950.53 [9,107.94]	– [–]	– [–]	11,950.53 [9,107.94]
Hinduja Ventures Limited [Refer footnote 2 of Note 24(a)(A) above]	– [–]	– [–]	3,750.00 [3,750.00]	3,750.00 [3,750.00]
HGS (USA), LLC	544.55 [800.25]	– [–]	– [–]	544.55 [800.25]
HGS Business Services Private Limited	– [106.27]	– [–]	– [–]	– [106.27]
HGS International Services Private Limited	93.92 [290.76]	– [–]	– [–]	93.92 [290.76]
Mr. Partha DeSarkar	– [–]	1.41 [–]	– [–]	1.41 [–]
Others	132.54 [72.00]	2.50 [–]	4.53 [–]	139.57 [72.00]
Total	**12,721.54 [10,377.22]**	**3.91 [–]**	**3,754.53 [3,750.00]**	**16,479.98 [14,127.22]**
Payable net of Receivables as at year–end				
Customer Contact Centre Inc.	2,925.64 [2,659.91]	– [–]	– [–]	2,925.64 [2,659.91]
Others	– [–]	0.24 [0.23]	56.85 [10.01]	57.09 [10.24]
Total	2,925.64 [2,659.91]	0.24 [0.23]	56.85 [10.01]	2,982.73 [2,670.15]
Investments in Preference Shares				
HGS International Services Private Limited	1,200.00 [–]	– [–]	– [–]	1,200.00
Total	**1,200.00 [–]**	**– [–]**	**– [–]**	**1,200.00 [–]**
Investments in Equity Shares				
HGS International Services Private Limited	95.00 [95.00]	– [–]	– [–]	95.00 [95.00]
HGS Business Services Private Limited	3,850.62 [3,850.62]	– [–]	– [–]	3,850.62 [3,850.62]
HGS International	38,880.28 [38,880.28]	– [–]	– [–]	38,880.28 [38,880.28]
Total	**42,825.90 [42,825.90]**	**– [–]**	**– [–]**	**42,825.90 [42,825.90]**

Notes:

1. There are no transactions with parties referred in I above.
2. Figures in bracket pertain to the previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

28. Operating Leases

The details of non-cancellable operating leases are as follows:

(₹ in Lacs)

Particulars	Minimum Future Lease Rentals			Amount recognised during the year
	Due within one year	Due later than one year and not later than five years	Due after five years	
Office Premises	2,935.30 [2,543.39]	9,025.37 [8,849.00]	12,661.80 [13,605.58]	2,818.09 [2,176.28]

Figures in bracket pertain to the previous year.

The operating lease arrangement relating to office premises extend up to a non–cancellable period of twenty years from the respective dates of inception and are renewable on mutual consent/ at the option of lessee. In addition, the Company has entered into other various cancellable leasing arrangements for office and residential premises and towards which an amount of ₹ 179.25 Lacs (Previous Year - ₹ 181.60 Lacs) have been recognised in the Statement of Profit and Loss.

29. Earnings per Equity Share (Basic and Diluted)

	2012-2013	2011-2012
Profit After Tax (₹ in Lacs)	5,401.13	6,261.51
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,589,223	20,589,223
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A.	**20,589,223**	**20,589,223**
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	–	–
No. of shares for Diluted Earnings per share	**20,589,223**	**20,589,223**
Nominal Value of an equity share (₹)	10	10
Earnings per share (Basic) (₹)	**26.23**	**30.41**
Earnings per share (Diluted) (₹)	**26.23**	**30.41**

30. Break–Up of Deferred Tax Asset/ (Liability)

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
Deferred Tax Liability		
Depreciation on Fixed Assets	(856.80)	(816.02)
Total Deferred Tax Liability	**(856.80)**	**(816.02)**
Deferred Tax Asset		
Expenses allowed on payment basis	264.27	205.67
Provision for doubtful debts/ advances	19.17	16.91
Others	27.80	10.58
Total Deferred Tax Asset	**311.24**	**233.16**
Net Deferred Tax Liability	**(545.56)**	**(582.86)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

31. Provisions - Others

(₹ in Lacs)

Particulars	Indirect tax matters
Opening Provision	– [–]
Add: Additional provision during the year	129.89 [–]
Less: Provision utilised/ reversed during the year	– [–]
Closing Provision	**129.89 [–]**

Figures in bracket pertain to the previous year.

Provision represents estimates made for probable liabilities/ claims arising out of pending disputes/ litigation with statutory authorities. The outflow with regard to the said matter depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow.

32. Derivative instruments and unhedged foreign currency exposure

a) Derivatives Outstanding as at the reporting date

Particulars	Amount (USD)	Type	No. of Contracts	Contract Value (₹ in Lacs)
Forward contract in respect of firm commitment or highly probable forecasted transactions	33,500,000 [21,000,000]	Sell Sell	36 [27]	19,033.98 [10,669.51]

b) Mark–to–Market losses/ (gains) on outstanding derivatives

Particulars	2012–2013	2011–2012
Mark–to–market losses/ (gains) provided for	(227.75)	251.27

c) As at the Balance Sheet date, foreign currency receivable (net) that are not hedged by any derivative instrument or otherwise are as under:

Currency	Foreign Currency Amount	Amount (₹ in Lacs)
GBP	8,071 [30,757]	6.66 [25.05]
Euro	29,380 [35,258]	20.45 [23.93]
USD	16,662,911 [21,166,250]	9,045.46 [10,767.27]

Figures in bracket pertain to the previous year.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. The (gain)/loss recognised in hedging reserve in equity during the year amounts to ₹ (252.77) Lacs [Previous Year: ₹ 262.51 Lacs].

The ineffective portion recognised in the Statement of Profit and Loss that arises from cash flow hedges amounts to ₹ Nil (Previous Year: ₹ 0.26 Lacs).

Gains and losses recognised in the hedging reserve in equity (Note 4) on forward foreign exchange contracts as of March 31, 2013 would be recognised in the income statement in the period or periods during which the hedged forecast transaction affects the related transaction in the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

33. (a) Earnings in Foreign Exchange:

(₹ in Lacs)

Particulars	2012–2013	2011–2012
Business Process Management	25,966.22	21,675.73

(b) Expenditure in Foreign Currency:

(₹ in Lacs)

Particulars	2012–2013	2011–2012
Foreign Travel (including allowances)	20.48	36.78
Connectivity Cost	14.65	31.47
Others	118.18	85.60

(c) Value of Imports calculated on CIF basis:

(₹ in Lacs)

Particulars	2012–2013	2011–2012
Capital Goods	377.68	36.44

34. Disclosure Under Micro,Small and Medium Enterprises Development Act, 2006 (MSMED Act)

(₹ in Lacs)

Particulars	As at 31.03.13	As at 31.03.12
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.13	–
Interest due to suppliers registered under the MSMED Act and remaining unpaid	0.02	–
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.76	–
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered	–	–
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	–	–
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	–	–
Further interest remaining due and payable for earlier years	–	–

The above information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

35. Dividend Remitted in Foreign Currency

Particulars	2012–2013	2011–2012
Amount Remitted (₹ in Lacs)	557.22	560.72
Dividend related to financial year	2011–2012	2010–2011
Number of non–resident shareholders	22	23
Number of shares	2,786,082	2,803,582

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

36. The details of Employee Stock Option Plan [ESOP] of the Company are as follows:

Particulars	ESOP 2008	ESOP 2011
	The Shareholders of the Company at their Annual General Meeting held on September 27, 2008 granted approval to the HTMT Global Solutions Limited Employees Stock Option Plan 2008 (now Hinduja Global Solutions Employees Stock Option Plan 2008) ("ESOP 2008"). Subsequently, the Compensation Committee approved the terms and conditions relating to ESOP 2008 and options were granted on July 31, 2009.	The Shareholders of the Company at their Annual General Meeting held on August 1, 2011 granted approval to the Hinduja Global Solutions Employees Stock Option Plan 2011 ("ESOP 2011"). Subsequently, the Compensation Committee approved the terms and conditions relating to ESOP 2011 and options were granted on November 11, 2011.
Maximum grant of options	The maximum number of options that could be issued under ESOP 2008 is 205,380 (being 1% of the outstanding equity shares of the Company as at April 1, 2009).	The maximum number of options that could be issued under ESOP 2011 is 308,838 (being 1.5% of outstanding paid up capital of the Company at the beginning of the year).
Vesting Period	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest on the first anniversary of the grant date. - 1/3rd of the options granted will vest on the second anniversary of the grant date. - 1/2 of the options granted will vest on the third anniversary of the grant date.	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest at the end of one year from the grant date. - 1/6th of the options granted will vest at the end of 18 months from the grant date. - 1/6th of the options granted will vest at the end of 24 months from the grant date. - 1/4th of the options granted will vest at the end of 30 months from the grant date. - 1/4th of the options granted will vest at the end of 36 months from the grant date.
Exercise Period	Options vested with an employee will be exercisable prior to completion of the 48th month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.	Options vested with an employee will be exercisable prior to completion of the 24th month from the date of vesting of options by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise Price	₹ 400.10 per share The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.	₹ 340.20 per share The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Particulars	ESOP 2008	ESOP 2011
Method of Accounting and Intrinsic Value	The compensation costs of stock options granted to employees are accounted using the intrinsic value method. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. In view of exercise price being equal to closing market price on the day prior to the date of the grant, the intrinsic value of the option is ₹ Nil.	The compensation costs of stock options granted to employees are accounted using the intrinsic value method. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. In view of exercise price being equal to closing market price on the day prior to the date of the grant, the intrinsic value of the option is ₹ Nil.
Fair Value and Model Used	₹ 178.04 per option. The fair value of stock option has been calculated using Black–Scholes Option Pricing Model.	₹ 101.21 per option. The fair value of stock option has been calculated using Black–Scholes Option Pricing Model.
Grant/ Re–grant of Options under the Scheme	The Compensation Committee on June 1, 2011 approved the re–grant of lapsed options under ESOP 2008, which were subsequently granted to specific employees on the said date. The number of stock options granted during the year Nil (Previous year: 33,160) at an exercise price of ₹ 400.65 per share Stock Options. The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant. The Intrinsic value is Nil and fair value of stock options determined using Black – Scholes Option Pricing model is ₹ 161.45 per option. The term for vesting and exercise period are as stated above.	The Compensation Committee on June 28, 2012 approved the further grant of options under ESOP 2011, which were subsequently granted to specific employees on the said date. The number of stock options granted during the year is 5,000 (Previous Year: Nil) at an exercise price of ₹ 340.25 per share Stock Options. The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant. The Intrinsic value is Nil and fair value of stock options determined using Black – Scholes Option Pricing model is ₹ 83.28 per option. The term for vesting and exercise period are as stated above.

The details of options granted are as follows:

	ESOP 2008		ESOP 2011	
Particulars	**2012–13**	**2011–12**	**2012–13**	**2011–12**
Outstanding at the beginning of the year	169,015	172,220	270,600	–
Granted during the year	–	–	5,000	274,100
Re–granted during the year	–	33,160	–	–
Lapsed during the year	19,500	36,365	32,430	3,500
Exercised/ Allotted during the year	–	–	–	–
Outstanding at the end of the year	149,515	169,015	243,170	270,600
Exercisable at the end of the year	121,883	67,928	38,107	–
Weighted Average remaining life in years	1.58	2.47	2.61	3.61

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by ₹ 118.88 Lacs (Previous Year - ₹ 85.15 Lacs), Profit After Tax and the basic and diluted earning per share would have been lower by ₹ 118.88 Lacs (Previous Year – ₹ 85.15 Lacs) and Re. 0.58 (Previous Year - Re. 0.41), respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

37. Exceptional Item represents net claims receivable writtten-off consequent to settlement of dispute with a bank.

38. Current tax includes provision for tax of ₹ 304.20 Lacs (Previous Year: ₹ 256.36 Lacs) pertaining to overseas branches which is determined as per the laws applicable in the relevant country.

39. Loans and advances in the nature of loans to subsidiaries

(₹ in Lacs)

	2012–13	2011–12
HGS International Services Private Limited	–	150.00
Maximum amounts outstanding at any time during the year	1,304.63	232.00

40. Previous Year's figures have been regrouped/ rearranged, wherever considered necessary, to conform to current year's classification.

Signature to Notes

For Price Waterhouse
Firm Registration No: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership No: 055913

Place : Mumbai
Date : May 28, 2013

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager
Place : New York

Ramkrishan P. Hinduja
Chairman
Place : Mumbai

Anil Harish
Director
Place : Mumbai

Srinivas Palakodeti
Chief Financial Officer
Place : New York

Kanti Mohan Rustagi
EVP-Legal and Company Secretary
Place : Mumbai

Date : May 28, 2013

CONTACT US...

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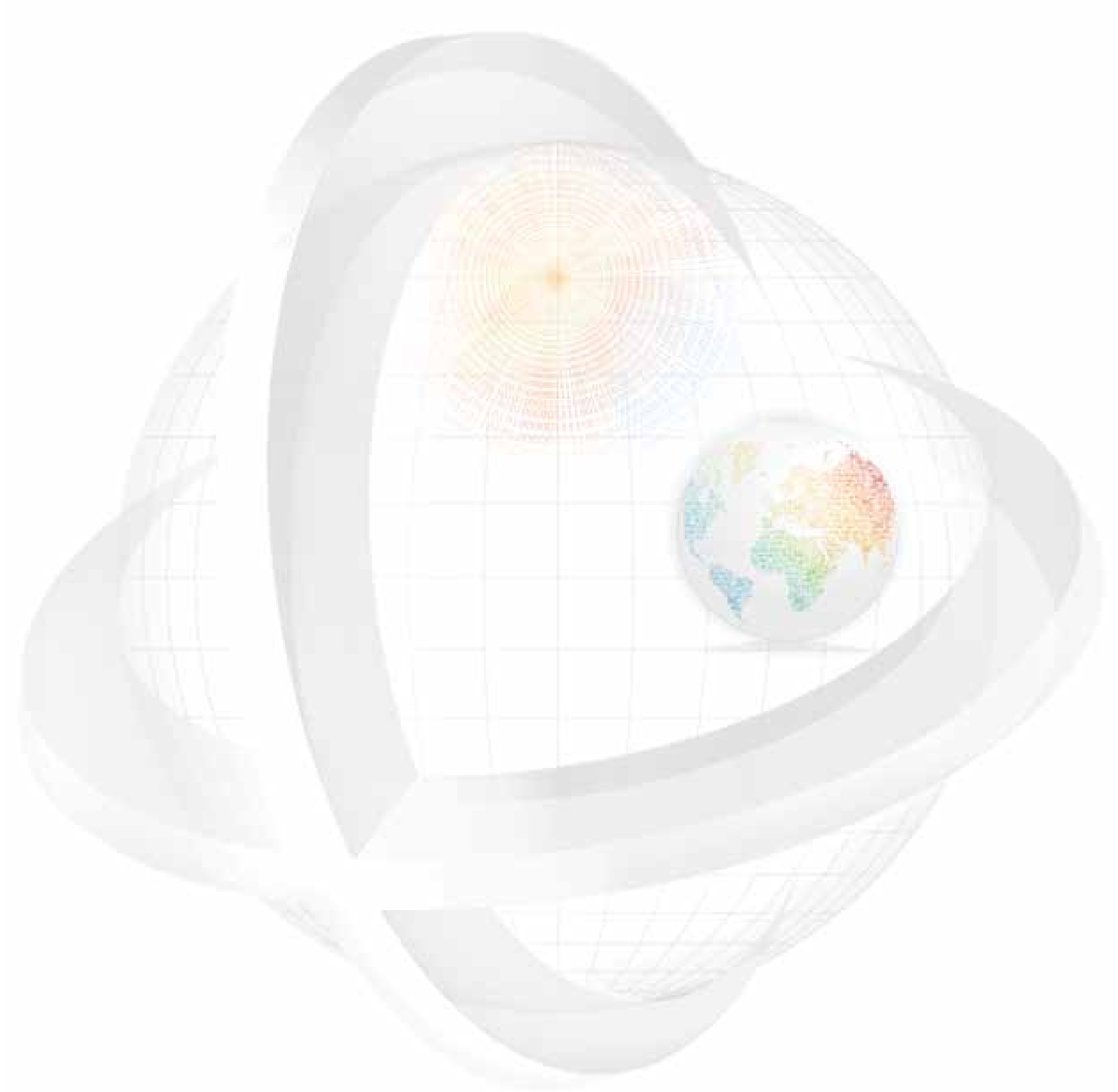
NOTES

HGS PRESENCE ACROSS THE GLOBE



HINDUJA GLOBAL SOLUTIONS

Designed by HGS Interactive

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