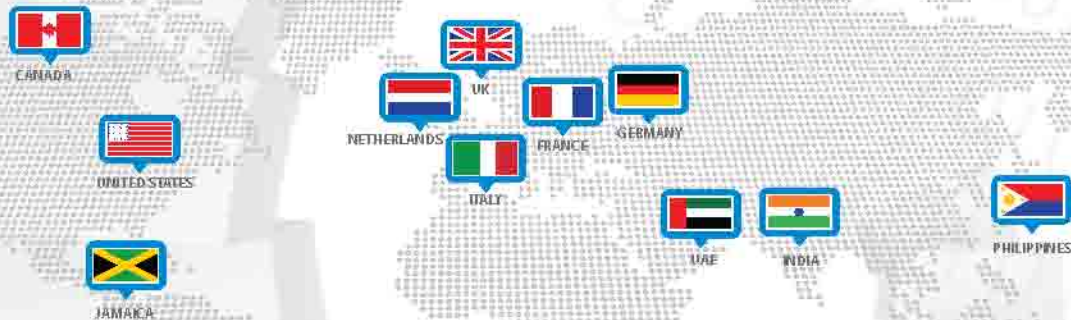




Driving Growth Through Transformational Solutions

TRANSFORMING PROCESSES FOR CLIENTS GLOBALLY

HGS combines local expertise & insights with global delivery and best practices to connect the dots in the client's journey toward change.



INDIA	UNITED STATES	PHILIPPINES	CANADA	UK	
<ul style="list-style-type: none">◦ BENGALURU◦ MUMBAI◦ CHENNAI◦ NAGERCOIL◦ HYDERABAD◦ DURGAPUR◦ MYSORE◦ GUNTUR◦ SILIGURI	<ul style="list-style-type: none">◦ PEORIA◦ WATERLOO◦ EL PASO◦ ST. LOUIS◦ WARRENVILLE◦ GREENFIELD◦ PRINCETON	<ul style="list-style-type: none">◦ MANILA◦ ILOILO◦ ALABANG	<ul style="list-style-type: none">◦ MONTREAL◦ MONTAGUE◦ DARTMOUTH◦ KENTVILLE◦ LIVERPOOL◦ PEMBROKE◦ TIMMINS◦ THUNDERBAY◦ NORTHBAY◦ BELLEVILLE◦ BARRIE◦ CHARLOTTETOWN	<ul style="list-style-type: none">◦ LONDON◦ SELKIRK◦ PRESTON	
ITALY	GERMANY	NETHERLANDS	FRANCE	JAMAICA	UAE
<ul style="list-style-type: none">◦ ROME	<ul style="list-style-type: none">◦ HAMBURG	<ul style="list-style-type: none">◦ ROTTERDAM	<ul style="list-style-type: none">◦ PARIS	<ul style="list-style-type: none">◦ KINGSTON	<ul style="list-style-type: none">◦ DUBAI



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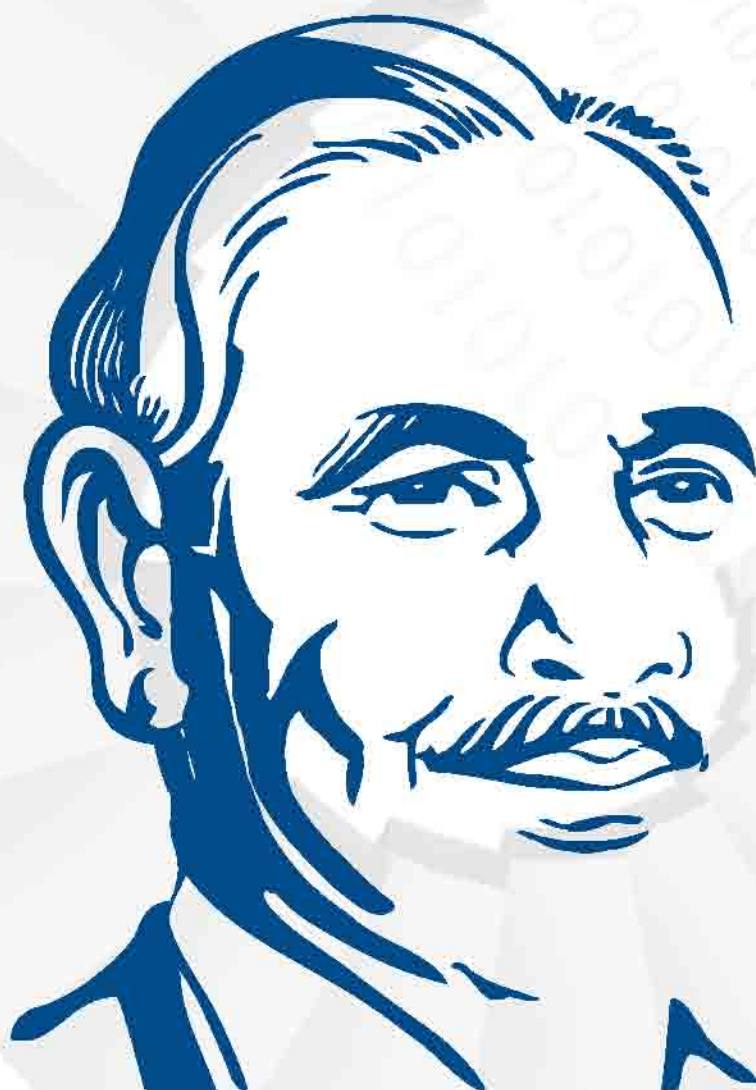
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SHRI PARMANAND DEEPCHAND HINDUJA

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 principles 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.

Total Quality

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

People Empowerment

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

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.

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.

Pride in Execution

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

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.

BOARD OF DIRECTORS

Hinduja Global Solutions Limited



From left to right:

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

CHAIRMAN'S MESSAGE

Dear Shareholders,

The performance of your Company is an indication of the effectiveness of its adopted strategy as reflected in this year's record earnings per share of ₹ 82.33, up 87.2% from the prior year. Operating Income exceeded ₹ 25 billion (₹ 2,500 crore), a healthy 26.3% ahead of the prior year. The last few years of focused efforts on strengthening the foundation for a sustainable growth in the future is now starting to pay off. This was achieved in the midst of a continuing slow pace of economic recovery in all its markets. We are encouraged by the expectation of a slight improvement in the global economic growth for the coming year.

Your Company's R.O.C. strategy with focus on three initiatives, namely Right Shore, One Experience and Collaborative Solutions, is successfully delivering on the strategic objective of creating a global portfolio diversified in terms of clients, geographies and currency exposure. Your Company is now positioned to drive 'growth through transformational solutions' for its preferred clients.



In the recent years, HGS initiated distinct and deliberate phases in its evolution. First, it started with cloning and optimizing client processes. Second, it built scale and expanded its reach with acquisitions to complement organic growth. Third, it globally integrated the best practices from acquisitions to ensure that the client has the same 'One HGS' experience.

In parallel, as part of the fourth phase of this continuing evolution, your Company has been incubating transformational and analytical initiatives with select clients. Through a Business Transformation Framework that HGS has developed, these initiatives are now being rolled out across all markets enabling clients to make transformational changes to their business processes. This framework addresses each client's unique situation with our expertise in process reengineering and technology adaptation.

"Your company's Business Transformation Framework is enabling its clients to make transformational changes to their business processes that address each client's unique situation"

As a member of the Hinduja Group, HGS has the capacity to compete with larger competitors by leveraging the Group's resources, relationships and know-how. This is supplemented by the invaluable guidance and vision of the Hinduja Group Chairman Shri S. P. Hinduja, your Chairman-Emeritus Shri A. P. Hinduja and the other members of the Hinduja Group and the Family.

The backing and the wisdom of the Board members, who have ensured that 'Team-HGS' has effective oversight and the necessary support in making critical decisions, has been a major factor in our success. I would like to express my special gratitude to Shanu S. P. Hinduja for her contribution to the Board since her joining as Co-Chairperson towards the end of the last fiscal year.

The record performance of HGS could not have been possible without the outstanding leadership of the CEO and his management team and through the hard work and dedication of each and every one of our 26,000 employees in 58 centres across 11 countries serving 654 clients.

I look forward to your Company's continued strong performance in the coming years and wish to express my special appreciation for our shareholders, lenders and customers for placing their trust in us.

On behalf of the Board, I congratulate 'Team-HGS' for an outstanding year!

Yours sincerely,



Ramkrishan P Hinduja
Chairman

May 30, 2014

CEO'S MESSAGE



"In today's dynamic world, we recognize that HGS has to continuously invest in becoming future-ready. We will add new competencies, explore new low-cost delivery destinations and expand to more markets. These investments will enable us to unlock opportunities to help transform businesses."

Partha DeSarkar
Chief Executive Officer

CEO'S MESSAGE

Dear Shareholders,

Fiscal 2013-14 has been a year of ongoing recovery for the global economy, and this is reflected in your company's financial results. HGS posted a strong financial performance in the year, well ahead of the BPM industry.

The operating revenue of your Company grew by 26.3% from ₹ 19,834 million in FY 2013 to ₹ 25,048 million in FY 2014. Significantly, profit (EBITDA) improved from ₹ 2,237 million to ₹ 3,219 million, a growth of 43.9%. The robust results were largely due to strong volumes across geographies and verticals, currency tailwinds and efficiency gains. The resilience, hard work and forward-looking planning shown within the Company has enabled this success story.

The Stock Market in Mumbai has reacted positively to the Company's substantial increase in profit and sales, with HGS shares clearly outperforming the stock market. To reward your continued confidence in us, HGS' Board of Directors has recommended a final dividend of ₹ 10 per share, bringing the total dividend for the year to ₹ 20 per share.

Winning new business is the foundation for growth, and the Company is strongly focused on driving sales across verticals and geographies. Led by the Global Growth Strategy & Marketing (GGSM) organization, the results so far have been impactful and we will continue to invest in this area. Our extensive efforts to bring all entities, including the acquisitions, under one umbrella brand – "ONE HGS" last year has proved successful. This will go a long way to strengthen the GGSM organization in its sales effort to increase our client base and expand our footprint in newer geographies.

The Geographic View

During the year, HGS USA celebrated 40 years of operation, which we believe is a fantastic achievement for a company in our industry. Beginning with a small engagement for a consumer electronics firm, we have now grown to be a significant player in this region, employing over 2,200 associates. An award, like being named runner-up in the 'Best Outsourced Provider' category at the 14th Annual Call Center Week, 2013, only adds to our growth story. Recognizing the

importance of this market and Canada in the global BPM landscape, we continue to make investments to grow the business in the region. In March 2014, we launched a new center at Princeton, New Jersey in the US, which will focus on client facing activities for HGS EBOS.

Demand for offshore services from the Philippines has been strong, especially in healthcare, telecom, financial services and banking sectors. This year, we started our first offshoring contract from Canada, demonstrating the growing strength of this region for HGS. Your company has invested in adding two new centers in Alabang, Muntinlupa City, taking the total number of locations to six in Philippines. We have also taken initiatives to restructure sub-optimal accounts and exited from low margin accounts.

We are excited to see small signs of recovery in the UK and rest of the European Union market. Should these markets make a smart and complete recovery on the expected lines, it would translate to an increase in sales and service delivery. Our European business remained soft and focused on building new business pipeline in government, retail, consumer goods and telecom sectors. We have strengthened the leadership team in this region and we expect to see good traction in the coming year. Meanwhile, HGS' Preston center in the UK was named as Best Mid-sized Contact Centre at the 2014 Contact Centre World Awards. I believe this is a great recognition of the business impact we make on the client as well as showcases the capabilities of our associates.

Your Company's entry into Jamaica last year has augured well for us, and we are happy to report that we are doing very well there. We look towards further growth in Jamaica in 2015, coming from new local clients.

The domestic operations in India continued to remain subdued, which was expected given the twin factors of slow economic growth and weak performance of telecom companies in the country. We took the opportunity to rationalize manpower, initiated increases in rates through discussions with our clients, restructured sub-optimal accounts while exiting from low margin accounts and took up training initiatives that have resulted in better profitability.

HGS posted a strong performance in the year, well ahead of the BPM industry. The resilience, hard work and forward-looking planning shown within the Company has enabled this success story

CEO'S MESSAGE

The India International Operations saw a strong and sustained growth, led by the healthcare vertical. With a strong pushback from the healthcare providers in the US, the Senate has decided to postpone implementation of 10th revision of International Statistical Classification of Diseases & Related Health Problems (ICD 10) from October 1, 2014 to October 1, 2015. Despite this postponement, the growth in the existing healthcare businesses will continue, as Healthcare reform takes root. The implementation of the much talked about Affordable Care Act saw a fillip in new enrollment, with 7.1 million new enrollees signing up in the current year with federal or state exchanges for coverage under the new health care law. These ongoing changes mean that outsourcing opportunities are likely to increase in the areas of preventive care, case management and patient engagement activities, and HGS is well positioned to take advantage.

As part of expansion plans to increase our footprint, we are exploring opportunities in MENA – countries in the Middle East and North Africa. This is an economically diverse region that includes oil-rich nations and developing countries, and businesses here are now opening up to the potential of how BPM can bring in stronger growth and efficiencies. We have received encouraging response from clients, and hope to replicate our global success in this region too.

The Year Ahead

We believe that fiscal 2014-15 will be a year of consolidation leading to strong revenue and better profitability for your company. 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 stable U.S. Dollar.

In today's dynamic world, we recognize that HGS has to continuously invest in becoming future-ready. These investments will enable us to unlock opportunities to help transform businesses. 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'.

As a company focused on providing a high quality of service to our clients, we will ensure continuation of global implementation of best practices to enable standardization, as well as invest in automation tools and process improvements to drive productivity and efficiency.

HGS is working with several clients on transformation projects, where we are looking to leverage multi-channel solutions and multi-geography model, new business excellence offerings and innovative thought leadership. These engagements are based on the HGS Business Transformation Framework, where we deploy technology for analysis and information mapping to achieve short- and long-term improvements. We have built a strong sales pipeline, especially from new clients, and hope to translate this into new business during the year.

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

Yours sincerely,



Partha DeSarkar
Chief Executive Officer

May 30, 2014

BUSINESS VERTICALS



HGS BUSINESS TRANSFORMATION

Strategy, Tools & Leadership to Unlock Opportunity

Business transformation is vital for any organization to succeed in today's extremely competitive environment. Disruptions in technology, demographic change toward the youth and dynamism of world economic trends are forcing businesses to reinvent themselves constantly, even as they are under increasing pressure to reduce costs while improving customer satisfaction. This calls for a real change in business processes and technology capability, and requires an experienced partner with specific competencies.

HGS has developed comprehensive expertise in enabling business process transformation where we deploy technology, do the analysis, map business information and achieve short- and long-term improvements. A comprehensive model, HGS Business Transformation meets our client's economic and market objectives, and optimizes their return on investment. This solution-as-a-service – from our BT analytics to investing transformation expertise resources at our expense – enhances our client's strategic goals. The impact thus generated is an end-to-end cost benefit for our clients or partners, and makes them more profitable. Example: At a recent transformation engagement for a Fortune Global 100 electronics company, we implemented intelligent channel selection, social CRM and IVR optimization to help reduce call volume by 72,000 transactions or 22 percent for a single product line.

The HGS Business Transformation (BT) Framework

HGS' Business Transformation (BT) Services practice provides our clients with three distinct steps to unlock transformation opportunities:

i. Thorough client assessment - HGS' Business Transformation team analyzes, streamlines and optimizes the contact center & back office tools, processes and procedures by mapping the customer touch points through a process deep-dive.

ii. Best-fit solutions - With the data gathered through assessment, our Business Transformation experts recognize the patent and latent business needs. This comprehensive data enables us to develop insights tailored specifically to our clients' needs.

iii. Fast-track turnaround - While smaller-scale business change is evolutionary, HGS-enabled Business Transformation is revolutionary, and supports client objectives and growth.

To support these steps, HGS leverages advanced and speech technology, self-service channels, smart channel selection, social media, smart mobility, process optimization and customer relationship management (CRM) solutions. We believe that our data-driven decision modelling, comprising these tools, will pave the way for near-term rapid growth. Our BT framework is agile enough to treat each customer's case as unique and comprehensive enough to offer multiple solutions after the business problem has been analyzed from all aspects. The team is precise in measurement of drivers of each transaction, customer's preferences and their perception to gain deeper customer insight.

The Five Pillars of the HGS Business Transformation Framework

Platform Solutions	<ul style="list-style-type: none"> • In-house solutions + Third party licenses • Multi-channel solutions, including social media
IVR Solutions	<ul style="list-style-type: none"> • Smart and streamlined • Aligns with the existing solutions at client's end
Revenue Models	<ul style="list-style-type: none"> • End-to-end revenue earning opportunities for the client • Pay-for-support model for resolving out-of-scope issues
Pricing Models	<ul style="list-style-type: none"> • Cost-Benefit analysis • Mutually beneficial pricing models
Advanced Analytics	<ul style="list-style-type: none"> • Analyzing the voice of our client's customers through all channels • Customized metrics for each client

HGS BUSINESS TRANSFORMATION

Strategy, Tools & Leadership to Unlock Opportunity

We ensure that the whole process is global, with a framework that quantifies strategy as well as results. Flexibility in pricing is built in by allowing the customer to move from a per-full-time-equivalent (FTE) model to a per-transaction model.

HGS Business Transformation propels dynamic and holistic change by delivering these breakthrough benefits to the client:

Increased revenue or market share - HGS identifies opportunities where client processes do not adequately service a customer and provides the capabilities and investments to generate improvements, with revenue or customer satisfaction boosts.

Cost containment - We deliver critical cost benefits with tools, technology, and processes. For example, we employ intelligent channel selection to move customer dialogue from voice to chat, or chat to virtual communication.

Process standardization or change - We provide better resource utilization, improving resolution, and reducing time spent on calls or chat. We build a

better compliance structure to fortify policies and procedures, and build controls using transformation solutions, systems and technologies.

Productivity efficiencies - We eliminate no-value activities, improve training and reduce the learning curve with tools to assist agents and help them steer the call based on call type. The decision tree tool guides staff members in process change to ensure a more streamlined and efficient call deployment.

Our expansive verticals comprise a vast database of best practices and knowledge assets for our clients. With this network, we have been able to gain immense information and insights that we bring back to our clients through our BT framework. We have an entire portfolio of critical competencies with value-added processes: Business Excellence, Research and Insights, and Business Transformation. The interplay of these processes is critical to the operational success we drive for our clients. With our perfect track record of delivering breakthrough results with a "mission mode" approach, HGS has emerged as the preferred partner for Business Transformation.

HGS USA: ON THE PATH OF TRANSFORMATION

Over the last few years, HGS has been witness to a great deal of change – inclusive of unpredictability in the economy, stiffening regulatory policies, and shifts in the mix of consumers and the way these consumers choose to interact with our clients. When confronted with challenges like these, the companies that thrive are the ones that transform the way they do business – adapting to new circumstances and getting out in front of future changes before they arise.

Transformation has been the HGS mantra in the last couple of years... We are transforming who our company is and improving the way we do things.

At HGS USA, the vision for creating transformation has been built on four key pillars:

Adding new Logos

Despite the successes in growing the productivity of our current partnerships, no company can survive for long without a strong influx of new clients. We have built a remarkably strong and productive sales pipeline, with qualified client leads growing from a very low level to over a couple of hundred million during Fiscal 2013-14. We have been invited to bid on dozens of opportunities with many of the world's leading brands in the consumer packaged goods, telecom, financial services and healthcare verticals. HGS won seven of these opportunities in the year.

The most exciting part about the wins and pipeline is the diversity in terms of verticals, voice vs. back office, size of the opportunities, and the onshore and offshore mixture. Exemplifying this diversity was a 400-FTE ramp-up in El Paso for a tier 2 telecom client to provide tech support, sales, chat and email services, and a 50-FTE ramp-up in Peoria for one of the top 5 US consumer products brands for customer service. This remarkable new business growth demonstrates our ability to proactively compete for high-profile US-headquartered clients in a highly competitive marketplace.

Growing the existing client base

This fiscal has been a banner year for HGS USA, as we have already started to realize the benefits of the sustained focus on our clients and their customers. In fact, for eight out of our top 10 clients, we exceeded their revenue budgets by 8.9% as we received a greater share of their volume during the year. This is representative of how our clients now perceive HGS USA – and the increasing amount of business that they entrust our teams to handle. Our teams are not merely exceeding expectations in their current engagements, but they are also

actively seeking new ways to serve our customers through multi-channel solutions. Our clients have benefitted tremendously from new business excellence offerings, improved productivity processes and innovative thought leadership focused on their businesses. We are building on our successes and asking to be entrusted with additional responsibilities.

Operations

A company can only be successful if it has the right leadership – basically the right people doing the right jobs, with talented and energetic core teams in every area. We have made tremendous investments in finding the right people to move HGS USA into the future and they have helped to change the face of our organization. We are also focusing on driving growth in every area of the organization including operations, technology, human resources, new business development, client services, marketing, business excellence and security. We intend to add new technology infrastructure to provide our US clients with multi-shore and multi-delivery capabilities.

The human resources organization has reorganized to ensure we are focused on recruitment and retention that is critical to building a best-in-class, US-based workforce. To that end, HGS is very proud of our Military Program, which we developed in El Paso this past year. El Paso is home to Ft. Bliss, the Army's second-largest installation in the US, and a major source of talent for HGS as an Employer of Choice. With our Military Program, we have tapped an underutilized workforce of reservists and spouses, one that has been instrumental in bringing new talent to our El Paso site. Today, this is the prototype for all of our US-based sites for fiscal 2014-15 and beyond.

Our clients have benefitted tremendously from new business excellence offerings, improved productivity processes and innovative thought leadership focused on their businesses

HGS USA: ON THE PATH OF TRANSFORMATION

Teamwork as “One HGS”

It takes a village to succeed in transformation and we have focused on building a working environment that is not insular and siloed. All operating teams in the US are encouraged to collaborate amongst themselves as well as work with other geographies to bring One HGS to our clients and partners, and become the Employer of Choice.

But there is still work ahead. HGS USA will continue building our culture of teamwork and contribute even more to the goal of a truly global “One HGS.”

These are changing times in the BPM industry. Thanks to the hard work, adaptability and thought leadership of our people, HGS USA is demonstrating that it can meet the challenge and chart a course for the future. We look forward to building on our achievements in the coming year ... and the best is yet to come!

Four Pillars of Transformation at HGS USA - A Snapshot

Adding new Logos	Growing the existing client base	Operations	Teamwork as “One HGS”
Focus on adding new U.S.-based clients in targeted verticals across onshore/ nearshore /offshore	Strengthening existing account relationships and adding long-term value to our partner relationships	Rebuilding a strong team from top to bottom and optimizing our physical and technology resources for long-term performance	Building a collaborative team across borders to provide the One HGS experience to clients and prospective employees

SMALL INITIATIVES FOR BIG CHANGE

The Business Process Management industry is witnessing a paradigm shift in the way it anticipates and satisfies the needs of its clients, and in turn, their customers. At HGS, this shift is being driven by technology.

We understand the changes in the business model of the BPM industry and we are prepared for such a scenario. HGS is transforming itself to deliver transformative solutions to its client partners. In the past one year, we have taken multiple initiatives to reap the benefits of advanced analytics in our business. With robust project processes in place, the right resources and a determined leadership, HGS is launching new service lines in new markets and implementing new systems to support these changes. Always eager to be an early adopter of the latest innovation, we are using technology as the foundation for transformation.

After experimenting with small pilots, HGS has now taken up deployment of Business Intelligence across geographies and verticals. The increasingly dynamic global environment in which we work in, demands real-time action. We have deployed Subject Matter Experts in each of our processes who help us identify the areas where analytics and Business Intelligence can improve efficiency and/or reliability. At an enterprise level, we have tied up with one of the leading providers of Business Intelligence (BI) solutions. Our current portfolio of BI tools is helping us bring down gestation periods of new projects and have a bird's eye view of all projects in HGS across locations. This empowers us to respond quickly to any emergent problem. Right from managing daily operations to implementing enterprise wide initiatives for process improvement, we are now well-positioned to derive time and cost benefits through Business Intelligence.

The need to adopt cutting-edge technology also springs from our high-level business requirements. We have completed the implementation of 'One HGS', which required standardization and centralization of all collaterals, case studies, existing services provided to clients, competitive insights, proposals and improvement initiatives. We have rolled out a global repository and collaboration tool which unifies all these requirements on a single platform to help collaborate and share information. We have also developed a customized platform for our global sales team which helps us significantly

reduce the turn-around-time for proposals. Our locations are now connected via Microsoft Lync. Powered by these tools and platforms, HGS is now in a position to realize economies of scale.

As has been our tradition, we endeavor constantly to reduce cost and increase efficiency by deploying technology. We have recently developed and deployed a real-time auto chat feature for our client, an electronics giant. The innovative feature has resulted in significant cost saving for the client.

Companies are increasingly looking to create value through high quality business expertise and superior productivity. Our Knowledge Management solutions help our clients in improving time-to-market and increase overall organizational effectiveness. A good example of this is the knowledge base which we have developed for a public sector client in the UK. The knowledge base is a complex multi-channel, multi-lingual enquiry service which spans 223 countries and 21 languages. The knowledge base powers the telephony, web chat and self-help services, empowering our employees with access to up-to-date and relevant information. The knowledge base also incorporates data analytics capabilities which provide insights into guiding future customer management strategies.

At HGS, we are enabling our people and processes with technology. We are also ensuring that our solutions are agile and flexible enough to accommodate future requirements. We focus on both aspects of business – **efficiency** (implementation at the lowest possible cost in the shortest possible time) as well as **effectiveness** (meeting the exact needs of the customers).

The explosion in volume, velocity and variety of information is changing the business landscape of the global outsourcing industry. At HGS too, things are transforming at an exponential rate with the emergence of New Markets... New Ideas... and New Opportunities. Technology will play a leading role to help HGS take advantage of the push towards instant and seamless information, and touch all those who will be impacted by, as well as benefit, from the transformation.

At HGS, things are transforming at an exponential rate with the emergence of New Markets... New Ideas... and New Opportunities

TALKING BUSINESS TRANSFORMATION

Attended To Over

441 Million
Calls

Responded To More Than

7.1 Million
Emails

Handled Over

2.6 Million
Web Chats

Processed over

2.8 Million
Pay-slips

More Than

58 Million
Transactions

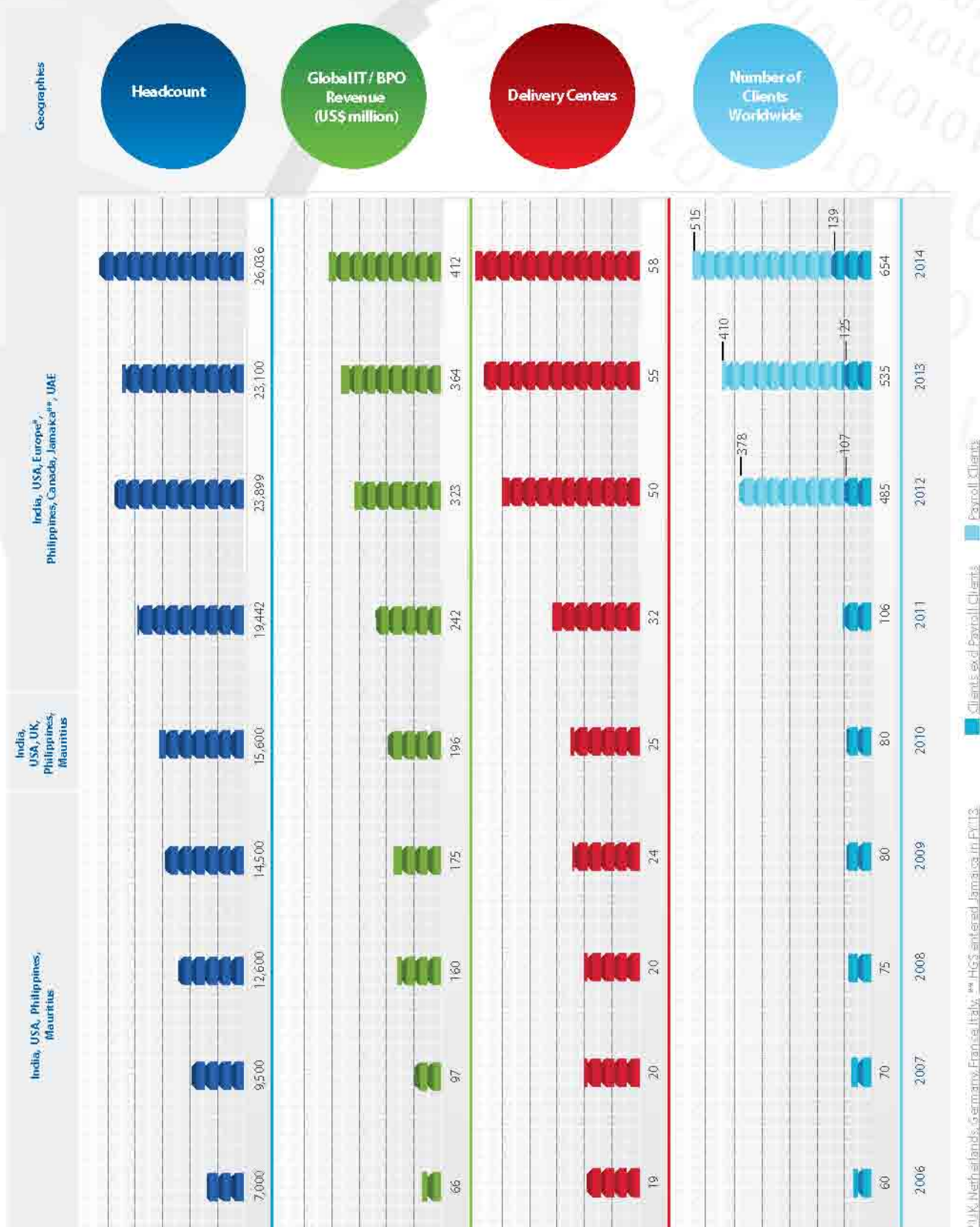
In Healthcare Insurance

\$11.5 Billion
Claims
Payout

In Healthcare Insurance

* HGS in FY 2013-14

ADVANCE FEARLESSLY



FINANCIAL & GENERAL HIGHLIGHTS

Fiscal Year ending

■ March 31, '12 ■ March 31, '13 ■ March 31, '14



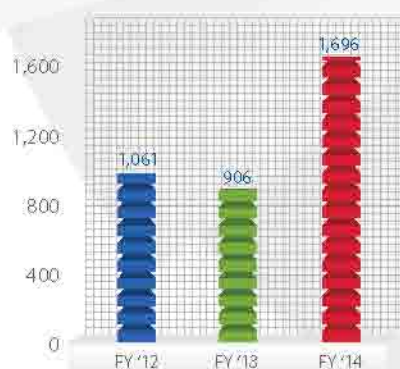
Total Revenue (₹ mn)



Operating Revenue (₹ mn)



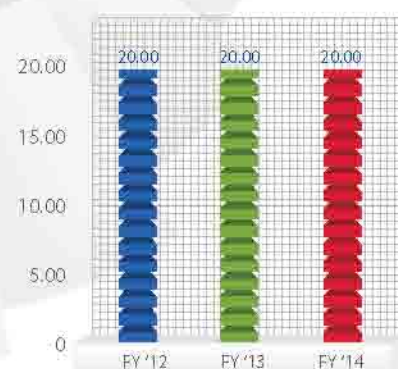
EBITDA (₹ mn)



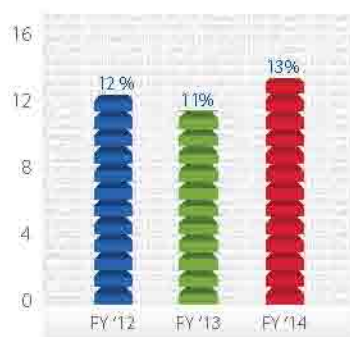
PAT (₹ mn)



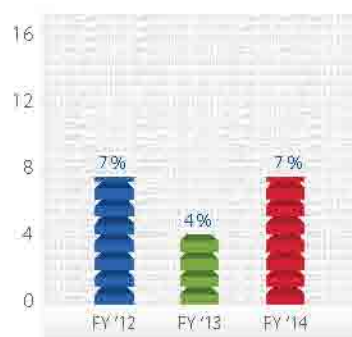
Basic EPS (in ₹)



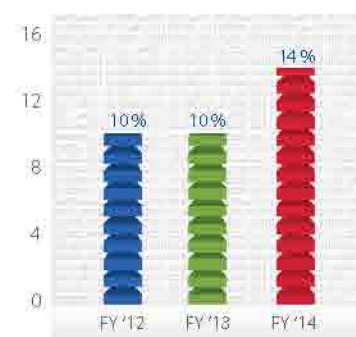
Dividend per share (in ₹)



Operation Profit/Total Revenue

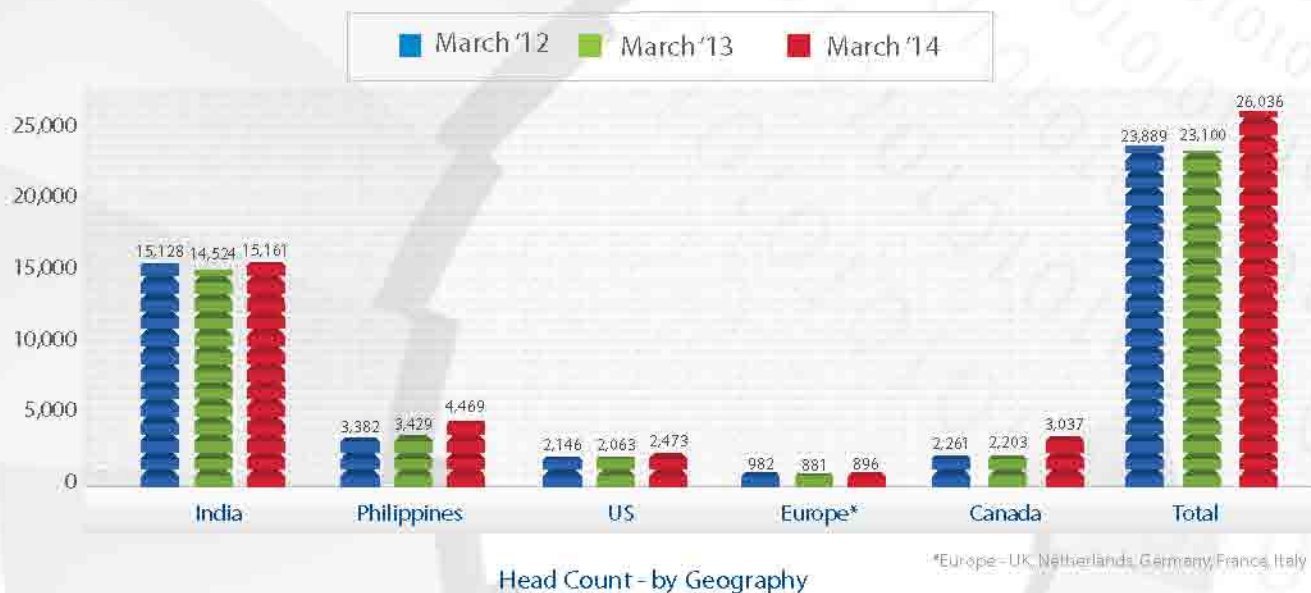


PAT/Total Revenue



ROCE (PBIT/Avg Capital Employed)

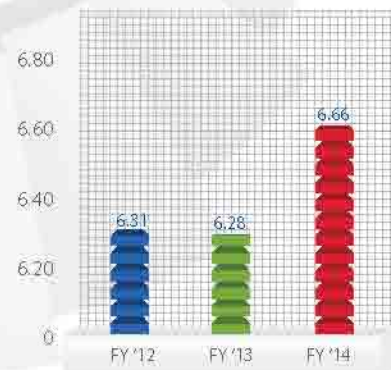
FINANCIAL & GENERAL HIGHLIGHTS



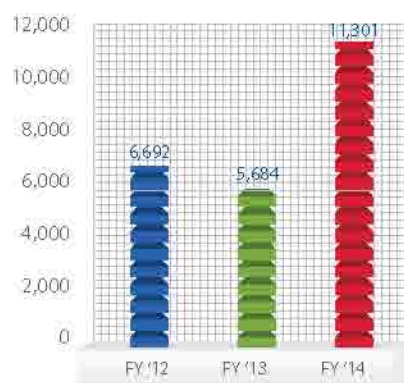
Cash and Bank Balances/Total Assets



Capital/Output Ratio



Price/EPS end of year



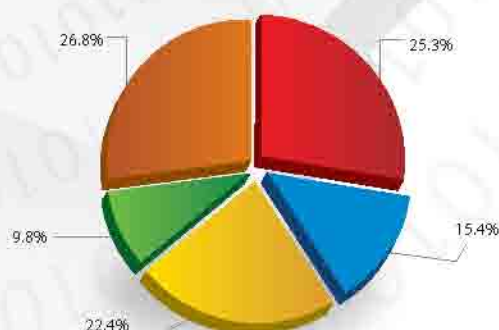
Market Capitalisation (₹ mn)



Book value per share (in ₹)

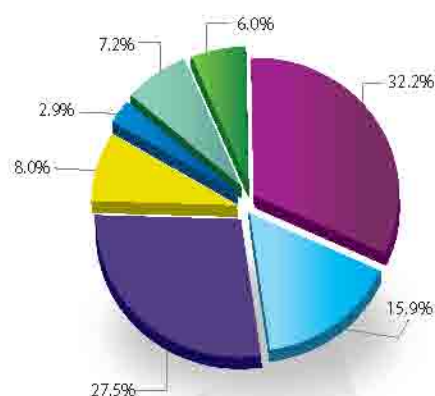
FINANCIAL & GENERAL HIGHLIGHTS

Revenue by Delivery Location



■ Philippines
■ USA
■ Canada
■ India
■ UK

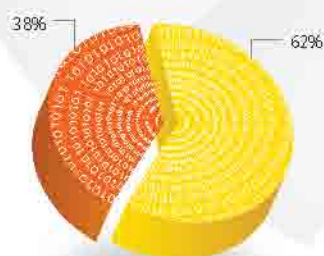
Revenue by Vertical



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

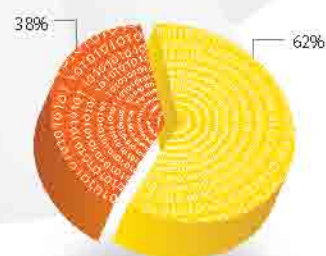
Customer Concentration

FY'12-'13



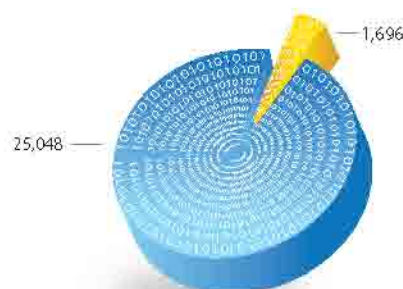
■ Top 10 Customers
■ Rest

FY'13-'14



■ Top 10 Customers
■ Rest

Revenue & Net Profit (FY'13-'14, ₹ mn)



■ Net Profit
■ Revenue

INDUSTRY RECOGNITION

HGS is proud to be recognized by the industry, professional organizations and media for demonstrating excellence in enabling clients to do better in business. The below sampling of awards endorse our capabilities as being among the best of industry leaders.



HGS' Preston center in the UK named as Best Mid-sized Contact Centre at the 2014 Contact Centre World Awards Global finals



HGS named runner-up in the 'Best Outsourced Provider' category at the 14th Annual Call Center Week



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



HGS ranked in the Top 50 companies for Customer Service, a prestigious benchmarking program undertaken by the International Customer Management Institute, UK in 2014

NASSCOM®

NASSCOM Top 15 ITes BPO Exporters



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



Deloitte – Fast 50 companies in India

INDUSTRY RECOGNITION



Marketing & Corporate Communications Team with Fun at Work and Internal Communications Awards



HGS was recognized in the Internal Communications category by the Corporate Affairs and Forum Awards in 2014



Won the 'Fun at Work' award at the 2014 Asia BPO Summit – BPO Excellence Awards



Dataquest & IDC - Top 10 Employers for Employee Satisfaction / HR Practices



Winner of the Most Innovative BPO – Philippines



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



Decide with Confidence

Dun & Bradstreet – One of the Top ITes and BPO Companies in India



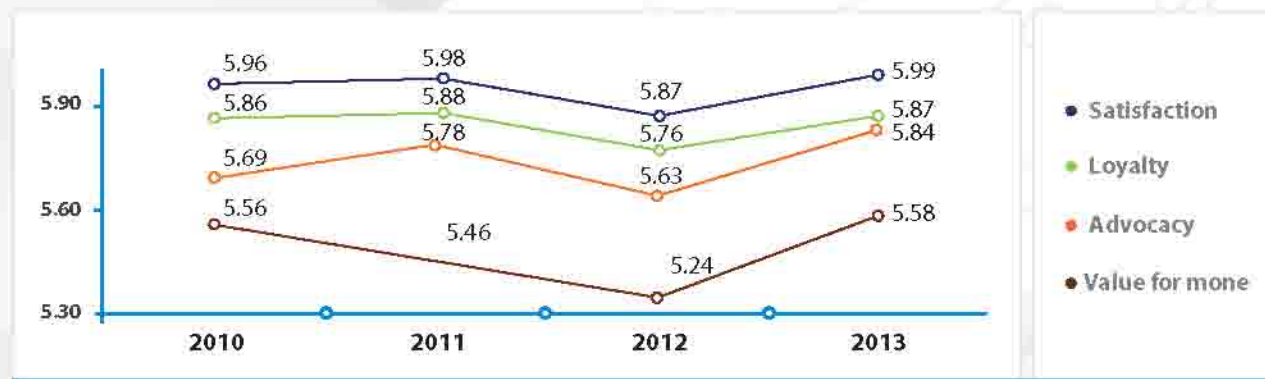
Intelligent Enterprise Awards



Best Employer Brand Award (BPO)

WHAT OUR CLIENTS SAY ABOUT US

With a commitment to offer high-quality customer service and support, HGS works with several clients, many of whom are global leaders in their industry. Over the years, we have seen their willingness to share constructive feedback with us, and this has only increased as we become a strategic partner in their journey to success.



In the 2013 Customer Satisfaction Survey, the response rate – an implicit measure of this aspect of the client-partner relationship – increased significantly to over 80%, an industry benchmark. We delivered significantly better on all key parameters: Satisfaction, Loyalty, Advocacy and Value for Money (Refer to the graph).

During the year, we also received several endorsements from our clients appreciating the experience of working with us. Below are some of their messages.

FMCG Giant



"HGS is not our outsourcer... They are our true service delivery partner. When you are engaging with HGS, you are truly engaging with people who feel as though they work for us. The environment created by the HGS leadership team is one of true partnership."



Global Consumer Engagement Director
Delivery – UK & Europe

Major Canadian Telecommunications and Media Company



"HGS Canada is a great partner to work with. Always willing to step up and deliver on our requests. They have maintained a strong performance, especially considering the many changes to the chat environment in the past year. The management team at the HGS site are true partners and great individuals to work with."



Head of Customer Service
Delivery – Canada

US Fortune 50 Healthcare Company



"Each of you is vital to our success and we can't thank you enough for all you have done. We appreciate all that you do each day. I wish I could be there to shake each of your hands to congratulate your hard work, determination and effort. You help us deliver PERFECT SERVICE!!!!"



Head of Customer Service
Delivery – India

Global Financial Client



"HGS Canada has done a great job in adapting to the many changes asked of them by the client and have managed to sustain performance in a steep ramp-up environment."



Vice President
Delivery – Canada

US Fortune 500 Financial Services Company



"HGS has come up with really good ideas to increase performance. They continue to have a strong leadership presence and good governance."



Head of Customer Service

Delivery – Philippines

Leading US Consumer Packaged Goods Company



"HGS is truly special and I am so appreciative for all that you do. I love my visits when we are all together; you ROCK. You should be very proud of one another as you are all the "epitome of a team." Each of you is special and brings much to the table! Without the entire whole, we would not be as successful. THANK YOU!"



Head of Customer Service

Delivery – USA

Leading Telecommunications Provider in the United Kingdom



"This is a great win for an outstanding team – it testifies to the success of our partnership which has been delivering benefits for us and our customers since 2009. HGS provides vital support to our on-going strategy to increase take up of our compelling range of communication and entertainment services. We look forward to continued support from you to engage in meaningful conversations with our customers."



Retention Manager

Delivery – UK & Europe

India's Leading Telecommunications Provider



"Team HGS is a crucial partner in journey towards customer delight for us. They have continually shown their diligence and relentless approach for serving our customers... The HGS team claimed the Bihar CEO Trophy Award in FY 2013-2014, which is purely awarded on customer centric KPIs."



Head - Customer Services

Delivery – India

Fortune 500 Consumer Electronics Company



"We appreciate the product knowledge that the employees have with our products and the push to adapt to new technologies like web chat."



Customer Service and Processing

Delivery – USA

UK Public Sector Department



"I wanted to thank those at HGS for managing this recent busy period. Particular credit must go to the employees, who have of course experienced the brunt of things. Please pass on our thanks and ensure that the advisors are aware of how much we appreciate their hard work."



Head - Engagement Services

Delivery – UK

US Fortune 500 Hospitality Company



"This is truly a testament of your commitment to your customers and building strong partnerships with reputable brands that have earned your trust. We are pleased to have been a partner of HGS since 2007; it has been a great six years of service. We are proud that you have represented us to more than 6 million of our customers."



Head of Customer Service

Delivery – USA

FMCG Giant



"Consumers develop strong relationships with our brands. HGS is helping us understand how those relationships are formed and how they can be nurtured. We've outsourced the care line before, but never found a supplier that shared our vision or our determination to extend the art of the possible. HGS not only understands our vision, but has creative ideas about how we can make it real."



Global Consumer Engagement Director

Delivery – UK & Europe

FULFILLING OUR RESPONSIBILITY TO SOCIETY

HGS, as a company, is very proud of the services we deliver and our ability to successfully exceed the expectations of our clients. We are also constantly aware that the same commitment extends to all of our stakeholders, including shareholders, business partners, employees and local communities.

It is our endeavor to enhance our value proposition through responsible and ethical business practices. Your Company fulfills, and even goes beyond, its responsibilities as a corporate citizen as we recognize that creating value for our society and the environment strengthens our business. Our commitment to Corporate Social Responsibility (CSR) is increasingly important to how others perceive HGS, and our global CSR efforts help us create strong relationships built on trust.

The Philippines has constantly been impacted by natural disasters in the past few years. In November 2013, Typhoon Yolanda, one of the severest typhoons ever, hit the Philippines. Employees from HGS Philippines and HGS USA contributed towards mitigation and relief, demonstrating the strong camaraderie that exists among the centers of HGS. In June 2013, India was also affected by heavy rains and landslides in Uttarakhand leaving thousands of families devastated. HGS India made a generous donation to the relief efforts undertaken by Oxfam in Uttarakhand. In November 2013, HGS USA again rose to the occasion when disaster struck Illinois in the form of a tornado.

As an organization, our contributions are not just in the form of cash but also in the form of our time and direct efforts to help the destitute. The CSR programs in HGS are driven by the employees in participation with the representatives of local communities and the government. HGS has a globally local model of CSR. Because CSR can influence economic, environmental and social factors in a variety of ways, there is no "one size fits all" approach at HGS. We encourage employee-community interaction and let every center decide on the form of engagement with the local community. Thus, every center is actively engaged with its local community, and initiates a range of activities including volunteering at orphanages, old-age homes, hospitals, schools etc., collecting food items, and participating in fund raisers and charity events like sports etc.

HGS is working diligently to become a stronger, even more responsible business, which we believe is critical to our long-term success. Given that we have been able to create success not only for our customers and partners, but for society and the environment, we are energized by the opportunity ahead as we strengthen our commitment towards improving lives and communities.



HGS India - Giving Back to School



HGS Canada - Employees collected over 45000 items during the Food Drive



HGS Philippines - Happy Rains Donation Drive to Children

FUN AT WORK



HGS is recognized for its motivating employee engagement practices at the Asia BPO Summit 2014

OUR CSR 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.

INDIA



HGS India - Food Donation to NGO in Hyderabad



HGS India - Visit to Desire Society



HGS India - Gift & Donation to Government School

USA



HGS USA - Donation to Cancer Society



HGS USA Executive Team Volunteered at a Local Food Pantry

CANADA



HGS Canada - Teddy Bear Donation to Timmins District Hospital



HGS Canada - Curl for Cancer fundraiser



HGS Canada - Pembroke Center won the Golden Spade Award

PHILIPPINES



HGS Philippines - Global Walk



HGS Philippines - Yolanda Relief Donation to Red Cross and Baptist Church

ENGAGING OUR EMPLOYEES

One HGS is not all about business; it's also about the 26000-plus family of employees who come together across geographies to deliver One Experience to our clients every day. The Company believes that value-based fun during work hours is critical to how an employee can experience HGS at all levels – what it stands for, our values and our plans for the future. Below is a snapshot of how we leverage fun to integrate globally, improve productivity and retain family vibes even as we grow aggressively on the business front.

INDIA



HGS India - Onam Celebrations



HGS India - 9th Year Anniversary Celebrations



HGS India - Mysore Center 7th Anniversary Celebrations

USA



HGS USA Celebrating 40 Years - Hat Day



HGS USA Celebrating 40 Years - Wild Wild West Day



HGS UK - Branded Cupcakes baked for the Spotlight Day



HGS UK - Winners of the Egg-n-Spoon race pose with their chocolate bunnies



HGS UK - Easter Day Celebrations



HGS Philippines - Dinagyang Festival



HGS Philippines - Kick Off Party

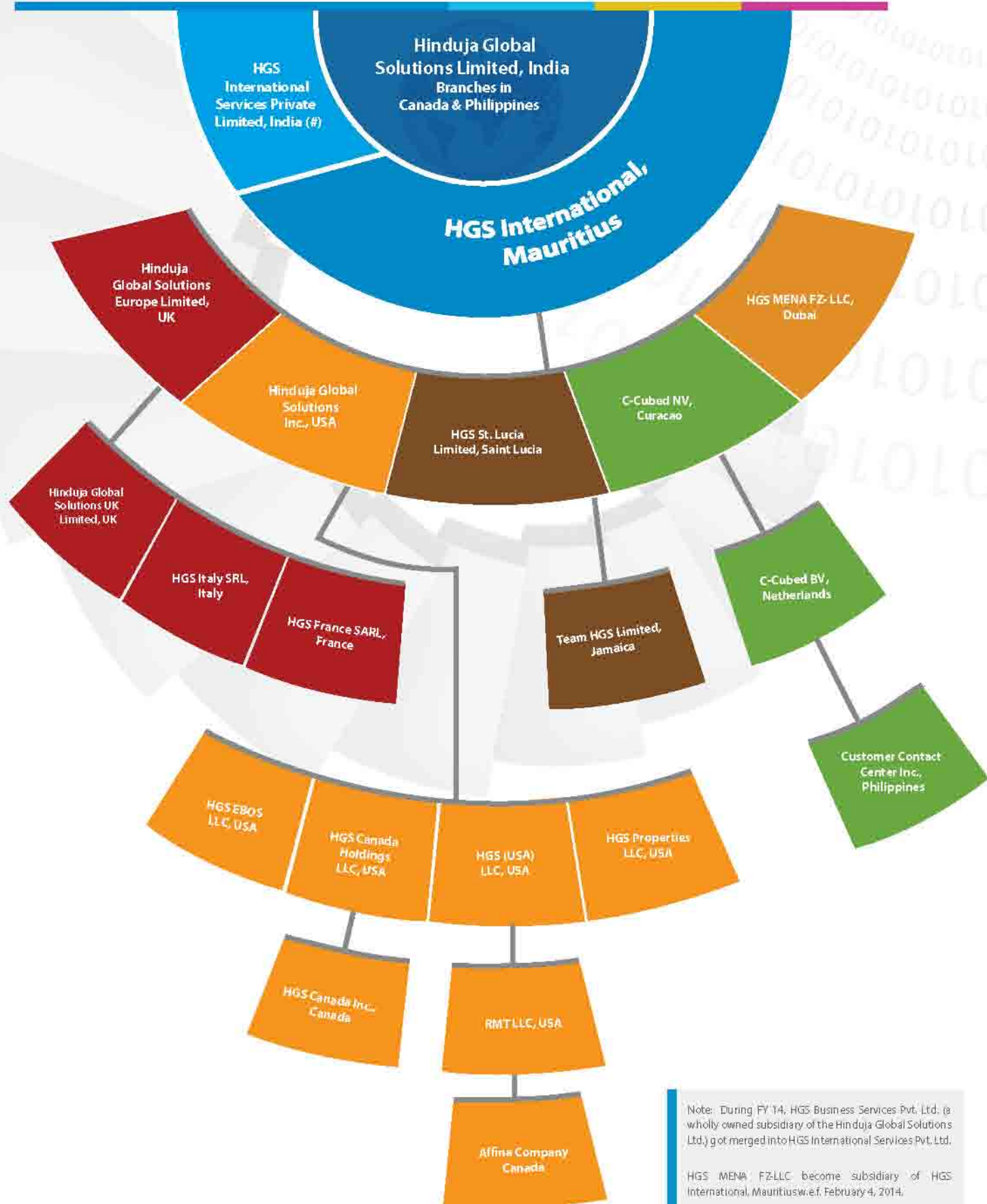


HGS Canada - Halifax Center Busker Festival



HGS Canada - Big Brothers Big Sisters Bowl For Kids

HOLDING STRUCTURE



GENERAL INFORMATION

HINDUJA GLOBAL SOLUTIONS LIMITED

Chairman Emeritus

Ashok P. Hinduja

Board of Directors

Ramkrishan P. Hinduja

Chairman

Shanu S. P. Hinduja

Co-Chairperson

Vinoo S. Hinduja

Anil Harish

Rajendra P. Chitale

Rangan Mohan

Audit Committee

Anil Harish

Chairman

Rajendra P. Chitale

Ramkrishan P. Hinduja

Stakeholders Relationship and Share Allotment Committee

(Formerly Investors' Grievance and Share Allotment Committee)

Rangan Mohan

Chairman

Ramkrishan P. Hinduja w.e.f. 21-5-2014

Shanu S. P. Hinduja

Vinoo S. Hinduja w.e.f. 21-5-2014

Nomination and

Remuneration Committee

(Formerly Compensation Committee)

Anil Harish

Chairman

Shanu S. P. Hinduja

Rajendra P. Chitale

Rangan Mohan

Corporate Social Responsibility Committee

Anil Harish

Chairman

Vinoo S. Hinduja

Rajendra P. Chitale

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

Chris Lord

Senior Vice President,

Global Growth Strategy and Marketing

Kanti Mohan Rustagi

Executive Vice President,

Legal & Company Secretary

Kathy Hamburger

President - HGS USA

Matthew Vallance

CEO, Europe & UK

Narasimha Murthy B. N.

President - HGS Inc.

Partha DeSarkar

CEO

Chairman - Global Advisory Committee

Pushkar Misra

President & CEO - HGS Philippines

Ramesh Gopalan

Executive Vice President,

Business Head - India &

Head - Healthcare Vertical

Ross Beattie

President & CEO, Canada

Sanjay Sinha

Executive Vice President,

M & A (HR) & New Initiatives

Srinivas Palakodeti

Chief Financial Officer

Sridhar Krishnamurthy

Executive Vice President,

Strategic Initiatives &

Business Head - MENA

Subramanya C.

Chief Technology Officer

GENERAL INFORMATION

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 &
Business Head – MENA

EUROPE & UNITED KINGDOM

Matthew Vallance
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 Auditor

Rakesh S. Jain
Deputy General Manager – Internal Audit
(India Operations)

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, Off Andheri Kurla Road
Sakinaka, Andheri (East)
Mumbai - 400072

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2014

(000's USD)

EQUITY AND LIABILITIES

Shareholders' Funds

Share Capital

3,433

3,793

Reserves and Surplus

242,355

223,797

245,787

227,590

Minority Interest

2

2

2

2

Non-Current Liabilities

Long-term borrowings

74,679

66,010

Deferred tax liabilities (Net)

4,950

4,456

Long term provisions

1,066

1,113

80,695

71,580

Current Liabilities

Short-term borrowings

17,610

16,903

Trade payables

22,279

14,805

Other current liabilities

32,165

36,375

Short term provisions

6,016

13,391

78,070

81,474

TOTAL

404,554

380,646

ASSETS

Non-current assets

Fixed assets

- Tangible assets

62,667

54,791

- Intangible assets

118,559

118,672

- Capital work-in-progress

217

423

- Intangible assets under development

94

294

Non-current investments

1,140

1,393

Long-term loans and advances

22,720

20,506

Other non-current assets

1,294

1,236

206,692

197,315

Current assets

Current investments

22

23

Trade receivables

78,123

66,309

Cash and Bank balances

75,759

74,808

Short-term loans and advances

29,761

24,100

Other current assets

14,197

18,091

197,863

183,331

TOTAL

404,554

380,646

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

	Year Ended 31.03.2014	(000's USD) Year Ended 31.03.2013
Revenue from operations	412,278	364,299
Other Income	5,597	6,112
Total Revenue	417,875	370,411
EXPENSES		
Employee Benefit Expense	278,510	246,340
Finance costs	6,378	8,020
Depreciation/ Amortisation	14,189	14,188
Other Expenses	80,787	76,868
Total Expenses	379,864	345,417
Profit before exceptional item and tax	38,012	24,994
Exceptional Item	—	971
Profit before tax	38,012	24,023
Tax expense		
Current tax	11,701	6,483
MAT Credit	(2,078)	—
Net Current tax	9,624	6,483
Deferred tax	481	905
Profit After Tax	27,907	16,635
Minority Interest	—	—
Profit After Tax and Minority Interest	27,907	16,635

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, 2014.

Financial Results

(₹ in millions except per share data)

For the year ended March 31st	Standalone		Consolidated	
	2014	2013	2014	2013
Operating Income	8,663.5	7,034.1	25,048.5	19,834.3
Other Income	658.4	175.0	340.0	332.8
Total Income	9,321.9	7,209.1	25,388.5	20,167.1
Operating Expenses	6,875.1	5,874.8	21,829.6	17,650.0
Depreciation and Amortization	420.4	386.0	862.0	772.5
Financial Expenses	176.7	173.1	387.5	436.6
Profit Before Tax	1,849.7	775.2	2,309.4	1,308.0
Provision for tax (incl. deferred tax)	504.2	235.1	613.9	402.3
Profit After Tax	1,345.5	540.1	1,695.5	905.7
Add: Balance brought forward from Previous year	1,201.9	1,196.0	3,338.4	2,989.7
Profit Available for Appropriation	2,547.4	1,736.1	5,033.9	3,895.4
Dividend				
- Interim Dividend	206.0	—	206.0	—
- Final (Proposed)	206.2	411.8	206.2	411.8
- Dividend Tax	(19.7)	68.4	(12.1)	70.0
Adjustment on Amalgamation	—	—	46.4	—
Transferred to General Reserve	134.6	54.0	177.0	75.2
Balance Carried Forward	2,020.3	1,201.9	4,410.4	3,338.4
Earnings per share (₹)				
- Basic	65.33	26.23	82.33	43.99
- Diluted	65.07	26.23	82.00	43.99

Operating Expenses (Standalone as well as Consolidated) for the year ended March 31, 2013 include exceptional expense of ₹ 52.9 million.

Review of Financials

On a Consolidated basis (covering global operations in India, USA, Canada, Europe, Philippines, Jamaica and UAE), Operating Income for FY '14 was ₹ 25,048.5 million higher by 26.3% compared to the Operating Income of ₹19,834.3 million in FY '13. EBITDA (Earnings before Interest, Taxes, Depreciation & Amortization) was ₹ 3,218.9 million and grew by 43.9% over the EBITDA of ₹ 2,237.1 million in FY '13 (excluding exceptional expense).

On a Standalone basis (for India and overseas branch offices), Operating Income was ₹ 8,663.5 million in FY '14, an increase of 23.2% over the Operating Income of ₹ 7,034.1 million in FY '13. EBITDA increased by 47.5% from ₹1,212.2 million (excluding exceptional expense) in FY '13 to ₹ 1,788.4 million in FY '14. PAT increased by 149.1% from ₹ 540.1 million in FY '13 to ₹1,345.5 million in FY '14.

Key highlights for the year were:

- Growth of operating revenues by 26.3%;
- Opening of 5 new centers at – Princeton (US), Barrie (Canada), Bengaluru SEZ (India) and 2 centers in Alabang (Philippines); Total number of centers now stand at 58;
- Employee headcount at 26,036 (Previous Year-end 23,100);
- Addition of 119 new customers during the year including addition of 105 customers from Payroll business. As of March 31, 2014, your Company has 139 clients (excluding the payroll processing clients);
- As of March 31, 2014, your Company had a Net Worth of ₹14,520.6 million translating into a Book Value of ₹ 704.32 per share.

Dividend

Your Directors are pleased to recommend final dividend of ₹10 per equity share (100% on face value of ₹10/- each) for the year ended March 31, 2014. This is in addition to the two Interim Dividends of ₹5 per share during the Financial Year 2013-14 declared on November 11, 2013 and February 11, 2014 respectively and were duly paid. The total dividend for financial year would be ₹20 per share (200% on face value of ₹10/- each).

Business Review

Global ITeS Industry Overview

The global economic environment remained volatile and uncertain during the last year. Despite challenges arising from this volatility, the global IT-BPM industry continued its growth trajectory, driven by the increasing acceptance of outsourcing services by corporates. In addition to private companies, many governments have now started to outsource services for the first time to manage costs. Further, with technological advancement, the trend for outsourcing has been gradually shifting from traditional services to extended services. Service providers are now focused on improving customer experience, managing

risks and improving efficiencies with the use of Social Media, Mobility, Analytics and Cloud Computing (SMAC).

The industry is also experiencing an increase in hybrid service offerings from providers. These offerings enable customers to customize and split processes into in-house and outsourcing activities. In this model, the provider benefits from access to client database platforms and the ability to access data simultaneously alongside its client. Gartner expects that by 2017, around 75% of the BPM demand will be achieved through hybrid offerings, as clients gradually become accustomed to the latest enabled technologies such as cloud computing.

Gartner expects worldwide spend for BPM services to grow from US\$140.1 billion in 2012 to US\$186.5 billion in 2017, a CAGR of 5.9%. There is a significant difference in the expected growth rates of Business Process as a Service (BPaaS) and the traditional BPM. BPaaS is expected to grow at three times the growth rate of the traditional BPM services. During 2013, Gartner estimated BPaaS revenues to have accounted for 22% of the total BPM spend.

Indian ITeS Industry Overview

For FY '14, NASSCOM projected that Indian IT-BPM exports will grow by 13% to reach US\$86 billion while domestic annual revenue will touch ₹1,150 billion, a YoY increase of 10%.

During the year, technology and related sectors benefitted from vertical and geographic market expansion, new customer segments, and a wider spectrum of the services and solutions being offered. For FY '15, NASSCOM expects export revenues to grow in the range of 13% to 15% and domestic market to grow between 9% to 12%.

The sustained focus of the Indian BPM industry on providing end-to-end transformational services with a customer-centric approach is expected to take the industry to US\$50 billion in revenue by 2020 from the current US\$21 billion. India is also expected to emerge as an effective center for the global BPM industry by implementing new generation technologies such as SMAC, which will drive demand for specialized services.

Performance of Hinduja Global Solutions Ltd.

During FY '14, Operating Income of your Company grew by around 26.3%, displaying strong financial performance, high growth and improved margins. This strong growth was driven by increase in volumes from existing customers and new client additions.

Of the total growth, around 1.6% was due to full year impact of EBOS acquisition. The balance growth was due to organic growth and variation in the exchange rate. Geographies such as the Philippines, North America, Canada and India experienced strong volume growth.

The significant growth in EBITDA and margin improvement was due to better capacity utilization levels at delivery centers across all geographies coupled with various performance optimization initiatives undertaken during the year.

Growth in PBT was primarily due to lower interest expense as a result of debt repayment and better working capital management.

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, HGS St. Lucia Ltd., Saint Lucia and HGS MENA FZ- LLC, UAE.

During the year under review, Total Income of HGS International was US\$ 4.9 million as compared to US\$ 5.5 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, HGS Canada Inc., Canada and HGS EBOS, LLC.

For FY '14, HGS Inc. reported consolidated revenues of US\$ 323.8 million as compared to US\$ 270.5 million in FY '13.

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 '14, HGS (USA), LLC recorded total revenues of US\$ 218.2 million. HGS (USA) LLC and its US subsidiaries have over 2,400 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 3000 associates at 12 centers in Canada. For FY '14, HGS Canada recorded total revenues of CAD 98.2 million as compared CAD 72.8 million in FY '13.

Hinduja Global Solutions Europe Ltd. is the UK-based subsidiary focusing on consulting services for BPM, call center services and markets offshoring services to UK-based clients. It owns 100% stake in Hinduja Global Solutions UK Ltd., HGS France SARL and HGS Italy SRL.

Hinduja Global Solutions UK Ltd. is a leading contact center company with over 890 employees in London, Preston and Selkirk (Scotland). It offers a range of services for inbound and outbound interactions to over 24 marquee customers across verticals such as Government, FMCG, Financial Services, Automobiles and Retail. It has branches in Rotterdam (Netherlands) and Hamburg (Germany). For FY '14, Hinduja Global

Solutions UK Ltd. reported revenues of GBP 24.7 million as compared to GBP 26.8 million in FY '13.

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 as well as local clients.

HGS International Services Pvt. Ltd. (HGSISPL) (formerly Hinduja Outsourcing Solutions Pvt. Ltd.)

The SEZ business of HGSISPL operates through three units namely, a) Global Village SEZ, Bengaluru, b) DLF Towers SEZ, Hyderabad; and c) Pritech Park SEZ, Bengaluru.

During the year, **HGS Business Services Pvt. Ltd.**, the Human Resource Outsourcing (HRO) business was merged into HGSISPL. HGS Business Services provide HRO services to marquee customers in Banking, Financial Services, Insurance and other industry verticals in India and abroad.

In FY '14, HGSISPL recorded revenues of ₹1,413.8 million as compared to ₹ 673.6 million in FY '13.

HGS MENA FZ-LLC was set up in the Dubai Technology and Media Free Zone, Dubai, United Arab Emirates during the year as a wholly-owned subsidiary of HGS International, Mauritius. HGS MENA FZ-LLC plans to provide Business Process Management services and HRO services to companies in the Middle East and North African region.

Addressing Social Concerns

Your Company has proved, yet again, that it remains firmly committed to community welfare initiatives. It partnered with organizations and NGOs championing various causes and reaching out to the needy. The Company partnered with Sightsavers, by participating in the World 10K Run 2013 in Bengaluru. Sightsavers is an international development organization working with partners to eliminate avoidable blindness and promote equality of opportunity for differently-abled people.

2013, unfortunately, has been a year of calamities. In the Philippines, your Company took the lead in mitigating the effects of the catastrophic typhoon - 'Yolanda' that devastated homes and lives of millions of Filipinos in November 2013. The employees donated their leave encashment to both the Red Cross and the Baptist Churches to distribute basic food and necessities to the typhoon stricken areas. Similar commitment was seen in the help your Company has provided for the earthquake-stricken Bohol victims struggling to recover after a massive 7.2 magnitude hit their towns in October, 2013 and left hundreds dead and thousands homeless. Your Company launched a unique initiative "Happy Rains" in the Philippines, which was a donation-drive program to keep public school children happy, disease-free, clean and dry during the rainy seasons, and also gifted

computers to elementary and high school children of the Payatas Orione Foundation, which takes care of children in one of the poorest regions of the Philippines.

In June 2013, flash floods and landslides struck Uttarakhand in India leaving thousands of people dead and missing. Employees across nine locations in India voluntarily contributed to the cause of alleviating the suffering of the victims. Overwhelmed by the employees' generosity, management of your Company matched the contribution and ₹1.85 million was donated towards relief efforts undertaken by Oxfam in Uttarakhand. Your Company is associated with a number of non-profit organisations such as Mother Teresa - Orphanage for Children, Desire Society, HOPE - school for disabled children, Greenlife Foundation, Chaya Devi Education Trust, Green Peace, Good Life Centre, I Lead - Education and Magic Bus. Employees take great pride in raising funds and are actively involved in organising interactive activities with these institutions. In addition to financial support, clothes, toiletries, stationery and medical supplies were donated to them. Another regular feature across the centers in your Company is organizing blood donation camps throughout the year.

In a bid to increase awareness among potential recruits, HGS UK has evolved an "employability skills course" with Fulwood Academy Preston, a local academy. The course includes awareness programs on the business, role play, aid in drafting curriculum vitae and interview skills. At the end of the course, a certificate of achievement is presented to the local young adults, thus providing them an advantage in the employment market. HGS UK plans to put 120 young adults through this course by June 2014. It is notable that this course is not just to train the future employees, but for the industry at large.

HGS centers in Canada have strong linkages with the local communities and this year too, they contributed towards many local charities and hospitals. The coveted Golden Spade Award, presented to the business that embraces all aspects of the Communities in Bloom program and serves as an example for others to follow, was presented to HGS Canada in Pembroke, Ontario. Communities in Bloom is a Canadian non-profit organization committed to fostering civic pride, environmental responsibility and beautification through community involvement.

HGS USA contributed donations in cash and gifts in kind to help those that were affected by a severe tornado which hit Illinois in November 2013. Our clients also rose to the occasion and donated generously to take care of the immediate needs of citizens. When Typhoon Yolanda, one of the severest typhoons ever, hit the Philippines, donations were sent all the way from HGS USA. The HGS US team also joined hands with a client to help their customers when a tornado struck New York City in November 2013. The HGS team in Peoria raised funds for the American Cancer Society in "The Relay for Life" event.

Your Company will continue to actively engage with society across all strata and geographies through noteworthy and worthwhile causes.

Communications and Public Relations

Your Company has continued to extend its efforts towards standardization and diversification of its communication channels, both internal and external. As a global organization, your Company has the responsibility to ensure consistency of branding and messaging across all locations. This has now been achieved in totality through the successful deployment of "One HGS" throughout the organization, including the acquired subsidiaries. HGS has connected each employee to every other through the revamped intranet and has also connected itself with the wider world through the efforts of its Global Marketing and Communications Team.

All the channels of communication have been utilized to create a 360° engagement with our stakeholders and the media. They include the intranet, the website, media outreach programs, social media platforms, participation in industry events, newsletters – internal as well as external, commemoration of important milestones, leadership blogs and winning business awards.

Your Company effectively leveraged Press Releases (PR) to educate and inform various stakeholders – including the public – about the latest company updates. This year, your Company achieved unprecedented media coverage, both domestically and internationally across publications such as The Economic Times, Business Standard, The Hindu Business Line and Reuters. The PR around the completion of 40 years by HGS USA was particularly well received in North America. The CEO of HGS is now a regular invitee to industry discussions on business TV Channels like ET Now and NDTV Profit. The financial results of HGS are covered by prominent media houses and discussed by leading reporters. HGS held its first Investor Relations Meet in December 2013, which was well attended, and made the investor community aware about the recent achievements and strong financials of HGS. Your Company now has considerable traction in the Analyst and Investor community.

HGS has developed an Employee Engagement Platform (EEP) – which is an integrated, internal communication strategy with a focused plan for communicating the Company's vision and values, and why they matter to employees. We use different formats such as e-mailers, newsletters, reports, internal Points of View (PoVs) and articles to share thought-provoking content for our employees on a regular basis. The internal portal Ozone serves as a time-out for employees, offering various fun elements, and enables them to interact with each other on a common channel. While the CEO Blog remains popular on the intranet, a 'Leadership Speak' section has been introduced on the website to enable our leaders to share their ideas with external audiences. 'Leadership Speak' has emerged as one of the most popular sections on the website. Social media continues to grow and be an important channel of communication. HGS is utilizing all the popular social media platforms to inform and engage the public and its own employees.

Your Company is now truly global with presence in 11 countries. To benefit from the economies of scale in its

sales efforts, a 'Global Growth Portal' has been launched, which is a globally accessible archive of all collaterals, case studies, competitive insights, proposals, sales training material and any client or internal sales/growth supporting material.

During the year under review, HGS won many awards and featured in top rankings of the NASSCOM Top BPO Companies survey, Dataquest Top BPO Companies and Global 100 Survey. The Preston center of HGS UK was named as 'Best Mid-sized Contact Centre' at the 2014 Contact Centre World Awards Global finals. This center has also been recognized as the best contact center by a Telecommunications client, which is one of the biggest telecom service providers in the UK. HGS UK was also the highest placed outsourcer in the Top 50 Companies for Customer Service, a prestigious benchmarking program undertaken by the International Customer Management Institute in UK. Our contact center operation run for a FMCG giant was ranked 11th in the Top 50 Companies' list, making it the highest ranked newcomer in the list. HGS also won awards for excellence in internal communications by Corporate Affairs and Forum Awards and Fun at Work award at the Asia BPO Summit, BPO Excellence Awards.

HGS will continue to focus on increasing public interest in, and visibility of, its achievements. In FY '15, your Company will pay special attention to digital media and analyst relations. Many of this year's accomplishments and highlights arose from the work that was initiated in previous years. Communication is a continuum and HGS is confident about leveraging the gains in the past to gain even more in the future.

Awards & Recognition

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

- HGS named runner-up in the 'Best Outsourced Provider' category at the 14th Annual Call Center Week
- HGS' Preston center in the UK named as Best Mid-sized Contact Centre at the 2014 Contact Centre World Awards Global finals
- HGS was recognized in the Internal Communications category by the Corporate Affairs and Forum Awards in 2014
- Won the 'Fun at Work' award at the 2014 Asia BPO Summit – BPO Excellence Awards
- HGS ranked in the Top 50 companies for Customer Service, a prestigious benchmarking program undertaken by the International Customer Management Institute, UK in 2014

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 Annexures '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, who was appointed as a Director in the casual vacancy caused by the resignation of Mr. Dheeraj G. Hinduja and designated as Co-Chairperson of the Company with effect from March 4, 2013, will be appointed as a Director on the Board of the Company at the ensuing Annual General Meeting (AGM) proposed to be held on July 3, 2014.

Ms. Vinoo S. Hinduja, Director of your Company is liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers herself for re-appointment.

Appointment of Mr. Anil Harish, Mr. Rajendra P. Chitale and Mr. Rangan Mohan as Independent Directors pursuant to Sections 149 and 152 of the Companies Act, 2013 are proposed to be made at the forthcoming Annual General Meeting for a term of consecutive five years. Pursuant to Sections 149 and 152 of the Companies Act, 2013 Independent Directors will not be liable to retire by rotation.

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 ended March 31, 2014, 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 profit 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 February 11, 2014 (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 '14.

Accordingly, the Annual accounts and other documents for the year ended March 31, 2014 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 February 8, 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.

Complaints

1. The Whistle Blower Policy: No complaints were received during the FY '14.
2. The Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act, 2013:
 - A. Number of complaints received during the year: 2
 - B. Number of cases disposed of during the year: 2
 - C. Number of cases pending as on March 31, 2014 for more than 90 days: Nil

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, Governments 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 21, 2014

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, 2014 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 employee having a significant role in the Company's internal control system over financial reporting.

Srinivas Palakodeti
Chief Financial Officer

Partha DeSarkar
Chief Executive Officer &
Manager

Date : May 21, 2014

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, 2014.

Date : May 21, 2014

Partha DeSarkar
Chief Executive Officer & Manager

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:

Your Company makes constant efforts to reduce and optimize the use of energy consumption at its delivery locations by installing hi-tech energy monitoring and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption. Although the operations of your Company are not energy-intensive, appropriate measures are still taken to conserve energy. This year, your Company took multiple small steps to generate big savings in energy. Consequently, the total cost of power and fuel during the year were contained at minimum possible levels. Multi-site virtual conference is now gradually substituting the need for international travel. Each center now has been assigned energy saving targets. This has contributed towards reducing the carbon footprint of your Company.

The impact of these measures undertaken by the Company has resulted in optimization of energy consumption, savings in energy cost and environment protection.

b. Research and Development:

Your Company believes in the power of small innovation leading to big changes. HGS is the only BPM organization which is compliant with eSCM level 4 in multiple countries. This has been possible because of your Company's continued endeavor to make improvements across all processes. Your Company has pro-actively identified and promptly neutralized many problems on the client side.

Your Company continually works on its capability of designing and implementing end-to-end systems to provide uninterrupted services to its customers. It has deployed multiple custom built solutions - both in-house and in partnership with IT companies - to provide transformational services to its customers. With the objective of expansion and to ensure diversity in offerings, enhanced availability, compliance with security standards and accessibility to its customers, your Company has strengthened the Point of Presence (POP) across all its locations.

c. Technology absorption:

Always an eager and early adopter of technology, your Company has now taken up Business Intelligence tools in a big way. It has recently developed and deployed a real-time auto chat feature for a client, an electronics giant. This feature has resulted in significant cost savings for the client. Your Company has also leveraged the acquisition of EBOS (from Deloitte) and reduced its spending on hosting charges of CMS platform by creating a private cloud for rendering services to its clients.

Your Company has developed a customized platform for its global sales team which helps it significantly reduce the turn-around-time on proposals. Locations are now connected via Microsoft Lync and have also had their corporate email systems migrated

to Exchange 2010. Powered by this combination of Cloud and onsite offerings with its tools and platforms, your Company is now in a position to realize the economies of scale. Increased usage of cloud computing and virtualization has brought business benefits to your Company. All the efforts of your Company are directed towards leveraging technology to achieve the economies of scale and reduce operational costs.

Your Company appreciates that in the future, automation and artificial intelligence will become indispensable to the BPM industry. Therefore it is investing in self-service engines which have the ability to not just act on requests but also predict the requirements of the customers. It is also enhancing its offerings through the creation and use of multiple channels. Your Company believes that the substantial increase in efficiency achieved through these innovative tools will help it win even larger chunks of business from its client partners.

Few years ago, your Company started taking small but confident steps towards in-house data analytics. It is now in a happy position where it can take care of most of the data analytics needs on its own. Every big vertical of your Company now has a dedicated team of analysts constantly generating and interpreting data for the benefit of clients. Your Company has been able to transform the huge data it generates on a daily basis into business-worthy doses of information. Big data is becoming a reality gradually and your Company is preparing to capture the huge opportunities that will come up in the future.

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	2013-2014	2012-2013
Export as a:		
% of Operating Income	37.34%	36.91%
% of Total Income	34.70%	36.02%

➤ Foreign Exchange Earnings and Outgo

₹ in million

For the Year	2013-2014	2012-2013
Total Foreign Exchange Earned	3,721.2	2,596.6
Total Foreign Exchange Outgo	25.6	15.3

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 21, 2014

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

Ms. Vinoo S. Hinduja

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 Meeting	Board Strength	No. of Directors present
28/05/2013	6	6
08/08/2013	6	5
11/11/2013	6	4
11/02/2014	6	5
10/03/2014	6	4

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 10, 2013
Mr. Ramkrishan P. Hinduja*	5	YES
Ms. Shanu S. P. Hinduja**	2	YES
Ms. Vinoo S. Hinduja	3	NO
Mr. Anil Harish	5	YES
Mr. Rajendra P. Chitale**	5	YES
Mr. Rangan Mohan	4	YES

* Mr. Ramkrishan P. Hinduja attended the Board Meeting held on 11/11/2013 through Video Conference.

** Ms. Shanu S.P. Hinduja and Mr. Rajendra P. Chitale attended the Board Meeting held on 28/05/2013 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	—	4##
Ms. Shanu S. P. Hinduja	—	1	—	1
Ms. Vinoo S. Hinduja	—	3	—	##
Mr. Anil Harish	—	14	4	10
Mr. Rajendra P. Chitale	—	9	4	9
Mr. Rangan Mohan	—	4	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) Stakeholders Relationship and Share Allotment Committee.

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

Does not include membership of Stakeholders Relationship and Share Allotment Committee (Since appointed with effect from May 21, 2014).

3. AUDIT COMMITTEE

A. Terms of Reference

Terms of reference includes 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 Meeting: 28/05/2013; 08/08/2013; 11/11/2013 and 10/02/2014

Attendance:

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

* Mr. Ramkrishan P. Hinduja attended the Audit Committee Meeting held on 11/11/2013 through Video Conference.

** Mr. Rajendra P. Chitale attended the Audit Committee Meeting held on 28/05/2013 through Video Conference.

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 Powers 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 Meeting: 05/10/2013

Name of the Director	No. of Meetings Attended
Mr. Ramkrishan P. Hinduja	1
Ms. Vinoo S. Hinduja	0
Mr. Rangan Mohan	1

5. STAKEHOLDERS RELATIONSHIP AND SHARE ALLOTMENT COMMITTEE

A. Terms of Reference

- To specifically look into redressing shareholders' and investors' complaints in the following areas:
 - Transfer of shares;
 - Non-receipt of financial statements and other documents under the Companies Act, 1956;
 - Non-receipt of declared dividends;
 - Non-receipt of Shares lodged for transfer;
 - Issue of Duplicate Share Certificates;
 - Forged Transfers; and
 - Any other matter of Shareholders' interest.
- To review the system of dealing with and responding to correspondence from all categories of investors.
- To review the details regarding the complaints/ letters, if any, received from the Stock Exchanges and/or the SEBI and responses provided thereto.
- To review and approve initiatives for further improvements in servicing investors.

During the year under review, one complaint was received from shareholder which was duly attended to. There were no complaints pending against the Company as on March 31, 2014.

B. Composition

The Investors' Grievance Committee was constituted by the Board of Directors of your Company on March 7, 2007 and was renamed as Investors' Grievance and Share Allotment Committee in the Board Meeting held on November 7, 2012. The Committee was further renamed as Stakeholders Relationship and Share Allotment Committee in the Board Meeting held on May 21, 2014.

The composition of the Stakeholders Relationship and Share Allotment Committee is as follows:

Chairman: Mr. Rangan Mohan

Member: Ms. Shanu S. P. Hinduja

Mr. Ramkrishan P. Hinduja and Ms. Vinoo S. Hinduja were appointed as members of the Stakeholders Relationship and Share Allotment Committee w.e.f May 21, 2014.

C. Meetings and Attendance

Dates of Meeting: 08/08/2013 and 27/02/2014

Name of the Director	No. of Meetings Attended
Mr. Rangan Mohan	2
Ms. Shanu S.P. Hinduja*	2

* Ms. Shanu S. P. Hinduja attended the Stakeholders Relationship and Share Allotment Committee held on 27/02/2014 through Video Conference.

6. NOMINATION AND REMUNERATION COMMITTEE

A. Terms of Reference

- Search for, evaluate, shortlist and recommend the incumbent for the position of Chief Executive Officer/Managing Director and their engagement terms;
- Design and administer processes for evaluating the effectiveness [i.e., Performance Management System] of Chief Executive Officer/Managing Director and Senior Management;
- 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 Committee was renamed as Nomination and Remuneration Committee in the Board Meeting held on May 21, 2014. The composition of the Nomination and Remuneration Committee is as follows:

Chairman: Mr. Anil Harish

Members: Ms. Shanu S. P. Hinduja
Mr. Rajendra P. Chitale
Mr. Rangan Mohan

C. Meetings and Attendance

Dates of Meeting: 21/08/2013; 11/11/2013; 13/01/2014; 18/01/2014

During the year, one circular resolution was passed on June 3, 2013.

Attendance:

Name of the Director	No. of Meetings Attended
Mr. Anil Harish	4
Ms. Shanu S.P. Hinduja*	1
Mr. Rajendra P. Chitale	4
Mr. Rangan Mohan	2

* Ms. Shanu S.P. Hinduja attended the Nomination and Remuneration Committee Meeting held on 21/08/2013 through Video Conference.

The Nomination and Remuneration Committee reviewed:

- Increase in the remuneration of the CEO;
- Performance review of direct reportee to CEO, amongst other matters.
- Grant of stock options to employees under the ESOP 2008 and 2011 Plans;
- Allotment of shares to employees who exercised their stock options.

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	180,000
Ms. Shanu S. P. Hinduja	55,000
Ms. Vinoo S. Hinduja	60,000
Mr. Anil Harish	200,000
Mr. Rajendra P. Chitale	200,000
Mr. Rangan Mohan	100,000

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	₹ 12,37,758.30	Mr. Rangan Mohan
D.M. Harish & Co.	₹ 5,06,250.00	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
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.
2012-2013	Hall of Harmony Nehru Centre Dr. Annie Besant Road Worli Mumbai-400 018	August 10, 2013 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 10, 2013	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 9, 2012	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.

9. DISCLOSURES

- A. There were no material significant related party transactions during the year under review 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. Communication from CEO was sent to all the shareholders at the time of declaration of Second Interim Dividend.

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

11. GENERAL SHAREHOLDER INFORMATION

Sr. No.	Subject	Date
1.	Next Annual General Meeting	
	Date	July 3, 2014
	Time	11.00 A.M.
	Venue	Hall of Harmony Nehru Centre Dr. Annie Besant Road, Worli Mumbai-400 018
2.	Financial Calendar for 2014-15 (Tentative)	
	Unaudited results for the quarter ending June 30, 2014	August 8, 2014
	Unaudited results for the quarter/half year ending September 30, 2014	2nd week of November, 2014
	Unaudited results for the quarter ending December 31, 2014	2nd week of February, 2015
	Audited results for the year ending March 31, 2015	2nd week of May, 2015
3.	Book Closure Dates	From June 26, 2014 to July 3, 2014
4.	Dividend payment date for the financial year 2013-14	On or after July 10, 2014
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

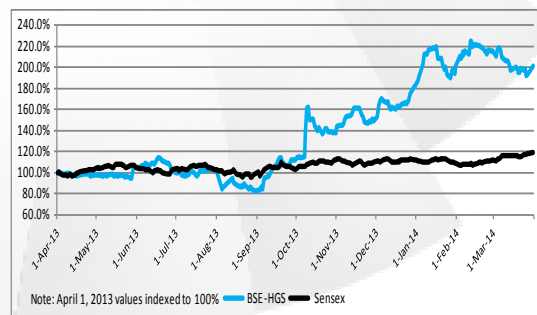
Note: Annual Listing fee for the financial year 2014-15 has been paid to BSE and NSE.

12. STOCK MARKET DATA

Month	BSE		NSE	
	Month's High (₹)	Month's Low (₹)	Month's High (₹)	Month's Low (₹)
Apr-13	296.85	253.10	278.00	251.25
May-13	292.85	253.05	295.00	253.10
Jun-13	314.85	274.05	314.95	271.10
Jul-13	286.00	255.00	288.00	251.30
Aug-13	281.40	220.80	281.40	219.00
Sep-13	316.00	223.50	314.95	222.00
Oct-13	459.80	300.00	458.90	300.05
Nov-13	450.00	372.00	449.50	373.00
Dec-13	522.90	412.00	522.95	410.00
Jan-14	609.40	497.90	610.00	496.05
Feb-14	632.00	535.10	634.70	533.00
Mar-14	608.40	518.00	609.85	519.50

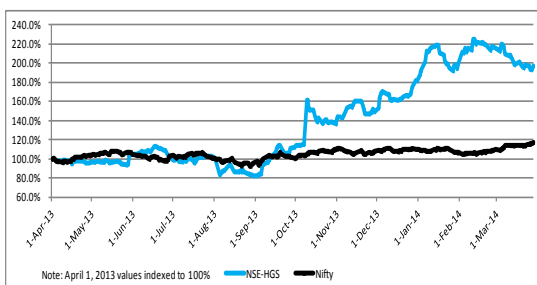
A. SHARE PRICE MOVEMENT (BSE)

Your Company's closing share price performance on the BSE relative to BSE Sensex closing prices (April 2013 to March 2014)



B. SHARE PRICE MOVEMENT (NSE)

Your Company's closing share price performance on the NSE relative to NIFTY closing prices (April 2013 to March 2014)



13. SHARE TRANSFER SYSTEM

Your Company's equity shares are compulsorily traded in dematerialized form. As on March 31, 2014,

about 99.73% of your Company's equity (comprising of 20560524 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, 2014, there were no pending unprocessed transfers. The details of physical shares transferred during the last three years are as under:

Particulars	2011-2012	2012-2013	2013-2014
No. of transfer deeds received	03	03	03
No. of shares transferred	200	400	450

Pattern of Shareholding as on March 31, 2014:

Particulars	No. of shares	% of share-holding
Promoters	1,40,29,452	68.05
FII's	32,13,758	15.59
NRI's/OCB's/Non Domestic Companies	90,809	0.44
Mutual Funds, Banks, Financial Institutions, Insurance Companies	2,587	0.01
Private Corporate Bodies	10,01,222	4.86
Individuals / Others	22,78,599	11.05
Total	2,06,16,427	100

Distribution Schedule as of March 31, 2014:

Distribution	No. of share-holders	% to Total No. of shareholders	Shareholding	
			No. of shares	% to Total paid-up capital
Upto 500	9512	93.41	594292	2.88
501 1000	299	2.94	229725	1.11
1001 2000	179	1.76	260721	1.27
2001 3000	55	0.54	137556	0.67
3001 4000	28	0.27	98945	0.48
4001 5000	19	0.19	85144	0.41
5001 10000	34	0.33	246697	1.20
Above 10000	57	0.56	18963347	91.98
Total	10183	100.00	20616427	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, 2014 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, 2014.

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 of resolution by Circulation SS-7, Affixing of Common Seal SS-8, Forfeiture of Shares SS-9 and Board's Report SS-10.

SS-1 relating to Meetings of the Board and Committees and SS-2 relating to General Meetings have been made mandatory as per the Companies Act, 2013 with effect from April 1, 2014 by the Ministry of Corporate Affairs. The remaining Standards are presently recommendatory as on March 31, 2014. 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.
- B. Remuneration Committee:** Your Company has constituted a Compensation Committee. The Committee was renamed as Nomination and Remuneration Committee in the Board Meeting held on May 21, 2014. A detailed note on Nomination and Remuneration Committee is provided under point(6) – Nomination and Remuneration 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) Private Limited

Address : 13AB, 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
Bengaluru-560068

Tel : (91 80) 2573 2620 / 2573 3212

Fax : (91 80) 2573 1592

Shareholders may address queries relating to their holdings to:

Mr. Anup Pandya
Assistant Manager-Company Secretary

Address: HGS House
No. 614, Vajpayee Nagar
Bommanahalli, Hosur Road
Bengaluru-560068.

Tel : (91 80) 2573 2620/ 2573 3212

Fax : (91 80) 2573 1592

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 21, 2014

Ramkrishan P. Hinduja
Chairman

ANNEXURE 'D' TO THE DIRECTORS' REPORT

Auditors' Certificate regarding Compliance of Conditions of Corporate Governance

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, 2014, 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

Jeetendra Mirchandani

Partner

Membership Number: 048125

Place : Mumbai
Date : May 21, 2014

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

The global macroeconomic environment remained challenging during 2013, resulting in subdued global GDP growth of 2.1%. During the year, the developed economies continued to adopt a variety of fiscal policies to boost economic recovery even as emerging markets experienced new domestic and international headwinds. However, the second half of the year saw an increase in positive economic activity across both developed and emerging countries.

In the US, better consumer sentiment due to rising housing prices and corporate profitability led to some positive signs in the second half of the year. Going forward, the US recovery is expected to gradually gain momentum as pent-up demand is unlocked and government spending increases. According to the Congressional Budget Office, real GDP of the US is projected to grow by 3.1% in 2014 and by 3.4% in 2015.

The Canadian economy experienced moderate growth in the past few years, partly due to conservative government policies which limited job growth and economic expansion. However, the economy is expected to return to normal growth levels as both domestic and export demand increases. The Parliamentary Budget Office expects economic growth of 2.1% in 2014 and 2.7% in 2015.

Overall, the European economy improved further during 2013 as a result of reduced government deficits. The UK economy registered its strongest growth of 1.9% since 2007, according to the Office for National Statistics. This recovery was based on stronger growth in the manufacturing sector. The emerging economies in Eastern Europe are experiencing modest economic expansion and momentum.

During FY'14, the performance of the Indian economy remained weak with GDP growth below 5% levels. Domestic demand was under pressure on account of higher import costs as a result of a weaker and more volatile Indian Rupee.

However, during the latter part of the year, India experienced some early signs of improvement with the twin deficit problem of Current Account Deficit (CAD) and

Fiscal Deficit gradually being addressed. In FY'14, CAD was the lowest in the past six years and the government was beginning to constrain the fiscal deficit.

Overall, most global economies remained under pressure during the year and have not reached their full potential since the recent financial crisis. However, early signs of a stronger recovery were established as the demand scenario and consumer sentiment improved.

Industry Overview

The global IT-BPM industry continued its growth trajectory despite the various economic challenges within key markets. As the sector has grown at a steady pace recently, the trend for outsourcing has been gradually shifting from traditional services to extended services and the use of enhanced technologies. Service providers are focused on improving customer experiences, managing risks and improving efficiencies with the use of social, mobility, analytics and cloud (SMAC) technologies. This changing trend will require BPM providers to focus on result-oriented business transformation with the use of emerging technologies. Further, it will also enable clients to understand the transformation in a specific process and rapidly adjust with the support of outsourcing providers.

Worldwide BPM spending in 2013 was US\$ 168 billion, an increase of 5.7% compared 2012. Domestic annual revenues for the Indian IT-BPM industry of ₹ 1,150 billion led to a growth of around 10%. Export revenues also experienced significant growth of 13% to reach annual revenues of US\$ 86 billion. During the year, technology and related sectors benefitted from vertical and geographic market expansion, new customer segments and a wider spectrum of services and solutions being offered (Source: NASSCOM).

Over the past few years, Philippines has emerged as one of the preferred delivery locations for BPM services, primarily catering to developed economies such as the US, the UK, Australia and New Zealand. According to the Contact Center Association of the Philippines (CCAP), the Philippines BPM industry generated US\$ 10 billion during FY'13, an increase of around 15% compared to the previous year. The availability of skilled human resources at relatively lower cost and supportive government policies have helped Philippines BPM industry to grow significantly, and become a favored delivery center location.

The key trends in the industry verticals where Hinduja Global Solutions (HGS) operates are detailed below.

Healthcare

Until recently, Health Insurance companies (Payers) were the major drivers of BPM spending but the ongoing enactment of the Affordable Care Act (ACA), has created significant opportunities for Providers in the US. Gartner expects that this reform law will result in extending comprehensive healthcare coverage to about 45 million people either from employers or from government programs.

Under the ACA, healthcare insurance companies are responsible for managing costs and ensuring overall improvement in the quality of care provided. The ACA also ensures that the providers' reimbursement is based on outcomes and efforts to minimize re-admission within 30 days.

The introduction of ACA is expected to make hospitals focus on reducing costs, which in turn provides significant opportunities to healthcare BPM providers. These include offering revenue cycle management solutions such as pre-registration, medical billing, charge posting, accounts receivable follow ups, financial accounting and claims management.

The ACA is expected to result in strong growth for the healthcare vertical over the next four years as BPM spending may exceed US\$ 3 billion by 2017, representing a growth rate of 4% (Source: Gartner).

Outsourcing providers focused on payer business will also benefit from the ACA as it is expected to significantly increase the number of health insurance holders. The key opportunities will include services such as claim processing, health insurance exchange plan management, third party administrations and pharmacy benefit management services. Gartner expects IT-BPM spending for healthcare payer segment to be US\$ 18.5 billion in 2014.

Telecom

Traditionally, telecom operators have focused on outsourcing processes such as inter-mediation services, database services and various operational support systems / business support systems (OSS/BSS). Companies are now increasingly looking to outsource other value-added services such as content, commerce and next generation communication services. This is expected to result in new opportunities for BPM providers. In addition, the current competitive scenario for communication service providers (CSPs) has encouraged them to adopt new technologies in order to realize operating efficiencies. Given these complex industry dynamics, BPM providers are increasingly focused on delivering value based outcomes to CSPs to capitalize on new revenue opportunities.

Consumer

Consumer goods manufacturers operated in a low growth environment during the course of the year. This forced them to focus on the application of technology to improve overall customer experience to help maintain and grow market share. Keeping costs stable whilst also delivering a better customer experience has become critical as customer spending has not improved significantly since the global recession. The manufacturers are also leveraging new product innovation to engage customers through user forums, supply chain collaboration sites and quantitative research surveys. These trends are expected to generate new opportunities for BPM providers, especially those focused on CRM and SMAC technologies.

Banking and Financial Services

Global banking and financial institutions have been gradually expanding their service offerings by providing more sophisticated services such as mobile banking, customer loyalty programs and mobile trading systems. The challenges associated with the implementation of new BFSI services will require managing and analyzing large volumes of data. BPM firms are expected to benefit by providing more sophisticated data mining, business intelligence and predictive analytics to the BFSI industry.

Media

Changing customer preferences and the introduction of advanced technologies have resulted in new opportunities for media and entertainment companies. In particular, the sector is increasingly seeking to expand television viewing on to mobility devices and new services such as social television. Such services are gaining increasing acceptance among users as it provides them with opportunity to interact with other users and provide their feedback on specific content. In addition, new content development including games and videos will require multiple devices and consoles, thereby providing new opportunities for the BPM industry.

Entertainment increasingly includes a social interaction aspect, especially with gaming and media already accessible through the cloud. Over the past few years, social networking has expanded its reach across the world and has become an important aspect of consumer communications. This provides outsourcing opportunities such as social analytics, social monetization, personal cloud and consumer platforms. Further, managing the security aspect and confidentiality of the users' information offers additional opportunities in the sector.

Public Sector

The outsourcing activity by the public sector has been increasing significantly in the UK. This has been primarily due to the UK Government's emphasis on improving value and streamlining costs. The UK has consistently been the largest outsourcer of public sector contracts in the EMEA region with approximately 80% of the market share. The sector has been experiencing a shift towards multi-sourcing rather than large deals for a single provider. This trend suggests that the outsourcers are focusing on specialized skills to gain maximum benefit from such contracts.

Business Overview

Hinduja Global Solutions (HGS), 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 transaction processing services & management and contact center services to its global clients including several Fortune 500 companies. HGS currently serves 139 clients (excluding payroll processing clients) through its 58 Global Delivery Centers and employs over 26,000 people worldwide. The Company has presence in Canada, France, Germany, India, Italy,

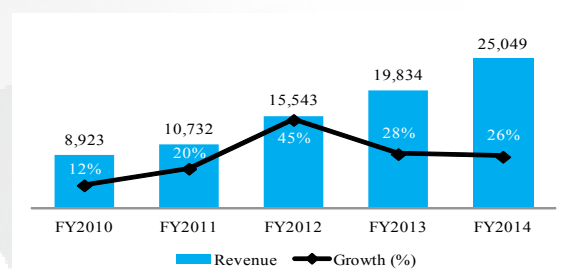
Jamaica, Philippines, the Netherlands, the UAE, the UK and the US.

HGS delivers outsourcing expertise and best in class practices based on its longstanding experience and client partnerships. The Company designs and deploys customized solutions on behalf of its clients across a wide range of industry verticals. Our 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, analytics, social technology, cloud and digitization.

Financial Review

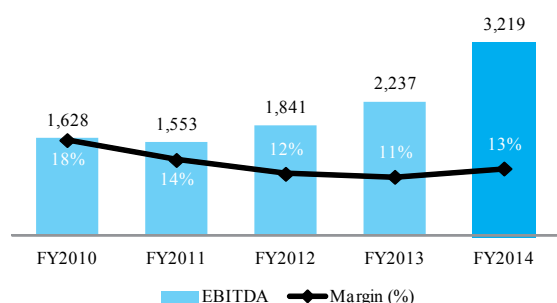
HGS continued its strong growth trajectory during the year. In FY'14, the Company generated operating revenues of ₹ 25,049 million, a growth of 26.3% compared to FY'13. This robust growth was driven by higher volumes from existing as well as new clients across all geographies and favorable exchange rate movements.

(Revenue in ₹ Million)



Consolidated EBITDA for the year increased by 43.9% to ₹ 3,219 million. EBITDA margins were at 12.9%, an improvement of 157 basis points compared to the same period last year. This improvement was due to better capacity utilization levels across all geographies. Further, continued efforts on boosting performance management and implementing cost control measures have started yielding results.

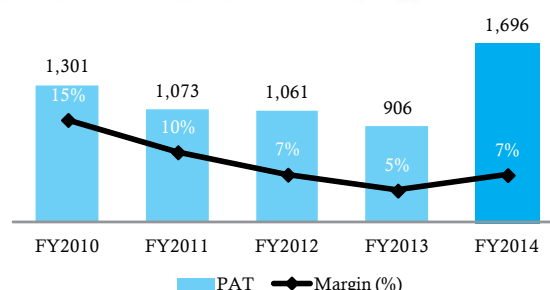
(EBITDA in ₹ Million)



Consolidated profit after tax (PAT) for FY'14 was ₹ 1,696 million, an increase of 87.2% compared to FY'13. PAT margins for the year improved by 220 basis points to 6.8%. Improvement in profitability for the year was driven by more efficient working capital utilization coupled

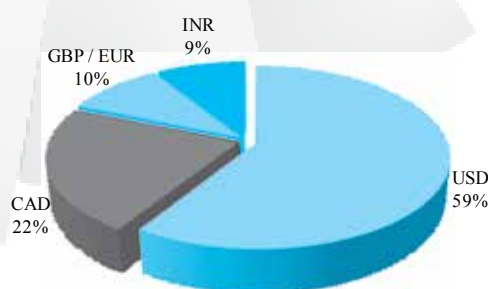
with lower interest expense due to debt repayments. PAT included benefits of lower tax expense due to MAT credit of ₹ 13.6 million and higher tax expense of ₹ 82.6 million on account of dividend from a foreign subsidiary received in India.

(PAT in ₹ Million)



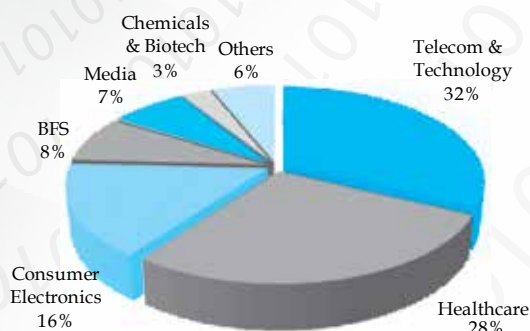
Revenues by geography have been in-line with the management's overall market expectations. During FY'14, US accounted for 59% of the consolidated revenues as compared to 58% in FY'13. Canada has shown significant growth and now accounts for 22% of operating revenues as compared to 20% in FY'13. UK and Europe have a share of 10% as compared to 12% last year, and India accounted for 9% as compared to 10% last year. The contribution from UK and Europe declined due to softness in volumes while contribution from India reduced by around 100 basis points primarily due to the rationalization of the domestic operation. However, revenues of HGS Business Services (HRO) business grew around 20% in FY'14.

Revenue by Geography



From a vertical perspective, Technology, Telecom sector and Healthcare sector continue to dominate, with contribution of around 32% and 28% of the total revenues, respectively. Contribution from the Telecom and Technology vertical increased marginally from 31% in FY'13. The contribution of Healthcare vertical increased significantly by around 3% as compared to last year to reach 28%. This increase is partly on account of the EBOS acquisition (made in October, 2012) as well as growth and volumes from new and existing clients. Consumer Electronics vertical contribution declined from 17% in FY'13 to 16% in FY'14 due to difficult market conditions faced by our key clients. Contribution from other verticals remained flat with BFS and media verticals accounting for 8% and 7%, respectively.

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, 2014 was ₹ 206 million, an increase of approximately 27,000 shares compared to last year. This increase was due to the issue of equity shares under employee stock option plan.

Reserves and Surplus: The reserves and surplus of the Company increased from ₹ 12,149 million in FY'13 to ₹ 14,314 million in FY'14.

Long-term borrowings

As of March 31, 2014, the total long term borrowings (including capital leases) was ₹ 4,485 million as compared to ₹ 3,583 million in FY'13.

Deferred tax liabilities

Net deferred tax liabilities as of March 31, 2014 were ₹ 297 million as compared to ₹ 242 million as of March 31, 2013. This increase is primarily due to an increase in deferred tax liability on the account of amortization.

Long-term provisions

As of March 31, 2014, long term provisions stood at ₹ 64 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, 2014 were ₹ 1,058 million as compared to ₹ 918 million as of March 31, 2013. During the year, the Company issued commercial paper and an amount of ₹ 750 million was outstanding as on March 31, 2014. Commercial paper provided an alternative source of working capital financing at a lower cost.

Trade payables

Trade payables as of March 31, 2014 were ₹ 1,338 million as compared to ₹ 804 million on March 31, 2013.

Other current liabilities

Other current liabilities (including current maturities of long term debt) as of March 31, 2014 were ₹ 1,932 million as compared to ₹ 1,975 million on March 31, 2013.

Short-term provisions

Short-term provisions as of March 31, 2014 include provisions for gratuity & pension and compensated absences payable to employees based on an actuarial valuation of ₹ 44 million and ₹ 271 million, respectively (compared to ₹ 32 million and ₹ 207 million on March 31, 2013).

Goodwill

Goodwill as of March 31, 2014 was ₹ 6,303 million as compared to ₹ 5,769 million as of March 31, 2013. The variation of goodwill during the year was due to variations in exchange rate.

Fixed assets

The net block of tangible and intangible assets was ₹ 3,764 million and ₹ 7,121 million respectively, as of March 31, 2014 (₹ 2,974 million and ₹ 6,442 million respectively, as of March 31, 2013), representing an increase of ₹ 1,469 million of the total fixed assets. The Company incurred capital expenditures of ₹ 1,537 million during the year. Major capital expenditures during FY'14 were primarily related to the addition of new centers in India, Canada and Philippines.

Investments

The investments of the Company represent non-current investments of ₹ 68 million as of March 31, 2014 (March 31, 2013: ₹ 76 million) and current investment of ₹ 1 million as of March 31, 2014 (₹ 1 million as of March 31, 2013).

Long-term loans and advances

The long-term loans and advances of the Company as of March 31, 2014 were ₹ 1,365 million compared to ₹ 1,113 million as at March 31, 2013. 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, 2014 were ₹ 78 million. This includes deposits with banks for margin money.

Current assets

Trade receivables: Trade receivables was ₹ 4,692 million (net of provision for doubtful debts of ₹ 34 million) as of March 31, 2014 as compared to ₹ 3,600 million (net of provision for doubtful debts of ₹ 13 million) as of March 31, 2013. 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 the 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, 2014 was ₹ 4,550 million as compared to ₹ 4,061 million as of March 31, 2013.

Short-term loans and advances: Short-term loans and advances as of March 31, 2014 were ₹ 1,787 million as compared to ₹ 1,308 million as of March 31, 2013. This was due to an increase in receivables from the Canadian government authorities and a loan to third parties.

Other Current assets: The other current assets of the Company as of March 31, 2014 were ₹ 853 million as compared to ₹ 982 million as of March 31, 2013.

Liquidity

As of March 31, 2014, the Company had consolidated debt of ₹ 6,343 million comprising ₹ 4,485 million of long term debt (including financial leases), ₹ 800 million of current maturities of long term debt and ₹ 1,058 million of short term borrowings. At the end of FY'14, the Company had cash and treasury surplus of ₹ 5,618 million, resulting in net debt of ₹ 725 million. As of March 31, 2014, HGS had a conservative leverage of Net Debt/EBITDA of 0.2x and Debt/Equity of 0.4x.

Operational Review

The overall growth performance of HGS' US operations remained robust, driven by strong contribution from verticals such as telecom, healthcare and consumer. New clients in the telecom, consumer and retail verticals were also added during the year. Our strategic priority is to expand future growth prospects by placing greater emphasis on the retention of existing clients through innovative service offerings. During the year, HGS strengthened its sales and marketing team in the US. This has enabled the Company to focus on larger and more complex clients assignments with multi-geography delivery models across verticals. Overall, this initiative has resulted in a stronger sales pipeline including a contract from one of the largest financial services company in the US. The recent healthcare reform in the US has created new opportunities for HGS. The Company is already benefitting from the implementation of the healthcare law ACA and is better placed to capitalize from additional opportunities arising in the sector.

HGS Canada continued to demonstrate another year of strong performance. The Canadian operation is primarily focused on the telecom & technology and finance verticals. It plans to strengthen its presence in these sectors as there are significant BPM opportunities available. Further, HGS Canada is also focused on diversifying its presence into the government, insurance, healthcare, utilities and retail sectors. The operation continues to invest in sales and marketing with the objective of benefitting from a better alignment of economic trends and client needs in

Canada. Having developed a robust sales pipeline both from existing and new clients, HGS Canada remains focused on increasing its contribution from offshoring.

The European and UK operations performed in line with the management's expectations. During the year, the core CRM business performed well while the operation continued to focus on building its new business pipeline in the government, retail, consumer goods and telecom sectors. During the year, HGS appointed Mr. Matthew Vallance as the CEO for HGS' UK and Europe geography to strategically expand operations and lead growth. The operation remains focused on its key verticals such as the telecom, consumer and public sector as well as actively pursuing new opportunities in the retail and financial services verticals. During the year, new contracts from consumer, telecom, automotive and public sector clients were secured. HGS Europe and UK remains focused on delivering multi-channel capabilities with innovative solutions around digital self-service, web-chat and social media. The operation also plans to broaden service offerings with new capabilities around process, operations and performance management. The UK operation was selected as one of the four outsourcing providers for the UK Government in Q4 FY'13. During FY'14, HGS UK signed a contract with a British government department for providing support in over 22 languages via email, chat and phone. This contract is expected to drive revenue and profitability from FY'15 onwards.

HGS' Philippines operation successfully drove growth during FY'14, led by addressing the challenge of excess capacity seen during the previous financial year. HGS Philippines acquired new clients in the healthcare, telecom and consumer verticals. The operation recently started servicing its first offshoring client from Canada and is now focused on increasing the contribution from offshore revenues to overall business. This effort is expected to be led by offshore volumes from clients in the healthcare insurance vertical in light of the ongoing healthcare reforms in the US. The Philippines operation also continued to build a strong sales pipeline across verticals such as telecom, healthcare, consumer, financial services and media.

The India International business experienced robust growth across all key clients, primarily in the healthcare vertical. This operation has also been gaining traction for new lines of services. The EBOS business, acquired in October 2012, has performed in line with the management's expectations and also added the new service line of medical coding during the fiscal year. The Company opened a new SEZ in Bengaluru to address the strong demand from clients in verticals such as healthcare and consumer electronics. HGS also expanded its presence in the Middle-East region with Urdu language support for a telecom client and continues to explore additional opportunities in the region to further strengthen its position. In FY'14, the Company celebrated 10 years of strategic partnership with two major clients – one is a telecom company while the other is our largest healthcare client. Such long-standing relationships clearly demonstrate the trust and confidence that HGS

has developed with its clients through superior quality of services delivered. The operation expects to benefit from ongoing healthcare reforms and is focused on gradually increasing offshoring revenues.

The initiative of ongoing assessment of client profitability and corrective actions undertaken by the Company has resulted in strengthened profitability for the India Domestic operations. During the year, HGS strategically exited unprofitable accounts and received rate increases from several clients, which supported the improvement in performance. The operation continues to focus on selective growth opportunities with emphasis on better profitability and margins.

Delivery Infrastructure

At the end of FY'14, the Company had 58 global delivery centers across 11 countries. During the year, five new centers were opened, two in Alabang, Muntinlupa City (Philippines), one in Barrie, Ontario (Canada), one SEZ in Bengaluru (India) and one in Princeton, New Jersey (US).

The Company established the HGS MENA regional operation to capitalize on opportunities in the Middle East. HGS continues to focus on exploring growth opportunities in the geographies it operates and selected new markets. All facilities of the Company are operating at optimal utilization levels.

HGS has a conservative balance sheet and strong cash flows that enables us to capitalize on new growth opportunities.

Human Capital

A skilled talent pool is critical for success in the BPM industry. It is important to identify talented individuals, provide technical training to enhance their skills and develop business leaders for future. However, an essential part of managing human resources is ensuring high employee retention levels and a corresponding return on investments.

HGS has operations across 11 countries with people from diverse cultures and backgrounds. The Company focuses on providing suitable opportunities to individuals to develop their skill sets and grow as talented professionals. It also encourages individuals to gain an in-depth appreciation of different global work cultures, thereby enabling employees to interact effectively with their colleagues across geographies. Further, HGS also has strategic alliances with universities globally to enable skill development specific to the BPM industry.

As of March 31, 2014, the Company had approximately 26,036 employees. The total numbers of seats were 26,385, an increase of 3,349 seats compared to last year. Of the total employees, 58% were based in India, 17% in Philippines, 12% in Canada, 10% in the US and remaining 3% in Europe.

Customer Additions

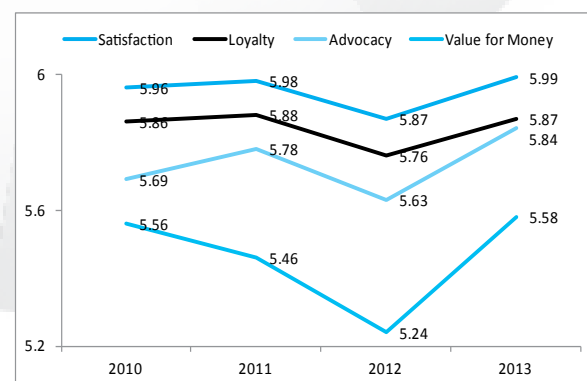
As of March 31, 2014, the Company had 139 clients (excluding payroll clients). Taking into account the 515

clients of the payroll business, the total number of clients stands at 654 as compared to 585 clients as on March 31, 2013. During the year, HGS added 14 new clients in verticals such as telecom, healthcare and consumer electronics, and 105 clients for the Payroll business. As of March 31, 2014, the Company had 59 clients contributing revenues of more than ₹ 10 million per quarter.

Customer Satisfaction (CSAT) Survey

HGS is focused on providing a superior and seamless customer experience globally across its facilities with its standardized and value added services. The Company monitors customer dialogue and values their feedback in improving service quality.

HGS has been conducting annual global customer satisfaction surveys since 2009. The response rate to the survey has gradually improved over the years, indicating that clients increasingly view us as a strategic partner as opposed to simply being a service provider. During 2013, the Company conducted its customer satisfaction survey through a professional third party provider. The response rate was more than 80%. This survey was primarily focused on four key parameters: satisfaction, loyalty, advocacy and value for money. HGS' performance improved in all the parameters and exceeded industry benchmarks for the first time. The Company remains focused on continuously improving its performance, and setting new benchmarks for service quality and ultimately increasing client satisfaction.



Global Growth Strategy and Marketing

HGS appreciates the need to remain competitive and improve market positioning to ensure client retention, expand the scope of services offered and acquire new clients. With this objective, the Company has established a 'Global Growth Strategy and Marketing' (GGSM) team.

The initiative is expected to improve the sales pipeline conversion rate through compelling market services and capabilities, and is in line with the Company's overall client and market centric approach. The GGSM team would further ensure that the 'One HGS' philosophy is adopted at all times. The primary focus is to leverage the Company's current capabilities and best practices to simultaneously develop new service offerings to match market opportunities.

The GGSM initiatives are structured across five areas:

- **Program Management:** The primary pillar of the program is to develop, document and communicate HGS' sales growth strategy. It will focus on identifying high priority growth clients and assist account leaders to develop growth plans.
- **Marketing and Events:** Developing and implementing a marketing plan aligned to client and market trends is essential. The global team will consider the needs of local markets and leverage HGS' capabilities to ensure better success rates. This will also include demonstrating the capabilities of the Company in industry & trade events and conferences. Additional initiatives will be implemented to ensure the optimization of digital and social media to further improve the market positioning of HGS.
- **Current and Future Capabilities:** The team will aim to ensure that the Company's capabilities are clearly communicated and new capabilities are developed across all geographies and verticals.
- **Sales and Marketing Operations:** The team will continue to support the sales and marketing teams with insights, analytics and commutations that HGS has acquired over the years. This will include leveraging global sales plans and tools for effective collaboration. Centralized sales proposals will support local teams in preparing for new business originations.
- **Outsourcing Advisors and Analysts:** The team will work with third party advisors and analysts to conduct independent analysis and reviews.

SWOT Analysis

Strengths

Deep Domain Knowledge: HGS has developed a strong track record in the healthcare, telecom, financial services and consumer verticals. Three decades of domain expertise and creating industry best-practices allows the Company to deliver a comprehensive range of industry specific solutions. Further, HGS expects to benefit significantly from the healthcare reforms in the US due to its strong domain expertise in the vertical and 360° presence in entire value chain.

Globally Local: HGS follows the philosophy of 'Right Shoring' which implies getting the perfect onshore and offshore mix to drive productivity, reducing lead times, quicker responses and competitive prices to customers. The Company has a presence across 11 countries with 58 delivery centers. This far reaching global presence enables the respective geographic teams to better capitalize on local market conditions, ease decision making and yield results.

Operational Excellence: The Company's best-in-class operations are reflected in its long-standing customer relationships in place. HGS has a robust Business Excellence Framework which has been acknowledged through consistent customer satisfaction. HGS is also the only company in the world to have an eSCM – SP 4 certification across three geographies simultaneously.

Longstanding Customer Relationships: HGS has developed strong customer relationships, which are a testament to the high quality service delivery. Many customers have been associated with HGS for a number of years, with approximately 70% of all clients working in partnership with the Company for more than five years. During the year, the Company celebrated its 40th year of partnership with its first client, a major manufacturer in the consumer electronics sector. In FY'14, HGS also completed 10 years of collaboration with a telecom client and its largest healthcare client.

Strong Management Team: The Company's management team is highly regarded and experienced, providing HGS with a competitive edge. The team members have strong track records of successfully managing various business processes, project planning and implementation in the BPM industry. The management team is also highly experienced in identifying attractive acquisition opportunities and integrating them.

Adaptable to Customer Needs: The success of HGS in terms of client retention and acquisition can be credited to its client-centric approach. The Company is flexible and responsive in approaching a client's dynamic needs and designs solutions to create long term value.

Dedicated Sales and Marketing Team: Over the past years, HGS has continued to make investments in building an experienced dedicated sales and marketing team. The Company has established a strong team with the objective to focus on larger and more complex client engagements with multiple geography delivery models across verticals. The team continues to build a strong sales pipeline across diverse industry sectors.

Weakness

Concentration Risk: The Company derives most of its revenue from a core group of clients. During FY'14, revenue from Top 10 clients accounted for 62% of total revenues. However, there are long-standing relationships with many of these clients. The Company aims to reduce the dependence on selected clients. HGS' dedicated sales and marketing team is focused on acquiring new clients with larger and more complex service requirements.

Voice vs. Non-voice: Currently, the majority of the Company's revenue is originated from voice based processes. These processes continue to provide significant opportunities with higher operating margins. HGS has also developed competencies in emerging technologies in non-voice Customer Interaction Management (CIM) and continues to leverage its competitive advantages to build other non-voice capabilities. Further, the Company is also actively evaluating acquisition opportunities that will add value and complement the management team's strategy.

Retention of Talent Pool: The current attrition rate is in line with industry average. However, HGS appreciates that, given the nature of BPM business, it is critical to attract and retain talent. Necessary measures have been implemented to maintain attrition at satisfactory levels. The Company continues to undertake initiatives to train employees and enhance their skills. HGS has developed

strong relationships with its employees and was recently awarded the 'FUN AT WORK' recognition at the Asia BPO Summit (Mumbai, India), for offering the most engaging and employee motivating practices in the BPM industry.

Exposure to Currency Fluctuations: HGS is exposed to fluctuation risks of foreign currency due to its global operations. Around two-thirds of the revenue has costs incurred in the same currency and geography, which reduces the risk of currency fluctuations. The Company actively hedges a major portion of its offshore revenues to mitigate the risk from currency fluctuations.

Opportunities

Affordable Care Act: Healthcare reform in the US, which started in October 2013, is expected to generate significant outsourcing opportunities in healthcare vertical. The ACA aims to provide better quality medical care at reduced costs, which will result in enhanced outsourcing of revenue cycle management solutions. HGS with its deep domain expertise in the sector is well placed to capitalize on the emerging opportunities and further strengthen its presence in the sector.

New Geographic Markets: HGS has a track record of exploring new markets and opportunities ahead of its peers. The Company has set up an operation in the MENA region for Urdu language support and to tap the underlying potential of the Middle East region. The Company continues to explore new opportunities and has been gaining momentum with clients in Latin America.

Change in Customer Behavior: Historically, customers in regions such as Canada had reservations about outsourcing services. The emergence of a more complex and competitive environment, coupled with a challenging economic backdrop, has resulted in changing customer preferences. Corporates are proactively seeking outsourcing opportunities. With its presence in multiple locations and capabilities to provide standard services across facilities, HGS is well placed to capitalize on this changing trend.

Industry Consolidation: The BPM industry is highly fragmented with a large number of participants. However, the emergence of new technologies and demand for transformational services from clients is likely to result in the consolidation of providers who have restricted capabilities. Companies with a strong balance sheet and cash flows, such as HGS, are therefore well positioned to benefit and further strengthen their delivery capabilities.

Threats

Integrated Companies: Many leading IT-BPM companies have established BPM division to provide integrated IT-BPM services to their clients. This has helped them to win larger client contracts and benefit from higher client retention rates. BPM services are also typically non-core activities for IT companies and are therefore less focused on scaling up standalone operations as opposed to offering bundled services.

Skilled Personnel: The emergence of leading technologies and the demand for sophisticated services

from clients will require employees with specific skills. The Company may find it difficult to retain such personnel in the medium term. However, HGS' initiative for specialized training and alliances with universities will partially mitigate this risk.

Regulatory Changes: Any new regulatory enactments restricting the outsourcing of services by any country can have an adverse impact on the performance of the BPM industry.

Emerging Economies: Companies based in emerging economies can provide a low-cost competitive alternative to more established BPM providers, given their access to cheaper labor and favorable government policies.

Business Outlook

Despite the prevailing uncertain global economic scenario, the BPM industry has continued its growth trajectory. A greater acceptance of outsourcing by corporates has enabled the industry to expand globally. In addition to private companies, many governments have now started to outsource services for the first time as they have to manage public sector headcount. This trend and increasing acceptability of BPM service providers is expected to drive future growth.

The industry is also experiencing an increase in hybrid service offerings from providers. These offerings enable customers to customize and split processes into in-house and outsourcing activities. In this model, the provider benefits from access to client's database platforms and the ability to access data simultaneously alongside their client. Gartner expects that by 2017, around 75% of the BPM demand will be achieved through hybrid offerings as clients gradually become accustomed to the latest enabled technologies such as cloud computing.

The global BPM market continues to deliver strong growth with Gartner expecting the industry to grow at 5.4% CAGR from 2012–17. There is significant difference in the expected growth rates of Business Process as a Service (BPaaS) and traditional BPM. BPaaS is expected to grow at three times the growth rate of traditional BPM services. During 2013, Gartner estimated BPaaS revenues to have accounted for 22% of total BPM spend.

In FY'14, IT-BPM exports from India reached US\$ 86 billion, implying a growth rate of around 13%. Domestic revenues delivered growth of approximately 10% to reach ₹ 1,150 billion. During FY'15, NASSCOM expects export revenues to grow at 13-15% and a domestic market growth of 9-12%.

Risk Management Overview

HGS has designed and established a robust Enterprise Risk Management (ERM) framework comprising practices related to identification, assessment, monitoring and mitigation of risks to its business. HGS ERM practices enable the Company to leverage market opportunities effectively through risk-oriented assessment and mitigation methods that minimizes adverse impact of risks. Our ERM objectives include risk areas related to strategic factors (external & internal), operations, finance,

client & market space, technology and human resources. Our risk practices seek to enhance long-term competitive advantage to the Company. The risk management processes are monitored, reviewed, and revised as appropriate to adapt to the changing global risk scenario & landscape. The Risk Governance Committee reviews the identified risk and actions taken to mitigate them on a quarterly basis.

Risk Categories:

The HGS ERM framework considers the following risk categories at near-term, medium-term and long-term across various levels of the organization viz., enterprise level, business unit level, account level:

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, delivery model, clients and suppliers 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 security & data privacy, intellectual property, physical security, and business continuity of service delivery operations; and
6. **Regulatory Environment Risks:** Risks due to unfavorable developments in the regulatory environment that could potentially impact our business goals and lead to loss of reputation.

HGS Risk Management Practices

The risk management practice includes identification of risks, impact & consequence analysis, evaluating the risk, risk reporting & mitigation, risk monitoring and integrating risk management with business planning & strategy.

Risk identification and Impact-Consequence analysis: Procedures are developed for identifying risks through focus group meetings, interviews, questionnaires, historic data analysis, probability forecasting, controls assessment, analysis of uncertainties & sensitivities, scenario analysis, HAZOP study, business environment and market analysis, findings of the internal audits, assessment of the operations, learning's from incident analysis and internal & external survey. HGS has developed guidelines that provide instructions in carrying out impact-consequence analysis for the identified risk.

Risk Evaluation: Risk criteria have been established

in deciding the magnitude of risk to the company. The risk criterion includes costs, performance objectives, reputation and regulatory compliance. Risk levels are determined using the potential impact, likelihood of occurrence and the risk exposure.

Risk Reporting and Mitigation: Risks to the achievement of business unit objectives are discussed with the respective business units heads. Mitigation actions are developed for the identified risk based on the level of risk, the likelihood of occurrence and the potential impact of the risk on the business. Owners are identified for the mitigation of the identified risk. On a quarterly basis, key risks and mitigation actions along with key internal & external incidents are reported to the risk governance committee for their review and suggestion.

Risk Monitoring: The identified risk owner implements the mitigation action. The risk management team carries out assessments to determine the level of controls effectiveness in achieving the business objectives at each level of the enterprise. Inferences of the assessments are presented to the Risk Governance Committee. Identified risks 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.

Integrating risk management with business planning & strategy: The business strategy and planning take into account the identified risk and mitigation action as one of the inputs for the development of business plans and strategies.

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 Solutions Limited Employees Stock Option Plan 2008, earlier known as HTMT Global Solutions Limited Employees Stock Option Plan 2008

Your Company has implemented the Hinduja Global Solutions Limited Employees Stock Option Plan 2008 ("ESOP 2008"), earlier known as HTMT Global Solutions Limited 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.

1. The Compensation Committee has on July 31, 2009 granted 2, 05,380 options at the exercise price of ₹ 400.10 per share. Out of the said 2, 05,380 options, 33,160 and 53,500 options were lapsed and vested with the Company as per clause 8.2.1 of ESOP 2008 and 118,720 lapsed and reverted to the Company as per clause 8.3 of ESOP 2008.
2. The Compensation Committee has granted the following options giving the optionee the right to be allotted one fully paid up share of the Company upon exercise, post vesting:

Sr. No.	Grant Date	No. of Options Granted	Exercise Price	Remarks
1.	June 1, 2011	33, 160	₹ 400.65	Out of options reverted as per clause 8.2.1 of ESOP 2008
2.	June 3, 2013	53, 500	₹ 285.05	Out of options reverted as per clause 8.2.1 of ESOP 2008
3.	November 11, 2013	75, 220	₹ 416.65	Out of options reverted as per clause 8.3 of ESOP 2008.

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, 2014.

Subject		Details		
	Particulars	Hinduja Global Solutions Limited Employees Stock Option Plan 2008, earlier known as HTMT Global Solutions Limited Employees Stock Option Plan 2008		
(a)	i) Total Options granted	Date	No. of Options	Remarks
		July 31, 2009	2,05,380	—
		June 1, 2011	33,160	Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2008.
	ii) Options granted during the year	Date	No. of Options	Remarks
		June 3, 2013	53,500	Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2008.
		November 11, 2013	75,220	Out of lapsed options reverted to the Company as per clause 8.3 of ESOP 2008.
2,05,380: Options granted on July 31, 2009 and lapsed.				
1,61,880: Options granted out of lapsed options reverted to the Company as per clause 8.2.1 and 8.3 of ESOP 2008.				

(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	16,580
(d)	Options exercised	Nil
(e)	The total number of shares arising as a result of exercise of option	Nil
(f)	Options lapsed	<p>A. Lapsed due to resignation and non- exercise of options within 48 months of grant date: 205,380</p> <p>B. Lapsed out of fresh grants: 6,300</p> <p>Total options lapsed: 211,680</p>
(g)	Variation of terms of options	Nil
(h)	Money realised by exercise of options	Nil
(i)	Total number of options in force	155,580
(j)	Employee-wise details of options granted during the year to:	
	(i) Senior Managerial personnel	Mr. Sanjay Iyer, CEO Europe: 2,800
	(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
(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 2013-14 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 2013-14 would be lower by ₹ 172.62 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 ₹ 0.84.

(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.	<div>1</div> <div>a) Weighted average exercise price : ₹ 400.10 per share for options granted on July 31, 2009</div> <div>b) Weighted average exercise price : ₹ 400.65 per share for options granted on June 1, 2011</div> <div>c) Weighted average exercise price : ₹ 285.05 per share for options granted on June 3, 2013</div> <div>d) Weighted average exercise price : ₹ 416.65 per share for options granted on November 11, 2013</div> <div>2</div> <div>a) Weighted average Fair Value of options for grant date July 31, 2009 was ₹ 178.04 per share</div> <div>b) Weighted average Fair Value of options for grant date June 1, 2011 was ₹ 161.45 per share</div> <div>c) Weighted average Fair Value of options for grant date June 3, 2013 was ₹ 47.68 per share.</div> <div>d) Weighted average Fair Value of options for grant date of November 11, 2013 was ₹ 102.87 per share.</div>																																						
(n)	<table><tr><td>i.</td><td>Risk free interest rate</td></tr><tr><td>ii.</td><td>Expected life</td></tr><tr><td>iii.</td><td>Expected volatility</td></tr><tr><td>iv.</td><td>Expected dividends, and</td></tr><tr><td>v.</td><td>The price of the underlying share in market at the time of option grant.</td></tr></table>	i.	Risk free interest rate	ii.	Expected life	iii.	Expected volatility	iv.	Expected dividends, and	v.	The price of the underlying share in market at the time of option grant.	<div>The fair value of the options has 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:</div> <table><tr><th colspan="4">Options granted on</th></tr><tr><th>July 31, 2009</th><th>June 1, 2011</th><th>June 3, 2013</th><th>November 11, 2013</th></tr><tr><td>5.72%</td><td>8.43% - 8.44%</td><td>7.27% - 7.28%</td><td>9.04% - 9.05%</td></tr><tr><td>2 years - 4 years</td><td>3 years - 5 years</td><td>3 years - 5 years</td><td>2 years - 4 years</td></tr><tr><td>75.86%</td><td>56% - 60.13%</td><td>26.84% - 46.25%</td><td>35.14% - 32.63%</td></tr><tr><td>4.56%</td><td>4.99%</td><td>10.52%</td><td>7.20%</td></tr><tr><td>₹400.10</td><td>₹ 400.65</td><td>₹285.05</td><td>₹ 416.65</td></tr></table>	Options granted on				July 31, 2009	June 1, 2011	June 3, 2013	November 11, 2013	5.72%	8.43% - 8.44%	7.27% - 7.28%	9.04% - 9.05%	2 years - 4 years	3 years - 5 years	3 years - 5 years	2 years - 4 years	75.86%	56% - 60.13%	26.84% - 46.25%	35.14% - 32.63%	4.56%	4.99%	10.52%	7.20%	₹400.10	₹ 400.65	₹285.05	₹ 416.65
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For and on behalf of the Board of Directors

Place : Mumbai
Date : May 21, 2014

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 has granted the following options giving the optionee the right to be allotted one fully paid up share of the Company upon exercise, post vesting:

Sr. No.	Grant Date	No. of Options granted	Exercise Price	Remarks
1.	November 11, 2011	2, 74,100	₹ 340.20	–
2.	June 28, 2012	5,000	₹ 340.25	–
3.	November 11, 2013	27,000	₹ 416.65	Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2011
4.	January 18, 2014	5,000	₹ 572.75	Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2011

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, 2014.

Subject		Details												
	Particulars	Hinduja Global Solutions Limited Employees Stock Option Plan 2011												
(a)	i) Options granted	<table><tr><td>Date</td><td>No. of Options</td><td>Remarks</td></tr><tr><td>November 11, 2011</td><td>274,100</td><td>–</td></tr><tr><td>June 28, 2012</td><td>5,000</td><td>–</td></tr></table>			Date	No. of Options	Remarks	November 11, 2011	274,100	–	June 28, 2012	5,000	–	
		Date	No. of Options	Remarks										
		November 11, 2011	274,100	–										
		June 28, 2012	5,000	–										
		ii) Options granted during the year	<table><tr><td>Date</td><td>No. of Options</td><td>Remarks</td></tr><tr><td>November 11, 2013</td><td>27,000</td><td>Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2011</td></tr><tr><td>January 18, 2014</td><td>5,000</td><td>Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2011</td></tr></table>			Date	No. of Options	Remarks	November 11, 2013	27,000	Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2011	January 18, 2014	5,000	Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2011
			Date	No. of Options	Remarks									
November 11, 2013	27,000		Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2011											
January 18, 2014	5,000		Out of lapsed options reverted to the Company as per clause 8.2.1 of ESOP 2011											
(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 and exercisable	83,166												

(d)	Options exercised	27,204
(e)	The total number of shares arising as a result of exercise of option	27,204
(f)	Options lapsed as on March 31, 2014	56,660
(g)	Variation of terms of options	Nil
(h)	Money realised by exercise of options	₹ 92,54,800.80
(i)	Total number of options in force	2,27,236
(j)	Employee-wise details of options granted during the year to:	
	(i) Senior Managerial personnel	Mr. Partha DeSarkar, CEO-Global: 27,000 Mr. Matthew Vallance, CEO- UK: 5,000
	(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
(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	₹ 0.20
(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 2013-14 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 2013-14 would be higher by ₹ 41.08 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 ₹ 0.20.
(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.	<p>1 a) Weighted average exercise price : ₹ 340.20 per share for options granted on November 11, 2011</p> <p>b) Weighted average exercise price : ₹ 340.25 per share for options granted on June 28, 2012</p> <p>c) Weighted average exercise price : ₹ 416.65 per share for options granted on November 13, 2013</p> <p>d) Weighted average exercise price : ₹ 572.75 per share for options granted on January 18, 2014</p> <p>2 a) Weighted average Fair value of options for grant date November 11, 2011 was ₹ 101.21 per share</p> <p>b) Weighted average Fair value of options for grant date June 28, 2012 was ₹ 83.28 per share</p> <p>c) Weighted average Fair Value of options for grant date November 11, 2013 was ₹ 84.08 per share</p> <p>d) Weighted average Fair Value of options for grant date January 18, 2014 was ₹ 132.89 per share</p>

(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 has 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:																															
		<table><tr><th colspan="4">Options granted on</th></tr><tr><th>November 11, 2011</th><th>June 28, 2012</th><th>November 11, 2013</th><th>January 18, 2014</th></tr><tr><td>8.65% - 8.76%</td><td>7.98% - 8.10%</td><td>9.04%-9.06%</td><td>8.42%- 8.57%</td></tr><tr><td>2 years - 4 years</td><td>2 years - 4 years</td><td>3 years - 5 years</td><td>2 years - 4 years</td></tr><tr><td>29.9% - 58.4%</td><td>28.36% - 49.96%</td><td>32.63% - 44.17%</td><td>36.28% - 32.88%</td></tr><tr><td>5.88%</td><td>5.88%</td><td>7.20%</td><td>5.24%</td></tr><tr><td>₹340.20</td><td>₹340.25</td><td>₹ 416.65</td><td>₹ 572.75</td></tr></table>				Options granted on				November 11, 2011	June 28, 2012	November 11, 2013	January 18, 2014	8.65% - 8.76%	7.98% - 8.10%	9.04%-9.06%	8.42%- 8.57%	2 years - 4 years	2 years - 4 years	3 years - 5 years	2 years - 4 years	29.9% - 58.4%	28.36% - 49.96%	32.63% - 44.17%	36.28% - 32.88%	5.88%	5.88%	7.20%	5.24%	₹340.20	₹340.25	₹ 416.65	₹ 572.75
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For and on behalf of the Board of Directors

Place : Mumbai
Date : May 21, 2014

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 Profit/ (Loss) so far as not dealt with in the Company's Accounts	Net Aggregate amount of Subsidiary 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 Profit/ (Loss) so far as dealt with in the Company's Accounts	Net Aggregate amount of Subsidiary 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 3,660,068	USD 29,094,441	—	—
HGS International Services Private Limited	Hinduja Global Solutions Limited	100%	INR 10	113,555	INR 425,219,577	INR 214,953,961	—	—
HGS Business Services Private Limited (Upto June 30, 2013)	Hinduja Global Solutions Limited	100%	INR 10	52,932	INR 4,234,856	INR 49,508,394	—	—
Hinduja Global Solutions Inc., U.S.A.	HGS International	100%	USD 0.01	1,000	(USD 2,763,000)	(USD 19,485,242)	—	—
HGS Properties LLC, U.S.A.	Hinduja Global Solutions Inc.	100%	—	—	USD 1,092,402	USD 1,456,238	—	—
HGS Canada Holdings LLC, U.S.A.	Hinduja Global Solutions Inc.	100%	USD 1	27,560,000	—	—	—	—
HGS Canada Inc., Canada	HGS Canada Holdings LLC	100%	CAD 1	26,370,010	CAD 698,403	(CAD 2,131,001)	—	—
HGS EBOS LLC, U.S.A.	Hinduja Global Solutions Inc.	100%	—	—	(USD 1,594,222)	(USD 1,553,041)	—	—
HGS (USA), LLC	Hinduja Global Solutions Inc.	100%	USD 1	5,300,000	USD 5,658,000	USD 33,036,927	—	—
RMT LLC, U.S.A.	HGS (USA) LLC	100%	USD 1	1,000	—	—	—	—
Affina Company, Canada	RMT LLC	100%	USD 1	206	(USD 166,336)	(USD 7,446,785)	—	—
HGS Mena FZ LLC	HGS International	100%	—	—	(AED 51,549)	—	—	—
Hinduja Global Solutions Europe Limited, U.K.	HGS International	100%	GBP 1	961,378	GBP 84,058	GBP 135,552	—	—
Hinduja Global Solutions UK Limited, U.K.	Hinduja Global Solutions Europe Limited	100%	GBP 0.01	1,452,800	(GBP 318,682)	GBP 2,008,312	—	—
HGS Italy, S.A.R.L.	Hinduja Global Solutions Europe Limited	100%	Euro 1	10,000	EUR 32,288	EUR 113,744	—	—
HGS France S.A.R.L.	Hinduja Global Solutions Europe Limited	100%	Euro 10	800	(EUR 122,638)	(EUR 305,931)	—	—
C-Cubed N.V. Curacao	HGS International	100%	USD 1	6,000	(USD 2,518)	USD 182,106	—	—
C-Cubed B.V. Netherlands	C-Cubed N.V.	100%	Euro 100	227	EUR 72,417	EUR 1,036,973	—	—
Customer Contact Centre Inc, Manila	C-Cubed B.V.	100%	PhP 10	10,000,000	PHP 4,679,899	(PHP 19,278,022)	—	—
HGS St. Lucia Limited, Saint Lucia	HGS International	100%	XCD 1	3	(XCD 4,543)	(XCD 64,629)	—	—
Team HGS Limited, Jamaica	HGS St. Lucia Limited	100%	JMD 1	1,000	JMD 10,353,221	JMD 138,556	—	—

Notes:

- The financial year of all the subsidiaries ended on March 31, 2014.
- 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

Place : Mumbai
Date : May 21, 2014

Ramkrishan P. Hinduja
Chairman

Anil Harish
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP-Legal & Company Secretary

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, 2014, 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 and other applicable authoritative pronouncements 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' judgment, 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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"/notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of the Act.
7. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the component of the Group as referred to in paragraph 12 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, 2014;
 - (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.

CONSOLIDATED AUDITORS' REPORT

Other Matters

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 ₹ 186,422.84 Lacs and net assets of ₹ 113,040.74 Lacs as at March 31, 2014, total revenue of ₹ 190,095 Lacs, net profit of ₹ 7,481.93 Lacs and net cash flows amounting to ₹ 757.55 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 auditor.
9. We did not audit the financial statements of three branches and two subsidiaries, which constitute total assets of ₹ 461.51 Lacs and net assets of ₹ 543.81 Lacs as at March 31, 2014, total revenue of ₹ 319.51 Lacs, net loss of ₹ 357.41 Lacs and net cash flows amounting to ₹ 154.49 Lacs for the year then ended. The unaudited financial information has been provided to us by the Management, and our opinion on the consolidated financial statements to the extent they relate to these branches and subsidiaries is based solely on such unaudited financial information furnished to us.

For Price Waterhouse

Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani

Partner
Membership Number: 048125

Place : Mumbai
Date : May 21, 2014

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2014

	Note	As at 31.03.2014	As at 31.03.2013
(₹ in Lacs)			
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,061.64	2,058.92
Reserves and Surplus	4	143,144.53	121,488.11
		<u>145,206.17</u>	<u>123,547.03</u>
Minority Interest			
	41	1.32	1.29
		<u>1.32</u>	<u>1.29</u>
Non-Current Liabilities			
Long-term borrowings	5	44,851.68	35,833.79
Deferred tax liabilities (Net)	32	2,972.86	2,419.02
Long term provisions	6	640.19	604.41
		<u>48,464.73</u>	<u>38,857.22</u>
Current Liabilities			
Short-term borrowings	7	10,576.16	9,175.67
Trade payables	8	13,380.85	8,036.78
Other current liabilities	9	19,318.23	19,745.98
Short term provisions	10	6,025.24	7,269.54
		<u>49,300.48</u>	<u>44,227.97</u>
TOTAL		<u>242,972.70</u>	<u>206,633.51</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11A	37,637.38	29,743.43
- Intangible assets	11B	71,205.54	64,421.00
- Capital work-in-progress		130.59	229.64
- Intangible assets under development		56.31	159.44
Non-current investments	12A	684.77	755.93
Long-term loans and advances	13	13,645.69	11,131.82
Other non-current assets	14	777.30	671.13
		<u>124,137.58</u>	<u>107,112.39</u>
Current assets			
Current investments	12B	13.38	12.68
Trade receivables	15	46,919.94	35,995.85
Cash and Bank balances	16	45,500.53	40,609.29
Short-term loans and advances	17	17,874.56	13,082.70
Other current assets	18	8,526.71	9,820.60
		<u>118,835.12</u>	<u>99,521.12</u>
TOTAL		<u>242,972.70</u>	<u>206,633.51</u>

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

Jeetendra Mirchandani

Partner
Membership No: 048125

For and on behalf of the Board

Partha DeSarkar

Chief Executive Officer and Manager

Ramkrishnan P. Hinduja

Chairman

Anil Harish

Director

Srinivas Palakodeti

Chief Financial Officer

Kanti Mohan Rustagi

EVP-Legal and Company Secretary

Place : Mumbai
Date : May 21, 2014

Place : Mumbai
Date : May 21, 2014

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

			(₹ in Lacs)
	Note	Year ended 31.03.2014	Year ended 31.03.2013
Revenue from operations	19	250,485.45	198,342.82
Other Income	20	3,400.48	3,327.69
Total Revenue		253,885.93	201,670.51
EXPENSES			
Employee Benefit Expense	21	169,212.45	134,120.04
Finance costs	22	3,875.13	4,366.47
Depreciation/ Amortisation	11C	8,620.48	7,724.83
Other Expenses	23	49,083.29	41,850.92
Total Expenses		230,791.35	188,062.26
Profit before exceptional item and tax		23,094.58	13,608.25
Exceptional Item	40	—	528.67
Profit before tax		23,094.58	13,079.58
Tax expense			
Current tax [Includes provision for earlier years ₹ 125.00 Lacs (Previous year: Nil)]		7,109.35	3,529.68
MAT Credit (Refer Note 43)		(1,262.24)	—
Net Current tax		5,847.11	3,529.68
Deferred tax [Includes prior year's provision ₹ Nil (previous year: ₹ 242.50 lacs)]		292.38	492.84
Profit After Tax		16,955.09	9,057.06
Minority Interest		—	—
Profit After Tax and Minority Interest		16,955.09	9,057.06
Earnings per share	30		
- Basic (Rupees)		82.33	43.99
- Diluted (Rupees)		82.00	43.99
(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

Jeetendra Mirchandani
Partner
Membership No: 048125

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager

Ramkrishnan P. Hinduja
Chairman

Anil Harish
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP-Legal and Company Secretary

Place : Mumbai
Date : May 21, 2014

Place : Mumbai
Date : May 21, 2014

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
A Cash Flow from Operating Activities :		
Profit before tax	23,094.58	13,079.58
Adjustments for :		
Depreciation/ Amortisation	8,620.48	7,724.83
Bad Debts/ Advances Written off (net)	3.05	432.40
Profit on Sale of Long-term Investment	(7.26)	—
(Profit)/ Loss on Sale of assets	0.19	(6.66)
Provisions for Doubtful Debts/ Advances	270.79	—
Liabilities/ Provisions no longer required Written Back	(556.33)	(464.11)
Fixed Assets Written Off	75.56	16.80
Interest Income	(1,372.65)	(1,947.07)
Dividend from Current Investment	(0.70)	(0.63)
Interest Expense	3,875.13	4,366.47
Unrealised Foreign Exchange (Gain)/ Loss (Net)	(44.42)	40.64
Provision for Gratuity and Compensated absences	830.97	343.49
Other non-cash item:		
Effect of exchange differences on translation of assets and liabilities	1,315.72	1,313.37
Operating profit before working capital changes	36,105.11	24,899.11
Adjustments for :		
Trade and Other receivables	(12,927.65)	(12,254.39)
Trade and Other payables	6,203.11	4,092.54
	(6,724.54)	(8,161.85)
Operating Profit after working capital changes	29,380.57	16,737.26
Direct Taxes Paid	(5,870.06)	(3,507.39)
Net Cash from/ (used in) Operating Activities (A)	23,510.51	13,229.87
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(15,370.91)	(5,866.50)
Consideration paid for acquisition of assets/ business	—	(8,341.23)
Sale of Fixed Assets	52.07	61.12
Investments Made - Others	(10.99)	(128.75)
Investments Sold - Others	82.26	—
Bank Deposits (net)	4,138.90	27,477.19
Loan to third parties	(3,556.90)	(6,269.16)
Interest Income	1,214.25	2,379.76
Dividend from Current Investment	0.70	0.63
Net Cash from/ (used in) Investing Activities (B)	(13,450.62)	9,313.06

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lacs)

C Cash Flow from Financing Activities :

	Year Ended 31.03.2014	Year Ended 31.03.2013
Proceeds from Share allotment under Employee Stock Option Schemes	92.55	—
Proceeds from Long-term borrowings	7,366.05	3,285.92
Proceeds/(Repayment) from/of Short-term borrowings	1,400.49	(20,923.91)
Dividend Paid and tax thereon	(6,382.15)	(4,797.62)
Interest Expense	(3,835.44)	(4,378.23)
Net Cash used in Financing Activities (C)	(1,358.50)	(26,813.84)
Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	8,701.39	(4,270.91)
Cash and Cash Equivalents as at the beginning of the year	6,412.16	10,146.05
Effect of exchange differences on translation of foreign currency Cash and Cash Equivalents during the year	418.26	537.02
Cash and Cash Equivalents as at the end of the year	15,531.81	6,412.16
	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalents comprise :		
Cash on Hand	90.18	30.18
Balances with banks		
- Current Account	14,356.98	5,173.02
- Cash Credit Account	635.92	—
- Deposit Account	402.39	797.70
- EEFC (Exchange Earners' Foreign Currency Account)	46.34	411.26
	15,531.81	6,412.16

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.
- 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

Jeetendra Mirchandani
Partner
Membership No: 048125

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
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Anil Harish
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP-Legal and Company Secretary

Place : Mumbai
Date : May 21, 2014

Place : Mumbai
Date : May 21, 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211 (3C) of the Companies (Accounting Standards) Rules, 2006, as amended and other relevant provisions of the Companies Act, 1956 ('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 differ 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:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 Rs. 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.

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/ Interest Rate Swaps

The premium or discount arising at the inception of forward exchange contracts/ interest rate swaps entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract/ swaps. Exchange differences on such a contract/ swaps 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/ interest rate swaps 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/ interest rate swaps 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.
- 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, 2014

3 Share Capital

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
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 :		
20,616,427 (Previous Year - 20,589,223) Equity Shares of ₹ 10 each, fully paid-up	2,061.64	2,058.92
	2,061.64	2,058.92

a. Reconciliation of number of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31.03.2014	As at 31.03.2013
Balance at the beginning of the year	20,589,223	20,589,223
Add: Shares issued pursuant to exercise of employee stock options (Refer Note 36)	27,204	—
Balance at the end of the year	20,616,427	20,589,223

b. 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.

c. Number of shares reserved for issue under the Employee Stock Option Plan:

Particulars	As at 31.03.2014	As at 31.03.2013
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	155,580	149,515
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	227,236	243,170

Refer Note 36 for details.

d. The details of Shareholder holding more than 5%

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	Number of shares	% held	Number of Shares	% held
Hinduja Group Limited (formerly Asia Management and Consultancy Private Limited)Hinduja Group Limited	5,748,541	27.88	5,748,541	27.92
Hinduja Group Limited (formerly Asia Management and Consultancy Private Limited) jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Asia Exports)	2,624,490	12.73	1,724,490	8.38
Hinduja Group Limited (formerly Asia Management and Consultancy Private Limited) jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partners of Asia Corporation) *	—	—	2,177,809	10.58
Amas Mauritius Limited	2,761,427	13.39	2,761,427	13.41
Credit Suisse (Singapore) Limited	1,894,810	9.19	1,894,810	9.20

* As at March 31, 2014 the shareholding is 2.32%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

4 Reserves and Surplus

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
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
Add: Additions during the year on exercise of employee stock options (Refer Note 36)	89.83	—
	271.10	181.27
General Reserve		
As per last Balance Sheet	52,226.21	51,474.23
Add: Transfer from Statement of Profit and Loss	1,770.77	751.98
	53,996.98	52,226.21
Cumulative Foreign Currency Translation Reserve		
As per last Balance Sheet	11,585.97	6,372.93
Add: Adjustment on Consolidation	8,025.77	5,213.04
	19,611.74	11,585.97
Hedging Reserve Account		
As per last Balance Sheet	320.32	(275.92)
Add/ (Less): Adjustment for the year	605.67	596.24
	925.99	320.32
Foreign currency monetary item translation difference account	—	(445.08)
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	33,384.42	29,897.01
Add: Profit for the year	16,955.09	9,057.06
Less: Adjustment on Amalgamation (Refer Note 42)	464.18	—
Less: Interim Dividend *	2,060.29	—
Less: Proposed Dividend **	2,061.64	4,117.84
Less: Dividend Tax (net) ***	(121.09)	699.83
Less: Transfer to General Reserve	1,770.77	751.98
	44,103.72	33,384.42
	143,144.53	121,488.11

* For the financial year ended March 31, 2014, the amount of per share dividend distributed to Equity Shareholders was ₹ 5 per share each on November 11, 2013 and February 11, 2014.

** During the year ended March 31, 2014 and March 31, 2013, the amount of per share dividend proposed as distribution to Equity Shareholders was ₹10 and Rs. 20, respectively, recognised in respective years.

*** Net of ₹ 821.55 Lacs consequent to set-off available u/s 115-O of Income Tax Act, 1961 on receipt of dividend from a Foreign Subsidiary of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

5 Long-term borrowings

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Secured		
Term Loan from Banks (Refer Note 38)	43,413.97	35,423.49
Long term maturities of Finance Lease Obligations (Secured by hypothecation of assets underlying the lease)	1,311.45	254.76
Unsecured		
Others	126.26	155.54
	44,851.68	35,833.79

6 Long term provisions

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Provision for Employee Benefits (Refer Note 25):		
- Pension/ Gratuity	492.75	417.51
Others (Refer Note 34)	147.44	186.90
	640.19	604.41

7 Short-term borrowings

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Secured:		
Term Loan from a Bank	1,000.00	—
(Principal amount repayable within 30 days beginning from March 21, 2014. Interest at 10.50% is payable on maturity)		
Loans repayable on demand from banks (Refer Note 39)	1,576.34	1,675.67
Unsecured:		
Other loans and advances from Banks towards:		
- Bill Discounting Facilities	499.82	—
- Commercial Paper (Maximum amount outstanding during the year ₹ 7,500 Lacs (Previous Year: ₹ 7,500 Lacs)	7,500.00	7,500.00
	10,576.16	9,175.67

(₹ in Lacs)

8 Trade payables

	As at 31.03.2014	As at 31.03.2013
	13,380.85	8,036.78
	13,380.85	8,036.78

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

9 Other current liabilities

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Current maturities of long-term debt	7,516.40	10,068.11
Current maturities of finance lease obligations	479.37	24.58
Interest accrued but not due on borrowings	68.90	61.90
Interest accrued and due on borrowings	63.29	30.61
Unpaid Dividend	30.17	21.17
Others:		
- Advance from customers	580.84	724.61
- Statutory dues including Provident Fund and Tax deducted at Source	2,334.22	2,272.29
- Employee benefits payable	5,766.49	5,524.81
- Payable for Capital Purchases	1,744.68	466.36
- Other Payables	733.87	551.54
	19,318.23	19,745.98

10 Short term provisions

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Provision for Employee Benefits (Refer Note 25):		
- Compensated Absences	2,706.57	2,068.95
- Pension/ Gratuity	441.59	323.48
Others:		
- Proposed Dividend	2,061.64	4,117.84
- Dividend tax	350.38	684.50
- Provision for Income Tax (net of Advance Tax)	444.33	68.20
- Provision for Fringe Benefit Tax	20.73	6.57
	6,025.24	7,269.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

11 FIXED ASSETS

A Tangible Assets

(₹ in Lacs)

	Land	Leasehold Land	Building	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
<u>Owened Assets:</u>										
Gross Block										
As at 01.04.2012	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	—	445.67	28.40	243.59	2,130.20	1,579.27	4,455.03
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	6,270.78	231.74	7,792.66	20,548.01	14,310.95	60,055.81
Additions during the Year	800.87	—	3,507.17	—	1,184.75	89.45	170.37	4,202.59	2,822.23	12,777.43
Deductions	—	—	—	—	(39.38)	(45.92)	(78.52)	(221.35)	(126.16)	(511.33)
As at 31.03.2014	1,586.79	271.17	11,008.73	2,343.02	7,416.15	275.27	7,884.51	24,529.25	17,007.02	72,321.91
Depreciation										
As at 01.04.2012	—	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	661.71	24.90	173.34	2,965.46	2,199.96	6,293.22
Deductions	—	—	—	—	(22.58)	—	(0.14)	(362.89)	(54.56)	(440.17)
As at 31.03.2013	—	12.25	476.68	211.22	2,849.25	111.16	3,086.43	16,627.41	8,351.21	31,725.61
Charge for the year	—	2.75	253.72	39.39	723.55	41.01	189.53	3,398.21	1,920.78	6,568.94
Deductions	—	—	—	—	(31.26)	(31.46)	(40.49)	(204.38)	(76.20)	(383.79)
As at 31.03.2014	—	15.00	730.40	250.61	3,541.54	120.71	3,235.47	19,821.24	10,195.79	37,910.76
<u>Assets taken on Finance Lease:</u>										
Gross Block										
As at 01.04.2012	—	—	—	—	—	—	—	120.65	—	120.65
Additions during the Year	—	—	—	—	52.92	—	—	—	—	52.92
Deductions	—	—	—	—	—	—	—	—	—	—
As at 31.03.2013	—	—	—	—	52.92	—	—	120.65	—	173.57
Additions during the Year	—	—	—	—	—	—	—	1,280.26	—	1,280.26
Deductions	—	—	—	—	—	—	—	—	—	—
As at 31.03.2014	—	—	—	—	52.92	—	—	1,400.91	—	1,453.83
Depreciation										
As at 01.04.2012	—	—	—	—	—	—	—	20.52	—	20.52
Charge for the year	—	—	—	—	2.20	—	—	43.32	—	45.52
Deductions	—	—	—	—	—	—	—	—	—	—
As at 31.03.2013	—	—	—	—	2.20	—	—	63.84	—	66.04
Charge for the year	—	—	—	—	8.16	—	—	174.69	—	182.85
Deductions	—	—	—	—	—	—	—	—	—	—
As at 31.03.2014	—	—	—	—	10.36	—	—	238.53	—	248.89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

	Land	Leasehold Land	Building	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
Net Block										
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
As at 31.03.2014	1,586.79	256.17	10,278.33	2,092.41	3,917.17	154.56	4,649.04	5,870.39	6,811.23	35,616.09
Exchange fluctuation	151.03	–	933.99	–	68.83	0.30	6.60	729.82	130.72	2,021.29
	1,737.82	256.17	11,212.32	2,092.41	3,986.00	154.86	4,655.64	6,600.21	6,941.95	37,637.38

B Intangible Assets

(₹ in Lacs)

	Goodwill on Consolidation	Goodwill on acquisition	Computer Software	Commercial Rights	Non-Compete Fees	Total
<u>Owned Assets:</u>						
Gross Block						
As at 01.04.2012	51,439.49	–	5,312.92	375.33	143.00	57,270.74
Additions during the Year	2.73	3,421.12	1,707.84	–	–	5,131.69
Deductions	–	–	(25.95)	–	–	(25.95)
As at 31.03.2013	51,442.22	3,421.12	6,994.81	375.33	143.00	62,376.48
Additions during the Year	–	–	2,467.94	–	–	2,467.94
Deductions	–	–	–	–	–	–
As at 31.03.2014	51,442.22	3,421.12	9,462.75	375.33	143.00	64,844.42
Amortisation						
As at 01.04.2012	–	–	3,124.35	187.67	19.97	3,331.99
Charge for the year	3.26	–	1,304.78	37.53	34.32	1,379.89
Deductions	–	–	(25.04)	–	–	(25.04)
As at 31.03.2013	3.26	–	4,404.09	225.20	54.29	4,686.84
Charge for the year	–	–	1,701.70	37.53	34.32	1,773.55
Deductions	–	–	0.29	–	–	0.29
As at 31.03.2014	3.26	–	6,106.08	262.73	88.61	6,460.68
<u>Assets taken on Finance Lease:</u>						
Gross Block						
As at 01.04.2012	–	–	–	–	–	–
Additions during the Year	–	–	148.78	–	–	148.78
Deductions	–	–	–	–	–	–
As at 31.03.2013	–	–	148.78	–	–	148.78
Additions during the Year	–	–	341.46	–	–	341.46
Deductions	–	–	–	–	–	–
As at 31.03.2014	–	–	490.24	–	–	490.24
Amortisation						
As at 01.04.2012	–	–	–	–	–	–
Charge for the year	–	–	6.20	–	–	6.20
Deductions	–	–	–	–	–	–
As at 31.03.2013	–	–	6.20	–	–	6.20
Charge for the year	–	–	95.14	–	–	95.14
Deductions	–	–	–	–	–	–
As at 31.03.2014	–	–	101.34	–	–	101.34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Net Block

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
As at 31.03.2014	51,438.96	3,421.12	3,745.57	112.60	54.39	58,772.64
Exchange fluctuation	11,586.48	485.41	361.01	—	—	12,432.90
	63,025.44	3,906.53	4,106.58	112.60	54.39	71,205.54

C Depreciation/ Amortisation for the year

(₹ in Lacs)

	Year ended 31.03.2014	Year ended 31.03.2013
Tangible Assets	6,751.79	6,338.74
Intangible Assets	1,868.69	1,386.09
Total	8,620.48	7,724.83

12 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2014		As at 31.03.2013	
			Quantity Nos.	Amount (₹ in Lacs)	Quantity Nos.	Amount (₹ in Lacs)
[A]	Non-Current Investments (Valued at Cost):					
(i)	Investment in Equity Instruments (Long-term, Unquoted and Non-Trade):					
	Ashley Airways Limited	₹ 10	—	—	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]			684.77		674.48
	Aggregate Value of Unquoted Non-Current Investments			684.77		755.93
[B]	Current Investment (Unquoted) (Valued at lower of Cost and Fair value)					
	Investment in Mutual Funds:					
	PNB Principal Cash Management Fund - Liquid Option -Institutional Plan-Dividend Reinvestment - Daily [N.A.V. per unit - ₹ 1,001.08 (Previous Year - ₹ 1,000.07)]	₹ 1,000	154	1.54	145	1.44
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan) [N.A.V. per unit - ₹ 12.85 (Previous Year - ₹ 12.70)]	₹ 10	99,762	11.84	95,065	11.24
	Aggregate Value of Unquoted Current Investments			13.38		12.68
	Aggregate Value of Unquoted Investments [A]+[B]			698.15		768.61

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

13 Long-term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Capital Advances		
- Considered Good	43.71	59.39
- Considered Doubtful	—	11.85
	43.71	71.24
Less: Provision for Doubtful Debts	-	(11.85)
	43.71	59.39
Loans and Advances to related parties [Refer Note 27]	5,550.00	3,750.00
Security Deposits	2,510.78	2,718.64
Other loans and advances:		
- MAT Credit Entitlement	1,262.24	—
- Balance with Government Authorities	830.85	735.25
- Loan to a third party	18.62	—
- Advance Tax and Tax Deducted at Source (net of Provision for Income Tax*)	3,290.59	3,782.14
- Fringe Benefit Tax (net of Provision for Tax)	23.73	23.73
- Prepaid expenses	39.08	25.81
- Miscellaneous	76.09	36.86
	13,645.69	11,131.82

* The provision for tax is net of utilisation of Minimum Alternate Tax Credit during the year ₹ 357.44 Lacs (Previous Year - ₹ 806.28 Lacs)

14 Other non-current assets

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Deposits with bank for Margin Money (Under Lien with Banks towards Guarantees issued by them on behalf of the Company)	156.76	68.88
Deposits with banks with maturity exceeding 12 months *	620.54	602.25
	777.30	671.13

* 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, 2014

15 Trade receivables (Unsecured)

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Debts Outstanding for a period exceeding six months from the date they are due for payment:		
- Considered Good	301.12	315.52
- Considered Doubtful	337.26	129.65
	<u>638.38</u>	<u>445.17</u>
Other Debts (Considered Good)	46,618.82	35,680.33
Less: Provision for Doubtful Debts	(337.26)	(129.65)
	<u>46,919.94</u>	<u>35,995.85</u>

16 Cash and Bank Balances

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalents:		
Balances with Banks in:		
- Current Accounts	14,356.98	5,173.02
- Cash Credit Account	635.92	—
- Deposit Accounts	402.39	797.70
- EEFC (Exchange Earners' Foreign Currency Account)	46.34	411.26
Cash on hand	90.18	30.18
	<u>15,531.81</u>	<u>6,412.16</u>
Other Bank Balances:		
- Deposits with maturity more than 3 months but less than 12 months	29,609.23	33,748.13
- Restricted Bank Balances	212.50	—
- Earmarked balance with bank (Unpaid Dividend)	30.17	21.17
- Earmarked balance with bank (Unpaid Bonus)	1.82	1.82
- Deposits with bank for Margin Money #	115.00	426.01
	<u>29,968.72</u>	<u>34,197.13</u>
	<u>45,500.53</u>	<u>40,609.29</u>

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, 2014

17 Short-term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Security Deposits		
- Considered Good	426.60	68.33
- Considered Doubtful	23.27	—
	449.87	68.33
Less: Provision for Doubtful Deposits	(23.27)	—
	426.60	68.33
Other loans and advances:		
- Balance with Government Authorities	2,833.16	2,096.65
- Employee loans and advances	261.59	214.62
- MAT Credit Entitlement (Current portion)	—	357.44
- Advance to Vendors	567.60	460.37
- Prepaid expenses	1,823.89	1,425.06
- Loan to third parties	11,901.92	8,363.64
- Others	59.80	96.59
	17,874.56	13,082.70

18 Other current assets

(Unsecured and Considered good)

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Unbilled Revenue		
- Considered good	6,447.74	8,722.07
- Considered doubtful	29.04	—
	6,476.78	8,722.07
Less: Provision for doubtful unbilled revenue	(29.04)	—
	6,447.74	8,722.07
Interest Accrued on Deposits/ Loans	676.86	518.46
Accrual for Mark-to-Market gain on Derivatives (Refer Note 35)	945.33	295.28
Unamortised interest expense on Commercial paper	20.06	74.58
Reimbursable Expenses		
- Considered good	436.72	210.21
- Considered doubtful	23.92	12.48
	460.64	222.69
Less: Provision for doubtful reimbursable expenses	(23.92)	(12.48)
	436.72	210.21
	8,526.71	9,820.60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

19 Revenue from operations

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Sale of Service:		
Business Process Management	250,485.45	198,342.82
	250,485.45	198,342.82

20 Other Income

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest Income	1,372.65	1,947.07
Dividend from Current Investment	0.70	0.63
Profit on Sale of long-term Investments	7.26	—
Profit on Sale of assets	—	6.66
Employment Generation Subsidy	8.05	107.79
Foreign Exchange Gain (Net)	1,262.88	695.44
Liabilities/ Provisions no longer required written-back	556.33	464.11
Unfunded Gratuity	1.93	—
Other non-operating income	190.68	105.99
	3,400.48	3,327.69

21 Employee Benefit Expense

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Salaries allowances and other benefits	159,826.20	126,617.97
Contribution to Provident and Other Funds	7,990.30	6,245.88
Unfunded Gratuity/ Pension plan	—	21.56
Staff Welfare	1,395.95	1,234.63
	169,212.45	134,120.04

22 Finance Costs

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest on:		
- Term Loan from Banks	2,696.06	2,628.23
- Cash Credit and Other Facilities	519.98	1,300.19
Other borrowing costs	659.09	438.05
	3,875.13	4,366.47

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

23 Other Expenses

	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
Power and Fuel	3,684.20	3,416.37
Rent (Refer Note 28)	8,748.93	7,647.86
Repairs and Maintenance - Leased Premises	1,004.60	943.53
Repairs and Maintenance - Others	3,053.58	2,374.09
Insurance	391.60	413.17
Rates and Taxes	1,089.76	812.86
Directors' sitting fees	7.95	7.65
Payment to the Auditors:		
- as Auditors	118.68	91.44
[(includes payment to Company's Branch Auditor ₹ 28.68 Lacs (Previous Year: ₹ 25.94 Lacs)]		
- for other services	13.40	2.00
- for reimbursement of expenses	2.22	2.20
Connectivity Cost	6,138.60	7,537.63
Advertisement and Business Promotion	835.11	650.80
Communication	1,205.98	1,133.27
Travelling, Conveyance and Car Hire Charges	3,434.62	2,602.75
Legal and Professional	6,389.65	5,129.48
Training and Recruitment	3,863.89	1,140.84
Commission	3,771.72	2,942.21
Donation	188.24	112.92
Software Expenses	665.17	1,000.50
Fulfillment Cost	876.67	849.83
Bad Debts/ Advances Written off	14.90	432.40
Less: Provisions for Doubtful Debts/ Advances	(11.85)	—
Provisions for Doubtful Debts/ Advances	270.79	—
Fixed Assets Written Off	75.56	16.80
Loss on Sale of Assets (net)	0.19	—
Miscellaneous Expenses	3,249.13	2,590.32
	49,083.29	41,850.92

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

24. a) Contingent Liabilities

A) Claims against the Group not acknowledged as debts:

(₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2014	As at 31.03.2013
(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	5,448.23	5,196.73
(iii)	Others (to the extent ascertainable)	2,473.85	1,158.95
(iv)	Other matters (Refer Note 2 below)	12,209.79	18,275.72

Notes:

- 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".
 - Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹ 12,209.79 Lacs (Previous Year: ₹ 18,275.72 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 ₹ 5,550 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.
 - 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:

- Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account – ₹ 439.52 Lacs (Previous Year - ₹ 64.28 Lacs)
- 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 554,000 (Previous Year – USD 2,327,000) [equivalent ₹ 332.73 Lacs (Previous Year - ₹ 1,263.21 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

- Provident Fund
- Superannuation Fund
- State Defined Contribution Plans
 - Employers' Contribution to Employee's State Insurance
 - Employers' Contribution to Employee's Pension Scheme 1995
- Contribution Plan at overseas branch/ subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

(₹ in Lacs)

	2013-2014	2012-2013
Employers' Contribution to Provident Fund [includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	1,243.61	1,200.91
Employers' Contribution to Superannuation Fund*	6.48	6.90
Employers' Contribution to Employees' State Insurance *	663.08	611.76
Employers' Contribution to Other Employees' Benefit Scheme and Contribution by Overseas Branch/ Subsidiaries*	5,651.47	4,019.47

* 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: -

	2013-2014	2012-2013
Discount Rate (per annum)	6.32% - 8.62%	4.51% - 7.75%
Rate of increase in Compensation levels	3.50% - 5.00%	3.00% - 5.00%
Rate of Return on Plan Assets	4.85% - 8.70%	5.00% - 8.70%

A) Changes in the Present Value of Defined Benefit Obligation

(₹ in Lacs)

	2013-2014			2012-2013			
	Gratuity		Pension	Gratuity		Pension	
	Funded	Unfunded	Funded	Funded	Unfunded	Funded	Unfunded
Balance at beginning of the year	568.91	71.45	2,004.02	484.18	52.61	1,231.89	96.77
Add/ (Less): Transfer as Funded Plan introduced for all employees at a foreign branch	-	-	-	-	-	96.77	(96.77)
Add: On Amalgamation of fellow subsidiaries (Refer Note 42)	-	8.48	-	-	-	-	-
Sub-total	568.91	79.93	2,004.02	484.18	52.61	1,328.66	-
Interest Cost	44.09	4.60	94.50	38.73	4.07	100.80	-
Current Service Cost	78.91	15.42	244.86	68.19	18.98	332.81	-
Benefits Paid [includes payment made by the Company ₹2.18 Lacs (Previous Year - ₹ 41.41 Lacs) and not claimed from Plan Assets]	(135.09)	(2.18)	-	(81.71)	(2.72)	(41.41)	-
Actuarial (gain)/loss on obligations	46.79	(21.95)	(256.73)	59.52	(1.49)	283.16	-
Balance at end of the year	603.61	75.82	2,086.65	568.91	71.45	2,004.02	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

B) Changes in the Fair Value of Plan Assets

(₹ in Lacs)

	2013-2014		2012-2013	
	Gratuity	Pension	Gratuity	Pension
Balance at beginning of the year	435.14	1,500.03	331.16	837.12
Expected Return on Plan Assets	37.86	91.17	28.48	180.12
Contribution to the Plan Assets	135.40	69.50	153.02	219.20
Actuarial gain/ (loss) on obligations	(2.15)	(300.12)	4.19	263.59
Benefits Paid	(135.09)	–	(81.71)	–
Balance at end of the year	471.16	1,360.58	435.14	1,500.03
Actual return on Plan Assets	8.70%	-16.00%	9.25%	23.00%

C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2014

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 29.27% (Previous Year: 71.93%), Cash and Cash Equivalents 67.55% (Previous Year: 1.27%) , Corporate Bonds 2.86% (Previous Year: 0.88%) and Others 0.32% (Previous Year: 25.92%) for an amounts aggregating ₹1,360.58 Lacs (Previous Year ₹ 1,500.03 Lacs).

D) Amount recognised in the Balance Sheet

(₹ in Lacs)

	2013-2014			2012-2013		
	Gratuity		Pension	Gratuity		Pension
	Funded	Unfunded	Funded	Funded	Unfunded	Funded
Present Value of Defined Benefit Obligation as at end of the year	603.61	75.82	2,086.65	568.91	71.45	2,004.02
Fair Value of Plan Assets as at end of the year	471.16	–	1,360.58	435.14	–	1,500.03
Asset/(Liability) recognised in the Balance Sheet	(132.45)	(75.82)	(726.07)	(133.77)	(71.45)	(503.99)
Recognised under:						
Long-term Provisions (Refer Note 6)	–	58.37	434.38	–	49.68	367.83
Short-term Provisions (Refer Note 10)	132.45	17.45	291.69	133.77	53.55	136.16

E) Expenses recognised in the Statement of Profit and Loss

(₹ in Lacs)

	2013-2014			2012-2013		
	Gratuity		Pension	Gratuity		Pension
	Funded	Unfunded	Funded	Funded	Unfunded	Funded
Current Service Cost	78.91	15.42	244.86	68.19	18.98	332.81
Interest Cost	44.09	4.60	94.50	38.73	4.07	100.80
Expected Return on Plan Assets	(37.86)	–	(91.17)	(28.48)	–	(180.12)
Net actuarial (gain)/ loss recognised in the year	48.94	(21.95)	43.39	55.33	(1.49)	19.57
Total Expenses recognised in the Statement of Profit and Loss**	134.08	(1.93)	291.58	133.77	21.56	273.06

** Included in Other Income and Employee Benefit Expense (Refer Note 20 and 21)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

F) Experience Adjustments

(₹ in Lacs)

	2013-2014		2012-2013	
	Gratuity	Pension	Gratuity	Pension
On Defined Benefit Obligation – Loss/ (Gain)	46.57	225.67	46.31	15.29
On Plan Assets – Loss/ (Gain)	2.15	300.12	(4.19)	(263.59)

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)
2011-2012	Gratuity	536.79	331.16	(205.63)	1.89	(35.52)
	Pension	1,328.66	837.12	(491.54)	(2.56)	(52.62)
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)	–

H) Expected Contribution for next year

(₹ in Lacs)

	2014-2015	2013-2014
Gratuity and Pension Plan	455.07	453.37

III The liability for compensated absences as at March 31, 2014 aggregates ₹ 2,706.57 Lacs (Previous Year – ₹ 2,068.95 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, 2014.

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	
	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Sales Revenue*	16,774.37	19,765.96	233,711.08	178,576.86	250,485.45	198,342.82
Carrying Amount of Assets	44,548.71	36,082.61	198,423.99	170,550.90	242,972.70	206,633.51
Capital Expenditure	2,621.27	2,891.52	14,028.00	2,970.39	16,649.27	5,861.91

* There are no Inter Segment Revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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. Hinduja Group Limited (formerly Aasia Management and Consultancy Private Limited)
3. Hinduja Ventures Limited
4. IndusInd Media and Communication Limited
5. InEntertainment (India) Limited
6. Ashley Aviation Limited

IV) Enterprises where significant influence is exercised by Director

1. HBI Inc.
2. Mesilla

V) 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 and V above	Parties referred to in III above	Parties referred to in IV above	Total
Rendering of Services				
IndusInd Media and Communication Limited	–	138.35	–	138.35
	[–]	[63.10]	[–]	[63.10]
Others	–	3.76	–	3.76
	[–]	[0.02]	[–]	[0.02]
Total	–	142.11	–	142.11
	[–]	[63.12]	[–]	[63.12]
Rent Income				
Mesilla	–	–	85.02	85.02
	[–]	[–]	[–]	[–]
Total	–	–	85.02	85.02
	[–]	[–]	[–]	[–]
Rent Expense				
Hinduja Group Limited	–	91.50	–	91.50
	[–]	[91.32]	[–]	[91.32]
Mr. Pabitra DeSarkar	3.29	–	–	3.29
	[3.13]	[–]	[–]	[3.13]
Total	3.29	91.50	–	94.79
	[3.13]	[91.32]	[–]	[94.45]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lacs)

Nature of Transaction	Parties referred to in II and V above	Parties referred to in III above	Parties referred to in IV above	Total
Interest on Loan				
InEntertainment (India) Limited	–	–	–	–
	[–]	[29.34]	[–]	[29.34]
Total	–	–	–	–
	[–]	[29.34]	[–]	[29.34]
Professional Fees				
Hinduja Group India Limited	–	178.63	–	178.63
	[–]	[179.50]	[–]	[179.50]
HBI Inc.	–	–	426.68	426.68
	[–]	[–]	[–]	[–]
Total	–	178.63	426.68	605.31
	[–]	[179.50]	[–]	[179.50]
Commission				
HBI Inc.	–	–	2,827.79	2,827.79
	[–]	[–]	[–]	[–]
Total	–	–	2,827.79	2,827.79
	[–]	[–]	[–]	[–]
Connectivity Cost				
IndusInd Media and Communication Limited	–	–	–	–
	[–]	[4.23]	[–]	[4.23]
Total	–	–	–	–
	[–]	[4.23]	[–]	[4.23]
Executive Remuneration				
Mr. Partha DeSarkar	140.24	–	–	140.24
	[134.16]	[–]	[–]	[134.16]
Total	140.24	–	–	140.24
	[134.16]	[–]	[–]	[134.16]
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	–	1,800.00	–	1,800.00
	[–]	[–]	[–]	[–]
Total	–	1,800.00	–	1,800.00
	[–]	[–]	[–]	[–]
Consultancy charges				
Hinduja Group Limited	–	16.13	–	16.13
	[–]	[54.27]	[–]	[54.27]
Total	–	16.13	–	16.13
	[–]	[54.27]	[–]	[54.27]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lacs)

Nature of Transaction	Parties referred to in II and V above	Parties referred to in III above	Parties referred to in IV above	Total
Loan repaid				
InEntertainment (India) Limited	–	–	–	–
	[–]	[1,000.00]	[–]	[1,000.00]
Total	–	–	–	–
	[–]	[1,000.00]	[–]	[1,000.00]
Expenses reimbursed by Other Companies				
IndusInd Media and Communication Limited	–	0.75	–	0.75
	[–]	[–]	[–]	[–]
Total	–	0.75	–	0.75
	[–]	[–]	[–]	[–]
Receivable net of payable as at the year-end				
Hinduja Ventures Limited	–	5,550.00	–	5,550.00
[Refer footnote 2 in Note 24(a)(A)]	[–]	[3,750.00]	[–]	[3,750.00]
Mesilla	–	–	17.33	17.33
	[–]	[–]	[–]	[–]
Others	2.50	197.13	–	199.63
	[3.91]	[4.53]	[–]	[8.44]
Total	2.50	5,747.13	17.33	5,766.96
	[3.91]	[3,754.53]	[–]	[3,758.44]
Payable net of Receivables as at year-end				
IndusInd Media and Communications Limited	–	–	–	–
	[–]	[7.95]	[–]	[7.95]
Hinduja Group Limited	–	–	–	–
	[–]	[10.98]	[–]	[10.98]
Hinduja Group India Limited	–	44.24	–	44.24
	[–]	[37.92]	[–]	[37.92]
HBI Inc.	–	–	23.14	23.14
	[–]	[–]	[–]	[–]
Mr. Pabitra DeSarkar	0.40	–	–	0.40
	[0.24]	[–]	[–]	[0.24]
Total	0.40	44.24	23.14	67.78
	[0.24]	[56.85]	[–]	[57.09]

Notes:

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

28. Operating Leases

The operating lease arrangement relating to office premises and equipments extend up to a period of twenty years from the respective dates of inception, which includes both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

A. 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	7,302.80 [6,477.46]	18,037.94 [15,695.26]	17,010.82 [17,001.76]	8,091.10 [7,182.10]

Figures in bracket pertain to the previous year.

B. The Group has entered into various cancellable leasing arrangements for office, residential premises and equipments towards which an amount of R 657.83 Lacs (Previous Year - R 465.76 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 31.03.2014	As at 31.03.2013
Present Value	1,790.82	279.34
Finance Charge	198.52	23.66

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	479.37 [83.93]	1,311.45 [195.40]	— [—]
Finance Charges	86.13 [12.24]	112.39 [11.42]	— [—]
Total	565.50 [96.17]	1,423.84 [206.82]	— [—]

Figures in bracket pertain to the previous year.

30. Earnings per Equity Share (Basic and Diluted)

	2013-2014	2012-2013
Profit After Tax and Minority Interest (₹ in Lacs)	16,955.09	9,057.06
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,595,300	20,589,223
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A.	20,595,300	20,589,223
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	81,812	—
No. of shares for Diluted Earnings per share	20,677,112	20,589,223
Nominal Value of an equity share (₹)	10.00	10.00
Earnings per share (Basic) (₹)	82.33	43.99
Earnings per share (Diluted) (₹)	82.00	43.99

31. The subsidiaries (including step-down subsidiaries) considered in the consolidated financial statements for the year ended March 31, 2014 with Company's share in voting power in these companies are:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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	India	HGS	100	100
3	HGS Business Services Private Limited (Upto June 30, 2013)	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	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.	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	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.	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
18	HGS Mena FZ LLC	United Arab Emirates	HGS Intl.	#	#

Subsidiary on account of Management Control.

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

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Deferred Tax Liability		
Depreciation on Fixed Assets	(1,317.05)	(1,161.08)
Amortisation of Goodwill	(2,129.07)	(1,619.14)
Others	(0.83)	(2.26)
Total Deferred Tax Liability	(3,446.95)	(2,782.48)
Deferred Tax Asset		
Expenses allowed on payment basis	283.26	316.49
Provision for doubtful debts/ advances	92.81	19.17
Others	98.02	27.80
Total Deferred Tax Asset	474.09	363.46
Net Deferred Tax Liability	(2,972.86)	(2,419.02)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

33 Current tax includes provision for tax of ₹ 1,584.20 Lacs (Previous Year: ₹ 749.10 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	Indirect tax matters	Litigations/ Disputes	Total
Opening Provision	– [21.75]	44.02 [44.02]	– [61.03]	12.99 [–]	129.89 [–]	– [–]	186.90 [126.80]
Add: Additional provision during the year	– [–]	10.11 [–]	– [–]	12.05 [12.99]	– [129.89]	83.29 [–]	105.45 [142.88]
Less: Provision utilised/ reversed during the year	– [21.75]	– [–]	– [61.03]	15.02 [–]	129.89 [–]	– [–]	144.91 [82.78]
Closing Provision	– [–]	54.13 [44.02]	– [–]	10.02 [12.99]	– [129.89]	83.29 [–]	147.44 [186.90]

Figures in bracket pertain to the previous year.

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.

Employee claim - The provision 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.

Litigations/ Disputes - Provisions for litigations/ disputes represents claims against the Company not acknowledged as debts that are expected to materialise in respect of matters in litigation.

35. Derivative instruments

a) Derivatives Outstanding as at the reporting date

Particulars	Currency	Amount	Type	No. of Contracts	Contract Value (₹ in Lacs)
Forward contract in respect of firm commitment or highly probable forecasted transactions	USD	74,000,000 [45,500,000]	Sell [Sell]	142 [54]	48,036.53 [25,834.50]

Figures in bracket pertain to the previous year.

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

(₹ in Lacs)

Particulars	2013-2014	2012-2013
Mark-to-market losses/ (gains) provided for	(945.33)	(295.28)

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 ₹ (925.99) Lacs (Previous Year: ₹ (320.32) Lacs).

The gain on ineffective portion recognised in the Statement of Profit and Loss that arises from cash flow hedges amounts to ₹ 19.34 Lacs (Previous Year: ₹ Nil).

Gains and losses recognised in the hedging reserve in equity (Note 4) on forward foreign exchange contracts as of March 31, 2014 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 Limited 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 Limited 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 as at April 1, 2011).
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 48 th 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 24 th 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	ESOP 2008	ESOP 2011
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 approved the request of lapsed options which were subsequently granted to specific employees. For details refer foot note (a). The term for vesting and exercise period are as stated above.	The Compensation Committee approved the request of lapsed options which were subsequently granted to specific employees. For details refer foot note (b). The term for vesting and exercise period are as stated above.

a) Details of grant/ re-grant of options under ESOP 2008 is as below:

Date of Compensation committee	Number of Stock Options granted	Exercise Price (₹) @	Intrinsic Value (₹)	Fair Value (₹) #
June 1, 2011	33,160	400.65	Nil	161.45
June 3, 2013	53,500	285.05	Nil	47.68
November 11, 2013	75,220	416.65	Nil	102.87

b) Details of grant/ re-grant of options under ESOP 2011 is as below:

Date of Compensation committee	Number of Stock Options granted	Exercise Price (₹) @	Intrinsic Value (₹)	Fair Value (₹) #
June 28, 2012	5,000	340.25	Nil	83.28
November 11, 2013	27,000	416.65	Nil	84.08
January 18, 2014	5,000	572.75	Nil	132.89

@ determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.

determined using Black Scholes Option Pricing Model.

c) The details of options granted are as follows:

	ESOP 2008		ESOP 2011	
Particulars	2013-14	2012-13	2013-14	2012-13
Outstanding at the beginning of the year	149,515	169,015	243,170	270,600
Granted during the year	–	–	27,000	5,000
Re-granted during the year	128,720	–	5,000	–
Lapsed during the year	122,655	19,500	20,730	32,430
Exercised/ Allotted during the year	–	–	27,204	–
Outstanding at the end of the year	155,580	149,515	227,236	243,170
Exercisable at the end of the year	16,580	121,883	83,166	38,107
Weighted Average share price at the date of exercise	–	–	₹ 530.84	–
Weighted Average remaining life in years	1.69	1.58	1.98	2.61

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been (lower)/ higher by ₹ (131.54) Lacs (Previous Year - ₹118.88 Lacs), Profit After Tax and the basic and diluted earning per share would have been (higher)/ lower by ₹ (131.54) Lacs (Previous Year - ₹ 118.88 Lacs) and Re. (0.64) (Previous Year - Re. 0.58), respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

37. Cash and Bank Balances – (Note 16) includes ₹ 29,609.23 Lacs (Previous Year – ₹ 33,548.13 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 31.03.2014	As at 31.03.2013
1	Term Loans from a Bank		
-	Secured by exclusive charge on entire assets of the Project. Principal amount is repayable in 16 equal quarterly installments beginning from September 2013. Interest (Base rate set by RBI + 2%) is payable during every month end on the outstanding loan due.	1,265.80	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.	3,333.40	4,002.13
2	Secured by First ranking pari passu charge on all of the Borrower's assets, including all immoveable and moveable properties, Borrower's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other moveables including book-debts, bills whether documentary or clean, outstanding monies, receivables, both present and future. Principal amount is repayable in 16 equal quarterly installments commencing from April 2014. Interest (I-Base + Spread) is payable at end of every month on the outstanding loan balance.	750.00	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 six month USD LIBOR +3.5% p.a.	12,912.75	8,957.03
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, 2014. The term loan matures in full on September 26, 2018. The rate of interest is 3 months LIBOR + 3.65% p.a	25,152.02	20,264.21
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
	Total	43,413.97	35,423.49

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

39. Loans repayable on demand from banks (Secured)

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2014	As at 31.03.2013
1	Secured by first pari passu charge on entire current assets of the Company both present and future and second pari passu 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
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.	1,576.34	1,001.79
	Total	1,576.34	1,675.67

40. Exceptional Item for the year ended March 31, 2013 represents net claims receivable written-off consequent to settlement of dispute with a bank.
41. Minority Interest represents preferred stock issued by an overseas subsidiary.
42. The Scheme of Amalgamation of HGS Business Services Private Limited (hereafter, "HGSBSPL") with HGS International Services Private Limited (hereafter, "HGSISPL"), both direct subsidiaries of Hinduja Global Solutions Limited, the Appointed Date being July 1, 2013, has been approved by the Hon'ble High Court of Judicature of Bombay vide its order dated October 25, 2013. The Scheme of Amalgamation (the 'Scheme') was made effective on November 28, 2013 and accordingly, effect of the amalgamation has been given in these financial results by following the Purchase Method of accounting as prescribed under Accounting Standard 14 for Accounting for Amalgamations. Considering the scheme, fair valuation of asset and liability of HGSBSPL was been carried out by an independent valuer. Pursuant to, the fair valuation certain assets of HGSBSPL aggregating ₹ 464.18 Lacs were devalued and the impact of such devaluation has been adjusted against the Surplus in Statement of Profit and Loss in Note 4 considering the principles of line by line consolidation mentioned in Accounting Standard 21 for Consolidated Financial Statements.
43. Consequent to the amalgamation mentioned in Note 42. The Company has recognised MAT Credit of ₹ 1,262.24 Lacs as an asset by way of a credit to the Statement of Profit and Loss during the current year, of which, ₹ 543.61 Lacs pertains to earlier years. This is in accordance with the recommendations contained in Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under The Income-tax Act, 1961 issued by the Institute of Chartered Accountants of India.
44. In view of acquisition of Extended Business Services LLC ("EBOS") effective October 8, 2012, 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

Jeetendra Mirchandani
Partner
Membership No: 048125

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager

Anil Harish
Director

Kanti Mohan Rustagi
EVP-Legal and Company Secretary

Ramkrishan P. Hinduja
Chairman

Srinivas Palakodeti
Chief Financial Officer

Place : Mumbai
Date : May 21, 2014

Place : Mumbai
Date : May 21, 2014

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 60.0593 P/L 60.7800	19,527.82	77,378.88	97,103.08	196.38	Nil	2,997.47	2,287.49	62.90	2,224.59	Nil
2	HGS International Services Private Limited	INR	-	123.36	8,913.89	11,583.80	2,546.55	Nil	14,497.90	3,795.46	(456.74)	4,252.20	Nil
3	HGS Business Services Private Limited (Upto June 30, 2013)	INR	-	5.29	1,889.64	3,333.02	1,438.09	Nil	1,077.89	60.92	18.57	42.35	Nil
4	Hinduja Global Solutions Inc., U.S.A.	USD	B/S 60.0593 P/L 60.7800	7,673.46	(19,232.79)	78,512.80	90,072.13	Nil	381.09	(1,183.99)	*495.36	(1,679.35)	Nil
5	HGS Properties LLC, U.S.A.	USD	B/S 60.0593 P/L 60.7800	-	1,530.91	4,844.98	3,314.07	Nil	909.27	663.72	-	663.72	Nil
6	HGS Canada Holdings LLC, U.S.A.	USD	B/S 60.0593 P/L 60.7800	20,336.08	(0.01)	20,336.07	-	Nil	-	-	-	-	Nil
7	HGS Canada Inc., Canada	CAD	B/S 54.3649 P/L 57.4392	17,927.71	(778.83)	54,599.10	37,450.22	Nil	56,398.78	475.82	74.67	401.15	Nil
8	HGS EBOS LLC, U.S.A.	USD	B/S 60.0593 P/L 60.7800	-	(1,890.67)	6,398.71	8,289.38	Nil	6,454.23	(968.83)	-	(968.83)	Nil
9	HGS (USA), LLC	USD	B/S 60.0593 P/L 60.7800	3,183.14	16,379.97	45,024.05	25,460.94	Nil	132,597.04	3,438.93	-	3,438.93	Nil
10	RMT LLC., U.S.A.	USD	B/S 60.0593 P/L 60.7800	0.60	(0.60)	-	-	Nil	-	-	-	-	Nil
11	Affina Company, Canada	USD	B/S 60.0593 P/L 60.7800	0.12	(2,017.39)	34.36	2,051.63	Nil	839.98	(100.89)	-	(100.89)	Nil
12	Hinduja Global Solutions Europe Limited, U.K.	GBP	B/S 100.1356 P/L 97.0877	962.68	(751.53)	12,882.46	12,671.31	Nil	578.37	82.05	-	82.05	Nil
13	Hinduja Global Solutions UK Limited, U.K.	GBP	B/S 100.1356 P/L 97.0877	14.55	2,970.75	8,451.74	5,466.44	Nil	24,004.31	(104.20)	205.20	(309.40)	Nil
14	HGS Italy, S.A.R.L	EUR	B/S 82.7283 P/L 81.6931	8.27	121.34	200.16	70.55	Nil	286.52	40.62	14.25	26.37	Nil
15	HGS France S.A.R.L	EUR	B/S 82.7283 P/L 81.6931	6.62	(368.11)	128.39	489.88	Nil	324.21	(100.19)	-	(100.19)	Nil
16	C-Cubed N.V, Curacao	USD	B/S 60.0593 P/L 60.7800	3.60	53.25	2,693.45	2,636.60	Nil	121.03	(1.53)	-	(1.53)	Nil
17	C-Cubed B.V, Netherlands	EUR	B/S 82.7283 P/L 81.6931	18.78	225.45	3,034.06	2,789.83	Nil	-	59.16	-	59.16	Nil
18	Customer Contact Centre Inc, Manila	PHP	B/S 1.3295 P/L 1.3114	1,341.30	1,673.04	3,019.79	5.45	Nil	-	65.06	-	65.06	Nil
19	HGS St. Lucia Limited, Saint Lucia	XCD	B/S 22.2442 P/L 22.5032	-	(15.39)	583.54	588.93	Nil	-	(1.02)	-	(1.02)	Nil
20	Team HGS Limited, Jamaica	JMD	B/S 0.5496 P/L 0.5519	0.01	57.66	669.80	612.13	Nil	1,102.79	78.12	20.98	57.14	Nil
21	HGS Mena FZ LLC	AED	B/S 16.3513 P/L 16.5900	-	(8.43)	171.65	180.08	Nil	-	(8.55)	-	(8.55)	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, 2014, 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")/ notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of 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 and other applicable authoritative pronouncements 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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, 2014;
 - (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.

Other Matter

7. We did not audit the financial statements of one branch included in the financial statements of the Company, which constitute total assets of ₹ 21,394.48 Lacs and net assets of ₹ 11,956.84 Lacs as at March 31, 2014, total revenue of ₹ 38,570.55 Lacs, net profit of ₹ 2,820.96 Lacs and net cash flows amounting to ₹ (118.07) Lacs for the year then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion on the financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
8. We did not audit the financial statements of three branches included in the financial statements of the Company, which constitute total assets of ₹ 157.36 Lacs and net assets of ₹ 106.71 Lacs as at March 31, 2014, total revenue of ₹ 32.99 Lacs, net loss of ₹ (384.14) Lacs and net cash flows amounting to ₹ 26.96 Lacs for the year then ended. The unaudited financial information has been provided to us by the Management, and our opinion on the financial statements of the Company to the extent they relate to these Branches is based solely on such unaudited financial information furnished to us.

AUDITORS' REPORT

Report on Other Legal and Regulatory Requirements

9. 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.
10. 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 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;
 - (d) 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/ notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Accounting Standard 30, Financial Instruments: Recognition and Measurement issued by the Institute of Chartered Accountants of India to the extent it does not contradict any other accounting standard referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, 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

Place : Mumbai
Date : May 21, 2014

Jeetendra Mirchandani
Partner
Membership Number: 048125

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 9 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, 2014

- 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, 2014 which have not been deposited on account of a dispute, are as follows:

ANNEXURE TO THE AUDITORS' REPORT

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	26.91	Assessment Year 2007-2008	The Income Tax Appellate Tribunal
		375.41	Assessment Year 2008-2009	Commissioner of Income Tax Appeal
		814.23	Assessment Year 2009-2010	The Income Tax Appellate Tribunal

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

- 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 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 no funds raised on short-term basis have been used for long-term investment.
- 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

Jeetendra Mirchandani

Partner

Membership Number: 048125

Place : Mumbai
Date : May 21, 2014

BALANCE SHEET

AS AT MARCH 31, 2014

			(₹ in Lacs)
	Note	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,061.64	2,058.92
Reserves and Surplus	4	74,712.19	64,402.45
		<u>76,773.83</u>	<u>66,461.37</u>
Non-Current Liabilities			
Long-term borrowings	5	5,473.84	5,105.00
Deferred tax liabilities (Net)	31	529.25	545.56
Long term provisions	6	517.67	497.72
		<u>6,520.76</u>	<u>6,148.28</u>
Current Liabilities			
Short-term borrowings	7	8,500.00	8,031.83
Trade payables	8	4,541.33	4,036.30
Other current liabilities	9	8,010.36	6,066.02
Short term provisions	10	4,014.84	6,034.39
		<u>25,066.53</u>	<u>24,168.54</u>
TOTAL		108,361.12	96,778.19
ASSETS			
Non-current assets			
Fixed assets:			
- Tangible assets	11 A	19,776.33	18,198.04
- Intangible assets	11 B	1,932.91	1,020.56
- Capital work-in-progress		—	113.64
- Intangible assets under development		52.62	159.43
Non-current investments	12 A	44,710.67	44,775.38
Long-term loans and advances	13	11,158.05	9,659.60
Other non-current assets	14	53.97	68.88
		<u>77,684.55</u>	<u>73,995.53</u>
Current assets			
Current investments	12 B	13.38	12.68
Trade receivables	15	15,081.15	12,792.32
Cash and Bank balances	16	5,734.72	2,036.86
Short-term loans and advances	17	1,282.17	1,801.64
Other current assets	18	8,565.15	6,139.16
		<u>30,676.57</u>	<u>22,782.66</u>
TOTAL		108,361.12	96,778.19

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

Jeetendra Mirchandani
Partner
Membership No: 048125

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager

Anil Harish
Director

Kanti Mohan Rustagi
EVP-Legal and Company Secretary

Ramkrishan P. Hinduja
Chairman

Srinivas Palakodeti
Chief Financial Officer

Place : Mumbai
Date : May 21, 2014

Place : Mumbai
Date : May 21, 2014

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2014

			(₹ in Lacs)
	Note	Year ended 31.03.2014	Year ended 31.03.2013
Revenue from operations	19	86,635.09	70,341.39
Other Income	20	6,584.45	1,750.09
Total Revenue		93,219.54	72,091.48
EXPENSES			
Employee Benefit Expense	21	52,948.03	45,237.41
Finance costs	22	1,767.34	1,730.88
Depreciation and Amortisation Expenses	11 C	4,204.07	3,860.38
Other Expenses	23	15,802.54	12,981.65
Total Expenses		74,721.98	63,810.32
Profit before exceptional item and tax		18,497.56	8,281.16
Exceptional Item	38	—	528.67
Profit before tax		18,497.56	7,752.49
Tax expense			
Current tax [Includes provision for earlier years ₹ 125.00 Lacs (Previous year: Nil)]	39	5,058.34	2,388.66
Deferred tax		(16.31)	(37.30)
Profit for the year		13,455.53	5,401.13
Earnings per share	30		
- Basic (Rupees)		65.33	26.23
- Diluted (Rupees)		65.07	26.23

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

Jeetendra Mirchandani
Partner
Membership No: 048125

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 and Company Secretary

Place : Mumbai
Date : May 21, 2014

Place : Mumbai
Date : May 21, 2014

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lacs)

A Cash Flow from Operating Activities :

	Year Ended 31.03.2014	Year Ended 31.03.2013
Profit before tax	18,497.56	7,752.49
Adjustments for :		
Depreciation/ Amortisation	4,204.07	3,860.38
Profit on Sale of Long-term Investment	(7.26)	—
Profit on Sale of Assets (net)	—	(6.93)
Bad Debts/ Advances Written off	—	7.43
Provisions for Doubtful Debts/ Advances	228.49	4.81
Other Provision (refer Note 32)	83.29	—
Liabilities/ Provisions no longer required written-back	(508.09)	(363.53)
Loss on Sale of Assets (net)	0.10	—
Assets Written Off	75.56	16.80
Interest Income	(30.42)	(146.27)
Dividend from Current Investment	(0.70)	(0.63)
Interest Expense	1,767.34	1,730.88
Mark to Market gain on Derivatives	(19.34)	—
Unrealised Foreign Exchange (Gain)/ Loss (Net)	(24.98)	36.54
Dividend from Subsidiaries	(5,305.60)	(95.12)
Provision for Gratuity/ Pension and Compensated Absences	423.15	122.46
Operating Profit before working capital changes	19,383.17	12,919.31
Adjustments for :		
Trade and Other receivables	(5,904.25)	(2,479.16)
Trade and Other payables	1,441.36	1,478.71
	(4,462.89)	(1,000.45)
Operating Profit after working capital changes	14,920.28	11,918.86
Direct Taxes Paid	(4,492.51)	(2,135.09)
Net Cash from Operating Activities	(A) 10,427.77	9,783.77

B Cash Flow from Investing Activities :

Purchase of Fixed Assets	(6,083.07)	(3,049.37)
Sale of Fixed Assets	45.80	54.94
Investment in a subsidiary	—	(1,200.00)
Investments Made – Others	(10.99)	(128.76)
Investments Sold – Others	82.26	—
Interest Income	69.28	155.14
Dividend from Subsidiaries	5,400.60	95.00
Dividend from Current Investment	0.70	0.63
Net Cash used in Investing Activities	(B) (495.42)	(4,072.42)

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2014

(₹ in Lacs)

C Cash Flow from Financing Activities :

	Year Ended 31.03.2014	Year Ended 31.03.2013
Proceeds from Share allotment under Employee Stock Option Schemes	92.55	—
Proceeds from Long-term borrowings	1,247.57	6,088.33
Proceeds/(Repayment) from/(of) Short-term borrowings	468.17	(5,029.62)
Dividend Paid and tax thereon	(6,306.44)	(4,766.78)
Interest Expense	(1,760.34)	(1,679.46)
Net Cash used in Financing Activities (C)	(6,258.49)	(5,387.53)
Net Increase in Cash and Cash Equivalents (A + B + C)	3,673.86	323.82
Cash and Cash Equivalents as at the beginning of the year	2,013.87	1,690.05
Cash and Cash Equivalents as at the end of the year	5,687.73	2,013.87
	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalents comprise :		
Cash on Hand	34.49	3.23
Balances with banks		
– Current Accounts	5,208.91	1,138.82
– Deposit Accounts	402.39	797.70
– EEFC (Exchange Earners' Foreign Currency Account)	41.94	74.12
	5,687.73	2,013.87

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.
- 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

Jeetendra Mirchandani
Partner
Membership No: 048125

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
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Anil Harish
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP-Legal and Company Secretary

Place : Mumbai
Date : May 21, 2014

Place : Mumbai
Date : May 21, 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 historical cost convention on accrual basis. Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. These financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211 (3C) of the Companies (Accounting Standards) Rules, 2006, as amended and other relevant provisions of the Companies Act, 1956 ('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 year. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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:

- 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.
- 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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 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 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, 2014

(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

- 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.
- 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.
- 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.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

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.

The Company leases certain tangible and intangible assets and such leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in other short/ long-term borrowings. The finance charge is charged to the Statement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

3 Share Capital

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
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:		
20,616,427 (Previous Year - 20,589,223) Equity Shares of ₹ 10 each, fully paid-up	2,061.64	2,058.92
	2,061.64	2,058.92

a. Reconciliation of number of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31.03.2014	As at 31.03.2013
Balance at the beginning of the year	20,589,223	20,589,223
Add: Shares issued pursuant to exercise of employee stock options (Refer Note 37)	27,204	–
Balance at the end of the year	20,616,427	20,589,223

b. 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.

c. Number of shares reserved for issue under the Employee Stock Option Plan:

Particulars	As at 31.03.2014	As at 31.03.2013
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	155,580	149,515
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	227,236	243,170

Refer Note 37 for details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

d. The details of Shareholder holding more than 5%

Name of the Shareholder	As at 31.03.2014		As at 31.03.2013	
	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited (formerly Asia Management and Consultancy Private Limited)	5,748,541	27.88	5,748,541	27.92
Hinduja Group Limited (formerly Asia Management and Consultancy Private Limited) jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Asia Exports)	2,624,490	12.73	1,724,490	8.38
Hinduja Group Limited (formerly Asia Management and Consultancy Private Limited) jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partners of Asia Corporation) *	–	–	2,177,809	10.58
Amas Mauritius Limited	2,761,427	13.39	2,761,427	13.41
Credit Suisse (Singapore) Limited	1,894,810	9.19	1,894,810	9.20

* As at March 31, 2014 the shareholding is 2.32%

4 Reserves and Surplus

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Securities Premium Account		
As per last Balance Sheet	181.27	181.27
Add: Additions during the year on exercise of employee stock options (Refer Note 37)	89.83	–
	271.10	181.27
General Reserve		
As per last Balance Sheet	51,949.32	51,409.21
Add: Transfer from Statement of Profit and Loss	1,345.55	540.11
	53,294.87	51,949.32
Hedging Reserve Account		
As per last Balance Sheet	252.77	(262.51)
Add/ (Less): Adjustment for the year	689.49	515.28
	942.26	252.77
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	12,019.09	11,960.31
Add: Profit for the year	13,455.53	5,401.13
Less: Interim Dividend *	2,060.29	–
Less: Proposed Dividend **	2,061.64	4,117.84
Less: Dividend Tax (net) ***	(196.82)	684.40
Less: Transfer to General Reserve	1,345.55	540.11
	20,203.96	12,019.09
	74,712.19	64,402.45

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

* For the financial year ended March 31, 2014, the amount of per share dividend distributed to Equity Shareholders was ₹ 5 per share each on November 11, 2013 and February 11, 2014.

** During the year ended March 31, 2014 and March 31, 2013, the amount of per share dividend proposed as distribution to Equity Shareholders was ₹ 10 and ₹ 20, respectively, recognised in respective years.

*** Net of ₹ 821.55 Lacs consequent to set-off available u/s 115-O of Income Tax Act, 1961 on receipt of dividend from a Foreign Subsidiary of the Company.

5 Long-term borrowings (Secured)

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Term Loan from Banks		
- Secured by exclusive charge on entire assets of the Project. Principal amount is repayable in 16 equal quarterly installments beginning from September 2013. Interest (Base rate set by RBI + 2%) is payable during every month end on the outstanding loan due.	1,265.80	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.	3,333.40	4,002.13
Long term maturities of Finance Lease Obligations (Secured by hypothecation of assets underlying the lease)	874.64	—
	5,473.84	5,105.00

6 Long term provisions

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Provision for Employee Benefits (Refer Note 25):		
– Pension	434.38	367.83
Other Provision (Refer Note 32)	83.29	129.89
	517.67	497.72

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

7 Short-term borrowings

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Secured:		
Loans repayable on demand from banks [Cash Credit]	—	531.83
[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)]		
Unsecured:		
Term Loan from a Bank	1,000.00	—
(Principal amount repayable within 30 days beginning from March 21, 2014. Interest at 10.50% is payable on maturity)		
Other loans and advances from Banks towards:		
- Commercial Paper (Maximum amount outstanding during the year ₹ 7,500 Lacs (Previous Year: ₹ 7,500 Lacs)	7,500.00	7,500.00
	8,500.00	8,031.83

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
8 Trade payables (Refer Note 35)	4,541.33	4,036.30
	4,541.33	4,036.30

9 Other current liabilities

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Current maturities of finance lease obligation	299.70	—
Current maturities of long-term debt	1,562.36	983.33
Interest accrued but not due on borrowings	68.90	61.90
Unpaid Dividend *	30.17	21.17
Others :		
- Advance from customers	23.40	30.23
- Statutory dues including Provident Fund and Tax deducted at Source	869.91	803.26
- Employee benefits payable	2,569.75	2,097.26
- Payable for Capital Purchases	2,384.98	1,879.33
- Other Payables	201.19	189.54
	8,010.36	6,066.02

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205(c) of the Companies Act, 1956.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

10 Short term provisions

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Provision for Employee Benefits (Refer Note 25):		
- Compensated Absences	1,157.95	955.55
- Gratuity/ Pension	424.14	269.93
Others:		
- Provision for Fringe Benefit Tax	20.73	6.57
- Proposed Dividend	2,061.64	4,117.84
- Dividend tax	350.38	684.50
	4,014.84	6,034.39

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

11 FIXED ASSETS

A Tangible Assets

(₹ in Lacs)

	Land	Leasehold Land	Buildings	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
Owned Assets:										
Gross Block										
As at 01.04.2012	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	—	—	—	—	(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
Additions during the Year	—	—	—	—	619.12	89.45	95.64	2,143.65	1,587.44	4,535.30
Deductions	—	—	—	—	(36.48)	(45.92)	(61.19)	(215.09)	(126.16)	(484.84)
As at 31.03.2014	100.97	271.17	2,775.78	2,343.02	5,103.28	197.60	3,062.13	15,686.84	13,084.85	42,625.64
Depreciation										
As at 01.04.2012	—	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	—	—	—	—	(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
Charge for the year	—	2.75	45.25	39.39	394.71	36.64	159.92	1,593.35	1,290.90	3,562.91
Deductions/ Adjustment	—	—	—	—	(28.36)	(31.46)	(23.26)	(204.38)	(76.20)	(363.66)
As at 31.03.2014	—	15.00	252.90	250.61	2,132.76	62.36	1,030.53	11,696.05	8,136.18	23,576.39
Assets taken on Finance Lease:										
Gross Block										
As at 01.04.2012	—	—	—	—	—	—	—	—	—	—
Additions during the Year	—	—	—	—	—	—	—	—	—	—
Deductions	—	—	—	—	—	—	—	—	—	—
As at 31.03.2013	—	—	—	—	—	—	—	—	—	—
Additions during the Year	—	—	—	—	—	—	—	834.05	—	834.05
Deductions	—	—	—	—	—	—	—	—	—	—
As at 31.03.2014	—	—	—	—	—	—	—	834.05	—	834.05
Depreciation										
As at 01.04.2012	—	—	—	—	—	—	—	—	—	—
Charge for the year	—	—	—	—	—	—	—	—	—	—
Deductions	—	—	—	—	—	—	—	—	—	—
As at 31.03.2013	—	—	—	—	—	—	—	—	—	—
Charge for the year	—	—	—	—	—	—	—	106.97	—	106.97
Deductions	—	—	—	—	—	—	—	—	—	—
As at 31.03.2014	—	—	—	—	—	—	—	106.97	—	106.97
Net Block										
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
As at 31.03.2014	100.97	256.17	2,522.88	2,092.41	2,970.52	135.24	2,031.60	4,717.87	4,948.67	19,776.33

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

B Intangible Assets

(₹ in Lacs)

	Computer Software	Non-Compete Fees	Total
<u>Owned Assets:</u>			
Gross Block			
As at 01.04.2012	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
Additions during the Year	1,105.37	—	1,105.37
Deductions	—	—	—
As at 31.03.2014	3,557.77	143.00	3,700.77
<u>Amortisation</u>			
As at 01.04.2012	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
Charge for the year	458.29	34.32	492.61
Deductions/ Adjustment	0.29	—	0.29
As at 31.03.2014	1,979.13	88.61	2,067.74
<u>Assets taken on Finance Lease:</u>			
Gross Block			
As at 01.04.2012	—	—	—
Additions during the Year	—	—	—
Deductions	—	—	—
As at 31.03.2013	—	—	—
Additions during the Year	341.46	—	341.46
Deductions	—	—	—
As at 31.03.2014	341.46	—	341.46
<u>Amortisation</u>			
As at 01.04.2012	—	—	—
Charge for the year	—	—	—
Deductions	—	—	—
As at 31.03.2013	—	—	—
Charge for the year	41.58	—	41.58
Deductions	—	—	—
As at 31.03.2014	41.58	—	41.58

Net Block:

As at 31.03.2013	931.85	88.71	1,020.56
As at 31.03.2014	1,878.52	54.39	1,932.91

C Depreciation/ Amortisation for the year

(₹ in Lacs)

	Year ended 31.03.2014	Year ended 31.03.2013
Tangible Assets	3,669.88	3,416.63
Intangible Assets	534.19	443.75
Total	4,204.07	3,860.38

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

12 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2014		As at 31.03.2013	
			Quantity Nos.	Amount (₹ in Lacs)	Quantity Nos.	Amount (₹ in Lacs)
[A]	Non-Current Investments (Valued at Cost):					
(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 (Refer foot note below)	₹10	1,113,555	3,945.62	950,000	95.00
	HGS Business Services Private Limited, India (Refer foot note below)	₹10	—	—	52,932	3,850.62
	Others (Long-term, Unquoted and Non-Trade):					
	Ashley Airways Limited	₹10	—	—	750,000	75.00
(ii)	Investment in Preference Shares:					
	In Wholly Owned Subsidiary (Long-term, Unquoted and Trade):					
	HGS International Services Private Limited, India	₹ 10	120,000	1,200.00	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]			684.77		674.48
	Aggregate Value of Unquoted Non-Current Investments			44,710.67		44,775.38
[B]	Current Investment (Unquoted) (Valued at lower of Cost and Fair value)					
	Investment in Mutual Funds:					
	PNB Principal Cash Management Fund - Liquid Option - Institutional Plan-Dividend Reinvestment - Daily [N.A.V. per unit - ₹ 1,001.08 (Previous Year - ₹ 1,000.07)]	₹ 1,000	154	1.54	145	1.44
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan) [N.A.V. per unit - ₹ 12.85 (Previous Year - ₹ 12.70)]	₹ 10	99,762	11.84	95,065	11.24
	Aggregate Value of Unquoted Current Investments			13.38		12.68
	Aggregate Value of Unquoted Investments [A]+[B]			44,724.05		44,788.06

Note:

Pursuant to the Scheme of Amalgamation of HGS International Services Private Limited, India ('HGSISPL') and HGS Business Services Private Limited, India ('HGSBSPL') effective November 28, 2013, 52,932 Equity Shares of ₹ 10 each held by the Company in HGSBSPL (being the Transferor Company) were cancelled and 163,555 fully paid up Equity Shares of ₹ 10 each were issued and allotted in HGSISPL (being the Transferee Company).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

13 Long-term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Capital Advances		
- Considered Good	41.78	48.80
- Considered Doubtful	—	11.85
	<u>41.78</u>	<u>60.65</u>
Less: Provision for Doubtful Advances	—	(11.85)
	<u>41.78</u>	<u>48.80</u>
Security Deposits	2,081.07	2,011.52
Loans and Advances to related parties #	5,602.53	3,943.23
Other loans and advances:		
- Balance with Government Authorities	633.08	633.08
- Advance Tax and Tax Deducted at Source [Net of Provision for Tax of ₹ 10,780.48 Lacs (Previous Year - ₹ 6,078.33 Lacs)]	2,757.71	2,966.11
- Fringe Benefit Tax [Net of Provision for Tax of ₹ 9.00 Lacs (Previous Year - ₹ 9.00 Lacs)]	23.73	23.73
- Prepaid expenses	14.97	23.95
- Miscellaneous	3.18	9.18
	<u>11,158.05</u>	<u>9,659.60</u>
# Includes receivable from following parties:		
Hinduja Ventures Limited [Refer Note 24(a)(A)(2)]	5,550.00	3,750.00
Hinduja Global Solutions Inc.	52.53	193.23
	<u>5,602.53</u>	<u>3,943.23</u>

* The provision for tax is net of utilisation of Minimum Alternate Tax Credit during the year ₹ 357.44 Lacs (Previous Year - ₹ 806.28 Lacs)

14 Other non-current assets

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Deposits with bank for Margin Money	53.97	68.88
(Under Lien with Banks towards Guarantees issued by them on behalf of the Company)		
	<u>53.97</u>	<u>68.88</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

15 Trade receivables (Unsecured)

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Debts outstanding for a period exceeding six months from the date they are due for payment:		
- Considered Good	170.92	208.76
- Considered Doubtful	188.44	31.97
	<u>359.36</u>	<u>240.73</u>
Other Debts		
- Considered Good	14,910.23	12,583.56
- Considered Doubtful	8.37	0.10
	<u>14,918.60</u>	<u>12,583.66</u>
Less: Provision for Doubtful Debts	(196.81)	(32.07)
	<u>15,081.15</u>	<u>12,792.32</u>

16 Cash and Bank Balances

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
Cash and Cash Equivalents:		
Balances with Banks in:		
- Current Accounts	5,208.91	1,138.82
- Deposit Accounts	402.39	797.70
- EEFC (Exchange Earners' Foreign Currency Account) [USD 69,835 (Previous Year – USD 136,537)]	41.94	74.12
Cash on Hand	34.49	3.23
	<u>5,687.73</u>	<u>2,013.87</u>
Other Bank Balances:		
- Earmarked balance with bank (Unpaid Dividend)	30.17	21.17
- Earmarked balance with bank (Unpaid Employee Bonus)	1.82	1.82
- Deposits with bank for Margin Money*	15.00	—
	<u>46.99</u>	<u>22.99</u>
	<u>5,734.72</u>	<u>2,036.86</u>

*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, 2014

17 Short-term loans and advances

(Unsecured, Considered Good unless otherwise stated)

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Security Deposits		
- Considered good	120.76	67.43
- Considered doubtful	23.27	—
	144.03	67.43
Less: Provision for Doubtful Deposits	(23.27)	—
	120.76	67.43
Other loans and advances:		
- MAT Credit Entitlement (Current portion)	—	357.44
- Balance with Government Authorities	76.79	63.70
- Employee loans and advances	225.80	177.54
- Advance to Vendors	502.87	418.89
- Loan to a third party	—	417.50
- Prepaid expenses	355.95	299.14
	1,282.17	1,801.64

18 Other current assets

(Unsecured and Considered good unless otherwise stated)

	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Unbilled Revenue		
- Considered good	6,860.80	5,303.45
- Considered doubtful	29.04	—
	6,889.84	5,303.45
Less: Provision for doubtful unbilled revenue	(29.04)	—
	6,860.80	5,303.45
Interest Accrued on Deposits/ Loans	29.32	68.18
Accrual for Mark-to-Market gain on Derivatives [Refer Note 33]	961.60	227.75
Dividend Receivable from a Subsidiary Company	0.12	95.12
Unamortised interest expense on Commercial paper	20.06	74.58
Reimbursable Expenses		
- Considered good	693.25	370.08
- Considered doubtful	23.92	12.48
	717.17	382.56
Less: Provision for doubtful reimbursable expenses	(23.92)	(12.48)
	693.25	370.08
	8,565.15	6,139.16

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

19 Revenue from operations

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Sale of Services:		
Business Process Management	86,635.09	70,341.39
	86,635.09	70,341.39

20 Other Income

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest Income	30.42	146.27
Dividend Income :		
- From Subsidiary (Non-current Investment)	5,305.60	95.12
- From Others (Current Investment)	0.70	0.63
Profit on Sale of long-term Investments	7.26	—
Profit on Sale of assets	—	6.93
Employment Generation Subsidy	8.05	107.79
Foreign Exchange Gain (Net)	505.97	855.94
Liabilities/ Provisions no longer required written-back	508.09	363.53
Other non-operating income	218.36	173.88
	6,584.45	1,750.09

21 Employee Benefit Expense

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Salaries allowances and other benefits	49,249.74	41,961.53
Contribution to Provident and Other Funds	2,994.85	2,697.51
Staff Welfare	703.44	578.37
	52,948.03	45,237.41

22 Finance Costs

(₹ in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest on:		
- Term Loan from a Bank	769.87	423.73
- Cash Credit and Others	455.86	1,191.82
Other borrowing costs	541.61	115.33
	1,767.34	1,730.88

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

23 Other Expenses

	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
Power and Fuel	2,679.42	2,529.65
Rent (Refer Note 28)	3,249.61	2,997.34
Repairs and Maintenance – Leased premises	708.42	617.07
Repairs and Maintenance – Others	1,250.05	979.65
Insurance	109.33	138.66
Rates and Taxes	193.14	192.42
Directors' Sitting Fees	7.95	7.65
Payment to the Auditors:		
- as Auditors [including payment to Branch Auditors ₹ 28.68 Lacs (Previous Year: ₹ 25.94 Lacs)]	103.68	86.44
- for other services	12.90	2.00
- for reimbursement of expenses	2.21	1.96
Connectivity Cost	814.84	697.81
Advertisement and Business Promotion	148.93	141.95
Communication	545.82	396.31
Travelling, Conveyance and Car Hire Charges	979.80	923.49
Legal and Professional	1,612.65	1,436.38
Training and Recruitment	1,575.66	626.48
Commission	4.41	14.41
Donation	138.86	36.85
Software Expenses	119.28	138.40
Bad Debts/ Advances Written off	11.85	7.43
Less: Provisions for Doubtful Debts/ Advances	(11.85)	–
Provisions for Doubtful Debts/ Advances	228.49	4.81
Loss on Sale of Assets (Net)	0.10	–
Asset Written Off	75.56	16.80
Miscellaneous Expenses	1,241.43	987.69
	15,802.54	12,981.65

24. a) Contingent Liabilities

A) Claims against the Company not acknowledged as debts:

(₹ in Lacs)			
Sr. No.	Particulars	As at 31.03.2014	As at 31.03.2013
(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	5,448.23	5,196.73
(iii)	Others (to the extent ascertainable)	2,432.49	1,127.10
(iv)	Other matters (Refer Note 2 below)	12,209.79	18,275.72

Notes:

- 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, 2014

2. Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹12,209.79 Lacs (Previous Year: ₹18,275.72 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 ₹ 5,550 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 – ₹ 367.77Lacs (Previous Year – ₹ 41.53 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
 - iv. HGS St. Lucia

There has been no payments during the year against these undertakings.

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)

	2013–2014	2012–2013
Employers' Contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	1,009.25	1,038.70
Employers' Contribution to Superannuation Fund*	6.48	6.90
Employers' Contribution to Employees' State Insurance *	579.42	555.92
Employers' Contribution to Other Employees' Benefit Scheme*	974.04	689.16

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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: –

	2013–2014	2012–2013
Discount Rate (per annum)	6.32% - 8.62%	4.51% - 7.75%
Rate of increase in Compensation levels	3.50% - 5.00%	3.00% - 5.00%
Rate of Return on Plan Assets	4.85% - 8.70%	5.00% - 8.70%

A) Changes in the Present Value of Defined Benefit Obligation

(₹ in Lacs)

	2013–2014		2012–2013		
	Gratuity	Pension	Gratuity	Pension	
	Funded	Funded	Funded	Funded	Unfunded
Balance at beginning of the year	568.91	2,004.02	484.18	1,231.89	96.77
Add/ (Less): Transfer as Funded Plan introduced for all employees at a foreign branch	–	–	–	96.77	(96.77)
Sub-total	568.91	2,004.02	484.18	1,328.66	–
Interest Cost	44.09	94.50	38.73	100.80	–
Current Service Cost	78.91	244.86	68.19	332.81	–
Benefits Paid [includes payment made by the Company ₹ Nil (Previous Year – ₹ 41.41 Lacs) and not claimed from Plan Assets]	(135.09)	–	(81.71)	(41.41)	–
Actuarial (gain)/ loss on obligations	46.79	(256.73)	59.52	283.16	–
Balance at end of the year	603.61	2,086.65	568.91	2,004.02	–

B) Changes in the Fair Value of Plan Assets

(₹ in Lacs)

	2013–2014		2012–2013	
	Gratuity	Pension	Gratuity	Pension
Balance at beginning of the year	435.14	1,500.03	331.16	837.12
Expected Return on Plan Assets	37.86	91.17	28.48	180.12
Contribution to the Plan Assets	135.40	69.50	153.02	219.20
Actuarial gain/ (loss) on obligations	(2.15)	(300.12)	4.19	263.59
Benefits Paid	(135.09)	–	(81.71)	–
Balance at end of the year	471.16	1,360.58	435.14	1,500.03
Actual return on Plan Assets	8.70%	-16.00%	9.25%	23.00%

C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2014

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 29.27% (Previous Year: 71.93%), Cash and Cash Equivalents 67.55% (Previous Year: 1.27%), Corporate Bonds 2.86% (Previous Year: 0.88%) and Others 0.32% (Previous Year: 25.92%) for an amounts aggregating ₹ 1,360.58 Lacs (Previous Year ₹ 1,500.03 Lacs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

D) Amount recognised in the Balance Sheet

(₹ in Lacs)

	2013-2014		2012-2013	
	Gratuity	Pension	Gratuity	Pension
	Funded	Funded	Funded	Funded
Present Value of Defined Benefit Obligation as at end of the year	603.61	2,086.65	568.91	2,004.02
Fair Value of Plan Assets as at end of the year	471.16	1,360.58	435.14	1,500.03
Asset/(Liability) recognised in the Balance Sheet	(132.45)	(726.07)	(133.77)	(503.99)
Recognised under:				
Long-term Provisions (Refer Note 6)	–	434.38	–	367.83
Short-term Provisions (Refer Note 10)	132.45	291.69	133.77	136.16

E) Expenses recognised in the Statement of Profit and Loss

(₹ in Lacs)

	2013-2014		2012-2013	
	Gratuity	Pension	Gratuity	Pension
	Funded	Funded	Funded	Funded
Current Service Cost	78.91	244.86	68.19	332.81
Interest Cost	44.09	94.50	38.73	100.80
Expected Return on Plan Assets	(37.86)	(91.17)	(28.48)	(180.12)
Net actuarial (gain)/ loss recognised in the year	48.94	43.39	55.33	19.57
Total Expenses recognised in the Statement of Profit and Loss**	134.08	291.58	133.77	273.06

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

F) Experience Adjustments

(₹ in Lacs)

	2013-2014		2012-2013	
On Defined Benefit Obligation – Loss/ (Gain)	68.89	225.67	45.30	15.29
On Plan Assets – Loss/ (Gain)	(2.15)	300.12	(4.19)	(263.59)

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

(₹ in Lacs)

	2011-2012		2010-2011		2009-2010	
	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension
Present Value of Obligation at the end of the year	484.18	1,328.66	377.10	1,013.93	321.03	604.91
Fair Value of Plan Assets at the end of the year	331.16	837.12	324.90	228.50	213.66	–
Surplus/ (Deficit)	(153.02)	(491.54)	(52.20)	(785.43)	(107.37)	(604.91)
Experience Adjustments on Defined Benefit Obligation – Loss/ (Gain)	1.33	(35.52)	125.88	(19.18)	(66.92)	(56.34)
Experience Adjustments on Plan Assets – Loss/ (Gain)	(2.56)	(52.62)	1.84	–	0.36	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

H) Expected Contribution for next year

(₹ in Lacs)

	2014-2015	2013-2014
Gratuity and Pension Plan	455.07	453.37

III The liability for compensated absences as at March 31, 2014 aggregates ₹ 1,157.95 Lacs (Previous Year – ₹ 955.55 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
3. HGS Business Services Private Limited, India (Upto June 30, 2013. Also refer foot note to Note 12)
4. Hinduja Global Solutions Inc., U.S.A.
5. HGS Canada Inc., Canada
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.
11. HGS 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)
21. HGS Mena FZ LLC, U.A.E (w.e.f February 4, 2014)

III Key Management Personnel

Mr. Partha DeSarkar, Chief Executive Officer and Manager

IV Enterprises where common control exists

1. Hinduja Group India Limited
2. Hinduja Group Limited (formerly Aasia Management and Consultancy Private Limited)
3. Hinduja Ventures Limited
4. IndusInd Media and Communication Limited
5. In Entertainment (India) Limited
6. Ashley Aviation Limited

V Relatives of Key Management personnel

Mr. Pabitra DeSarkar

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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.	60,404.62	–	–	60,404.62
	[45,422.82]	[–]	[–]	[45,422.82]
Others	3,069.44	–	142.10	3,211.54
	[1,688.62]	[–]	[63.12]	[1,751.74]
Total	63,474.06	–	142.10	63,616.16
	[47,111.44]	[–]	[63.12]	[47,174.56]
Dividend Income				
HGS International Services Private Limited	445.54	–	–	445.54
	[95.12]	[–]	[–]	[95.12]
HGS International	4,860.06	–	–	4,860.06
	[–]	[–]	[–]	[–]
Total	5,305.60	–	–	5,305.60
	[95.12]	[–]	[–]	[95.12]
Interest Income				
HGS International Services Private Limited	–	–	–	–
	[76.29]	[–]	[–]	[76.29]
Total	–	–	–	–
	[76.29]	[–]	[–]	[76.29]
Other non-operating income				
HGS International Services Private Limited	203.41	–	–	203.41
	[152.61]	[–]	[–]	[152.61]
Total	203.41	–	–	203.41
	[152.61]	[–]	[–]	[152.61]
Rent Expense				
Hinduja Group Limited	–	–	91.50	91.50
	[–]	[–]	[91.32]	[91.32]
Mr. Pabitra DeSarkar	–	3.29	–	3.29
	[–]	[3.13]	[–]	[3.13]
Total	–	3.29	91.50	94.79
	[–]	[3.13]	[91.32]	[94.45]
Professional Fees				
Hinduja Group India Limited	–	–	178.63	178.63
	[–]	[–]	[179.50]	[179.50]
Total	–	–	178.63	178.63
	[–]	[–]	[179.50]	[179.50]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ 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
Training and Recruitment Expense				
HGS Business Services Private Limited	2.36	–	–	2.36
	[–]	[–]	[–]	[–]
HGS International Services Private Limited	601.33	–	–	601.33
	[–]	[–]	[–]	[–]
Total	603.69	–	–	603.69
	[–]	[–]	[–]	[–]
Connectivity Cost				
IndusInd Media and Communication Limited	–	–	–	–
	[–]	[–]	[4.23]	[4.23]
Total	–	–	–	–
	[–]	[–]	[4.23]	[4.23]
Consultancy charges				
Hinduja Group Limited	–	–	16.13	16.13
	[–]	[–]	[54.27]	[54.27]
Total	–	–	16.13	16.13
	[–]	[–]	[54.27]	[54.27]
Remuneration				
Mr. Partha DeSarkar	–	140.24	–	140.24
	[–]	[134.16]	[–]	[134.16]
Total	–	140.24	–	140.24
	[–]	[134.16]	[–]	[134.16]
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	–	–	1,800.00	1,800.00
	[–]	[–]	[–]	[–]
Total	–	–	1,800.00	1,800.00
	[–]	[–]	[–]	[–]
Expenses reimbursed to Other Companies				
HGS Business Services Private Limited	–	–	–	–
	[2.04]	[–]	[–]	[2.04]
HGS (USA), LLC	69.92	–	–	69.92
	[3.45]	[–]	[–]	[3.45]
Hinduja Global Solutions Inc.	7.46	–	–	7.46
	[28.34]	[–]	[–]	[28.34]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ 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
HGS Canada Inc.	29.88 [—]	— [—]	— [—]	29.88 [—]
Others	0.33 [—]	— [—]	— [—]	0.33 [—]
Total	107.59 [33.83]	— [—]	— [—]	107.59 [33.83]
Expenses reimbursed by Other Companies				
Hinduja Global Solutions UK Limited	11.20 [26.90]	— [—]	— [—]	11.20 [26.90]
HGS (USA), LLC	5.77 [34.75]	— [—]	— [—]	5.77 [34.75]
HGS Canada Inc.	18.13 [31.78]	— [—]	— [—]	18.13 [31.78]
Hinduja Global Solutions Inc.	52.73 [41.03]	— [—]	— [—]	52.73 [41.03]
HGS International Services Private Limited	274.17 [34.95]	— [—]	— [—]	274.17 [34.95]
Team HGS Limited	— [29.66]	— [—]	— [—]	— [29.66]
Others	— [3.92]	— [—]	0.75 [—]	0.75 [3.92]
Total	362.00 [202.99]	— [—]	0.75 [—]	362.75 [202.99]
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]	— [—]	— [—]	— [1,680.00]
Total	— [1,680.00]	— [—]	— [—]	— [1,680.00]
Repayment of Inter-Corporate Deposits				
HGS International Services Private Limited	— [1,830.00]	— [—]	— [—]	— [1,830.00]
Total	— [1,830.00]	— [—]	— [—]	— [1,830.00]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(₹ 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
Receivable net of payable as at the year-end				
Hinduja Global Solutions Inc.	15,080.02	–	–	15,080.02
	[11,950.53]	[–]	[–]	[11,950.53]
Hinduja Ventures Limited [Refer footnote 2 of Note 24(a)(A) above]	–	–	5,550.00	5,550.00
	[–]	[–]	[3,750.00]	[3,750.00]
HGS (USA), LLC	493.98	–	–	493.98
	[544.55]	[–]	[–]	[544.55]
HGS Canada Inc.	318.85	–	–	318.85
	[–]	[–]	[–]	[–]
HGS International Services Private Limited	169.15	–	–	169.15
	[93.92]	[–]	[–]	[93.92]
IndusInd Media and Communication Limited	–	–	190.48	190.48
	[–]	[–]	[–]	[–]
Mr. Partha DeSarkar	–	–	–	–
	[–]	[1.41]	[–]	[1.41]
Others	92.39	2.50	6.65	101.55
	[132.54]	[2.50]	[4.53]	[139.57]
Total	16,154.39	2.50	5,747.13	21,904.03
	[12,721.54]	[3.91]	[3,754.53]	[16,479.98]
Payable net of Receivables as at year-end				
Customer Contact Centre Inc.	3,013.99	–	–	3,013.99
	[2,925.64]	[–]	[–]	[2,925.64]
Others	–	0.40	44.24	44.64
	[–]	[0.24]	[56.85]	[57.09]
Total	3,013.99	0.40	44.24	3,058.63
	[2,925.64]	[0.24]	[56.85]	[2,982.73]
Investments in Preference Shares				
HGS International Services Private Limited	1,200.00	–	–	1,200.00
	[1,200.00]	[–]	[–]	[1,200.00]
Total	1,200.00	–	–	1,200.00
	[1,200.00]	[–]	[–]	[1,200.00]
Investments in Equity Shares				
HGS International Services Private Limited (Refer footnote to Note 12)	3,945.62	–	–	3,945.62
	[95.00]	[–]	[–]	[95.00]
HGS Business Services Private Limited (Refer footnote to Note 12)	–	–	–	–
	[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, 2014

28. Operating Leases

The operating lease arrangement relating to office premises extend up to a period of twenty years from the respective dates of inception, which includes both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

A. 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	3,088.49 [2,935.30]	9,444.19 [9,025.37]	12,149.52 [12,661.80]	2,970.17 [2,818.09]

Figures in bracket pertain to the previous year.

B. The Company has entered into other various cancellable leasing arrangements for office and residential premises and towards which an amount of ₹ 279.44 Lacs (Previous Year - ₹ 179.25 Lacs) have been recognised in the Statement of Profit and Loss.

29. Finance Leases

Minimum lease payments as at year end.

(₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Present Value	1,174.34	—
Finance Charge	142.74	—

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	299.70 [—]	874.64 [—]	— [—]
Finance Charges	62.88 [—]	79.86 [—]	— [—]
Total	362.58 [—]	954.50 [—]	— [—]

Figures in bracket pertain to the previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

30. Earnings per Equity Share (Basic and Diluted)

	2013-2014	2012-2013
Profit After Tax (₹ in Lacs)	13,455.53	5,401.13
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,595,300	20,589,223
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A.	20,595,300	20,589,223
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	81,812	—
No. of shares for Diluted Earnings per share	20,677,112	20,589,223
Nominal Value of an equity share (₹)	10	10
Earnings per share (Basic) (₹)	65.33	26.23
Earnings per share (Diluted) (₹)	65.07	26.23

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

(₹ in Lacs)

	As at 31.03.2014	As at 31.03.2013
<i>Deferred Tax Liability</i>		
Depreciation on Fixed Assets	(946.94)	(856.80)
Total Deferred Tax Liability	(946.94)	(856.80)
<i>Deferred Tax Asset</i>		
Expenses allowed on payment basis	283.26	264.27
Provision for doubtful debts/ advances	92.81	19.17
Others	41.62	27.80
Total Deferred Tax Asset	417.69	311.24
Net Deferred Tax Liability	(529.25)	(545.56)

32. Provisions - Others

(₹ in Lacs)

Particulars	Indirect tax matters	Litigations/ Disputes	Total
Opening Provision	129.89	—	129.89
	[—]	[—]	[—]
Add: Additional provision during the year	—	83.29	83.29
	[129.89]	[—]	[129.89]
Less: Provision utilised/ reversed during the year	129.89	—	129.89
	[—]	[—]	[—]
Closing Provision	—	83.29	83.29
	[129.89]	[—]	[129.89]

Figures in bracket pertain to the previous year.

Provisions for litigations/ disputes represents claims against the Company not acknowledged as debts that are expected to materialise in respect of matters in litigation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

33. Derivative instruments and unhedged foreign currency exposure

a) Derivatives Outstanding as at the reporting date

Particulars	Currency	Amount	Type	No. of Contracts	Contract Value (₹ in Lacs)
Forward contract in respect of firm commitment or highly probable forecasted transactions	USD	65,750,000	Sell	129	42,702.29
		[33,500,000]	Sell	[36]	[19,033.98]

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

Particulars	2013-2014	2012-2013
Mark-to-market losses/ (gains) provided for	(961.60)	(227.75)

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	18,470 [8,071]	18.50 [6.66]
Euro	35,078 [29,380]	29.02 [20.45]
SGD	4,974 [-]	2.37 [-]
CAD	510,721 [-]	277.65 [-]
USD	6,257,357 [16,662,911]	3,727.45 [9,045.46]

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 recognized in hedging reserve in equity during the year amounts to ₹ (942.26) Lacs [Previous Year: ₹ (252.77) Lacs].

The gain on ineffective portion recognized in the Statement of Profit and Loss that arises from cash flow hedges amounts to ₹ 19.34 Lacs (Previous Year: ₹ Nil).

Gains and losses recognized in the hedging reserve in equity (Note 4) on forward foreign exchange contracts as of March 31, 2014 would be recognized 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.

34. (a) Earnings in Foreign Exchange:

(₹ in Lacs)

Particulars	2013-2014	2012-2013
Business Process Management	32,351.59	25,966.22
Dividend from a Subsidiary	4,860.06	—

(b) Expenditure in Foreign Currency:

(₹ in Lacs)

Particulars	2013-2014	2012-2013
Foreign Travel (including allowances)	136.97	20.48
Connectivity Cost	—	14.65
Others	119.03	118.18

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

(c) Value of Imports calculated on CIF basis:

(₹ in Lacs)

Particulars	2013-2014	2012-2013
Capital Goods	182.50	377.68

35. Disclosure Under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

(₹ in Lacs)

Particulars	As at 31.03.14	As at 31.03.13
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	43.80	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	1.23	0.76
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	—	—
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	0.02	—

The above information has been determined to the extent such parties have been identified on the basis of the information available with the Company.

36. Dividend Remitted in Foreign Currency

Particulars	Number of non-resident shareholders	Number of Shares	Amount (₹ in Lacs)
Final Dividend for the financial year 2012-13	21	2,785,082	557.02
Interim Dividend for the financial year 2013-14	20	2,781,782	278.18
Final Dividend for the financial year 2011-12	[22]	[2,786,082]	[557.22]

Figures in bracket pertain to remittance in the previous year.

37. 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 Limited 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 Limited 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 as at April 1, 2011).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	ESOP 2008	ESOP 2011
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 48 th 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 24 th 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 approved the request of lapsed options which were subsequently granted to specific employees. For details refer foot note (a). The term for vesting and exercise period are as stated above.	The Compensation Committee approved the request of lapsed options which were subsequently granted to specific employees. For details refer foot note (b). The term for vesting and exercise period are as stated above.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

a) Details of grant/ re-grant of options under ESOP 2008 is as below:

Date of Compensation committee	Number of Stock Options granted	Exercise Price (₹) @	Intrinsic Value (₹)	Fair Value (₹) #
June 1, 2011	33,160	400.65	Nil	161.45
June 3, 2013	53,500	285.05	Nil	47.68
November 11, 2013	75,220	416.65	Nil	102.87

b) Details of grant/ re-grant of options under ESOP 2011 is as below:

Date of Compensation committee	Number of Stock Options granted	Exercise Price (₹) @	Intrinsic Value (₹)	Fair Value (₹) #
June 28, 2012	5,000	340.25	Nil	83.28
November 11, 2013	27,000	416.65	Nil	84.08
January 18, 2014	5,000	572.75	Nil	132.89

@ determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.

determined using Black Scholes Option Pricing Model.

c) The details of options granted are as follows:

Particulars	ESOP 2008		ESOP 2011	
	2013-14	2012-13	2013-14	2012-13
Outstanding at the beginning of the year	149,515	169,015	243,170	270,600
Granted during the year	—	—	27,000	5,000
Re-granted during the year	128,720	—	5,000	—
Lapsed during the year	122,655	19,500	20,730	32,430
Exercised/ Allotted during the year	—	—	27,204	—
Outstanding at the end of the year	155,580	149,515	227,236	243,170
Exercisable at the end of the year	16,580	121,883	83,166	38,107
Weighted Average share price at the date of exercise	—	—	₹ 530.84	—
Weighted Average remaining life in years	1.69	1.58	1.98	2.61

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been (lower)/ higher by ₹ (131.54) Lacs (Previous Year - ₹ 118.88 Lacs), Profit After Tax and the basic and diluted earning per share would have been (higher)/ lower by ₹ (131.54) Lacs (Previous Year - ₹ 118.88 Lacs) and Re. (0.64) (Previous Year - Re. 0.58), respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

38. Exceptional Item for the year ended March 31, 2013 represents net claims receivable written-off consequent to settlement of dispute with a bank.
39. Current tax includes provision for tax of ₹ 338.70 Lacs (Previous Year: ₹ 304.20 Lacs) pertaining to overseas branches which is determined as per the laws applicable in the relevant country.
40. **Loans and advances in the nature of loans to subsidiaries**

(₹ in Lacs)

	2013-14	2012-13
HGS International Services Private Limited	-	-
Maximum amounts outstanding at any time during the year	-	1,304.63

41. 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

Jeetendra Mirchandani
Partner
Membership No: 048125

Place : Mumbai
Date : May 21, 2014

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 and Company Secretary

Place : Mumbai
Date : May 21, 2014

CONTACT US...

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Careers: careers@teamhgs.com

Investor Related: investor.grievances@teamhgs.com

HGS PRESENCE ACROSS THE GLOBE



CANADA



KENTVILLE



LIVERPOOL

USA



WATERLOO



PEORIA

UK



PRESTON



SELKIRK

INDIA

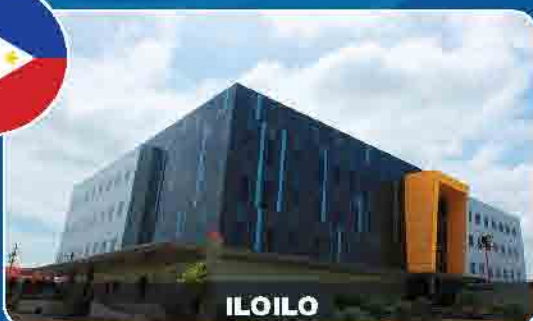


BENGALURU

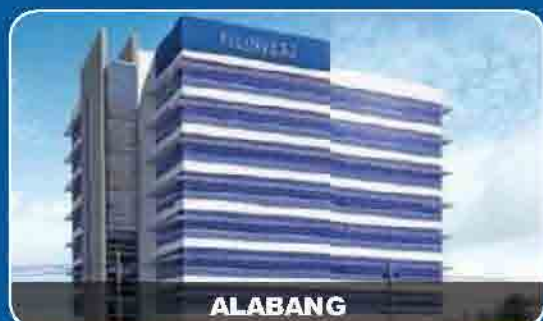


MUMBAI

PHILIPPINES



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ALABANG



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