

**OPTIMIZING THE CUSTOMER EXPERIENCE
THROUGH DIGITAL DISRUPTION**

OUR FOOTPRINT

HGS impacts every touch point with today's digital-savvy customers to drive significant business results for clients through our global network.



<div>USA</div> <div><div><div>◦ LISLE</div><div></div></div><div><div>◦ PEORIA</div><div></div></div><div><div>◦ PRINCETON</div><div></div></div><div><div>◦ EL PASO</div><div></div></div><div><div>◦ WATERLOO</div><div></div></div><div><div>◦ ST. LOUIS</div><div></div></div><div><div>◦ GREENFIELD</div><div></div></div><div><div>◦ ATLANTA</div><div></div></div><div><div>◦ BELLEVUE</div><div></div></div></div>	<div>INDIA</div> <div><div><div>◦ BANGALORE</div><div></div></div><div><div>◦ CHENNAI</div><div></div></div><div><div>◦ MYSORE</div><div></div></div><div><div>◦ HYDERABAD</div><div></div></div><div><div>◦ MUMBAI</div><div></div></div><div><div>◦ NAGERCOIL</div><div></div></div><div><div>◦ GUNTUR</div><div></div></div><div><div>◦ SILIGURI</div><div></div></div><div><div>◦ DURGAPUR</div><div></div></div></div>	<div>PHILIPPINES</div> <div><div><div>◦ QUEZON CITY</div><div></div></div><div><div>◦ ALABANG</div><div></div></div><div><div>◦ ILOILO CITY</div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div></div>	<div>CANADA</div> <div><div><div>◦ DARTMOUTH</div><div></div></div><div><div>◦ KENTVILLE</div><div></div></div><div><div>◦ LIVERPOOL</div><div></div></div><div><div>◦ CHARLOTTETOWN</div><div></div></div><div><div>◦ MONTAGUE</div><div></div></div><div><div>◦ BELLEVILLE</div><div></div></div><div><div>◦ BARRIE</div><div></div></div><div><div>◦ PEMBROKE</div><div></div></div><div><div>◦ NORTH BAY</div><div></div></div><div><div>◦ TIMMINS</div><div></div></div><div><div>◦ WINDSOR</div><div></div></div></div>	<div>UK</div> <div><div><div>◦ LONDON</div><div></div></div><div><div>◦ SELKIRK</div><div></div></div><div><div>◦ PRESTON</div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div><div><div></div><div></div></div></div>	
<div>NETHERLANDS</div> <div><div><div>◦ ROTTERDAM</div><div></div></div></div>	<div>GERMANY</div> <div><div><div>◦ HAMBURG</div><div></div></div></div>	<div>ITALY</div> <div><div><div>◦ ROME</div><div></div></div></div>	<div>FRANCE</div> <div><div><div>◦ PARIS</div><div></div></div></div>	<div>JAMAICA</div> <div><div><div>◦ KINGSTON</div><div></div></div><div><div></div><div></div></div></div>	<div>UAE</div> <div><div><div>◦ DUBAI</div><div></div></div></div>



HEALTHCARE



BANKING & FINANCIAL SERVICES



CONSUMER



TELECOMMUNICATIONS



TECHNOLOGY



MEDIA



GOVERNMENT & PUBLIC SECTOR

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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**

• VISION •

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

• MISSION •

To Make Our Customers More Competitive

• 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



Mr. Ramkrishan P. Hinduja
Chairman



Ms. Shanu S. P. Hinduja
Co-Chairperson



Ms. Vinoo S. Hinduja
Director



Mr. Anil Harish
Independent Director
(Up to May 19, 2015)



Mr. Rajendra P. Chitale
Independent Director



Mr. Rangan Mohan
Independent Director



Mr. B. L. Taparua
Independent Director
(From August 12, 2015)

CHAIRMAN'S MESSAGE

Dear Shareholders,

Your Company Hinduja Global Solutions is increasingly being recognized by leading industry analysts in the outsourcing space as a global market leader in servicing the telecom, media and healthcare verticals, as well as in the digital transformation space. In addition, HGS is seen more and more as an outsourcing partner of choice across industries, geographies and offerings. With operations in eleven countries, we continue to invest for future profitable growth as we approach the ₹ 3,000 crore mark in annual revenue.

True to the Company's moto of making our clients more competitive, we see the fast evolving digital, social media and mobile channels as a great opportunity to differentiate ourselves by optimizing customer satisfaction with a unified customer experience strategy. HGS's digital transformation offerings disrupt traditional outsourcing services with the integration of online, social media and self-service solutions along with live person client interactions and transactions. Delivering successfully and innovatively in this new frontier, HGS has gained acclaim as a market leader offering such solutions, coupled with its business intelligence and analytics capabilities, to deliver business results beyond the expectations of its clients and their customers.

While such non-capital investments are a cost to our current earnings, it has already yielded results in terms of client wins and accolades positioning HGS amongst the best players in the industry. Such recognitions, along with the better differentiated service capabilities, has enabled us to get thirty new clients this year. These capabilities improves HGS's ability to compete on quality rather than price, and builds the foundation for more profitable growth in the years ahead. This outcome is a result of our deliberate emphasis on business excellence.

In the healthcare business, we continue to build upon our proven capabilities to serve both payers and providers. The acquisition of Colibrium has given us a platform play which helps health insurance companies acquire and service retail customers.

Your Company has been successfully executing its commitment to the three-pronged strategy of Right Shore, One Experience and Collaborative Approach that we refer to as our R.O.C. strategy. This year we added additional onshore and near-shore locations to serve more clients with the same One HGS experience. Our Business Excellence framework ensures consistent service excellence across locations, enabling our clients to choose the right mix of shores for delivery.

On behalf of the Board, I would like to thank, first and foremost, our clients for their confidence in your Company as a partner of choice. I would like to congratulate the CEO, the management team and each and every employee for their hard work and dedication to make sure that each client is highly satisfied with the quality and the cost effectiveness of the services that we provide to their customers. I am grateful to our Board Members for their guidance and insights to support the constant efforts to enhance the corporate governance of your Company and enable sound decision making. Your Company is the brainchild of our Group Chairman, Mr. S. P. Hinduja, whose invaluable wisdom and foresight cannot go unmentioned along with the unfettered support of Mr A. P. Hinduja, Chairman Emeritus HGS. Additionally, on behalf of the Company, I would like to place on record our appreciation to the members of the Hinduja Group and the Hinduja Family for their guidance. And finally, I wish to express my special thanks to all our shareholders and to all our other stakeholders for their continued trust and ongoing support.



Our Business Excellence framework ensures not only the excellence of service delivery but its consistency across delivery locations, enabling our clients to choose comfortably the right mix of shores for the delivery as per their needs.

Yours sincerely,



Ramkrishan P Hinduja
Chairman
 August 19, 2015

CEO'S MESSAGE



"We believe that there is significant potential still to be fully unlocked, and are changing ourselves to become future-ready..."

We have a pool of motivated people, innovative culture, fantastic operational capabilities, a reputation as a trusted partner, growing global presence as well as a solid balance sheet, all of which will help differentiate us and amplify our potential in the market."

Partha DeSarkar
Chief Executive Officer

Dear Shareholders,

I am pleased to connect with you to reflect on HGS' performance in the year that went by and share with you our aspirations for the future.

HGS is motoring along impressively on the growth track. We delivered a strong performance in fiscal 2014-15, thanks to the commitment and excellence shown by the fast-growing HGS family of over 28,000 employees. Here are some highlights:

- ▶ We reported net sales of ₹ 28,076 million, a growth of 12.1 percent. This was achieved despite some headwinds like currency volatility, portfolio rationalization, ramp-up costs in Philippines, and temporary shortage of associates and adverse weather conditions in Canada.
- ▶ PAT for the year stood at ₹ 1,650 million, a decline of 2.7 percent. The PAT for the year is however, not comparable to last year as it includes the impact of higher depreciation charge on account of implementation of the Companies Act 2013.
- ▶ Reported EBITDA was ₹ 3,172 million with a margin of 11.3%. It was impacted by various factors including ramp-up costs and currency volatility.

We continue to focus on creating exceptional shareholder value. Over the last two years, our stock price has more than doubled, which reflects your confidence in our performance and outlook. During FY 2015, the Company declared three quarterly interim dividends of ₹ 5 per share. The Board has recommended a dividend of ₹ 5 per share, aggregating to ₹ 20 per share for FY 2015.

We delivered impact

Going beyond numbers, growth has been very encouraging across geographies, especially in volume demand for our services. We increased our market share, saw strong capacity utilization, expanded our delivery base and improved our brand presence. Importantly, our aggressive investments in proactive solution capabilities, multi-channel delivery, new centers and people are paying dividends.

Business grew across all major verticals, with the healthcare vertical being a stand-out performer. In rupee terms, the healthcare segment grew by about 40 percent year-on-year to account for 35 percent of total revenue, up from 28 percent in the previous fiscal. The growth was primarily driven by demand resulting from the healthcare sector reforms in the US.

CEO'S MESSAGE

With momentum expected to continue in FY 2016 as the impact of regulatory reforms becomes entrenched, your Company is investing in expanding the range of our offerings for meeting the complex needs of this sector. We have successfully expanded our healthcare delivery from the offshore model to include onshore delivery from the US and near-shore delivery from Jamaica. HGS is also building high-value domain expertise by recruiting Subject Matter Experts (SMEs) like doctors and registered nurses in addition to up-skilling regular associates.

During the year, we again benefitted from our focus on building strong client relationships. Many of our clients are in the midst of major industry transitions, and are dealing with challenges arising out of growing consumerism, digitization and productivity. We saw continued demand for multi-channel customer support and BPM services, with an increasing focus on growing revenue for the client as opposed to just cost savings. Led by the Global Growth Strategy & Marketing (GGSM) organization, we endeavored to drive sales across verticals and geographies – both among existing clients and new logos. The results have been encouraging with an addition of over 30 clients (excluding payroll processing clients) in the year. It is also pertinent to note that about 70 percent of our active clients have been associated with your Company for more than five years. In fact, HGS celebrated 15 years of its association with our first healthcare client this year.

We continued to rev up the marketing engine, and made our presence felt in several leading industry reports including Gartner and HfS Research even as we won several awards and accolades. I am extremely proud to inform you that your Company earned the top spot in the NelsonHall evaluation of Contact Management Service providers in the Telecommunication, Cable and Satellite vertical market. More recently, we were named as a Leader in the Payer and Provider categories in

NelsonHall's NEAT Vendor Evaluation for customer management services in Healthcare. The recognition is an important testimonial of the perceived value delivered today as well as our capability to add value through innovation in the future.

In today's dynamic environment, the right innovation at the right time can be a game-changer... this means that organizations need to be closely aligned with changing trends to make inroads in a competitive market. HGS is making significant investments in initiatives that are making an impact in the customer experience industry. With the digital world becoming the new normal, we are focused on building digital capabilities by leveraging the Nexus of Forces (Social, Mobile, Big Data, Cloud and Internet of Things) to enable digital value for clients. These solutions are geared toward customer experience, knowledge & insights, agility and efficiency.

HGS is also looking to bring in more non-linearity into the organization. I believe that a platform and automation solutions portfolio can help us expand into new areas of services and emerging markets. We have made a beginning in March 2015 through the acquisition of Colibrium, an innovation leader in delivering sales, service and wellness automation for health plans. Leveraging a cloud-based platform for online self-service combined with a pool of licensed health insurance agents, Colibrium brings in expertise in sales and marketing for health insurance exchanges, the employer group market and health insurance brokers. The acquisition complements and enhances our already strong healthcare payer services capabilities in the US market.

In addition, your Company is now partnering with start-up networks to leverage their cutting-edge technology and build innovative Platform-as-a-Service solutions on top of it. The symbiotic relationship is a

CEO'S MESSAGE

win-win situation for both as we get access to the latest technology developments much faster while they get stable financial backing.

We continue to invest in our Global Delivery Network that spans across 11 countries, exemplifying our strategy of Right Shoring as a key differentiator in the market. This year, we set up new delivery centers in El Paso (US), Windsor (Canada) and Alabang (Philippines). In addition, we opened a sales office in Dubai to help establish ourselves in the MENA region. Through the Colibrium acquisition, we now also have presence in Atlanta and Bellevue in the US.

Looking ahead – Path to higher value in FY 2015-16 and beyond

The last couple of years were a period of consolidation with significant investments being made in building the foundation for future success. We set out to identify growth drivers – both existing and new, leverage technology to develop innovative solutions and harness the power of our people to drive continuous operational improvement. All this, while keeping our stakeholders at the center of all we do. This journey of how we have got here has been very satisfying, and now we are ready to push higher.

We have already begun the new fiscal on a right note. In end-June 2015, HGS signed definitive agreements to acquire a significant part of Mphasis Group's BPM domestic business, subject to regulatory approvals. We have recently received approval for the acquisition from Competition Commission of India (CCI). Upon completion of the transition, the acquisition will strengthen HGS' presence in India by adding newer service capabilities and marquee clients in the telecom and banking & financial services (BFS) verticals while bringing in over 7,000 customer experience professionals.

An old Chinese proverb says, "A wise man adapts himself to circumstances, as water shapes itself to the vessel that contains it." So it is with HGS... We believe that there is significant potential still to be fully unlocked, and are changing ourselves to become future-ready. Global business trends – such as growing consumer centricity, digitization and companies' focus on driving revenue growth through BPM services – offer us tremendous opportunities. We have a pool of motivated people, innovative culture, fantastic operational capabilities, a reputation as a trusted partner, growing global presence as well as a solid balance sheet, all of which will help differentiate us and amplify our potential in the market.

Thank you for your invaluable support and I look forward to the same in future as well.

Yours sincerely,



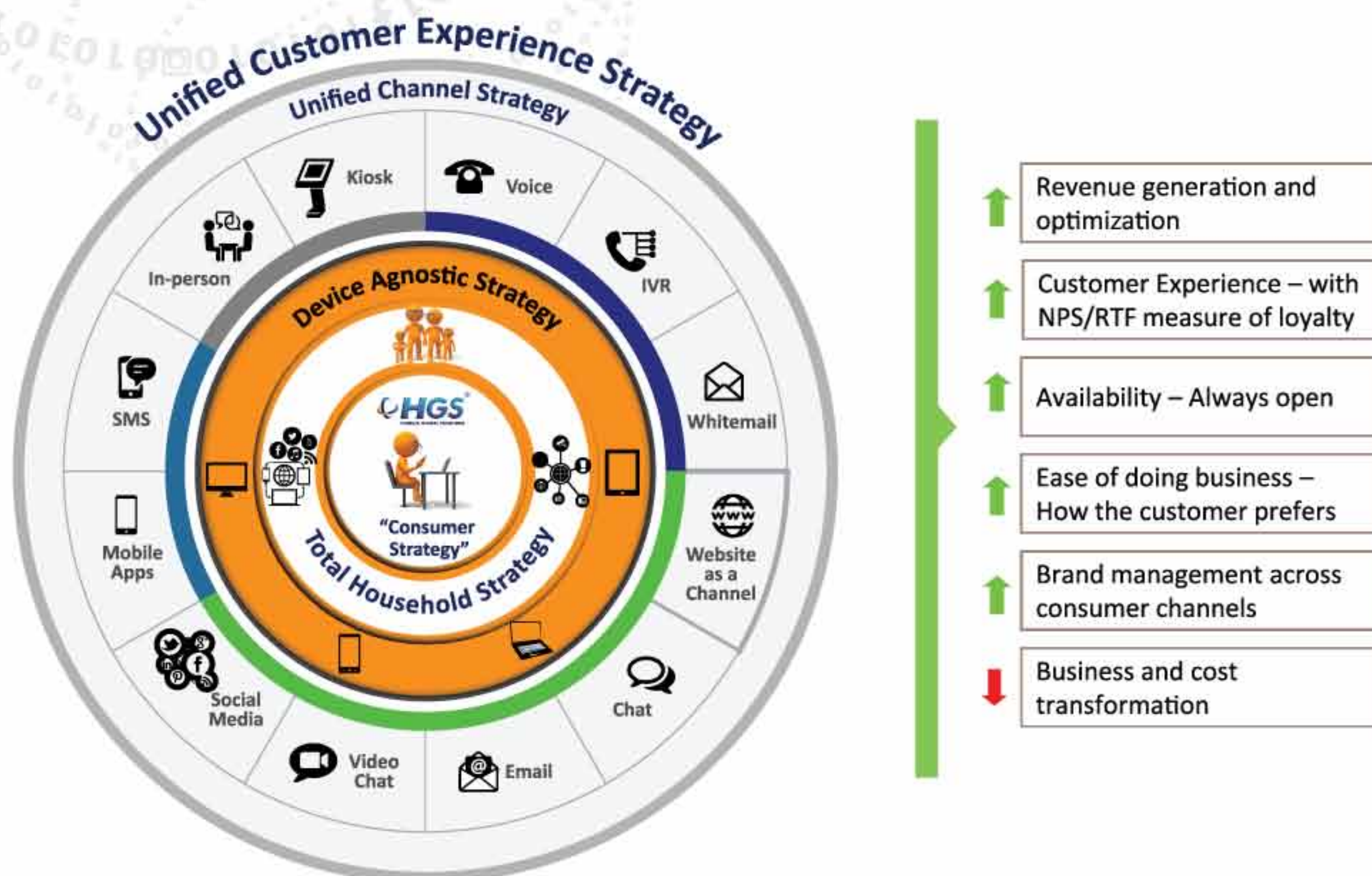
Partha DeSarkar
Chief Executive Officer
August 19, 2015

BUSINESS VERTICALS



OPTIMIZING CUSTOMER EXPERIENCE IN DIGITAL DISRUPTION

Enabling the Optimized Consumer Journey...with Clear Objectives in mind



Unified Customer Experience Strategy creates value for our clients, and their customers

In today's digital and mobile-enabled world, these services are a combination of voice and digital across all channels, providing a complete suite of services to

Optimize the Experience.

HGS solutions are designed to optimize every touch point with customers, helping our clients to be more competitive by:

- Growing revenue and profitability
- Improving Net Promoter Scores (NPS) and brand loyalty
- Becoming easier to do business with in a digital world, doing business the way the consumers want
- Being open to do business when customers want
- Reducing cost to acquire and support customers

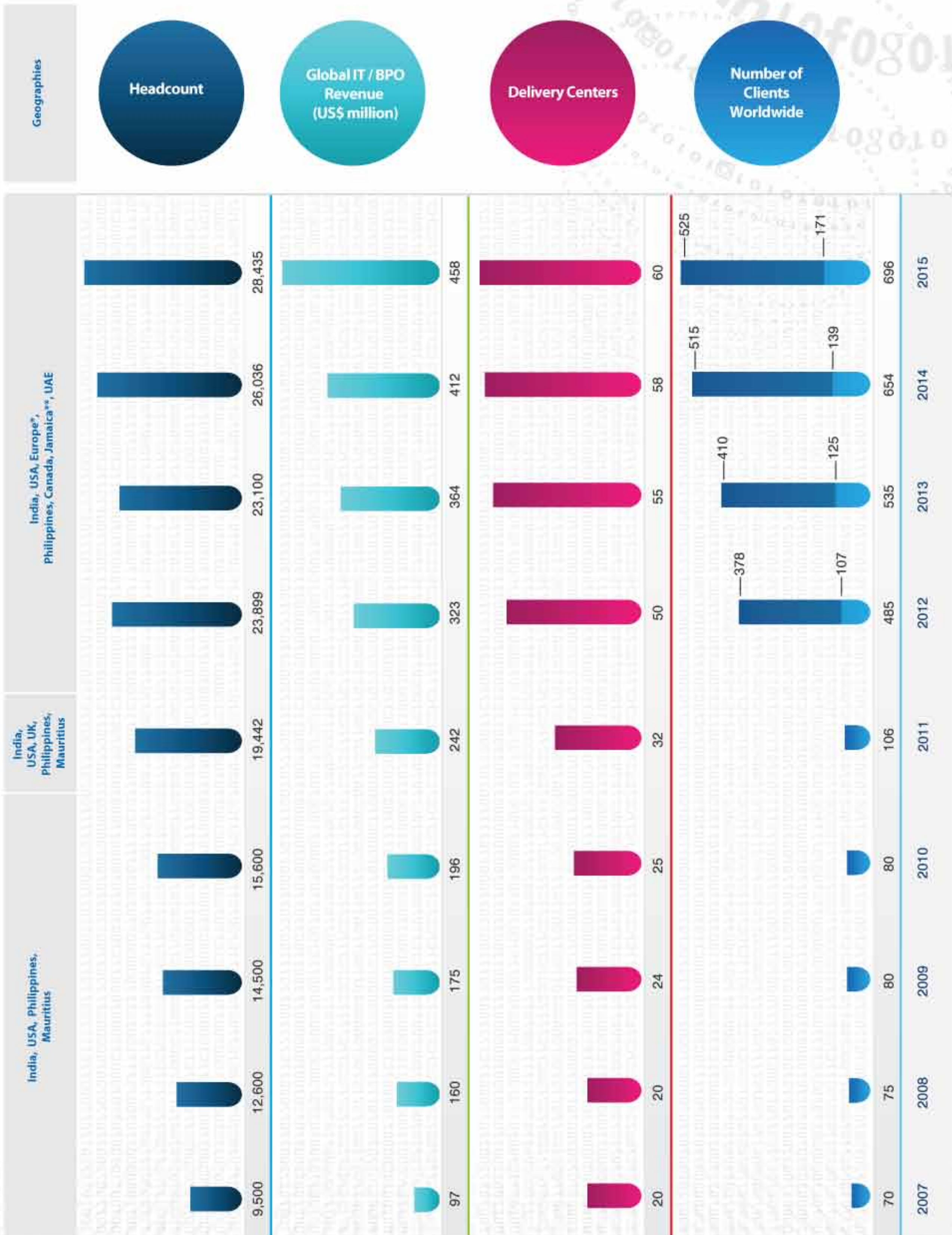
Our solutions focus on the client's customer and the "total household" that make up an ecosystem as many

products and services are shared by users within this ecosystem. The household strategy also accommodates the **Internet of Things** and digitally connected products, providing insight and analytics that change the way HGS supports the consumer over the end-to-end lifecycle.

HGS offers a suite of services focused on digital marketing, sales, service, and support that are **Device Agnostic** in the way the customer engages with brands. Whether customers initiate contact through the web, tablets, or mobile devices, the HGS Unified Customer Experience Strategy provides a seamless, hassle-free, and consistent experience.

HGS's digital transformation approach disrupts traditional voice-based services with the integration of online, social media, self-serve, digital communications, analytics, and live person sales and support services— driving dramatic business results for our clients and their customers.

10 YEARS OF GROWTH

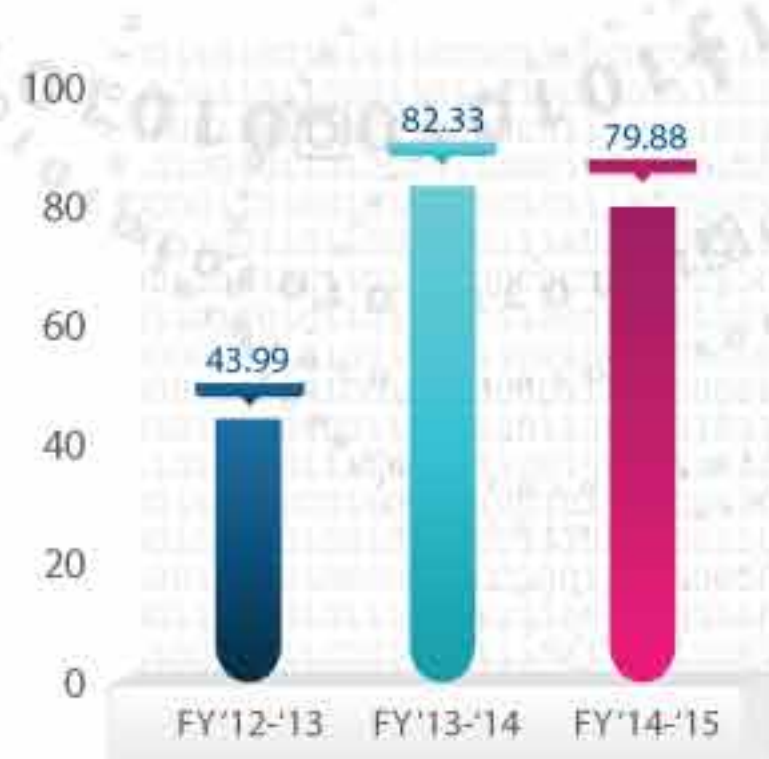


* UK, Netherlands, Germany, France, Italy. ** HGS entered Jamaica in FY'13.

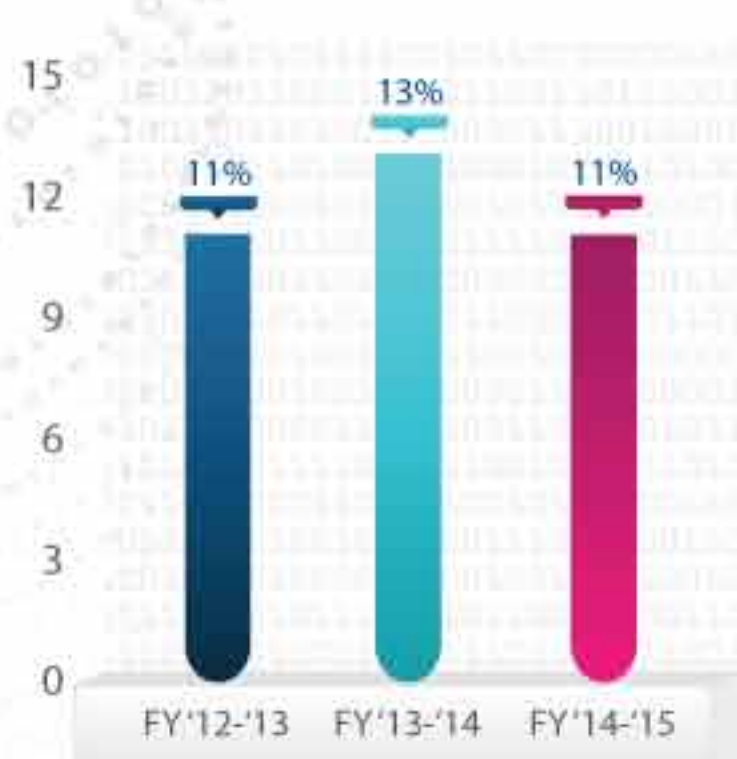
378 payroll clients added through acquisition.

FINANCIAL & GENERAL HIGHLIGHTS

■ March '13 ■ March '14 ■ March '15



Basic EPS (in ₹)



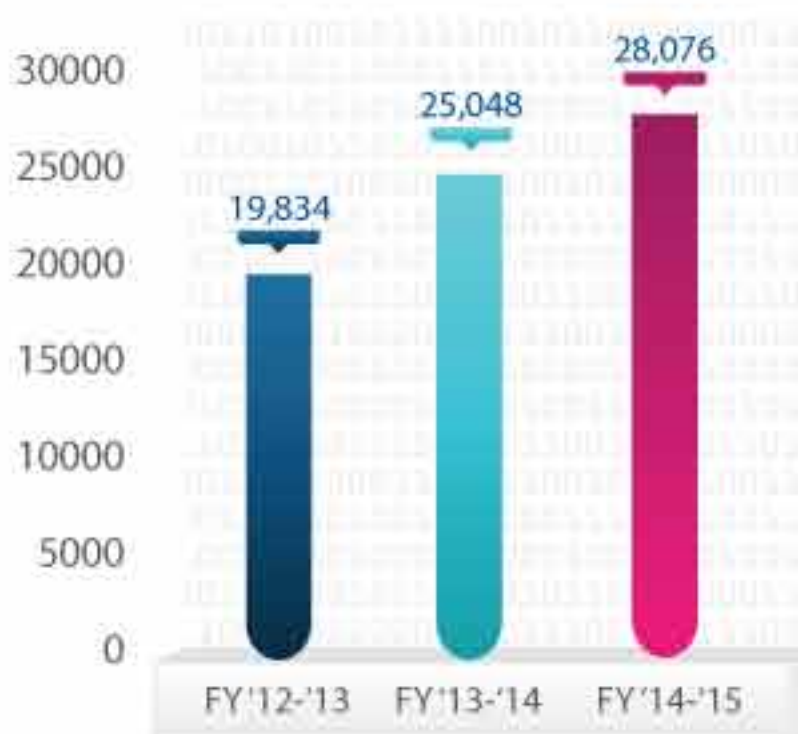
Operation Profit/Total Revenue



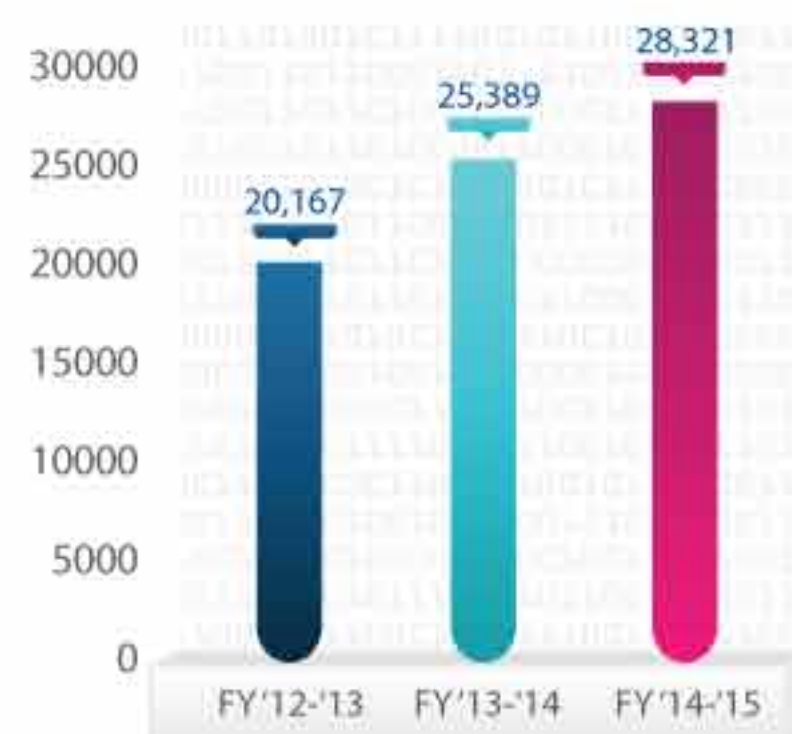
ROCE (PBIT/Av. Capital Employed)



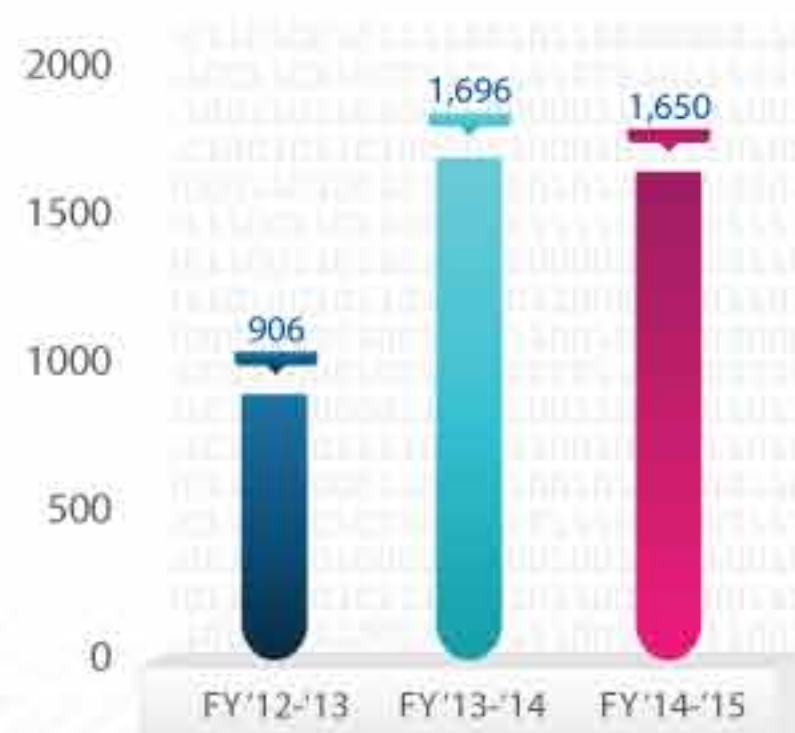
Dividend per share (in ₹)



Operating Revenue (₹ mn)



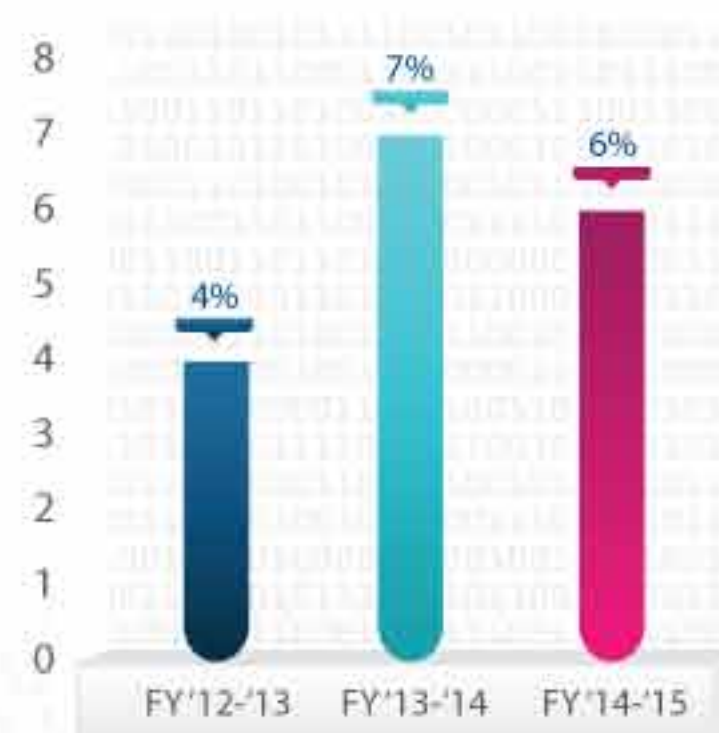
Total Revenue (₹ mn)



PAT (₹ mn)

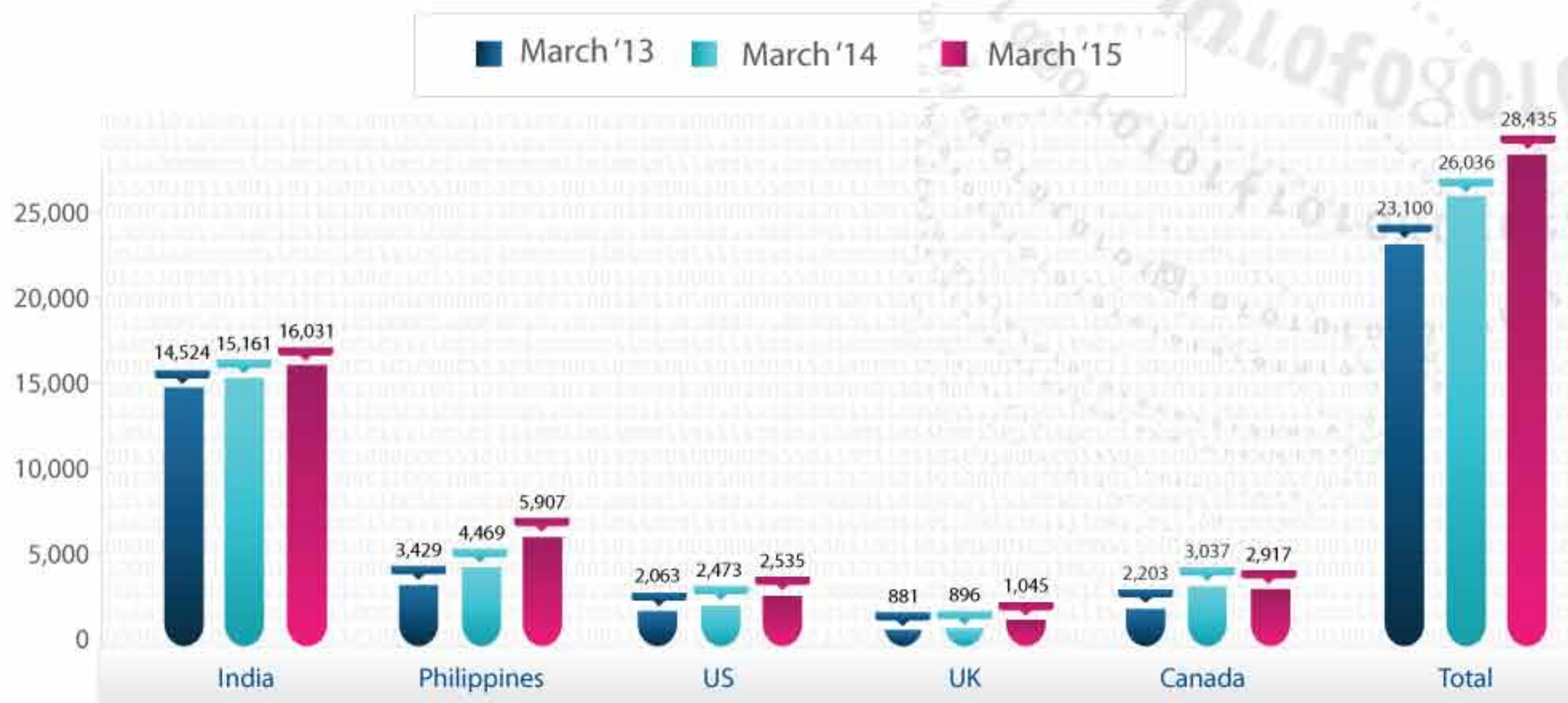


EBITDA (₹ mn)

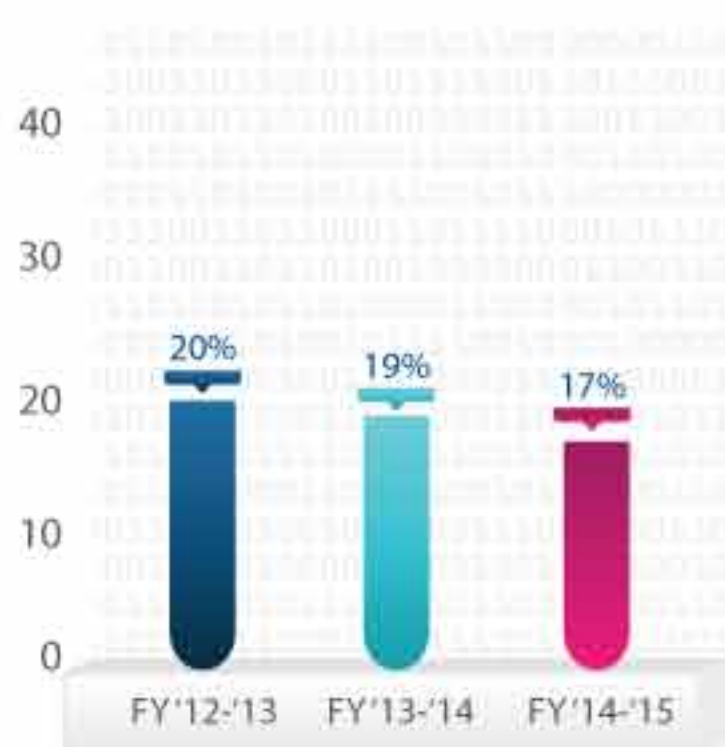


PAT/Total Revenue

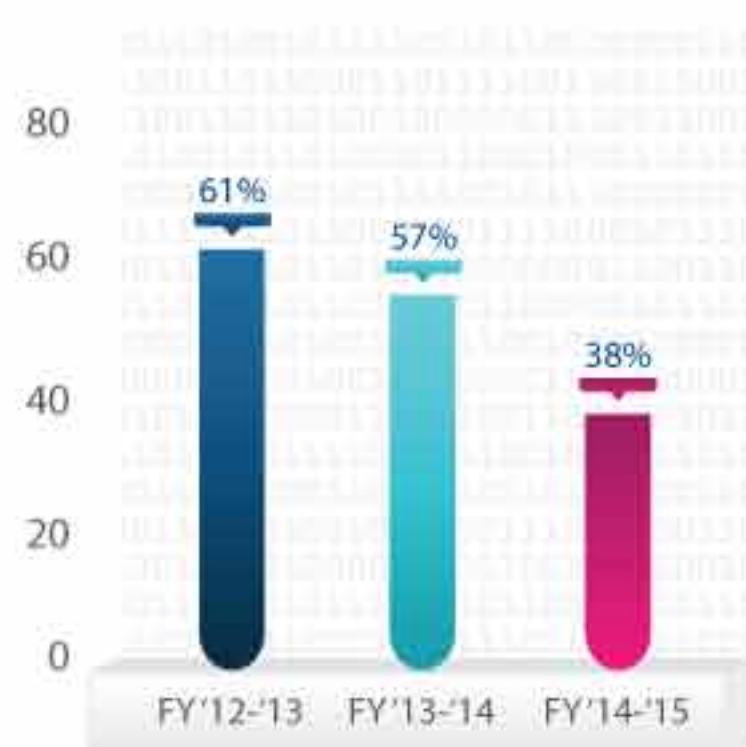
FINANCIAL & GENERAL HIGHLIGHTS



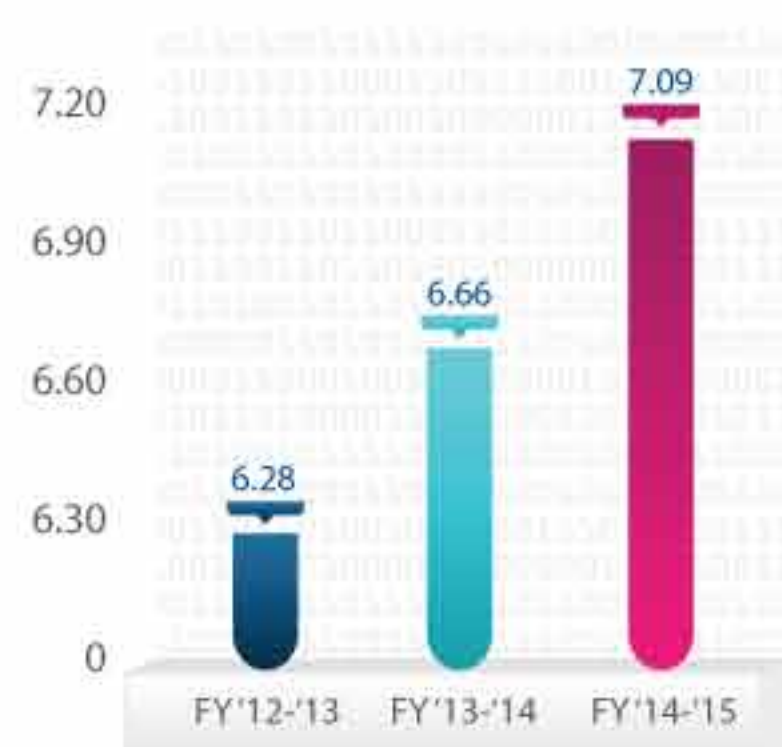
Head Count - by Geography



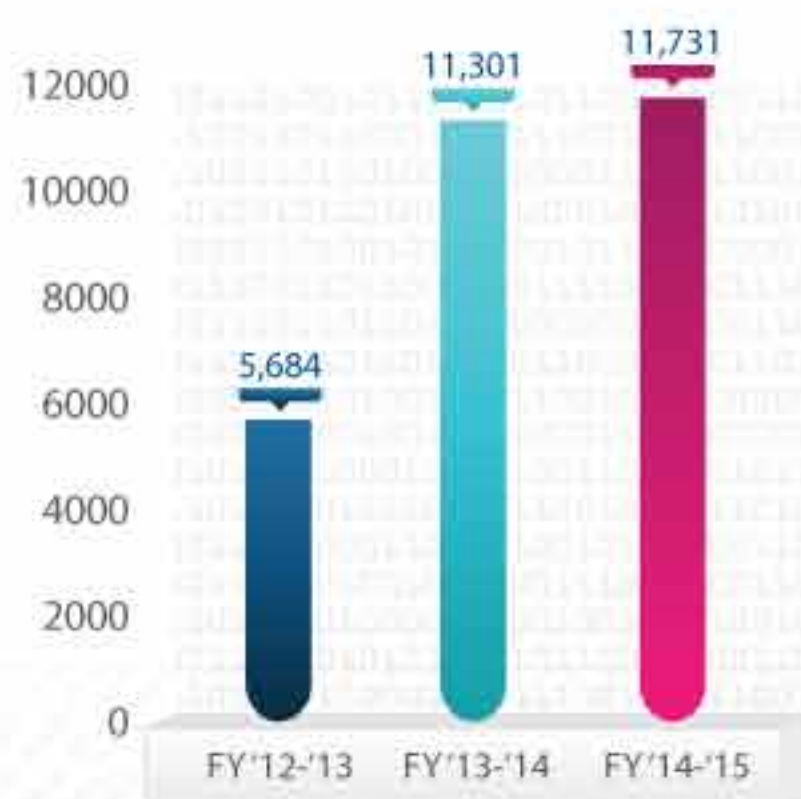
Cash and Bank Balances/Total Assets



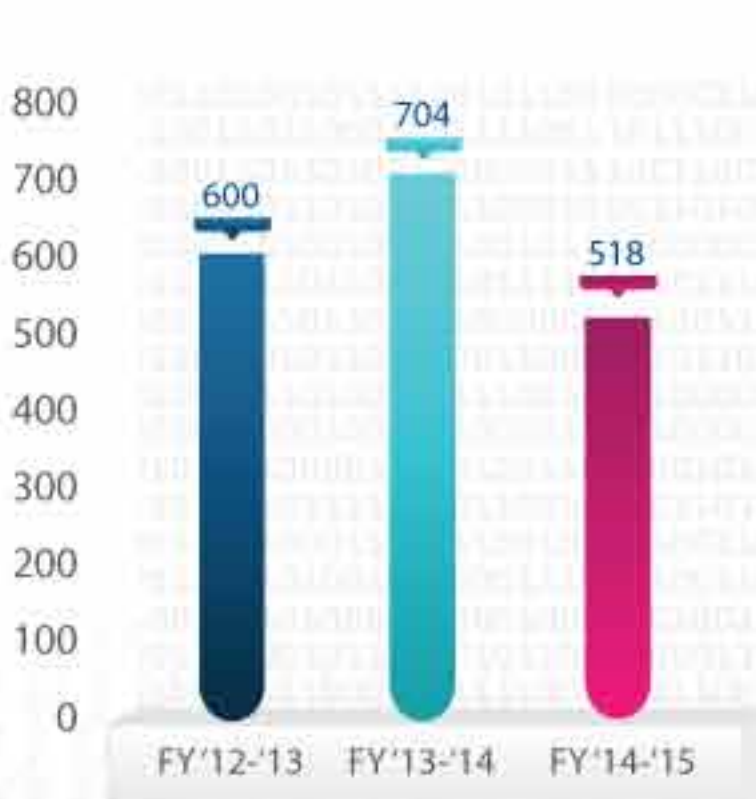
Capital/Output Ratio



Price/EPS end of year



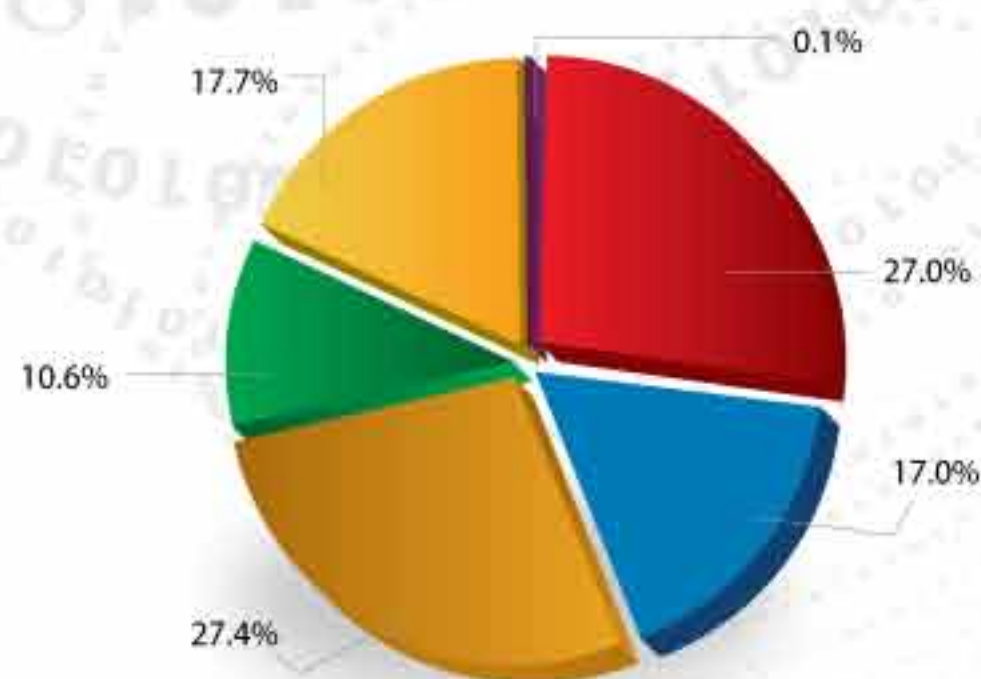
Market Capitalisation (₹ mn)



Book value per share (in ₹)

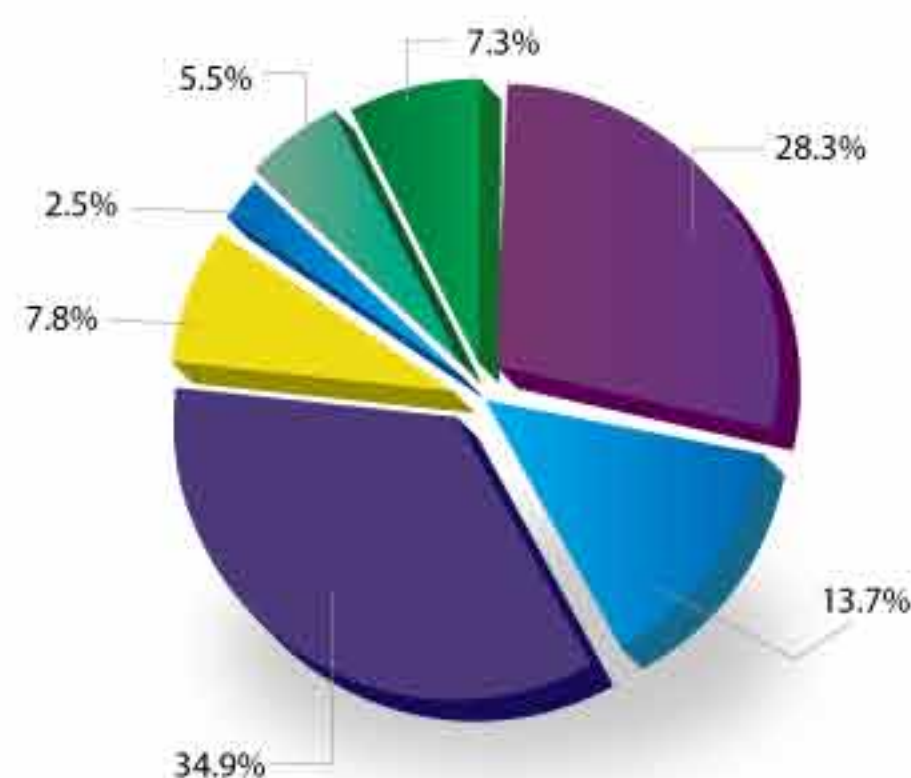
FINANCIAL & GENERAL HIGHLIGHTS

Revenue by Delivery Location



■ Philippines
■ USA
■ Canada
■ India
■ UK
■ Middle East

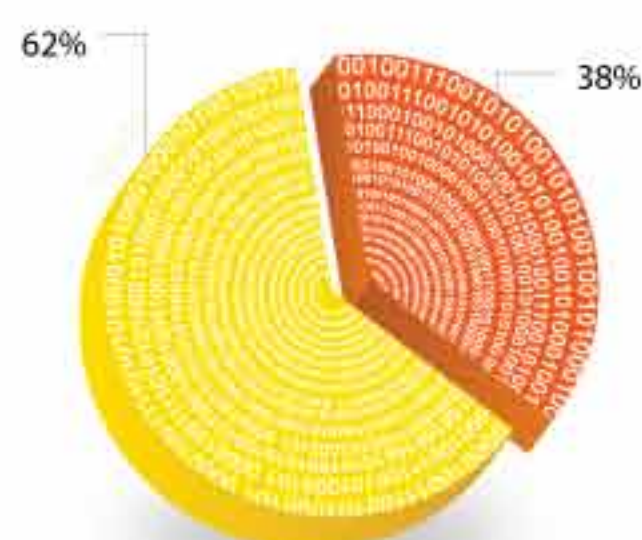
Revenue by Vertical



■ Telecom & Technology
■ Health Insurance, Pharma & Healthcare
■ Consumer Elec, Products, Svcs & Retail
■ Media
■ Chemicals & Biotechnology
■ BFS
■ Others

Customer Concentration

FY'13-'14



■ Top 10 Customers
■ Rest

FY'14-'15



■ Top 10 Customers
■ Rest

Revenue & Net Profit (FY'14-'15, ₹ Cr)



■ Net Profit
■ Revenue

HOLDING STRUCTURE



INDUSTRY RECOGNITION – AWARDS & RANKINGS

HGS continues to be recognized by the industry, analyst community and the media for our ability to deliver impact for our clients through their entire journey of customer experience. The below sampling of awards endorse our capabilities as being among the best of industry leaders.



HGS dominated the EMEA finals of the Contact Center World Awards - 2015

- ▶ Best Large Contact Centre (Gold)
- ▶ Best in Customer Service (Gold)
- ▶ Best Outsourcing Partnership (Silver) along with a host of individual recognitions for employees across UK

CIO Review recognised HGS in the Top 20 Most Promising BPM Solution Provider ranking list



HGS won the Gold Stevie® Award in the "Customer Service Department of the Year" category in The 11th Annual International Business Awards



HGS named as the Best Large Contact Centre Finalist in the 2014 EMEA Contact Center World Awards

HGS awarded as UK Employer of the Year, 2015 by SMART Training and Recruitment, one of UK's leading training providers for Apprenticeship and Workplace Learning programs



HGS named as the Best Large Contact Centre in the 2014 European Call Centre and Customer Service Awards



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

INDUSTRY RECOGNITION – AWARDS & RANKINGS



HGS 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



Ranked #50 in 2014 Global Outsourcing 100 by International Association of Outsourcing Professionals

- › Best 10 Leaders Healthcare
- › Best 20 Leaders Retail & Consumer Goods
- › Best 20 Leaders – Telecommunications
- › Best 20 Companies – Healthcare
- › Best 20 Leaders – Transaction Processing Services
- › Best 20 Leaders – Customer Relationship Management Services
- › Best 10 Leaders in Southeast Asia
- › Best 20 Companies in Canada



Outsourcing Partnership Finalist in 2014 and 2013 CCA Global Excellence Awards



NASSCOM Top 15 IT - BPM Exporters

NASSCOM Top 20 IT – BPM Employers



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

ANALYSTS' RECOGNITION

HGS recognized in the 2014 Gartner Magic Quadrant for Customer Management Contact Center BPO 2014¹

Gartner



- NelsonHall's NEAT vendor evaluation for customer management services recognized HGS as a Leader in Customer Management Services in overall market segment for Telecommunications, Cable and Satellite
- HGS Ranked as a Leader in the NelsonHall Vendor Evaluation and Assessment Tool (NEAT) for Transformational CMS
- NelsonHall's NEAT evaluation for Healthcare sector (Payer & Provider) recognized HGS as Leaders in Global CMS Healthcare market both for Payer and Provider space
- HGS recognized as Leaders In NelsonHall's NEAT Evaluation For Worker's compensation Overall BPS.
- HGS recognized as Leaders In NelsonHall's NEAT Evaluation For End To End Marketing BPS & Digital Marketing.



- HGS showcased as "High Performers" in the HfS Blueprint 2014 Marketing Operations and Digital Customer Experience Management
- HGS showcased as "High Performers" in the HfS 2014 Telecom Operations Blueprint

HGS recognized as "High Performer" in HfS Blueprint 2014 - Population Health & Care Management and rated as 3rd highest vendor on the execution scale.



- HGS ranked HIGH on all parameters related to buyer satisfaction by Everest Group in the 2014 Contact Center Outsourcing (CCO) – Service Provider Landscape with PEAK Matrix™ Assessment. HGS was also positioned as a "Major Contender" in Everest Group's 2014 PEAK Matrix assessment.
- HGS positioned as a "Major Contender" in Everest Group's Healthcare Contact Center Outsourcing PEAK Assessment 2014.
- HGS positioned as a "Major Contender" in Everest Group's Contact Center Outsourcing for BFSI PEAK Assessment 2014.
- HGS positioned as a "Major Contender" in Everest Group's Healthcare Payer BPO PEAK Assessment.

¹ Gartner, Inc, Magic Quadrant for Customer Management Contact Center BPO; TJ Singh, Brian Manusama, December 2014. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

HGS NEW FACILITIES



Dubai (UAE)



**Kingston
(Jamaica)**



**El Paso
(USA)**



**Windsor
(Canada)**



**Alabang
(Philippines)**



WHAT OUR CLIENTS SAY ABOUT US

A good indicator of how clients see HGS as a company – a mere provider or strategic partner – is their willingness to actively provide constructive feedback. The 2014 Customer Satisfaction Survey saw an increased response rate of 82.5 percent, an industry benchmark, and significant participation from almost 93 percent of the accounts targeted. The survey sought clients' views on four key parameters that shape our relationship with them: satisfaction, loyalty, advocacy and value for money (Refer to the graph). HGS excelled in all four parameters, thus reiterating that our efforts to strengthen client relationships across the engagement lifecycle have been successful.

During the year, we received several messages from our clients appreciating our contribution to their success every day. Below are a sampling of them from across geographies and verticals.



US Fortune 100 Healthcare Company

I think HGS team has done a great job moving people to the work, training new team members to be able to move around within processes at HGS. I also think they are great at working on projects. They have done an amazing job working in ambiguity.

Manager,
Delivery – India



Leading US Medical Equipment for Health Monitoring and Therapy Company

As regulatory bodies have increased the number and intensity of inspections, HGS has been our dependable front-line partner to assist with audits and inspection readiness. HGS has always been there for us to provide invaluable data and contact channel support.

Medical Device Company Manager,
Consumer Affairs
Delivery – USA



Major Canadian Telecommunications and Media Company

Understands our business needs and delivers on it. Great Quality results!

Vendor Manager
Delivery – Canada



India's Leading Multinational Telecommunications Provider

Impressed with the team's involvement and energy levels. Keep up the good work.

Head of Customer service delivery
Delivery – India



Leading Consumer Packaged Goods Company in the UK

In the first instance we were attracted to HGS because of their experience working with other FMCG companies in consumer care. We have been impressed since by simply how much they embrace our objectives and passion.

Consumer Services Manager
Delivery – UK



UK Public Sector

Having a supplier that is adept at managing complex self-service projects has proven invaluable. HGS is providing strategic as well as operational support as we continue to define the our organisation.

International Enquiry Service Manager
Delivery – UK



FMCG Giant

We are delighted with yet another year of great results at the Top 50 Companies for Customer Service. As a leader in our sector, we are constantly reinventing the wheel when it comes to consumer engagement, and HGS lends integral support to our strategy. This award is a testimony to the strength and success of our partnership which has been delivering benefits across Europe. We hope to continue working together to create and sustain positive brand experiences for our consumers.

Consumer Engagement Director
Delivery – Europe



Leading Consumer Products Company in the US

I want to personally thank you and your entire team, for the performance and achievements that we have been experiencing. I am truly impressed by even more recent performance levels. I have updates to my executive management and been able to cite the HGS performance achievements as a contributor to our record performance. I believe we are truly on a path of unprecedented success.

Director Supply Chain Strategy, Planning, and Customer Services
Delivery – USA



US Global Health Services Organisation

HGS has been very flexible and able to adapt to our business needs. They are willing to take on new responsibilities without hesitancy and also provide feedback if there is risk of not meeting expectations.

Operations Manager
Delivery – Philippines



Leading Telecommunications Provider in the UK

This is a great win for an outstanding team which has been delivering benefits for us and its customers since 2009. Over the years, HGS has offered us invaluable support in better understanding our customer base through their innovative approach to problem solving, which places our customers at the centre of every activity.

Retention Manager
Delivery – Europe



Leading British Food Manufacturer

HGS has improved the service and brought the KPI's into line then maintained performance. HGS has also responded well to the changing shape of managing divestments effectively.

Central Technical Director
Delivery – UK



Large Canadian Communication and Media Company

HGS has continued our partnership and is always demonstrating new business ideas for us.

Manager, Portfolio Management
Delivery – Canada



OUR COMMUNITY INITIATIVES

The HGS approach to Corporate Social Responsibility (CSR) is to use our expertise and partnerships to create positive change in the world. Our endeavor has been to go beyond employee desks and make a difference in the communities that we are engaged in every day, especially the under-privileged sections of society.

INDIA



HGS India - Bangalore Team Pledging their Support to Save the Girl Child



HGS India - Durgapur Team Donated School Supplies to Govt School on Childrens Day



HGS India - Inauguration of the Youth Livelihood Programme at Mysore Magic Bus Center



HGS India - Bangalore Team at the Annual Charity Walkathon Event

USA



HGS USA - Fundraising for St. Jude Hospital



HGS USA - Fundraising for the Salvation Army



HGS USA - At Junior Achievement Day



HGS USA - Employees Volunteering at the Local Community Center



HGS USA - Employees Volunteering for Clean-Up Duty at Crittenton Centers Crisis Nursery



HGS USA - Helps Collect Bears for the Children's Hospital of Illinois

UK



HGS UK - Preston Christmas Charity



HGS UK - Christmas Jumper Day Raises Money for Save the Children

PHILIPPINES



HGS Philippines - At the Meritxell Children's Foundation



HGS Philippines - Contributed Food bags and goodies to the disadvantaged



HGS Philippines - Donated 1159 Shoeboxes filled with School Supplies to the Underprivileged Children

CANADA



HGS Canada - Belleville, Ontario Raised Over \$10,000 for the United Way



HGS Canada - Team Liverpool Donated to the Operation Christmas Child Samaritan's Purse



HGS Canada - Timmins Center Ride for Heart & Stroke Foundation

HGS considers its 28,000-plus family of employees as key to the organization's success. While they strive to deliver a transformational experience to clients, we believe that creating an environment of value-based fun during work hours only adds to the impact. Below is a glance of just how we do it.



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 - Up to May 19, 2015

Rajendra P. Chitale
Rangan Mohan

B. L. Taparia - From August 12, 2015

Audit Committee

Rajendra P. Chitale
Chairman
Ramkrishan P. Hinduja
Rangan Mohan
B. L. Taparia

Stakeholders Relationship and Share Allotment Committee

Rangan Mohan
Chairman
Ramkrishan P. Hinduja
Shanu S. P. Hinduja
Vinoo S. Hinduja

The Nomination and Remuneration Committee

Rangan Mohan
Chairman
Ramkrishan P. Hinduja
Shanu S. P. Hinduja
Rajendra P. Chitale

Corporate Social Responsibility Committee

Rajendra P. Chitale
Chairman
Ramkrishan P. Hinduja
Vinoo S. Hinduja
Rangan Mohan

Committee of Directors

Ramkrishan P. Hinduja
Chairman
Vinoo S. Hinduja
Rangan Mohan

Key Managerial Personnel

Partha DeSarkar
Chief Executive Officer

Srinivas Palakodeti
Chief Financial Officer

Makarand D Dewal
Company Secretary

Global Advisory Committee

Partha DeSarkar
CEO
Chairman - Global Advisory Committee

Srinivas Palakodeti
Chief Financial Officer

Anthony Joseph
Executive Vice President
Global Head - Human Resources

Chris Lord
Senior Vice President
Global Growth Strategy and Marketing

Narasimha Murthy B. N.
President - HGS Inc.

Kathy Hamburger
President - HGS USA

Matthew Vallance
CEO - Europe & UK

Pushkar Misra
President & CEO - HGS Philippines

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

Ross Beattie
President & CEO - HGS Canada

S. Mahadevan
Executive Vice President
Legal, Compliance & Risk Management

Smita Gaikwad
Senior Vice President
Corporate Communications

Sridhar Krishnamurthy
Executive Vice President
Strategic Initiatives & Business Head - MENA

Subramanya C.
Chief Technology Officer

Timothy Schuh
President - Business Excellence and Automation

GENERAL INFORMATION

HINDUJA GLOBAL SOLUTIONS LIMITED

Business Heads

CANADA

Ross Beattie
President & CEO - HGS Canada Inc.

EUROPE & UNITED KINGDOM

Matthew Vallance
CEO - HGS Europe & UK

INDIA

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

MIDDLE EAST

Sridhar Krishnamurthy
Executive Vice President
Strategic Initiatives &
Business Head – MENA

PHILIPPINES

Pushkar Misra
President & CEO - HGS Philippines

USA

Narasimha Murthy B. N.
President - HGS Inc.
Kathy Hamburger
President - HGS USA

Bankers

Axis Bank
Bank of America
Bank of Baroda
Bank of Saint Lucia International Limited
Barclays Bank PLC
Canara Bank
China Trust Bank
CIBC
DBS Bank
Deutsche Bank
HDFC Bank
Hinduja Bank (Switzerland) Ltd.
HSBC Bank
ICICI Bank
IndusInd Bank
National Commercial Bank Jamaica Limited.
Pacific Continental Bank
State Bank of India
State Bank of Mauritius
Union Bank of Philippines
Wells Fargo
Yes Bank

Internal Audit & Systems

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
CIN: L92199MH1995PLC084610

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, 2015

	As at 31.03.2015	(000's USD) As at 31.03.2014
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	3,324	3,433
Reserves and Surplus	169,007	238,339
	<u>172,331</u>	<u>241,772</u>
Minority Interest	<u>—</u>	<u>2</u>
	<u>—</u>	<u>2</u>
Non-Current Liabilities		
Long-term borrowings	91,011	74,679
Deferred tax liabilities (Net)	32	5,739
Long term provisions	1,274	1,066
	<u>92,317</u>	<u>81,484</u>
Current Liabilities		
Short-term borrowings	4,216	17,610
Trade payables	26,941	22,279
Other current liabilities	28,926	32,165
Short term provisions	7,862	10,031
	<u>67,945</u>	<u>82,085</u>
TOTAL	<u>332,593</u>	<u>405,343</u>
ASSETS		
Non-current assets		
Fixed assets		
- Tangible assets	68,412	62,667
- Intangible assets	55,374	118,559
- Capital work-in-progress	409	217
- Intangible assets under development	153	94
Non-current investments	1,288	1,140
Deferred tax assets (Net)	540	789
Long-term loans and advances	28,597	22,720
Other non-current assets	1,338	1,294
	<u>156,111</u>	<u>207,480</u>
Current assets		
Current investments	114	22
Trade receivables	81,853	78,123
Cash and Bank balances	56,833	75,759
Short-term loans and advances	22,610	29,762
Other current assets	15,072	14,197
	<u>176,482</u>	<u>197,863</u>
TOTAL	<u>332,593</u>	<u>405,343</u>

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2015

	Year Ended 31.03.2015	(000's USD) Year Ended 31.03.2014
Revenue from operations	457,812	412,118
Other Income	4,004	5,595
Total Revenue	461,816	417,713
EXPENSES		
Employee Benefit Expense	311,525	278,402
Finance costs	6,301	6,376
Depreciation/ Amortisation	17,161	14,183
Other Expenses	95,287	80,756
Total Expenses	430,274	379,717
Profit before tax	31,542	37,996
Tax expense		
Current tax	9,621	11,697
MAT Credit	(995)	(2,077)
Net Current tax	8,626	9,620
Deferred tax	(3,994)	481
Profit After Tax	26,910	27,895
Minority Interest	-	-
Profit After Tax and Minority Interest	26,910	27,895

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

	Year Ended 31.03.2015	(000's USD) Year Ended 31.03.2014
A. Net Cash from Operating Activities	31,182	38,681
<u>Cash Flow from Investing Activities:</u>		
Purchase and Sale of Fixed Assets	(26,427)	(25,204)
Consideration paid for acquisition of business	(14,523)	-
Other investing activities	29,801	3,074
B. Net Cash used in Investing Activities	(11,149)	(22,130)
<u>Cash Flow from Financing Activities:</u>		
Proceeds from Share allotment under ESOP	588	152
Proceeds from borrowings	1,032	14,423
Other financing activities	(16,252)	(16,811)
C. Net Cash used in Financing Activities	(14,632)	(2,236)
D. Net Increase in Cash and Cash Equivalents (A + B + C)	5,401	14,315

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present their Report on the business and operations of your Company along with the Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2015.

Financial Results

(₹ in millions except per share data)

For the year ended 31st March	Standalone		Consolidated	
	2015	2014	2015	2014
Operating Income	10,704.0	8,663.5	28,075.8	25,048.5
Other Income	278.2	658.4	245.5	340.0
Total Income	10,982.2	9,321.9	28,321.3	25,388.5
Operating Expenses	8,609.4	6,875.1	24,948.2	21,829.6
Depreciation and Amortization	605.6	420.4	1,052.4	862.0
Financial Expenses	157.5	176.7	386.4	387.5
Profit Before Tax	1,609.7	1,849.7	1,934.3	2,309.4
Provision for Tax (incl. deferred tax)	483.9	504.2	284.1	613.9
Profit After Tax	1,125.8	1,345.5	1,650.2	1,695.5
Add: Balance brought forward from Previous year	2,020.3	1,201.9	4,410.4	3,338.4
Profit Available for Appropriation	3,146.1	2,547.4	6,060.6	5,033.9
Dividend				
- Adjustment on account of Depreciation	161.2	-	162.3	-
- Interim Dividend	310.3	206.0	310.3	206.0
- Final (Proposed)	103.6	206.2	103.6	206.2
- Dividend Tax	42.4	(19.7)	80.0	(12.1)
Adjustment on Amalgamation	-	-	4,136.4	46.4
Transferred to General Reserve	-	134.6	-	177.0
Transferred to Capital Redemption Reserve	-	-	1.2	-
Balance Carried Forward	2,528.6	2,020.3	1,266.8	4,410.4
Earnings per share (₹)				
- Basic	54.49	65.33	79.88	82.33
- Diluted	54.21	65.07	79.46	82.00

* (₹ 1 million = ₹ 10 lakhs)

Operating Performance

On a Consolidated basis, Operating Income for FY'15 was ₹ 28,075.8 million compared to ₹ 25,048.5 million in FY'14, a growth of 12.1% mainly due to increased contribution from the Healthcare vertical. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) for FY'15 was ₹ 3,172.1 million compared to ₹ 3,219.0 million in FY'14, a decline of 1.5% due to lower volumes in certain geographies in the fourth quarter coupled with ongoing ramp-up activities across various operations. Profit After Tax (PAT) for FY'15 was ₹ 1,650.2 million compared to ₹ 1,695.5 million in FY'14, a decline of 2.7% mainly due to higher depreciation charge as per the provisions of the new Companies Act, 2013.

In view of amalgamation of Canadian subsidiaries as well as merger of subsidiaries of HGS Colibrium Inc., figures for the FY'15 are not comparable with that of FY'14.

On a Standalone basis, Operating Income was ₹ 10,704.0 million in FY'15, compared to ₹ 8,663.5 million in FY'14, an increase of 23.6%. EBITDA increased by 17.1% from ₹ 1,788.5 million in FY'14 to ₹ 2,094.7 million in FY'15. PAT decreased by 16.3% from ₹ 1,345.6 million in FY'14 to ₹ 1,125.8 million in FY'15 mainly on account of decrease in other income.

Key highlights for the year were:

- Growth in revenues: Consolidated revenue up 12.1%; Standalone revenue up 23.6%.
- Opening of 3 new centers at - El Paso (the US), Windsor (Canada), and Alabang (Philippines). Total number of centers: 60;
- Addition of 32 new customers during the year. As of March 31, 2015, your Company has 171 clients (excluding the payroll processing clients);
- Acquisition and merger of Colibrium Partners LLC and Colibrium Direct LLC into HGS Colibrium Inc., USA, step down subsidiary of the Company;
- Amalgamation of Canadian subsidiaries;
- As of March 31, 2015, your Company had a Net Worth of ₹ 10,742.3 million translating into a Book Value of ₹ 518.46 per share;
- Employee headcount at year-end: FY'15 - 28,435 (FY'14 - 26,036).

Dividend

Your Directors are pleased to recommend final dividend of ₹ 5 per equity share (50% on face value of ₹ 10 each) for the year ended March 31, 2015 subject to your approval. This is in addition to the three Interim Dividends of ₹ 5 per share for the Financial Year 2014-15 declared by the Board of Directors on August 12, 2014, November 12, 2014 and February 5, 2015 respectively and were paid. The total dividend for the financial year ended March 31, 2015 would be ₹ 20 per equity share (200% on face value of ₹ 10 each).

Business Review

The global Business Process Management (BPM) sector is changing its focus on growth rather than the cost containment. Traditionally, the BPM industry is known to provide services that transform clients' businesses and deliver higher levels of performance and results, as well as reduce costs. In addition to this, the industry has also been providing a range of services providing operational excellence and driving additional business value for customers. This change in the outlook represents a strong future growth potential for the BPM industry.

The Indian BPM industry continues to remain the premier sourcing destination in the world and recorded a steady double digit growth supported by its flexibility to adjust to difficult economic conditions.

India's BPM revenue for FY'15 is estimated to be \$26 billion, an increase of around 13% compared to the last year. (Source: NASSCOM)

Further information pertaining to Business Review has been provided in the 'Management Discussion and Analysis Report' which form part of this Report.

Key Subsidiaries

HGS International, Mauritius, a wholly-owned subsidiary of your Company, is primarily engaged in investment activity. 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 and HGS Colibrium Inc., USA. All the subsidiaries are 100% owned by HGS International except for HGS Colibrium Inc, in which HGS International owns 89.9% and the balance is owned by the founders of Colibrium.

During the year under review, Total Income of HGS International was US\$ 4.7 million as compared to US\$ 4.9 million in the previous year.

Hinduja Global Solutions Inc., USA (HGS Inc.), a wholly-owned subsidiary of HGS International, Mauritius, specialises 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'15, HGS Inc. reported consolidated revenues of US\$ 348.9 million as compared to US\$ 323.8 million in FY'14.

HGS (USA), LLC, a wholly-owned subsidiary of 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'15, HGS (USA), LLC recorded total revenue of US\$ 254.2 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., a wholly-owned step-down subsidiary of HGS Inc., USA is a 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 around 2,800 associates at 12 centers in Canada. On March 31, 2015, HGS Canada Inc. and 101867 P.E.I. Inc. (both wholly-owned subsidiaries of HGS Canada Holdings LLC) were amalgamated into HGS Canada Inc. For FY'15, HGS Canada recorded total revenue of CAD 96.9 million as compared CAD 98.2 million in FY'14.

Hinduja Global Solutions Europe Ltd. is the UK-based subsidiary focusing on consulting services for Business Process Management (BPM), call center services and markets offshoring services to UK-based clients. It owns 100% stake in Hinduja Global Solutions UK Ltd. and HGS France SARL, France. It also has a subsidiary in Italy called HGS Italy, SRL. For FY'15, Hinduja Global Solutions Europe Limited recorded consolidated revenue of GBP 30.3 million as compared to GBP 25.5 million in FY'14.

Hinduja Global Solutions UK Ltd. is a leading contact center company with over 1,000 employees in London, Preston and Selkirk (Scotland). It offers a range of services for inbound and outbound interactions to over 20 marquee customers across verticals such as Government, FMCG, Financial Services, Automobiles and Retail. It has branches in Rotterdam (Netherlands) and Hamburg (Germany). For FY'15, Hinduja Global Solutions UK Ltd. reported revenue of GBP 29.6 million as compared to GBP 24.7 million in FY'14.

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

Team HGS Ltd., Jamaica is operating a call center since FY'13 at Kingston, Jamaica and receiving good response from North American as well as local clients. Revenue for FY'15 was Jamaican Dollars 368 million as compared to Jamaican Dollars 200 million in FY'14.

HGS International Services Pvt. Ltd. (HGSISPL) HGSISPL recorded revenue of ₹ 1,729.2 million in FY'15 as compared to ₹ 1,413.8 million in FY'14, a growth of 22.3%. The SEZ division of HGSISPL is presently operating in three units namely, a) Global Village SEZ, Bangalore, b) DLF Towers SEZ, Hyderabad and c) Pritech Park SEZ, Bangalore and a fourth unit at DLF Cybercity, SEZ Hyderabad is expected to be commissioned shortly. Human Resource Outsourcing (HRO) business of HGSISPL services marquee customers in Banking, Financial Services, Insurance and other industry verticals in India and abroad.

HGS MENA FZ-LLC a wholly-owned subsidiary of HGS International, Mauritius, has established a marketing office in Dubai Internet City with the objective to build sales pipeline. Demand trend from MENA region is encouraging and this subsidiary has started adding new clients. In FY'15, it recorded revenue of AED 2.1 million.

HGS Colibrium Inc, USA is a subsidiary of HGS International, Mauritius. On March 27, 2015, HGS Colibrium acquired 89.98% share in Colibrium Partners LLC and Colibrium Direct LLC at a consideration of USD 14.2 million approximately plus debt funding of USD 1.7 million approximately. On March 31, 2015, Colibrium Partners LLC and Colibrium Direct LLC (subsidiaries of HGS Colibrium Inc., USA) were merged into HGS Colibrium Inc., USA.

This acquisition brings complementary platform and servicing capability in the sales and enrollment area for US and global health insurers. Colibrium is an innovation leader in delivering sales, service and wellness automation to health plans. This acquisition in the US market enhances the Company's already strong healthcare Payer servicing capabilities and will further contribute to the growth of the vertical in the coming years.

Particulars of loans, guarantees or investments

Loans, guarantees and investments as per Section 186 of the Companies Act, 2013 form part of the Notes to the financial statements provided in this Annual Report.

Communications and Public Relations

In the last one year, your Company (HGS) has initiated efforts on multiple levels to significantly revamp how your Company is represented externally. Your Company is communicating in a new and improved way, whether it is through the website or the external brandings of the Company and this is reflected in all locations across HGS including its subsidiaries.

In a significant step, your Company launched a completely new version of its public web presence, which is mobile enabled and designed to better serve browsers across various devices, and most importantly, tell the HGS story in a more compelling way with videos, packaged solutions and case studies. HGS' digital presence has also been enhanced to align website and social media (e.g. LinkedIn, Twitter, and Blog). Your Company has been significantly leveraging social media platforms to tell the HGS story and reach out to a larger audience across the globe.

This year, HGS made significant progress with the analyst and advisor community and has been recognized by them as a leading player in the Business Process Management industry. HGS also participated in external events, keynote thought leadership presentations and industry panel discussions that have raised the Company profile globally. Several channels of communication have been utilized to create a 360° engagement with our stakeholders and the media, including the Company 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.

HGS effectively leveraged Public Relations (PR) to educate and inform various stakeholders-including the media, the analysts, advisors, our clients, future

prospects, employees and our investors - about the latest Company updates that include the financial results, new wins, awards and accolades, recognition by the analyst community and community activities. As a result, your Company achieved unprecedented media coverage this year, both domestically and internationally across leading publications.

In our endeavor to propagate an inclusive and transparent culture, HGS continued to ensure regular and consistent internal communication to employees. Your Company leveraged different formats and channels such as e-mailers, newsletters, blogs and articles to share views and news. The Company's internal portal Ozone serves as a time-out zone for employees, offering various fun elements including exciting contests like Predictor contests held during the Football and Cricket World Cups and engagement activities during the holiday season. This year, your Company also conducted an infotainment campaign called 'Know Your HGS', which leveraged different activities like quiz, photo and poster contests and crowdsourcing of trivia across locations and businesses to help employees learn more about the organization. HGS also communicates about its capabilities and achievements through colourful internal branding across the centers.

HGS will continue to focus on gaining even wider public interest in, and visibility of, its achievements. In FY 2015-2016, your Company will continue the momentum with more analyst engagements, launch of new solutions and aggressive digital presence expansion. Many of this year's accomplishments and highlights arose from the work that was initiated in the previous years. Communication is a continuum and HGS is confident about leveraging the gains in the past to gain even more in the future.

Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of the Companies Act, 2013, the Board has constituted a Corporate Social Responsibility (CSR) Committee to carry out functions as stipulated in the said Section. The CSR Committee presently comprises of Mr. Rajendra P. Chitale, Chairman, Mr. Rangan Mohan, Mr. Ramkrishan P. Hinduja and Ms. Vinoo S. Hinduja.

On the recommendation of the CSR Committee, the Board has formulated a CSR Policy. Company's CSR initiatives focus on education, healthcare and sustainable development of the disadvantaged. The Report on CSR activities in the format as required under Companies (Corporate Social Responsibility) Rules, 2014, is set out in **Annexure 'G'** forming part of this Report. The CSR Policy is available on the website of the Company.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, based upon the information and documents made available to them and to the best of their knowledge, confirm that:

- In the preparation of the Annual Accounts for the Financial Year ended March 31, 2015, the applicable

accounting standards have been followed and there have been no material departures in the adoption and application thereof;

- 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 the Company at the end of the financial year and of the Profit of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the Annual Accounts on a going concern basis;
- They have laid down adequate internal financial controls to be followed by the Company and they are operating effectively;
- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

The Company has fair number of processes (including checks and balances), certifications, compliance systems, authority matrix, etc. which form framework of internal financial controls. The Internal Auditors carry out audits of various functions as an on-going process and Statutory Auditors and External Consultants perform work in the critical areas. Periodical reviews of the same have been taken up by the Management and the Board Committees for corrective action, if any. Based upon the aforesaid, the Board is of the opinion that during the Financial Year 2014-15, the Company's internal financial controls were adequate and effective.

Number of Meetings of the Board

Seven meetings of the Board were held during the year. The time gap between any two meetings did not exceed 120 days. Further details in this regard are given in the Corporate Governance Report, which forms part of this Report.

Declaration by Independent Directors

As required under Section 149(7) of the Companies Act, 2013, the Company has received the declaration from each of the Independent Directors of the Company confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Board Evaluation

As required under Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the performance evaluation of the individual Directors (Independent and Non-Independent Directors, the Chairman), the Board and its Committees, for the Financial Year 2014-15 was carried out.

The Nomination and Remuneration Committee and the Board carried out the performance evaluation of individual Directors including the Chairman on the basis of criteria such as preparedness for the matters to be discussed at the meetings of the Board and the Committees, constructive contribution to the discussions and deliberations and inputs at the meetings, non-partisan appraisal of issues and commitment to the role and fiduciary responsibilities, etc.

The Board also carried out annual evaluation of its own performance and its Committees based upon the inputs received from the Directors on criteria such as Board/ Committees composition and structure, effectiveness of the Board/ Committees processes and the deliberations ensued thereat, etc.

At the separate meeting of the Independent Directors held during the year, the performance evaluation of the Non-Independent Directors including the Chairman was carried out on the basis of criteria such as commitment and guidance, advice, inputs, expertise and knowledge. They also assessed the performance of the Board as a whole and the quality, quantity and timeliness of flow of information between the Company's Management and the Board.

Directors

Mr. Anil Harish (DIN 00001685), Mr. Rajendra P. Chitale (DIN 00015986), and Mr. Rangan Mohan (DIN 01116821), were appointed as Independent Directors for a term of five years at the Annual General Meeting of the Company held on July 3, 2014.

Mr. Anil Harish, an Independent Director of your Company resigned as a Member of the Board with effect from May 19, 2015.

Mr. Anil Harish was a Director of the Company since March 2007. The Board wishes to place on record its deepest gratitude and appreciation for the outstanding contribution made by Mr. Anil Harish during his long association with the Company as a Director and Member of the Board Committees.

Ms. Vinoo S. Hinduja, Director (DIN 00493148) of your Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

Mr. B.L. Taparia (DIN 00016551) was appointed as an Independent Director with effect from August 12, 2015 at the meeting of the Board of Directors held on August 12, 2015 in the casual vacancy caused by the resignation of Mr. Anil Harish.

Audit Committee

The Board has constituted an Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013. The Committee presently comprises of the

following Members: Mr. Rajendra P. Chitale - Chairman, Mr. Ramkrishan P. Hinduja, Mr. Rangan Mohan and Mr. B.L. Taparia.

Further details pertaining to the Audit Committee are included in the Corporate Governance Report, which form part of this Report.

Key Managerial Personnel

Pursuant to Section 203 of the Companies Act, 2013, the Company has recognized/ noted Mr. Partha DeSarkar, Manager (designated as Chief Executive Officer), Mr. Srinivas Palakodeti, Chief Financial Officer and Mr. Makarand D. Dewal, Company Secretary (appointed during the year) as the Key Managerial Personnel of the Company.

During the year, Mr. Kanti Mohan Rustagi resigned as the Company Secretary of your Company.

Chief Executive Officer (CEO) Certification

The Chief Executive Officer's declaration affirming compliance with the Code of Conduct by the Board and Senior Management is furnished as **Annexure 'A'** to this Report.

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

The prescribed particulars as required under Section 134(3)(m) of the Companies Act, 2013 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 Agreement with the Stock Exchanges, a detailed report on Corporate Governance is furnished as **Annexure 'C'** to this Report.

The Statutory Auditors of the Company have examined the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges by your Company and have certified compliance thereof. The certificate is attached as **Annexure 'D'** to this Report.

Management Discussion and Analysis Report

A separate report on Management Discussion and Analysis is annexed as **Annexure 'E'** to this Report.

ESOP Disclosure

The two ESOP Schemes viz. Hinduja Global Solutions Limited Employees Stock Option Plan 2008 and Hinduja Global Solutions Employees Stock Option Plan 2011 were in operation during the Financial Year 2014-15. These ESOP Schemes are in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014. Particulars of aforesaid ESOP Schemes are

available on the Company's website <http://www.teamhgs.com/investors/other-reports>. There were no material changes made to the aforesaid ESOP Schemes during the Financial Year 2014-15.

Extract of Annual Return

Pursuant to Section 134(3)(a) of the Companies Act, 2013, an extract of Annual Return as on the financial year ended March 31, 2015 in the prescribed format, is appended as **Annexure 'F'** to this Report.

Related Party Transactions

Transactions entered into with the related parties during the Financial Year 2014-15 are in the ordinary course of business and at arm's length basis and therefore, outside the purview of Section 188(1) of the Companies Act, 2013. Information on related party transactions pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Form AOC-2 as **Annexure 'H'** and the same form part of this Report.

Material changes and commitments affecting the financial position of the Company between the end of the financial year and date of the report

Acquisition of Domestic BPM business of Mphasis:

Your Company on June 30, 2015 has entered into definitive agreements with Mphasis Limited and its wholly owned subsidiary Msource India Private Limited for acquisition of significant portion of their domestic BPM business for a consideration of ₹ 17 crores ("the Transaction"). The closing of the transaction is subject to fulfillment of conditions stipulated in the agreements and regulatory approvals as may be required.

Upon completion of the transaction, the acquisition will strengthen the Company's presence in India by adding newer service capabilities and marquee clients in the Telecom, Banking and Financial Services verticals while bringing over 7,000 customer experience professionals. The acquisition will also add to the Company's delivery capabilities in Raipur, Indore, NOIDA, Mangalore, Pune and Bangalore.

Policy on Directors' Appointment and Remuneration

Policy on Directors' Appointment and Remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 have been disclosed in the Corporate Governance Report which form part of this Report.

Whistle Blower Policy

The Company has a Whistle Blower Policy and Vigil Mechanism to report and redress genuine concerns and grievances and the Policy is available on the Company's website. This matter is covered in the Corporate Governance Report which form part of this Report.

Under the Whistle Blower Policy and Vigil Mechanism, no complaints were received during the Financial Year 2014-15.

Risk Management Policy

Your Company has formulated Risk Management Policy which *inter alia* identifies risks taking into consideration the business and operations of the Company and adoption of mitigation measures. The Policy identifies elements of risks which in the opinion of the Board may threaten the existence of the Company. The details of the Policy are given in the Management Discussion and Analysis Report attached to this Report.

Fixed Deposits from Public

The 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.

Statutory Auditors

At the 19th Annual General Meeting of the Company held on July 3, 2014, M/s. Price Waterhouse, Chartered Accountants, were appointed as Statutory Auditors of your Company till the conclusion of the next Annual General Meeting. The said Auditors have submitted requisite declarations as to their eligibility to act as Auditors of the Company, if appointed. Accordingly, it is proposed to re-appoint M/s. Price Waterhouse, Chartered Accountants as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. The Board recommends the re-appointment of the Auditors.

The Auditors' Reports (for Standalone and Consolidated financial statements) for the Financial Year ended March 31, 2015 do not have any qualifications, reservations or adverse remarks in their Reports.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors had appointed Ms. Rupal D. Jhaveri, Practising Company Secretary, as the Secretarial Auditor to carry out the Secretarial Audit for the Financial Year 2014-15.

The Secretarial Audit Report in the prescribed format, for the Financial Year 2014-15, forms part of this Report as **Annexure 'I'**. The Report does not contain any qualifications, reservations or adverse remarks.

Employees' Particulars

Pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, it is necessary to disclose the ratio of remuneration of each director to the median employees' remuneration. At present, the Directors are paid fees for attending the meetings of the Board of Directors and of the Committees of which they are members. This remuneration, by way of fees, is not related to the performance or profit of the Company (like payment of commission is related to the profits of the Company). In view of this, the ratio of remuneration of each director to the median employees' remuneration is not computed.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annexure forming part of the Annual Report. Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure forming part of the Annual Report.

Having regard to the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours (i.e. 10:00 am to 6:00 pm) and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished without any fee and free of cost.

In accordance with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details of foreign employees, excluding directors and their relatives, have not been included in the Annexure. Members interested in obtaining the said information may write to the Company Secretary at the Registered Office of the Company and the requested information shall be furnished to such Member.

Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals that would impact the going concern status and your Company's operations in the future.

Internal Financial Controls

Internal Financial Controls and their adequacy are included under the heading 'Internal Controls' in the Management Discussion and Analysis which form part of this Report.

Acknowledgement

The Directors thank the customers, vendors, business partners, investors and bankers for the faith reposed in the Company and their continued support. The Directors also thank the Government of India, State Governments, Governments of various countries and regulatory authorities and agencies, for their cooperation and support, and look forward to their continued encouragement. The Directors place on record their sincere appreciation of the contribution of your Company's most important asset, viz. the One HGS family i.e. employees.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 12, 2015

Ramkrishnan P. Hinduja
Chairman

ANNEXURE 'A' 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, 2015.

Partha DeSarkar
Chief Executive Officer & Manager

Date: August 12, 2015

Annexure 'B'

TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Accounts) Rules, 2014.

a. Conservation of Energy:

Given the nature of the business, the carbon footprint your Company leaves behind is small. However, the Company's constant endeavor is to make it even smaller with every passing year. Therefore, the Company has been able to make sustained efforts to reduce and optimise 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. Over the years, HGS has implemented many technological as well as process-related measures to save costs as well as minimize environmental footprint.

The Company has reduced the power consumption by air conditioning with segmented cooling mechanisms in the new delivery centers. Your Company has also initiated deployment of thin clients, modular UPS and TFT monitors to lower power consumption.

The impact of these measures has resulted in optimisation of energy consumption, savings in energy cost and environment protection.

b. Technology Absorption:

Your Company is constantly exploring and implementing data-center related interventions such as virtualization through cloud adoption and consolidation through merger or resizing. Your Company's investment in Analytics is helping it emerge at the top in the competitive market space. Effective technology, combined with advanced analytics, is helping the Company offer flexible, low CAPEX solutions to its clients.

Your Company is developing deep expertise in developing and deploying solutions across verticals on structured and unstructured data and voice analytics to provide greater business insights for its clients. Your Company is incorporating robotics automation in many of its back-end processes to offer the best possible combination of flexibility, adaptability and cost-effectiveness to its clients. Your Company has started its migration to Avaya platform in the US region for offering greater value addition to its customers. HGS Philippines has increased the deployment of hybrid cloud services

for its new centers by "pay as you grow" model which has resulted in more cost-efficiency. Your Company has invested in Voice Analytics in two of its regions in order to automate the customer feedback process and generate more realistic data. This has resulted in greater customer retention and increased satisfaction to its clients. Virtualization of servers and adoption of thin clients is leading to cost-savings through energy-efficiency.

The future of contact-center is digital. Your Company has augmented its portfolio of digital offerings to its clients which has resulted in reduction of call volumes through traditional channels.

c. Foreign Exchange Earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

➤ **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	2014-2015	2013-2014
Export as a:		
% of Operating Income	39.67%	37.34%
% of Total Income	38.66%	34.70%

➤ **Foreign Exchange Earnings and Outgo**

₹ in million

For the Year	2014-2015	2013-2014
Total Foreign Exchange Earned	4,246.2	3,721.2
Total Foreign Exchange Outgo	20.2	25.6

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 12, 2015

Ramkrishan P. Hinduja
Chairman

REPORT ON CORPORATE GOVERNANCE

(AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES)

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company recognizes and believes that success and the longevity of a business enterprise depends on effective corporate governance practices. The Company has a strong legacy of transparent, fair and ethical governance practices which are demonstrated while conducting its business and operations. Philosophy on Corporate Governance is to ensure fiscal accountability, ethical corporate behaviour and fairness to all stakeholders- internal and external, such as employees, business associates, customers, vendors, regulators, government bodies and society at large. Your Company is committed to strive towards enhancement of shareholders' value by implementation of appropriate business strategies, prudent financial management and setting high standards of ethics. Your Company continues to operate as a "Socially Responsible Entity".

Your Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges ("Listing Agreement") with regard to Corporate Governance.

2. BOARD OF DIRECTORS

• Composition

As at March 31, 2015, the Board of Directors of the Company comprised of six directors, out of which three were Non-executive and Non-independent Directors, belonging to the Promoter Group and three were Independent Directors. The composition of the Board was in conformity with the requirements of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Directors belonging to the Promoter Group are related to each other. Apart from them, none of the Directors are related to each other.

Independent Directors are Non-executive Directors as defined under Clause 49(II)(B) (1) of the Listing Agreement. The tenure of the Independent Directors is as per the provisions of the Companies Act, 2013. The Independent Directors have confirmed that they meet the criteria of 'independence' as stipulated in Section 149(6) of the Companies Act, 2013.

None of the Directors hold directorships in more than 10 public companies and also none of them are members of more than 10 committees or Chairman of more than 5 committees across all the companies in which they are a Director.

- **Details of Board Meetings held during the financial year 2014-15, attendance of Directors at the said Meetings and at the last AGM and details of Directorships and Memberships of the Board Committees (including that of the Company)**

During the financial year, seven Board Meetings were held as follows: May 21, 2014, July 2, 2014, August 12, 2014, September 29, 2014, November 12, 2014, February 5, 2015 and March 26, 2015. The time gap between any two meetings did not exceed 120 days and as such the Company has complied with the provisions of the Companies Act, 2013 and of the Clause 49 of the Listing Agreement. Video conferencing facility has been provided to facilitate Directors travelling/ residing abroad or at other locations to participate in the meetings of the Board and the Committees of the Board.

Name of the Director	Attendance at Board Meetings	Attendance at the last AGM held on July 3, 2014	Board Membership		Committee Membership	
			Chairman	Member	Chairman	Member
Mr. Ramkrishnan P. Hinduja, Chairman (Non-Executive, Non-Independent Director) – Promoter Group DIN: 00278711	7	Yes	1	5	Nil	6
Ms. Shanu S. P. Hinduja, Co-Chairperson (Non-Executive, Non-Independent Director) – Promoter Group DIN : 06512872	2	No	Nil	1	Nil	1
Ms. Vinoo S. Hinduja, (Non-Executive Non-Independent Director) – Promoter Group DIN : 00493148	3	No	Nil	1	Nil	1
Mr. Anil Harish, Independent Director* DIN: 00001685	7	Yes	Nil	7	2	6
Mr. Rajendra P. Chitale, Independent Director DIN: 00015986	6	Yes	Nil	8*	4	8*
Mr. Rangan Mohan, Independent Director DIN: 01116821	7	Yes	Nil	3	2	2

* Resigned with effect from May 19, 2015.

Includes 1 unlisted public company

Notes:

- Excludes Foreign Companies, Private Limited Companies, Alternate Directorships and Companies falling under Section 8 of the Companies Act, 2013.
- As per Clause 49 of the Listing Agreement, Membership of Audit Committee and Stakeholders Relationship and Share Allotment Committee only are considered.

- III. The terms and conditions of appointment of Independent Directors have been uploaded on the website of the Company at <http://www.teamhgs.com/investors/corporate-policies>

3. AUDIT COMMITTEE

• Terms of Reference

The terms of reference and the Charter of the Audit Committee have been approved by the Board of Directors ("the Board"), which are in conformity with Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. The broad terms of reference includes:-

Recommendation for appointment, remuneration and terms of appointment of auditors of the Company; review and monitor the auditor's independence, performance and effectiveness of audit process; examination of the financial statements and the auditor's report thereon; oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; discussion with internal auditors of any significant findings and follow up thereon; review and approve related party transactions; evaluation of internal financial controls and risk management systems; reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board; scrutiny of inter-corporate loans and investments, etc.

• Composition

The Audit Committee consisted of three members of the Board as follows:

- Mr. Anil Harish (Independent Director) - Chairman
- Mr. Rajendra P. Chitale (Independent Director) - Member
- Mr. Ramkrishan P. Hinduja (Non-Executive, Non-Independent Director) - Member

All the members have accounting or related financial management expertise and have the ability to understand the Financial Statements. The Company Secretary of the Company acts as Secretary to the Committee. The invitees to Audit Committee meetings include representatives of the Statutory Auditor, Internal Auditor or his representative, Chief Executive Officer, Chief Financial Officer and such other Executives as deemed necessary.

The composition of the Audit Committee conforms to the requirements of Section 177 of

the Companies Act, 2013 and Clause 49 of the Listing Agreement.

• Meetings

During the financial year 2014-15, five Meetings were held as follows: May 20, 2014; August 11, 2014; September 27, 2014; November 11, 2014 and February 4, 2015. The time gap between any two meetings did not exceed four months and as such the Company has complied with the provisions of Clause 49 of the Listing Agreement.

• Attendance:

Name of the Member	No. of Meetings Attended
Mr. Anil Harish, Chairman*	5
Mr. Rajendra P. Chitale, Member	5
Mr. Ramkrishan P. Hinduja, Member	5

* Resigned with effect from May 19, 2015.

- Mr. Anil Harish, Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on July 3, 2014.

4. NOMINATION AND REMUNERATION COMMITTEE

• Terms of Reference

The Nomination and Remuneration Committee ("NRC") was constituted by the Board of Directors of the Company. Nomination and Remuneration Policy was approved by the NRC and by the Board. The said Policy stipulates role and functions of the NRC which conforms to the requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Terms of reference and the role of the NRC broadly includes:

Formulation of criteria for determining qualifications, positive attributes and independence of directors; identification of persons who are qualified to become Directors and who may be appointed in Senior Management and recommend to the Board their appointment and removal; recommend to the Board appointment/ re-appointment of and terms of engagement of Independent Directors, Non-Executive Directors, Chief Executive Officer and Key Managerial Personnel and Senior Management; formulate criteria for evaluation of performance of Independent Directors and the Board as a whole, and carry out evaluation of every directors' performance and support the Board and overall evaluation process for determining appointment/

re-appointment or removal thereof; formulate and recommend to the Board the Remuneration Policy for Directors, Chief Executive Officer, Key Managerial Personnel, Senior Management as well as rest of the employees and recommend on an annual basis remuneration payable to them; devise a policy on Board Diversity and succession planning for Board/ Senior Management; oversee familiarisation programme for Independent Directors and grant of employee stock options as per the existing ESOP Schemes of the Company and formulate and recommend to the Board for approval new employee stock options plan as and when deemed necessary.

• Composition

The NRC consisted of five members of the Board as follows:

- Mr. Anil Harish (Independent Director) - Chairman
- Mr. Rajendra P. Chitale (Independent Director) - Member
- Mr. Rangan Mohan (Independent Director) - Member*
- Mr. Ramkrishan P. Hinduja (Non-Executive, Non-Independent Director) - Member
- Ms. Shanu S. P. Hinduja (Non-Executive, Non-Independent Director) - Member

*Appointed as Chairman of the Committee with effect from August 12, 2015.

The composition of the NRC conforms to the requirements of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

• Meetings

During the financial year 2014-15, five Meetings of the NRC were held as follows: April 30, 2014, May 20, 2014; July 2, 2014; September 29, 2014 and February 5, 2015.

• Attendance:

Name of the Member	No. of Meetings Attended
Mr. Anil Harish, Chairman*	5
Mr. Rajendra P. Chitale, Member	5
Mr. Rangan Mohan, Member	4
Mr. Ramkrishan P. Hinduja, Member**	2
Ms. Shanu S. P. Hinduja, Member	2

* Resigned with effect from May 19, 2015.

**Appointed as a Member with effect from September 29, 2014.

• Remuneration Policy

The Remuneration Policy for Directors, Chief Executive Officer, Key Managerial Personnel, Senior Executives and other employees was formulated and recommended by the NRC and approved by the Board. The objective of said Policy is to attract, motivate and retain qualified and expert individuals the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of the Company's stakeholders. While formulating the policy, elements/ aspects as follows are considered: level and composition of remuneration to attract, retain and motivate Directors, Chief Executive Officer, Key Managerial Personnel, Senior Executives and other employees; relationship of remuneration to performance benchmarks, balance between fixed, variable and incentive pay to reflect short and long term performance objectives appropriate to the working of the Company and its goals.

• REMUNERATION OF DIRECTORS

During the financial year 2014-15, only sitting fees for attending the Meetings of the Board of Directors and the Committees (Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship and Share Allotment Committee) was paid. The sitting fees for attending the Board Meetings and the Audit Committee Meetings were increased from ₹ 20,000 per Meeting to ₹ 1,00,000 per Meeting effective September 30, 2014. The sitting fees for attending the Nomination and Remuneration Committee and Stakeholders Relationship and Share Allotment Committee Meetings were increased from ₹ 5,000 per Meeting to ₹ 50,000 per Meeting effective September 30, 2014. No sitting fee is paid for attending the Meetings of the Committee of Directors and for attending the Meetings of Corporate Social Responsibility Committee.

Sitting fee paid to Non-Executive Directors during the financial year 2014-15 is as under:

Name of the Director	Sitting Fee (₹)
Mr. Ramkrishan P. Hinduja	8,10,000
Ms. Shanu S. P. Hinduja	1,30,000
Ms. Vinoo S. Hinduja	1,50,000
Mr. Anil Harish	7,10,000
Mr. Rajendra P. Chitale	6,10,000
Mr. Rangan Mohan	5,60,000

There were no material pecuniary relationships or transactions with Non-Executive Directors apart from payments made as under for

professional services rendered by Firms of Advocates/ Tax/ Strategic Consultants in which certain Independent Directors are partners:

Name of Firm	Amount paid during the year under review	Name of Director who is partner
Rangan Mohan Associates	₹ 12,73,842.90	Mr. Rangan Mohan
D.M. Harish & Co.	₹ 15,18,750.00	Mr. Anil Harish

Details of equity shares of the Company held by the Directors as on March 31, 2015 are as under:

Name of Director	Number of shares held
Mr. Ramkrishan P. Hinduja	Nil
Ms. Shanu S.P. Hinduja	955
Ms. Vinoo S. Hinduja	61,065
Mr. Anil Harish	Nil
Mr. Rajendra P. Chitale	Nil
Mr. Rangan Mohan	Nil

5. STAKEHOLDERS RELATIONSHIP AND SHARE ALLOTMENT COMMITTEE

• Composition

The Stakeholders Relationship and Share Allotment Committee consisted of four members of the Board as follows:

- Mr. Rangan Mohan (Independent Director) - Chairman
- Mr. Ramkrishan P. Hinduja (Non-Executive, Non-Independent Director) - Member
- Ms. Shanu S. P. Hinduja (Non-Executive, Non-Independent Director) - Member
- Ms. Vinoo S. Hinduja (Non-Executive, Non-Independent Director) - Member

The composition of the Stakeholders Relationship and Share Allotment Committee conforms to the requirements of Section 178 of the Companies Act, 2013. Mr. Makarand D. Dewal, Company Secretary acts as Compliance Officer. During the financial year 2014-15, five Meetings of the Stakeholders Relationship and Share Allotment Committee were held as follows: May 21, 2014; July 31, 2014; September 27, 2014; November 12, 2014 and February 3, 2015.

The Committee looks into the redressal of complaints of investors such as non-receipt of dividend, non-receipt of annual reports, etc. The Committee also approves proposals for allotment of shares under ESOPs. During

the year under review, two complaints were received from shareholders which were duly attended to. There were no complaints pending against the Company as on March 31, 2015.

• Attendance:

Name of the Member	No. of Meetings Attended
Mr. Rangan Mohan, Chairman	5
Mr. Ramkrishan P. Hinduja, Member	5
Ms. Shanu S.P. Hinduja, Member	Nil
Ms. Vinoo S. Hinduja, Member	2

6. OTHER COMMITTEES OF THE BOARD

A. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee ("CSR Committee") was constituted by the Board of Directors of the Company, as required under Section 135 of the Companies Act, 2013 ("the Act") on May 21, 2014 comprising of following members of the Board:

Mr. Anil Harish (Independent Director) - Chairman, Mr. Rajendra P. Chitale (Independent Director) - Member, Mr. Rangan Mohan (Independent Director) - Member, Mr. Ramkrishan P. Hinduja (Non-Executive, Non-Independent Director) - Member and Ms. Vinoo S. Hinduja (Non-Executive, Non-Independent Director) - Member.

The role and functions of the CSR Committee includes formulation and recommendation of CSR Policy to the Board, identification of CSR activities/ projects, implementation and monitoring of the same; recommendation to the Board overall expenditure to be incurred on CSR initiatives as per the provisions of the Act as also the expenditure to be incurred CSR activities/ project wise.

Corporate Social Responsibility Policy ("CSR Policy") was formulated by the CSR Committee and recommended to and approved by the Board. Such policy *inter-alia* covers the CSR activities to be undertaken as specified in Schedule VII to the Act, implementation and monitoring of such activities, etc.

During the financial year 2014-15, four Meetings of CSR Committee were held as follows: September 29, 2014, November 12, 2014, February 5, 2015 and March 26, 2015.

• Attendance

Name of the Member	No. of Meetings Attended
Mr. Anil Harish, Chairman*	4
Mr. Rajendra P. Chitale, Member	3
Mr. Rangan Mohan, Member	4
Ms. Vinoo S. Hinduja, Member	2

*Resigned with effect from May 19, 2015

Mr. Ramkrishan P. Hinduja was appointed as a Member of the CSR Committee with effect from March 26, 2015.

B. COMMITTEE OF DIRECTORS

The Committee of Directors consisted of following Members of the Board:

Mr. Ramkrishan P. Hinduja (Non-Executive, Non-Independent Director) - Chairman, Ms. Vinoo S. Hinduja (Non-Executive, Non-Independent Director) - Member and Mr. Rangan Mohan (Independent Director) - Member. During the financial year 2014-15, three Meetings were held as follows: April 12, 2014; August 20, 2014; and December 31, 2014. All the meetings were attended by Mr. Ramkrishan P. Hinduja and Mr. Rangan Mohan and one meeting was attended by Ms. Vinoo S. Hinduja.

The main functions of the Committee are as follows: to review-Capital and Revenue Budget, expansion and strategic projects, etc., to recommend the same to the Board for its approval, approve operational and other matters as may be delegated by the Board from time to time.

C. RISK MANAGEMENT COMMITTEE

The Risk Management Committee was constituted by the Board of Directors of the Company comprising of Chief Executive Officer (Chairman), Chief Financial Officer (Member) and Executive Vice President- Legal, Compliance and Risk Management (Member). The Enterprise Risk Management Policy ("Risk Management Framework"), as recommended by the Committee, was approved by the Board.

The Committee is responsible for reviewing, implementing and monitoring the Risk Management Framework for ensuring its effectiveness and periodical reporting of the same to the Board. Overview of Risk Management based upon the business and operations of the Company is given in the 'Management Discussion and Analysis' section of the Board's Report.

7. GENERAL BODY MEETINGS

- Details of location, date and time of holding the last three Annual General Meetings:

Financial Year	Date	Time	Venue
2011-12	August 9, 2012	11:00 a.m.	Hall of Harmony, Nehru Centre Dr. Annie Besant Road Worli. Mumbai-400 018
2012-13	August 10, 2013		
2013-14	July 3, 2014		

- There was no extraordinary general meeting of the members held during the financial year 2014-15.
- The following are the special resolutions passed at the previous three Annual General Meetings:

AGM held on	Summary
July 3, 2014	Special resolution under Section 180 (1) (c) of the Companies Act, 2013 relating to borrowing powers of the Company.
August 10, 2013	Special resolution under Section 81 (1A) of the Companies Act, 1956 relating to issue of various types of Securities not exceeding ₹ 500 Crore (Rupees Five Hundred Crore) by the Company.
August 9, 2012	Special resolution under Section 81 (1A) of the Companies Act, 1956 relating to issue of various types of Securities not exceeding ₹ 500 Crore (Rupees Five Hundred Crore) by the Company.

There was no special resolution requiring voting through postal ballot during the financial year 2014-15.

8. DISCLOSURES

- There were no material significant related party transactions during the year that may have a potential conflict with the interests of the Company at large. The Board of Directors of the Company has approved the 'Related Party Transactions Policy' which has been uploaded on the website of the Company at the following link: <http://www.teamhgs.com/investors/corporate-policies>
- 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 a Whistle Blower Policy and Vigil Mechanism for Directors and employees in place *inter-alia* to report unethical conduct. No personnel have been denied access to the Ombudsman or Chairman of the Audit Committee of your Company to discuss any matter of substance. The said policy has been uploaded on the website of the Company at the following link: <http://www.teamhgs.com/investors/corporate-policies>

D. Your Company has adopted the Code of Conduct for Board members, Senior Management Personnel and Employees. 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, 2015. The same has been attached as **Annexure 'A'** to the Directors' Report.

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

E. CEO/CFO Certification:

A certificate from the CEO and CFO in terms of Clause 49(IX) of the Listing Agreement was placed before the Board Meeting held on May 20, 2015 to approve the Audited Annual Accounts for the year ended March 31, 2015.

F. The Audit Committee and the Board reviews and approves the consolidated financial statements of the Company on a quarterly basis. The minutes of the Board meetings of the unlisted Indian and Foreign subsidiary companies are periodically placed before the Board of Directors of the Company. The Company does not have any material non-listed Indian subsidiary company. The Company has a policy for determining 'material subsidiaries' which is disclosed on the Company's website at the following link: <http://www.teamhgs.com/investors/corporate-policies>

the Company are sent to the shareholders of the Company periodically.

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

10. GENERAL SHAREHOLDER INFORMATION

Sr. No.	Subject	Date
1.	Next Annual General Meeting	
	Date	September 29, 2015
	Time	3.00 P. M.
	Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
2.	Financial Calendar for 2015-16 (Tentative)	
	Unaudited results for the quarter ending June 30, 2015	August 12, 2015
	Unaudited results for the quarter/ half year ending September 30, 2015	November 9, 2015
	Unaudited results for the quarter ending December 31, 2015	February 10, 2016
3.	Book Closure Dates	September 25, 2015 to September 29, 2015 (both days inclusive)
4.	Dividend payment date for the financial year 2014-15	On or after October 8, 2015
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
8.	CIN	L92199MH1995PLC084610

Note: Annual Listing fee for the financial year 2015-16 has been paid to BSE and NSE.

9. MEANS OF COMMUNICATION

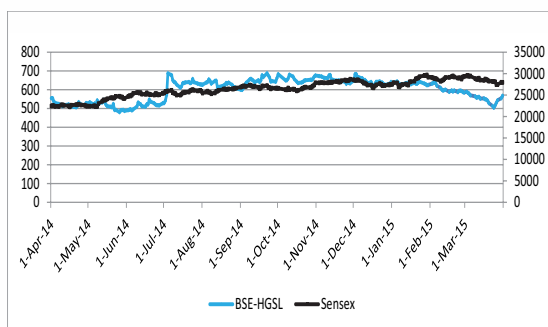
A. The quarterly, half-yearly and annual results are published in leading national newspapers (Business Standard and Sakaal). The results are simultaneously displayed on your Company's website www.teamhgs.com. The website is updated regularly with the official news releases, presentations made to Institutional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

• STOCK MARKET DATA

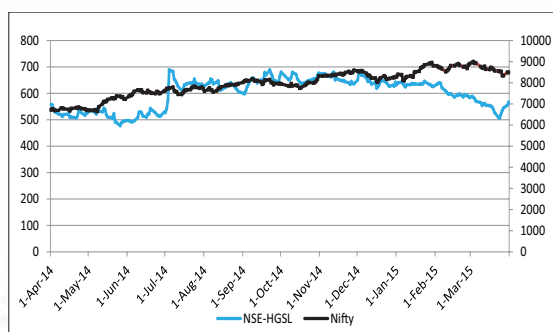
Month	BSE		NSE	
	Month's High (₹)	Month's Low (₹)	Month's High (₹)	Month's Low (₹)
Apr-14	562.00	505.00	563.55	504.00
May-14	575.00	475.00	574.85	472.00
Jun-14	562.15	485.80	563.50	481.40
Jul-14	736.55	523.40	736.60	522.00
Aug-14	674.00	544.80	672.80	601.10
Sep-14	709.75	590.00	709.00	593.55
Oct-14	724.90	630.20	724.90	630.10
Nov-14	685.00	612.00	686.90	608.00
Dec-14	699.00	609.80	699.00	610.00
Jan-15	650.00	615.50	659.50	615.50
Feb-15	660.00	578.55	660.00	580.05
Mar-15	597.00	500.40	599.00	501.00

• SHARE PRICE MOVEMENT (BSE)

Your Company's closing share price movement on the BSE relative to BSE Sensex closing prices (April 2014 to March 2015)



• SHARE PRICE MOVEMENT (NSE)



• REGISTRAR AND SHARE TRANSFER AGENT

Your Company's Registrar and Share Transfer Agent is:

Sharepro Services (India) Pvt. Ltd.

Address: 13 A/B, 2nd Floor,
Samhita Warehousing Complex
Sakinaka Telephone Exchange Lane
Andheri-Kurla Road, Sakinaka
Andheri (East), Mumbai - 400072

Shareholder's correspondence please 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 8927 / 2850 1568

E-Mail : sharepro@shareproservices.com

Investor Relation Centre:

Address : Sharepro Services (India) Pvt. Ltd.

912, Raheja Center,
Free Press Journal Road
Nariman Point, Mumbai - 400021.
Tel : (91 22) 6613 4700

• SHARE TRANSFER SYSTEM

Your Company's equity shares are compulsorily traded in dematerialized form. As on March 31, 2015, about 99.74% of your Company's equity (comprising of 2,06,65,720 shares) had been dematerialized. The shares of your Company are listed 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 Share Transfer Committee consisting of officers of the Company. Share transfer process is completed within stipulated time period of fifteen days, if all documents are in order.

As on March 31, 2015, there were no pending transfer proposals.

Pattern of Shareholding as on March 31, 2015:

Particulars	No. of shares	% of shareholding
Promoters	1,40,29,452	67.71
FII's	24,67,542	11.91
NRIs/ OCBs/ Non Domestic Companies	96,982	0.47
Mutual Funds, Banks, Financial Institutions, Insurance Companies	10,44,398	5.04
Private Corporate Bodies	10,65,712	5.14
Individuals/ Others	20,15,487	9.73
Total	2,07,19,573	100

Distribution Schedule as of March 31, 2015:

Distribution	No. of shareholders		No of Shareholding	
	No of share-holders	% to Total	No of shares	% to Total
Upto 500	9,826	92.85	6,80,148	3.28
501 - 1000	332	3.14	2,54,425	1.23
1001 - 2000	187	1.77	28,37,98	1.37
2001 - 3000	63	0.59	1,54,722	0.75
3001 - 4000	35	0.33	1,23,217	0.59
4001 - 5000	28	0.26	1,26,397	0.61
5001 - 10000	43	0.41	3,08,355	1.49
Above 10000	69	0.65	1,87,88,511	90.68
TOTAL	10,583	100.00	2,07,19,573	100.00

- The Company has not issued any ADRs/ GDRs/ Warrants or any convertible instruments in the past and hence as on March 31, 2015, there are no outstanding ADRs/ GDRs/ Warrants or any convertible instruments.

A qualified practicing Company Secretary carries out Share Capital Audit on a quarterly basis to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. All the audit reports confirm that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Transfer to Investor Education and Protection Fund:

As per Section 205A and 205C of the Companies Act, 1956 and other applicable provisions, unclaimed/ unpaid dividend for the year 2006-07, remaining as such for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company for that year, was transferred to the Investor Education and Protection Fund (IEPF) in November, 2014. No claim shall lie against the IEPF or the Company for the amount so transferred nor shall any payments be made in respect of such claims.

Dividend for the year 2007-08 remaining unclaimed/ unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company for that year, will be transferred in the first week of November, 2015 to the IEPF. Members are requested to claim the same before the transfer. On periodical basis, Company's Registrar and Share Transfer Agents viz. Sharepro Services (India) Pvt. Limited are sending relevant communication to the Members for claiming/ encashment of dividend.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information

regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on July 3, 2014 (date of the last Annual General Meeting) on the website of the Company (www.teamhgs.com), as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in)

Plant Locations: Not applicable

11. 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. Makarand D. Dewal, Company Secretary

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

Tel : (91 22) 2496 0707/ 6136 0407 (Ext: 1107)
Fax : (91 22) 2497 4208

Email: investor.relations@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.

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

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

- The Board:** The Non- Executive, Non-Independent Chairman does not have a separate office.
- Shareholder Rights:** Your Company publishes its quarterly unaudited financial results in the newspapers and also displays it on its website www.teamhgs.com apart from displaying it on stock exchanges' website. Communication relating to financial results, dividend

and business and operations of the Company are sent to the shareholders of the Company periodically.

- **Audit qualifications:** Audit Report in respect of financial year 2014-15 is unqualified. Your Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- **Separate posts of Chairman and CEO:** There is separate post of Chairman and CEO in the Company.

- **Reporting of Internal Auditor:** Internal Auditor reports to the CEO of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 12, 2015

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, 2015, 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 WaterhouseFirm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 048125

Place: Mumbai

Date : August 12, 2015

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, 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 economy recorded a modest growth of 3.4% in the calendar year 2014. This was due to a pickup in growth in the advanced economies relative to the previous year and a slowdown in much of the developing world, which still accounted for three-fourths of global growth in 2014. Global growth is anticipated to improve marginally to 3.5% in 2015. This increase will be driven by a rebound in advanced economies coupled with the decline in oil prices. (Source: IMF)

Despite a slower first quarter due to adverse weather, the US economy recovered and grew 2.4% in 2014. This was driven by stronger than expected growth averaging approximately 4% in the last three quarters of the year on the account of robust job gains. Lower oil prices and improved consumer confidence boosted consumption, which was a main driver of the economic growth. The US economic recovery was further driven by robust employment growth across most segments of the economy. This growth momentum is expected to continue in 2015 during which the US economy is expected to grow by 3.1%, the highest annual GDP growth in a decade. (Source: IMF)

The performance of the Canadian economy during the year was relatively better with the GDP growth of 2.5%. However, risks to its growth have increased due to an unusually large drop in oil prices, weaker business investment in the energy sector and lower employment growth. The Canadian economy is anticipated to grow at about a rate of 2.2% in 2015, outperforming Japan and Europe, but lag behind the US and the UK. (Source: IMF)

In Europe, economic activity was slower than expected during most of 2014 but showed some early signs of a recovery in the last quarter. This recovery was driven by lower oil prices and higher net exports. Further, quantitative easing by the European Central Bank has contributed to lower interest rates and expectations of improved credit conditions. As a result of these measures, real GDP in 2015 is expected to rise by 1.8% in the European Union and by 1.5% in the Euro Area. The British economy is anticipated to grow 2.7% during 2015, compared with 2.8% in 2014. (Source: IMF)

India's GDP growth is expected to accelerate from 7.4% in FY'15 to 8.1-8.5% in FY'16. This growth is expected to be driven by improved urban consumption due to lower inflation and an increase in purchasing power. (Source: Economic Survey of India)

Overall, 2014 was characterized by early signs of an economic recovery for most of the advanced economies and select developing economies. The improvement in macroeconomic fundamentals coupled with stronger global business conditions and consumer confidence are expected to drive the global economic recovery further in 2015.

Industry Overview

The global Business Process Management (BPM) market is experiencing a gradual shift in business priorities. The focus now is moving towards growth rather than cost containment. Traditionally, BPM services have been used as a means to reduce operating costs and overheads while improving efficiencies. However, in the recent past, the BPM industry has focused on offering revenue enhancement solutions. This new trend represents a strong future growth potential for the BPM industry.

Global BPM industry continued its focus on achieving further efficiencies not only through business process improvements such as process change, process efficiency and process standardization, but also through business process transformation. A successful reinvention in this scenario will require digitized business processes, which can digitally capture interactions to transform stakeholder's experience, and drive growth. These digitized processes capture operational intelligence from social interactions, event streams, big data and decision analytics, and embed it into business processes.

New segments of buyers continue to enter the contact center market and become first-time clients of CCO. Small and medium enterprises are one of these growth engines, with a large portion of new deals in the overall market coming from the SMB segment. Large buyers (with revenues > US\$5 billion) who account for 70% of the contact center market, have a high proportion of extensions and renewals. (Source: Everest Group, Contact Center Outsourcing Annual Report 2015)

Worldwide BPM spending in 2014 increased by around 6% to \$177 billion, of which one-fourth was spent on third-party providers. India continued to maintain its leadership position in the outsourcing arena with a global share of 55%. The year under review recorded an impressive growth of 49% in terms of new global delivery centers added. Of the total additions, over 27% additions were in India. (Source: NASSCOM)

The Indian IT-BPM industry continued its growth trajectory during the year. The industry's double digit growth was supported by its flexibility to adjust to difficult economic conditions. India's BPM revenue for FY'15 is estimated to be \$26 billion, an increase of around 13% compared to the last year. (Source NASSCOM)

India is amongst the fastest-growing digital economies in the world today, and is primed for further explosion. According to Boston Consulting Group, every second Indian will be an internet user by 2018; this could spawn an economy worth \$200 billion from internet-related activities such as ecommerce, education and healthcare. This may be further boosted by Prime Minister Narendra Modi's Digital India vision of transforming the country and empowering every citizen by harnessing digital technologies. In line with this, BPM sector is experiencing growing demand from domestic firms in verticals such as BFSI, telecom, healthcare and retail. The key will lie in proactively identifying areas of opportunity with a local desi touch and developing customized solutions, which can add digital value to these organizations.

Tier II/ III cities are also emerging as strong potential delivery alternatives for the domestic IT-BPM sector, accounting for about 44% share currently. (Source: NASSCOM)

The Philippines' IT-business process outsourcing industry continued its strong rally in 2014, as it posted an 18.7% growth in revenue to about \$18.4 billion. At the end of 2014, the IT-BPO industry employed some 1.03 million people. Of this, around 630,000 employees are with the contact center sector. (Source: IBPAP)

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

Healthcare

Globally, health spending is witnessing a rise led by population growth, improvement in technologies and patients becoming better informed. Adding to this complex scenario are regulatory changes in some geographies. Spend in this sector is expected to see an average growth of 5.3% annually from 2014 to 2018 while spending per head is expected to rise by 4.5% every year. (Source: Deloitte 2014 Global Healthcare Outlook Report)

US Healthcare reform is one of the major driving factors for the BPM industry to modernize legacy systems, achieve operational excellence, reduce costs and create a seamless consumer experience. The Patient Protection and Affordable Care Act (PPACA) has impacted all sectors of healthcare business, including health insurance payers, providers and practitioners, pharmaceutical companies, third party administrators, durable medical equipment providers and most importantly, the patient/consumer. The previously under-insured or uninsured population is now able to access insurance and the providers/payers are now increasingly focused on delivering better health and wellness outcomes for the patients while lowering their costs. Claims processing, medical cost management, member acquisition, provider data management and member engagement are the most commonly demanded process by the payers. BPM companies are now asked to use automation to eliminate repetitive steps and integrate consumer interactions that reduce rework and increase the efficiency. As the PPACA boosts healthcare insurance enrolments as well as the number of claims, healthcare payers are outsourcing their business processes at a

growing rate. The BPM market size due to PPACA is expected to be \$ 8 billion by 2016.

The clients in this space are increasingly looking for domain specialists, flexible processes and relevant technology. Agents in this field need coding and clinical experience for claims review, and the preference is for multi-skilled agents with outreach/member-education capabilities. Outcome based contracts are being explored. The BPM industry needs to build advanced capabilities in clinical analytics, robust care management workflow tools and niche clinical skill sets with a 360 degree customer engagement platform to address the newer PPACA based demands and be seen as value contributions.

Telecom and Media

With a share of 30%, telecom is the biggest contributor to the third-party contact center industry. In the telecom and media vertical, investment in multi-channel access, primarily in consumer-facing businesses, is the emerging trend. Organizations are focusing on serving clients through emerging Web 2.0 channels with a focus on increasing web-based presence among young customers. Communication organizations are also seeking to facilitate customer self-service to support new ways of interacting with customers. Demand for more personalization and customization, a broader range of engagement channels, greater access to information and more say in the buying process by customers will drive organizations to increasingly use BPM. This will also enable organizations to respond to these changes through a more streamlined process for managing customer interactions regardless of channels, from the front, middle and back office stages to resolution.

Consumer

The changing trend towards increased usage of online channels by customers globally has resulted in increased investment in technologies by the manufacturers of consumer goods. The use of technology integrates multiple application solutions and thereby improves customer experiences. Key investment areas include multi-channel integration, analytics, e-commerce and mobile applications. These areas are expected to open up new growth avenues for BPM providers going forward.

Banking and Financial Services (BFS)

The BFS sector throughout the world is increasingly outsourcing its activities to third parties. In this sector, it is critical to ensure better customer service to enable customer acquisition and customer retention. BFS companies globally understand the changing preferences of customers and are embracing opportunities provided by social, mobile, analytics and cloud to enhance customer service experiences.

BFS companies are increasingly using BPM to provide financial advice during credit applications, deliver personalized customer experience, optimize cross-selling, improve risk management and make real-time smart decisions. BPM also assists monitoring real-time transactions, optimizing sales processes and enhancing

service processes. Currently India, Philippines and China are the major markets for this vertical. Eastern Europe, Central America and South America are also fast growing opportunities for the BPM industry in the BFS vertical.

Public Sector

The public sector is gradually shifting towards providing more customer friendly services. BPM can help manage Big Data with government organizations. It can also help the government agencies to optimize traditional approaches, thereby eliminating mistakes and reducing workload. Through implementation of focused social media strategies, the BPM platform will allow for a swift and seamless integration of relevant social media data into conventional processes in the coming years.

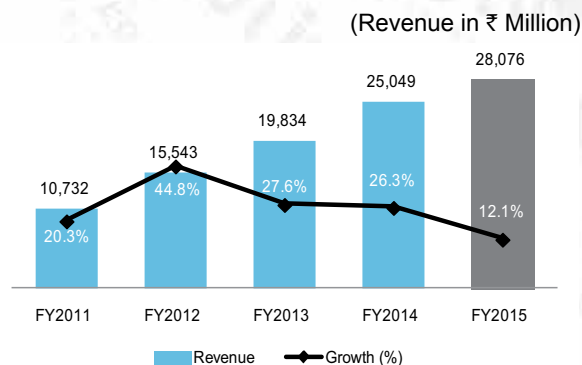
Business Overview

Hinduja Global Solutions (HGS), part of the multi-billion dollar Hinduja Group of Companies, is a leader in optimizing the customer experience and helping its clients to become more competitive. HGS provides a full suite of business process management (BPM) services ranging from marketing & digital enablement services and consumer interaction services to platforms enabling back office business services. By applying analytics and interaction expertise to deliver innovation and thought leadership, HGS assists clients in increasing revenue, improving operating efficiencies and helping to retain valuable customers. The Company's expertise spans the telecommunications and media, healthcare, insurance, banking, consumer electronics and packaged goods industries, retail, technology and public sector. HGS operates on a global landscape with over 28,000 employees in 60 worldwide locations delivering localized solutions. The Company has presence in Canada, France, Germany, India, Italy, Jamaica, Philippines, the Netherlands, the UAE, the UK and the US.

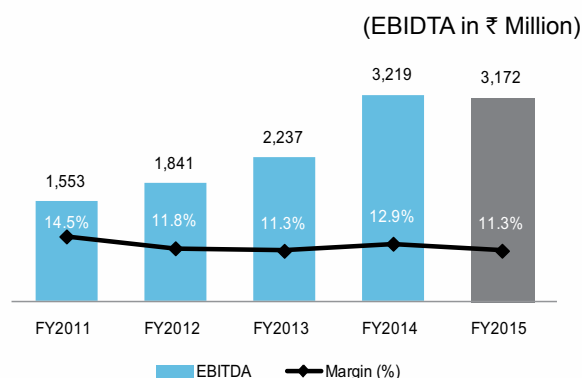
Financial Review

Revenue Growth

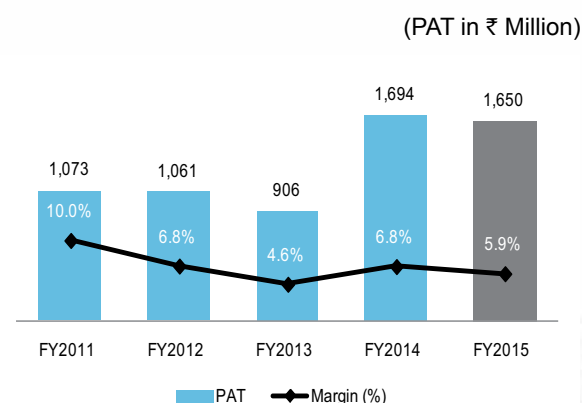
HGS continued its growth momentum during the year with consolidated revenue of ₹ 28,076 million, a growth of 12.1% compared to FY'14. This growth was primarily driven by increased contribution from the healthcare vertical, which accounted for 35% of total revenues compared to 28% in the last year. The revenue growth for the year was broad-based across all geographies, except Canada. While there was strong volume demand from HGS Canada clients, HGS was unable to service the enhanced volumes due to prevailing labour shortage and weather challenges in January to March 2015. The Company has taken necessary steps to overcome such challenges in future and is adding a center at Windsor, Ontario to service the demand. Revenue growth in rupee terms was moderated by depreciation of the Canadian dollar against the US dollar.



Consolidated EBITDA for the year was ₹ 3,172 million, a decline of 1.5% compared to the last year. EBITDA for the year was impacted due to lower volumes in Canada in the fourth quarter along with ongoing ramp-up activities across various operations, especially in Philippines. EBITDA margin was also impacted by cost of portfolio rationalization and unfavourable exchange rate variations. As a result of these factors, EBITDA margin for the year declined by 155 basis points to 11.3% compared to FY'14.

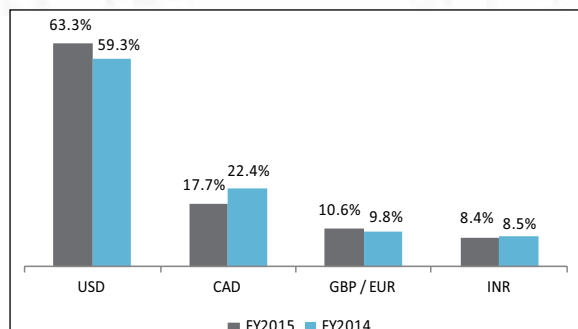


PAT for the year declined by 2.7% to ₹ 1,650 million compared to FY'14. PAT for the year benefitted from net tax credit of ₹ 248 million due to recognition of deferred tax assets. The PAT for the year is not comparable to last year's profit as it includes the impact of higher depreciation due to implementation of the provisions of the new Companies Act 2013. PAT margin for the year was 5.9%.

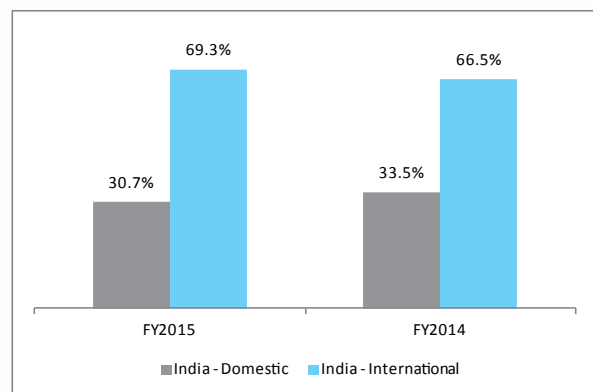


Revenue by Geography (Origination)

Contribution of the US-originated business increased significantly, primarily due to demand from the healthcare sector driven by The Patient Protection and Affordable Care Act. The sharp decline in contribution from Canada-originated business was due to the labour shortages and adverse weather.



India based exposure



HGS has taken necessary steps to overcome such challenges in future and is expanding its facility at Windsor in Ontario province to service the demand.

The increase in contribution from the UK and European clients was primarily due to the improvement in the demand scenario coupled with addition of new clients.

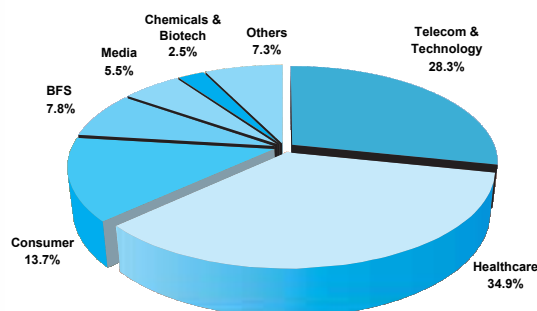
The percentage contribution from India operation remained flat compared to the same period last year, which is in line with Company's strategy of selective growth.

Healthcare vertical continued to be the major growth driver in the year. It contributed around 35% of the total revenue during the year, compared to 28% last year. Going forward, it is anticipated that this vertical will continue to grow as a result of the healthcare sector reforms in the US.

Towards the end of the year, HGS acquired Colibrum, an innovation leader in delivering sales, service and wellness automation to health plans. This acquisition in the US market further strengthens the Company's healthcare Payer servicing capabilities. It will further contribute to the growth of the vertical in the coming years.

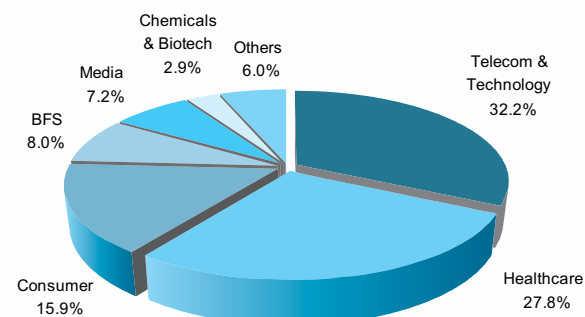
The contribution of telecom & technology vertical declined from 32% in FY'14 to 28% during the year. This decline was on account of exit from non-profitable clients, which is in line with the portfolio rationalization strategy. Further, the volumes from telecom clients, primarily in Canada and India remained below expectations. The volumes are expected to pick up in the second half of FY'16.

FY'15



Contribution from the consumer clients declined from 16% in FY '14 to 14% in the current year. Volumes from the consumer electronic clients have continued to remain soft due to the challenges they faced in the market place.

FY'14



However, HGS is focused on diversifying the client base in this vertical. During the year, new clients in the consumer vertical were added who continue to grow and the outlook is promising. The Company has also added clients in other consumer segments such as a food & dairy products company and a fitness products company.

The contribution from other key verticals such as BFS, media and chemicals & biotech was 8%, 6% and 3% of total revenues, respectively.

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, 2015 was ₹ 207 million, an increase of 1,03,146 shares compared to last year due to the issue of equity shares under employee stock option plan.

Reserves and Surplus

The reserves and surplus of the Company decreased from ₹ 14,314 million in FY'14 to ₹ 10,535 million in FY'15.

During the year, there was amalgamation of Canadian subsidiaries as well as merger of subsidiaries of HGS Colibrium. The Company has accounted for this amalgamation and merger under pooling interests under AS - 14. This led to reduction of goodwill on consolidation and a corresponding decrease in reserves and surplus. Amalgamation of Canada-based subsidiaries resulted in decrease in goodwill of ₹ 3,192 million and the merger of Colibrium entities in the US resulted in decline in goodwill of ₹ 944 million.

Long-term borrowings

As of March 31, 2015, the total long-term borrowings was ₹ 5,673 million as compared to ₹ 4,485 million in FY'14.

Deferred tax

Net deferred tax assets as of March 31, 2015 were ₹ 32 million as compared to deferred tax liabilities of ₹ 297 million as of March 31, 2014.

Long-term provisions

As of March 31, 2015, long term provisions stood at ₹ 79 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, 2015 were ₹ 263 million as compared to ₹ 1,058 million as of March 31, 2014.

Trade payables

Trade payables as of March 31, 2015 were ₹ 1,679 million as compared to ₹ 1,338 million on March 31, 2014.

Other current liabilities

Other current liabilities as of March 31, 2015 were ₹ 1,803 million as compared to ₹ 1,932 million on March 31, 2014. This is due to a decrease in the current maturities of long term debt included in other current liabilities.

Short-term provisions

Short-term provisions as of March 31, 2015 represent provisions for gratuity & pension and compensated absences payable to employees based on an actuarial valuation of ₹ 83 million and ₹ 273 million, respectively (compared to ₹ 44 million and ₹ 271 million on March 31, 2014).

Goodwill on Consolidation

Goodwill as of March 31, 2015 was ₹ 2,537 million as compared to ₹ 6,303 million as of March 31, 2014. During the year, there was amalgamation of Canadian subsidiaries. The Group has accounted for this amalgamation and merger under pooling interests under AS - 14 - "Accounting for Amalgamations". This

led to reduction of goodwill on consolidation of ₹ 3,192 million and a corresponding decrease in reserves and surplus. Further there was a merger of subsidiaries of HGS Colibrium and the Group has accounted for the merger under the pooling of interest method under AS - 14. Pursuant to this, the excess of cost of investment over the Group's portion of equity of the merged entities on the date on which investment in the merged entities was made, aggregating to ₹ 944 million has been adjusted against reserves and surplus. Variation in exchange rates contributed to remaining change in goodwill during FY'15.

Fixed assets

The net block of tangible and intangible assets (excluding goodwill on consolidation) was ₹ 4,264 million and ₹ 914 million respectively, as of March 31, 2015 (₹ 3,764 million and ₹ 818 million respectively, as of March 31, 2014), representing an increase of ₹ 596 million of the total fixed assets. The Company incurred capital expenditure of ₹ 1,632 million during the year. Major capital expenditure during FY'15 was primarily related to the addition of new centers in Canada, Philippines and the US.

Investments

The investments of the Company represent non-current investments of ₹ 80 million as of March 31, 2015 (March 31, 2014: ₹ 68 million) and current investment of ₹ 7 million as of March 31, 2015 (₹ 1 million as of March 31, 2014).

Long-term loans and advances

The long-term loans and advances of the Company as of March 31, 2015 stood at ₹ 1,783 million compared to ₹ 1,365 million as at March 31, 2014. Significant items of loans and advances include payment towards security deposits, capital advances, loans to related parties for meeting disputed tax demands and net income tax paid.

Other non-current assets

The other non-current assets of the Company as of March 31, 2015 were ₹ 83 million. This includes deposits with banks for margin money and other long-term deposits with banks.

Current assets

Trade receivables: Trade receivables were ₹ 5,102 million (net of provision for doubtful debt of ₹ 7 million) as of March 31, 2015 as compared to ₹ 4,692 million (net of provision for doubtful debt of ₹ 34 million) as of March 31, 2014. 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 customer'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 and bank 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, 2015 was ₹ 3,543 million as compared to ₹ 4,550 million as of March 31, 2014.

Short-term loans and advances: Short-term loans and advances as of March 31, 2015 were ₹ 1,409 million as compared to ₹ 1,787 million as of March 31, 2014.

Other Current assets: The other current assets of the Company as of March 31, 2015 were ₹ 939 million as compared to ₹ 853 million as of March 31, 2014.

Liquidity

As of March 31, 2015, the Company had consolidated debt of ₹ 6,454 million comprising ₹ 5,673 million of long term debt (including financial leases), ₹ 518 million of current maturities of long term debt and finance leases and ₹ 263 million of short term borrowings. At the end of FY'15, the Company had cash and treasury surplus of ₹ 4,336 million, resulting in net debt of ₹ 2,122 million. As of March 31, 2015, HGS had a conservative leverage profile with Net Debt/EBITDA of 0.67x and Debt/Equity of 0.60x.

Operational Review

Overall performance of the HGS US operation was very encouraging during the year. The improvement in demand trend in the US was driven by strong traction from existing and new clients across sectors. The healthcare vertical continued to be the prime growth driver on account of better opportunities in the sector driven by the Affordable Care Act. During the year, the Company also added new clients in the verticals such as BFS, fitness, consumer durables and consumer products segments.

As part of HGS' ongoing assessment of client-wise profitability for all accounts, the Company completely exited from some large unprofitable accounts during the year. The Company expects to benefit in terms of improvement in margin from the next fiscal year. The Company anticipates addition of new clients along with incremental business from existing clients which will enable continued growth momentum for the US operation.

The performance of the Canadian operation remained flat compared to the same period last year. However, HGS experienced significant growth in volumes from existing clients but were unable to service clients during the last quarter of the year due to labour shortage and adverse weather conditions in Canada.

To address this challenge, HGS Canada is adding a new facility in Windsor, Ontario. As of 31st March 2015, around 250 FTEs were in training for servicing clients from this new facility. This facility has 400 seats with the ability to staff around 550 FTEs. The expansion at the Windsor site is expected to drive growth for the operation in FY'16.

During the year, HGS Canada received the **Gold Stevie Award for the "Best Call Center in Operational Excellence"**. The Operation also won numerous operational awards domestically for its Montague and Pembroke locations. Further, it also received PCI Certification across the entire Canadian enterprise in December 2014.

Looking ahead, the first quarter of FY'16 is expected to remain soft due to seasonality from the telecom clients. However, the performance is expected to improve significantly from the second half of the fiscal year.

FY'15 was a year of recovery for the UK and Europe operation. Performance of the geography steadily improved in the initial part of the year and continued to build on the momentum to achieve significant growth during the year. Capitalizing on its strength, the operation won contracts in the public sector vertical from the UK government. During the year, it also added clients in the telecom, consumer and FMCG verticals. For the FMCG client added during the year, HGS will engage domain experts including nutritionists and qualified midwives to support the client. During this year, HGS UK consolidated two of its London sites into one to service multi-lingual clients, primarily for the Government and the consumer goods sector. The Preston site is being expanded to cater to increased client demand from the telecom domain.

HGS UK was adjudged the '**Best Large Contact Center**' in the EMEA finals of the Contact Center World Awards 2015. The Company has retained this award from 2014. In the year 2013, the Company had won the same award in the medium size category. This is a reflection of HGS UK's growing capabilities in the UK market.

The revenue and profitability for the operation is expected to continue to grow in FY'16. HGS UK and Europe operation will focus on further strengthening its position in key verticals such as the government, consumer and telecom. The operation is also keen to selectively diversify into other verticals such as healthcare.

FY'15 was a year of significant expansion for the Philippines operation. The strong preference of clients for Alabang as a delivery center has led to opening of four more centers in the region during this year. In terms of volumes, the operation experienced significant growth opportunity in FY'15. The majority of the demand was from healthcare vertical but other verticals such as BFS and consumer electronics also performed in line with management expectations. During the year, HGS started handling an end-to-end clinical process queue for a major healthcare client. US registered nurses were hired to support clinical pre-authorization work for this engagement.

Although the volume for the operation experienced significant growth during the year, its profitability during the major part of the year was impacted due to associated ramp-up costs. However, the profitability improved in last quarter of the year due to stabilization of ramp-up activities. It is expected that the benefit of all the expansion will fructify during FY'16. The demand trend for the business to be delivered from Philippines remains strong and is expected to continue its strong growth momentum. Apart from the healthcare vertical, HGS Philippines is also experiencing significant opportunities in the telecom, media, consumer and BFS verticals.

The India International operations continued its stellar performance. It experienced strong growth in all clients in the healthcare vertical. The EBOS business also continued to perform well and add new clients. India Domestic operations performed in line with expectations. All non-telecom clients demonstrated strong performance and were profitable. However, there was some volume decline in the telecom vertical in the third quarter of the fiscal year, which improved marginally in the fourth quarter. HGS won a premium customer retention business from an existing telecom client which ramped up during the year. The operation also won a contract for providing customer support from Bangalore and Mumbai for a leading global FMCG & food company for its Indian customers.

During the year, HGS MENA was established to tap opportunities in the Middle East market. HGS MENA has established a marketing office in Dubai Internet City with the objective to build sales pipeline for the operation. Demand prospects in the region are very encouraging and the operation has started adding new clients.

Awards and Recognitions:

During the year under review, HGS received numerous awards and recognition by various outsourcing research & analysis firms. These accolades are a testament to the Company's leadership position in the BPM industry.

- HGS was recognized in the 2014 Gartner Magic Quadrant for Customer Management Contact Center BPO 2014
- NelsonHall's NEAT vendor evaluation for customer management services recognized HGS as a Leader in Customer Management Services in overall market segment for Telecommunications, Cable and Satellite
- HGS was ranked as a Leader in the NelsonHall Vendor Evaluation and Assessment Tool (NEAT) for Transformational CMS
- HGS showcased as "High Performers" in the HfS Blueprint 2014 Marketing Operations and Digital Customer Experience Management
- HGS showcased as "High Performers" in the HfS 2014 Telecom Operations Blueprint
- HGS ranked HIGH on all parameters related to buyer satisfaction by Everest Group in the 2014 Contact Center Outsourcing (CCO) – Service Provider Landscape with PEAK Matrix™ Assessment. HGS was also positioned as a "Major Contender" in Everest Group's 2014 PEAK Matrix assessment.
- HGS positioned as a "Major Contender" in Everest Group's Healthcare Contact Center Outsourcing PEAK Assessment 2014
- HGS positioned as a "Major Contender" in Everest Group's Contact Center Outsourcing for BFSI PEAK Assessment 2014
- HGS positioned as a "Major Contender" in Everest Group's Healthcare Payer BPO PEAK Assessment

- NelsonHall's NEAT evaluation for Healthcare sector (Payer & Provider) recognized HGS as Leaders in Global CMS Healthcare market both for Payer and Provider space
- HGS recognized as Leaders In NelsonHall's NEAT Evaluation For Worker's compensation Overall BPS
- HGS recognized as Leaders In NelsonHall's NEAT Evaluation For End To End Marketing BPS & Digital Marketing
- HGS recognized as "High Performer" in HfS Blueprint 2014 - Population Health & Care Management and rated as 3rd highest vendor on the execution scale

Delivery Infrastructure

At the end of FY'15, the Company has over 60 global delivery centers across 11 countries. During the year, 3 new centers were opened, in El Paso (the US), Alabang (Philippines), and Windsor (Canada).

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

Human Capital

Our people are a major contributor to our success as a high-growth leader in the global BPM industry – their talent, expertise and commitment drive growth for us on a sustained basis. As of March 31, 2015, HGS is a global entity with operations in 11 countries and 28,435 employees.

HGS understands the importance of attracting, retaining and rewarding the right people to deliver our business objectives. The key is to create a balanced work environment across our different geographies by continuously improving to make it more modern, enjoyable and professional. The Company has derived learnings from recognized best practices globally to come up with various initiatives to create and sustain high performing individuals and teams. These sustained investments include programmes to attract talent, develop relevant skill profiles and improve employee retention through training and development, networking, stretch assignments, etc. The Company also has launched several corporate wellness programs to promote an environment of mental, physical and social well-being of employees.

Tying organizational excellence with individual excellence at ground level, HGS has successfully designed and implemented learning & development programs for our employees that focus on building capabilities to enable the company in proactive solutioning and noiseless delivery for clients. In fact, two of our unique global learning and development initiatives – Quality Professional Excellence Program (QPEP) and Kaleidoscope 360° – were recognized in the '**Skills Development Program of the Year**' category at the National Awards for Excellence in Outsourcing & BPO 2014, organized by Asia Outsourcing Congress in Mumbai.

Compliance

Employment and Labour laws in countries where the Company operates and any changes in the said laws are tracked down and reviewed periodically for their compliance.

In line with the provisions of the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted a policy for prevention and redressal of complaints of sexual harassment at work place. The Company has zero tolerance for sexual harassment at work place.

During the FY'15, the Company has received 6 complaints of sexual harassment, all have been disposed off with an appropriate action and no complaint was pending as of March 31, 2015.

Acquisition

In March 2015, HGS Colibrium Inc., a US subsidiary of HGS acquired 89.9% stake in Colibrium Partners LLC and Colibrium Direct LLC (Colibrium). The remaining shares of Colibrium are held by its founders.

Colibrium is an innovation leader in delivering sales, service and wellness automation to health plans. It has developed a cloud-based platform which provides an easy-to-implement health insurance portal that integrates with enterprise CRM platforms such as Microsoft Dynamics, and facilitates end-to-end workflow automation capabilities.

This acquisition of a health insurer technology and services company in the US market complements and increases the already strong healthcare payer servicing capability of HGS. The cloud-based platform for online self-service combined with a pool of licensed health insurance agents were the key drivers for this acquisition. Colibrium brings in expertise in sales and marketing for health insurance exchanges, the employer group market and health insurance brokers. These capabilities address a known need in the rapidly growing market for turnkey health insurance purchasing and enrolment solutions. HGS and Colibrium's healthcare insurance clients are expected to benefit from the combined capabilities of the two businesses.

Towards the end of June 2015, HGS signed a definitive agreement with leading IT services provider Mphasis Group to acquire a significant portion of their domestic business, subject to regulatory approvals. Upon completion, the acquisition will strengthen HGS' presence in India by adding newer service capabilities and marquee clients in the telecom and banking & financial services (BFS) verticals while bringing in over 7,000 customer experience professionals. The addition of seven delivery centers across six cities – Noida, Raipur, Indore, Mangalore, Pune and Bangalore will help HGS gain a stronger delivery footprint in the country.

Customer Additions

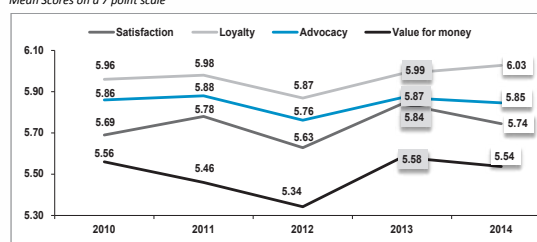
As of March 31, 2015, the Company had 171 clients (including clients received through the Colibrium acquisition and excluding payroll clients). Taking into account the 525 clients of payroll business, the total number of clients stood at 696 as compared to 654 clients as on March 31, 2014. HGS added 32 new clients in verticals such as telecom, healthcare and consumer electronics, and 10 clients for the Payroll business. As of March 31, 2015, the Company had 58 clients contributing revenues of more than ₹ 10 million per quarter.

Customer Satisfaction (CSAT) Survey

HGS is committed to its customer-centric approach. It monitors customer dialogue on an ongoing basis to get insights and improve their experiences. The longstanding relationship that HGS enjoys with its customers is a testament of this commitment.

In 2009, the Company initiated HGS' annual Customer Satisfaction (CSAT) survey with the intention to measure its performance against client needs and expectations. CSAT 2014 saw an increased response rate of 82.5% (an industry benchmark) and significant participation from almost 93% of the accounts targeted. The major verticals covered included healthcare insurance, telecom and consumer products & services. The survey sought clients' views on four key parameters that shape HGS' relationship with them: satisfaction, loyalty, advocacy and value for money. HGS has excelled in all four parameters, thus reiterating that its efforts to strengthen client relationships across the engagement lifecycle have been successful.

Mean Scores on a 7 point scale



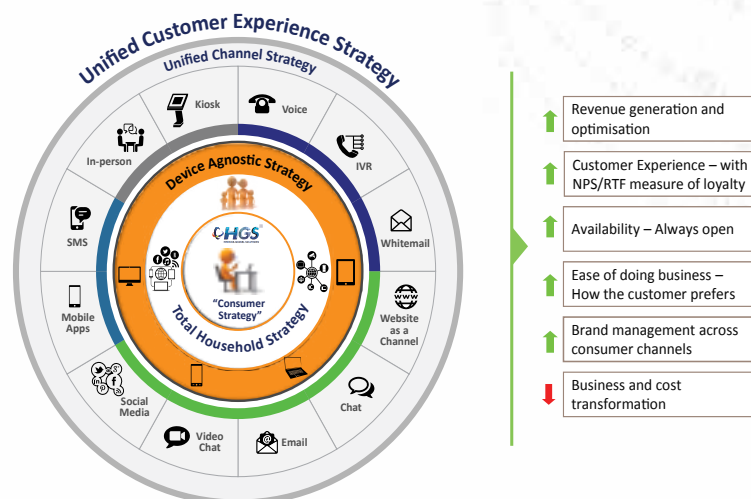
Global Growth Strategy and Marketing

To remain ahead of the competitive landscape, HGS continues to invest in its innovation, thought leadership and go-to-market capability. Led by the HGS Global Growth Strategy and Marketing (GGSM) team, the Company is striving to improve market positioning, awareness and consideration rates while expanding the scope of services offered to existing clients and acquire new clients. The primary focus is leveraging the Company's current capabilities and best practices to develop packaged service offerings that match market opportunities.

Over the year, HGS has developed and positioned services related to 'optimizing the consumer experience to help make HGS clients more competitive'. Some of the notable results of these investments include:

1. Development of Leading Transformational Solutions Capability - HGS Unified Customer Engagement solutions are a suite of solutions that support the customer journey:

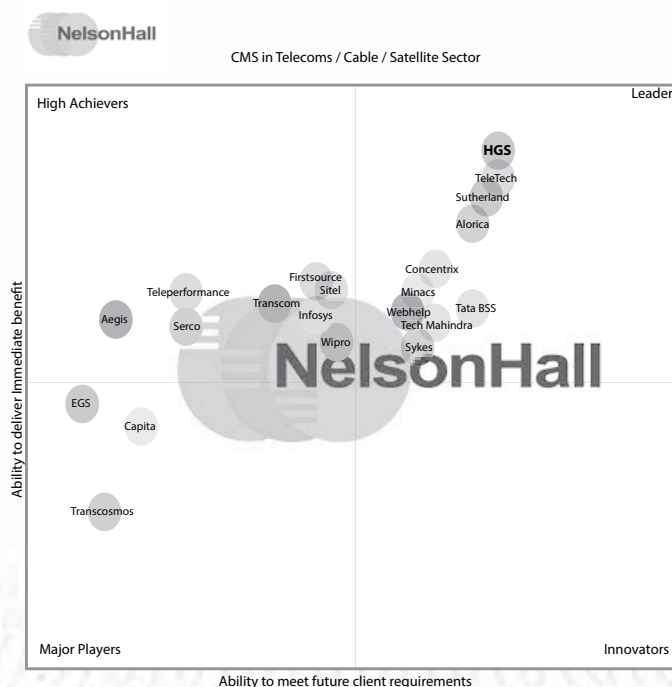
- Marketing and Digital Enablement Solutions
- Consumer Interaction Services
- Supporting Business Services



HGS customer experience services include voice and digital capabilities to provide purchase support, query resolution, complaint management and technical troubleshooting. Solutions focus on the consumer or member - our client's customer - and the "total household" that makes up an ecosystem of buyers and users in a family. HGS offers a series of services for providing customer service and support that are Device Agnostic in the way the total household engages with brands. Whether customers initiate contact through the web, tablets or mobile devices, the HGS Unified Customer Experience Strategy provides a seamless, hassle-free and consistent experience.

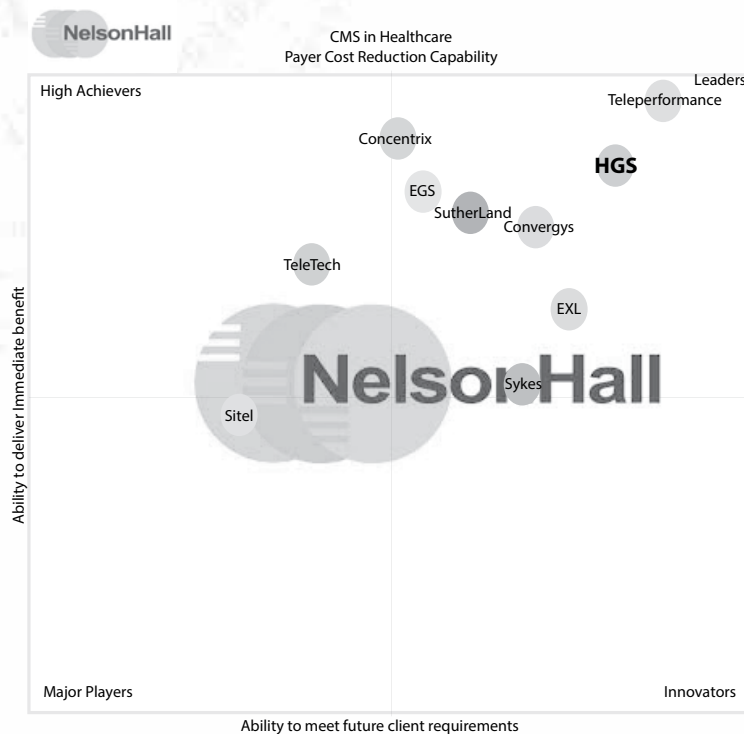
2. Significantly Increased Brand Recognition - HGS' brand recognition has improved with strong industry positioning from leading analysts, including top spots in:

- NelsonHall evaluation of contact management service providers in the Telecommunication, Cable and Satellite vertical market.



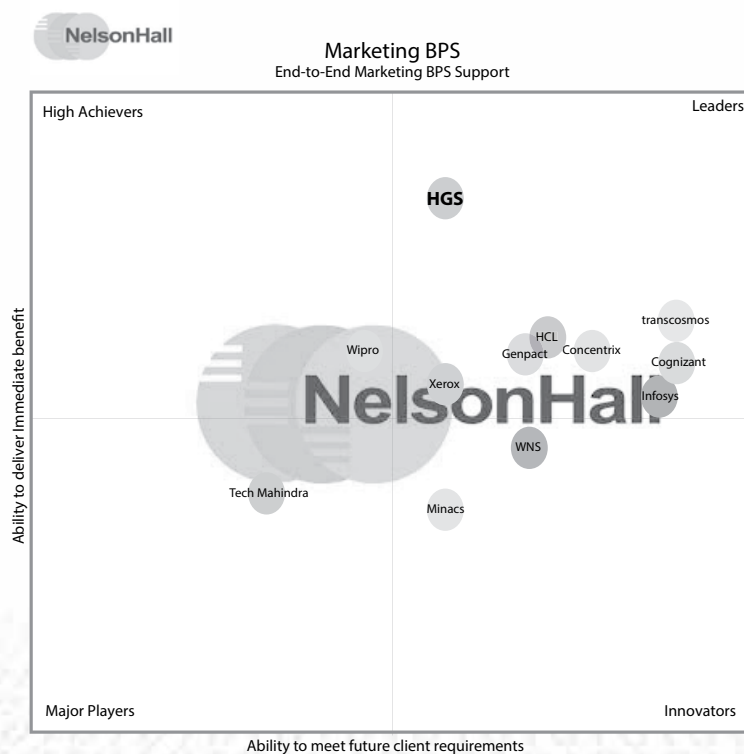
Nelson Hall, Targeting CMS in the Telecommunications/Cable/Satellite Industry Sector, By Vicki Jenkins, Published December 2014

- HGS recognized as a Leader in NelsonHall's NEAT Evaluation For Global CMS Healthcare Payer



Nelson Hall, Targeting CMS in the Healthcare Payer Segment, By Vicki Jenkins, Published July 2015

- HGS recognized as a Leader in NelsonHall's NEAT Evaluation for Marketing BPS



Nelson Hall, NEAT Evaluation For HGS - Marketing BPS, July 2015

Other significant recognitions received include:

- Top 20 Global Provider & highest placed in the Niche quadrant - Gartner Customer Management CC BPO Magic Quadrant
- Transformational CMS Leader - in the Leaders box - Nelson Hall NEAT
- Leader and contender in Marketing Blueprint and Telecom Operations Blueprint - HfS Research

3. **Established a New and Modern Digital Presence for HGS** - HGS launched a new social media centric website with the ability to publish new content and share thought leadership articles that support the development of a targeted pipeline. The website showcases the Company's service set rooted in digital enablement by spotlighting the HGS suite of services, industry stories, videos and recognitions. The HGS Digital Presence transformation extends beyond the Website to Linked-In, Facebook, Twitter and other Social Media channels.

The Company has invested in other external marketing initiatives, which are showing dividends including:

- Improved pipeline management, lead generation and campaign activities via enhanced sales pipeline automation
- Enhanced business intelligence capability - competitive, marketplace and global growth account research for proposals and responses across geographies
- Participation in many keynote thought leadership presentations, industry panels and forums.

SWOT Analysis

Strengths

Global yet Local (Glocal): HGS has a global presence with over 60 delivery centers across 11 countries. This enables us to follow the policy of 'Right Shoring' which means getting the perfect onshore-offshore mix for round-the-clock productivity, shorter lead-times, faster response times and cost benefits to client.

Domain Presence and Expertise: HGS has end-to-end expertise in executing engagements in key verticals such as healthcare, telecom, BFS and consumer sector for over two decades. This strong history has enabled the Company to build expertise and develop a comprehensive range of industry-specific solutions. The Company already has a strong footprint in both the payer and provider side of healthcare vertical. Further, with the acquisition of Colibrium during the year, it has also gained expertise on the sales and enrolment functions in healthcare insurance.

Preferred Vendor: HGS is a leader in optimizing customer experience and enables clients to become more competitive. Further, the suite of services offered by HGS coupled with its global presence provides its clients with

more options. These factors enable the Company to enjoy preferred partners status with its clients.

Superior Service Quality: HGS has achieved the Capability Level 5 certification of eSourcing Capability Model for Service Providers (eSCM-SP) for all its sites in India, Philippines and the US. The Company is the first service provider to be eSCM-SP certified in the Philippines, and the first in the US to have acquired eSCM-SP Capability Level 5 certification. Capability Level 5 is the highest level which a service provider can reach under this evaluation. This certification is a testament to the Company's best-in-class operations. HGS also has a robust Business Excellence Framework, which has been acknowledged through consistent customer satisfaction.

Long Client Tenures: HGS enjoys a very strong relationship with its clients. During the year, HGS celebrated 15 years of its association with our first healthcare client. These relationships vouch for the service satisfaction for the clients. Currently HGS derives approximately 94% of its total revenues from clients who have been associated with it for more than five years.

Strong Management Team: HGS has a highly regarded and experienced management set-up with significant experience in the BPM industry. The top management is supported by geographic as well as vertical heads, who have significant experience and understanding of their arena. The team successfully manages various business processes with a proactive approach.

Transformation Enabler: Today's market is evolving constantly with business trends like rising consumerism, analytics and digitization making their presence felt, and clients are looking for an enabler to help them deal with these. HGS is focused on developing and enhancing various capabilities, which can help clients meet their business objectives of reducing cost to serve or improving their customer experience significantly. Our solutions leverage data analytics, process automation, Self-help portals and digital transformation to deliver significant impact to our clients. HGS has also embarked on a corporate-wide initiative to make its internal operations more efficient by leveraging tools and emerging technologies. This initiative is expected to add to the benefits that HGS provides to clients.

Customer-Centric Approach: The Company follows a customer-centric approach, which enables it to ensure better client retention and mining as well as new client addition. HGS is flexible and responsive to a client's dynamic needs and designs solutions to create long term value. Further, the Company's understanding of the competitive environment and regulatory frameworks ensures that the clients business grows not just rapidly but securely.

Customer Experience Management: HGS is an expert in multi-channel customer support services, capable of designing and implementing versatile customer care programs. The Company's customer experience services bring together synergies across multiple service delivery

channels such as voice, web, email, paper, SMS, Social Media, video IVR and self – service, right from enabling to delivering. The Company's long history of directly managing consumer interactions and transactions, combined with its digital transformation expertise provides a seamless, hassle-free and consistent experience.

Weakness

Client Concentration: A significant portion of the revenue is derived from a very limited number of clients. Top 20 clients account for approximately 77% of the total revenue and the top client contributes about 15% of the total revenue. However, HGS has longstanding relationships with several clients on account of its high-quality service delivery. Currently, HGS derives approximately 94% of its total revenues from clients who have been associated with the Company for more than five years and over 70% of the revenue is contributed by client associations of more than 10 years.

Voice vs. Non-voice Services: Voice-based services currently account for approximately 75% of the Company's total revenue. There is a general belief among analysts that voice based services have lower profitability than non-voice services. We have seen voice delivery services offering strong growth opportunities with attractive margins. HGS is diversifying its overall services portfolio by increasingly developing multi-channel solutions that touch the entire spectrum of customer experience.

Attrition: The BPM industry faces the challenge of high attrition. Though the current attrition level at HGS is in line with the industry standards, the Company is actively focused on gradually reducing it. Over the years, the Company has remained committed to attracting, retaining and developing talent pool. In May 2015, HGS was awarded the UK Employer of the Year by SMART Training and Recruitment, one of UK's leading training providers for Apprenticeship and Workplace Learning programs.

Opportunities

Changing Industry Trend: Traditionally, BPM services have been used as a means to reduce operating costs and overheads and improve profitability. Gradually corporates have started to realize their potential for improving effectiveness and driving revenue. This new trend represents strong future growth potential for the BPM industry.

The US Healthcare Reform: The US Healthcare reform is anticipated to be one of the major driving factors for the BPM industry in coming years. The reform focuses on modernizing legacy systems, achieving operational excellence and creating a seamless consumer experience. Going forward, BPM can play a significant role in standardising healthcare services by reducing wastage, cost savings, streamlined processes, increased compliance and better patient care.

Emerging Geographies: HGS has been very proactive in identifying new geographies and taking the first mover advantage. Last year, the Company had set up a subsidiary in the MENA region for tapping the business

potential in the Middle East. In FY 2015, the Company strengthened up its presence with a sales office in Dubai to capitalize on the opportunities in the region through customer experience management and BPM services.

Industry Consolidation: Currently the BPM industry is largely fragmented with very few large players. The emerging technologies and increasing preference for complex services might result in the consolidation of providers with limited capabilities. HGS is actively evaluating opportunities to strengthen its offering. Further, a strong balance sheet and treasury surplus enables HGS to capitalize on any such opportunities arising in future.

Threats

IT Companies with integrated BPM Capability: Over the past few years, a trend has evolved where IT companies are providing BPM services as a bundled package to its customers. This could be a potential threat to pure-play BPM companies in future. However, with BPM being a non-core operation for IT companies, their strategy to scale the BPM operations is unclear. HGS is partnering with technology providers for solutions on client needs.

Talent Acquisition: The shifting trend towards increasing demand for more complex suite of products will require employees with specific skill sets. The Company may find it difficult to retain such personnel in the medium term. However, HGS' initiative for specialized training and alliances with universities partially mitigates this risk.

Regulatory Changes: Any new regulatory enactment restricting the offshoring of services by any country in which HGS operates can have an adverse impact on the performance of the Company.

Emerging Economies: Companies based in emerging economies can provide a low-cost competitive alternative to more established BPM providers, given their access to cheaper labour and favourable government policies. However, HGS has always been in the forefront of establishing a presence in such geographies based on client need.

Business Outlook

The rapidly changing customer preferences and evolving technologies make it necessary for companies to adapt to these changes. BPM helps such organizations with a concrete strategy to utilize their strengths and overcome their challenges. The consumer sentiment will improve as the global economy recovers. Adapting to these changes will require increased investment in new technologies such as smart computing products, products and platforms; cloud computing, mobility and analytics. Implementation of these technologies will enable vendors to gain efficiency, agility, access to consumers and innovation, which will provide significant opportunities to deliver competitive value to clients.

The Indian IT-BPM industry is expected to continue to partner with its clients and enable business success in the digital era. The industry is expected to reach revenues of \$300 billion by 2020. Global BPM software market is expected to grow with a CAGR of 15.2% to reach \$7 billion by 2018. Demand for BPM software is on the rise as enterprises are increasingly looking to implement strategic process automation to overcome organizational hurdles. Background automation enables organizational operations to streamline activities, provide operational flexibility through better integration between internal systems. (Source: NASSCOM)

Of the total global IT-BPM spending, manufacturing and BFSI account for over 15% of the total market share. The recent trend indicates that healthcare, energy and retail are rapidly emerging as the fastest growing verticals and would be key drivers for growth in near future. (Source: NASSCOM)

Risk Management Overview

HGS has designed and established a robust Enterprise Risk Management (ERM) framework comprising of 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 minimize adverse impact of risks. Our ERM objectives include risk management of 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 and landscape. The Risk Management 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 of risks at near-term, medium-term and long-term across various levels of the organization viz., enterprise level, business unit level, account level:

1. **Strategy Risks:** Risks emanating out of choices that HGS makes on markets, business portfolio, resource allocation, life cycle planning, delivery model, clients and suppliers, Mergers & Acquisitions and Joint Ventures which can potentially impact its long term competitive advantage;
2. **Counterparty Risks:** Risks arising out of HGS's association with entities like clients, vendors and business partners for conducting business, which may potentially incur a risk of default on obligations;
3. **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, which

can lead to potential loss resulting from inadequate or failed processes, people and systems or from external events;

4. **Financial Risk:** Risks arising from foreign exchange volatility, interest rates, credit conditions, treasury, taxes as per statutory laws in each country of operation and client concentration which can potentially impact the company through uncertainty of returns and potential financial loss; and
5. **Regulatory & Compliance Risks:** Risks due to inadequate compliance to regulations, contractual obligations and violations leading to potential litigation and loss of reputation.

HGS Risk Management Practices

The risk management practices include 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, 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 functional unit objectives are discussed with the respective functional unit 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 Management Committee, through the Risk Management Team. The Risk Management Committee ultimately reports to the Board of Directors on the effectiveness of risk management across the enterprise.

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 Global Advisory

council & Risk Management Committee. Identified risks which are deemed to be significant, along with the mitigation action are reported to the Board of Directors / Board constituted Committees' on a quarterly basis. The Board of Directors / Board constituted Committees' review 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 and policies of the Company are followed while there is reliability of financial reporting.

Internal audits are conducted regularly to cover functions such as operations, finance, legal, human resource, technology, administration etc. The findings of the internal audit studies are placed before the audit committee every quarter. The management regularly reports to the audit committee the remedial action taken or proposed to be taken arising out of the internal audit studies as well as suggestions of the audit committee and board members.

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, due to uncertainties related to the business model. 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.

The risk related information provided is not exhaustive and is for information purposes only. Readers are advised to refer to related disclosures in the Company's regulatory filings and exercise individual judgement in assessing risks associated with the Company.

Extract of Annual Return

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2015

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L92199MH1995PLC084610
i)	Registration Date	January 13, 1995
ii)	Name of the Company	Hinduja Global Solutions Limited
iii)	Category/ Sub-Category of the Company	Domestic Company
iv)	Address of the Registered Office and Contact details	Hinduja House, 171, Dr. Annie Besant Road, Worli. Mumbai - 400 018. Tel: 022-2496 0707 Fax: 022-2497 4208
v)	Whether listed company	Yes
vi)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Private Limited 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri- Kurla Road, Sakinaka, Andheri (East) Mumbai - 400 072. Tel: 022-6772 0300

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the Company
1.	IT/ ITes - BPO	63999	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/ GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	HGS International, Mauritius	-	Foreign Subsidiary	100	Section 2(87)(i)
2.	HGS International Services Private Limited	U32304MH2007PTC167602	Subsidiary	100	Section 2(87)(i)
3.	Hinduja Global Solutions Inc., USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
4.	HGS Properties LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
5.	HGS Canada Holdings LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
6.	HGS Canada Inc, Canada	-	Foreign Subsidiary	100	Section 2(87)(ii)
7.	HGS EBOS LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
8.	HGS (USA), LLC	-	Foreign Subsidiary	100	Section 2(87)(ii)
9.	RMT LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
10.	Affina Company, Canada	-	Foreign Subsidiary	100	Section 2(87)(ii)
11.	HGS MENA FZ- LLC	-	Foreign Subsidiary	100	Section 2(87)(ii)

12.	Hinduja Global Solutions Europe Limited, UK	-	Foreign Subsidiary	100	Section 2(87)(ii)
13.	Hinduja Global Solutions UK Limited, UK	-	Foreign Subsidiary	100	Section 2(87)(ii)
14.	HGS Italy, S.R.L	-	Foreign Subsidiary	100	Section 2(87)(ii)
15.	HGS France S.A.R.L	-	Foreign Subsidiary	100	Section 2(87)(ii)
16.	C-Cubed N.V., Curacao	-	Foreign Subsidiary	100	Section 2(87)(ii)
17.	C-Cubed B.V., Netherlands	-	Foreign Subsidiary	100	Section 2(87)(ii)
18.	Customer Contact Centre Inc, Manila	-	Foreign Subsidiary	100	Section 2(87)(ii)
19.	HGS St. Lucia Limited, Saint Lucia	-	Foreign Subsidiary	100	Section 2(87)(ii)
20.	Team HGS Limited, Jamaica	-	Foreign Subsidiary	100	Section 2(87)(ii)
21.	HGS Colibrium Inc., USA	-	Foreign Subsidiary	89.98	Section 2(87)(ii)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

i) Category-wise Shareholding

Category of Shareholders		No. of Shares held at the beginning of the year (as on 01.04.2014)				No. of Shares held at the end of the year (as on 31.03.2015)				% Change during the year*
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoters									
	(1) Indian									
	a) Individual/ HUF	1617185	0	1617185	7.84	1617185	0	1617185	7.81	(0.03)
	b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
	c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
	d) Bodies Corp.	5748541	0	5748541	27.88	5748541	0	5748541	27.74	(0.14)
	e) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
	f) Any Other	3902299	0	3902299	18.93	3902299	0	3902299	18.83	(0.10)
	Sub-total (A) (1)	11268025	0	11268025	54.66	11268025	0	11268025	54.38	(0.28)
	(2) Foreign									
	a) NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
	b) Other- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
	c) Bodies Corp.	2761427	0	2761427	13.39	2761427	0	2761427	13.33	(0.06)
	d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
	e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A) (2)	2761427	0	2761427	13.39	2761427	0	2761427	13.33	(0.06)
	Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	14029452	0	14029452	68.05	14029452	0	14029452	67.71	(0.34)

B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0.00	1039613	0	1039613	5.02	5.02
b) Banks/ FI	2537	50	2587	0.01	4730	50	4780	0.02	0.01
c) Central Govt.	0	0	0	0.00	5	0	5	0.00	0.00
d) State Govt. (s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	3213758	0	3213758	15.59	2050997	0	2050997	9.90	(5.69)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)									
- Foreign Portfolio- Corp	0	0	0	0.00	416545	0	416545	2.01	2.01
- Foreign National	5355	0	5355	0.03	5855	0	5855	0.03	0.00
- Foreign Companies	0	15000	15000	0.07	0	15000	15000	0.07	0.00
Sub-total (B) (1)	3221650	15050	3236700	15.70	3517745	15050	3532795	17.05	1.35
2. Non-Institutions									
a) Bodies Corp.									
- Indian	997497	3725	1001222	4.86	1061987	3725	1065712	5.14	0.28
- Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
- Individual shareholders holding nominal share capital upto ₹ 1 lakh	1259563	37128	1296691	6.29	1456614	35078	1491692	7.20	0.91
- Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	979240	0	979240	4.75	521127	0	521127	2.52	(2.23)
c) Others (specify)									
- NRI (Non-Rep)	26500	0	26500	0.13	38576	0	38576	0.19	0.06
- NRI (Rep)	43954	0	43954	0.21	37551	0	37551	0.18	(0.03)
- Trusts	2668	0	2668	0.01	2668	0	2668	0.01	0.00
Sub-Total (B)(2):-	3309422	40853	3350275	16.25	3118523	38803	3157326	15.24	(1.01)
Total Public Shareholding (B)= (B)(1)+ (B)(2)	6531072	55903	6586975	31.95	6636268	53853	6690121	32.29	0.34

	C. Shares held by Custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C)	20560524	55903	20616427	100	20665720	53853	20719573	100	-

Note: * Change in percentage in shareholding is due to increase in share capital of the Company due to allotment of shares under ESOP Schemes of the Company.

ii) *Shareholding of Promoters*

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (as on 01.04.2014)			Shareholding at the end of the year (as on 31.03.2015)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1.	Ashok P. Hinduja	31600	0.15	0.00	31600	0.15	0.00	0.00
2.	Harsha Ashok Hinduja	16695	0.08	0.00	16695	0.08	0.00	0.00
3.	Harsha Ashok Hinduja/ Jt. Ashok Parmanand Hinduja	12498	0.06	0.00	557498	2.69	0.00	2.63
4.	Ashok P. Hinduja/ Jt. Harsha Ashok Hinduja	45313	0.22	0.00	45313	0.22	0.00	0.00
5.	Vinoo Srichand Hinduja	61065	0.30	0.00	61065	0.29	0.00	(0.01)
6.	Satya Ashok Hinduja	545000	2.64	0.00	Nil	Nil	Nil	(2.64)
7.	Ambika Ashok Hinduja	177242	0.86	0.00	177242	0.86	0.00	0.00
8.	Shom Ashok Hinduja	140007	0.68	0.00	140007	0.68	0.00	0.00
9.	Shanoo Mukhi	955	0.00	0.00	955	0.00	0.00	0.00
10.	Ashok P. Hinduja Karta of A.P. Hinduja (HUF)	54327	0.26	0.00	54327	0.26	0.00	0.00
11.	Ashok P. Hinduja Karta of S P Hinduja (HUF bigger)	532483	2.58	0.00	532483	2.57	0.00	(0.01)
12.	Hinduja Group Limited	5748541	27.88	0.00	5748541	27.74	0.00	(0.14)
13.	Hinduja Group Limited (formerly Asia Management & Consultancy Pvt. Ltd.) jtly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partner of Asia Exports)	2624490	12.73%	0.00	2624490	12.67	0.00	(0.06)

14.	Hinduja Group Limited (formerly Asia Management & Consultancy Pvt. Ltd.) jtly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partners of Asia Corporation)	477809	2.32%	0.00	477809	2.31	0.00	(0.01)
15.	Hinduja Group Limited (formerly Asia Management & Consultancy Pvt. Ltd.) jtly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partners of Hinduja Estate Developers)	800000	3.88%	0.00	800000	3.86	0.00	(0.02)
16.	Amas Mauritius Limited	2761427	13.39%	0.00	2761427	13.33	0.00	(0.06)
	Total	14029452	68.05%	0.00	14029452	67.71	0.00	(0.34)

Note: There was *inter-se* transfer of shares within the promoter group.

iii) *Change in Promoters' Shareholding (please specify, if there is no change)*

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	14029452	68.05	14029452	68.05
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	Nil	0.00	Nil	0.00
At the End of the year	14029452	*67.71	14029452	67.71

Note: *Change in percentage in shareholding is due to increase in share capital of the Company due to allotment of shares under ESOP Schemes of the Company.

iv) Shareholding Pattern of top 10 Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

For Each of the Top 10 Shareholders	Name of Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year (01.04.2014)	Credit Suisse (Singapore) Limited	1894810	9.19	1894810	9.19
	Bridge India Fund	474147	2.30	474147	2.30
	Goldman Sachs Investments (Mauritius) I Limited	398892	1.93	398892	1.93
	Merrill Lynch Capital Markets Espana S.A.S.V.	296930	1.44	296930	1.44
	JM Financial Institutional Securities Limited	252775	1.23	252775	1.23
	Jhunjhunwala Rekha Rakesh	225000	1.09	225000	1.09
	Manish Lakhi	160440	0.78	160440	0.78
	SKS Capital And Research Private Limited	140000	0.68	140000	0.68
	IDBI Federal Life Insurance Company Limited	121060	0.61	121060	0.61
	Vimal Sangarmal Jain	112700	0.53	112700	0.53
		4076754	19.78	4076754	19.78
At the end of the year (or on the date of separation, if separated during the year)	Birla Sun life Trustee Company Private Limited	578000	2.79	578000	2.79
	Bridge India Fund	474147	2.29	474147	2.29
	Credit Suisse (Singapore) Limited	416545	2.01	416545	2.01
	Grandeur Peak International Opportunities Fund	340600	1.64	340600	1.64
	Reliance Capital Trustee Company Limited - A/c Reliance Small Cap Fund	336487	1.62	336487	1.62
	Grandeur Peak Global Opportunities Fund	297900	1.44	297900	1.44
	JM Financial Institutional Securities Limited	238708	1.15	238708	1.15
	Merrill Lynch Capital Markets Espana S.A. S.V.	221087	1.07	221087	1.07
	Grandeur Peak Emerging Markets Opportunities Fund	187500	0.90	187500	0.90
	Afrin Dia	194500	0.94	194500	0.94
	IDBI Federal Life Insurance Company Limited	154078	0.74	154078	0.74
	Jhunjhunwala Rekha Rakesh	96474	0.47	96474	0.47
		3536026	17.07	3536026	17.07

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Directors and KMP	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
A.	DIRECTORS					
	1. Ramkrishan P. Hinduja					
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	Nil	0.00	Nil	0.00
	2. Shanu S.P. Hinduja					
	At the beginning of the year	-	955	0.00	955	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	955	0.00
	3.Vinoo S. Hinduja					
	At the beginning of the year	-	61065	0.30	61065	0.30
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	61065	0.29 (change in % of shareholding due to increase in share capital of the Company)

4. Anil Harish (resigned w.e.f. May 19, 2015)					
At the beginning of the year	-	Nil	0.00	Nil	0.00
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00
5. Rajendra P. Chitale					
At the beginning of the year	-	Nil	0.00	Nil	0.00
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00
6. Rangan Mohan					
At the beginning of the year	-	Nil	0.00	Nil	0.00
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00
B. KEY MANAGERIAL PERSONNEL					
1. Partha DeSarkar					
At the beginning of the year	-	12800	0.06	12800	0.06
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	03.02.2015	2000	0.01	14800	0.07
At the End of the year	-	-	-	14800	0.07

2. Srinivas Palakodeti					
At the beginning of the year	-	3000	0.01	3000	0.01
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	21.05.2014	1000	0.00	4000	0.02
	27.09.2014	1000	0.00	5000	0.02
	12.11.2014	1000	0.00	6000	0.03
	03.02.2015	1000	0.00	7000	0.03
At the End of the year	-	-	-	7000	0.03
3. Makarand D. Dewal					
At the beginning of the year	-	Nil	0.00	Nil	0.00
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,46,61,56,000	-	-	1,46,61,56,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	9,10,580	-	-	9,10,580
Total (i+ii+iii)	1,46,70,66,580	-	-	1,46,70,66,580
Change in Indebtedness during the financial year				
• Addition	43,25,548	-	-	43,25,548
• Reduction	(1,00,65,52,438)	-	-	(1,00,65,52,438)
Net Change	(1,00,22,26,890)	-	-	(1,00,22,26,890)
Indebtedness at the end of the financial year				
i) Principal Amount	45,99,20,000	-	-	45,99,20,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	49,19,690	-	-	49,19,690
Total (i+ii+iii)	46,48,39,690	-	-	46,48,39,690

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Manager

Sl. No.	Particulars of Remuneration	Name of Manager (designated as CEO): Partha DeSarkar
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹ 2,76,55,230
	(b) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 16,26,403
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil
2.	Stock Option	Granted 1,550 options and 4,450 options at a grant price of ₹ 527.25 under the ESOP 2008 and ESOP 2011 Schemes respectively.
3.	Sweat Equity	Nil
4.	Commission - As % of profit - Others, specify	Nil
5.	Other, please specify (Employers contribution towards Provident Fund)	₹ 9,81,706
	Total (A)	₹ 3,02,63,339
	Ceiling as per the Act	The remuneration payable to any one Managing Director or Whole-Time-Director or Manager shall not exceed five per cent of the net profits of the company.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Anil Harish*	Rajendra Chitale	Rangan Mohan	
1.	Independent Directors:				
	• Fee for attending Board/ Committee meetings	₹ 7,10,000	₹ 6,10,000	₹ 5,60,000	₹ 18,80,000
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (1)	₹ 7,10,000	₹ 6,10,000	₹ 5,60,000	₹ 18,80,000
		Ramkrishan P. Hinduja	Shanu S.P. Hinduja	Vinoo S. Hinduja	
2.	Other Non-Executive Directors				
	• Fee for attending Board/ Committee meetings	₹ 8,10,000	₹ 1,30,000	₹ 1,50,000	₹ 10,90,000
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (2)	₹ 8,10,000	₹ 1,30,000	₹ 1,50,000	₹ 10,90,000
	Total (B)= (1+2)				₹ 29,70,000
Total Managerial Remuneration (A+B)					₹ 3,32,33,339
Overall Ceiling as per the Act		Sitting fees to each Director should not exceed ₹1 lakh per meeting of the Board/ Committee attended by him/ her.			

* Resigned w.e.f. May 19, 2015

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/ WTD

Sl. No.	Particulars of Remuneration	Company Secretary Makarand D. Dewal	CFO Srinivas Palakodeti	Total
	Gross Salary			
1.	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹ 36,10,077	₹ 1,62,12,567	₹ 1,98,22,644
	(b) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 1,49,500	₹ 1,80,000	₹ 3,29,500
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961			
2.	Stock Option	Granted 3,000 options at a grant price of ₹ 649.25 under ESOP 2011 Scheme.	Granted 1,000 options and 1,750 options at a grant price of ₹ 527.25 under ESOP 2008 and ESOP 2011 Schemes.	-
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- As % of profit			
	- Others, specify			
5.	Other, please specify (Employers contribution towards Provident Fund)	Nil	₹ 5,30,960	₹ 5,30,960
	Total	₹ 37,59,577	₹ 1,69,23,527	₹ 2,06,83,104

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties, punishments, compounding of offences for the Financial Year ended March 31, 2015.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 12, 2015

Ramkrishan P. Hinduja
Chairman

Annexure 'G' to the Directors' Report

Annual Report on CSR activities

Hinduja Global Solutions (HGS) is guided by the pioneering vision of Late Shri Parmanand Deepchand Hinduja, Founder of Hinduja Group, "My dharma (duty) is to work so that I can give". From the commencement of the Company's business, HGS has been very clear that the question is not "if" it should take up social responsibility but "how" it can take the responsibility in the best possible way. As responsible corporate citizens, HGS considers sustainability as a key component of its corporate strategy. HGS has spent years to develop social capital in the communities where it is located. In the past year, HGS has taken its community engagement to the next level by investing more and targeting its engagements to reach out to those who need more.

CSR Committee:

HGS has constituted a CSR committee that provides direction to the execution of the CSR policy and also ensure that the CSR objectives of the Company are met.

Composition of the CSR committee:

- Mr. Rajendra P. Chitale, Chairperson
- Mr. Rangan Mohan
- Mr. Ramkrishan P. Hinduja
- Ms. Vinoo S. Hinduja

Objectives of CSR Policy:

- Identification of constituencies of economically and socially disadvantaged sections of the community and causes to work with, for undertaking CSR activities in order to attain sustainable development and all round social improvement
- Encourage employees to participate in the Company's CSR initiatives and to promote a unified and strategic approach towards CSR activities in an organized manner
- Funding or carrying out charitable and socially responsible activity

For more information, please refer to our CSR policy on our website: <http://www.teamhgs.com/investors/corporate-policies>

HGS' corporate social responsibility initiatives focus on education, healthcare and sustainable development of the disadvantaged.

Education:

Education being one of the most priority areas, HGS promotes social responsibility by working with a number of education charity organisations to provide funding for school supplies and facilities in local communities. HGS also contributes to the building of schools, providing infrastructure so that children, more particularly in remote areas, have access to education and gain the skills they need to thrive. Always at the forefront to ensure that meritorious students are able to gather good education; HGS encourages students from rural India to pursue higher education and funds scholarships. Through NGO partnerships, HGS is working closely with government

schools and helping the teaching staff in improving the quality of education.

Healthcare:

HGS is committed to improving the health and wellbeing of the local communities. Through initiatives that include access to health care and prevention, HGS is making a difference in the communities it conducts its business in the country.

Sustainable Development:

Sports Development and Youth Livelihood Programmes

HGS' primary objective of the CSR policy is to reach out to disadvantaged sections of the community and to help them attain sustainable development and all round social improvement. HGS is working with NGOs to deliver end-to-end programmes centered on children and youth needs and experiences. The programmes aims to improve the health and educational status in the area for children (especially girls) and livelihoods for the youth. The programmes brings awareness; imparts information and knowledge amongst the children and the community on preventive health as well as improvement in school enrolment of all children, retention along with pursuing systemic reforms in both the domains. This initiative is being carried out with the active participation of the children and youth, their parents, larger community, and the teachers/ health workers. Using the "childhood to livelihood" approach, HGS will touch communities that will enable the youth to be employed or pursue further education with the intent to get employed.

Financial Details:

Section 135 of the Companies Act, 2013 and Rules made thereunder prescribe that every company having a net worth of ₹ 500 crore or more, or a turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits made under the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to CSR as prescribed under the Companies Act, 2013 are applicable to Hinduja Global Solutions Limited.

The financial details as sought by the Companies Act, 2013 are as follows:

	(₹ in lakhs)
Average net profit of the company for last three financial years	8,764.83
Prescribed CSR Expenditure (as two percent of the average net profit computed above)	175.30
Details of CSR spent during the financial year.	172.90
Total amount to be spent during the financial year	175.30
Amount unspent	2.40*

*HGS could not spend this amount due to certain unavoidable operational delays

Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent: Direct or through implementing agency*
1	Magic Bus India Foundation	Promoting education, employment enhancing vocation skills and livelihood enhancement projects	Mysore, Guntur and Siliguri	90.00	90.00	90.00	Through Magic Bus India Foundation
2	Ashok Leyland Educational Trust	Promoting education	Hosur	5.50	5.50	5.50	Through Ashok Leyland Educational Trust
3	Hinduja Foundation	Promoting education	Karnataka, Andhra Pradesh, Telangana and Kerala	14.00	14.00	14.00	Through Hinduja Foundation
4	National Health and Education Society	Preventive health care and sanitation	Mumbai	60.00	60.00	60.00	Through National Health and Education Society
5	Samarthanam Trust for Disabled	Promoting education and Livelihood enhancement of differently abled people	Bangalore	1.50	1.50	1.50	Through Samarthanam Trust for Disabled
6	Gurukul Centre for Special Children	Promoting education and Livelihood enhancement of differently abled people	Bangalore	0.25	0.25	0.25	Through Gurukul Centre for Special Children
7	Bangalore Cares Trust	Promoting education of children	Bangalore	1.50	1.50	1.50	Through Bangalore Cares Trust
8	Magic Bus India Foundation	Promoting education of children	Bangalore	1.50	1.50	1.50	Through Magic Bus India Foundation
Total				172.90	172.90	172.90	

Our CSR Responsibility:

We hereby affirm that the CSR policy, as recommended by the CSR Committee and approved by the Board, has been implemented and the CSR Forum monitors the implementation of the CSR initiatives/ programs in compliance with our CSR objectives.

Mumbai
August 12, 2015

Mr. Rajendra P. Chitale
Chairperson, CSR Committee

Mr. Partha DeSarkar
Chief Executive Officer

Annexure 'H' to the Directors' Report

Particulars of Contracts/ Arrangements with Related Parties

[Pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014- Form AOC-2]

This Form is for disclosure of particulars of contracts/ arrangements entered into by Hinduja Global Solutions Limited ("HGS" or "the Company") with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013.

1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2015, which were not at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis

- | | | |
|---|---|--|
| a. Name(s) of the related party and nature of relationship | : | Hinduja Global Solutions Inc., wholly owned step-down subsidiary of HGS. |
| b. Nature of contracts/ arrangements/ transactions | : | Sub-contract agreement |
| c. Duration of the contracts/ arrangements/ transactions | : | Perpetual |
| d. Salient terms of the contracts or agreements or transactions including the value, if any | : | Providing of IT/ITeS services to HGS Inc. and diligently perform the contract in a timely manner and provide services in accordance with the SOWs. |
| e. Date(s) of approval by the Board, if any | : | Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis. |
| f. Amount paid as advances, if any | : | Nil |

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 12, 2015

Ramkrishan P. Hinduja
Chairman

Secretarial Audit Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
HINDUJA GLOBAL SOLUTIONS LIMITED

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HINDUJA GLOBAL SOLUTIONS LIMITED** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);

- The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit Period**);
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**); and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit Period**);

(vi) Others laws applicable specifically to the Company –

- The Trade Marks Act, 1999 & The Trademarks (Amendment) Act, 2010
- The Copyrights Act, 1957
- The Patents Act, 2005
- Depositories Act, 1996
- Software Technology Parks of India
- SEZ Act, 2005 & Rules made thereunder
- Central Sales Tax Act, 1956
- The Income Tax Act 1961
- The Service tax Act
- The Customs Act, 1962
- Professional Tax Act, 1924
- Applicable Entry Tax Act & Rules
- Applicable Local Sales Tax Acts
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Payment of Gratuity Act, 1972
- The Payment of Wages Act, 1936
- The Payment of Bonus Act, 1965 and The Payment of Bonus Rules, 1975
- The Equal Remuneration Act, 1976
- The Employees Provident Fund and Miscellaneous Provisions Act, 1952
- The Employees State Insurance Act, 1948
- The Industrial Employment (Standing Order) Act, 1946 and Applicable State Rules

- Industrial Disputes Act, 1947
- The Workmen's Compensation Act, 1923 & The Workmen's Compensation (Amendment) Act, 2009
- Applicable Shops & Establishment Act
- The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959 and the Employment Exchanges (Compulsory Notification of Vacancies) Rules, 1960
- The Maternity Benefit Act, 1961
- The Minimum Wages Act, 1948
- Applicable Labor Welfare Fund Act
- Labor Law (Exemption from furnishing returns and maintaining registers by certain Establishment) Act, 1988
- Employers Liability Act, 1938
- The Apprentices Act, 1961
- Prevention of Sexual Harassment of Women at Workplace
- Professional Act Regulations
- Information Technology Act, 2000 & Information Technology (Electronic Service Delivery) Rules, 2011
- The Telecom Commercial Communications Customer Preference Regulations, 2010
- The National Do Not Call Registry (NDNC)
- DoT/OSP Regulations
- TRAI Act, 1997
- The Indian Wireless Act, 1933
- Encryption Rules & Regulations under Comptroller of IT
- Data Security and Data confidentiality rules (HIPPA and GLBA to the extent of technology infrastructure to be deployed)
- The Air (Prevention & Control of Pollution) Act, 1981
- The Water (Prevention & Control of Pollution) Act, 1974
- Noise Pollution (Regulation and Control) Rules, 2000
- The Environmental Protection Act, 1986
- The Batteries Management and Handling Rules, 2001
- Hazardous Wastes (Management and Handling) Amendment Rules, 2003
- Applicable Municipal Laws relating to Building and Safety Norms

Mauritius Branch

- Companies Code of Mauritius
- Board of Investment Act of Mauritius

Philippines Branch

- Corporation Code of the Philippines (Batas Pambansa Blg. 68)
- Foreign Investments Act of 1991 (Republic Act 7042), and its implementing rules and regulations (Philippines)
- Local Government Code (Republic Act No. 7160), and its implementing rules and regulations. (Philippines)

I have also examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India (Not mandatory for the period under review).
- The Listing Agreements entered into by the Company with Stock Exchange(s).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above subject to the following observations;

Companies Act 2013:

The Company has filed all requisite E-forms with due payment of the prescribed filing fees, including additional filing fees where applicable.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The Company does not have any Executive Director as there is a Manager who is responsible for the executive functions. The changes in the composition of the Board of Directors that took place during the period under review was carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decision is carried through with the unanimous approval of Members of the Board.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period there were no specific events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

Rupal Dhiren Jhaveri

Place: Mumbai

FCS No: 5441

Date: August 12, 2015

Certificate of Practice No. 4225

CONSOLIDATED AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Members of Hinduja Global Solutions Limited

1. We have audited the accompanying consolidated financial statements of Hinduja Global Solutions Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 31 to the attached consolidated financial statements) comprising of the consolidated Balance Sheet as at March 31, 2015, 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 prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 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 Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and jointly controlled entities respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of

CONSOLIDATED AUDITORS' REPORT

their reports referred to in sub-paragraph 8 of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the Management and referred to in sub-paragraph 9 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements/financial information of two branches and nineteen subsidiaries whose financial statements/ financial information reflect total assets of ₹ 201,085.71 Lacs and net assets of ₹ 115,221.99 Lacs as at March 31, 2015, total revenue of ₹ 206,924.85 Lacs, net profit of ₹ 1,759.24 Lacs and net cash flows amounting to ₹ 6,043.79 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these branches and subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act insofar as it relates to the aforesaid branches and subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and subsidiary company incorporated in India (Refer Note 31 to the consolidated financial statements), we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
10. As required by Section 143 (3) of the Act, we report to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and its subsidiary.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary included in the Group incorporated in India including relevant records relating to the preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014.

CONSOLIDATED AUDITORS' REPORT

- (e) On the basis of the written representations received from the directors, except from one independent director who has resigned on May 19, 2015, of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2015 on the consolidated financial position of the Group.
 - The Group has long-term contracts including derivative contracts as at March 31, 2015 for which there were no material foreseeable losses.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended March 31, 2015.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 048125

Place: Mumbai

Date: May 20, 2015

ANNEXURE TO INDEPENDENT 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 consolidated financial statements as of and for the year ended March 31, 2015

- i. (a) The Holding Company and its subsidiary incorporated in India are maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the respective Managements of the Holding Company and its subsidiary incorporated in India 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 aforesaid Holding Company and its subsidiary and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the respective Managements of the aforesaid Holding Company and its subsidiary during the year and no material discrepancies have been noticed on such verification.
- ii. The Holding Company and its subsidiary incorporated in India are in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to such Holding Company and its subsidiary.
- iii. The Holding Company and its subsidiary incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause (iii)(a) and (iii)(b) of the said Order are not applicable to the aforesaid Holding Company and its subsidiary.
- 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 Holding Company and its subsidiary incorporated in India and the nature of their respective businesses 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 aforesaid Holding Company and its subsidiary 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. The Holding Company and its subsidiary incorporated in India have not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services of the Holding Company and its subsidiary incorporated in India.
- vii. (a) In our opinion, and according to the information and explanations given to us and the records of the Holding Company and its subsidiary incorporated in India examined by us, the Holding Company and its subsidiary are regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess 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 Holding Company and its subsidiary incorporated in India examined by us, there are no dues of sales-tax, wealth tax, service tax, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute. In case of Holding Company particulars of dues of income tax as at March 31, 2015 which have not been deposited on account of the dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax liability including interest and penalty, where applicable	436.41	Assessment Year 2008-2009	Commissioner of Income Tax Appeal
		814.23	Assessment Year 2009-2010	The Income Tax Appellate Tribunal
		2,237.62	Assessment Year 2010-2011	Dispute Resolution Panel
		161.00	Assessment Year 2011-2012	The Income Tax Appellate Tribunal

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

In case of HGS International Services Private Limited, a wholly owned subsidiary of the Holding Company, the particulars of dues of income tax as at March 31, 2015 which have not been deposited on account of the dispute, are as follows:

ANNEXURE TO INDEPENDENT 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	77.68	Assessment Year 2011-2012	Deputy Commissioner of Income Tax

- (c) The amount required to be transferred to Investor Education and Protection Fund by the Holding Company and its subsidiary incorporated in India have been transferred within the stipulated time in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Holding Company and its subsidiary incorporated in India have no accumulated losses as at the end of the financial year and they have not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix. According to the records of the Holding Company and its subsidiary examined by us and the information and explanation given to us, the Holding Company and its subsidiary incorporated in India have not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- x. In our opinion, and according to the information and explanations given to us, the Holding Company and its subsidiary incorporated in India have not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the aforesaid Holding Company and its subsidiary.
- xi. In our opinion, and according to the information and explanations given to us, the term loans obtained by the Holding Company and its subsidiary incorporated in India have been applied for the purposes for which they were obtained.
- xii. During the course of our examination of the books and records of the Holding Company and its subsidiary 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 Holding Company and its subsidiary incorporated in India noticed or reported during the year, nor have we been informed of any such case by the respective Managements of the aforesaid Holding Company and its subsidiary.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place : Mumbai
Date : May 20, 2015

Jeetendra Mirchandani
Partner
Membership Number: 048125

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2015

(₹ in Lacs)

	Note	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,071.96	2,061.64
Reserves and Surplus	4	105,351.07	143,144.53
		<u>107,423.03</u>	<u>145,206.17</u>
Minority Interest	40	-	1.32
		<u>-</u>	<u>1.32</u>
Non-Current Liabilities			
Long-term borrowings	5	56,731.90	44,851.68
Deferred tax liabilities (Net)	32A	19.89	3,446.95
Long term provisions	6	794.25	640.19
		<u>57,546.04</u>	<u>48,938.82</u>
Current Liabilities			
Short-term borrowings	7	2,627.77	10,576.16
Trade payables	8	16,793.63	13,380.85
Other current liabilities	9	18,031.09	19,318.23
Short term provisions	10	4,902.20	6,025.24
		<u>42,354.69</u>	<u>49,300.48</u>
TOTAL		<u>207,323.76</u>	<u>243,446.79</u>
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	11A	42,644.97	37,637.38
- Intangible assets	11B	34,517.43	71,205.54
- Capital work-in-progress		255.04	130.59
- Intangible assets under development		95.53	56.31
Non-current investments	12A	803.16	684.77
Deferred tax assets (Net)	32B	336.87	474.09
Long-term loans and advances	13	17,825.88	13,645.69
Other non-current assets	14	834.05	777.30
		<u>97,312.93</u>	<u>124,611.67</u>
Current assets			
Current investments	12B	71.16	13.38
Trade receivables	15	51,023.48	46,919.94
Cash and Bank balances	16	35,426.94	45,500.53
Short-term loans and advances	17	14,094.32	17,874.56
Other current assets	18	9,394.93	8,526.71
		<u>110,010.83</u>	<u>118,835.12</u>
TOTAL		<u>207,323.76</u>	<u>243,446.79</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

Rangan Mohan
Director
DIN: 01116821

Makarand Dinkar Dewal
Company Secretary

Ramkrishnan P. Hinduja
Chairman
DIN: 00278711

Srinivas Palakodeti
Chief Financial Officer

Place : Mumbai
Date : May 20, 2015

Place : Mumbai
Date : May 20, 2015

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2015

	Note	Year Ended 31.03.2015	Year Ended 31.03.2014
(₹ in Lacs)			
Revenue from operations	19	280,757.98	250,485.45
Other Income	20	2,455.42	3,400.48
Total Revenue		283,213.40	253,885.93
EXPENSES			
Employee Benefit Expense	21	191,045.92	169,212.45
Finance costs	22	3,864.24	3,875.13
Depreciation/ Amortisation	11C	10,524.37	8,620.48
Other Expenses	23	58,435.58	49,083.29
Total Expenses		263,870.11	230,791.35
Profit before tax		19,343.29	23,094.58
Tax expense			
Current tax [Net of prior year reversal of ₹ 210 Lacs (Previous Year includes provision for earlier years ₹ 125 Lacs)]		5,900.12	7,109.35
MAT Credit (Refer Note 41)		(610.02)	(1,262.24)
Net Current tax		5,290.10	5,847.11
Deferred tax (Refer Note 47)		(2,449.42)	292.38
Profit After Tax		16,502.61	16,955.09
Minority Interest		-	-
Profit After Tax and Minority Interest		16,502.61	16,955.09
Earnings per share	30		
- Basic (Rupees)		79.88	82.33
- Diluted (Rupees)		79.46	82.00
(Nominal 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

Rangan Mohan
Director
DIN: 01116821

Makarand Dinkar Dewal
Company Secretary

Ramkrishan P. Hinduja
Chairman
DIN: 00278711

Srinivas Palakodeti
Chief Financial Officer

Place : Mumbai
Date : May 20, 2015

Place : Mumbai
Date : May 20, 2015

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
A Cash Flow from Operating Activities :		
Profit before tax	19,343.29	23,094.58
Adjustments for :		
Depreciation/ Amortisation	10,524.37	8,620.48
Bad Debts/ Advances Written off (net)	35.53	3.05
Profit on Sale of Long-term Investment	-	(7.26)
(Profit)/ Loss on Sale of assets	(40.00)	0.19
Provisions for Doubtful Debts/ Advances	7.09	270.79
Liabilities/ Provisions no longer required Written Back	(514.95)	(556.33)
Fixed Assets Written Off	3.78	75.56
Provision for Doubtful Debts no longer required written-back	(97.22)	-
Interest Income	(1,408.16)	(1,372.65)
Dividend from Current Investment	(49.86)	(0.70)
Finance cost	3,864.24	3,875.13
Unrealised Foreign Exchange (Gain)/ Loss (Net)	(22.23)	(44.42)
Provision for Gratuity and Compensated absences	571.19	830.97
Other non-cash item:		
Effect of exchange differences on translation of assets and liabilities	(2,929.93)	1,315.72
Operating profit before working capital changes	29,287.14	36,105.11
Adjustments for :		
Trade and Other receivables	(4,074.17)	(12,927.65)
Trade and Other payables	1,864.66	6,203.11
	(2,209.51)	(6,724.54)
Operating Profit after working capital changes	27,077.63	29,380.57
Direct Taxes Paid	(7,954.67)	(5,870.06)
Net Cash from Operating Activities (A)	19,122.96	23,510.51
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(16,320.46)	(15,370.91)
Consideration paid for acquisition of assets/ business	(8,906.30)	-
Sale of Fixed Assets	113.60	52.07
Investments Made - Others	(176.17)	(10.99)
Investments Sold - Others	-	82.26
Bank Deposits (net)	14,025.35	4,138.90
Loan to third parties	2,982.47	(3,556.90)
Interest Income	1,394.52	1,214.25
Dividend from Current Investment	49.86	0.70
Net Cash used in Investing Activities (B)	(6,837.13)	(13,450.62)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

C Cash Flow from Financing Activities :

	Year Ended 31.03.2015	Year Ended 31.03.2014
Proceeds from Share allotment under Employee Stock Option Schemes	360.65	92.55
Repayment to minority shareholder	(1.32)	-
Proceeds from Long-term borrowings	8,581.55	7,366.05
Proceeds/(Repayment) from/of Short-term borrowings	(7,948.39)	1,400.49
Dividend Paid and tax thereon	(6,098.37)	(6,382.15)
Finance cost	(3,866.77)	(3,835.44)
Net Cash used in Financing Activities (C)	(8,972.65)	(1,358.50)
Net Increase in Cash and Cash Equivalents (A + B + C)	3,313.18	8,701.39
Cash and Cash Equivalents as at the beginning of the year	15,531.81	6,412.16
Cash and Cash Equivalents taken over pursuant to acquisition of business	270.37	-
Effect of exchange differences on translation of foreign currency	402.13	418.26
Cash and Cash Equivalents during the year		
Cash and Cash Equivalents as at the end of the year	19,517.49	15,531.81

	As at 31.03.2015	As at 31.03.2014
Cash and Cash Equivalents		
Cash on Hand	37.87	90.18
Balances with banks		
- Current Account	19,338.02	14,356.98
- Cash Credit Account	4.35	635.92
- Deposit Account	100.00	402.39
- EEFC (Exchange Earners' Foreign Currency Account)	37.25	46.34
	19,517.49	15,531.81

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

Rangan Mohan
Director
DIN: 01116821

Makarand Dinkar Dewal
Company Secretary

Ramkrishan P. Hinduja
Chairman
DIN: 00278711

Srinivas Palakodeti
Chief Financial Officer

Place : Mumbai
Date : May 20, 2015

Place : Mumbai
Date : May 20, 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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, Asia and Middle East. 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 the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till 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. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) (Companies (Accounting Standards) Rules, 2006, as amended) and other relevant provisions of the Companies Act, 2013.

2.2 Use of Estimates

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

2.3 Principles of Consolidation

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

- a. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and intra-group balances and resultant unrealised profits/ losses.
- b. The excess of cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' in the consolidated financial statements.

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

2.4 Fixed Assets

a) Tangible Assets

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	Useful life
Leasehold Land, Leasehold building and Leasehold improvement	Over the period of Lease
Building	Upto 60 years
Office Equipment	Upto 7 years
Computers	Upto 6 years
Furniture and Fixtures	Upto 10 years
Vehicles	8 years

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 on a straight line basis.

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, 2015

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, 2015

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 agreement.
In Claim Processing Activity, revenue is recognised based on number of claims processed, at contractual rates and terms as specified in the agreements.
In respect of other services, revenue for services rendered is recognised as per the terms of specific contracts.
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.

iv) Termination benefits

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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.

3 Share Capital

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
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 :		
20,719,573 (Previous Year - 20,616,427) Equity Shares of ₹ 10 each, fully paid-up	2,071.96	2,061.64
	2,071.96	2,061.64

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

Particulars	As at 31.03.2015	As at 31.03.2014
Balance at the beginning of the year	20,616,427	20,589,223
Add: Shares issued pursuant to exercise of employee stock options (Refer Note 36)	103,146	27,204
Balance at the end of the year	20,719,573	20,616,427

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. (Refer Note 36)

Particulars	As at 31.03.2015	As at 31.03.2014
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	162,184	155,580
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	166,918	227,236

d. The details of Shareholder holding more than 5%

Name of the Shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.74	5,748,541	27.88
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Aasia Exports)	2,624,490	12.67	2,624,490	12.73
Amas Mauritius Limited	2,761,427	13.33	2,761,427	13.39
Credit Suisse (Singapore) Limited	416,545	2.01	1,894,810	9.19

4 Reserves and Surplus

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Capital reserve		
As per last Balance Sheet	24,235.00	24,235.00
Securities Premium Account		
As per last Balance Sheet	271.10	181.27
Add: Additions during the year on exercise of employee stock options (Refer Note 36)	350.33	89.83
	621.43	271.10
General Reserve		
As per last Balance Sheet	53,996.98	52,226.21
Add: Transfer from Statement of Profit and Loss	-	1,770.77
	53,996.98	53,996.98
Cumulative Foreign Currency Translation Reserve		
As per last Balance Sheet	19,611.74	11,585.97
Add: Adjustment on Consolidation	(5,715.39)	8,025.77
	13,896.35	19,611.74
Hedging Reserve Account		
As per last Balance Sheet	925.99	320.32
Add/ (Less): Adjustment for the year	(1,004.96)	605.67
	(78.97)	925.99
Capital Redemption Reserve		
As per last Balance Sheet	-	-
Add: Transfer from Surplus in Statement of Profit and Loss #	12.00	-
	12.00	-
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	44,103.72	33,384.42
Add: Profit for the year	16,502.61	16,955.09
Less: Adjustment on Amalgamation of Subsidiaries (Refer Notes 41, 43 and 44)	41,363.62	464.18
Less: Adjustment on account of Depreciation (Net of Deferred Tax of ₹ 572.62 Lacs) (Refer Note 45)	1,622.58	-
Less: Interim Dividend *	3,103.43	2,060.29
Less: Proposed Dividend **	1,035.98	2,061.64
Less: Dividend Tax (net) ***	800.44	(121.09)
Less: Transfer to Capital Redemption Reserve #	12.00	-
Less: Transfer to General Reserve	-	1,770.77
	12,668.28	44,103.72
	105,351.07	143,144.53

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

* For the financial year ended March 31, 2015, the amount of per share dividend distributed to Equity Shareholders was ₹ 5 per share each on August 12, 2014, November 12, 2014 and February 5, 2015.

** During the year ended March 31, 2015 and March 31, 2014, the amount per share dividend proposed as distribution to Equity Shareholders was ₹ 5 and ₹ 10, respectively, recognised in respective years.

*** Net of ₹ Nil (Previous Year: ₹ 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.

The transfer to Capital Redemption Reserve is pursuant to redemption of Preference Shares by one of the subsidiary of the group during the year ended March 31, 2015.

5 Long-term borrowings

	(₹ in Lacs)	
	As at 31.03.2015	As at 31.03.2014
Secured		
Term Loan from Banks (Refer Note 38)	52,836.69	43,413.97
Long term maturities of Finance Lease Obligations (Secured by hypothecation of assets underlying the lease)	1,491.03	1,311.45
Unsecured		
Term Loan from a Bank	1,959.16	—
Principal amount is repayable in 14 equal quarterly installments commencing at the end of the 3rd quarter from the initial drawdown date December 3, 2014. Interest (at bank's prevailing rate - presently at 3.35%) is payable quarterly in arrears on the outstanding loan balance.		
Others	445.02	126.26
	56,731.90	44,851.68

6 Long term provisions

	(₹ in Lacs)	
	As at 31.03.2015	As at 31.03.2014
Provision for Employee Benefits (Refer Note 25):		
- Pension / Gratuity	660.93	492.75
Others (Refer Note 34)	133.32	147.44
	794.25	640.19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

7 Short-term borrowings

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Secured:		
Loans repayable on demand from banks (Refer Note 39)	2,627.77	1,576.34
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:		
- Bill Discounting Facilities	-	499.82
- Commercial Paper (Maximum amount outstanding during the year ₹ 7,500 Lacs (Previous Year: ₹ 7,500 Lacs)	-	7,500.00
	2,627.77	10,576.16

(₹ in Lacs)

8 Trade payables

	As at 31.03.2015	As at 31.03.2014
	16,793.63	13,380.85
	16,793.63	13,380.85

9 Other current liabilities

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Current maturities of long-term debt	4,155.48	7,516.40
Current maturities of finance lease obligations	1,026.81	479.37
Interest accrued but not due on borrowings	56.25	68.90
Interest accrued and due on borrowings	73.41	63.29
Unpaid Dividend *	36.77	30.17
Others:		
- Advance from customers	610.49	580.84
- Statutory dues including Provident Fund and Tax deducted at Source	3,415.59	2,334.22
- Employee benefits payable	5,249.19	5,766.49
- Payable for Capital Purchases	2,460.10	1,744.68
- Other Payables	947.00	733.87
	18,031.09	19,318.23

* 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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

10 Short term provisions

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Provision for Employee Benefits (Refer Note 25):		
- Compensated Absences	2,725.78	2,706.57
- Pension/ Gratuity	825.39	441.59
Others:		
- Provision for Mark-to-Market losses on Derivatives (Refer Note 35)	81.86	-
- Proposed Dividend	1,035.98	2,061.64
- Dividend tax	210.93	350.38
- Provision for Income Tax (net of Advance Tax)	-	444.33
- Provision for Fringe Benefit Tax	22.26	20.73
	4,902.20	6,025.24

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

11 FIXED ASSETS

A Tangible Assets

(₹ in Lacs)

	Land	Leasehold Land	Building	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
Owned Assets:										
Gross Block										
As at 01.04.2013	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
Taken over on acquisitions	-	-	-	-	106.13	-	109.01	727.08	372.74	1,314.96
Additions during the Year	-	-	659.15	-	1,646.50	76.10	179.64	7,642.29	4,228.69	14,432.37
Deductions	-	-	-	-	(519.63)	(30.45)	(1,221.54)	(634.16)	(144.92)	(2,550.70)
As at 31.03.2015	1,586.79	271.17	11,667.88	2,343.02	8,649.15	320.92	6,951.62	32,264.46	21,463.53	85,518.54
Depreciation										
As at 01.04.2013	-	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
Taken over on acquisitions	-	-	-	-	42.23	-	46.74	570.71	58.88	718.56
Charge for the year	-	2.75	308.36	39.39	1,450.30	46.05	285.20	3,800.70	2,307.56	8,240.31
Charge taken to retained earnings	-	-	-	-	644.04	1.10	1,547.19	0.08	2.80	2,195.21
Deductions	-	-	-	-	(516.36)	(13.98)	(1,199.44)	(600.21)	(117.49)	(2,447.48)
As at 31.03.2015	-	17.75	1,038.76	290.00	5,161.75	153.88	3,915.16	23,592.52	12,447.54	46,617.36
Assets taken on Finance Lease:										
Gross Block										
As at 01.04.2013	-	-	-	-	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
Taken over on acquisitions	-	-	-	-	261.70	-	393.46	162.98	-	818.14
Additions during the Year	-	-	-	-	-	-	-	371.54	-	371.54
Deductions	-	-	-	-	-	-	-	-	-	-
As at 31.03.2015	-	-	-	-	314.62	-	393.46	1,935.43	-	2,643.51
Depreciation										
As at 01.04.2013	-	-	-	-	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
Taken over on acquisitions	-	-	-	-	46.10	-	129.43	85.31	-	260.84
Charge for the year	-	-	-	-	8.24	-	1.19	323.22	-	332.65
Deductions	-	-	-	-	-	-	-	-	-	-
As at 31.03.2015	-	-	-	-	64.70	-	130.62	647.06	-	842.38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

	Land	Leasehold Land	Building	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
Net Block										
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
As at 31.03.2015	1,586.79	253.42	10,629.12	2,053.02	3,737.32	167.03	3,299.30	9,960.32	9,015.99	40,702.31
Exchange fluctuation	201.60	-	1,109.56	-	(2.29)	0.30	3.25	614.58	15.66	1,942.66
	1,788.39	253.42	11,738.69	2,053.02	3,735.03	167.33	3,302.54	10,574.90	9,031.65	42,644.97

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 01.04.2013	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
Taken over on acquisitions	-	-	261.79	-	-	261.79
Additions during the Year	9,444.21	-	2,197.90	-	-	11,642.11
Deductions/ Adjustment	(41,363.62)	-	26.37	-	-	(41,337.25)
As at 31.03.2015	19,522.81	3,421.12	11,948.81	375.33	143.00	35,411.07
Amortisation						
As at 01.04.2013	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
Taken over on acquisitions	-	-	134.57	-	-	134.57
Charge for the year	-	-	1,713.14	37.60	34.32	1,785.05
Deductions	-	-	0.55	-	-	0.55
As at 31.03.2015	3.26	-	7,954.34	300.33	122.93	8,380.85
<u>Assets taken on Finance Lease:</u>						
Gross Block						
As at 01.04.2013	-	-	148.78	-	-	148.78
Additions during the Year	-	-	341.46	-	-	341.46
Deductions	-	-	-	-	-	-
As at 31.03.2014	-	-	490.24	-	-	490.24
Taken over on acquisitions	-	-	92.24	-	-	92.24
Additions during the Year	-	-	429.10	-	-	429.10
Deductions	-	-	-	-	-	-
As at 31.03.2015	-	-	1,011.58	-	-	1,011.58

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

	Goodwill on Consolidation	Goodwill on acquisition	Computer Software	Commercial Rights	Non-Compete Fees	Total
Amortisation						
As at 01.04.2013	-	-	6.20	-	-	6.20
Charge for the year	-	-	95.14	-	-	95.14
Deductions	-	-	-	-	-	-
As at 31.03.2014	-	-	101.34	-	-	101.34
Taken over on acquisitions	-	-	50.74	-	-	50.74
Charge for the year	-	-	166.35	-	-	166.35
Deductions	-	-	-	-	-	-
As at 31.03.2015	-	-	318.43	-	-	318.43

Net Block

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
As at 31.03.2015	19,519.55	3,421.12	4,687.62	75.00	20.07	27,723.36
Exchange fluctuation	5,854.74	633.46	305.87	-	-	6,794.07
	25,374.29	4,054.58	4,993.49	75.00	20.07	34,517.43

C Depreciation/ Amortisation for the year

(₹ in Lacs)

	Year ended 31.03.2015	Year ended 31.03.2014
Tangible Assets	8,572.96	6,751.79
Intangible Assets	1,951.41	1,868.69
Total	10,524.37	8,620.48

12 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2015		As at 31.03.2014	
			Quantity Nos.	Amount (₹ in Lacs)	Quantity Nos.	Amount (₹ in Lacs)
[A]	Non-Current Investments (Valued at Cost):					
(i)	Other Non- Current Investments (Long-term, Unquoted and Non-Trade):					
	Treasury Bills (At Philippines branch)			803.16		684.77
	[Deposited with Securities and Exchange Commission in Philippines]					
	Aggregate Value of Unquoted Non-Current Investments			803.16		684.77
[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	₹ 1,000	164	1.64	154	1.54
	[N.A.V. per unit - ₹ 1,000.32 (Previous Year - ₹ 1,001.08)]					

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2015		As at 31.03.2014	
			Quantity Nos.	Amount (₹ in Lacs)	Quantity Nos.	Amount (₹ in Lacs)
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan) [N.A.V. per unit - ₹ 12.86 (Previous Year - ₹ 12.85)]	₹10	106,670	12.31	99,762	11.84
	Principal Cash Management Fund - Direct Plan Dividend Daily [N.A.V. per unit - ₹ 1,000.38 (Previous Year - ₹ Nil)]	₹1,000	1,898	18.99	-	-
	Principal Debt Opportunities Fund Conservative Plan - Direct Plan Dividend Daily [N.A.V. per unit - ₹ 1,002.25 (Previous Year - ₹ Nil)]	₹1,000	3,813	38.22	-	-
	Aggregate Value of Unquoted Current Investments			71.16		13.38
	Aggregate Value of Unquoted Investments [A]+[B]			874.32		698.15

13 Long-term loans and advances (Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Capital Advances	784.16	43.71
Loans and Advances to related parties [Refer Note 27]	5,550.00	5,550.00
Security Deposits	3,707.06	2,510.78
Other loans and advances:		
- MAT Credit Entitlement	1,872.27	1,262.24
- Balance with Government Authorities	857.19	830.85
- Loan to a third party	-	18.62
- Advance Tax and Tax Deducted at Source (net of Provision for Income Tax*)	4,902.33	3,290.59
- Fringe Benefit Tax (net of Provision for Tax)	23.73	23.73
- Prepaid expenses	98.23	39.08
- Miscellaneous	30.91	76.09
	17,825.88	13,645.69

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

14 Other non-current assets

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Deposits with bank for Margin Money (Under Lien with Banks towards Guarantees issued by them on behalf of the Company)	68.97	156.76
Deposits with banks with maturity exceeding 12 months *	765.08	620.54
	834.05	777.30

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

15 Trade receivables (Unsecured)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Debts Outstanding for a period exceeding six months from the date they are due for payment:		
- Considered Good	567.65	301.12
- Considered Doubtful	67.19	337.26
	634.84	638.38
Other Debts		
- Considered Good	50,455.83	46,618.82
Less: Provision for Doubtful Debts	(67.19)	(337.26)
	51,023.48	46,919.94

16 Cash and Bank Balances

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Cash and Cash Equivalents:		
Balances with Banks in:		
- Current Accounts	19,338.02	14,356.98
- Cash Credit Account	4.35	635.92
- Deposit Accounts	100.00	402.39
- EEFC (Exchange Earners' Foreign Currency Account)	37.25	46.34
Cash on hand	37.87	90.18
	19,517.49	15,531.81
Other Bank Balances:		
- Deposits with maturity more than 3 months but less than 12 months	15,583.88	29,609.23
- Restricted Bank Balances*	175.37	212.50
- Earmarked balance with bank (Unpaid Dividend)	36.77	30.17
- Earmarked balance with bank (Unpaid Bonus)	1.82	1.82
- Deposits with bank for Margin Money #	111.61	115.00
	15,909.45	29,968.72
	35,426.94	45,500.53

* This relates to funds being restricted for use for client purposes.

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, 2015

17 Short-term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Security Deposits		
- Considered Good	368.10	426.60
- Considered Doubtful	23.27	23.27
	<u>391.37</u>	<u>449.87</u>
Less: Provision for Doubtful Deposits	(23.27)	(23.27)
	<u>368.10</u>	<u>426.60</u>
Other loans and advances:		
- Balance with Government Authorities	326.01	2,833.16
- Employee loans and advances		
- Considered Good	361.89	261.59
- Considered Doubtful	7.68	-
	<u>369.57</u>	<u>261.59</u>
Less: Provision for Doubtful Debts	(7.68)	-
	<u>361.89</u>	<u>261.59</u>
- Advance to Vendors	759.24	567.60
- Prepaid expenses	2,829.83	1,823.89
- Loan to third parties	8,938.07	11,901.92
- Others	511.18	59.80
	<u>14,094.32</u>	<u>17,874.56</u>

18 Other current assets

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Unbilled Revenue		
- Considered good	8,144.34	6,447.74
- Considered doubtful	-	29.04
	<u>8,144.34</u>	<u>6,476.78</u>
Less: Provision for doubtful unbilled revenue	-	(29.04)
	<u>8,144.34</u>	<u>6,447.74</u>
Interest Accrued on Deposits/ Loans	690.50	676.86
Accrual for Mark-to-Market gain on Derivatives (Refer Note 35)	-	945.33
Unamortised interest expense on Commercial paper	-	20.06
Reimbursable Expenses		
- Considered good	560.09	436.72
- Considered doubtful	-	23.92
	<u>560.09</u>	<u>460.64</u>
Less: Provision for doubtful reimbursable expenses	-	(23.92)
	<u>560.09</u>	<u>436.72</u>
	<u>9,394.93</u>	<u>8,526.71</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

19 Revenue from operations

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Sale of Service:		
Business Process Management	280,757.98	250,485.45
	280,757.98	250,485.45

20 Other Income

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest Income	1,408.16	1,372.65
Dividend from Current Investment	49.86	0.70
Profit on Sale of long-term Investments	-	7.26
Profit on Sale of assets	40.00	-
Employment Generation Subsidy	34.57	8.05
Foreign Exchange Gain (Net)	-	1,262.88
Liabilities/ Provisions no longer required written-back	514.95	556.33
Provision for Doubtful Debts no longer required written-back	97.22	-
Unfunded Gratuity	-	1.93
Other non-operating income	310.66	190.68
	2,455.42	3,400.48

21 Employee Benefit Expense

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Salaries allowances and other benefits	179,788.97	159,826.20
Contribution to Provident and Other Funds	9,472.49	7,990.30
Unfunded Gratuity/ Pension plan	39.47	-
Staff Welfare	1,744.99	1,395.95
	191,045.92	169,212.45

22 Finance Costs

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest on:		
- Term Loan from Banks	2,697.35	2,696.06
- Cash Credit and Other Facilities	935.95	519.98
Other borrowing costs	230.94	659.09
	3,864.24	3,875.13

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

23 Other Expenses

		(₹ in Lacs)
	Year Ended 31.03.2015	Year Ended 31.03.2014
Power and Fuel	4,131.91	3,684.20
Rent (Refer Note 28)	9,666.39	8,748.93
Repairs and Maintenance - Leased Premises	1,233.89	1,004.60
Repairs and Maintenance - Others	3,224.96	3,053.58
Insurance	464.49	391.60
Rates and Taxes	1,209.18	1,089.76
Directors' sitting fees	29.70	7.95
Connectivity Cost	8,731.04	6,138.60
Advertisement and Business Promotion	1,350.65	835.11
Communication	1,405.59	1,205.98
Travelling, Conveyance and Car Hire Charges	3,644.23	3,434.62
Legal and Professional	7,678.46	6,523.95
Training and Recruitment	4,402.07	3,863.89
Commission	4,453.48	3,771.72
Donation	32.87	188.24
Software Expenses	968.84	665.17
Fulfillment Cost	675.31	876.67
Foreign Exchange Loss (Net)	444.97	-
Expenditure towards Corporate Social Responsibility (Refer Note 46)	222.90	-
Bad Debts/ Advances Written off	185.39	14.90
Less: Provisions for Doubtful Debts/ Advances	(149.86)	(11.85)
Provisions for Doubtful Debts/ Advances	7.09	270.79
Fixed Assets Written Off	3.78	75.56
Loss on Sale of Assets (net)	-	0.19
Miscellaneous Expenses	4,418.25	3,249.13
	58,435.58	49,083.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

24. a) Contingent Liabilities

A) Claims against the Group not acknowledged as debts:

(₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2015	As at 31.03.2014
(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	9,685.28	5,448.23
(iii)	ESIC demand raised by authorities	329.38	–
(iv)	Others (to the extent ascertainable)	33.48	2,473.85
(v)	Other matters (Refer Note 2 below)	7,173.48	12,209.79

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 ₹ 7,173.48 Lacs (Previous Year: ₹ 12,209.79 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: ₹ 5,550 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 – ₹ 715.94 Lacs (Previous Year - ₹ 439.52 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 1,879,750 (Previous Year – USD 554,000) [equivalent ₹ 1,171.75 Lacs (Previous Year - ₹ 332.73 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, 2015

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

(₹ in Lacs)

	2014-2015	2013-2014
Employers' Contribution to Provident Fund [includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	1,396.02	1,243.61
Employers' Contribution to Superannuation Fund*	2.17	6.48
Employers' Contribution to Employees' State Insurance *	719.23	663.08
Employers' Contribution to Other Employees' Benefit Scheme and Contribution by Overseas Branch/ Subsidiaries*	6,679.71	5,651.47

* 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: -

	2014-2015	2013-2014
Discount Rate (per annum)	6.04% - 7.96%	6.32% - 8.62%
Rate of increase in Compensation levels	3.00% - 5.00%	3.50% - 5.00%
Rate of Return on Plan Assets	6.11% - 7.93%	4.85% - 8.70%

A) Changes in the Present Value of Defined Benefit Obligation

(₹ in Lacs)

	2014-2015			2013-2014		
	Gratuity		Pension	Gratuity		Pension
	Funded	Unfunded	Funded	Funded	Unfunded	Funded
Balance at beginning of the year	603.61	75.82	2,086.65	568.91	71.45	2,004.02
Add: On Amalgamation of fellow subsidiaries (Refer Note 41)	-	-	-	-	8.48	-
Sub-total	603.61	75.82	2,086.65	568.91	79.93	2,004.02
Interest Cost	52.03	6.54	136.04	44.09	4.60	94.50
Current Service Cost	79.79	14.98	323.55	78.91	15.42	244.86
Benefits Paid [includes payment made by the Group ₹ 8.50 Lacs (Previous Year – ₹ 2.18 Lacs) and not claimed from Plan Assets]	(91.51)	(10.89)	(92.52)	(135.09)	(2.18)	-
Actuarial (gain)/ loss on obligations	114.95	17.96	48.71	46.79	(21.95)	(256.73)
Balance at end of the year	758.87	104.41	2,502.43	603.61	75.82	2,086.65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

B) Changes in the Fair Value of Plan Assets

(₹ in Lacs)

	2014-2015		2013-2014	
	Gratuity	Pension	Gratuity	Pension
Balance at beginning of the year	471.16	1,360.58	435.14	1,500.03
Expected Return on Plan Assets	40.99	141.21	37.86	91.17
Contribution to the Plan Assets	151.96	-	135.40	69.50
Actuarial gain/ (loss) on obligations	(38.29)	(64.19)	(2.15)	(300.12)
Benefits Paid	(91.51)	(92.52)	(135.09)	-
Balance at end of the year	534.31	1,345.08	471.16	1,360.58
Actual return on Plan Assets	7.93%	2.00%	8.70%	-16.00%

C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2015

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 68.43% (Previous Year: 29.27%), Cash and Cash Equivalents 15.61% (Previous Year: 67.55%), Corporate Bonds 15.58% (Previous Year: 2.86%) and Others 0.38% (Previous Year: 0.32%) for an amounts aggregating ₹ 1,345.08 Lacs (Previous Year ₹ 1,360.58 Lacs).

D) Amount recognised in the Balance Sheet

(₹ in Lacs)

	2014-2015			2013-2014		
	Gratuity		Pension	Gratuity		Pension
	Funded	Unfunded	Funded	Funded	Unfunded	Funded
Present Value of Defined Benefit Obligation as at end of the year	758.87	104.41	2,502.43	603.61	75.82	2,086.65
Fair Value of Plan Assets as at end of the year	534.31	-	1,345.08	471.16	-	1,360.58
Asset/(Liability) recognised in the Balance Sheet	(224.56)	(104.41)	(1,157.35)	(132.45)	(75.82)	(726.07)
Recognised under:						
Long-term Provisions (Refer Note 6)	-	83.76	577.17	-	58.37	434.38
Short-term Provisions (Refer Note 10)	224.56	20.65	580.18	132.45	17.45	291.69

E) Expenses recognised in the Statement of Profit and Loss

(₹ in Lacs)

	2014-2015			2013-2014		
	Gratuity		Pension	Gratuity		Pension
	Funded	Unfunded	Funded	Funded	Unfunded	Funded
Current Service Cost	79.79	14.98	323.55	78.91	15.42	244.86
Interest Cost	52.03	6.54	136.04	44.09	4.60	94.50
Expected Return on Plan Assets	(40.99)	-	(141.21)	(37.86)	-	(91.17)
Net actuarial (gain)/ loss recognised in the year	153.25	17.96	112.90	48.94	(21.95)	43.39
Total Expenses recognised in the Statement of Profit and Loss**	244.08	39.48	431.28	134.08	(1.93)	291.58

** 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, 2015

F) Experience Adjustments

(₹ in Lacs)

	2014-2015		2013-2014	
	Gratuity	Pension	Gratuity	Pension
On Defined Benefit Obligation – Loss/ (Gain)	99.66	119.94	46.57	225.67
On Plan Assets – Loss/ (Gain)	38.29	64.19	(2.15)	300.12

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)
2012-2013	Gratuity	640.36	435.14	(205.22)	46.31	(4.19)
	Pension	2,004.02	1,500.03	(503.99)	15.29	(263.59)
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)	-

H) Expected Contribution for next year

(₹ in Lacs)

	2015-2016	2014-2015
Gratuity and Pension Plan	574.69	455.07

III The liability for compensated absences as at March 31, 2015 aggregates ₹ 2,725.78 Lacs (Previous Year – ₹ 2,706.57 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, 2015.

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	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Sales Revenue*	23,584.54	16,774.37	257,173.44	233,711.08	280,757.98	250,485.45
Carrying Amount of Assets	39,351.89	44,548.71	167,971.87	198,898.08	207,323.76	243,446.79
Capital Expenditure	3,450.66	2,621.27	13,585.22	14,028.00	17,035.88	16,649.27

* There are no Inter Segment Revenues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

27. Related Party Disclosures

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

IV Enterprises where significant influence is exercised by Director

1. Hinduja Brothers International Inc.
2. Mesilla Office Solutions LLC
3. Atlantic International BPO Colombia S.A.S

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	- [-]	135.53 [138.35]	- [-]	135.53 [138.35]
Others	- [-]	- [3.76]	- [-]	- [3.76]
Total	- [-]	135.53 [142.11]	- [-]	135.53 [142.11]
Rent Income				
Mesilla Office Solutions LLC	- [-]	- [-]	- [85.02]	- [85.02]
Total	- [-]	- [-]	- [85.02]	- [85.02]
Rent Expense				
Hinduja Group Limited	- [-]	111.45 [91.50]	- [-]	111.45 [91.50]
Mr. Pabitra DeSarkar	3.47 [3.29]	- [-]	- [-]	3.47 [3.29]
Total	3.47 [3.29]	111.45 [91.50]	- [-]	114.92 [94.79]
Professional Fees				
Hinduja Group India Limited	- [-]	- [178.63]	- [-]	- [178.63]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ 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
Hinduja Brothers International Inc.	- [-]	- [-]	430.51 [426.68]	430.51 [426.68]
Atlantic International BPO Colombia S.A.S	- [-]	- [-]	147.18 [-]	147.18 [-]
Total	- [-]	- [178.63]	577.69 [426.68]	577.69 [605.31]
Commission				
Hinduja Brothers International Inc.	- [-]	- [-]	- [2,827.79]	- [2,827.79]
Total	- [-]	- [-]	- [2,827.79]	- [2,827.79]
Executive Remuneration				
Mr. Partha DeSarkar	302.64 [140.24]	- [-]	- [-]	302.64 [140.24]
Total	302.64 [140.24]	- [-]	- [-]	302.64 [140.24]
Advance paid to Key Managerial personnel				
Mr. Partha DeSarkar	2.15 [-]	- [-]	- [-]	2.15 [-]
Total	2.15 [-]	- [-]	- [-]	2.15 [-]
Advance payment for tax matters [Refer foot note 2 in Note 24(a)(A)]				
Hinduja Ventures Limited	- [-]	- [1800.00]	- [-]	- [1800.00]
Total	- [-]	- [1800.00]	- [-]	- [1800.00]
Consultancy charges				
Hinduja Group Limited	- [-]	192.50 [16.13]	- [-]	192.50 [16.13]
Total	- [-]	192.50 [16.13]	- [-]	192.50 [16.13]
Expenses reimbursed by Other Companies				
IndusInd Media and Communication Limited	- [-]	0.68 [0.75]	- [-]	0.68 [0.75]
Total	- [-]	0.68 [0.75]	- [-]	0.68 [0.75]
Purchase of Fixed Assets				
Hinduja Group Limited	- [-]	41.61 [-]	- [-]	41.61 [-]
Total	- [-]	41.61 [-]	- [-]	41.61 [-]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ 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
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)]	[-]	[5,550.00]	[-]	[5,550.00]
Mesilla Office Solutions LLC	-	-	-	-
	[-]	[-]	[17.33]	[17.33]
Others	2.50	159.61	194.26	356.37
	[2.50]	[197.13]	[-]	[199.63]
Total	2.50	5,709.61	194.26	5,906.37
	[2.50]	[5,747.13]	[17.33]	[5,766.96]
Payable net of Receivables as at year-end				
Hinduja Group Limited	-	8.82	-	8.82
	[-]	[-]	[-]	[-]
Mesilla Office Solutions LLC	-	-	302.59	302.59
	[-]	[-]	[-]	[-]
Hinduja Group India Limited	-	-	-	-
	[-]	[44.24]	[-]	[44.24]
Hinduja Brothers International Inc.	-	-	503.96	503.96
	[-]	[-]	[23.14]	[23.14]
Mr. Pabitra DeSarkar	-	-	-	-
	[0.40]	[-]	[-]	[0.40]
Total	-	8.82	806.55	815.37
	[0.40]	[44.24]	[23.14]	[67.78]

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.

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	9,475.87	28,871.83	17,372.73	8,839.68
	[7,302.80]	[18,037.94]	[17,010.82]	[8,091.10]

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 ₹ 826.71 Lacs (Previous Year - ₹ 657.83 Lacs) has been recognised in the Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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 31.03.2015	As at 31.03.2014
Present Value	2,517.84	1,790.82
Finance Charge	196.57	198.52

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	1,026.81 [479.37]	1,491.03 [1,311.45]	- [-]
Finance Charges	111.15 [86.13]	85.42 [112.39]	- [-]
Total	1,137.96 [565.50]	1,576.45 [1,423.84]	- [-]

Figures in bracket pertain to the previous year.

30. Earnings per Equity Share (Basic and Diluted)

	2014-2015	2013-2014
Profit After Tax (₹ in Lacs)	16,502.61	16,955.09
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,659,888	20,595,300
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A.	20,659,888	20,595,300
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	108,301	81,812
No. of shares for Diluted Earnings per share	20,768,189	20,677,112
Nominal Value of an equity share (₹)	10.00	10.00
Earnings per share (Basic) (₹)	79.88	82.33
Earnings per share (Diluted) (₹)	79.46	82.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

31. The subsidiaries (including step-down subsidiaries) considered in the consolidated financial statements for the year ended March 31, 2015 with Company's share in voting power in these companies are:

Sr. No.	Name of the Company	Country of Incorporation	Held by	Parent's Shareholding (%)	Company's Share in Voting Power (%)
A	SUBSIDIARIES				
1	HGS International (HGS Intl.)	Mauritius	HGS	100	100
2	HGS International Services Private Limited	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.	100	100
19	HGS Colibrium Inc (Refer Note 44)	United States of America	HGS Intl.	89.98	89.98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
A Deferred Tax Liability (Net)		
Depreciation on Fixed Assets	-	(1,317.05)
Amortisation of Goodwill	-	(2,129.07)
Others	(19.89)	(0.83)
Total Deferred Tax Liability (Net)	(19.89)	(3,446.95)
B Deferred Tax Asset (Net)		
Deferred Tax Asset		
Expenses allowed on payment basis	952.96	283.26
Provision for doubtful debts/ advances	15.03	92.81
Depreciation on Fixed Assets	79.87	-
Others	166.32	98.02
Deferred Tax Liability		
Depreciation on Fixed Assets	(877.31)	-
Total Deferred Tax Asset (Net)	336.87	474.09
Net Deferred Tax Asset / (Liability)	316.98	(2,972.86)

33 Current tax includes provision for tax of ₹ 1,297.13 Lacs (Previous Year: ₹ 1,584.20 Lacs) pertaining to overseas branches/ subsidiaries which is determined as per the laws applicable in the relevant country.

34. Provisions - Others

(₹ in Lacs)

Particulars	Building Maintenance	Employee claim	Indirect tax matters	Litigations/ Disputes	Total
Opening Provision	54.13 [44.02]	10.02 [12.99]	- [129.89]	83.29 [-]	147.44 [186.90]
Add: Additional provision during the year	- [10.11]	- [12.05]	- [-]	- [83.29]	- [105.45]
Less: Provision utilised/ reversed during the year	4.10 [-]	10.02 [15.02]	- [129.89]	- [-]	14.12 [144.91]
Closing Provision	50.03 [54.13]	- [10.02]	- [-]	83.29 [83.29]	133.32 [147.44]

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.

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	88,250,000 [74,000,000]	Sell [Sell]	100 [142]	57,706.61 [48,036.53]

Particulars	Currency	Amount
Interest rate swap	USD	294,895 [-]

Figures in bracket pertain to the previous year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(₹ in Lacs)

Particulars	2014-2015	2013-2014
Mark-to-market losses/ (gains)	81.86	(945.33)

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 ₹ 78.97 Lacs (Previous Year: ₹ (925.99) Lacs).

The gain/ (loss) on ineffective portion recognised in the Statement of Profit and Loss that arises from cash flow hedges amounts to ₹ 2.89 Lacs (Previous Year: ₹ 19.34 Lacs).

Gains and losses recognised in the hedging reserve in equity (Note 4) on forward foreign exchange contracts as of March 31, 2015 would be recognised in the income statement in the period or periods during which the hedged forecast transaction affects the related transaction in the Statement of Profit and Loss.

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

Particulars	ESOP 2008	ESOP 2011
	The Shareholders of the Company at their Annual General Meeting held on September 27, 2008 granted approval to the HTMT Global Solutions Limited Employees Stock Option Plan 2008 (now Hinduja Global Solutions Limited Employees Stock Option Plan 2008) ("ESOP 2008"). Subsequently, the Nomination and Remuneration Committee (formerly 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 Nomination and Remuneration Committee (formerly 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: - 1/6 th of the options granted will vest on the first anniversary of the grant date. - 1/3 rd of the options granted will vest on the second anniversary of the grant date. - 1/2 nd 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: - 1/6 th of the options granted will vest at the end of one year from the grant date. - 1/6 th of the options granted will vest at the end of 18 months from the grant date. - 1/6 th of the options granted will vest at the end of 24 months from the grant date. - 1/4 th of the options granted will vest at the end of 30 months from the grant date. - 1/4 th 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	ESOP 2008	ESOP 2011
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 Nomination and Remuneration Committee (formerly 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 Nomination and Remuneration Committee (formerly 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
July 2, 2014	31,800	527.25	Nil	147.74
September 29, 2014	17,500	649.25	Nil	194.36

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
July 2, 2014	46,100	527.25	Nil	129.38
September 29, 2014	3,500	649.25	Nil	174.69

@ 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

c) The details of options granted are as follows:

Particulars	ESOP 2008		ESOP 2011	
	2014-15	2013-14	2014-15	2013-14
Outstanding at the beginning of the year	155,580	149,515	227,236	243,170
Granted during the year	-	-	-	27,000
Re-granted during the year	49,300	128,720	49,600	5,000
Lapsed during the year	22,356	122,655	27,112	20,730
Exercised/ Allotted during the year	20,340	-	82,806	27,204
Outstanding at the end of the year	162,184	155,580	166,918	227,236
Exercisable at the end of the year	30,508	16,580	90,798	83,166
Range of exercise price for options outstanding at the end of year	₹ 285.05 - ₹ 649.25	₹ 285.05 - ₹ 416.65	₹ 340.25 - ₹ 649.25	₹ 340.25 - ₹ 572.75
Weighted Average share price at the date of exercise	601.86	-	601.86	₹ 530.84
Weighted Average remaining life in years	1.43	1.69	1.34	1.98

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been (lower)/ higher by ₹ (83.11) Lacs (Previous Year - ₹ (131.54) Lacs), Profit After Tax and the basic and diluted earning per share would have been (higher)/ lower by ₹ (83.11) Lacs (Previous Year - ₹ (131.54) Lacs) and Re. (0.40) (Previous Year - Re. (0.64)), respectively.

37. Cash and Bank Balances – (Note 16) includes ₹ 15,583.88 Lacs (Previous Year – ₹ 29,609.23 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 31.03.2015	As at 31.03.2014
1	Term Loans from Banks	703.40	1,265.80
-	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.		
-	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.	2,333.44	3,333.40
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. During the year, the loan was entirely repaid.	-	750.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2015	As at 31.03.2014
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 May 14, 2014. The facility matures on January 31, 2024. The rate of interest is six month USD LIBOR +3.10% p.a.	26,054.63	12,912.75
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 + 3.60% p.a. The interest rates in effect at March 31, 2015 on the loan (excluding the effect of the interest rate swap) was 3.91%	23,745.22	25,152.02
	Total	52,836.69	43,413.97

39. Loans repayable on demand from banks (Secured)

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2015	As at 31.03.2014
1	Secured by first paripassu charge on entire current assets of the Company both present and future and second paripassu charge on entire movable fixed assets of the Company both present and future (excluding vehicles/ equipment acquired under hire purchase) Interest rate range from 10.25% to 11.75% p.a.	1,608.96	-
2	Secured by all the assets of a subsidiary, Hinduja Global Solutions UK Limited Interest rate 3.00% over 3 months GBP LIBOR p.a.	1,018.81	1,576.34
	Total	2,627.77	1,576.34

40. Minority Interest for the year ended March 31, 2014 represents preferred stock issued by an overseas subsidiary, which has been repaid during the current year ended March 31, 2015.

41. 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 was given in the financial statements for the year ended March 31, 2014 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 was adjusted during the year ended March 31, 2014 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.

Consequent to the amalgamation, 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 previous 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

42. The contribution of the subsidiaries acquired during the year is as under:

(₹ in Lacs)

Name of subsidiary	Date of acquisition	Excess of cost of investment over the Group's portion of equity of the merged entities	Revenue(Post acquisition)	Net profit (Post acquisition)
HGS Colibrium Inc. (Refer note 44 below)	March 27, 2015	9,444.21	92.18	7.79

43. On March 31, 2015, HGS Canada Inc and 101867 P.E.I. Inc, (both wholly owned subsidiaries of HGS Canada Holdings LLC) were amalgamated into one company called HGS Canada Inc as per the Amalgamation Agreement approved by the Province of Prince Edward Island. The Company has accounted for the amalgamation under the pooling of interest method under AS 14 – Accounting for Amalgamations. This has resulted in decrease in goodwill on consolidation to the extent of ₹ 31,919.41 Lacs (net of foreign currency translation reserve adjustment of ₹ 4,339.73 Lacs) and a corresponding decrease in reserves and surplus.
44. On March 27, 2015 HGS International (fully owned subsidiary of the Company) acquired 89.98% shares in Colibrium Partners LLC and Colibrium Direct LLC, through fully owned subsidiary HGS Colibrium Inc, incorporated on January 21, 2015. Further, on March 31, 2015, Colibrium Partners LLC and Colibrium Direct LLC, (subsidiaries of HGS Colibrium Inc) were merged into one company called HGS Colibrium Inc. as per the Articles of Merger sanctioned by Secretary of State, State of Georgia. The Company has accounted for the merger under the pooling of interest method under AS 14 – Accounting for Amalgamations. Pursuant to this, the excess of cost of investment over the Group's portion of equity of the merged entities on the date on which investment in the merged entities was made, aggregating to ₹ 9,444.21 Lacs has been adjusted against reserves and surplus.
45. Pursuant to Schedule II of the Companies Act, 2013 (w.e.f. April 1, 2014), depreciation charge for the year ended March 31, 2015 is higher by ₹ 991.31 lacs, and written down value aggregating ₹ 1,622.58 lacs (net of deferred tax of ₹ 572.62 lacs) for fixed assets with no residual life as at April 1, 2014 having being charged off to retained earnings.
46. As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Group. The areas for CSR activities are eradication of tuberculosis, promoting education, art and culture, healthcare, and rehabilitation and rural development projects. These contributions by the Group were spent on activities, which are specified in Schedule VII of the Companies Act, 2013.
47. Deferred tax for the year ended March 31, 2015 is net of credit of ₹ 2,477.96 lacs on account of recognition of deferred tax assets by one of the foreign subsidiary in accordance with relevant provisions of AS 22 - Accounting for Taxes on Income.
48. In view of the acquisition referred in Note 44 above, the current year figures are not comparable with the corresponding previous year's figures.
49. 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

Ramkrishan P. Hinduja
Chairman
DIN:00278711

Rangan Mohan
Director
DIN:01116821

Srinivas Palakodeti
Chief Financial Officer

Makarand Dinkar Dewal
Company Secretary

Place : Mumbai
Date : May 20, 2015

Place : Mumbai
Date : May 20, 2015

STATEMENT PURSUANT TO SECTION 129 (3) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014 [AOC-1].

(₹ in Lacs)

Sr. No.	Name of the Subsidiary	Reporting period	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of shareholding
1	HGS International	31.03.2015	USD	B/S 62.3355 P/L 61.3261	20,267.91	81,913.40	102,402.83	221.52	Nil	2,912.78	1,629.31	53.33	1,575.98	Nil	100
2	HGS International Services Private Limited	31.03.2015	INR	-	111.36	9,324.58	11,107.04	1,671.10	57.21	17,851.24	4,275.38	221.12	4,054.26	Nil	100
3	Hinduja Global Solutions Inc.	31.03.2015	USD	B/S 62.3355 P/L 61.3261	7,964.28	(20,134.24)	71,294.86	83,464.82	Nil	1,736.63	(2,877.52)	(2,880.11)	2.59	Nil	100
4	HGS Properties LLC	31.03.2015	USD	B/S 62.3355 P/L 61.3261	-	2,293.82	2,293.82	-	Nil	917.65	693.70	-	693.70	Nil	100
5	HGS Canada Holdings LLC	31.03.2015	USD	B/S 62.3355 P/L 61.3261	21,106.80	(0.01)	21,106.79	-	Nil	-	-	-	-	Nil	100
6	HGS Canada Inc.	31.03.2015	CAD	B/S 49.1694 P/L 53.6268	16,213.27	(28,393.32)	17,356.36	29,536.41	Nil	51,803.28	(2,149.47)	(143.42)	(2,006.05)	Nil	100
7	HGS EBOS LLC	31.03.2015	USD	B/S 62.3355 P/L 61.3261	-	(2,602.21)	4,322.68	6,924.79	Nil	5,805.59	(1,347.60)	-	(1,347.60)	Nil	100
8	HGS (USA), LLC	31.03.2015	USD	B/S 62.3355 P/L 61.3261	3,303.78	22,581.94	51,084.46	25,198.74	Nil	155,239.35	5,460.80	65.85	5,394.95	Nil	100
9	RMT LLC	31.03.2015	USD	B/S 62.3355 P/L 61.3261	0.62	(0.49)	0.13	-	Nil	-	-	-	-	Nil	100
10	Affina Company	31.03.2015	CAD	B/S 49.1694 P/L 53.6268	0.10	(2,091.62)	(2,090.77)	0.75	Nil	280.71	(253.69)	-	(253.68)	Nil	100
11	Hinduja Global Solutions Europe Limited	31.03.2015	GBP	B/S 92.5462 P/L 98.5800	889.72	(499.65)	11,772.35	11,382.28	Nil	1,246.00	207.63	-	207.63	Nil	100
12	Hinduja Global Solutions UK Limited	31.03.2015	GBP	B/S 92.5462 P/L 98.5800	13.45	2,918.26	8,296.34	5,364.63	Nil	29,167.73	396.64	212.70	183.94	Nil	100
13	HGS Italy, S.A.R.L	31.03.2015	EUR	B/S 66.9663 P/L 76.9036	6.70	130.68	187.68	50.30	Nil	243.48	54.50	17.23	37.27	Nil	100
14	HGS France S.A.R.L	31.03.2015	EUR	B/S 66.9663 P/L 76.9036	5.36	(419.19)	175.88	589.71	Nil	317.50	(139.20)	-	(139.20)	Nil	100
15	C-Cubed N.V	31.03.2015	USD	B/S 62.3355 P/L 61.3261	3.74	45.82	2,919.42	2,869.86	26.87	121.96	(2.97)	6.32	(9.29)	Nil	100
16	C-Cubed B.V	31.03.2015	EUR	B/S 66.9663 P/L 76.9036	15.20	141.19	3,149.69	2,993.30	2,915.16	-	(844.08)	-	(844.08)	Nil	100
17	Customer Contact Centre Inc.	31.03.2015	PHP	B/S 1.3966 P/L 1.3836	1,396.60	1,728.42	3,128.60	3.58	Nil	-	(13.47)	-	(13.47)	Nil	100
18	HGS St. Lucia Limited	31.03.2015	XCD	B/S 23.0872 P/L 22.7134	-	(15.97)	1,907.98	1,923.95	1,906.84	-	(1.12)	-	(1.12)	Nil	100
19	Team HGS Limited	31.03.2015	JMD	B/S 0.0231 P/L 0.0235	-	5.66	92.50	86.84	Nil	86.62	4.45	1.15	3.30	Nil	100
20	HGS Mena FZ LLC	31.03.2015	AED	B/S 16.9731 P/L 16.6967	186.92	(662.53)	593.43	1,069.04	Nil	358.94	(643.14)	-	(643.14)	Nil	100
21	HGS Colibrium Inc.	31.03.2015	USD	B/S 62.3355 P/L 61.3261	2,979.36	7.92	14,308.54	11,321.26	Nil	168.65	7.79	-	7.79	Nil	89.98

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Members of Hinduja Global Solutions Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Hinduja Global Solutions Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Philippines and Mauritius.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Other Matter

9. We did not audit the standalone financial statements of two branches included in the financial statements of the Company, which constitute total assets of ₹ 28,811.08 Lacs and net assets of ₹ 11,731.24 Lacs as at March 31, 2015, total revenue of ₹ 47,868.96 Lacs, net loss of ₹ 1,701.93 Lacs and net cash flows amounting to ₹ 1,081.80

AUDITORS' REPORT

Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the financial statements to the extent they have been derived from such standalone financial statements is based solely on the report of such other auditors.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 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 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - (c) The reports on the accounts of the branch offices of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 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 Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014.
 - (f) On the basis of the written representations received from the directors, except from one independent director who has resigned on May 19, 2015, as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its standalone financial statements;
 - ii. The Company has long-term contracts as at March 31, 2015 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2015;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place : Mumbai
Date : May 20, 2015

Jeetendra Mirchandani
Partner
Membership Number: 048125

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Hinduja Global Solutions Limited on the Standalone financial statements as of and for the year ended March 31, 2015

- 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.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause (iii)(a) and (iii)(b) 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. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services of the Company.
- vii. (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 regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax 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, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2015 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ In Lacs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax liability including interest and penalty, where applicable	436.41	Assessment Year 2008-2009	Commissioner of Income Tax Appeal
		814.23	Assessment Year 2009-2010	The Income Tax Appellate Tribunal
		2,237.62	Assessment Year 2010-2011	Dispute Resolution Panel
		161.00	Assessment Year 2011-2012	The Income Tax Appellate Tribunal

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

- (c) The amount required to be transferred to Investor Education and Protection Fund has been transferred within the stipulated time in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder.
- viii. 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.

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

- ix. 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.
- x. 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 3(x) of the Order are not applicable to the Company.
- xi. 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.
- xii. 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

Place : Mumbai
Date : May 20, 2015

Jeetendra Mirchandani
Partner
Membership Number: 048125

BALANCE SHEET

AS AT MARCH 31, 2015

(₹ in Lacs)

	Note	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	2,071.96	2,061.64
Reserves and Surplus	4	79,258.04	74,712.19
		<u>81,330.00</u>	<u>76,773.83</u>
Non-Current Liabilities			
Long-term borrowings	5	6,037.79	5,473.84
Deferred tax liabilities (Net)	31	-	529.25
Long term provisions	6	660.47	517.67
		<u>6,698.26</u>	<u>6,520.76</u>
Current Liabilities			
Short-term borrowings	7	1,608.96	8,500.00
Trade payables	8	6,297.20	4,541.33
Other current liabilities	9	11,620.57	8,010.36
Short term provisions	10	3,288.38	4,014.84
		<u>22,815.11</u>	<u>25,066.53</u>
TOTAL		<u>110,843.37</u>	<u>108,361.12</u>
ASSETS			
Non-current assets			
Fixed assets:			
- Tangible assets	11 A	20,999.67	19,776.33
- Intangible assets	11 B	3,261.49	1,932.91
- Capital work-in-progress		69.60	-
- Intangible assets under development		76.43	52.62
Non-current investments	12 A	43,629.06	44,710.67
Deferred tax assets (Net)	31	103.74	-
Long-term loans and advances	13	13,985.44	11,158.05
Other non-current assets	14	73.96	53.97
		<u>82,199.39</u>	<u>77,684.55</u>
Current assets			
Current investments	12 B	13.95	13.38
Trade receivables	15	14,941.08	15,081.15
Cash and Bank balances	16	981.39	5,734.72
Short-term loans and advances	17	2,107.57	1,282.17
Other current assets	18	10,599.99	8,565.15
		<u>28,643.98</u>	<u>30,676.57</u>
TOTAL		<u>110,843.37</u>	<u>108,361.12</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

Rangan Mohan
Director
DIN: 01116821

Makarand Dinkar Dewal
Company Secretary

Ramkrishnan P. Hinduja
Chairman
DIN: 00278711

Srinivas Palakodeti
Chief Financial Officer

Place : Mumbai
Date : May 20, 2015

Place : Mumbai
Date : May 20, 2015

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2015

			(₹ in Lacs)
	Note	Year Ended 31.03.2015	Year Ended 31.03.2014
Revenue from operations	19	107,040.48	86,635.09
Other Income	20	2,782.33	6,584.45
Total Revenue		109,822.81	93,219.54
EXPENSES			
Employee Benefit Expense	21	66,460.51	52,948.03
Finance costs	22	1,575.24	1,767.34
Depreciation and Amortisation Expenses	11 C	6,056.07	4,204.07
Other Expenses	23	19,633.03	15,802.54
Total Expenses		93,724.85	74,721.98
Profit before tax		16,097.96	18,497.56
Tax expense			
Current tax [Net of prior year reversal of ₹ 210 Lacs (Previous Year includes provision for earlier years ₹ 125 Lacs)]	39	4,899.89	5,058.34
Deferred tax (Refer Note 31)		(60.37)	(16.31)
Profit for the year		11,258.44	13,455.53
Earnings per share			
- Basic (Rupees)	30	54.49	65.33
- Diluted (Rupees)		54.21	65.07
(Nominal value per 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

Rangan Mohan
Director
DIN: 01116821

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Company Secretary

Ramkrishan P. Hinduja
Chairman
DIN: 00278711

Srinivas Palakodeti
Chief Financial Officer

Place : Mumbai
Date : May 20, 2015

Place : Mumbai
Date : May 20, 2015

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
A Cash Flow from Operating Activities :		
Profit before tax	16,097.96	18,497.56
Adjustments for :		
Depreciation/ Amortisation	6,056.07	4,204.07
Profit on Sale of Long-term Investment	-	(7.26)
Profit on Sale of Assets (net)	(48.82)	-
Bad Debts/ Advances Written off	35.53	-
Provisions for Doubtful Debts/ Advances	7.09	228.49
Other Provision (refer Note 32)	-	83.29
Liabilities/ Provisions no longer required written-back	(362.47)	(508.09)
Loss on Sale of Assets (net)	-	0.10
Assets Written Off	3.78	75.56
Interest Income	(13.75)	(30.42)
Dividend from Current Investment	(5.64)	(0.70)
Interest Expense	1,575.24	1,767.34
Mark to Market gain on Derivatives	22.27	(19.34)
Unrealised Foreign Exchange (Gain)/ Loss (Net)	355.85	(24.98)
Dividend from Subsidiaries	(1,948.72)	(5,305.60)
Provision for Gratuity/ Pension and Compensated Absences	579.92	423.15
Operating Profit before working capital changes	22,354.31	19,383.17
Adjustments for :		
Trade and Other receivables	(5,707.37)	(5,904.25)
Trade and Other payables	2,503.80	1,441.36
	(3,203.57)	(4,462.89)
Operating Profit after working capital changes	19,150.74	14,920.28
Direct Taxes Paid	(6,072.57)	(4,492.51)
Net Cash from Operating Activities (A)	13,078.17	10,427.77
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(9,182.63)	(6,083.07)
Sale of Fixed Assets	70.78	45.80
Investments Made - Others	(120.37)	(10.99)
Investments Sold - Others	1,201.41	82.26
Interest Income	27.10	69.28
Dividend from Subsidiaries	1,948.84	5,400.60
Dividend from Current Investment	5.64	0.70
Net Cash used in Investing Activities (B)	(6,049.23)	(495.42)

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2015

(₹ in Lacs)

C Cash Flow from Financing Activities :

	Year Ended 31.03.2015	Year Ended 31.03.2014
Proceeds from Share allotment under Employee Stock Option Schemes	360.65	92.55
Proceeds from Long-term borrowings	2,073.55	1,247.57
Proceeds/(Repayment) from/(of) Short-term borrowings	(6,891.04)	468.17
Dividend Paid and tax thereon	(5,722.09)	(6,306.44)
Interest Expense	(1,594.94)	(1,760.34)
Net Cash used in Financing Activities (C)	(11,773.87)	(6,258.49)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(4,744.93)	3,673.86
Cash and Cash Equivalents as at the beginning of the year	5,687.73	2,013.87
Cash and Cash Equivalents as at the end of the year	942.80	5,687.73
	As at 31.03.2015	As at 31.03.2014
Cash and Cash Equivalents		
Cash on Hand	6.96	34.49
Balances with banks		
- Current Accounts	898.59	5,208.91
- Deposit Accounts	-	402.39
- EEFC (Exchange Earners' Foreign Currency Account)	37.25	41.94
	942.80	5,687.73

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

Rangan Mohan
Director
DIN: 01116821

Makarand Dinkar Dewal
Company Secretary

Ramkrishan P. Hinduja
Chairman
DIN: 00278711

Srinivas Palakodeti
Chief Financial Officer

Place : Mumbai
Date : May 20, 2015

Place : Mumbai
Date : May 20, 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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, Asia and Middle East. 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 the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till 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. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) (Companies (Accounting Standards) Rules, 2006, as amended) and other relevant provisions of the Companies Act, 2013.

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 is provided on a straight line method on pro-rata basis at the rates prescribed under Schedule II to the Companies Act, 2013, except for computers, which is depreciated over six years based on technical valuation of its useful life. The leasehold land, leasehold building and leasehold improvements are amortised over the lease term or its useful life, whichever is shorter.

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 on a straight line basis.

Computer Software having benefit of more than one year is capitalised and amortised on a straight line basis over a period of 3 to 6 years. Non-compete fees is amortised over a period of non-compete agreement (i.e. five years).

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

2.4 Borrowing Costs

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

2.5 Impairment of Assets

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

2.6 Investments

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

2.7 Foreign Currency Translations

Initial Recognition

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

Subsequent Recognition

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

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

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

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

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

Translation of foreign operations

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

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

Forward Exchange Contracts

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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 and terms as specified in the agreements.

In respect of other services, revenue for services rendered is recognised as per the terms of specific contracts.

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 a foreign branch. The gratuity scheme is funded through Group Gratuity Policy with Life Insurance Corporation of India ('LIC'). The pension benefit plan at the foreign branch 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, 2015

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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 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 31.03.2015	As at 31.03.2014
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:		
20,719,573 (Previous Year - 20,616,427) Equity Shares of ₹ 10 each, fully paid-up	2,071.96	2,061.64
	2,071.96	2,061.64

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

Particulars	As at 31.03.2015	As at 31.03.2014
Balance at the beginning of the year	20,616,427	20,589,223
Add: Shares issued pursuant to exercise of employee stock options (Refer Note 37)	103,146	27,204
Balance at the end of the year	20,719,573	20,616,427

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 31.03.2015	As at 31.03.2014
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	162,184	155,580
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	166,918	227,236

Refer Note 37 for details.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

d. The details of Shareholder holding more than 5%

Name of the Shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.74	5,748,541	27.88
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Asia Exports)	2,624,490	12.67	2,624,490	12.73
Amas Mauritius Limited	2,761,427	13.33	2,761,427	13.39
Credit Suisse (Singapore) Limited	416,545	2.01	1,894,810	9.19

4 Reserves and Surplus

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Securities Premium Account		
As per last Balance Sheet	271.10	181.27
Add: Additions during the year on exercise of employee stock options (Refer Note 37)	350.33	89.83
	621.43	271.10
General Reserve		
As per last Balance Sheet	53,294.87	51,949.32
Add: Transfer from Statement of Profit and Loss	-	1,345.55
	53,294.87	53,294.87
Hedging Reserve Account		
As per last Balance Sheet	942.26	252.77
Add/ (Less): Adjustment for the year	(886.70)	689.49
	55.56	942.26
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	20,203.96	12,019.09
Add: Profit for the year	11,258.44	13,455.53
Less: Adjustment on account of Depreciation (Net of Deferred Tax of ₹ 572.62 Lacs (Previous Year: ₹ Nil)) (Refer Note 38)	1,612.64	-
Less: Interim Dividend *	3,103.43	2,060.29
Less: Proposed Dividend **	1,035.98	2,061.64
Less: Dividend Tax (net) ***	424.17	(196.82)
Less: Transfer to General Reserve	-	1,345.55
	25,286.18	20,203.96
	79,258.04	74,712.19

* For the financial year ended March 31, 2015, the amount of per share dividend distributed to Equity Shareholders was ₹ 5 per share each on August 12, 2014, November 12, 2014 and February 5, 2015.

** During the year ended March 31, 2015 and March 31, 2014, the amount of per share dividend proposed as distribution to Equity Shareholders was ₹ 5 and ₹ 10, respectively, recognised in respective years.

*** For the financial year ended March 31, 2014, the Dividend tax is 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

5 Long-term borrowings

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Secured:		
Term Loan from Banks	703.40	1,265.80
- 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.		
- 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.	2,333.44	3,333.40
Long term maturities of Finance Lease Obligations (Secured by hypothecation of assets underlying the lease)	1,041.79	874.64
Unsecured:		
Term Loan from a Bank	1,959.16	-
- Principal amount is repayable in 14 equal quarterly installments commencing at the end of the 3rd quarter from the initial drawdown date December 3, 2014. Interest (at bank's prevailing rate - presently at 3.35%) is payable quarterly in arrears on the outstanding loan balance.		
	6,037.79	5,473.84

6 Long term provisions

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Provision for Employee Benefits (Refer Note 25):		
- Pension	577.18	434.38
Other Provision (Refer Note 32)	83.29	83.29
	660.47	517.67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

7 Short-term borrowings

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Secured:		
Loans repayable on demand from banks [Cash Credit]	1,608.96	-
[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
	1,608.96	8,500.00

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
8 Trade payables (Refer Note 35)	6,297.20	4,541.33
	6,297.20	4,541.33

9 Other current liabilities

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Current maturities of finance lease obligation	589.28	299.70
Current maturities of long-term debt	2,782.38	1,562.36
Interest accrued but not due on borrowings	49.20	68.90
Unpaid Dividend*	36.77	30.17
Others :		
- Advance from customers	23.20	23.40
- Statutory dues including Provident Fund and Tax deducted at Source	1,152.36	869.91
- Employee benefits payable	2,656.45	2,569.75
- Payable for Capital Purchases	4,114.77	2,384.98
- Other Payables	216.16	201.19
	11,620.57	8,010.36

* 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, 2015

10 Short term provisions

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Provision for Employee Benefits (Refer Note 25):		
- Compensated Absences	1,214.47	1,157.95
- Gratuity/ Pension	804.74	424.14
Others:		
- Provision for Fringe Benefit Tax	22.26	20.73
- Proposed Dividend	1,035.98	2,061.64
- Dividend tax	210.93	350.38
	3,288.38	4,014.84

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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	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
As at 01.04.2013	-	-	-	-	619.12	89.45	95.64	2,143.65	1,587.44	4,535.30
Additions during the Year	-	-	-	-	(36.48)	(45.92)	(61.19)	(215.09)	(126.16)	(484.84)
Deductions	-	-	-	-	-	-	-	-	-	-
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
As at 01.04.2013	-	-	-	-	828.05	76.10	142.63	4,915.35	2,330.57	8,292.70
Additions during the Year	-	-	-	-	(136.80)	(30.45)	(101.07)	(604.76)	(23.68)	(896.76)
Deductions	-	-	-	-	-	-	-	-	-	-
As at 31.03.2015	100.97	271.17	2,775.78	2,343.02	5,794.53	243.25	3,103.69	19,997.43	15,391.74	50,021.58
Depreciation										
As at 01.04.2013	-	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	-	-	-	-	(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
As at 01.04.2013	-	2.75	46.37	39.39	1,128.53	39.37	229.22	1,995.35	1,531.09	5,012.07
Charge taken to retained earnings (Refer note 38)	-	-	-	-	644.04	1.10	1,540.05	0.08	-	2,185.27
Deductions/ Adjustment	-	-	-	-	(133.53)	(13.98)	(98.14)	(589.22)	(10.32)	(845.19)
As at 31.03.2015	-	17.75	299.27	290.00	3,771.80	88.85	2,701.66	13,102.26	9,656.95	29,928.54
Assets taken on Finance Lease:										
Gross Block	-	-	-	-	-	-	-	-	-	-
As at 01.04.2013	-	-	-	-	-	-	-	-	-	-
Additions during the Year	-	-	-	-	-	-	-	834.05	-	834.05
Deductions	-	-	-	-	-	-	-	-	-	-
As at 31.03.2014	-	-	-	-	-	-	-	834.05	-	834.05
As at 01.04.2013	-	-	-	-	-	-	-	371.54	-	371.54
Additions during the Year	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at 31.03.2015	-	-	-	-	-	-	-	1,205.59	-	1,205.59
Depreciation										
As at 01.04.2013	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	-	-	-	-	-	-	106.97	-	106.97
Deductions	-	-	-	-	-	-	-	-	-	-
As at 31.03.2014	-	-	-	-	-	-	-	106.97	-	106.97
As at 01.04.2013	-	-	-	-	-	-	-	191.99	-	191.99
Charge for the year	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
As at 31.03.2015	-	-	-	-	-	-	-	298.96	-	298.96

Net Block										
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
As at 31.03.2015	100.97	253.42	2,476.51	2,053.02	2,022.73	154.40	402.03	7,801.80	5,734.79	20,999.67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

B Intangible Assets

(₹ in Lacs)

	Computer Software	Non-Compete Fees	Total
<u>Owned Assets:</u>			
Gross Block			
As at 01.04.2013	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
Additions during the Year	1,725.67	-	1,725.67
Deductions	26.37	-	26.37
As at 31.03.2015	5,309.81	143.00	5,452.81
Amortisation			
As at 01.04.2013	1,520.55	54.29	1,574.84
Charge for the year	458.29	34.32	492.61
Deductions	0.29	-	0.29
As at 31.03.2014	1,979.13	88.61	2,067.74
Charge for the year	701.87	34.32	736.19
Transfer to retained earnings	-	-	-
Deductions/ Adjustment	0.55	-	0.55
As at 31.03.2015	2,681.55	122.93	2,804.48
<u>Assets taken on Finance Lease:</u>			
Gross Block			
As at 01.04.2013	-	-	-
Additions during the Year	341.46	-	341.46
Deductions	-	-	-
As at 31.03.2014	341.46	-	341.46
Additions during the Year	429.10	-	429.10
Deductions	-	-	-
As at 31.03.2015	770.56	-	770.56
Amortisation			
As at 01.04.2013	-	-	-
Charge for the year	41.58	-	41.58
Deductions	-	-	-
As at 31.03.2014	41.58	-	41.58
Charge for the year	115.82	-	115.82
Transfer to retained earnings	-	-	-
Deductions	-	-	-
As at 31.03.2015	157.40	-	157.40
Net Block:			
As at 31.03.2014	1,878.52	54.39	1,932.91
As at 31.03.2015	3,241.42	20.07	3,261.49

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

C Depreciation/ Amortisation for the year

(₹ in Lacs)

	Year ended 31.03.2015	Year ended 31.03.2014
Tangible Assets	5,204.06	3,669.88
Intangible Assets	852.01	534.19
Total	6,056.07	4,204.07

* The Management had obtained extension until April 9, 2015 from Asansol Durgapur Development Authority (ADDA) towards fulfilment of certain conditions noted in it's allotment letter for the leasehold land at Durgapur. On April 9, 2015, the Management has filed an application to ADDA seeking further extension for a period of two years for which reply from ADDA is still awaited.

12 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2015		As at 31.03.2014	
			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	₹10	1,113,555	3,945.62	1,113,555	3,945.62
(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
(iii)	Other Non- Current Investments (Long-term, Unquoted and Non-Trade):					
	Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]			803.16		684.77
	Aggregate Value of Unquoted Non-Current Investments			43,629.06		44,710.67
[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 - ₹ 1,000.32 (Previous Year - ₹ 1,001.08)]	₹ 1,000	164	1.64	154	1.54
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan) [N.A.V. per unit - ₹ 12.86 (Previous Year - ₹ 12.85)]	₹ 10	106,670	12.31	99,762	11.84
	Aggregate Value of Unquoted Current Investments			13.95		13.38
	Aggregate Value of Unquoted Investments [A]+[B]			43,643.01		44,724.05

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

13 Long-term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Capital Advances	781.96	41.78
Security Deposits	3,004.77	2,081.07
Loans and Advances to related parties #	5,591.40	5,602.53
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 ₹ 15,557.39 Lacs (Previous Year - ₹ 10,657.50 Lacs)]	3,930.39	2,757.71
- Fringe Benefit Tax [Net of Provision for Tax of ₹ 9.00 Lacs (Previous Year - ₹ 9.00 Lacs)]	23.73	23.73
- Prepaid expenses	16.90	14.97
- Miscellaneous	3.21	3.18
	13,985.44	11,158.05
# Includes receivable from following parties:		
Hinduja Ventures Limited [Refer Note 24(a)(A)(2)]	5,550.00	5,550.00
Hinduja Global Solutions Inc.	41.40	52.53
	5,591.40	5,602.53

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

14 Other non-current assets

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Deposits with bank for Margin Money	68.97	53.97
(Under Lien with Banks towards Guarantees issued by them on behalf of the Company)		
Deposits with maturity exceeding 12 months	4.99	-
	73.96	53.97

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

15 Trade receivables (Unsecured)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Debts outstanding for a period exceeding six months from the date they are due for payment:		
- Considered Good	146.64	170.92
- Considered Doubtful	20.15	188.44
	<u>166.79</u>	<u>359.36</u>
Other Debts		
- Considered Good	14,794.44	14,910.23
- Considered Doubtful	-	8.37
	<u>14,794.44</u>	<u>14,918.60</u>
Less: Provision for Doubtful Debts	(20.15)	(196.81)
	<u>14,941.08</u>	<u>15,081.15</u>

16 Cash and Bank Balances

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Cash and Cash Equivalents:		
Balances with Banks in:		
- Current Accounts	898.59	5,208.91
- Deposit Accounts	-	402.39
- EEFC (Exchange Earners' Foreign Currency Account) [USD 59,758 (Previous Year - USD 69,835)]	37.25	41.94
Cash on Hand	6.96	34.49
	<u>942.80</u>	<u>5,687.73</u>
Other Bank Balances:		
- Earmarked balance with bank (Unpaid Dividend)	36.77	30.17
- Earmarked balance with bank (Unpaid Employee Bonus)	1.82	1.82
- Deposits with bank for Margin Money*	-	15.00
	<u>38.59</u>	<u>46.99</u>
	<u>981.39</u>	<u>5,734.72</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, 2015

17 Short-term loans and advances

(Unsecured, Considered Good unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Security Deposits		
- Considered good	201.67	120.76
- Considered doubtful	23.27	23.27
	<u>224.94</u>	<u>144.03</u>
Less: Provision for Doubtful Deposits	(23.27)	(23.27)
	<u>201.67</u>	<u>120.76</u>
Other loans and advances:		
- Balance with Government Authorities	33.04	76.79
- Employee loans and advances		
- Considered good	230.07	225.80
- Considered doubtful	7.68	-
	<u>237.75</u>	<u>225.80</u>
Less: Provision for Doubtful Advances	(7.68)	-
	<u>230.07</u>	<u>225.80</u>
- Advance to Vendors	636.54	502.87
- Prepaid expenses	1,006.25	355.95
	<u>2,107.57</u>	<u>1,282.17</u>

18 Other current assets

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
Unbilled Revenue		
- Considered good	9,910.87	6,860.80
- Considered doubtful	-	29.04
	<u>9,910.87</u>	<u>6,889.84</u>
Less: Provision for doubtful unbilled revenue	-	(29.04)
	<u>9,910.87</u>	<u>6,860.80</u>
Interest Accrued on Deposits/ Loans	15.97	29.32
Accrual for Mark-to-Market gain on Derivatives [Refer Note 33]	52.64	961.60
Dividend Receivable from a Subsidiary Company	-	0.12
Unamortised interest expense on Commercial paper	-	20.06
Reimbursable Expenses		
- Considered good	620.51	693.25
- Considered doubtful	-	23.92
	<u>620.51</u>	<u>717.17</u>
Less: Provision for doubtful reimbursable expenses	-	(23.92)
	<u>620.51</u>	<u>693.25</u>
	<u>10,599.99</u>	<u>8,565.15</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

19 Revenue from operations

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Sale of Services:		
Business Process Management	107,040.48	86,635.09
	107,040.48	86,635.09

20 Other Income

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest Income	13.75	30.42
Dividend Income :		
- From Subsidiaries (Non-current Investment)	1,948.72	5,305.60
- From Others (Current Investment)	5.64	0.70
Profit on Sale of long-term Investments	-	7.26
Profit on Sale of assets	48.82	-
Employment Generation Subsidy	34.57	8.05
Foreign Exchange Gain (Net)	170.23	505.97
Liabilities/ Provisions no longer required written-back	265.25	508.09
Provision for Doubtful Debts no longer required written-back	97.22	-
Other non-operating income	198.13	218.36
	2,782.33	6,584.45

21 Employee Benefit Expense

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Salaries allowances and other benefits	61,855.50	49,249.74
Contribution to Provident and Other Funds	3,692.95	2,994.85
Staff Welfare	912.06	703.44
	66,460.51	52,948.03

22 Finance Costs

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Interest on:		
- Term Loan from a Bank	696.28	769.87
- Cash Credit and Others	874.01	455.86
Other borrowing costs	4.95	541.61
	1,575.24	1,767.34

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

23 Other Expenses

(₹ in Lacs)

	Year Ended 31.03.2015	Year Ended 31.03.2014
Power and Fuel	2,994.83	2,679.42
Rent (Refer Note 28)	4,141.42	3,249.61
Repairs and Maintenance - Leased premises	932.89	708.42
Repairs and Maintenance - Others	1,576.76	1,250.05
Insurance	133.46	109.33
Rates and Taxes	262.24	193.14
Directors' Sitting Fees	29.70	7.95
Payment to the Auditors:		
- as Auditors [including payment to Branch Auditors ₹ 27.32 Lacs (Previous Year: ₹ 28.68 Lacs)]	102.32	103.68
- for other services	10.00	12.90
- for reimbursement of expenses	3.30	2.21
Connectivity Cost	1,125.95	814.84
Advertisement and Business Promotion	131.97	148.93
Communication	607.34	545.82
Travelling, Conveyance and Car Hire Charges	1,116.35	979.80
Legal and Professional	2,485.54	1,612.65
Training and Recruitment	1,927.77	1,575.66
Commission	1.94	4.41
Donation	0.36	138.86
Software Expenses	192.86	119.28
Expenditure towards Corporate Social Responsibility (Refer Note 40)	172.90	-
Bad Debts/ Advances Written off	185.30	11.85
Less: Provisions for Doubtful Debts/ Advances	(149.77)	(11.85)
Provisions for Doubtful Debts/ Advances	7.09	228.49
Loss on Sale of Assets (Net)	-	0.10
Asset Written Off	3.78	75.56
Miscellaneous Expenses	1,636.73	1,241.43
	19,633.03	15,802.54

24. a) Contingent Liabilities

A) Claims against the Company not acknowledged as debts:

(₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2015	As at 31.03.2014
(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	9,607.60	5,448.23
(iii)	ESIC demand raised by authorities	329.38	-
(iv)	Others (to the extent ascertainable)	-	2,432.49
(v)	Other matters (Refer Note 2 below)	7,173.48	12,209.79

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2015

Notes:

- 1 The Company has deposited an amount of ₹ 633.08 Lacs (Previous year: ₹ 633.08 Lacs) with the service tax authorities, which is included in "Balance with Government Authorities – Note 13".
 - 2 Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹ 7,173.48 Lacs (Previous Year: ₹ 12,209.79 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: ₹ 5,550 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 - ₹ 523.02 Lacs (Previous Year - ₹ 367.77 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(₹ in Lacs)

	2014-2015	2013-2014
Employers' Contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	1,071.54	1,009.25
Employers' Contribution to Superannuation Fund*	2.17	6.48
Employers' Contribution to Employees' State Insurance *	622.38	579.42
Employers' Contribution to Other Employees' Benefit Scheme*	1,321.50	974.04

*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: -

	2014-2015	2013-2014
Discount Rate (per annum)	6.04% - 7.93%	6.32% - 8.62%
Rate of increase in Compensation levels	3.00% - 5.00%	3.50% - 5.00%
Rate of Return on Plan Assets	6.11% - 7.93%	4.85% - 8.70%

A) Changes in the Present Value of Defined Benefit Obligation

(₹ in Lacs)

	2014-2015		2013-2014	
	Gratuity	Pension	Gratuity	Pension
	Funded	Funded	Funded	Funded
Balance at beginning of the year	603.61	2,086.65	568.91	2,004.02
Interest Cost	52.03	136.04	44.09	94.50
Current Service Cost	79.79	323.55	78.91	244.86
Benefits Paid	(91.51)	(92.52)	(135.09)	-
Actuarial (gain)/ loss on obligations	114.95	48.71	46.79	(256.73)
Balance at end of the year	758.87	2,502.43	603.61	2,086.65

B) Changes in the Fair Value of Plan Assets

(₹ in Lacs)

	2014-2015		2013-2014	
	Gratuity	Pension	Gratuity	Pension
Balance at beginning of the year	471.16	1,360.58	435.14	1,500.03
Expected Return on Plan Assets	40.99	141.21	37.86	91.17
Contribution to the Plan Assets	151.96	-	135.40	69.50
Actuarial gain/ (loss) on obligations	(38.29)	(64.19)	(2.15)	(300.12)
Benefits Paid	(91.51)	(92.52)	(135.09)	-
Balance at end of the year	534.31	1,345.08	471.16	1,360.58
Actual return on Plan Assets	7.93%	2.00%	8.70%	-16.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2015

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 68.43% (Previous Year: 29.27%), Cash and Cash Equivalents 15.61% (Previous Year: 67.55%), Corporate Bonds 15.58% (Previous Year: 2.86%) and Others 0.38% (Previous Year: 0.32%) for amounts aggregating ₹ 1,345.08 Lacs (Previous Year ₹ 1,360.58 Lacs).

D) Amount recognised in the Balance Sheet

(₹ in Lacs)

	2014-2015		2013-2014	
	Gratuity	Pension	Gratuity	Pension
	Funded	Funded	Funded	Funded
Present Value of Defined Benefit Obligation as at end of the year	758.87	2,502.43	603.61	2,086.65
Fair Value of Plan Assets as at end of the year	534.31	1,345.08	471.16	1,360.58
Asset/(Liability) recognised in the Balance Sheet	(224.56)	(1,157.35)	(132.45)	(726.07)
Recognised under:				
Long-term Provisions (Refer Note 6)	-	577.18	-	434.38
Short-term Provisions (Refer Note 10)	224.56	580.18	132.45	291.69

E) Expenses recognised in the Statement of Profit and Loss

(₹ in Lacs)

	2014-2015		2013-2014	
	Gratuity	Pension	Gratuity	Pension
	Funded	Funded	Funded	Funded
Current Service Cost	79.79	323.55	78.91	244.86
Interest Cost	52.03	136.04	44.09	94.50
Expected Return on Plan Assets	(40.99)	(141.21)	(37.86)	(91.17)
Net actuarial (gain)/ loss recognised in the year	153.25	112.90	48.94	43.39
Total Expenses recognised in the Statement of Profit and Loss**	244.08	431.28	134.08	291.58

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

F) Experience Adjustments

(₹ in Lacs)

	2014-2015		2013-2014	
	Gratuity	Pension	Gratuity	Pension
On Defined Benefit Obligation – Loss/ (Gain)	85.33	119.94	68.89	225.67
On Plan Assets – Loss/ (Gain)	38.29	64.19	(2.15)	300.12

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

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

(₹ in Lacs)

	2012-2013		2011-2012		2010-2011	
	Gratuity	Pension	Gratuity	Pension	Gratuity	Pension
Present Value of Obligation at the end of the year	568.91	2,004.02	484.18	1,328.66	377.10	1,013.93
Fair Value of Plan Assets at the end of the year	435.14	1,500.03	331.16	837.12	324.90	228.50
Surplus/ (Deficit)	(133.77)	(503.99)	(153.02)	(491.54)	(52.20)	(785.43)
Experience Adjustments on Defined Benefit Obligation - Loss/ (Gain)	45.30	15.29	1.33	(35.52)	125.88	(19.18)
Experience Adjustments on Plan Assets - Loss/ (Gain)	(4.19)	(263.59)	(2.56)	(52.62)	1.84	-

H) Expected Contribution for next year

(₹ in Lacs)

	2015-2016	2014-2015
Gratuity and Pension Plan	574.69	455.07

III The liability for compensated absences as at March 31, 2015 aggregates ₹ 1,214.47 Lacs (Previous Year - ₹ 1,157.95 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

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) [Amalgamated with HGS International Services Private Limited having appointed date as July 1, 2013]
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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

18. HGS Canada Holdings LLC, U.S.A.
19. HGS Italy, S.A.R.L
20. HGS EBOS LLC, U.S.A.
21. HGS Mena FZ LLC, U.A.E
22. HGS Colibrium Inc (w.e.f March 26, 2015)

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
3. Hinduja Ventures Limited
4. IndusInd Media and Communication Limited

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 above	Parties referred to in III and V above	Parties referred to in IV above	Total
Rendering of Services				
Hinduja Global Solutions Inc.	73,283.31 [60,404.62]	- [-]	- [-]	73,283.31 [60,404.62]
Others	5,315.74 [3,069.44]	- [-]	135.53 [142.10]	5,451.27 [3,211.54]
Total	78,599.05 [63,474.06]	- [-]	135.53 [142.10]	78,734.58 [63,616.16]
Dividend Income				
HGS International Services Private Limited	1,948.72 [445.54]	- [-]	- [-]	1,948.72 [445.54]
HGS International	- [4,860.06]	- [-]	- [-]	- [4,860.06]
Total	1,948.72 [5,305.60]	- [-]	- [-]	1,948.72 [5,305.60]
Other non-operating income				
HGS International Services Private Limited	156.86 [203.41]	- [-]	- [-]	156.86 [203.41]
Total	156.86 [203.41]	- [-]	- [-]	156.86 [203.41]
Rent Expense				
Hinduja Group Limited	- [-]	- [-]	111.45 [91.50]	111.45 [91.50]
Mr. Pabitra DeSarkar	- [-]	3.47 [3.29]	- [-]	3.47 [3.29]
Total	- [-]	3.47 [3.29]	111.45 [91.50]	114.92 [94.79]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ 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
Professional Fees				
Hinduja Group India Limited	- [-]	- [-]	- [178.63]	- [178.63]
Total	- [-]	- [-]	- [178.63]	- [178.63]
Training and Recruitment Expense				
HGS Business Services Private Limited	- [2.36]	- [-]	- [-]	- [2.36]
HGS International Services Private Limited	706.80 [601.33]	- [-]	- [-]	706.80 [601.33]
Total	706.80 [603.69]	- [-]	- [-]	706.80 [603.69]
Consultancy charges				
Hinduja Group Limited	- [-]	- [-]	192.50 [16.13]	192.50 [16.13]
Total	- [-]	- [-]	192.50 [16.13]	192.50 [16.13]
Remuneration				
Mr. Partha DeSarkar	- [-]	302.64 [140.24]	- [-]	302.64 [140.24]
Total	- [-]	302.64 [140.24]	- [-]	302.64 [140.24]
Advance Paid to Key Managerial Personnel				
Mr. Partha DeSarkar	- [-]	2.15 [-]	- [-]	2.15 [-]
Total	- [-]	2.15 [-]	- [-]	2.15 [-]
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				
Hinduja Global Solutions UK Limited	13.51 [-]	- [-]	- [-]	13.51 [-]
HGS (USA), LLC	73.70 [69.92]	- [-]	- [-]	73.70 [69.92]
Hinduja Global Solutions Inc.	- [7.46]	- [-]	- [-]	- [7.46]
Team HGS Limited	28.04 [-]	- [-]	- [-]	28.04 [-]
HGS Canada Inc.	- [29.88]	- [-]	- [-]	- [29.88]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ 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
Others	11.93 [0.33]	- [-]	- [-]	11.93 [0.33]
Total	127.18 [107.59]	- [-]	- [-]	127.18 [107.59]
Expenses reimbursed by Other Companies				
Hinduja Global Solutions UK Limited	- [11.20]	- [-]	- [-]	- [11.20]
HGS (USA), LLC	1.41 [5.77]	- [-]	- [-]	1.41 [5.77]
HGS Canada Inc.	118.38 [18.13]	- [-]	- [-]	118.38 [18.13]
Hinduja Global Solutions Inc.	325.68 [52.73]	- [-]	- [-]	325.68 [52.73]
HGS International Services Private Limited	356.83 [274.17]	- [-]	- [-]	356.83 [274.17]
Team HGS Limited	- [-]	- [-]	- [-]	- [-]
Others	1.15 [-]	- [-]	0.68 [0.75]	1.83 [0.75]
Total	803.45 [362.00]	- [-]	0.68 [0.75]	804.13 [362.75]
Purchase of Fixed Assets				
Hinduja Group Limited	- [-]	- [-]	8.70 [-]	8.70 [-]
HGS International Services Private Limited	46.54 [-]	- [-]	- [-]	46.54 [-]
Total	46.54 [-]	- [-]	8.70 [-]	55.24 [-]
Cancellation of Shares				
HGS Business Services Private Limited	- [5.29]	- [-]	- [-]	- [5.29]
Total	- [5.29]	- [-]	- [-]	- [5.29]
Issue of Shares				
HGS International Services Private Limited	- [16.36]	- [-]	- [-]	- [16.36]
Total	- [16.36]	- [-]	- [-]	- [16.36]
Receivable net of payable as at the year-end				
Hinduja Global Solutions Inc.	16,596.76 [15,080.02]	- [-]	- [-]	16,596.76 [15,080.02]
Hinduja Ventures Limited [Refer footnote 2 of Note 24(a)(A) above]	- [-]	- [-]	5,550.00 [5,550.00]	5,550.00 [5,550.00]

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

(₹ 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 (USA), LLC	675.74 [493.98]	- [-]	- [-]	675.74 [493.98]
HGS Canada Inc.	839.20 [318.85]	- [-]	- [-]	839.20 [318.85]
HGS International Services Private Limited	49.38 [169.15]	- [-]	- [-]	49.38 [169.15]
IndusInd Media and Communication Limited	- [-]	- [-]	159.61 [190.48]	159.61 [190.48]
HGS Mena	297.02 [-]	- [-]	- [-]	297.02 [-]
Others	155.05 [92.39]	2.50 [2.50]	- [6.65]	157.55 [101.55]
Total	18,613.15 [16,154.39]	2.50 [2.50]	5,709.61 [5,747.13]	24,325.26 [21,904.03]
Payable net of Receivables as at year-end				
Customer Contact Centre Inc.	3,122.56 [3,013.99]	- [-]	- [-]	3,122.56 [3,013.99]
Others	- [-]	- [0.40]	5.50 [44.24]	5.50 [44.64]
Total	3,122.56 [3,013.99]	- [0.40]	5.50 [44.24]	3,128.06 [3,058.63]
Investments in Preference Shares				
HGS International Services Private Limited	- [1,200.00]	- [-]	- [-]	- [1,200.00]
Total	- [1,200.00]	- [-]	- [-]	- [1,200.00]
Redemption of Preference Shares				
HGS International Services Private Limited	1,200.00 [-]	- [-]	- [-]	1,200.00 [-]
Total	1,200.00 [-]	- [-]	- [-]	1,200.00 [-]
Investments in Equity Shares				
HGS International Services Private Limited (Refer footnote to Note 12)	3,945.62 [3,945.62]	- [-]	- [-]	3,945.62 [3,945.62]
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, 2015

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	4,236.69 [3,088.49]	12,710.05 [9,444.19]	10,718.49 [12,149.52]	4,141.42 [2,970.17]

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 ₹ Nil (Previous Year - ₹ 279.44 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 31.03.2015	As at 31.03.2014
Present Value	1,631.07	1,174.34
Finance Charge	141.11	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	589.28 [299.70]	1,041.79 [874.64]	1,631.07 [-]
Finance Charges	79.77 [62.88]	61.35 [79.86]	141.12 [-]
Total	669.05 [362.58]	1,103.14 [954.50]	1,772.19 [-]

Figures in bracket pertain to the previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

30. Earnings per Equity Share (Basic and Diluted)

	2014-2015	2013-2014
Profit After Tax (₹ in Lacs)	11,258.44	13,455.53
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,659,888	20,595,300
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A.	20,659,888	20,595,300
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	108,301	81,812
No. of shares for Diluted Earnings per share	20,768,189	20,677,112
Nominal Value of an equity share (₹)	10	10
Earnings per share (Basic) (₹)	54.49	65.33
Earnings per share (Diluted) (₹)	54.21	65.07

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

(₹ in Lacs)

	As at 31.03.2015	As at 31.03.2014
<i>Deferred Tax Liability</i>		
Depreciation on Fixed Assets	(877.31)	(946.94)
Total Deferred Tax Liability	(877.31)	(946.94)
<i>Deferred Tax Asset</i>		
Expenses allowed on payment basis	952.96	283.26
Provision for doubtful debts/ advances	15.03	92.81
Others	13.06	41.62
Total Deferred Tax Asset	981.05	417.69
Net Deferred Tax Assets/ (Liability)	103.74	(529.25)

32. Provisions - Others

(₹ in Lacs)

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

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, 2015

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	79,250,000	Sell	85	51,811.13
		[65,750,000]	Sell	[129]	[42,702.29]

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

(₹ in Lacs)

Particulars	2014-2015	2013-2014
Mark-to-market gains	52.64	961.60

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	25,024 [18,470]	23.71 [18.50]
Euro	- [35,078]	- [29.02]
SGD	4,974 [4,974]	2.18 [2.37]
CAD	1,139,275 [510,721]	560.17 [277.65]
USD	2,958,847 [6,257,357]	2,053.01 [3,727.45]

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 ₹ 55.56 Lacs [Previous Year: ₹ (942.26) Lacs].

The losses/(gain) on ineffective portion recognized in the Statement of Profit and Loss that arises from cash flow hedges amounts to ₹ 2.92 Lacs (Previous Year: ₹ (19.34) Lacs).

Gains and losses recognized in the hedging reserve in equity (Note 4) on forward foreign exchange contracts as of March 31, 2015 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	2014-2015	2013-2014
Business Process Management	42,462.23	32,351.59
Dividend from a Subsidiary	-	4,860.06

b) Expenditure in Foreign Currency:

(₹ in Lacs)

Particulars	2014-2015	2013-2014
Foreign Travel (including allowances)	127.76	136.97
Others	73.97	119.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

c) Value of Imports calculated on CIF basis:

(₹ in Lacs)

Particulars	2014-2015	2013-2014
Capital Goods	277.20	182.50

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

(₹ in Lacs)

Particulars	As at 31.03.15	As at 31.03.14
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	3.47	43.80
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.88	1.23
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	0.05	-
Further interest remaining due and payable for earlier years	0.05	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)
Interim Dividend for the financial year 2014-15	19	2,781,782	417.27
Final Dividend for the financial year 2013-14	19	2,781,782	278.18
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]

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 Nomination and Remuneration Committee (formerly 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 Nomination and Remuneration Committee (formerly Compensation Committee) approved the terms and conditions relating to ESOP 2011 and options were granted on November 11, 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

Particulars	ESOP 2008	ESOP 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: - 1/6 th of the options granted will vest on the first anniversary of the grant date. - 1/3 rd of the options granted will vest on the second anniversary of the grant date. - 1/2 nd 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: - 1/6 th of the options granted will vest at the end of one year from the grant date. - 1/6 th of the options granted will vest at the end of 18 months from the grant date. - 1/6 th of the options granted will vest at the end of 24 months from the grant date. - 1/4 th of the options granted will vest at the end of 30 months from the grant date. - 1/4 th 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 Nomination and Remuneration Committee (formerly 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 Nomination and Remuneration Committee (formerly 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, 2015

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
July 2, 2014	31,800	527.25	Nil	147.74
September 29, 2014	17,500	649.25	Nil	194.36

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
July 2, 2014	46,100	527.25	Nil	129.38
September 29, 2014	3,500	649.25	Nil	174.69

@ 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	
	2014-15	2013-14	2014-15	2013-14
Outstanding at the beginning of the year	155,580	149,515	227,236	243,170
Granted during the year	-	-	-	27,000
Re-granted during the year	49,300	128,720	49,600	5,000
Lapsed during the year	22,356	122,655	27,112	20,730
Exercised/ Allotted during the year	20,340	-	82,806	27,204
Outstanding at the end of the year	162,184	155,580	166,918	227,236
Exercisable at the end of the year	30,508	16,580	90,798	83,166
Range of exercise price for options outstanding at the end of year	₹285.05 - ₹649.25	₹285.05 - ₹416.65	₹340.25 - ₹649.25	₹340.25 - ₹572.75
Weighted Average share price at the date of exercise	601.86	-	601.86	₹530.84
Weighted Average remaining life in years	1.43	1.69	1.34	1.98

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been (lower)/ higher by ₹ (83.11) Lacs (Previous Year - ₹ (131.54) Lacs), Profit After Tax and the basic and diluted earning per share would have been (higher)/ lower by ₹ (83.11) Lacs (Previous Year - ₹ (131.54) Lacs) and Re. (0.40) (Previous Year - Re. (0.64)), respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

38. Pursuant to Schedule II of the Companies Act, 2013 (w.e.f. April 1, 2014), depreciation charge for the year ended March 31, 2015 is higher by ₹ 939.71 lacs, and written down value aggregating ₹ 1,612.64 lacs (net of deferred tax of ₹ 572.62 lacs) for fixed assets with no residual life as at April 1, 2014 having being charged off to retained earnings.
39. Current tax includes provision for tax of ₹ 362.68 Lacs (Previous Year: ₹ 338.70 Lacs) pertaining to overseas branches which is determined as per the laws applicable in the relevant country.
40. As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the company. The areas for CSR activities are eradication of tuberculosis, promoting education, art and culture, healthcare, and rehabilitation and rural development projects. These contributions by the Company were spent on activities, which are specified in Schedule VII of the Companies Act, 2013.
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 20, 2015

For and on behalf of the Board

Partha DeSarkar
Chief Executive Officer and Manager

Rangan Mohan
Director
DIN: 01116821

Makarand Dinkar Dewal
Company Secretary

Place : Mumbai
Date : May 20, 2015

Ramkrishan P. Hinduja
Chairman
DIN: 00278711

Srinivas Palakodeti
Chief Financial Officer

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