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# INNOVATION · VALUE · GROWTH

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ANNUAL REPORT 2015-16



HINDUJA GROUP



## Innovation. Value. Growth

The design theme for this year's annual report – **Innovation. Value. Growth** - encapsulates the culture at HGS... that of a forward-thinking company that is leveraging the confluence of new technologies with innovation to drive value for our clients. For us at HGS, innovation is not just a word... it is in fact a practice that we bring to every engagement we have with our clients – be it in developing technology-powered solutions to drive better customer experience, creating new business models to fuel growth or producing complex back-office re-engineering to drive productivity.

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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

## OUR VISION

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

## OUR MISSION

To make our clients more competitive

## OUR VALUES

Based on the five principles established by the Group Founder, HGS has evolved the seven values that weave the different cultures across HGS and its subsidiaries into one fabric



### Global Mindset

We think globally, respect cultural diversity and provide equal opportunities for all employees.



### Quality

We believe in continuous improvement through innovation, process enhancement and team work.



### Sustained Growth

We are driven to grow our businesses rapidly and profitably to create value for all our stakeholders.



### Pride in Execution

We deliver consistently superior business results by excelling in what we do for our clients.



### Integrity

Integrity is the cornerstone of all our dealings, be it with our employees, customers, suppliers, partners, shareholders, government or the communities we serve.



### Customer Focus

Our customer is at the centre of what we do.



### Empowerment

We encourage employees to take ownership of their actions, be proud of their achievements and celebrate successes.

# HGS AT A GLANCE

We are leaders in optimizing the customer experience and helping our clients become more competitive. We provide a full suite of business process management (BPM) services from traditional voice contact center services and transformational DigiCX services that are unifying customer engagement to platform-based, back-office services and digital marketing solutions. By applying analytics, automation, and interaction expertise to deliver innovation and thought leadership, we increase revenue, improve operating efficiency, and help retain valuable customers.

## Our client profile

- Servicing 5 of the top 10 US Healthcare Payers & Providers Groups
- Providing customer service solution to top Telecom giants in Canada, India, UK, US
- Managing customer interactions for Global Banking & Financial clients across India, Philippines and the US
- Providing consumer solutions to 30+ leading Consumer brands
- Customer support to large Public Sector clients in the UK and Canada

HGS operates in a global landscape with

**39,834** employees in  
**67** worldwide locations  
 delivering localized solutions in **37** languages

## Delivery locations

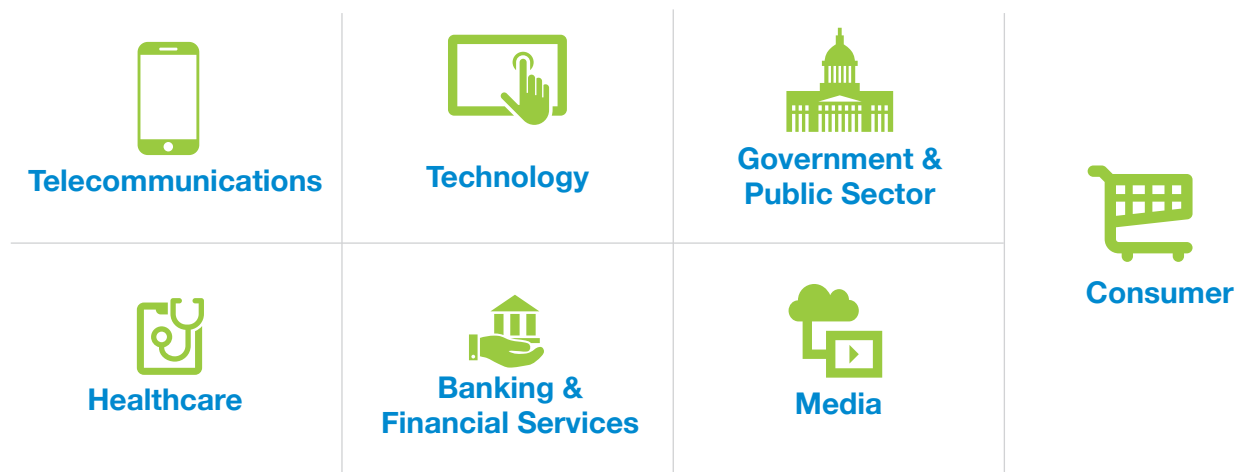
### HGS 67 Delivery Centers

CANADA 10	FRANCE 01	GERMANY 01	INDIA 31	ITALY 01	JAMAICA 02
NETHERLANDS 01	PHILIPPINES 08	UAE* 01	UK 03	US 09	

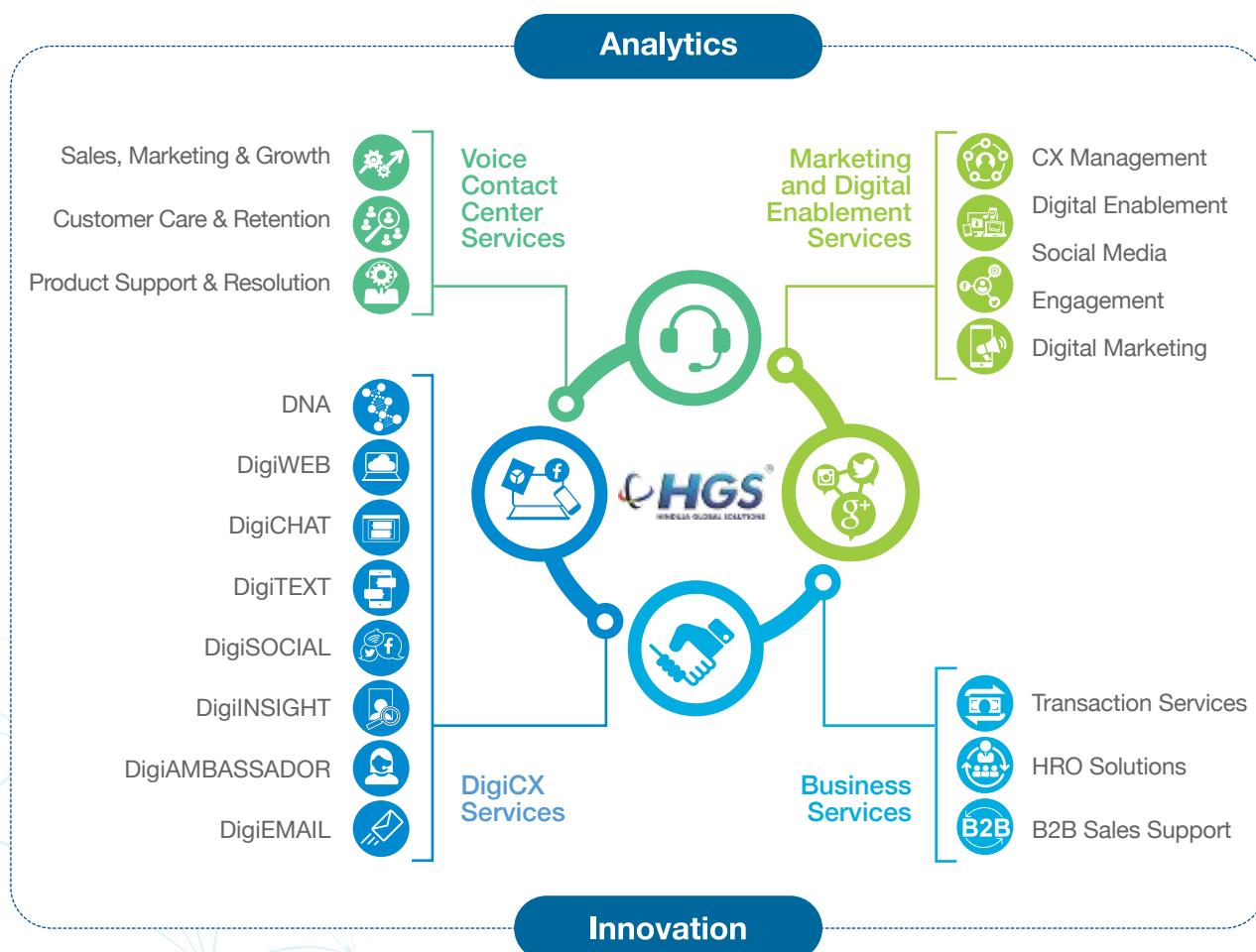
UAE\*- Sales & Marketing Office

# HGS AT A GLANCE

## Industries We Serve



## Our Core Expertise





# BOARD OF DIRECTORS



From left to right

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

## CHAIRMAN'S MESSAGE

Dear Shareholders:

Financial year 2016 marked an important milestone in the life of Hinduja Global Solutions Ltd.

Closing the year with revenues of over \$500 million was a significant achievement despite an extremely difficult year with adverse pressures in multiple markets, especially in Canada where the revenues dropped 23% in US dollar terms on account of client contract renewal delays and a sharp depreciation of the Canadian currency. The headwinds in Canada amplified by multiple other challenges in the market were a major reason for a temporary setback and a drop in profitability.

HGS Canada's difficult turnaround was executed effectively by the management with close monitoring by its board of directors. These efforts began to show positive results by the fourth quarter, ending the year on a positive note while allowing continued investment in laying the foundation for future growth and profitability.

Continuing with the ROC (Right Source, One HGS and Cross Sell) strategy, your Company, along with its subsidiaries, has been able to grow successfully and sail through rough weathers while innovating.

HGS has continued investments, to innovate and to develop technology to make its clients more competitive, instead of cutting back on strategic initiatives to manage quarterly earnings. This has allowed your Company to provide higher value services to its clients and to improve its prospects for profitable growth in an extremely competitive industry.

As a result, your company continues to be recognized as a market leader in offering innovative solutions and improve productivity.

Hence the theme for this year's Annual Report: "Innovation. Value. Growth." marking the launch of three path-breaking innovative solutions, namely; "HGS Unified CX" – the newly launched suite of digital customer experience services, "HGS Health+CARE" a





“HGS has continued investments, to innovate and to develop technology to make its clients more competitive ...Hence the theme for this year's Annual Report: "Innovation. Value. Growth." marking the launch of three path-breaking innovative solutions, "HGS Unified CX", "HGS Health+CARE" and HGS-RPA.”

solution targeted at the healthcare industry and HGS's proprietary differentiated robotic process automation offering "HGS-RPA".

In addition to making strategic capital investments to address key markets and capability enhancement opportunities to strengthen the Company's core businesses, HGS continues to execute on its commitment to digitization by building the technological capabilities that are critical to all customer transactions and interactions. Your Company's acquisition strategy includes putting together technology platforms with specific capabilities to further

improve its competitive strength in selective business segments, investing more in protecting and growing where we are strongest and where the markets are most attractive.

The recent dominant trend in the world economy has been the continuation of a low rate of global economic growth despite multi-year unprecedented monetary stimulation in mature economies. This seems to have created a political environment with populist calls for retreat on globalization. Your Company's diversified global client base and a delivery portfolio with a mix of domestic, offshore, and nearshore business, allows HGS clients a choice in the right mix of shores for delivery, and creates a balanced portfolio with some natural hedges in place, should the current rhetoric lead to some back-tracking on liberalization of trade.

On behalf of the Board, I would like to express my sincere thanks to all our clients for entrusting us with their confidence in Team-HGS and with our diverse partnership models, especially to those clients that have been with us for well over a decade and sometimes even multiple decades. The true benefit of HGS's value proposition is evidenced in our long tenured relationships and even more so when such clients utilize our innovation offerings.

I would like to thank our CEO and management team as well as each and every member of Team-HGS for their tireless commitment and passion that made Hinduja Global Solutions overcome the anticipated and the unexpected challenges faced this past year, propelling them to continue to ensure that each and every client is pleased with the

quality of the service provided, and striving to live out our motto of 'making our clients more competitive'.

Words cannot justify the appreciation for all of the Board Members of HGSL and the directors of all of our subsidiaries who have continued to provide critical guidance on corporate governance of your Company in this evolving world of changing rules and laws as well as their vital insights on major decisions that affect both the strategic direction and the proper execution of the same.

On behalf of the Company, I am grateful to have access to the incomparable wisdom of our Group Chairman, Mr. S. P. Hinduja, in building this global business that has the largest employee base of the entire Group, the immense contributions of HGSL Co-Chairperson, Ms. Shanu S.P. Hinduja, our board member Ms. Vinoo S. Hinduja in addition to the continued support of Mr. A.P. Hinduja, Chairman Emeritus HGSL. I would also like to thank all the global members of the Hinduja Group and the entire Hinduja Family for being so generous with their time and for their helpful inputs.

Finally, I wish to convey my wholehearted thanks to all our shareholders and all of our stakeholders for their continued trust and support.

**Yours sincerely,**



**Ramkrishan P Hinduja**  
**Chairman**

**August 17, 2016**

# CEO'S MESSAGE



“This year, we also achieved a major milestone in crossing \$500 million in revenue for the first time... This is the result of the vision, hard work and perseverance of each member of the HGS family. I congratulate you all on this success. I believe that we are progressing in the right direction and are poised for the next leap of growth.”

**Partha DeSarkar**  
Global Chief Executive Officer

Dear Shareholders,

In FY 2016, HGS demonstrated its continued ability to deliver consistent growth while moving forward with strategies that will sustain our long track-record of success. I am happy to report that we recorded a double-digit revenue growth of 18.5% for the year in a challenging business environment.

## Here are some highlights of our financial performance in the year:

- ▶ We posted revenue of ₹ 33,282 million for the year, a y-o-y growth of 18.5%. Growth was led by existing and new client wins, especially in healthcare and public sector verticals, turnaround in Canada and a strong growth in recently acquired companies like Colibrium and the India client relationship management (CRM) portfolio.

- ▶ EBITDA was ₹3,130 million while PAT stood at ₹1,010 million. Our profitability during the year was affected by various factors including challenges in our Canada operations, exit costs related to some of the unprofitable accounts and investments made in upgrading the Colibrium platform.

We saw the beginning of our climb back to profitability in the

fourth quarter (Q4) as a result of several initiatives that we put in place over the previous quarters. Our Canada operations turned EBITDA positive in the last quarter. Similarly, the India Domestic CRM that we acquired in September, 2015 also achieved breakeven in March, 2016. These two factors played a big role in the improved profitability in the last quarter.

## A milestone in our journey – crossed over \$500 million in revenue

This year, we also achieved a major milestone in crossing \$500 million in revenue for the first time. Way back in 2000, HGS set up its roots as a one-client, 23-employees team in Bangalore. Since then, we have grown into a global organization with about 40,000 employees supporting 190 BPM clients from 11 countries today. In FY 2016, we clocked \$507 million in revenue. This is the result of the vision, hard work and perseverance of each member of the HGS family. I congratulate you all on this success. I believe that we are progressing in the right direction and are poised for the next leap of growth.

Our business this year grew primarily in the healthcare and the public sector verticals, with the healthcare vertical being a

# CEO'S MESSAGE

stand-out performer. In Rupee terms, the healthcare vertical grew by about 10.9% y-o-y to account for 41.8% of total revenue, up from over 35% in the previous fiscal. Volumes in healthcare - especially those in offshore accounts - increased significantly and helped us drive business growth. In the public sector, our growth came in UK and Canada. Our nearshore delivery continues to expand, with a varied range of services being supported from Jamaica. HGS' Board has recommended a total dividend of ₹15 per share for FY 2016. We continue to offer you consistent growth, with a robust dividend yield. Our business is performing well, leveraging our strong fundamentals, and we believe that our best days are still ahead of us.

## **Innovation. Value. Growth – towards building HGS 2.0**

Beyond the financial growth numbers, HGS has made important progress on our vision towards evolving into a new kind of forward-thinking company... one where we lead the next cycle of BPM evolution, with our focus on innovation and enhanced customer experience. This vision, encapsulated in the design theme of this year's annual report – **Innovation. Value. Growth**, is based on the premise that the business world of today is being transformed by a number of complex factors. It is imperative that we plan beyond the short-term growth as we identify key trends that can potentially transform client industries, and where we believe investment and innovation can bring about positive outcomes.

You are aware that technologies like SMAC, Big Data and Internet of Things are creating a digitized world, led by rising consumerism and evolving demographics. Added to this mix are changing regulatory environments and industry-specific developments. HGS has taken several steps to realign ourselves in this direction and enable us to win in today's economic scenario that favors only the competitive best.

This includes making significant investments towards:

**Organic expansion:** HGS has invested heavily in strengthening our client-facing organization, thus helping build a stronger pipeline across existing and newer sub-verticals like fitness and ecommerce. Our conversion rates have improved even as we signed 20 new logos in FY 2016, including three major public sector clients in the UK and Canada. We continue to organically expand operations to meet client demand, and set up six new centers in the year and ramped up at existing locations for several client programs.

**Acquisitions:** While we have grown fast organically, we have also leveraged the inorganic route to great effect by setting down HGS roots in Philippines, US, Canada and UK through the years. In September, 2015, we made our biggest-ever acquisition in terms of headcount by acquiring a significant part of Mphasis Group's BPM business in India. The transaction included transition of over 7,000 employees, five new cities and seven new centers, which has given us an expanded geographic presence in the Indian domestic market. We are already seeing the impact of having customer support teams in North India, winning a couple of key clients including a global e-retailer brand.

Towards the end of FY2015, HGS made a foray into B2C focused platform play in the US based healthcare insurance sector by acquiring Colibrum. It has been a successful venture for us so far as we have signed quite a few engagements with clients, including four in Q4 FY 2016. This growth has been driven by a more robust version of the software product Tuo, and strengthened sales and marketing.

**Innovation:** We are backing up our client-facing organization with technology-powered solutions and service offerings that match the market opportunities arising in an increasingly digitized world.

In the last few months, we have launched HGS DigiCX, a suite of digital customer experience

# CEO'S MESSAGE

services that focuses on transforming traditional call center customer experiences. Under this umbrella, we have introduced innovative offerings - DigiWEB, DigiCHAT, DigiTEXT, DigiSocial and DigiINSIGHT. We expect the DigiCX suite of services to help us capture new revenue streams in our clients' customer experience journey, by driving improved loyalty and net promoter scores.

Additionally, Health+CARE, our end-to-end solutions package for the healthcare insurance vertical and Robotic Process Automation (RPA) solutions are unlocking new demand for even higher value HGS services. RPA is a new area of focus for us, where repeatable, simple tasks such as claims processing are automated through use of software, and HGS hopes to gain big from our early mover advantage in this space. An Everest Group research states that RPA adoption in BPM is growing at a CAGR of over 100 percent and is likely to impact 30-40 percent of BPM spend in the long run. This is a big opportunity for HGS and we are already working with several clients through gain-share commercial models.

We are building up our healthcare domain expertise by recruiting SMEs like doctors, registered nurses, clinicians and ICD 9 and 10 medical coders in India and Philippines. Apart from that, we are making investments to add more features and functionalities to the Tuo platform we acquired from Colibrium. This will help us leverage the growth that we anticipate to be driven by healthcare reform in the US.

The CSR connect: As a socially responsible enterprise, HGS is proud to give back to society as well as learn from the communities we serve. Our teams across geographies regularly engage in various CSR initiatives related to education, youth development and healthcare – both through volunteering and raising funds for charities. I am

pleased that many employees have been recognized by external agencies and city councils for their contribution to society.

## Focus on driving success

As we navigate through a rapidly changing business environment, we are transforming ourselves to remain at the forefront of these changes. We continue to remain focused on the four main pillars that drive our company:

- ▶ Our clients, who have always seen HGS as their service provider of choice for our excellence in delivery
- ▶ Our ever-growing base of multi-cultural employees, who I believe are our biggest differentiator
- ▶ Our investors and shareholders, who enable us to keep the business strong, and
- ▶ Our communities, where we work, and serve clients and their customers every day.

We thank you, and look forward to your continued support in the future too.

Yours sincerely,



**Partha DeSarkar**  
**Global Chief Executive Officer**

**August 17, 2016**



# MANAGEMENT TEAM



**Partha DeSarkar**  
Global CEO



**Srinivas Palakodeti**  
Global CFO



**Kathy Hamburger**  
President, Sales & Client  
Relationships, North America



**Matthew Vallance**  
CEO, HGS Europe



**B. N. Narasimha Murthy**  
President, Jamaica and Corporate  
Shared Services, Americas



**Pushkar Mishra**  
CEO, HGS Philippines



**Ramesh Gopalan**  
President, Healthcare Business  
and Head of India Business



**Sridhar Krishnamurthy**  
CEO, HGS MENA



**Tim Schuh**  
President, Operations, North America  
and Global Business Excellence



**Anthony Joseph**  
President, Global Human Resources



**Chris Lord**  
Sr. Vice President, Global Growth  
Strategy and Marketing



**Subramanya C**  
Global Chief Technology Officer



**S Mahadevan**  
Executive Vice President, Legal,  
Risk and Compliance



**Smita Gaikwad**  
Sr. Vice President, Global  
Corporate Communications

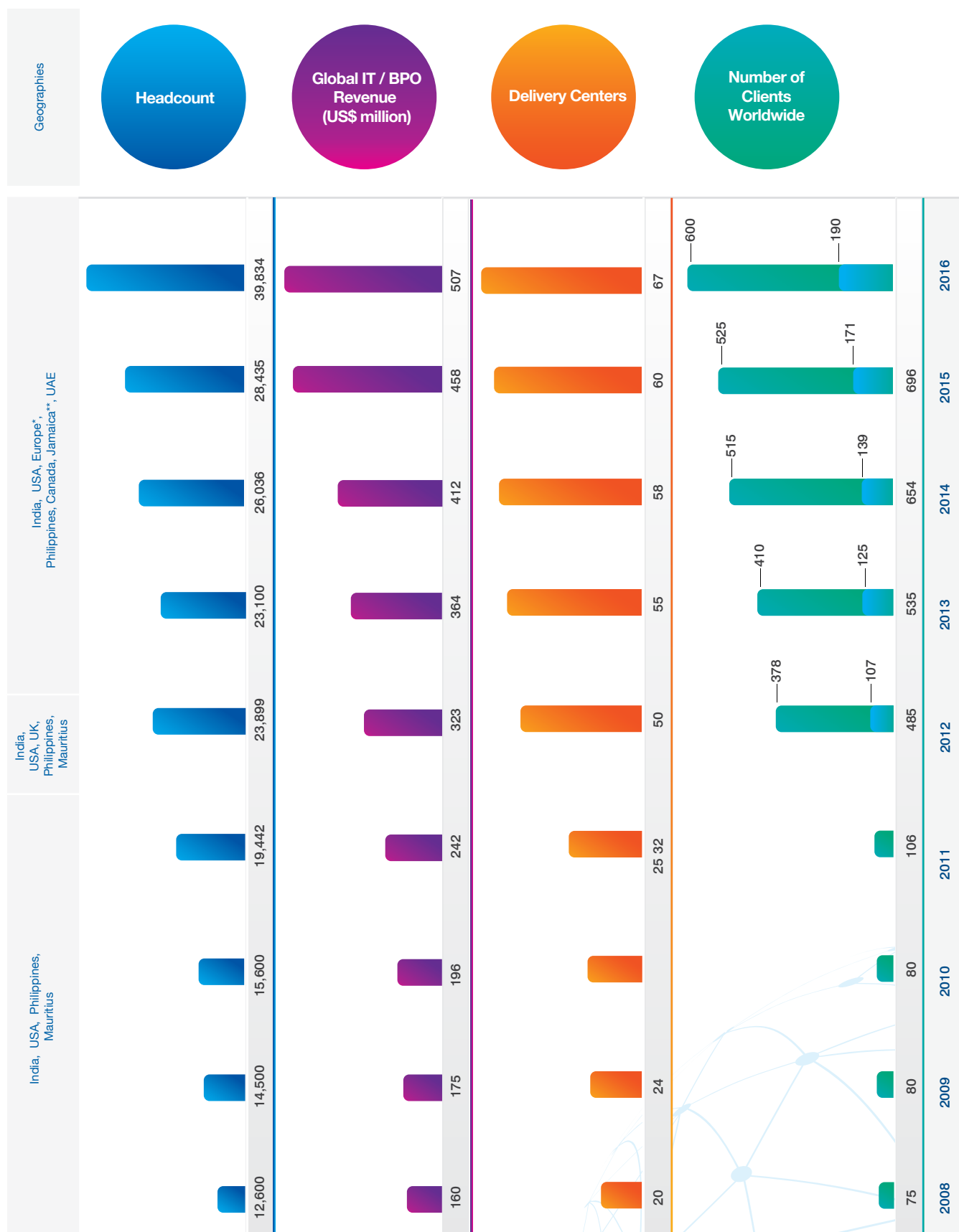


**Yashwinee GK**  
Global Chief Information Officer



**Makarand Dewal**  
Company Secretary

# 10 YEARS OF GROWTH



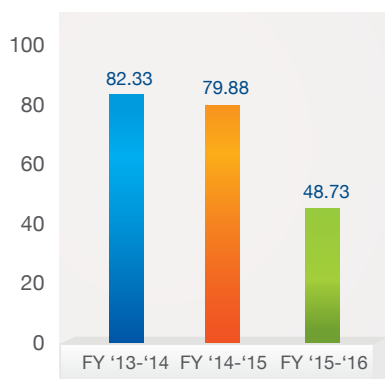


# FINANCIAL & GENERAL HIGHLIGHTS

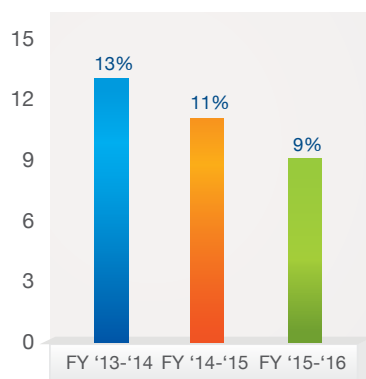
FY'13-'14

FY'14-'15

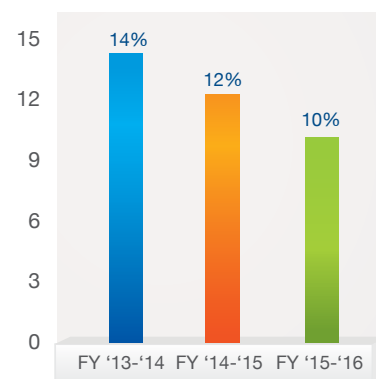
FY'15-'16



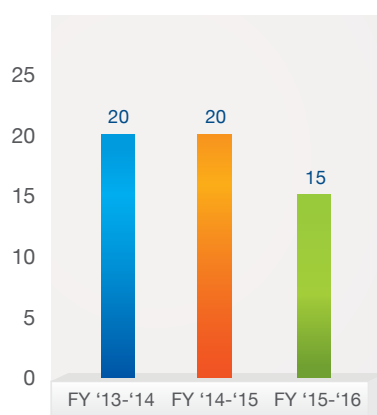
Basic EPS (in ₹)



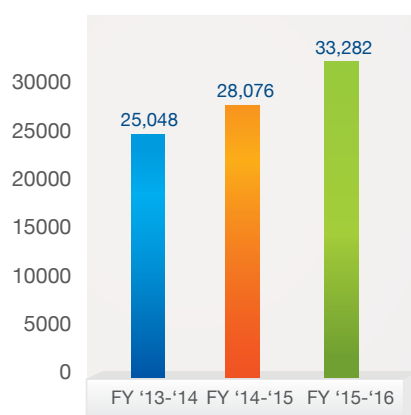
Operations Profit/Total Revenue



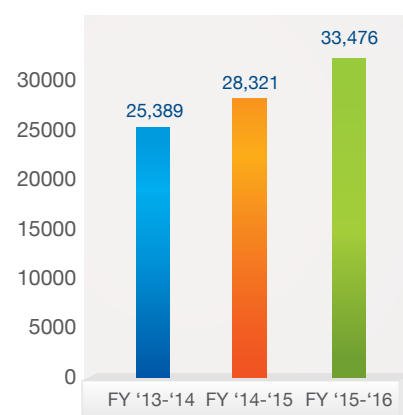
ROCE (PBIT/Av. Capital Employed)



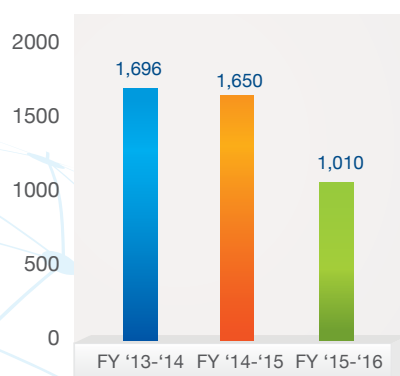
Dividend per share (in ₹)



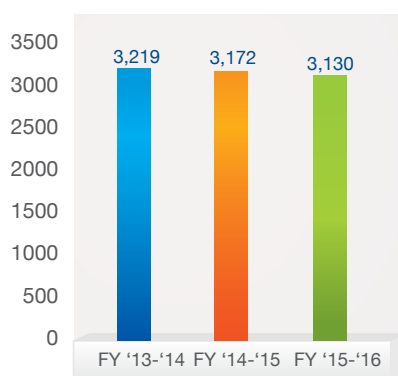
Operating Revenue (₹ million)



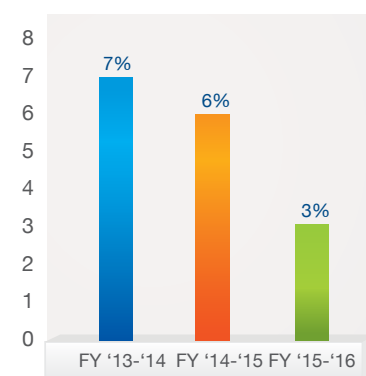
Total Revenue (₹ million)



PAT (₹ million)

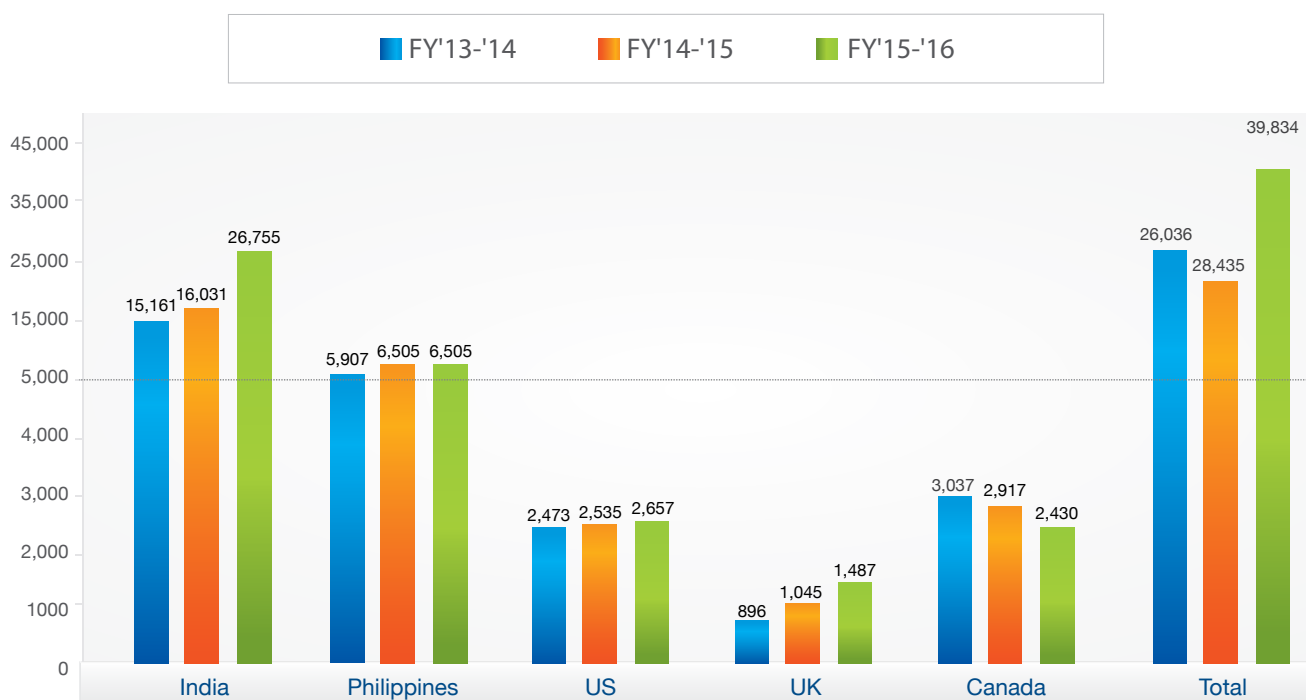


EBITDA (₹ million)

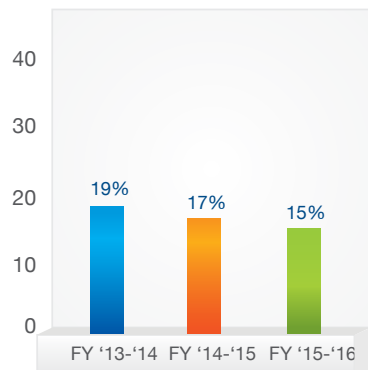


PAT/Total Revenue

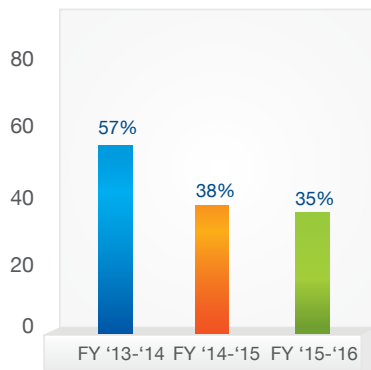
# FINANCIAL & GENERAL HIGHLIGHTS



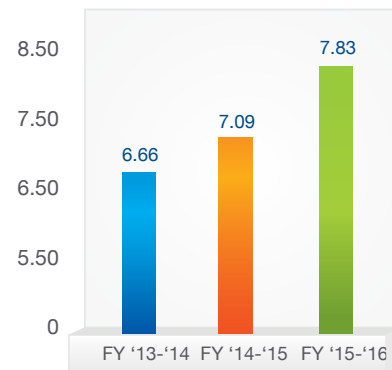
Headcount - by Geography



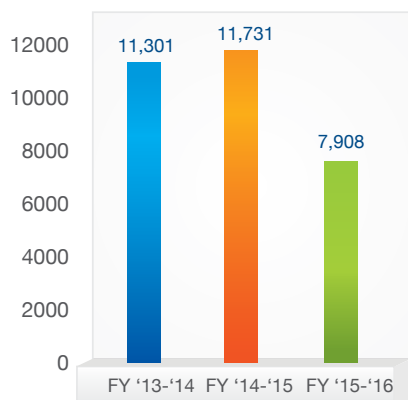
Cash and Bank Balances/  
Total Assets



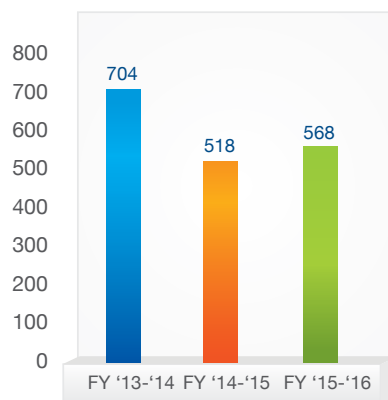
Capital/Output Ratio



Price/EPS end of year



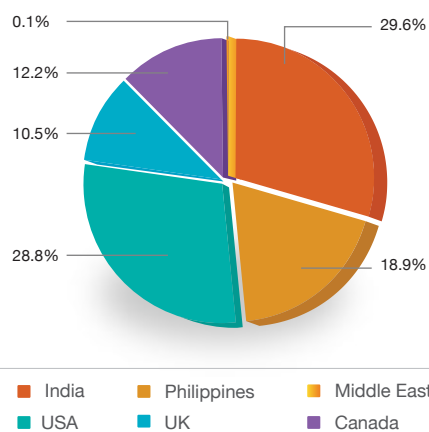
Market Capitalisation (₹ million)



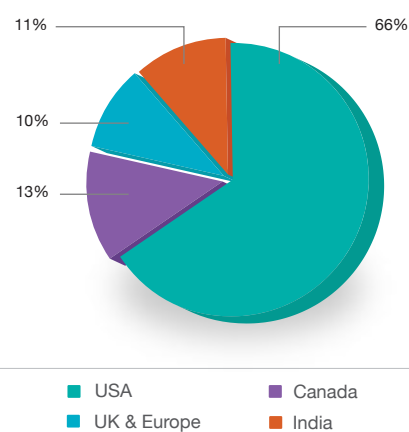
Book value per share (in ₹)

# FINANCIAL & GENERAL HIGHLIGHTS

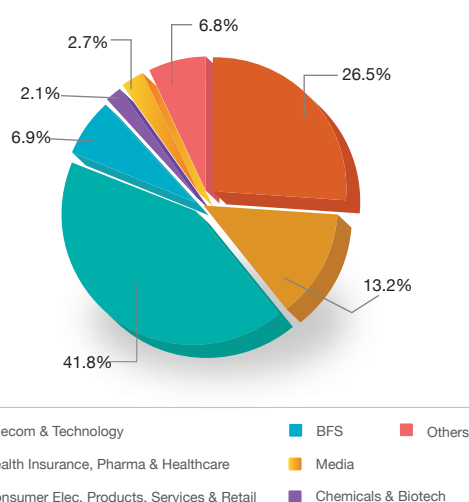
Revenue Split - by Delivery Location



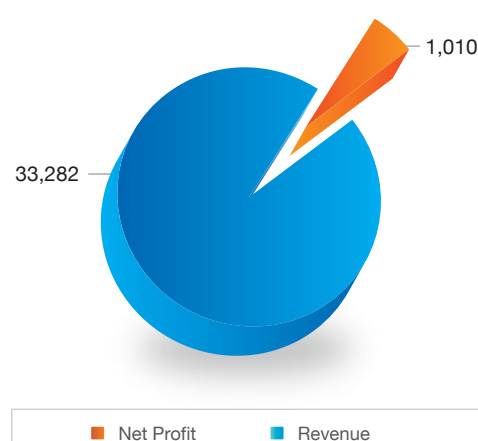
Revenue Origination by Geography



Revenue Split - by Vertical

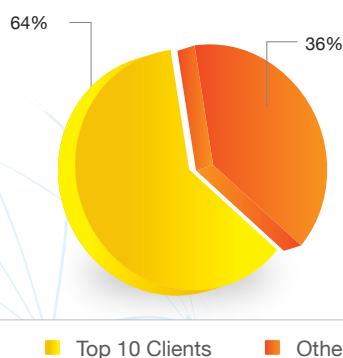


Revenue & Net Profit (FY'15-'16. ` Cr)

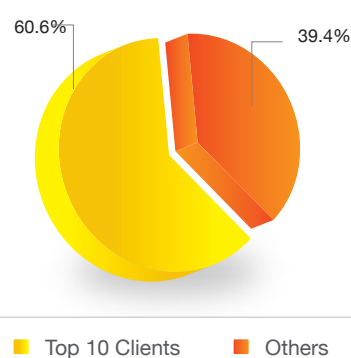


Client Concentration

FY '14-'15



FY '15-'16



# OUR INNOVATION AND NEW SERVICES

HGS' mission is to make clients more competitive... We are driven by that one goal, which is now part of our DNA. The industry we operate in and our culture demand that we be a forward-thinking company that is leveraging the confluence of new technologies with innovation to drive value for our clients. We understand that to innovate is to survive, and more importantly, win... both for our clients and ourselves.

For us at HGS, innovation is a practice that we bring to every engagement we have with our clients and other stakeholders. We endeavour to help drive transformational value for clients and their customers – be it through developing technology-powered solutions to drive better customer experience, creating new business models to fuel growth or implementing complex back-office re-engineering to drive productivity. Our capabilities, best practices and service offerings match the market opportunities that are arising in an increasingly digitized world...

and are best showcased by our positive impact on clients' customer experiences.

In the last few months, we launched HGS DigiCX, a suite of digital customer experience services that focuses on transforming traditional call center customer experiences under the umbrella of HGS Digital Natural Assist (DNA), our unified customer experience platform, we introduced specific web self-service, text and chat offerings.

Additionally, Health+CARE, our end-to-end solutions package for the healthcare insurance vertical, Colibrium products and Robotic Process Automation (RPA) solutions are unlocking new demand for even higher value HGS services. As this year's Annual Report design theme says, we believe in 'Innovation. Value. Growth' and are constantly working on delivering on this.

## HGS' New Service Offerings

### Unified CX Strategy – HGS' unique IP is recognized with US trademark



HGS' Unified CX Strategy delivers a customer experience (CX) with asset light services at a fraction of the cost, and helps improve NPS and advocacy, reduces effort, and increases revenue with personalization, automates issue resolution, and integrates human assistance at key moments of truth.

HGS realized the importance of offering the right customer engagement solutions and also convey a strategic capability on a customer-centric, device-agnostic approach; We trademarked our Pinwheel IP which provides our customers:

- Consistently streamlined and effective experience
- Open & easy to do business with
- To get the right answer fast while transforming cost

# OUR INNOVATION AND NEW SERVICES



## Get the Right Answer Fast

As channels and offerings continue to expand, evolve and overlap, it's critical for us to keep our vision and mission within sight: We help customers get the right answer fast.

It is the promise we make with DigiCX – that by optimizing customer experience, we can help our clients become more competitive.



## DigiCX

HGS DigiCX is a suite of digital customer experience services that focus on transforming traditional call center customer experiences, leading with self-service to help consumers 'Get the Right Answer Fast' using Analytics, Automation and Artificial Intelligence.

DigiCX delivers the efficient yet responsive experience that consumers are looking for, ultimately leading to improved loyalty and net promoter scores, increased customer spend, and a transformation of the cost to serve.



## HGS DigiCHAT Online Customer Engagement

DigiCHAT bundles the HGS best-in-class software, people, customer experience thought leadership, automation and analytics to drive outstanding CX at the lowest cost to serve. HGS DigiCHAT is designed for businesses that want to:

- Improve online contact resolution
- Increase ecommerce conversion
- Decrease web abandonment to the voice channel
- Improve social engagement and overall customer satisfaction

# OUR INNOVATION AND NEW SERVICES



## HGS DigiWEB – Online Self-Service and Smart Channel Selection

HGS DigiWEB treats a website as a channel, delivering an intelligent customer engagement that combines virtual and live agent customer support to create a customer web experience that's fast, low-effort and engaging.



## HGS DigiTEXT - Mobile Customer Engagement

HGS DigiTEXT integrates live agent support via SMS to effectively resolve more complex issues without the need to call, wait on hold and speak to a person. It helps businesses compete on CX:

- With SMS solutions that go beyond simple alerts and appointment reminders
- Provides two-way conversations and automated communication
- Transforms traditional voice support cost models
- Provides customers the engagement they expect from great brands



## HGS DNA

Digital Natural Assist (DNA) is a unified customer experience platform that helps companies streamline their customer service communications across all channels, making it easier for customers to help themselves, and when necessary, seamlessly integrate agent-assisted support.

HGS DNA helps companies empower self-help with a consistent knowledge base, self-learning artificial intelligence, customer journey analytics, and automation

- Saves time and money by increasing self-help and by streamlining agent interactions
- Helps customers seamlessly pivot from channel to channel without restarting their inquiry
- Helps deliver brand interactions that turn customers into active and engaged fans



# OUR INNOVATION AND NEW SERVICES

## HGS Health+CARE



The healthcare industry is rapidly changing that can strain out client operations and also customer relations. At HGS, we have the holistic lifecycle management expertise to build long-term relationships that engage, satisfy, and retain members and patients. HGS has the healthcare domain knowledge and innovation to deliver optimized outcomes. HGS Health+CARE drives better payer and provider outcomes by:

- Enabling a concierge approach, with 24x7x365 service to simplify the coordination of care and flow of information among patients, insurers and physicians
- Integrating the healthcare front office with the claims and healthcare management back office
- Leveraging analytics and the HGS Digital Natural Assist to balance cost per member per month

## HGS RPA



HGS' RPA (robotic process automation) solution is a non-invasive technology solution to automate process steps, thus improving efficiency and effectiveness of a process for the client. An area of big opportunity for us, we are currently working with over five clients in various stages of implementation.

- Technologically-agnostic solutions that work well in rule-based, data-intensive processes across multiple domains and industry verticals
- Significant reduction in time taken to automate processes - from months to weeks (varies with different process complexity)
- Unlocking impact: Reduced processing time by 30-75 percent in some processes; improved quality to meet standards of over 99.5 percent

# INDUSTRY RECOGNITION

At HGS, we have a great story to tell – be it the way we offer value and innovation to our clients every day or the proactive delivery support powered by our employees. When the company is recognized by external organizations for our work, it reiterates that we are doing the right things.

HGS won the Gold Stevie® Award for **Best Use of Technology in Customer Service** in the 12th Annual International Business Awards, 2016



HGS won two Gold awards at the Contact Center World Best Practices Americas competition 2016



o Best Outsourcing Partnership

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

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



o Best Use of Self-Service Technology

HGS won the Gold Stevie® Award in the "Customer Service Department of the Year" category in the 11th Annual International Business Awards, 2015



CIO Review recognised HGS in the **Top 20 Most Promising BPM Solution Provider, 2015**



HGS awarded the Outsourcing Institute's **Best in Outsourcing Thought Leadership (BOTL) Award 2015**

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



## NASSCOM®

NASSCOM Top 15 ITes BPO Exporters  
NASSCOM Top 20 IT BPO Employers

# ANALYST RECOGNITION



- ▶ HGS recognized as “Leaders” in the **Payer and Provider** Categories in NelsonHall’s NEAT Vendor Evaluation for Customer Management Services in Healthcare, June 2015.
- ▶ HGS recognized as “Leaders” In NelsonHall’s NEAT Evaluation For **End To End Marketing BPS & Digital Marketing**, July 2015
- ▶ HGS recognized as “Leaders” In NelsonHall’s **Worker’s Compensation BPS NEAT**, August 2015
- ▶ HGS recognized as “Leaders” In NelsonHall CMS In High – Tech NEAT **“Cost Reduction Focus”**, November 2015
- ▶ HGS ranked as “Leaders” In NelsonHall **Healthcare Payer NEAT 2015**, November 2015



- ▶ Everest Group included HGS as a “Major Contender” in their **Peak Landscape for Contact Center Outsourcing**, August 2015
- ▶ HGS is listed in the Everest Group’s **Top 50 largest third party Business Process Services Providers Global List**, July 2016
- ▶ HGS recognized as “Major Contenders” in Everest Group **Healthcare Payer BPO PEAK Matrix Assessment**, January 2016.



- ▶ HGS achieved **Top 10 Americas status in the Breakthrough Group In ISG Outsourcing Index Global 4Q15**, January 2016



- ▶ HfS has included HGS in the **“Winner’s Circle” for their Healthcare Payer Operations Blueprint**, September 2015

# WHAT OUR CLIENTS SAY ABOUT US

HGS delivers high-quality customer experience and support to several clients, many of whom are global leaders in their industry. Below is a snapshot of some endorsements we have received from them that appreciate the experience of partnering with us in their journey to success.

## U.S Fortune 500 Provider of Payment Solutions

HGS made a very positive impact by providing support to our changing business environment. The partnership and flexibility is very much appreciated

**Vice President Operations**  
Delivery – Canada



## India's Leading Multinational Telecommunications Services Company

The processes are exquisitely designed for perfection, Top management team are very professional & helpful and run the program successfully .

**Vice President - Client Relationship Management**  
Delivery – India



## Leading U.S Consumer Products Company

HGS continues to present a positive interaction with our consumers and demonstrates a high level of soft skills.

**Head of Customer Care**  
Delivery – United Kingdom



## Leading U.S Consumer Products Company

HGS has partnered with us and ramped fairly efficiently considering all of the challenges they had to face. The team has done a very good job of building a culture of fun and fitness.

**Senior Director - Engagement and Retention**  
Delivery – Philippines



## Leading U.S Health Plan Provider Company

HGS has done very well in identifying areas that may need improvement and have worked hard to implement new tools to help streamline our processes, help meet and exceed our goals.

**Vendor Management Specialist**  
Delivery – Philippines



## India's Leading Commerical Banking Company

Achieved business goals and adpated well to change in business strategy

**Senior Director - Client Services**  
Delivery – India



# WHAT OUR CLIENTS SAY ABOUT US

## US Fortune 100 Healthcare Company

HGS collaborates well with the leadership teams and responds to our request for information in a very timely manner.

**Vice President - Delivery**  
Delivery – India



## Leading U.S Pharmaceutical Company

HGS has a "can do attitude" and ensures meeting our company goals, KPI and budgets in mind

**Marketing – Head of Consumer & Customer Care**  
Delivery – United States of America



## US Fortune 100 Healthcare Company

Worked well with us through times of uncertainty and change. Always meets the changing demands with no complaint.

**Vendor Manager**  
Delivery – India



## U.K Public Sector

HGS has regularly adapted to a number of short notice business changes and initiatives introduced within very short timescales and have been accommodated and successfully absorbed - providing great flexibility.

**Commercial Partner Service Manage**  
Delivery – United Kingdom



## Canada's Largest Telecommunications Company

The HGS team continues to demonstrate a high level of engagement to achieve results. They are an excellent partner with our teams. The management team is well organized, works well independently and always responds quickly and efficiently.

**Vendor Manager**  
Delivery – Canada



## US Fortune 100 Healthcare Company

The HGS team that I work with has done an incredible job since inception. They continue to meet and or exceed expectations. They have helped significantly maintain & reduce our inventory demands

**Head - Claims Operations**  
Delivery – India



# OUR COMMUNITY INITIATIVES

HGS is a socially responsible enterprise and is committed to enable change in the communities we work and live in. We thus seek to play a catalytic role in creating a better future through our various CSR programs in the areas of Education, Youth development & Healthcare. As a result of these initiatives, HGS is directly touching 20,000 lives globally. In India, a contribution of ₹ 2.50 cr was made during the FY 2015-16.

Below is a snapshot of CSR-related activities from across our locations worldwide.

## INDIA



**HINDUJA FOUNDATION**

Through Dharam Hinduja Merit cum Means scholarship, we provide scholarships to 200 meritorious children and 18 youth from grossly underprivileged background to become productive members of society



Doctor examining the TB records



Counselling sessions to the patient

HGS in partnership with National Health & Education Society in providing quality tuberculosis care, diagnosing and curing 50 TB patients from the underprivileged sections of the society. Every TB patient can potentially infect 10 others annually. Through this

program, HGS will be helping the patients as well as decreasing and preventing spread of this disease in the country.



Employees engage with children as part of the mid-day meal program



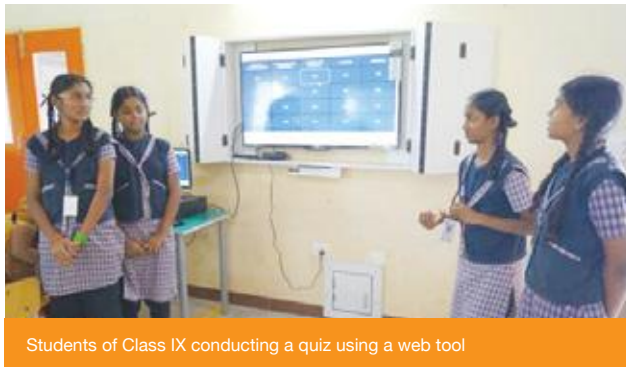
Employees serving the meals to the school children

Through The Akshaya Patra Foundation, HGS is providing nutritious meals to 5960 children to eliminate hunger and promote education.



HGS in partnership with National Health & Education Society has set up an Advance Mobile Health Unit (AMHU) to provide essential and superior healthcare to the people in need. About 5000 rural people will get quality healthcare free of cost.



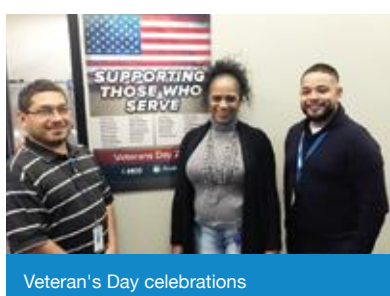


The 'Technology Enabled Learning Program ( TELP)' at Ashok Leyland School is helping over 1,300 students by leveraging a technology integrated learning model to enhance their learning abilities.



HGS in partnership Magic Bus India Foundation provides holistic education beyond academic knowledge and equip 5000 children and 700 youth with real-life skills. The program enables the youth to progress into work or further education. Sports as a medium is used to create awareness; impart information and knowledge amongst the children and the community on preventive health as well as improvement in school enrolment of all children.

## USA





# OUR COMMUNITY INITIATIVES

## EUROPE



Employees raise awareness and funds towards providing support to Cancer patients

## PHILIPPINES



Employees at the Precious Heritage Children Home



Visit to Grace Christian Mission Orphanage

## CANADA



North Bay Corporate Bay Baton challenge to raise funds



Employees at the Stuff-a-Bus, a food campaign for the needy



HGS Pembroke hosted an Open House for the Ontario SPCA



Food drive for the Stuff-a-Bus campaign



Fay McQuillan was awarded Georgetown Award 2015 for her outstanding volunteer work



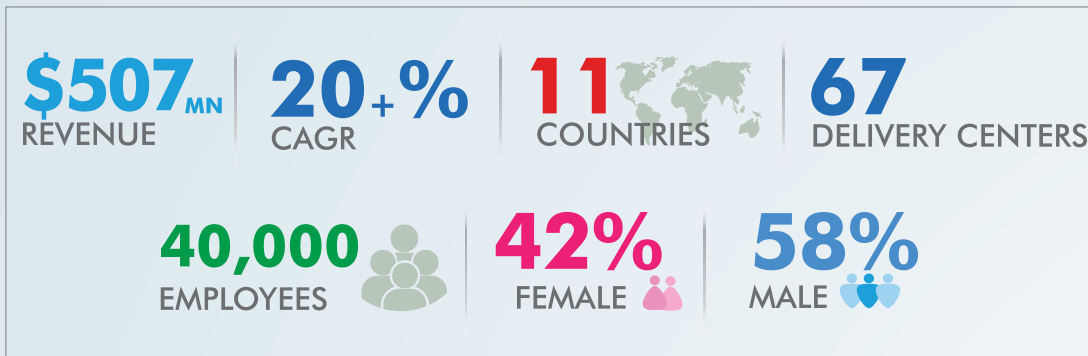
# ENGAGING OUR EMPLOYEES

Our employees, with the competitive advantage that they bring us, are a critical driver for our success in a people-centric industry. Keeping this invaluable talent constantly engaged helps us drive higher business growth and sustain our Employer of Choice reputation.

Below is a visual peek into our various employee engagement programs.



# HGS in



## OUR SOLUTIONS



## OUR CAPABILITY PROFILE



\* all figures are per annum

# FY 15-16

## ACKNOWLEDGED BY

### ANALYST AND ADVISOR COMMUNITY

**Gartner**

**HfS**

**NelsonHall**  
Success through insight

**Everest Group**  
From insight to action.

## REWARDED FOR OUR EXPERTISE

  
**Outsourcing Institute**  
Best Outsourcing Thought Leadership

  
**CONTACT CENTER WORLD**  
IN 8+ CATEGORIES

  
**THE STEVIES**  
THE INTERNATIONAL BUSINESS AWARDS

**NASSCOM**® TOP 15 ITES BPO EXPORTERS SINCE 2003

MOST INNOVATIVE BPO 2008  
**PHILIPPINES**

TOP 20 MOST PROMISING BPM SOLUTION PROVIDER  
**CIOReview**

ONE OF THE 200 BEST UNDER A BILLION  
**Forbes Asia**

**Deloitte**. FAST 50 INDIA COMPANIES

RANKED # 50 2014  
GLOBAL OUTSOURCING 100 **IAOP**

INDIA'S TOP ITES AND BPO COMPANIES  
**D&B**

## VALUED CLIENTELE

**5** OF THE TOP 10 US **HEALTHCARE** PAYERS & PROVIDER GROUPS

**30** LEADING GLOBAL CONSUMER BRANDS

PROVIDING CUSTOMER SOLUTIONS  
**TOP TELECOM GIANTS**  
CANADA | INDIA | UK | USA

MAJOR **BANKING & FINANCIAL COMPANIES**  
**ACROSS THE GLOBE**



# 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 - From September 29, 2015  
Rajendra P. Chitale  
Rangan Mohan  
B.L. Taparia - Up to August 31, 2015

### Audit Committee

Anil Harish  
Chairman  
Ramkrishan P. Hinduja  
Rajendra P. Chitale  
Rangan Mohan

### Stakeholders Relationship and Share Allotment Committee

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

### Nomination and Remuneration Committee

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

### Corporate Social Responsibility Committee

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

### Committee of Directors

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

### Key Managerial Personnel

Partha DeSarkar  
Manager & Chief Executive Officer

Srinivas Palakodeti  
Global CFO

Makarand D. Dewal  
Company Secretary

### Global Advisory Committee

Partha DeSarkar  
Global CEO  
Chairman, Global Ad-visory Committee

Srinivas Palakodeti  
Global CFO

Anthony Joseph  
President, Global Human Resources

Chris Lord  
Sr.Vice President, Global Growth  
Strategy and Marketing

Kathy Hamburger  
President, Sales & Client  
Relationships, North America

Matthew Vallance  
CEO, HGS Europe

B.N. Narasimha Murthy  
President, Jamaica and Corporate  
Shared Services, Americas

Pushkar Misra  
CEO, HGS Philippines

Ramesh Gopalan  
President, Healthcare Business and  
Head of India Business

S. Mahadevan  
Executive Vice President, Legal,  
Risk and Compliance

Smita Gaikwad  
Sr. Vice President,  
Global Corporate Communications

Sridhar Krishnamurthy  
CEO, HGS MENA

Subramanya C.  
Global Chief Technology Officer

Tim Schuh  
President, Operations, North America  
and Global Business Excellence

Yashwinee GK  
Global Chief Information Officer



# GENERAL INFORMATION

## HINDUJA GLOBAL SOLUTIONS LIMITED

### Business Heads

#### EUROPE & UNITED KINGDOM

Matthew Vallance  
CEO, HGS Europe

#### PHILIPPINES

Pushkar Misra  
CEO, HGS Philippines

#### INDIA

Ramesh Gopalan  
President, Healthcare Business  
and Head of India Business

#### MIDDLE EAST

Sridhar Krishnamurthy  
CEO, HGS MENA

#### North America

Kathy Hamburger  
President, Sales & Client Relationships,  
North America

B.N. Narasimha Murthy  
President, Jamaica and Corporate  
Shared Services, Americas

Tim Schuh  
President, Operations, North America  
and Global Business Excellence

### Bankers

Axis Bank  
Bank of America  
Bank of Baroda  
Bank of Saint Lucia International Limited  
Canara Bank  
Chinatrust(Phils.) Commercial Bank Corp  
CIBC  
DBS Bank  
HDFC Bank  
Hinduja Bank (Switzerland) Ltd.  
HSBC Bank  
ICICI Bank  
IndusInd Bank  
International Exchange Bank  
Metrobank  
National Commercial Bank Jamaica Limited  
State Bank of India  
State Bank of Mauritius  
Union Bank of Philippines  
Wells Fargo  
Yes Bank

### Internal Audit

Rakesh S. Jain  
General Manager, Internal Audit  
India Operations

### Auditors

Price Waterhouse  
Chartered Accountants

### Registered Office

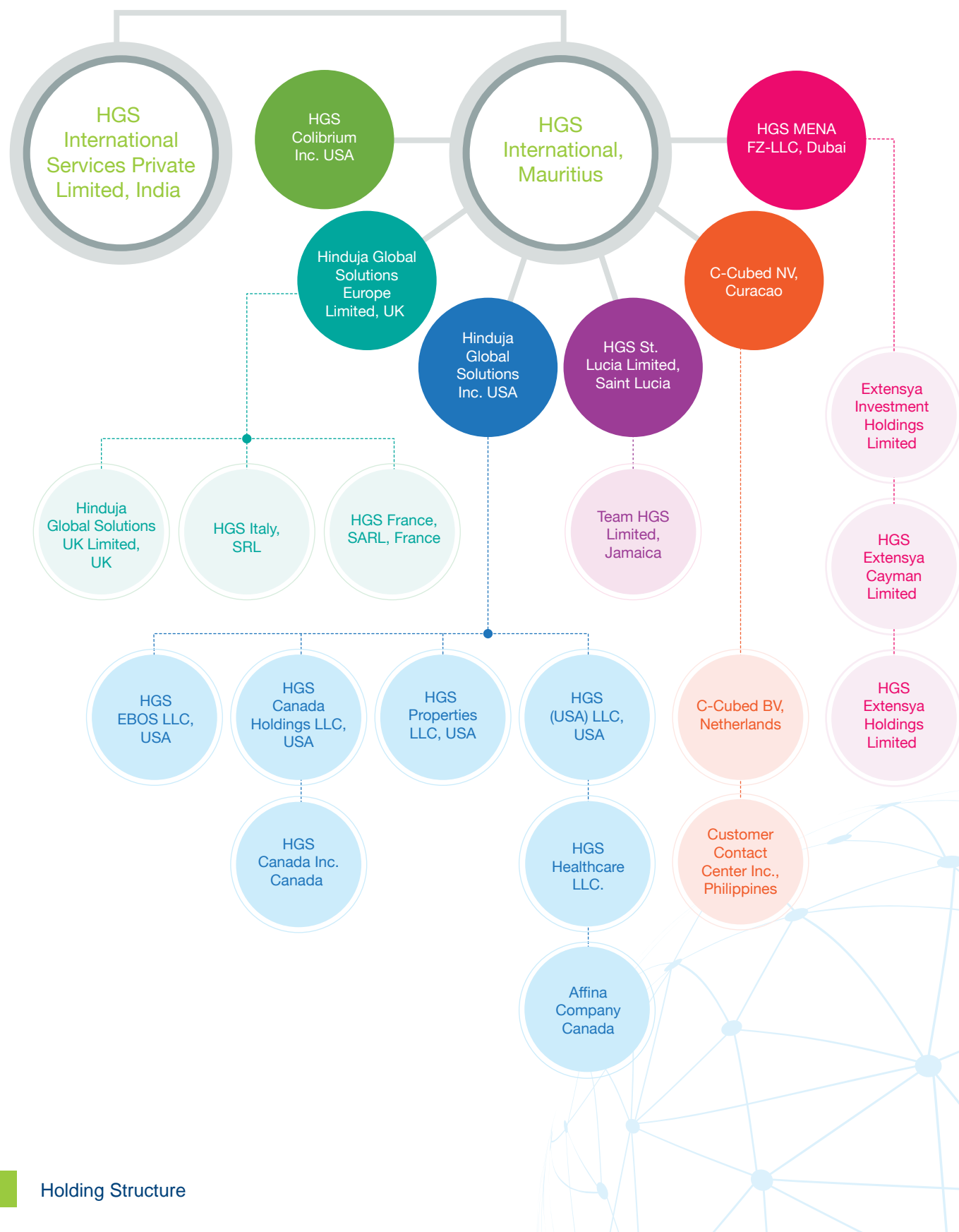
Hinduja House  
171, Dr. Annie Besant Road  
Worli, Mumbai - 400 018  
CIN: L92199MH1995PLC084610

### Registrar & Share Transfer Agent

Karvy Computershare Private Limited  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032  
Tel: 040 6716 1525/ 040 6716 1511.  
E-mail: einward.ris@karvy.com

# HOLDING STRUCTURE

Hinduja Global Solutions Limited, India  
Branches in Mauritius, Philippines



# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2016

	As at 31.03.2016	(000's USD) As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>		
Shareholders' Funds		
Share Capital	3,132	3,324
Reserves and Surplus	174,931	169,007
	<u>178,063</u>	<u>172,331</u>
<b>Non-Current Liabilities</b>		
Long-term borrowings	81,823	90,297
Deferred tax liabilities (Net)	425	32
Other Long term liabilities	1,713	714
Long term provisions	2,262	1,274
	<u>86,223</u>	<u>92,317</u>
<b>Current Liabilities</b>		
Short-term borrowings	33,781	4,216
Trade payables	25,996	26,941
Other current liabilities	34,715	28,926
Short term provisions	7,615	7,862
	<u>102,107</u>	<u>67,945</u>
<b>TOTAL</b>	<b><u>366,393</u></b>	<b><u>332,593</u></b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Fixed assets		
- Tangible assets	77,962	68,412
- Intangible assets	56,011	55,374
- Capital work-in-progress	2,031	409
- Intangible assets under development	2,817	153
Non-current investments	1,543	1,288
Deferred tax assets (Net)	231	540
Long-term loans and advances	32,030	28,597
Other non-current assets	1,590	1,338
	<u>174,215</u>	<u>156,111</u>
<b>Current assets</b>		
Current investments	—	114
Trade receivables	69,327	81,853
Cash and Bank balances	56,639	56,833
Short-term loans and advances	23,667	22,610
Other current assets	42,545	15,072
	<u>192,178</u>	<u>176,482</u>
<b>TOTAL</b>	<b><u>366,393</u></b>	<b><u>332,593</u></b>

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

	Year Ended 31.03.2016	(000's USD) Year Ended 31.03.2015
Revenue from operations	507,392	457,812
Other Income	2,960	4,004
<b>Total Revenue</b>	<b>510,352</b>	<b>461,816</b>
<b>EXPENSES</b>		
Employee Benefit Expense	341,956	311,525
Finance costs	6,109	6,301
Depreciation/ Amortisation	20,798	17,161
Other Expenses	117,714	95,287
<b>Total Expenses</b>	<b>486,577</b>	<b>430,274</b>
<b>Profit before tax</b>	<b>23,775</b>	<b>31,542</b>
<b>Tax expense</b>		
Current tax	9,028	9,621
MAT Credit	(1,124)	(995)
Net Current tax	7,904	8,626
Deferred tax	473	(3,994)
<b>Profit After Tax</b>	<b>15,398</b>	<b>26,910</b>
Minority Interest	—	—
<b>Profit After Tax and Minority Interest</b>	<b>15,398</b>	<b>26,910</b>

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

	Year Ended 31.03.2016	(000's USD) Year Ended 31.03.2015
<b>A. Net Cash from Operating Activities</b>	<b>22,231</b>	<b>31,182</b>
<u>Cash Flow from Investing Activities:</u>		
Purchase and Sale of Fixed Assets	(38,386)	(26,427)
Consideration paid for acquisition of business	(2,333)	(14,523)
Other investing activities	10,642	29,801
<b>B. Net Cash used in Investing Activities</b>	<b>(30,077)</b>	<b>(11,149)</b>
<u>Cash Flow from Financing Activities:</u>		
Proceeds from Share allotment under ESOP	50	588
Proceeds from borrowings	30,335	1,032
Other financing activities	(13,294)	(16,252)
<b>C. Net Cash used in Financing Activities</b>	<b>17,091</b>	<b>(14,631)</b>
<b>D. Net Increase in Cash and Cash Equivalents (A + B + C)</b>	<b>9,245</b>	<b>5,403</b>

# 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, 2016.

## Financial Results

(₹ in million\* except per share data)

	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Operating Income	13,829	10,704	33,282	28,076
Other Income	245	278	194	245
<b>Total Income</b>	<b>14,074</b>	<b>10,982</b>	<b>33,476</b>	<b>28,321</b>
Operating Expenses	11,403	8,609	30,152	24,949
Depreciation and Amortization	819	606	1,364	1,052
Financial Expenses	149	158	401	386
<b>Profit Before Tax</b>	<b>1,703</b>	<b>1,609</b>	<b>1,559</b>	<b>1,934</b>
Provision for Tax (incl. deferred tax)	520	484	549	284
<b>Profit After Tax</b>	<b>1,183</b>	<b>1,125</b>	<b>1,010</b>	<b>1,650</b>
Add: Balance brought forward from Previous year	2,528	2,020	1,267	4,410
<b>Profit Available for Appropriation</b>	<b>3,711</b>	<b>3,145</b>	<b>2,277</b>	<b>6,060</b>
Dividend				
- Adjustment on account of Depreciation	-	161	-	162
- Interim Dividend	285	310	285	310
- Final (Proposed)	26	104	26	104
- Dividend Tax	36	42	63	80
Adjustment on Amalgamation	-	-	-	4,136
<b>Transferred to Capital Redemption Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
Balance Carried Forward	3,364	2,528	1,903	1,267
Earnings per share (₹)				
- Basic	57.06	54.49	48.73	79.88
- Diluted	56.98	54.21	48.66	79.46

\*(₹ 1 million = ₹ 10 lakhs)

## Operating Performance

On a Consolidated basis, Operating Income for FY'16 was ₹ 33,282 million compared to ₹ 28,076 million of FY'15. This growth was led by existing and new client wins especially in Healthcare and Consumer Product verticals, revenue from recently acquired companies like HGS Colibrium Inc. and India CRM (Customer Relationship Management) portfolio and turnaround in Canadian operations. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) for FY'16 was ₹3,130 million against ₹3,172 million of FY'15, a marginal decline of 1.3%. Profit After Tax (PAT) for FY'16 was ₹1,010 million as against ₹1,650 million for FY'15, a decrease of 38.8%. The profitability was impacted due to lower operating profit and unfavorable foreign exchange variations. However, the numbers are not strictly comparable as FY'15 also had a tax benefit of ₹ 248 million arising out of recognition of some deferred tax assets.

On a Standalone basis, Operating Income for FY'16 was ₹13,829 million compared to ₹10,704 million for FY'15, an increase of 29.2%. The Philippines branch of your Company continues to be a major contributor to the growth. EBITDA increased by 15.8% from ₹2,095 million in FY'15 to ₹2,426 million in FY'16. PAT increased by 5.1% from ₹1,125 million in FY'15 to ₹1,183 million in FY'16.

Review of Financial and Operational Performance of the Company and its key subsidiaries has been given in the 'Management Discussion and Analysis Report which forms part of this Report as **Annexure 'E'**.

### Business Highlights - FY 2016:

- Client wins: HGS added 20 new clients.
- Active Clients: 190 core BPM clients and 600 HRO and F&A clients.
- Delivery Infrastructure: Currently have 67 global delivery centers across 11 countries. Opened six new centers: Jamaica (1), Philippines (1), and India (4 - Bangalore, Hyderabad and two in Mumbai), and acquired seven centers across 6 cities in India (two in Bangalore and one each in Noida, Pune, Mangalore, Raipur and Indore).
- Employee Headcount at year end: FY'16 - 39,834 (FY'15 - 28,435)
- Acquisitions: Acquisition of India domestic CRM business from Mphasis Limited and MsourceE India Private Limited was completed in September, 2015.

### Dividend

Your Directors are pleased to recommend a Final Dividend of ₹ 1.25 per equity share (12.5% on face value

of ₹ 10/- each) for the Financial Year ended March 31, 2016, subject to your approval. This is in addition to the three Interim Dividends aggregating to ₹13.75 per share for the Financial Year 2015-16 declared by the Board of Directors on August 12, 2015, November 6, 2015 and February 9, 2016 respectively and were duly paid. The total dividend for the Financial Year ended March 31, 2016 would be ₹ 15 per equity share (150% on face value of ₹ 10/- each), if approved/ confirmed by the Members.

## Business Review

The business environment across the globe is undergoing a transformation in every aspect of its operations, which resulted in increased use of analytics, digital technologies and automation in the Business Process Management (BPM) industry. Over the coming years, the industry will be dominated by digital technologies.

Globally, the BPM spend experienced a moderate growth of 3% compared to 2014 to reach US\$186 billion. The growth was primarily driven by increasing demand for analytics services. The customers in general are gradually starting to expect analytics as part of the bundled BPM services.

The Indian BPM industry has grown over 1.7 times in the past five years to reach US\$28 billion in FY2016. Around 86% of the total BPM market is estimated to have come from exports and the remaining 14% from the domestic business. The growth momentum is expected to reach US\$41 billion by FY2020.

Further information pertaining to Business Review has been provided in the Management Discussion and Analysis Report which forms 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, Dubai. The holding of HGS International in HGS Colibrium Inc. was recently increased from 89.8% to 95.2%.

Revenue for FY'16 was US\$ 3.9 million as against US\$ 4.7 million for FY'15.

**Hinduja Global Solutions Inc., USA (HGS Inc.)**, a wholly-owned subsidiary of HGS International, Mauritius, specializes in marketing and provision of both voice and non-voice related Customer Contact and Business Process Outsourcing services to its clientele. The Company engages in several programme expansions of clients. Its key subsidiaries are HGS (USA), LLC; HGS Canada Inc., Canada; HGS EBOS, LLC and HGS Healthcare LLC (formerly known as RMT LLC, USA).



In FY'16, HGS Inc. reported consolidated revenues of US\$ 369.4 million as compared to US\$ 348.9 million in FY'15.

**HGS (USA), LLC, USA**, a wholly-owned subsidiary of HGS Inc., USA, operates in six cities in USA and Canada. It partners with Fortune 1000 companies and Government agencies to provide comprehensive Customer Relationship Management programs. For FY'16, HGS (USA), LLC recorded total revenue of US\$ 287.2 million as compared to US\$ 252.8 million in FY'15. HGS (USA), LLC and its US subsidiaries namely HGS Healthcare LLC and Affina Company Canada are engaged in providing customer services, fulfillment services, sales, marketing and account management.

**HGS Canada Inc., Canada**, 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 Banking and Financial Services (BFS). The Company offers technical support, inbound and outbound sales, customer care and customer retention in English and French languages. For FY'16, the Company recorded revenue of CAD 84.5 million as compared to CAD 97.2 million in FY'15.

**Hinduja Global Solutions Europe Ltd., UK**, a wholly owned subsidiary of HGS International, Mauritius, focuses on consulting services for BPM, call center services and markets off shoring services to UK based clients. Its wholly owned subsidiaries include Hinduja Global Solutions UK Ltd., UK, HGS France, SARL, France and HGS Italy, SRL. For FY'16, the Company recorded standalone revenue of GBP 1.2 million as compared to GBP 1.3 million in FY'15.

**Hinduja Global Solutions UK Ltd., UK**, a wholly owned subsidiary of Hinduja Global Solutions Europe Limited, UK, is a leading contact center company in London, Preston and Selkirk (Scotland). It offers a range of services for inbound and outbound interactions to around 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'16, the Company reported revenue of GBP 34.9 million as compared to GBP 29.6 million in FY'15.

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

**Team HGS Ltd., Jamaica** commenced green field operations in FY'13 and has grown rapidly. Revenue for FY'16 was Jamaican Dollars 806 million compared to Jamaican Dollars 368 million in FY'15.

**HGS MENA FZ-LLC, Dubai**, a wholly-owned subsidiary of HGS International, Mauritius, has a marketing office established in the Dubai Internet City with the objective

to build sales pipeline. Demand trend from MENA (Middle East and North Africa) region is encouraging and has started adding new clients. Effective November 25, 2015, Extensya Investment Holdings Limited, HGS Extensya Cayman Limited and HGS Extensya Holdings Limited became wholly owned subsidiaries of HGS MENA FZ-LLC. In FY'16, it recorded revenue of AED 5.1 million as compared to AED 2.1 million in FY'15.

**HGS Colibrium Inc., USA**: As on March 31, 2016, holding of HGS International, Mauritius was 89.8% which was increased to 95.2% in June, 2016 on acquisition of shares from one of the founder members. The remaining stake is held by the other founder member. In its first year of operations (FY'16), the Company recorded revenue of US\$ 14.7 million.

**HGS International Services Pvt. Ltd. (HGSISPL)** is the wholly owned Indian subsidiary of the Company. The Company achieved turnover of ₹2,542.9 million in FY'16 as against ₹1,729.2 million of FY'15, a substantial growth of 47.1%. The SEZ division of HGSISPL continues to operate in four units namely, a) Global Village SEZ, Bangalore; b) DLF Towers SEZ, Hyderabad; c) Pritech Park SEZ, Bangalore; and d) DLF Cybercity, SEZ Hyderabad, while the Human Resource Outsourcing (HRO) business division of HGSISPL continues to successfully service marquee customers in Banking, Financial Services, Insurance and other industry verticals in India and abroad.

#### 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 year, your Company has continued to tell success stories of digital transformation to potential customers, industry analysts, other influencers and advisors to evolve the reputation and global perception of HGS.

HGS has enhanced its website by making it educational and engaging with visual and video content, which is relevant for both - the industry veteran and the casual observer. Our new content is targeted to challenge *status quo* thinking and offer transformative solution alternatives. This is given extra life with an ongoing social media effort (e.g. LinkedIn, Twitter, Blog) that reaches a targeted audience across the globe.

In FY'16, HGS was named a "Top 100 Global Outsourcer" by the International Association of Outsourcing Professionals (IAOP), and also brought home a Gold Stevie Award for Best Use of Technology in Customer Service and a Bronze Stevie Award for Sales Consulting Practice of the Year. Your Company was able to then

turn these distinctions into news that was used to reach potential customers and importantly, potential employees.

By creating more frequent and more compelling content, your Company is earning consistent coverage in industry and general new publications, reaching both domestic and international audiences. In an independent report published by Apollo Research in April 2016, HGS' overall global ranking for calendar year 2015 for share of voice in the media across the US, UK and Canada was number 2 of 28 companies that were benchmarked. HGS ranked well ahead of the industry for stories pertaining to customer satisfaction. This prestigious top 2 ranking is a jump from 11<sup>th</sup> place in 2014, showing a very positive trend of HGS being recognized by the media as a public thought leader to be quoted and published. In India, HGS continues to be perceived as a key industry player and is represented in all important industry and opinion articles.

Your company also signed India's No.1 Golfer, Anirban Lahiri as its brand ambassador. As the first BPM company to have a brand ambassador in the international market, HGS' relationship with Lahiri will build the brand, facilitate business growth, increase brand recall with potential and existing customers and continue to create new opportunities tied to the world's golf calendar.

In our endeavor to propagate an inclusive and transparent culture, your Company leveraged different formats and channels such as e-mailers, newsletters, blogs and articles to share views and news with its employees around the world.

The Company developed a new intranet called "HGS Connect", an integrated, internal two-way communication platform, which serves as a one-stop solution for all communication across the globe. This internal portal serves as a time-out for employees offering various fun elements and also enables them to interact with each other on a common channel. This year, your Company launched a world-wide campaign "GQ SPICE - Living the HGS Values" - a simple and easy to remember acronym of our seven values to reiterate what we stand for as an organization. Employees across the globe connected through different forms of engagement displaying values being the fundamental building blocks of the company. Your Company has also initiated consistent and colorful branding across all locations that will drive pride in the workplace and association with the business and initiatives in the organization.

HGS will sustain its focus on communications engagement. In the year ahead, your Company will continue to relay its best stories to all its important stakeholders, including launches of new service offerings and industry-specific applications in the market.

### New Corporate Office

The Corporate Office of the Company has been shifted from HGS House, No. 614, Vajpayee Nagar, Bommanahalli, Hosur Road, Bangalore - 560 068 to 1st Floor, Gold Hill Square Software Park, No. 690, Bommanahalli, Hosur Road, Bangalore - 560 068 with effect from June 27, 2016.

### Change in Registrar and Share Transfer Agent

In view of the SEBI Order No. WTM/RKA/MIRSD2/41/2016 dated March 22, 2016, the Company did not renew the agreement with Sharepro Services (India) Pvt. Ltd. (erstwhile Registrar and Share Transfer Agent) which expired on March 31, 2016. The Company has appointed M/s. Karvy Computershare Private Limited (Karvy), having its Registered Office at "Karvy House" 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034, as its Registrar and Share Transfer Agent with effect from May 16, 2016. The Agreement with Karvy has been formalized effective June 1, 2016.

### Corporate Social Responsibility (CSR)

Pursuant to Section 135 of the Companies Act, 2013 ("the Act"), the Corporate Social Responsibility Committee ("CSR Committee") was constituted and consists of following Members:

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

During the Financial Year 2015-16, two Meetings of CSR Committee were held as follows: February 8, 2016 and March 30, 2016.

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

In terms of the CSR Policy, Management has set up a CSR Forum whose role and functions involve: identification and evaluation of CSR projects/ initiatives for recommendation to the CSR Committee, reviewing and monitoring the approved CSR projects and providing periodical status updates to the CSR Committee. The CSR Committee reviews the CSR projects/ initiatives as recommended by the CSR Forum and the expenditure to be incurred thereon as per the provisions of the Act and the Rules made thereunder. Also, the CSR Committee reviews and monitors reports submitted by CSR Forum relating to implementation of the project(s) and its financial/ operational monitoring. The Board reviews and

approves CSR projects/ initiatives as recommended by the CSR Committee and evaluates reports relating to implementation of the approved CSR projects.

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 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 preparation of the Annual Accounts for the Financial Year ended March 31, 2016, 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.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Statutory, Internal and Secretarial Auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by Management, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2015-16.

### Number of Meetings of the Board

Nine meetings of the Board were held during the year. The time gap between any two meetings did not exceed

one hundred and twenty 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 Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Board Evaluation

Pursuant to Sections 134, 178 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"], the performance evaluation of the individual Directors (Independent, Non-Independent Directors and the Chairman), the Board as a whole and its Committees, for the Financial Year 2015-16 was carried out.

The Nomination and Remuneration Committee (NRC) and the Board carried out the performance evaluation of individual directors, including the Chairman, on the basis of criteria such as exercise of independent judgment, contribution to the deliberations and providing inputs and guidance at the meetings, commitment to role and fiduciary responsibilities, non-partisan appraisal of issues, expertise and domain knowledge, etc.

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

As required under Schedule IV of the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulations, a separate meeting of the Independent Directors was held during the year. At the said meeting, the performance evaluation of the Non-Independent Directors, including the Chairman was carried out on the basis of criteria such as commitment, inputs and guidance provided, expertise and knowledge, initiatives taken in bringing forth the critical issues and resolutions thereof, etc. At the said meeting, the performance evaluation of the Board as a whole was carried out on the basis of depth and quality of discussions at the meetings, advice and guidance provided to the Management on critical issues relating to business and operations of the Company, etc. Also, assessment of the quality, quantity and timeliness of the flow of information between the Company's Management and the Board was carried out.

## Directors

Mr. Anil Harish (DIN 00001685) who was appointed as an Independent Director at the 19<sup>th</sup> Annual General Meeting (“AGM”) of the Company held on July 3, 2014 resigned as such with effect from May 19, 2015. Proposal for appointment of Mr. Anil Harish as an Independent Director of the Company was put up before the Members at the last AGM held on September 29, 2015 for approval, based upon the Notice received from a Member proposing his candidature. Since Mr. Anil Harish fulfilled the criteria of ‘independence’, and also in the opinion of the Board, he is a person of integrity and possesses relevant expertise and experience, the Board recommended his appointment. His appointment as an Independent Director of the Company was approved by the Members at the 20<sup>th</sup> AGM of the Company held on September 29, 2015, for a term of five years effective from the said date.

Ms. Shanu S. P. Hinduja, Director (DIN 06512872) and Co-Chairperson of your Company, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. A brief profile of Ms. Shanu S. P. Hinduja is annexed to the Notice of the 21<sup>st</sup> Annual General Meeting to be held on September 21, 2016.

Mr. B. L. Taparia (DIN 00016551), who was appointed as an Independent Director, effective August 12, 2015, in the casual vacancy caused by the resignation of Mr. Anil Harish, resigned as a Member of the Board with effect from August 31, 2015. The Board placed on record its appreciation for the guidance and advice provided by Mr. Taparia.

## Audit Committee

The Board has constituted an Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013. The Committee comprises of the following Members: Mr. Anil Harish (Independent Director), Chairman, Mr. Ramkrishan P. Hinduja (Non-Executive, Non-Independent Director), Mr. Rajendra P. Chitale (Independent Director) and Mr. Rangan Mohan (Independent Director).

Further details pertaining to the Audit Committee are included in the Corporate Governance Report, which forms 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 as Key Managerial Personnel of the Company.

## Chief Executive Officer Certification

The Chief Executive Officer’s declaration affirming compliance with the Code of Conduct by the Board and Senior Management is furnished in **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 in **Annexure ‘B’** to this Report.

## Corporate Governance

As required under Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR) Regulations”], 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 Schedule V (C) of the SEBI (LODR) Regulations 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 Limited Employees Stock Option Plan, 2011” were in operation during the Financial Year 2015-16. 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 at <http://www.teamhgs.com/investors/other-reports>. There were no material changes made to the aforesaid ESOP Schemes during the Financial Year 2015-16.

## Extract of Annual Return

Pursuant to Section 134(3)(a) of the Companies Act, 2013, an extract of Annual Return as on Financial Year ended March 31, 2016 in the prescribed format, is furnished in **Annexure ‘F’** to this Report.

## Related Party Transactions

Transactions entered into with related parties during the Financial Year 2015-16 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 is given in the prescribed format in **Annexure 'H'** forming 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**

There were no material changes and commitments affecting the financial position of the Company between the end of the Financial Year and date of the Report.

#### **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 forms 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. The Policy is available on the Company's website at <http://www.teamhgs.com/investors/corporate-policies>. This matter is covered in the Corporate Governance Report which forms part of this Report.

Under the Whistle Blower Policy and Vigil Mechanism, no complaints were received during the Financial Year 2015-16.

#### **Risk Management Policy**

Your Company's Risk Management Policy *inter alia* identifies risks taking into consideration the business and operations of the Company and adoption of mitigation measures.

Its robust Enterprise Risk Management (ERM) framework comprises of practices related to identification, assessment, monitoring and mitigation of risks to its business. The details of the Policy/Framework 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 20<sup>th</sup> Annual General Meeting of the Company held on September 29, 2015, M/s. Price Waterhouse, Chartered Accountants (Registration No. 301112E), 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' Report (for Standalone and Consolidated financial statements) for the Financial Year ended March 31, 2016 is unmodified/ unqualified.

#### **Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors had appointed Ms. Rupal D. Jhaveri, Practicing Company Secretary (FCS No. 5441; CP No. 4225), as the Secretarial Auditor to carry out the Secretarial Audit for the Financial Year 2015-16.

The Secretarial Audit Report in the prescribed format, for the Financial Year 2015-16, 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. At the last Annual General Meeting, the Members had approved the proposal for payment of commission for a period of five years commencing from April 1, 2015 up to a limit as per the provisions of the Companies Act, 2013. The Board of Directors have not recommended/ approved payment of commission to Directors for the Financial Year 2015-16.

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 as amended from time to time, 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 between 11:00 a.m. to 1:00 p.m. on any working day till the date of the Annual General Meeting and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished free of cost.

In accordance with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, 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, free of cost.

#### 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 (including Internal Financial Controls over Financial Reporting) and their adequacy are included under the heading '*Internal Controls*' in the Management Discussion and Analysis which forms part of this Report as **Annexure 'E'**.

#### Acknowledgements

Your Directors thank the Government of India, State Governments, Government of various countries and regulatory authorities and agencies for their co-operation and support, and look forward to their continued encouragement. Your Directors are grateful to the customers, vendors, collaborators, business partners, investors, financial institutions, bankers and the society at large for their continued support. The Directors place on record their appreciation of the commitment and contribution of the employees, at all levels for achieving the growth of the Company in this challenging environment.

#### For and on behalf of the Board of Directors

Place : Mumbai  
Date : August 11, 2016

**Ramkrishan 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, 2016.

Date: August 11, 2016

**Partha DeSarkar**  
Chief Executive Officer & Manager



## Annexure 'B'

# TO THE DIRECTORS' REPORT

### Particulars pursuant to Companies (Accounts) Rules, 2014.

#### a. Conservation of Energy:

Given our focus on being an environmentally friendly organization and the nature of the business, your Company (HGS) constantly endeavors to make its carbon footprint smaller with each passing year. 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 continues to reduce power-consumption by air conditioning with segmented cooling mechanisms in the new delivery centers. HGS 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:

With robust project processes in place, the right resources and a determined leadership, HGS is launching new service lines and implementing new systems to support these services. Always eager to be an early adopter of the latest innovation, we are using technology as the foundation for transformation.

The increasingly dynamic global environment in which we work in, demands real-time action. Your Company is leveraging new technologies in analytics and business intelligence to help improve efficiency and reliability across geographies. The Company is constantly exploring and implementing data-center related interventions such as virtualization through cloud adoption and consolidation through merger or resizing. As part of this initiative, we have migrated a large number of business users to Office 365 platform. HGS has also transitioned the residual point-to-point link to MPLS for connectivity to our customer data center.

Other tools and platforms that HGS has implemented include Robotics Process Automation with Automation

Anywhere, Epiance (enhances training/transition and operational efficiency), Procurement automation with Ariba, Business planning & Governance/ Risks & Compliance with SAP and Performance management with Qlik. Your Company is also increasingly adopting digital platforms to deliver services and enhanced customer experience for its clients.

HGS acquired a significant part of Mphasis Group's BPM business in India in September 2015 and since then your Company has transitioned all IT infrastructure (including computing, telecom and telephony), users and client networks to the HGS network.

Powered by these investments in tools and platforms, HGS is now in a position to realize economies of scale.

#### 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 is as under:

➤ The share of export in the operating income/ total income is as given under:-

For the Year	2015-16	2014-15
Export as a:		
% of Operating Income	34.13%	39.67%
% of Total Income	33.54%	38.66%

#### ➤ Foreign Exchange Earnings and Outgo

(₹ in million)

For the Year	2015-16	2014-15
Total Foreign Exchange Earned	4,720.1	4,246.2
Total Foreign Exchange Outgo	15.4	20.2

For and on behalf of the Board of Directors

Place : Mumbai  
Date : August 11, 2016

Ramkrishan P. Hinduja  
Chairman

## Annexure 'C' to the Directors' Report

# REPORT ON CORPORATE GOVERNANCE

For the Financial Year 2015-16

[PURSUANT TO SCHEDULE V (C) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company is committed to the principles of good governance and believes that good governance generates goodwill amongst employees, customers, vendors, business partners, government bodies, regulators and society at large. Your Company has a strong legacy of conducting its business and operations in an ethical, fair and transparent manner with due compliance with laws of the countries it operates. The performance of your Company is driven by integrity, accountability at all levels and the Management is empowered to take your Company forward within this framework for the benefit of the stakeholders at large with the objective of enhancing long term shareholders' value.

Your Company complies with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"] with regard to Corporate Governance.

## 2. BOARD OF DIRECTORS

### • Composition

As at March 31, 2016, the Board of Directors of the Company comprised of six directors, out of which three are Non-Executive and Non-Independent Directors (which includes two Women Directors), belonging to the Promoter Group and three are Independent Directors. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations. Directors belonging to the Promoter Group are related to each other. Apart from them, none of the Directors are related to each other.

The Independent Directors are drawn from diverse fields and are Members of the Committees of the Board thereby bringing their valuable perspective to the Board. The Members of the Board are active, well-informed and fully committed towards ensuring highest standards of corporate governance.

The Chief Executive Officer and Manager is responsible for the day-to-day Management of the Company subject to the superintendence, control and direction of the Board of Directors of the Company.

Certificates have been obtained from the Independent Directors confirming their position as 'Independent Director' on the Board of the Company in accordance with Section 149 of the Companies Act, 2013 read with Regulation 16(1) (b) of the SEBI (LODR) Regulations.

None of the Independent Directors hold

directorships in more than seven listed companies. Also, none of the Directors hold directorships in more than ten public companies and also none of them are members of more than ten committees or Chairperson of more than five committees across all the companies in which they are a Director.

### • Details of Board Meetings held during the financial year ended March 31, 2016, attendance of Directors at the said Meetings and at the last AGM and details of Directorships and Memberships of the Board and the Committees (including that of the Company)

During the Financial Year ended March 31, 2016, nine Board Meetings were held as follows: May 20, 2015 (two Meetings), June 29, 2015, August 12, 2015, September 1, 2015, November 5, 2015, November 6, 2015, February 9, 2016 and March 30, 2016. 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 SEBI (LODR) Regulations. 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 September 29, 2015	Board Membership		Committee Membership	
			Chairman	Member	Chairman	Member
Mr. Ramkrishnan P. Hinduja, Chairman (Non-Executive, Non-Independent Director) - Promoter Group DIN: 00278711	8	Yes	1	2	Nil	2
Ms. Shanu S. P. Hinduja, Co-Chairperson (Non-Executive, Non-Independent Director) - Promoter Group DIN: 06512872	4	No	Nil	1	Nil	1
Ms. Vinoo S. Hinduja, (Non-Executive Non-Independent Director)- Promoter Group DIN: 00493148	5	Yes	Nil	1	Nil	1
Mr. Anil Harish, Independent Director* DIN: 00001685	4	N.A.	Nil	5	3	4
Mr. Rajendra P. Chitale, Independent Director DIN: 00015986	8	Yes	Nil	9 <sup>#</sup>	5	9
Mr. Rangan Mohan, Independent Director DIN: 01116821	9	Yes	Nil	3	2	3

\* Resigned with effect from May 19, 2015. Appointed at the Annual General Meeting held on September 29, 2015.

# Includes four unlisted public companies

Mr. B.L. Taparia was appointed as an Independent Director effective from August 12, 2015 at the Board Meeting held on the said date and on an invitation partly attended the said Meeting. He resigned as a Director of the Company effective August 31, 2015.

Notes:

#### Membership of the Board and the Committees:

- I. Excludes Foreign Companies, Private Limited Companies, Alternate Directorships and Companies registered under Section 8 of the Companies Act, 2013.
- II. As per Regulation 26 of the SEBI (LODR) Regulations, Membership and Chairmanship 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>
- IV. The details of familiarization programme imparted to Directors (including to Independent Directors) have been uploaded on the website of the Company at <http://www.teamhgs.com/corporate-governance/familiarization-programme-for-directors>
- V. Your Company has adopted the Code of Conduct for Board Members and Senior Management Personnel ("the Code"). The Code has been communicated to the Directors and the Senior Management Personnel and also has been posted on the Company's website at <http://www.teamhgs.com/investors/corporate-policies>. All Board Members and Senior Management Personnel have affirmed compliance with the Code for the year ended March 31, 2016. As required under Schedule V of the SEBI (LODR) Regulations, the Chief Executive Officer has given a declaration to this effect. The same has been attached as **Annexure 'A'** to the Directors' Report.

Details of equity shares of the Company held by the Non-Executive Directors as on March 31, 2016 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

### 3. AUDIT COMMITTEE

#### • Terms of Reference

The Audit Committee acts in accordance with the terms of reference specified by the Board of Directors ("the Board") which 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 four members of the Board as follows:

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

All the members possess sound knowledge of accounts, audit, financial management expertise, etc. The Company Secretary 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 Regulation 18 of the SEBI (LODR) Regulations.

#### • Meetings

During the Financial Year ended March 31, 2016, five Meetings were held as follows: May 20, 2015; August 11, 2015; November 5, 2015; February 8, 2016 and March 23, 2016. The time gap between any two meetings did not exceed 120 days and as such the Company has complied with the provisions of Regulation 18 of the SEBI (LODR) Regulations.

- Attendance:**

Name of the Member	No. of Meetings Attended
Mr. Anil Harish, Chairman*	3
Mr. Ramkrishan P. Hinduja, Member	5
Mr. Rajendra P. Chitale, Member	5
Mr. Rangan Mohan, Member <sup>#</sup>	5

\*Resigned with effect from May 19, 2015. Appointed at the Annual General Meeting held on September 29, 2015. Appointed as a Member and Chairman of the Audit Committee with effect from November 5, 2015.

<sup>#</sup>Appointed as a Member of the Committee with effect from May 20, 2015.

Mr. B.L. Taparia was appointed as a Member of the Committee with effect from August 12, 2015. He resigned as a Director with effect from August 31, 2015. No Meetings of the Committee were held during this period.

- Mr. Rajendra P. Chitale, the then Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on September 29, 2015.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

- Terms of Reference**

The terms of reference and the role of the Nomination and Remuneration Committee ("NRC") 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 in 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

The composition of the NRC conforms to the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations.

- Meetings**

During the Financial Year ended March 31, 2016, three Meetings of the NRC were held as follows: August 12, 2015, November 6, 2015 and March 30, 2016.

- Attendance:**

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

\*Resigned with effect from May 19, 2015. Appointed at the Annual General Meeting held on September 29, 2015. Appointed as a Member and Chairman of NRC with effect from November 5, 2015.

- Mr. Rangan Mohan, the then Chairman of the NRC, attended the last Annual General Meeting of the Company held on September 29, 2015.

- Performance Evaluation Criteria for Independent Directors**

During the year ended March 31, 2016, the performance evaluation of the Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated, on the following criteria: Exercise of



independent judgment/ view on potential conflict of interest of Management, Board Members and the Promoters, and safeguarding interest of minority shareholders, Understanding of nature and role of Independent Directors' performance, Offering constructive contribution to the Board discussions and deliberations based on expertise and domain knowledge, Non-partisan appraisal of issues and own recommendations given professionally without tending to majority or popular views, Commitment to role and fiduciary responsibilities as a Board Member and Attendance at the Meetings and preparedness for the Meetings.

#### • **Remuneration Policy**

The Remuneration Policy for Directors, Chief Executive Officer, Key Managerial Personnel, Senior Executives and other employees is in place as recommended by the NRC and approved by the Board. The objective of the 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 ended March 31, 2016, only sitting fees for attending the Meetings of the Board of Directors and the Committees of the Board (Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship and Share Allotment Committee) was paid.

Sitting fee paid to Non-Executive Directors during the Financial Year ended March 31, 2016 is as under:

<b>Name of the Director</b>	<b>Sitting Fee (₹)</b>
Mr. Ramkrishan P. Hinduja	13,50,000
Ms. Shanu S. P. Hinduja	4,50,000
Ms. Vinoo S. Hinduja	4,50,000
Mr. Anil Harish	7,00,000
Mr. Rajendra P. Chitale	13,50,000
Mr. Rangan Mohan	14,50,000

The Board of Directors waived fees in respect of two Board Meetings which were held during the Financial Year 2015-16.

At the last Annual General Meeting of the Company held on September 29, 2015 (20th AGM), the Members have passed a Special Resolution relating to payment of commission to Directors (in addition to the sitting fees being paid for attending the Meetings of the Board or the Committees thereof), for a period of five years commencing from the Financial Year April 1, 2015 as may be approved by the NRC/ the Board of Directors and that the total commission not to exceed 1% of the net profits of the Company in any financial year as computed in the manner specified in Section 198 of the Companies Act, 2013.

For the Financial Year ended March 31, 2016, payment of commission has not been considered by the NRC/ the Board.

There were no material pecuniary relationship 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:

<b>Name of Firm</b>	<b>Amount paid during the Financial Year ended March 31, 2016</b>	<b>Name of Director who is partner</b>
Rangan Mohan Associates	₹ 3,11,174	Mr. Rangan Mohan
D.M. Harish & Co.	₹ 2,07,000	Mr. Anil Harish

#### 5. **STAKEHOLDERS RELATIONSHIP AND SHARE ALLOTMENT COMMITTEE**

The Stakeholders Relationship Committee is known as the "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 and Regulation 20 of the SEBI (LODR) Regulations. Mr. Makarand D. Dewal, Company Secretary acts as Compliance Officer. During the Financial Year ended March 31, 2016, two Meetings of the Stakeholders Relationship and Share Allotment Committee were held as follows: July 6, 2015 and November 5, 2015.

The Committee looks into the redressal of complaints of investors such as non-receipt of dividend, non-receipt of annual reports, etc., if any. The Committee also approves proposals for allotment of shares under ESOPs. During the Financial Year ended March 31, 2016, no complaints were received from shareholders and no complaints were pending against the Company as on March 31, 2016.

• **Attendance:**

Name of the Member	No. of Meetings Attended
Mr. Rangan Mohan, Chairman	2
Mr. Ramkrishan P. Hinduja, Member	2
Ms. Shanu S.P. Hinduja, Member	1
Ms. Vinoo S. Hinduja, Member	1

## 6. GENERAL BODY MEETINGS

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

AGM	Date	Time	Venue
18th	August 10, 2013	11.00 a.m.	Hall of Harmony, Nehru Centre
19th	July 3, 2014	11:00 a.m.	Dr. Annie Besant Road
20th	September 29, 2015	3:00 p.m.	Worli. Mumbai-400 018

- No extraordinary general meeting of the Members was held during the Financial Year ended March 31, 2016.
- The following are the special resolutions passed at the previous three Annual General Meetings (AGMs):

AGM held on	Summary of Special Resolutions
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.
July 3, 2014	Special resolution under Section 180 (1) (c) of the Companies Act, 2013 relating to borrowing powers of the Company.

AGM held on	Summary of Special Resolutions
September 29, 2015	<ol style="list-style-type: none"> <li>Special resolution under Schedule V read with Sections 196, 197, 202 and 203 of the Companies Act, 2013 relating to re-appointment of Mr. Partha DeSarkar as Manager (designated as Chief Executive Officer) of the Company for a period of 3 years with effect from April 1, 2015;</li> <li>Special resolution under Section 14 of the Companies Act, 2013 relating to approval and adoption of new set of Articles of Association of the Company;</li> <li>Special resolution under Section 180 (1) (a) of the Companies Act, 2013 relating to creation of charge or encumbrance including mortgage, hypothecation, pledge, as applicable; and</li> <li>Special Resolution under Section 197 and 198 of the Companies Act, 2013 relating to payment of commission to Directors, in addition to sitting fees being paid for attending the meetings of the Board or the Committees.</li> </ol>

- There was no special resolution requiring voting through postal ballot during the Financial Year ended March 31, 2016.
- There is no special resolution proposed to be conducted through postal ballot till the holding of the AGM.
- Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of the Companies (Management and Administration) Rules, 2014, including any amendment thereof.

## 8. DISCLOSURES

- There were no material significant related party transactions during the year ended March 31, 2016 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>



- B. There have been no instances of non-compliance by your Company on any matter related to the capital markets, nor has any penalty/stricture been imposed on your Company by the Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years.
- C. Your Company has 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 complied with all the mandatory requirements of Corporate Governance as required by the SEBI (LODR) Regulations.

Adoption/ Non-Adoption of the non-mandatory requirements of Schedule II of the SEBI (LODR) Regulations:

- **The Board:** The Non- Executive, Non-Independent Chairman does not have a separate office.
- **Shareholder Rights:** Your Company publishes its quarterly unaudited and yearly audited financial results in the newspapers and also displays it on its website [www.teamhgs.com](http://www.teamhgs.com). Communication relating to financial results, dividend and business and operations of the Company are sent to the shareholders of the Company periodically.
- **Opinion(s) in audit report:** Audit Reports (Standalone and Consolidated Financial Statements) for the Financial Year ended March 31, 2016 are unmodified/ unqualified. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.
- **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.

E. CEO/CFO Certification:

A certificate from the CEO and CFO in terms of Regulation 17(8) of the SEBI (LODR) Regulations was placed before the Board Meeting held on May 25, 2016 to approve the Audited Annual Accounts for the year ended March 31, 2016.

- F. 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>
- G. Disclosure of commodity price risks and commodity hedging activities:
- Not applicable since your Company is not in the business of commodity manufacturing/ trading.
- H. The Company has complied with all the corporate governance requirements specified in Regulation 17 to Regulation 27 and Clause (b) to (i) of Regulation 46(2) of the SEBI (LODR) Regulations for the Financial Year ended March 31, 2016.

## 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](http://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, business and operations of 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 21, 2016
	Time	3.00 P. M.
	Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
2.	Financial Calendar for 2016-17 (Tentative)	
	Unaudited results for the quarter ending June 30, 2016	Second week of August, 2016
	Unaudited results for the quarter/ half year ending September 30, 2016	Second week of November, 2016
	Unaudited results for the quarter/ nine months ending December 31, 2016	Second week of February, 2017

Sr. No.	Subject	Date
	Audited results for the year ending March 31, 2017	Third/ Fourth week of May, 2017
3.	Book Closure Date	September 21, 2016
4.	Final Dividend payment date for the Financial Year 2015-16	October 7, 2016
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

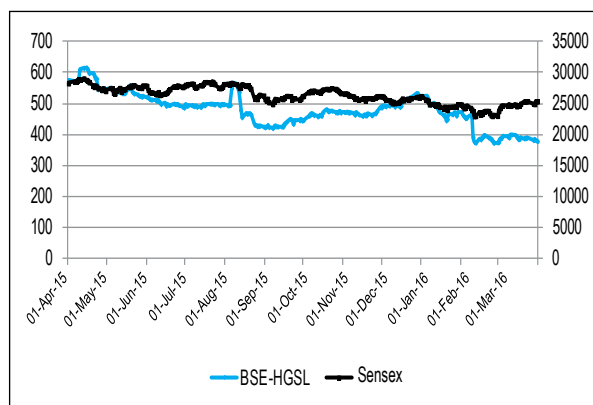
Note: Annual Listing fee for the Financial Year 2016-17 has been paid to BSE and NSE.

#### • STOCK MARKET DATA

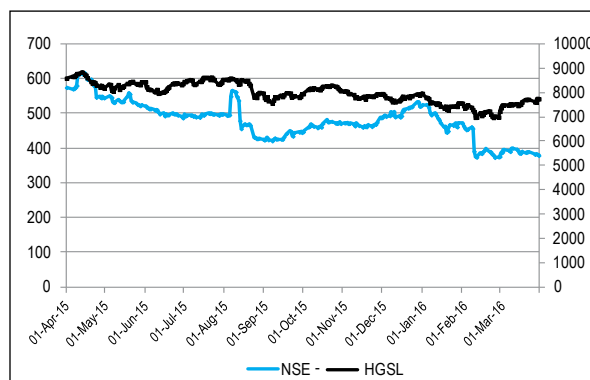
Month	BSE		NSE	
	Month's High (₹)	Month's Low (₹)	Month's High (₹)	Month's Low (₹)
Apr-15	638.95	534.00	639.00	530.00
May-15	570.00	519.10	571.00	519.00
Jun-15	529.00	485.00	529.25	485.00
Jul-15	510.10	486.00	511.90	485.20
Aug-15	599.50	407.40	599.40	409.00
Sep-15	455.00	417.10	459.00	415.30
Oct-15	506.40	442.30	507.95	435.30
Nov-15	491.50	451.10	492.90	455.00
Dec-15	549.00	482.00	544.45	477.35
Jan-16	535.75	442.00	534.00	440.00
Feb-16	471.20	365.00	475.45	363.10
Mar-16	407.50	373.00	414.00	370.55

#### • SHARE PRICE MOVEMENT (BSE)

Your Company's closing share price movement on the BSE relative to BSE Sensex closing prices (April 2015 to March 2016)



#### • SHARE PRICE MOVEMENT (NSE)



The securities of the Company have never been suspended from trading.

#### • REGISTRAR AND SHARE TRANSFER AGENT ("R&T Agent")

In view of SEBI Order dated March 22, 2016 passed against Sharepro Services (India) Pvt. Ltd. ("Sharepro") (erstwhile Registrar and Share Transfer Agent of the Company) and its certain officials, your Company has not renewed R&T Agreement with Sharepro which expired on March 31, 2016. As per the direction given in the said Order, the Company has appointed Karvy Computershare Private Limited ("Karvy"), as its R&T Agent from May 16, 2016. This arrangement with Karvy has been formalized effective June 1, 2016.

Your Company's Registrar and Share Transfer Agent is:

A. Sharepro Services (India) Pvt. Ltd. - R&T Agent up to May 31, 2016 (April 1, 2016 to May 31, 2016 - transition period)

Address: 13 A/B, 2nd Floor,  
Samhita Warehousing Complex  
Sakinaka Telephone Exchange Lane  
Andheri-Kurla Road, Sakinaka  
Andheri (East), Mumbai - 400072  
Tel: (91 22) 6772 0300 / 6772 0400

#### 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

B. Karvy Computershare Private Limited- R&T Agent from June 1, 2016

Shareholder's correspondence please be addressed to the R&T Agent at the following address:

Address: Karvy Computershare Private Limited  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli,  
Financial District,  
Nanakramguda,  
Hyderabad – 500 032  
Tel: (91 40) 6716 2222  
Fax: (91 40) 2342 0814  
E-Mail: einward.ris@karvy.com

#### • SHARE TRANSFER SYSTEM

Your Company's equity shares are compulsorily traded in dematerialized form. As on March 31, 2016, about 99.75% of your Company's equity (comprising of 2,06,76,100 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, 2016, there were no pending transfer proposals.

#### Pattern of Shareholding as on March 31, 2016:

Particulars	No. of shares	% of shareholding
Promoters	1,40,29,452	67.68
FII's	26,77,700	12.92
NRI's/ OCB's/ Non Domestic Companies	1,07,388	0.52
Mutual Funds, Banks, Financial Institutions, Insurance Companies	6,71,532	3.24
Private Corporate Bodies	5,38,429	2.60
Individuals/ Others	27,04,538	13.04
<b>Total</b>	<b>2,07,29,039</b>	<b>100</b>

#### Distribution Schedule as of March 31, 2016:

Distribution	No. of shareholders		No of Shareholding	
	No of shareholders	% to Total	No of shares	% to Total
Upto 500	11,310	92.62	8,21,336	3.96
501 - 1000	418	3.42	3,19,167	1.54
1001 - 2000	223	1.83	3,32,133	1.60
2001 - 3000	75	0.61	1,86,820	0.90
3001 - 4000	30	0.25	1,08,701	0.52
4001 - 5000	29	0.24	1,31,653	0.64
5001 - 10000	54	0.44	3,59,685	1.74
Above 10000	72	0.59	1,84,69,544	89.10
<b>TOTAL</b>	<b>12,211</b>	<b>100.00</b>	<b>2,07,29,039</b>	<b>100.00</b>

- The Company has not issued any ADRs/ GDRs/ Warrants or any convertible instruments in the past and hence as on March 31, 2016, 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.

#### Commodity price risk or Foreign Exchange Risk and Hedging Activities:

The Company is exposed to foreign currency fluctuations on forecasted cash flows denominated in foreign currencies. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments, where the counterparty is a bank. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates these as cash flow hedges. The use of foreign currency forward contracts is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes. Foreign currency derivative instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders' funds and the ineffective portion is recognized immediately in the Profit and Loss Account. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Profit and Loss Account as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders' funds is transferred to the Profit and Loss Account for the period.

**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 2007-08, 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) on November 2, 2015. 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 2008-09 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 September, 2016 to the IEPF. Members are requested to claim the same before the transfer. Periodically, communication is sent 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 September 29, 2015 (date of the last Annual General Meeting) on the website of the Company ([www.teamhgs.com](http://www.teamhgs.com)), as also on the website of the Ministry of Corporate Affairs ([www.mca.gov.in](http://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 : 1st Floor, Gold Hill Square Software Park,  
No. 690, Bommanahalli,  
Hosur Road,  
Bangalore - 560 068.

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

Fax : (91 22) 2497 4208

Email: [investor.relations@teamhgs.com](mailto:investor.relations@teamhgs.com)

Members are requested to register their email address with the Company's Registrar & Share Transfer Agent (R&T Agent) at [einward.ris@karvy.com](mailto:einward.ris@karvy.com) to enable the Company to send notices, documents, communications, Annual Reports, etc. through email and also advice any changes in their email address from time to time to the R&T Agent.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date : August 11, 2016

**Ramkrishan P. Hinduja**  
Chairman



# TO THE DIRECTORS' REPORT

## Auditors' Certificate regarding Compliance of Conditions of Corporate Governance

To

The Members of **Hinduja Global Solutions Limited**,

We have examined the compliance of conditions of Corporate Governance by Hinduja Global Solutions Limited, for the year ended March 31, 2016 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

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, 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.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Price Waterhouse**

Firm Registration Number: 301112E  
Chartered Accountants

Place: Mumbai  
Date : August 11, 2016

Jeetendra Mirchandani  
Partner  
Membership Number: 048125



## Annexure 'E' to the Directors' Report

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India as amended from time to time. 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 economic recovery continued to remain slow and fragile, resulting in a moderate output growth of 3.1% in 2015. Unfavourable demographic trends, low productivity growth, softening of industrial activities and legacies from the global financial crisis continued to impact the revival in activity for the advanced economies. The ongoing pressures in major emerging economies contributed to the slowdown in the pace of recovery. Going ahead, the global output is anticipated to grow by 3.2% in 2016 and further improve to 3.5% in 2017. (Source: International Monetary Fund (IMF))

In recent years, growth in the US economy has slowed considerably, primarily due to the 2008-09 financial crisis and the country's subsequent sluggish recovery from the resulting recession. Growth in the US declined to 1.9% in 2015. This decline in growth was mainly on account of weak exports, poor domestic demand and decline in non-residential investment. However, it is expected that most of these factors are temporary in nature and the situation will improve going forward. The economy is expected to retain its growth for 2016 at 1.9% and will marginally improve to 2.0% in 2017. (Source: IMF)

The Canadian economy recorded a growth of 1.2% in 2015, which is just half of the growth rate posted in 2014 at 2.5%. This softness was primarily due to weak business investments and lower exports during the year. Sharp decline in oil prices and concerns over economic prospects of China further contributed to the softness of the Canadian economy. However, the situation is expected to improve going ahead as the weaker domestic currency and relatively steady demand from the US will lead to increase in the demand for non-mining goods. The economy is anticipated to gradually improve and grow at 1.5% in 2016 and further increase to 1.9% in 2017. (Source: IMF)

Though the economic output of European Union (EU) improved from 1.4% in 2014 to 2.0% in 2015, the slow pace of recovery continues to remain a prime concern. The growth remained sluggish despite the double stimulus of a fall in energy prices coupled with quantitative easing by the central government. The forecast for the region is not very encouraging as it is expected to grow at 1.8%

in 2016 and 1.9% in 2017. The slowdown in China and emerging economies, which account for a quarter of Eurozone exports, is expected to impact the recovery. (Source: IMF)

Indian economy continued to build on the momentum generated during the last fiscal year. Improvement in domestic consumption, driven by better consumer sentiment and easing of inflation, benefited the economy. India's GDP is expected to grow at 7.5% in FY2016 and accelerate to 7.7% in the next year. Going ahead, private consumption, which has benefited from lower energy prices, is anticipated to drive growth. Moreover, the revival of sentiment and pickup in industrial activity will further strengthen the growth rate. (Source: IMF)

During the year, the advanced economies continued to face challenges in accelerating their pace of growth. However, economic activity in emerging and developing Asia remained robust. The economic recovery is projected to strengthen in 2017 and beyond, driven primarily by emerging market and developing economies, as conditions start to normalize gradually.

## Industry Overview

The business environment across the globe is undergoing a transformation in every aspect of their operations. These changes have resulted in increased use of analytics, digital technologies and automation in the Business Process Management (BPM) industry. The use of automation enables an enterprise to further increase operational efficiencies while analytics helps gain more insights into business performance, which can be further leveraged for creating future growth strategies. These changes have led to ensuring that a shift towards digital is inevitable to maintain a competitive edge.

Over the coming years, the industry will be dominated by digital technologies, such as platforms, cloud-based applications, big data & analytics, mobile systems, social media and cyber security. In addition, investments are expected to be made in services required to integrate these technologies with prevailing legacy technologies.

The global IT-BPM spend during 2015 was impacted by the volatility in the global currencies. As a result of such fluctuations, the IT-BPM spend during 2015 remained relatively flat with a growth rate of only 0.4% to US\$1.2 trillion. However, the BPM spend experienced a moderate growth of 3% compared to 2014 to reach US\$186 billion. This growth was primarily driven by increasing demand for analytics services. The customers in general are gradually starting to expect analytics as part of the bundled BPM services. Global BPM spend was also driven by verticalised offerings of horizontal services. (Source: National Association of Software and Services Companies)

During FY2016, India's IT-BPM industry is anticipated to grow at 8.5% to reach US\$143 billion. This growth will be achieved despite the impact of strengthening of dollar against the Indian rupee.

The Indian BPM industry has grown over 1.7 times in the past five years to reach US\$28 billion in FY2016.

Around 86% of the total BPM market is estimated to have come from exports and the remaining 14% by the domestic business. The growth momentum is expected to reach US\$41 billion by FY2020. The BPM service providers are experiencing new business from mid-sized companies as they attempt to expand. Furthermore, digital innovators that need specialist BPM partners to manage their increasingly complex processes are also emerging. (Source: National Association of Software and Services Companies)

The Philippines' IT-BPM industry is regarded as one of the largest globally. IT-BPM industry in Philippines has grown to include over 1.2 million direct employees, generating over US\$21 billion in revenues. Presently, voice-based services account for over 60% of Philippines IT-BPM industry and the country needs to promote higher value sectors like software, health information management and knowledge process outsourcing to stay ahead of its competitors. Vietnam, Turkey and Egypt are new markets which are now seeing rise in their voice-based services posing threat to Philippines as one of the world's top IT-BPM markets. (Source: Information Technology and Business Process Association of the Philippines)

The key trends observed in the industry verticals where Hinduja Global Solutions (HGS) operates are:

#### Healthcare

One of the biggest challenges for healthcare providers globally continues to be cost of operations. Trends including access to care, advances in care (especially new drugs), accountable care/alternative payment models and digital consumer engagement all stem from the cost factor.

For US healthcare in particular, Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) and the Cadillac tax can accelerate the consolidation in the provider industry and the adoption of value-based payments. The next few years are expected to see a proliferation of high-deductible plans and growth of private exchanges with a direct impact on health providers.

The provider segment will evolve into an ecosystem of connected healthcare via health technology, digital media and mobile devices. Payer trends expected to gain popularity in 2016 include value-based care reimbursement and bundled payment models, as more insurers and providers are moving away from the fee-for-service payment model. The Home Health value-based purchasing model is also set to have a big impact on the healthcare payer industry. This transformational model consists of linking home health reimbursement to quality performance measures in order to boost population health outcomes.

Mergers & Acquisitions will play a big role in the overall healthcare space, with continued consolidation expected in future.

The healthcare industry is facing challenges with data sharing, which has resulted in dire need for conversion of large-scale paper-based records and manual processes

into electronic health records. BPM companies have the capability to help companies shift through the data that does not require human interaction and give employees streamlined access to the information they need. Further, the use of technology in the vertical can lead to major operational gains across a hospital. It helps achieving efficiencies by eliminating many menial, manual tasks.

Another challenge faced by the industry is data security. Safety of personal healthcare data is critical for the ecosystem. The healthcare companies are working alongside third-party experts to closely monitor systems for any signs of malicious activity to help protect the safety and privacy of consumer's information.

It is expected that globally the number of consumers using tele-health services will continue to see an increase. This necessitates that health plans must recognize and embrace the impact technology is having on the industry. Those that adopt new ways of caring for patients via technology and virtual services will ultimately benefit from greater patient satisfaction. This may also result in the improved utilization of preventive and urgent care services.

#### Telecom and Media

Being connected continues to become cheaper. Connectivity is capturing a smaller proportion of the information value chain while content, service and product providers capture more. The next major trend is the explosion of connected devices. This will add billions of new connected data sources globally by 2020. The upswing of all of these devices will be an astronomical growth in data volumes.

Growth of mobile connectivity is far outpacing fixed line connectivity. Most growth is occurring in the developing world and amongst poorer populations. For these people, mobile is cheaper, convenient and more useful, even when landline connectivity is an option.

The revenue for voice services has gradually declined with mobile broadband entering a golden age of development. With the challenges of traffic and cost being overcome, it is predictable that mobile broadband will become the most significant force to promote industry development. Service providers can achieve sustainable growth if they focus on developing mobile broadband services rather than voice communications.

Older population as they retire will enter retirement communities and assisted living facilities, which are fully digitized in order to be as efficient as possible. Older population will be forced into using these technologies by the world around them and will likely consume vastly more bandwidth than they, or their carriers, ever imagined. As this occurs, the last remaining percentages of market penetration will be achieved and the market will be thoroughly saturated.

For service providers, providing a secured network will play a crucial role in fighting the new threats that are emerging. Customers will begin to expect, and then demand, more proactive protection from the entire internet

value chain, and carriers will be expected to support these expectations with a range of technical and operational innovations. The desire for greater security may be a boon for carriers, if they embrace the need.

### Consumer

The mobile device is increasingly becoming an essential part of the customer's shopping journey. Bluetooth Low Energy (BLE) Beacons, NFC and QR codes are the latest proximity technologies on offer to retailers, providing an opportunity to engage with customers via their smart phones. Additionally, with the emergence of new payment solutions, we can expect more stores to start accepting additional payment types, most notably EMV cards and mobile payments. Today, consumers go through multiple channels in their path to purchase. As a result, it is anticipated that going ahead, more retailers will start analyzing online and offline data together. Doing so will give them a more comprehensive picture of their customers' shopping pattern.

Retailers are gradually switching to single-view retail management systems. It is essential for any modern retail strategy. Gaining sales, inventory, and customer visibility across different channels allows merchants to execute their omni-channel initiatives more effectively and retailers are expected to adopt more of these systems going forward. Omni-channel will also drive more retailers to adopt cloud-based apps, as these solutions enable them to scale quickly, work from anywhere and get real-time insights into various aspects of their business. Omni-channel retailing introduces a lot of complexities, not just in terms of operations and order fulfilment, but also when it comes to fraud prevention.

### Banking and Financial Services (BFS)

BFS has been one of the largest adopters of global outsourcing services in the last few years. This trend is set to continue driven by new growth objectives post the economic recession in 2008-09, emergence of new technologies and the rise of the digital consumer who is looking for an integrated multi-channel interaction.

From online to mobile to wearables, the advancements in digital technology are moving faster than most banking organizations are prepared to handle. They are continuously investing in innovation and digital technologies to enhance competitive differentiation and improve consumer experience. Addressing this scenario is not just about improving customer service but also about delivering both service and sales through the channel that the consumer chooses to use. Beyond multichannel or omni-channel, an 'opti-channel' experience delivers solutions using the optimum channel based on the customer's need and preferred channel. Rather than offering all channels for a specific solution, big data will enable an organization to point the consumer to the channel that will provide the best, personalized experience.

Mobile banking as a trend is slowly and steadily growing. Research states that over 1 billion mobile phone users leveraged their phones for banking activities in 2015

and the number is set to increase to 2 billion by 2020, representing about 37% of global adult population. (Juniper Research)

With banking become increasingly platform based, the primary opportunity for robots and artificial intelligence (AI) tools in the BFS industry at this time is that they can extend the creative problem-solving capabilities and productivity of human beings and deliver superior business results.

### Public Sector

In line with growing customer expectations, a recent survey in the UK shows that citizens also expect governments to better understand the needs of the citizens and communities, and to make sure that services are tailored to the needs of people who are using them. In order to fulfil the personalization of the services ambition, governments and public sector organizations need to invest in technologies and innovations to improve processes and outcomes. This requires a transition from large-scale, standardised solutions to developing more intelligent, interactive solutions that focus on individual needs.

Another trend experienced in the vertical is the inclination of governments towards outsourcing as a way of accessing external expertise and delivering services more cost-effectively. Public sector is also keen to ensure affordability and continued delivery services for its citizens. Demographic ageing, increasing customer demands for personalized services and growing sustainability challenges will create a major challenge for governments to meet expenditure gaps.

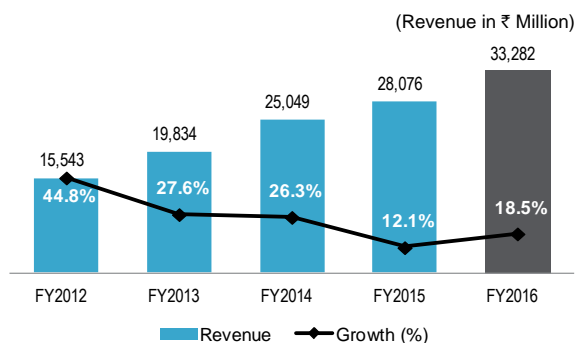
### Business Overview

Hinduja Global Solutions (HGS), part of the multi-billion dollar Hinduja Group, 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, automation and interaction expertise to deliver innovation and thought leadership, HGS increases revenue, improves operating efficiencies and helps clients retain valuable customers. The Company's expertise spans the healthcare, telecommunications and media, insurance, banking, consumer electronics and packaged goods industries, retail, technology and public sector. HGS operates on a global landscape with about 40,000 employees in 67 centers worldwide delivering localized solutions. The Company has a strong presence in Canada, France, Germany, India, Italy, Jamaica, Philippines, the Netherlands, the UAE, the UK and the US.

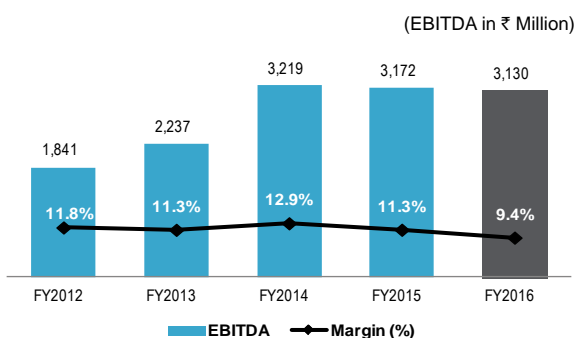
### Financial Review

The first half of the fiscal year was slow due to underperformance of Canada but the improved performance in the second half enabled us to reach consolidated revenue of ₹ 33,282 million, a growth of 18.5% compared to previous year. This growth was led by

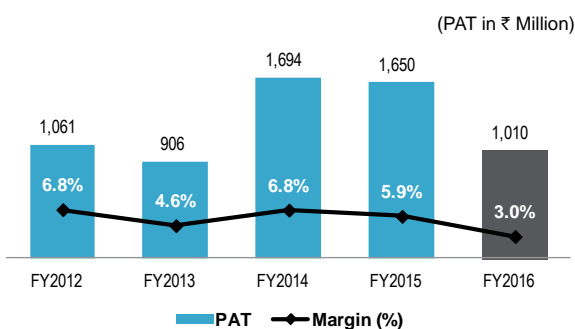
existing and new client wins, especially in healthcare and consumer product verticals. Recovery in performance of our Canadian operation coupled with a strong growth in recently acquired companies like Colibrium and the India CRM portfolio also contributed to the growth.



Consolidated EBITDA for the year was ₹ 3,130 million, a marginal decline of 1.3% compared to the same period last year. EBITDA for the year was impacted due to increased ramp-up, softness in profitability of Canada operation and consolidation of acquired India CRM portfolio. FY2016 EBITDA margin was 9.4%.



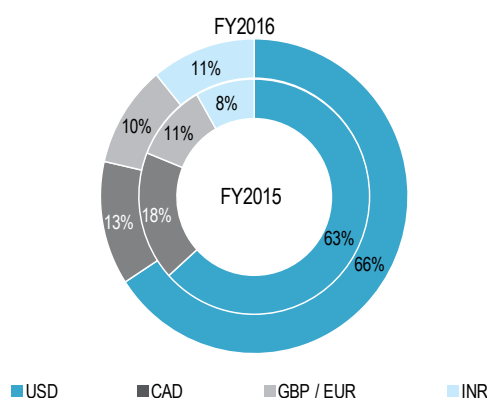
FY2016 consolidated PAT declined by 38.8% compared to the same period last year. PAT for the year was impacted due to lower operating profit coupled with unfavourable foreign exchange variations. PAT for the year is not comparable to last year because FY2015 included a tax benefit of ₹ 248 million on 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).



### Revenue by Geography (Origination)

In FY2016, the US originated business accounted for 66% of the total revenues as compared to 63% in FY2015.

This growth was primarily driven by contribution from the Colibrium business. The softness in volumes in our Canadian operation coupled with variation of the Canadian dollar to the Indian rupee resulted in a decline of Canada originated revenues from 18% in FY2015 to 13% in FY2016. Business originating from UK and Europe declined marginally from 11% to 10%. The contribution of India originated business increased from 8% in FY2015 to 11% in FY2016.

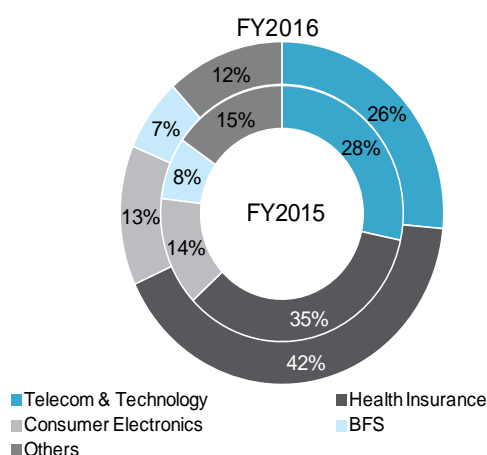


Of the total India originated business, around 9% came from the CRM business and the balance 2% came from HRO and F&A. The growth in India originated business was primarily due to the acquired India CRM business.

Healthcare vertical continued to build on its growth momentum. In terms of contribution to total revenue, it accounted for 42% compared to 35% in the same period last year. The robust growth of the vertical was driven by Colibrium coupled with better opportunities prevailing in the sector.

The contribution of the telecom and technology verticals declined marginally to 26% in FY2016 as compared to 28% in the same period last year. The reduction in contribution from the vertical is on account of strategic decision undertaken by Company to exit certain loss making accounts.

The contribution from the consumer and BFS verticals was 13% and 7%, respectively. Other verticals accounted for 12% of the total revenues.





## 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, 2016 was ₹ 207 million, an increase of 9,466 shares compared to last year. The Company issued 4,866 equity shares pursuant to the exercise of stock options by certain employees under the "Employees Stock Option Plan, 2008" and 4,600 equity shares pursuant to the exercise of stock options by certain employees under the "Employees Stock Option Plan, 2011".

#### Reserves and Surplus:

The reserves and surplus of the Company increased from ₹10,535 million in FY2015 to ₹ 11,576 million in FY2016.

#### Long-term borrowings

As of March 31, 2016, the total long term borrowings was ₹ 5,415 million as compared to ₹ 5,629 million in FY2015.

#### Deferred tax Liabilities (net)

As of March 31, 2016, deferred tax liabilities (net) were ₹ 28 million as compared to ₹ 2 million as of March 31, 2015.

#### Other Long Term Liabilities

As of March 31, 2016, the other long term liabilities stood at ₹ 113 million compared to ₹ 45 million in March 31, 2015.

#### Long-term provisions

As of March 31, 2016, long term provisions stood at ₹ 150 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, 2016 were ₹ 2,235 million as compared to ₹ 263 million as of March 31, 2015.

#### Trade payables

Trade payables as of March 31, 2016 were ₹ 1,720 million as compared to ₹ 1,679 million on March 31, 2015.

#### Other current liabilities

Other current liabilities as of March 31, 2016 were ₹ 2,297 million as compared to ₹ 1,797 million on March 31, 2015.

#### Short-term provisions

Short-term provisions as of March 31, 2016 were ₹ 504 million compared to ₹ 490 million last year. This included provisions for gratuity & pension and compensated absences payable to employees based on an actuarial valuation.

### Goodwill on Consolidation

Goodwill as of March 31, 2016 was ₹ 2,644 million as compared to ₹ 2,537 million as of March 31, 2015.

#### Fixed assets

The net block of fixed assets (excluding goodwill on consolidation) was ₹ 6,222 million as of March 31, 2016 (₹ 5,179 million as of March 31, 2015), representing an increase of ₹ 1,043 million of the total fixed assets.

#### Investments

The investments of the Company represent non-current investments of ₹ 102 million as of March 31, 2016 (March 31, 2015: ₹ 80 million).

#### Deferred Tax Assets (net)

As of March 31, 2016 the Company had a deferred tax asset (net) of ₹ 15 million compared to ₹ 34 million as of March 31, 2015.

#### Long-term loans and advances

The long-term loans and advances of the Company as of March 31, 2016 stood at ₹ 2,120 million compared to ₹ 1,783 million as at March 31, 2015. Significant items of loans and advances include payment towards security deposits, capital advances, loans to related parties and net income tax paid.

#### Other non-current assets

The other non-current assets of the Company as of March 31, 2016 were ₹ 105 million. This includes deposits with banks for margin money and other long-term deposits with banks.

#### Current assets

**Trade receivables:** Trade receivables were ₹ 4,588 million (net of provision for doubtful debt of ₹ 5 million) as of March 31, 2016 as compared to ₹ 4,093 million (net of provision for doubtful debt of ₹ 7 million) as of March 31, 2015. 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, 2016 was ₹ 3,748 million as compared to ₹ 3,543 million as of March 31, 2015.

**Short-term loans and advances:** Short-term loans and advances as of March 31, 2016 were ₹ 1,566 million as compared to ₹ 1,409 million as of March 31, 2015.



**Other Current assets:** The other current assets of the Company as of March 31, 2016 were ₹ 2,815 million as compared to ₹ 1,949 million as of March 31, 2015.

### Liquidity

As of March 31, 2016, the Company had consolidated debt of ₹ 8,399 million comprising ₹ 6,164 million of long term debt (including financial leases), ₹ 749 million of current maturities of long term debt and finance leases and ₹ 2,235 million of short term borrowings. At the end of FY2016, the Company had cash and treasury surplus of ₹ 4,645 million, resulting in net debt of ₹ 3,754 million. As of March 31, 2016, HGS had a conservative leverage profile with Net Debt/EBITDA of 1.20 x and Debt/Equity of 0.71 x.

### Operational Review

The US operation continues to be very encouraging. The healthcare vertical remained the primary growth driver led by higher volumes across clients. During the year, the US operation added new clients across verticals such as healthcare, consumer, ecommerce, electronics, food retailer, etc. In FY2016, the Company exited a few of its unprofitable clients which have resulted in some excess capacity and HGS plans to fill this up in the next fiscal year.

During the year, HGS also continued to leverage process expertise to deliver innovative robotic automation solutions for clients. The Company had worked on reengineering the sales operation for a US based healthcare client. Currently, HGS is implementing multiple automation projects for this client including a front office solution and specific processes such as discrepancy reporting and enrolment which can drive their efficiencies of over 40%.

Furthermore, HGS has won a consulting engagement for robotic process automation (RPA) from banking client in the US. The outlook for this operation is very encouraging. HGS expects to benefit from both additional businesses from existing clients as well as new client additions going ahead.

HGS started operations in Jamaica around four years back and it has evolved as an excellent investment by the Company. The growth for this region has been very encouraging over past few years. The healthcare businesses in the Jamaica operation were the major contributor to the growth of this near shore facility. The operation added new clients such as an internet broadband provider, a large US based healthcare insurance company, a Chinese electronics company and an energy provider based in Texas. The demand for this operation is robust and the Company plans to open another center in Kingston in the next fiscal year.

The initial part of the fiscal year was challenging for the Canadian operation primarily due to the economic recession. Other operational challenges such as labour shortages, transitioning from rural to urban center, increase in minimum wage rate and withdrawal of apprentice tax credit also impacted the overall performance. However,

the Company overcame the challenge in the latter half of the fiscal year through cost rationalization initiatives coupled with revision of commercials with a large client in Canada. The benefits from revision of this contractual agreement will accrue from beginning of FY2017.

Despite the challenges faced during the year, HGS continued its investment in sales and marketing, which enabled it to add new clients in the public sector vertical and additional line of businesses from existing clients.

With a view to bring in best operational practices, build sales and account management synergies and optimize cost, HGS has reorganized the US and Canada teams into a single North America team effective 1st April 2016.

The UK and Europe operations continued to perform as per management expectations. The year under review was an exciting phase for the operation. It ramped up for two large new public sector clients, one in the financial services sector and other in the telecom sector. All the facilities in the region operated at near optimal capacity levels during the year. The sales pipeline for the UK and Europe operation continues to remain robust, and is focused on three core sectors, the public sector, telecom and consumer goods.

HGS Philippines continued its robust growth, primarily driven by significant contribution from the healthcare vertical. The operation continued to remain the preferred delivery destination by clients and as a result opened a new facility in Manila to cater to the demand. Overall, it was a year of improved profitability coupled with stabilization of investments and completion of ramp-ups. During the year, the operation received additional businesses from existing clients and also added new clients across verticals such as healthcare, consumer and education services. In FY2016, the operation completed 10 years of association with a healthcare insurance major and a leading consumer products company. The outlook for the operation continues to be promising and will be primarily driven by healthcare vertical.

India International operation's performance was driven by increased volumes by a key healthcare client. The revenue during the year came primarily from existing healthcare clients. Revenue from the EBOS business almost doubled during the year, which was driven primarily by key new client and several smaller wins.

The India Domestic business added several new clients for the year including a leading consumer goods conglomerate, a top global e-tailer brand, a leading e-commerce player in India and a fast growing life insurance company in India.

In September 2015, HGS acquired an India CRM Company. Post the acquisition, various strategic initiatives were undertaken to drive operational efficiencies. HGS also renegotiated prices with clients in a bid to turn the business around. The business portfolio turned EBITDA positive while exiting March 2016. Going forward, overall India operations are anticipated to continue to improve profitability.

### 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 recognized as a Leader in the Payer and Provider Categories in NelsonHall's NEAT Vendor Evaluation for Customer Management Services in Healthcare, June 2015.
- HGS recognized as Leaders In NelsonHall's NEAT Evaluation For End To End Marketing BPS & Digital Marketing, July 2015.
- HGS recognized as "Leaders" In NelsonHall's Worker's Compensation BPS NEAT, August 2015.
- Everest Group included HGS as a Major Contender in their Peak Landscape for Contact Center Outsourcing, August 2015.
- HfS has included HGS in the Winner's Circle for their Healthcare Payer Operations Blueprint, September 2015
- HGS is listed in the Everest Group's Top 50 largest third party Business Process Services Providers Global List, July 2016.
- HGS recognized as "Leaders" In NelsonHall CMS In High – Tech NEAT "Cost Reduction Focus", November 2015.
- HGS ranked as Leaders In NelsonHall Healthcare Payer NEAT 2015, November 2015.
- HGS achieved Top 10 Americas status in the Breakthrough Group In ISG Outsourcing Index Global 4Q15, January 2016.
- HGS recognized as "Major Contenders" In Everest Group Healthcare Payer BPO PEAK Matrix Assessment 2016.

### Acquisition

Effective 1st September 2015, HGS acquired a significant part of the domestic BPM business of Mphasis Group. The acquisition gave the Company access to five large domestic clients in the banking and telecom sectors, and seven delivery centers across Noida, Raipur, Indore, Mangalore, Pune and Bengaluru. Approximately 8,000 employees were added to our rolls.

### Delivery Infrastructure

At the end of FY2016, the Company had 67 global delivery centers across 11 countries. During the year, six new centers were opened: one each in Kingston (Jamaica), Manila (Philippines), Bangalore, Hyderabad and two centers in Mumbai. Through the acquisition of the domestic India CRM business, the Company added seven additional delivery centers across six cities in India - Bangalore, Mangalore, Pune, Indore, Raipur and Noida. HGS has a strong balance sheet to enable it raise

funds from different sources to capitalize on new growth opportunities.

### Human Capital

HGS employed 39,834 people in 11 countries as of March 31, 2016. We recorded the highest ever headcount expansion in a year for the Company at over 11,000 in FY 2016, led by organic growth and the acquisition of a significant part of Mphasis Group's BPM business in India.

Our Diversity ratio is on the rise globally, with women employees accounting for 42.21% of our workforce. We are actively involved in employing people who are differently abled across our geos.

As a company operating in a people-centric and ever-changing industry, HGS is focused on evolving our workforce to align with shifting dynamics in today's business world. We have developed a workplace environment, which respects the diversity of cultures and talent.

Our engagement with employees is inclusive and empowering, leveraging platforms such as business unit-level events, rewards & recognition programs, skip-level meets and training initiatives. During the year, we continued the Employee Satisfaction (ESAT) Survey – Voice of the People and received an overwhelming 83% response rate. The percentage of employees who feel positive with their HGS connect has increased significantly compared to the previous surveys.

The Company is committed to upskilling employees constantly to keep up with new technology and business trends, and has designed several development programs across employee bands and roles. We also launched a Leadership Assessment & Development program for our top leadership, starting from the CEO and his global team. We plan to cover the top 100 leadership positions in the organization globally through a structured process for this initiative.

HGS evaluates and adopts best practices in human resources globally. In line with a digitized world, we are leveraging new technology levers like automation in recruitment process and performance management, and digital hiring to create a more efficient people-related system and promote a One HGS environment.

The Company also encourages our employees to engage in CSR activities, especially programs related to education and youth development, thus give back to society and learn from the communities we operate in.

### Compliance

Employment and Labour laws in countries where the Company operates and any changes in the said laws are 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'16, the Company has received 7 complaints of sexual harassment, all have been disposed off with an appropriate action and no complaint was pending as of March 31, 2016.

### Customer Additions

As of March 31, 2016, the Company had 190 clients (including clients received through the Colibrium acquisition and excluding HRO and F&A clients). Taking into account the 600 HRO and F&A, the total number of clients stood at 790. HGS added 20 new clients in verticals such as telecom, healthcare and consumer electronics, and 40 HRO and F&A clients. As of March 31, 2016, the Company had 67 clients contributing revenues of more than ₹ 10 million per quarter.

### Customer Satisfaction (CSAT) Survey

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

HGS has been conducting annual global customer satisfaction surveys since 2009. The response rate to the survey has gradually improved over the years, indicating that clients increasingly view us as a strategic partner as opposed to simply being a service provider. During 2015, the Company conducted its customer satisfaction survey through a professional third party provider. This year saw an increased response rate of 83.02% (an industry benchmark) and significant participation from almost 92% of the accounts targeted. The survey was primarily focused on four key parameters: satisfaction, loyalty, advocacy and value for money. HGS has received high ratings on all the parameters. HGS remains committed to strengthen client relationships and setting new benchmarks for service quality and ultimately increasing client satisfaction.

### Global Growth Strategy and Marketing

In the spirit of HGS' global mission to help our clients be more competitive, we continue to invest in innovation, thought leadership and go-to-market capability.

HGS's Global Growth Strategy and Marketing (GGSM), a horizontal function with the mandate to improve market positioning, awareness and consideration rates is also expanding the scope of services offered. To drive growth, our primary focus is leveraging the Company's current capabilities and best practices and to develop packaged service offerings with centers of operational excellence, new commercial models and transformational value propositions that match market opportunities.

### Introduction of trademarked transformational solutions capability

In FY 2016, HGS trademarked the IP for its Unified Customer Engagement solution, which provides an instant, easy-to-grasp view of the way we help clients

provide their customers with consistently streamlined and effective experience, allowing them to get the right answer fast while transforming cost for the former.

To grow revenue under this set of service offerings, HGS launched specific Web-self-service and Chat offerings along with new commercial models, formation of strategic partnerships and the launch of new pilot programs with existing and new clients.

Additionally, HGS Digital Natural Assist (DNA) is the company's unified customer experience platform that helps clients streamline their customer service communications across all channels, making it easier for customers to help themselves, and when necessary, seamlessly integrate agent-assisted support. The digital CX advancements made in FY 2016 contributed 21 contracted deals in the year as well as unlocked new demand for even higher value HGS services.

### Brand recognition amongst the best in the industry

HGS' brand recognition has never been higher with strong industry positioning from leading analysts. HGS continues to put heavy emphasis on increasing mentions within the external analysts and advisor community as well as important third party publications. In FY 2016, 33 analyst and advisor published reports recognized HGS as Leaders/High performers/Major Contenders or in the Winners Circle, including reports from respected firms such as ISG Sourcing Advisors, Gartner, Forrester, HfS, Everest Group, Nelson Hall, and Outsourcing Institute.

In the past year, HGS was named a "Top 100 Global Outsourcer" by the International Association of Outsourcing Professionals (IAOP), and also brought home a Gold Stevie Award for Best Use of Technology in Customer Service.

### Competitive Advantage

The Company has been one of the pioneers of the BPM business in India and has evolved considerably over years since starting to offer BPM services in 2000. During this journey, HGS has built certain capabilities, which provide it a competitive edge.

HGS has a track record of successfully integrating acquisitions. This strategy and capability has helped them to consistently outpace the broader industry's growth rate.

In March 2015, the Company acquired Colibrium in the US and in FY2016; it acquired an India CRM business. These acquisitions significantly enhanced our capabilities as Colibrium provided access to a sales & services platform in the healthcare vertical and the India CRM business significantly expanded delivery presence in India.

The Company is one of the oldest players in the healthcare vertical and has established significant presence in the vertical. The sector is currently providing immense opportunities primarily driven by healthcare reforms in the US. The Colibrium acquisition further strengthens its product offerings by adding an integrated sales and services platform.



HGS has the right formula for Right-shore outsourcing with local onshore capabilities as well as key nearshore and offshore locations in place. The Company currently delivers services out of 67 centers in 11 countries.

Further, HGS is a professionally managed Company. The top management is supported by geographic as well as vertical heads, with significant experience in their respective domains. The local leadership teams are close to where the clients are and have access to market insight, local partners and trends. They are empowered to take decisions; decentralised decision-making accelerates response to market opportunities.

### Risk & Concerns

For a company like HGS, that has operations spread across multiple locations and clients who are located across different continents, while dealing engagements in multiple currencies, new risks can emerge or change intensity over a period. Some of the risks to which the Company is exposed are as follows:

- Any regulatory enactment restricting the offshoring of services by any country in which HGS operates
- Cost-based competition from companies based in emerging economies
- Adverse currency fluctuations
- Lack/loss of skilled manpower can result in productivity loss

### Opportunities

HGS' management has strong domain expertise and experience of successfully identifying emerging opportunities and capitalizing on them. Key growth drivers and opportunities for the Company include:

- Robust growth of Indian BPM Industry driven by knowledge and transaction services
- Increased preference for BPM services even by public sector and mid-sized companies
- Increasing awareness among the corporates about BPM services' potential to improve effectiveness and efficiency
- Opportunity from the US Healthcare Reforms, which focuses on modernizing legacy systems to gain operational excellence
- Larger deals with existing customers based on gain sharing models
- Penetrate and grow in the Public Sector marketplace in European & Canadian markets
- Identifying and expanding in geographies with potential as future BPM destinations
- Industry consolidation driven by increasing use of emerging technologies and preference for complex services
- Established position in the digital, social media, analytics and automation segments, which are gaining acceptance among international clients

### 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, evaluation of risks, mitigation & monitoring of risks along with reporting & disclosures. Business planning and strategy is integrated with risk management.

### 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, scenario analysis, business environment, internal audit findings, assessment of the operations and learning's from incident analysis. HGS has developed guidelines that provide instructions in carrying out impact-consequence analysis for the identified risk.

**Risk Evaluation:** Risk criteria have been established for deciding the magnitude of risk to the Company. The risk criteria includes costs, performance objectives, reputation and regulatory compliance. Risk levels are determined using the potential impact, likelihood of occurrence and the risk exposure.

**Risk Mitigation & Monitoring:** Identified top risks are tracked through external and internal indicators to track risk levels and likelihood of occurrence. Analysis, exposure and assessment of top risks are carried out periodically with emerging risks if-any being included. Mitigation plans are finalized, owners are identified and progress of mitigation actions are monitored and reviewed.

The Risk Management Committee ultimately reports to the Board of Directors on the effectiveness of risk management across the enterprise.

**Risk Reporting and Disclosures:** Risks impacting achievement of business objectives, movement of risk levels, impact and mitigation status are reported and discussed with the Risk Management Committee periodically. This Committee further reports to the Audit Committee and the Board through periodic updates highlighting key risks, their impact and mitigation status. Key risk factors are disclosed in regulatory findings.

**Integrating risk management with business planning & strategy:** The business strategy and planning take into account identified risks and mitigation action as an input for the development of strategy and annual business plan.

### Internal Controls

As a business philosophy, the management believes in growth with a strong governance system. The Company has a proper and adequate system of internal controls, commensurate with its size and business operation to ensure timely and accurate financial reporting in accordance with applicable accounting standards, safeguarding of assets against unauthorized use or disposition and compliance with all applicable regulatory laws and Company policies.

The Company documents and periodically updates the policies, which need to be complied. There is a clear demarcation of roles and responsibilities at various levels

of the organization. The Internal Control System aims to ensure that business operations function efficiently; that applicable laws, rules and regulations as well as Company policies are complied with; and that there is reliability of accounting and financial data. Internal Auditors of the Company review the internal control systems on a regular basis for its effectiveness and necessary changes and suggestions, which are duly incorporated into the system. Internal audit reports are also reviewed by the Audit Committee of the Board.

### Business Outlook

The year 2015 was characterized by volatility in the global economic activity. Both advanced as well as emerging economies continued to experience multiple challenges. However, the increasing adoption of technology across the globe was encouraging in the prevailing difficult environment. The role of technology has undergone a radical change. Apart from the corporates, end-customers are now increasingly influencing global technology spend. Further, governments have also begun to use technology as the platform for citizen outreach services. These factors have resulted in technology to emerge as the new unifying force, integral to all stakeholders involved.

India has continued to retain its preferential status as a top offshoring destination. India's IT-BPM sector is expected to continue the growth momentum to reach US\$200-225 billion by 2020 and US\$350-400 billion by 2025. This growth will be primarily driven by digital technologies, which is expected to account for around 23% and 38% of the overall market by 2020 and 2025, respectively. Indian service providers face significant opportunities as digital technologies continue to be embedded in an ever-widening range of products and services.

North America is anticipated to account for the largest market share and dominate the BPM market during 2016 to 2021. However, APAC offers immense potential growth opportunities for the BPM market. These growth opportunities from the region arise as the countries in APAC are investing heavily to increase their efficiency and productivity. (Source: National Association of Software and Services Companies)

### Cautionary Statement

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



## Annexure 'F' to the Directors' Report

**EXTRACT OF ANNUAL RETURN****FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on the Financial Year ended on March 31, 2016**

[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	<p>A. Sharepro Services (India) Private Limited (up to May 31, 2016) [April 1, 2016 to May 31, 2016 - transition period]:</p> <p>13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri- Kurla Road, Sakinaka, Andheri (East) Mumbai - 400 072. Tel: 022-6772 0300</p> <p>B. Karvy Computershare Private Limited (from June 1, 2016)</p> <p>Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2342 0814 E-Mail: einward.ris@karvy.com</p>

**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:

Sl 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.	HGS Healthcare LLC (formerly known as 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)
22.	Extensya Investment Holdings Limited	-	Foreign Subsidiary	100	Section 2(87)(ii)
23.	HGS Extensya Cayman Limited	-	Foreign Subsidiary	100	Section 2(87)(ii)
24.	HGS Extensya Holdings Limited	-	Foreign Subsidiary	100	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 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% 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	7.81	1617185	0	1617185	7.80	(0.01)
	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	27.74	5748541	0	5748541	27.73	(0.01)
	e) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
	f) Any Other	3902299	0	3902299	18.83	3902299	0	3902299	18.83	0.00
	Sub-total (A) (1)	11268025	0	11268025	54.38	11268025	0	11268025	54.36	(0.02)
	(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	13.33	2761427	0	2761427	13.32	(0.01)
	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	13.33	2761427	0	2761427	13.32	(0.01)
	Total Shareholding of Promoter (A)= (A)(1)+ (A)(2)	14029452	0	14029452	67.71	14029452	0	14029452	67.68	(0.03)
B.	Public Shareholding									
	1. Institutions									
	a) Mutual Funds	1039613	0	1039613	5.02	644292	0	644292	3.11	(1.91)
	b) Banks/ FI	4730	50	4780	0.02	27185	50	27235	0.13	0.11
	c) Central Govt.	5	0	5	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	2050997	0	2050997	9.90	1882846	0	1882846	9.08	(0.82)
	h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders		No. of Shares held at the beginning of the year (as on 01.04.2015)				No. of Shares held at the end of the year (as on 31.03.2016)				% Change during the year*
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
		i) Others (specify)								
	- Foreign Portfolio- Corp	416545	0	416545	2.01	794854	0	794854	3.83	1.82
	- Foreign National	5855	0	5855	0.03	4705	0	4705	0.02	(0.01)
	- Foreign Companies	0	15000	15000	0.07	0	15000	15000	0.07	0.00
	<b>Sub-total (B) (1)</b>	3517745	15050	3532795	17.05	3353887	15050	3368937	16.25	(0.80)
2. Non-Institutions										
	a) Bodies Corp.									
	- Indian	1061987	3725	1065712	5.14	534704	3725	538429	2.60	(2.54)
	- Overseas	0	0	0	0.00	0	0	0	0.00	0.00
	b) Individuals									
	- Individual shareholders holding nominal share capital upto ₹ 1 lakh	1456614	35078	1491692	7.20	1833369	34164	1867533	9.00	1.80
	- Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	521127	0	521127	2.52	833737	0	833737	4.02	1.50
	c) Others (specify)									
	- NRI (Non-Rep)	38576	0	38576	0.19	38694	0	38694	0.19	0.00
	- NRI (Rep)	37551	0	37551	0.18	48989	0	48989	0.24	0.06
	- Trusts	2668	0	2668	0.01	3268	0	3268	0.02	0.01
	Sub-Total (B)(2):-	3118523	38803	3157326	15.24	3292761	37889	3330650	16.07	0.83
	Total Public Shareholding (B)= (B)(1)+ (B)(2)	6636268	53853	6690121	32.29	6646648	52939	6699587	32.32	0.03
	C. Shares held by Custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C)</b>	<b>20665720</b>	<b>53853</b>	<b>20719573</b>	<b>100</b>	<b>20676100</b>	<b>52939</b>	<b>20729039</b>	<b>100</b>	<b>-</b>

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 01.04.2015)			Shareholding at the end of the year (as on 31.03.2016)			% 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	557498	2.69	0.00	557498	2.69	0.00	0.00
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	0.29	0.00	61065	0.29	0.00	0.00
6.	Ambika Ashok Hinduja	177242	0.86	0.00	177242	0.86	0.00	0.00
7.	Shom Ashok Hinduja	140007	0.68	0.00	140007	0.68	0.00	0.00
8.	Shanoo S. Mukhi	955	0.00	0.00	955	0.00	0.00	0.00
9.	Ashok P. Hinduja Karta of A.P. Hinduja (HUF)	54327	0.26	0.00	54327	0.26	0.00	0.00
10.	Ashok P. Hinduja Karta of S P Hinduja (HUF bigger)	532483	2.57	0.00	532483	2.57	0.00	0.00
11.	Hinduja Group Limited	5748541	27.74	0.00	5748541	27.73	0.00	(0.01)
12.	Hinduja Group Limited jtly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partner of Asia Exports)	2624490	12.67	0.00	3424490	16.52	0.00	3.85
13.	Hinduja Group Limited jtly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partners of Asia Corporation)	477809	2.31	0.00	477809	2.31	0.00	0.00
14.	Hinduja Group Limited jtly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partners of Hinduja Estate Developers)	800000	3.86	0.00	0	0	0.00	(3.86)
15.	Amas Mauritius Limited	2761427	13.33	0.00	2761427	13.32	0.00	(0.01)
	<b>Total</b>	<b>14029452</b>	<b>67.71</b>	<b>0.00</b>	<b>14029452</b>	<b>67.68</b>	<b>0.00</b>	<b>(0.03)</b>



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	67.71	14029452	67.71
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	*67.68	14029452	67.68

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 (01.04.2015)	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
		<b>3536026</b>	<b>17.07</b>	<b>3536026</b>	<b>17.07</b>

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 end of the year (or on the date of separation, if separated during the year)	Apax Global Alpha Limited	597042	2.88	597042	2.88
	Merrill Lynch Capital Markets Espana S.A. S.V.	499299	2.41	499299	2.41
	Bridge India Fund	474147	2.29	474147	2.29
	Reliance Capital Trustee Co. Ltd.- A/c Reliance Small Cap Fund	366292	1.77	366292	1.77
	Grandeur Peak International Opportunities Fund	340600	1.64	340600	1.64
	Grandeur Peak Global Opportunities Fund	288100	1.39	288100	1.39
	Birla Sun Life Trustee Company Private Limited	278000	1.34	278000	1.34
	Grandeur Peak Emerging Markets Opportunities Fund	194500	0.94	194500	0.94
	Seetha Kumari	128634	0.62	128634	0.62
	Grandeur Peak Global Reach Fund	95289	0.46	95289	0.46
	Rachanadevi Raju Agarwal	90000	0.43	90000	0.43
	Grandeur Peak Global Opportunities L.P	85025	0.41	85025	0.41
	JM Financial Institutional Securities Limited	75000	0.36	75000	0.36
		<b>35,11,928</b>	<b>16.94</b>	<b>3511928</b>	<b>16.94</b>

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
<b>A.</b>	<b>DIRECTORS</b>					
	<b>1. Ramkrishan P. Hinduja</b>					
	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>2. Shanu S.P. Hinduja</b>					
	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
	<b>3.Vinoo S. Hinduja</b>					
	At the beginning of the year	-	61,065	0.29	61,065	0.29
	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	-	-	-	61,065	0.29
<b>4. Anil Harish</b>					
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>5. Rajendra P. Chitale</b>					
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>6. Rangan Mohan</b>					
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>B. KEY MANAGERIAL PERSONNEL</b>					
<b>1. Partha DeSarkar</b>					
At the beginning of the year	-	14,800	0.07	14,800	0.07
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	-	-	-	14,800	0.07

<b>2. Srinivas Palakodeti</b>					
At the beginning of the year	-	7,000	0.03	7,000	0.03
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	06.07.2015	1,000	0.00	8,000	0.04
At the End of the year	-	-	-	8,000	0.04
<b>3. Makarand D. Dewal</b>					
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
<b>Indebtedness at the beginning of the Financial Year</b>				
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
<b>Total (i+ii+iii)</b>	<b>46,48,39,690</b>	<b>-</b>	<b>-</b>	<b>46,48,39,690</b>
<b>Change in Indebtedness during the Financial Year</b>				
• Addition	75,00,00,000			75,00,00,000
• Reduction	(90,83,35,858)			(90,83,35,858)
<b>Net Change</b>	<b>(15,83,35,858)</b>			<b>(15,83,35,858)</b>
<b>Indebtedness at the end of the Financial Year</b>				
i) Principal Amount	30,36,84,000			30,36,84,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	28,19,832			28,19,832
<b>Total (i+ii+iii)</b>	<b>30,65,03,832</b>			<b>30,65,03,832</b>



## 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	₹ 2,26,20,755
	(b) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 16,54,963
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil
2.	Stock Option	Granted 5,000 options each under ESOP 2008 and ESOP 2011 Schemes of the Company at a grant price of Rs. 471.00.
3.	Sweat Equity	Nil
4.	Commission - As % of profit - Others, specify	Nil
5.	Other, please specify (Employers contribution towards Provident Fund, Gratuity Fund and Superannuation Fund)	₹ 11,69,116
	<b>Total (A)</b>	<b>₹ 2,54,44,834</b>
	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	₹ 7,00,000	₹ 13,50,000	₹ 14,50,000	₹ 35,00,000
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>₹ 7,00,000</b>	<b>₹ 13,50,000</b>	<b>₹ 14,50,000</b>	<b>₹ 35,00,000</b>
		Ramkrishan P. Hinduja	Shanu S.P. Hinduja	Vinoo S. Hinduja	
2.	Other Non-Executive Directors				
	• Fee for attending Board/ Committee meetings	₹ 13,50,000	₹ 4,50,000	₹ 4,50,000	₹ 22,50,000
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>₹ 13,50,000</b>	<b>₹ 4,50,000</b>	<b>₹ 4,50,000</b>	<b>₹ 22,50,000</b>
	<b>Total (B)= (1+2)</b>				<b>₹ 57,50,000</b>
<b>Total Managerial Remuneration (A+B)</b>					<b>₹ 3,11,16,971</b>
<b>Overall Ceiling as per the Act</b>		Sitting fees to each Director should not exceed ₹1 lakh per meeting of the Board/ Committee attended by him/ her.			

### 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	₹ 43,26,500	₹ 1,40,50,136	₹ 1,83,76,636
	(b) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 1,80,000	₹ 22,86,264	₹ 24,66,264
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961			
2.	Stock Option	Granted 1,485 options each under ESOP 2008 and ESOP 2011 Scheme at a grant price of ₹ 471.00	Granted 3,300 options each under ESOP 2008 and ESOP 2011 Scheme at a grant price of ₹ 471.00	-
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - As % of profit - Others, specify	Nil	Nil	Nil
5.	Other, please specify (Employers contribution towards Provident Fund)	Nil	₹ 6,75,762	₹ 6,75,762
	<b>Total</b>	<b>₹ 45,06,500</b>	<b>₹ 1,70,12,162</b>	<b>₹ 2,15,18,662</b>

### VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties, punishments, compounding of offences for the Financial Year ended March 31, 2016.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date : August 11, 2016

**Ramkrishan P. Hinduja**  
Chairman

## Annexure 'G' to the Directors' Report

# ANNUAL REPORT ON CSR ACTIVITIES

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

Inspired by the pioneering thoughts of late **Shri Parmanand Deepchand Hinduja, Founder, Hinduja Group**, Hinduja Global Solutions Limited (HGS) has integrated Corporate Social Responsibility (CSR) into the organization's vision and mission, pledging true commitment towards the society and the communities in which it operates.

As a responsible corporate citizen, HGS's CSR strategy is to renew its commitment with greater vigor and extend its reach and deepen the engagement with all stakeholders. Your Company has identified high-priority areas in association with its NGO partners/ Foundations. In the coming years, HGS will increase its efforts to generate sustainable and lasting livelihood opportunities with support from our employees who are motivated to make an impact beyond their desks. With the new CSR Committee at the helm, HGS remains inspired and committed to achieve outcomes beyond its business.

**CSR Committee:**

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

**Composition of the CSR Committee:**

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

**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-skill development of the disadvantaged.

**HGS' three-pronged CSR focus incorporates primarily three areas –**
**Education:**

We support economically and socially disadvantaged children, thereby improving not only their academic performance but also their holistic wellbeing, including health and nutrition:

- Funding further education of meritorious students from grossly underprivileged background to become productive members of society.
- Funding the educational needs of the economically disadvantaged students.
- Spreading awareness in rural areas, regarding equal rights for women in all spheres.
- Eliminate hunger by providing nutritious meals.

**Healthcare:**

We relentlessly strive to provide essential and superior healthcare to local communities. We are to launch a fully equipped medical vehicle to better serve the people in need:

- Provide holistic tuberculosis care to the underprivileged.
- Set up Mobile health units for better reach, affordable healthcare and equal distribution of healthcare to the tribal population.
- Provide healthcare and advanced medical technology to rural people free of cost.
- Collaborating with organisations that conduct localized community healthcare programs and awareness campaigns in the tribal populated communities.
- Family Welfare.

**Sustainable - Skill Development:**

We help underprivileged youth with vocational training thereby enabling them to secure appropriate employment opportunities and achieve their professional goals:

- Setting up of skill development centers, vocational programmes for the purpose of creating livelihood opportunities, soft skill training etc. for the rural youth.
- Enhancing access to employment opportunity by providing vocational and special training skills related to the field of IT enabled services, BPO services and other industry training.
- Support to and collaboration with Technical Vocational Training Institutions for overall self- development and capacity building of the youth.

**Financial Details relating to CSR Expenditure:**

	(₹ in lakhs)
Average net profit of the company for last three Financial Years	12,579.05
Prescribed CSR Expenditure (as two percent of the average net profit computed above)	251.58
Details of CSR spent during the Financial Year:	
Total amount to be spent during the Financial Year	251.63
Amount unspent	Nil

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 (₹ in lakhs)	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	143.06	143.06	143.06	Through Magic Bus India Foundation
2	Hinduja Foundation	Promoting education	Karnataka, Andhra Pradesh, Telangana and Kerala	0.40	0.40	0.40	Through Hinduja Foundation
3	National Health and Education Society	Preventive health care and sanitation	Mumbai	50.00	50.00	50.00	Through National Health and Education Society
4	Concern India Foundation	Promoting education, employment enhancing vocation skills and livelihood enhancement projects	Bangalore	2.72	2.72	2.72	Through Concern India Foundation
5	Hinduja Foundation	Promoting education	Maharashtra, Madhya Pradesh and Chhattisgarh	20.00	20.00	20.00	Through Hinduja Foundation
6	Bharti Foundation	Promoting education	Sangrur	1.25	1.25	1.25	Through Bharti Foundation
7	The Akshaya Patra Foundation	Promoting education	Bangalore, Mysore, Mangalore and Hyderabad	34.20	34.20	34.20	Through Akshaya Patra Foundation
<b>Total</b>				<b>251.63</b>	<b>251.63</b>	<b>251.63</b>	

#### 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 CSR objectives and Policy of the Company.

Mumbai  
August 11, 2016

Mr. Anil Harish  
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 Financial Year ended March 31, 2016, 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 11, 2016

**Ramkrishan P. Hinduja**  
Chairman





## Annexure 'I' to the Directors' Report

# SECRETARIAL AUDIT REPORT

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[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 **HINDUJA GLOBAL SOLUTIONS LIMITED** 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 authorized 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, 2016 ('Audit period') 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 **HINDUJA GLOBAL SOLUTIONS LIMITED** for the Financial Year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye- Laws framed thereunder;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 to the extent applicable:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2009 (**Not Applicable to the Company during the Audit period**);

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit period**);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (**Not Applicable to the Company during the Audit period**);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit period**);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit period**);
- (i) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say :
  - (a) Information Technology Act, 2000 & Information Technology (Electronic Service Delivery) Rules, 2011;
  - (b) The Telecom Commercial Communications Customer Preference Regulations, 2010;
  - (c) The National Do Not Call Registry (NDNC);
  - (d) DoT /OSP Regulations;
  - (e) Telecom Regulatory Authority of India, 1997;
  - (f) The Indian Wireless Act, 1933;
  - (g) Encryption Rules and Regulations under Comptroller of IT;
  - (h) Data Security and Data confidentiality rules (HIPPA and GLBA to the extent of technology infrastructure to be deployed);
  - (i) Payment Card Industry Standard – PCI DSS;
- (vii) Other laws to the extent applicable to the Company as per the representations made by the Company;

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with the Stock exchanges;

During the period under review the Company has generally complied with the above Secretarial Standards issued by The Institute of Company Secretaries of India, to the extent practicable.

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

#### **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 were carried out in compliance with the provisions of the Act.

Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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, to the extent practicable.

As per the minutes of the meeting duly recorded and signed by the Chairman the decisions of the Board were

unanimous and no dissenting views have been recorded.

**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:

1. A Special Resolution was passed at the Twentieth Annual General Meeting held on 29th September, 2015 by the Members of the Company to hypothecate, mortgage, pledge, charge and /or create security on all or any of the immovable or movable properties of the Company in accordance with the provisions of section 180(1) (a) of the Companies Act, 2013 upto the ceiling limit of Rs. 1000 Crore.
2. A Special Resolution was passed at the Twentieth Annual General Meeting held on 29th September, 2015 by the Members of the Company to adopt new set of the Articles of Association pursuant to Section 14 of Companies Act, 2013.

Rupal Dhiren Jhaveri  
Place: Mumbai FCS No: 5441  
Date: August 11, 2016 Certificate of Practice No. 4225

*This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.*

To,

The Members,

**HINDUJA GLOBAL SOLUTIONS LIMITED**

Our report of even date is to be read along with this letter.

#### **'Annexure A'**

1. Maintenance of secretarial record is the responsibility of the management of the company.  
Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Rupal Dhiren Jhaveri**  
Practising Company Secretary  
FCS No: 5441  
Certificate of Practice No. 4225

Place: Mumbai  
Date: August 11, 2016

# CONSOLIDATED AUDITORS' REPORT

## INDEPENDENT AUDITORS' REPORT

To the Members of Hinduja Global Solutions Limited

### Report on the Consolidated Financial Statements

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, 2016, the consolidated Statement of Profit and Loss, 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 including its associates and jointly controlled entities 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 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. 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.

# CONSOLIDATED AUDITORS' REPORT

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8(i) 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 8(ii) 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 as at March 31, 2016, 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:
- (i) two branches and seven subsidiaries of the Company considered in the preparation of the Consolidated Financial Statements and which constitute total assets of ₹ 93,589.09 Lacs and net assets ₹ 64,371.14 Lacs as at March 31, 2016, total revenue of ₹ 58,169.16 Lacs, net profit of ₹ 4,800.53 Lacs and net cash flows amounting to ₹ 1,391.97 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements and other information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements in so far 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 in so far as it relates to the aforesaid branches and subsidiaries is based solely on the reports of the other auditors.
  - (ii) nine subsidiaries of the Company considered in the preparation of the Consolidated Financial Statements and which constitute total assets of ₹ 406.42 Lacs and net assets ₹ 232.66 Lacs as at March 31, 2016, total revenue of ₹ 377.13, net loss of Rs. 152.21 Lacs and net cash flows amounting to ₹ 26.61 Lacs. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

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 and the financial statements/ financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

9. 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 subsidiaries included in the Group, 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 the reports of the other auditors.

# CONSOLIDATED AUDITORS' REPORT

- (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 subsidiaries included in the Group 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.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2016 on the consolidated financial position of the Group.
  - ii. The Group had long-term contracts including derivative contracts as at March 31, 2016 for which there were no material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company of the Company which is incorporated in India during the year ended March 31, 2016.

Place: Mumbai  
Date: May 25, 2016

**For Price Waterhouse**  
Firm Registration Number: 301112E  
**Chartered Accountants**

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125



# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9(f) of the Independent Auditors' Report of even date to the members of Hinduja Global Solutions Limited on the consolidated financial statements for the year ended March, 31, 2016

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Hinduja Global Solutions Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which is a company incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March, 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one foreign branch of the company incorporated outside India, is based on the corresponding reports of the auditors of such foreign branch of the company incorporated outside India. Our opinion is not qualified in respect of this matter.

Place: Mumbai  
Date: May 25, 2016

**For Price Waterhouse**  
Firm Registration Number: 301112E  
**Chartered Accountants**

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125

# CONSOLIDATED BALANCE SHEET

## AS AT MARCH 31, 2016

	Note	As at 31.03.2016	(₹ in Lacs) As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	2,072.90	2,071.96
Reserves and Surplus	4	115,761.38	105,351.07
		<u>117,834.28</u>	<u>107,423.03</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	5	54,146.73	56,286.88
Deferred tax liabilities (Net)	33A	281.17	19.89
Other Long term liabilities	6	1,132.81	445.02
Long term provisions	7	1,497.10	851.84
		<u>57,057.81</u>	<u>57,603.63</u>
<b>Current Liabilities</b>			
Short-term borrowings	8	22,354.51	2,627.77
Trade payables	9	17,202.74	16,793.63
Other current liabilities	10	22,972.71	17,973.50
Short term provisions	11	5,039.13	4,902.20
		<u>67,569.09</u>	<u>42,297.10</u>
<b>TOTAL</b>		<b><u>242,461.18</u></b>	<b><u>207,323.76</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
- Tangible assets	12A	51,591.90	42,644.97
- Intangible assets	12B	37,065.13	34,517.43
- Capital work-in-progress		1,343.86	255.04
- Intangible assets under development		1,863.93	95.53
Non-current investments	13A	1,020.96	803.16
Deferred tax assets (Net)	33B	152.90	336.87
Long-term loans and advances	14	21,195.83	17,825.88
Other non-current assets	15	1,052.26	834.05
		<u>115,286.77</u>	<u>97,312.93</u>
<b>Current assets</b>			
Current investments	13B	—	71.16
Trade receivables	16	45,877.10	40,929.62
Cash and Bank balances	17	37,481.12	35,426.94
Short-term loans and advances	18	15,661.66	14,094.32
Other current assets	19	28,154.53	19,488.79
		<u>127,174.41</u>	<u>110,010.83</u>
<b>TOTAL</b>		<b><u>242,461.18</u></b>	<b><u>207,323.76</u></b>

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

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants.

**Jeetendra Mirchandani**  
Partner  
Membership No. 048125

**For and on behalf of the Board**

**Partha DeSarkar**  
Chief Executive Officer  
and Manager

**Anil Harish**  
Director  
DIN: 00001685

**Makarand D. Dewal**  
Company Secretary

**Ramkrishnan P. Hinduja**  
Chairman  
DIN : 00278711

**Srinivas Palakodeti**  
Chief Financial Officer

**Rangan Mohan**  
Director  
DIN: 01116821

Place : Mumbai  
Date : May 25, 2016

Place : Mumbai  
Date : May 25, 2016

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

			(₹ in Lacs)
	Note	Year Ended 31.03.2016	Year Ended 31.03.2015
Revenue from operations	20	332,821.34	280,757.98
Other Income	21	1,941.77	2,455.42
<b>Total Revenue</b>		<b>334,763.11</b>	<b>283,213.40</b>
<b>EXPENSES</b>			
Employee Benefit Expense	22	224,304.61	191,045.92
Finance costs	23	4,007.49	3,864.24
Depreciation/ Amortisation	11C	13,642.35	10,524.37
Other Expenses	24	77,214.06	58,435.58
<b>Total Expenses</b>		<b>319,168.51</b>	<b>263,870.11</b>
<b>Profit before tax</b>		<b>15,594.60</b>	<b>19,343.29</b>
<b>Tax expense</b>			
Current tax [Net of prior year reversal of ₹ Nil (Previous Year ₹ 210 Lacs)]		5,921.71	5,900.12
MAT Credit		(736.99)	(610.02)
Net Current tax		5,184.72	5,290.10
Deferred tax (Refer Note 46)		310.13	(2,449.42)
<b>Profit After Tax</b>		<b>10,099.75</b>	<b>16,502.61</b>
<b>Minority Interest</b>		<b>—</b>	<b>—</b>
<b>Profit After Tax and Minority Interest</b>		<b>10,099.75</b>	<b>16,502.61</b>
<b>Earnings per share</b>	31		
- Basic (Rupees)		48.73	79.88
- Diluted (Rupees)		48.66	79.46
(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

Place : Mumbai  
Date : May 25, 2016

**For and on behalf of the Board**

**Partha DeSarkar**  
Chief Executive Officer  
and Manager

**Anil Harish**  
Director  
DIN: 00001685

**Makarand D. Dewal**  
Company Secretary

Place : Mumbai  
Date : May 25, 2016

**Ramkrishnan P. Hinduja**  
Chairman  
DIN : 00278711

**Srinivas Palakodeti**  
Chief Financial Officer

**Rangan Mohan**  
Director  
DIN: 01116821

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in Lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>A Cash Flow from Operating Activities:</b>		
Profit before tax	15,594.60	19,343.29
Adjustments for:		
Depreciation/ Amortisation	13,642.35	10,524.37
Bad Debts/ Advances Written off (net)	108.84	35.53
(Profit)/ Loss on Sale of assets	58.68	(40.00)
Provisions for Doubtful Debts/ Advances	—	7.09
Liabilities/ Provisions no longer required Written Back	(39.60)	(514.95)
Fixed Assets Written Off	—	3.78
Provision for Doubtful Debts no longer required written-back	(7.16)	(97.22)
Interest Income	(904.96)	(1,408.16)
Dividend from Current Investment	(3.38)	(49.86)
Finance cost	4,007.49	3,864.24
Unrealised Foreign Exchange (Gain)/Loss (Net)	(50.71)	(22.23)
Provision for Gratuity and Compensated absences	1,783.45	571.19
Other non-cash item:		
Effect of exchange differences on translation of assets and liabilities	(196.99)	(2,929.93)
Operating profit before working capital changes	33,992.61	29,287.14
Adjustments for:		
Trade and Other receivables	(17,467.75)	(4,074.17)
Trade and Other payables	3,820.85	1,864.66
	<u>(13,646.90)</u>	<u>(2,209.51)</u>
Operating Profit after working capital changes	20,345.71	27,077.63
Direct Taxes Paid	(5,763.59)	(7,954.67)
<b>Net Cash from Operating Activities (A)</b>	<b><u>14,582.12</u></b>	<b><u>19,122.96</u></b>
<b>B Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(25,375.15)	(16,320.46)
Consideration paid for acquisition of business	(1,530.00)	(8,906.30)
Sale of Fixed Assets	195.96	113.60
Investments Made - Others	(217.80)	(176.17)
Investments Sold - Others	71.16	—
Bank Deposits (net)	5,117.08	14,025.35
Loan to third parties	943.17	2,982.47
Receipt of Interest Income	1,063.27	1,394.52
Dividend from Current Investment	3.38	49.86
<b>Net Cash used in Investing Activities (B)</b>	<b><u>(19,728.93)</u></b>	<b><u>(6,837.13)</u></b>



# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

**C Cash Flow from Financing Activities:**

	Year Ended 31.03.2016	Year Ended 31.03.2015
		(₹ in Lacs)
Proceeds from Share allotment under Employee Stock Option Schemes	32.98	360.65
Repayment to minority shareholder	—	(1.32)
Proceeds from Long-term borrowings	171.31	8,581.55
Proceeds/(Repayment) from/of Short-term borrowings	19,726.74	(7,948.39)
Dividend Paid and tax thereon	(4,677.04)	(6,098.37)
Finance cost	(4,043.35)	(3,866.77)
<b>Net Cash used in Financing Activities (C)</b>	<b>11,210.64</b>	<b>(8,972.65)</b>
 Net Increase in Cash and Cash Equivalents (A + B + C)	 6,063.83	 3,313.18
Cash and Cash Equivalents as at the beginning of the year	19,517.49	15,531.81
Cash and Cash Equivalents taken over pursuant to acquisition of business	—	270.37
Effect of exchange differences on translation of foreign currency Cash and Cash Equivalents during the year	1,097.51	402.13
<b>Cash and Cash Equivalents as at the end of the year</b>	<b>26,678.83</b>	<b>19,517.49</b>
	<b>As at 31.03.2016</b>	<b>As at 31.03.2015</b>
<b>Cash and Cash Equivalents</b>		
Cash on Hand	374.64	37.87
Balances with banks		
- Current Account	24,647.25	19,338.02
- Cash Credit Account	—	4.35
- Deposit Account	621.32	100.00
- EEFC (Exchange Earners' Foreign Currency Account)	1,035.62	37.25
	<b>26,678.83</b>	<b>19,517.49</b>

**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

Place : Mumbai  
Date : May 25, 2016

**For and on behalf of the Board**

**Partha DeSarkar**  
Chief Executive Officer  
and Manager

**Anil Harish**  
Director  
DIN: 00001685

**Makarand D. Dewal**  
Company Secretary

Place : Mumbai  
Date : May 25, 2016

**Ramkrishnan P. Hinduja**  
Chairman  
DIN : 00278711

**Srinivas Palakodeti**  
Chief Financial Officer

**Rangan Mohan**  
Director  
DIN: 01116821

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 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 differ than these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

### 2.3 Principles of Consolidation

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

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

Refer Note 32 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

Particulars	Useful life
Leasehold Land, Leasehold building and Leasehold improvement	Over the period of Lease
Building	Upto 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.

Internally developed software : Capitalization of software development costs begins upon the establishment of technological feasibility of the product. Establishing technological feasibility, and the ongoing assessment of the recoverability of these costs, requires considerable judgment by management with respect to certain external factors, including, but not limited to, anticipated future gross product revenue, estimated economic life, and changes in software and hardware technology. The capitalized cost of software internally developed and in-service is being amortized on the straight-line basis over the estimated life of the related software, not to exceed seven 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.

## 2.5 Borrowing Costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. 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. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 2.7 Investments

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

### 2.8 Foreign Currency Translations

#### Initial Recognition

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

#### Subsequent Recognition

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

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

- a. Foreign exchange difference relating to the acquisition of a depreciable asset is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- b. In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

does not qualify for hedge accounting or not designated as cash flow hedges or designated cash flow hedges to the extent considered ineffective are recognised in Statement of Profit and Loss.

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

## 2.9 Revenue Recognition

- a) In Contact Centre Activity, revenue is recognised as the related services are performed, based on actual utilisation or minimum utilisation level, as appropriate, specified in the 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 19'.

- 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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

### iv) *Termination benefits*

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

### 2.11 **Taxation**

- a) Provision for Income Tax is made after considering exemptions and deductions available under the Income Tax Laws of the respective countries of incorporation of the Company and its subsidiaries and as per legal advice received from time to time.
- b) Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company and/ or its subsidiary to whom MAT is applicable will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company and/ or its subsidiary will pay normal income tax during the specified period.
- 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 the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India as required by the Securities and Exchange Board of India (Share based employee benefits) regulations, 2014.

### 2.15 **Cash and Cash Equivalents**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 2.16 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 3 Share Capital

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Authorised:</b>		
25,000,000 (Previous Year - 25,000,000) Equity Shares of ₹ 10 each	2,500.00	2,500.00
	<u>2,500.00</u>	<u>2,500.00</u>
<b>Issued, Subscribed and Paid-up:</b>		
20,729,039 (Previous Year - 20,719,573) Equity Shares of ₹ 10 each, fully paid-up	2,072.90	2,071.96
	<u>2,072.90</u>	<u>2,071.96</u>

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

Particulars	As at 31.03.2016	As at 31.03.2015
Balance at the beginning of the year	20,719,573	20,616,427
Add: Shares issued pursuant to exercise of employee stock options (Refer Note 37)	9,466	103,146
<b>Balance at the end of the year</b>	<b>20,729,039</b>	<b>20,719,573</b>

### 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 37)

Particulars	As at 31.03.2016	As at 31.03.2015
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	164,512	162,184
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	171,149	166,918

### d. The details of Shareholder holding more than 5%

Name of the Shareholder	As at 31.03.2016		As at 31.03.2015	
	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.73	5,748,541	27.74
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Aasia Exports)	3,424,490	16.52	2,624,490	12.67
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partners of Aasia Corporation)	477,809	2.31	—	—
Amas Mauritius Limited	2,761,427	13.32	2,761,427	13.33

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 4 Reserves and Surplus

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
<b>Capital reserve</b>		
As per last Balance Sheet	24,235.00	24,235.00
Add: Addition during the year (Refer Note 41)	38.83	—
	<b>24,273.83</b>	<b>24,235.00</b>
<b>Securities Premium Account</b>		
As per last Balance Sheet	621.43	271.10
Add: Additions during the year on exercise of employee stock options (Refer Note 37)	32.04	350.33
	<b>653.47</b>	<b>621.43</b>
<b>General Reserve</b>		
As per last Balance Sheet	53,996.98	53,996.98
	<b>53,996.98</b>	<b>53,996.98</b>
<b>Cumulative Foreign Currency Translation Reserve</b>		
As per last Balance Sheet	13,896.35	19,611.74
Add: Adjustment on Consolidation	3,175.67	(5,715.39)
	<b>17,072.02</b>	<b>13,896.35</b>
<b>Hedging Reserve Account</b>		
As per last Balance Sheet	(78.97)	925.99
Add/ (Less): Adjustment for the year	806.53	(1,004.96)
	<b>727.56</b>	<b>(78.97)</b>
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	12.00	—
Add: Transfer from Surplus in Statement of Profit and Loss #	—	12.00
	<b>12.00</b>	<b>12.00</b>
<b>Surplus in Statement of Profit and Loss</b>		
As per last Balance Sheet	12,668.28	44,103.72
Add: Profit for the year	10,099.75	16,502.61
Less: Adjustment on Amalgamation of Subsidiaries (Refer Notes 42 and 43)	—	41,363.62
Less: Adjustment on account of Depreciation (Net of Deferred Tax of ₹ 572.62 Lacs) (Refer Note 44)	—	1,622.58
Less: Interim Dividend *	2,850.38	3,103.43
Less: Proposed Dividend **	259.11	1,035.98
Less: Dividend Tax (net)	633.02	800.44
Less: Transfer to Capital Redemption Reserve #	—	12.00
	<b>19,025.52</b>	<b>12,668.28</b>
	<b>115,761.38</b>	<b>105,351.07</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

\* For the financial year ended March 31, 2016, the amount of per share dividend distributed to Equity Shareholders was ₹ 5 per share each on August 12, 2015, November 6, 2015 and ₹ 3.75 per share on February 9, 2016

\*\* During the year ended March 31, 2016 and March 31, 2015, the amount per share dividend proposed as distribution to Equity Shareholders was ₹1.25 and ₹ 5, respectively, recognised in respective years.

# 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 31.03.2016	As at 31.03.2015
<b>Secured</b>		
Term Loan from Banks (Refer Note 39)	49,222.52	52,836.69
Long term maturities of Finance Lease Obligations (Secured by hypothecation of assets underlying the lease)	959.45	1,491.03
<b>Unsecured</b>		
Term Loan from a Bank	1,323.66	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 of December 3, 2014. Interest (at bank's prevailing rate - presently at 3.625%) is payable quarterly in arrears on the outstanding loan balance.	2,552.24	—
Principal amount is repayable in 14 equal quarterly installments commencing at the end of the 3rd quarter from the initial drawdown date of May 26, 2015. Interest (at bank's prevailing rate - presently at 3.625%) is payable quarterly in arrears on the outstanding loan balance.	88.86	—
Principal amount is repayable in 36 equal monthly installments commencing at the drawdown date of May 29, 2015. Interest (at bank's prevailing rate - presently at 5.023%) is payable monthly in arrears on the outstanding loan balance.		
	<b>54,146.73</b>	<b>56,286.88</b>

### 6 Other Long-term liabilities

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Unearned Income	1,132.81	445.02
	<b>1,132.81</b>	<b>445.02</b>

### 7 Long term provisions

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Provision for Employee Benefits (Refer Note 26)		
- Pension/Gratuity	1,376.12	660.93
Others (Refer Note 35)	120.98	190.91
	<b>1,497.10</b>	<b>851.84</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 8 Short-term borrowings

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Secured:</b>		
Loans repayable on demand from banks (Refer Note 40)	20,700.28	2,627.77
<b>Unsecured:</b>		
Term Loan from a Bank	1,654.23	—
(Principal amount repayable within 90 days after the initial drawdown date of February 24, 2016. Interest at 2.9% is payable on maturity)		
	<b>22,354.51</b>	<b>2,627.77</b>

(₹ in Lacs)

### 9 Trade payables

	As at 31.03.2016	As at 31.03.2015
	17,202.74	16,793.63
	<b>17,202.74</b>	<b>16,793.63</b>

### 10 Other current liabilities

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Current maturities of long-term debt	6,556.63	4,155.48
Current maturities of finance lease obligations	937.12	1,026.81
Interest accrued but not due on borrowings	28.20	56.25
Interest accrued and due on borrowings	65.60	73.41
Unpaid Dividend*	37.28	36.77
Others:		
- Advance from customers	450.94	610.49
- Statutory dues including Provident Fund and Tax deducted at Source	3,562.69	3,415.59
- Employee benefits payable	7,686.13	5,249.19
- Payable for Capital Purchases	2,258.91	2,460.10
- Purchase consideration payable (Refer Note 41)	170.00	—
- Other Payables	1,219.21	889.41
	<b>22,972.71</b>	<b>17,973.50</b>

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

### 11 Short term provisions

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Provision for Employee Benefits (Refer Note 26)		
- Compensated Absences	3,422.70	2,725.78
- Pension/ Gratuity	1,196.73	825.39
Others:		
- Provision for Mark-to-Market losses on Derivatives (Refer Note 36)	—	81.86
- Proposed Dividend	259.11	1,035.98
- Dividend tax	52.75	210.93
- Provision for Income Tax (net of Advance Tax)	80.61	—
- Provision for Fringe Benefit Tax	27.23	22.26
	<b>5,039.13</b>	<b>4,902.20</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 12 FIXED ASSETS

### A Tangible Assets

(₹ in Lacs)

	Land	Leasehold Land	Building	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
<b><u>Owned Assets:</u></b>										
<b>Gross Block</b>										
As at 01.04.2014	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)
<b>As at 31.03.2015</b>	<b>1,586.79</b>	<b>271.17</b>	<b>11,667.88</b>	<b>2,343.02</b>	<b>8,649.15</b>	<b>320.92</b>	<b>6,951.62</b>	<b>32,264.46</b>	<b>21,463.53</b>	<b>85,518.54</b>
Taken over on acquisitions (Refer Note 41)	—	—	—	—	44.34	—	89.55	818.68	700.66	1,653.23
Additions during the Year	208.52	—	496.15	—	1,468.17	84.31	892.47	7,591.43	6,544.51	17,285.56
Adjustment	—	—	—	—	—	—	—	(586.61)	—	(586.61)
Deductions	—	—	—	—	(138.38)	—	(156.42)	(1,979.40)	(379.21)	(2,653.41)
<b>As at 31.03.2016</b>	<b>1,795.31</b>	<b>271.17</b>	<b>12,164.03</b>	<b>2,343.02</b>	<b>10,023.28</b>	<b>405.23</b>	<b>7,777.22</b>	<b>38,108.56</b>	<b>28,329.49</b>	<b>101,217.31</b>
<b>Depreciation</b>										
As at 01.04.2014	—	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)
<b>As at 31.03.2015</b>	<b>—</b>	<b>17.75</b>	<b>1,038.76</b>	<b>290.00</b>	<b>5,161.75</b>	<b>153.88</b>	<b>3,915.16</b>	<b>23,592.52</b>	<b>12,447.54</b>	<b>46,617.36</b>
Charge for the year	—	2.75	337.84	39.39	1,181.97	48.81	319.35	4,570.99	3,731.53	10,232.63
Adjustment	—	—	—	—	—	—	—	(128.46)	—	(128.46)
Deductions	—	—	—	—	(104.14)	—	(154.96)	(1,897.85)	(287.16)	(2,444.11)
<b>As at 31.03.2016</b>	<b>—</b>	<b>20.50</b>	<b>1,376.60</b>	<b>329.39</b>	<b>6,239.58</b>	<b>202.69</b>	<b>4,079.55</b>	<b>26,137.20</b>	<b>15,891.91</b>	<b>54,277.42</b>
<b><u>Assets taken on Finance Lease:</u></b>										
<b>Gross Block</b>										
As at 01.04.2014	—	—	—	—	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	—	—	—	—	—	—	—	—	—	—
<b>As at 31.03.2015</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>314.62</b>	<b>—</b>	<b>393.46</b>	<b>1,935.43</b>	<b>—</b>	<b>2,643.51</b>
Additions during the Year	—	—	—	—	367.19	—	—	72.68	—	439.87
Deductions	—	—	—	—	—	—	—	—	—	—
<b>As at 31.03.2016</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>681.81</b>	<b>—</b>	<b>393.46</b>	<b>2,008.11</b>	<b>—</b>	<b>3,083.38</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lacs)

	Land	Leasehold Land	Building	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
<b>Depreciation</b>										
As at 01.04.2014	—	—	—	—	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	—	—	—	—	—	—	—	—	—	—
<b>As at 31.03.2015</b>	—	—	—	—	<b>64.70</b>	—	<b>130.62</b>	<b>647.06</b>	—	<b>842.38</b>
Charge for the year	—	—	—	—	92.03	—	82.11	377.35	—	551.49
Deductions	—	—	—	—	—	—	—	—	—	—
<b>As at 31.03.2016</b>	—	—	—	—	<b>156.73</b>	—	<b>212.73</b>	<b>1,024.41</b>	—	<b>1,393.87</b>

**Net Block**

<b>As at 31.03.2015</b>	1,586.79	253.42	10,629.12	2,053.02	3,737.32	167.04	3,299.30	9,960.31	9,015.99	40,702.31
<b>Exchange fluctuation</b>	201.60	—	1,109.56	—	(2.29)	0.30	3.25	614.58	15.66	1,942.66
	<b>1,788.39</b>	<b>253.42</b>	<b>11,738.68</b>	<b>2,053.02</b>	<b>3,735.03</b>	<b>167.34</b>	<b>3,302.55</b>	<b>10,574.89</b>	<b>9,031.65</b>	<b>42,644.97</b>
<b>As at 31.03.2016</b>	1,795.31	250.67	10,787.43	2,013.63	4,308.78	202.54	3,878.40	12,955.06	12,437.58	48,629.40
<b>Exchange fluctuation</b>	305.70	—	1,658.59	—	64.22	0.30	17.43	818.79	97.47	2,962.50
	<b>2,101.01</b>	<b>250.67</b>	<b>12,446.02</b>	<b>2,013.63</b>	<b>4,373.00</b>	<b>202.84</b>	<b>3,895.83</b>	<b>13,773.85</b>	<b>12,535.05</b>	<b>51,591.90</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## B Intangible Assets

(₹ in Lacs)

	Goodwill on Consolidation	Goodwill on acquisition	Computer Software	Commercial Rights	Non Compete Fees	Total
<b><u>Owned Assets:</u></b>						
<b>Gross Block</b>						
As at 01.04.2014	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/Adjustments	(41,363.62)	—	26.37	—	—	(41,337.25)
<b>As at 31.03.2015</b>	<b>19,522.81</b>	<b>3,421.12</b>	<b>11,948.81</b>	<b>375.33</b>	<b>143.00</b>	<b>35,411.07</b>
Taken over on acquisitions (Refer Note 41)	—	—	76.55	—	—	76.55
Additions during the Year	—	—	3,420.20	—	—	3,420.20
Adjustment	—	—	586.61	—	—	586.61
Deductions	—	—	(122.26)	—	—	(122.26)
<b>As at 31.03.2016</b>	<b>19,522.81</b>	<b>3,421.12</b>	<b>15,909.91</b>	<b>375.33</b>	<b>143.00</b>	<b>39,372.17</b>
<b>Amortisation</b>						
As at 01.04.2014	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	1,785.06
Deductions	—	—	0.55	—	—	0.55
<b>As at 31.03.2015</b>	<b>3.26</b>	<b>—</b>	<b>7,954.34</b>	<b>300.33</b>	<b>122.93</b>	<b>8,380.86</b>
Charge for the year	—	—	2,536.72	37.53	20.07	2,594.32
Adjustment	—	—	128.46	—	—	128.46
Deductions	—	—	(76.92)	—	—	(76.92)
<b>As at 31.03.2016</b>	<b>3.26</b>	<b>—</b>	<b>10,542.60</b>	<b>337.86</b>	<b>143.00</b>	<b>11,026.72</b>
<b><u>Assets taken on Finance Lease:</u></b>						
<b>Gross Block</b>						
As at 01.04.2014	—	—	490.24	—	—	490.24
Taken over on acquisitions	—	—	92.24	—	—	92.24
Additions during the Year	—	—	429.10	—	—	429.10
Deductions	—	—	—	—	—	—
<b>As at 31.03.2015</b>	<b>—</b>	<b>—</b>	<b>1,011.58</b>	<b>—</b>	<b>—</b>	<b>1,011.58</b>
Additions during the Year	—	—	96.90	—	—	96.90
Deductions	—	—	—	—	—	—
<b>As at 31.03.2016</b>	<b>—</b>	<b>—</b>	<b>1,108.48</b>	<b>—</b>	<b>—</b>	<b>1,108.48</b>
<b>Amortisation</b>						
As at 01.04.2014	—	—	101.34	—	—	101.34
Taken over on acquisitions	—	—	50.74	—	—	50.74
Charge for the year	—	—	166.35	—	—	166.35
Deductions	—	—	—	—	—	—
<b>As at 31.03.2015</b>	<b>—</b>	<b>—</b>	<b>318.43</b>	<b>—</b>	<b>—</b>	<b>318.43</b>
Charge for the year	—	—	263.91	—	—	263.91
Deductions	—	—	—	—	—	—
<b>As at 31.03.2016</b>	<b>—</b>	<b>—</b>	<b>582.34</b>	<b>—</b>	<b>—</b>	<b>582.34</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### Net Block

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
As at 31.03.2016	19,519.55	3,421.12	5,893.45	37.47	–	28,871.59
Exchange fluctuation	6,918.84	883.22	391.48	–	–	8,193.54
	26,438.39	4,304.34	6,284.93	37.47	–	37,065.13

### C Depreciation/ Amortisation for the year

(₹ in Lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Tangible Assets	10,784.12	8,572.96
Intangible Assets	2,858.23	1,951.41
<b>Total</b>	<b>13,642.35</b>	<b>10,524.37</b>

### 13 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2016		As at 31.03.2015	
			Quantity Nos.	Amount (₹ in Lacs)	Quantity Nos.	Amount (₹ in Lacs)
<b>[A]</b>	<b>Non –Current Investments (Valued at Cost):</b>					
(i)	<b>Other Non - Current Investments (Long-term, Unquoted and Non -Trade):</b>					
	Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]			1,020.96		803.16
	<b>Aggregate Value of Unquoted Non -Current Investments</b>			<b>1,020.96</b>		<b>803.16</b>
<b>[B]</b>	<b>Current Investment (Unquoted) (Valued at lower of Cost and Fair value)</b>					
	<b>Investment in Mutual Funds:</b>					
	PNB Principal Cash Management Fund - Liquid Option - Institutional Plan - Dividend Reinvestment – Daily [N.A.V. per unit - ₹ Nil (Previous Year - ₹ 1,000.32)]	₹ 1,000	–	–	164	1.64
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan) [N.A.V. per unit - ₹ Nil (Previous Year - ₹ 12.86)]	₹10	–	–	106,670	12.31
	Principal Cash Management Fund – Direct Plan Dividend Daily [N.A.V. per unit - ₹ Nil (Previous Year - ₹ 1,000.38)]	₹1,000	–	–	1,898	18.99
	Principal Debt Opportunities Fund Conservative Plan - Direct Plan Dividend Daily [N.A.V. per unit - ₹ Nil (Previous Year - ₹ 1,002.25)]	₹1,000	–	–	3,813	38.22
	<b>Aggregate Value of Unquoted Current Investments</b>		–	–		<b>71.16</b>
	<b>Aggregate Value of Unquoted Investments [A]+[B]</b>			<b>1,020.96</b>		<b>874.32</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 14 Long –term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Capital Advances		
– Considered Good	1,858.38	784.16
– Considered Doubtful	23.27	–
	<u>1,881.65</u>	<u>784.16</u>
Less: Provision for Doubtful Debts	(23.27)	–
	<u>1,858.38</u>	<u>784.16</u>
Loans and Advances to related parties [Refer foot note 2 in Note 25(a)]	5,550.00	5,550.00
Security Deposits	5,234.34	3,707.06
Other loans and advances:		
– MAT Credit Entitlement	2,609.26	1,872.27
– Balance with Government Authorities	932.72	857.19
– Employee loans and advances	0.21	–
– Advance Tax and Tax Deducted at Source (net of Provision for Income Tax)	4,829.79	4,902.33
– Fringe Benefit Tax (net of Provision for Tax)	23.73	23.73
– Prepaid expenses	81.27	98.23
– Miscellaneous	76.13	30.91
	<u><b>21,195.83</b></u>	<u><b>17,825.88</b></u>

## 15 Other non –current assets

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Deposits with bank for Margin Money	74.70	68.97
(Under Lien with Banks towards Guarantees issued by them on behalf of the Company)		
Deposits with banks with maturity exceeding 12 months *	977.56	765.08
	<u><b>1,052.26</b></u>	<u><b>834.05</b></u>

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

## 16 Trade receivables (Unsecured)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Debts Outstanding for a period exceeding six months from the date they are due for payment:		
– Considered Good	17.86	567.65
– Considered Doubtful	54.03	67.19
	<u>71.89</u>	<u>634.84</u>
Other Debts		
– Considered Good	45,859.24	40,361.97
– Considered Doubtful	–	–
	<u>45,859.24</u>	<u>40,361.97</u>
Less: Provision for Doubtful Debts	(54.03)	(67.19)
	<u><b>45,877.10</b></u>	<u><b>40,929.62</b></u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 17 Cash and Bank Balances

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Cash and Cash Equivalents:</b>		
Balances with Banks in:		
– Current Accounts	24,647.25	19,338.02
– Cash Credit Account	–	4.35
– Deposit Accounts	621.32	100.00
– EEFC (Exchange Earners' Foreign Currency Account)	1,035.62	37.25
Cash on hand	374.64	37.87
	<b>26,678.83</b>	<b>19,517.49</b>
<b>Other Bank Balances:</b>		
– Deposits with maturity more than 3 months but less than 12 months	10,466.80	15,583.88
– Restricted Bank Balances *	30.92	175.37
– Earmarked balance with bank (Unpaid Dividend)	37.28	36.77
– Earmarked balance with bank (Unpaid Bonus)	1.82	1.82
– Deposits with bank for Margin Money #	265.47	111.61
	<b>10,802.29</b>	<b>15,909.45</b>
	<b>37,481.12</b>	<b>35,426.94</b>

\* 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.

### 18 Short-term loans and advances

(Unsecured and Considered good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Security Deposits</b>		
– Considered Good	1,418.03	368.10
– Considered Doubtful	–	23.27
	<b>1,418.03</b>	<b>391.37</b>
Less: Provision for Doubtful Deposits	–	(23.27)
	<b>1,418.03</b>	<b>368.10</b>
<b>Other loans and advances:</b>		
– Balance with Government Authorities	1,012.24	326.01
– Employee loans and advances		
– Considered Good	485.56	361.89
– Considered Doubtful	–	7.68
	<b>485.56</b>	<b>369.57</b>
Less: Provision for Doubtful Debts	–	(7.68)
	<b>485.56</b>	<b>361.89</b>
– Advance to Vendors	1,140.61	759.24
– Prepaid expenses	3,537.69	2,829.83
– Loan to third parties	7,994.90	8,938.07
– Others	72.63	511.18
	<b>15,661.66</b>	<b>14,094.32</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 19 Other current assets

(Unsecured and Considered good)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Unbilled Revenue	26,509.08	18,238.20
Interest Accrued on Deposits/Loans	532.19	690.50
Accrual for Mark –to –Market gain on Derivatives (Refer Note 36)	775.38	–
Reimbursable Expenses	337.88	560.09
	<b>28,154.53</b>	<b>19,488.79</b>

## 20 Revenue from operations

(₹ in Lacs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Sale of Service:</b>		
Business Process Management	332,821.34	280,757.98
	<b>332,821.34</b>	<b>280,757.98</b>

## 21 Other Income

(₹ in Lacs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest Income	904.96	1,408.16
Dividend from Current Investment	3.38	49.86
Profit on Sale of assets	–	40.00
Employment Generation Subsidy	–	34.57
Foreign Exchange Gain (Net)	410.79	–
Liabilities/Provisions no longer required written –back	39.60	514.95
Provision for Doubtful Debts no longer required written –back	7.16	97.22
Other non –operating income	575.88	310.66
	<b>1,941.77</b>	<b>2,455.42</b>

## 22 Employee Benefit Expense

(₹ in Lacs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
Salaries allowances and other benefits	207,115.93	179,788.97
Contribution to Provident and Other Funds	14,476.46	9,472.49
Unfunded Gratuity/ Pension plan	61.80	39.47
Staff Welfare	2,650.42	1,744.99
	<b>224,304.61</b>	<b>191,045.92</b>

## 23 Finance costs

(₹ in Lacs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Interest on:</b>		
– Term Loan from Banks	2,863.37	2,697.35
– Cash Credit and Other Facilities	874.73	935.95
Other borrowing costs	269.39	230.94
	<b>4,007.49</b>	<b>3,864.24</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 24 Other Expenses

			(₹ in Lacs)
		Year Ended 31.03.2016	Year Ended 31.03.2015
Power and Fuel		5,074.62	4,131.91
Rent (Refer Note 29)		13,387.40	9,666.39
Repairs and Maintenance - Leased Premises		2,282.30	1,233.89
Repairs and Maintenance - Others		4,136.44	3,224.96
Insurance		654.95	464.49
Rates and Taxes		1,172.94	1,209.18
Directors' sitting fees		70.20	29.70
Connectivity Cost		10,562.89	8,731.04
Advertisement and Business Promotion		1,664.57	1,350.65
Communication		1,925.71	1,405.59
Travelling, Conveyance and Car Hire Charges		4,477.45	3,644.23
Legal and Professional		10,831.91	7,678.46
Training and Recruitment		5,337.42	4,402.07
Commission		6,134.19	4,453.48
Donation		57.31	32.87
Software Expenses		933.75	968.84
Fulfillment Cost		710.99	675.31
Foreign Exchange Loss (Net)		—	444.97
Expenditure towards Corporate Social Responsibility (Refer Note 45)		323.33	222.90
Bad Debts/ Advances Written off	108.84		185.39
Less: Provisions for Doubtful Debts/ Advances	—	108.84	(149.86)
Provisions for Doubtful Debts/Advances		—	7.09
Fixed Assets Written Off		—	3.78
Loss on Sale of Assets (net)		58.68	—
Miscellaneous Expenses		7,308.17	4,418.25
		<b>77,214.06</b>	<b>58,435.58</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 25 a) Contingent Liabilities

Claims against the Group not acknowledged as debts:

(₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2016	As at 31.03.2015
i)	Service Tax demand raised by authorities against which appeal has been filed by the Company (Refer Note 1 below)	–	633.08
ii)	Income Tax demand raised by authorities against which appeal has been filed by the Company	4,732.60	9,685.28
iii)	ESIC demand raised by authorities	–	329.38
iv)	Others (to the extent ascertainable)	–	33.48
v)	Other matters (Refer Note 2 below)	7,173.48	7,173.48

#### 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 14". The Central Excise and Service Tax Appellate Tribunal South Zonal Bench, Bangalore in its final hearing on January 19, 2016 has allowed the appeal on merits in favour of the Company.
  - Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹ 7,173.48 Lacs (Previous Year: ₹ 7,173.48 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 14 – '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) Capital and other commitments:
- Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account - ₹ 1,802.16 Lacs (Previous Year – ₹ 715.94 Lacs)

### 26 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, 2016

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

(₹ in Lacs)

	2015 – 2016	2014 – 2015
Employers' Contribution to Provident Fund [includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	1,959.74	1,396.02
Employers' Contribution to Superannuation Fund*	1.00	2.17
Employers' Contribution to Employees' State Insurance*	891.03	719.23
Employers' Contribution to Other Employees' Benefit Scheme and Contribution by Overseas Branch/ Subsidiaries*	10,304.49	6,679.71

\* Included in Contribution to Provident and Other Funds (Refer Note 22)

### 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:-

	2015 – 2016	2014 – 2015
Discount Rate (per annum)	5.76% - 7.38%	6.04% - 7.96%
Rate of increase in Compensation levels	3.00% - 5.00%	3.00% - 5.00%
Rate of Return on Plan Assets	3.00% - 7.38%	6.11% - 7.93%

#### A) Changes in the Present Value of Defined Benefit Obligation

(₹ in Lacs)

	2015 – 2016			2014 – 2015		
	Gratuity		Pension	Gratuity		Pension
	Funded	Unfunded	Funded	Funded	Unfunded	Funded
Balance at beginning of the year	758.87	104.41	2,502.43	603.61	75.82	2,086.65
Add/(Less): On Transfer from Unfunded to Funded plan in a subsidiary	14.46	(14.46)	—	—	—	—
Sub-total	773.33	89.95	2,502.43	603.61	75.82	2,086.65
Interest Cost	61.33	7.16	153.45	52.03	6.54	136.04
Current Service Cost	102.44	12.74	370.88	79.79	14.98	323.55
Benefits Paid [Includes benefits paid and not claimed from plan assets ₹ 7.07 Lacs (Previous Year ₹ Nil)]	(123.77)	(19.78)	(457.30)	(91.51)	(10.89)	(92.52)
Actuarial (gain)/loss on obligations	306.22	41.90	410.61	114.95	17.96	48.71
<b>Balance at end of the year</b>	<b>1,119.55</b>	<b>131.97</b>	<b>2,980.07</b>	<b>758.87</b>	<b>104.41</b>	<b>2,502.43</b>

#### B) Changes in the Fair Value of Plan Assets

(₹ in Lacs)

	2015 – 2016		2014 – 2015	
	Gratuity	Pension	Gratuity	Pension
Balance at beginning of the year	534.31	1,345.08	471.16	1,360.58
Expected Return on Plan Assets	42.37	104.21	40.99	141.21
Contribution to the Plan Assets	268.62	—	151.96	—
Actuarial gain/ (loss) on obligations	(23.78)	(38.07)	(38.29)	(64.19)
Benefits Paid	(123.76)	(450.24)	(91.51)	(92.52)
<b>Balance at end of the year</b>	<b>697.76</b>	<b>960.98</b>	<b>534.31</b>	<b>1,345.08</b>
Actual return on Plan Assets	7.38%	3.00%	7.93%	2.00%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2016

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 57.30% (Previous Year: 68.43%), Cash and Cash Equivalents 17.51% (Previous Year: 15.61%), Corporate Bonds 23.98% (Previous Year: 15.58%) and Others 1.21% (Previous Year: 0.38%) for amounts aggregating ₹ 960.99 Lacs (Previous Year ₹ 1,345.08 Lacs).

### D) Amount recognised in the Balance Sheet

(₹ in Lacs)

	2015 –2016			2014 –2015		
	Gratuity		Pension	Gratuity		Pension
	Funded	Unfunded	Funded	Funded	Unfunded	Funded
Present Value of Defined Benefit Obligation as at end of the year	1,119.55	131.97	2,980.07	758.87	104.41	2,502.43
Fair Value of Plan Assets as at end of the year	697.76	–	960.98	534.31	–	1,345.08
<b>Asset/(Liability) recognised in the Balance Sheet</b>	<b>(421.79)</b>	<b>(131.97)</b>	<b>(2,019.09)</b>	<b>(224.56)</b>	<b>(104.41)</b>	<b>(1,157.35)</b>
<b>Recognised under:</b>						
Long –term Provisions (Refer Note 7)	–	107.30	1,268.82	–	83.76	577.17
Short –term Provisions (Refer Note 11)	421.79	24.67	750.27	224.56	20.65	580.18

### E) Expenses recognised in the Statement of Profit and Loss

(₹ in Lacs)

	2015 –2016			2014 –2015		
	Gratuity		Pension	Gratuity		Pension
	Funded	Unfunded	Funded	Funded	Unfunded	Funded
Current Service Cost	102.44	12.74	370.88	79.79	14.98	323.55
Interest Cost	61.33	7.16	153.45	52.03	6.54	136.04
Expected Return on Plan Assets	(42.37)	–	(104.21)	(40.99)	–	(141.21)
Net actuarial (gain)/loss recognised in the year	330.01	41.90	448.67	153.25	17.96	112.90
<b>Total Expenses recognised in the Statement of Profit and Loss**</b>	<b>451.41</b>	<b>61.80</b>	<b>868.79</b>	<b>244.08</b>	<b>39.48</b>	<b>431.28</b>

\*\* Included in Employee Benefit Expense (Refer Note 22)

### F) Experience Adjustments

(₹ in Lacs)

	2015 –2016		2014 –2015	
	Gratuity	Pension	Gratuity	Pension
On Defined Benefit Obligation – Loss/(Gain)	306.76	291.05	99.66	119.94
On Plan Assets – (Loss)/Gain	(23.78)	(38.07)	38.29	64.19

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 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
2015 –2016	Gratuity	1,251.52	697.76	(553.76)	306.76	(23.78)
	Pension	2,980.07	960.98	(2,019.09)	291.05	(38.07)
2014 –2015	Gratuity	863.28	534.31	(328.97)	99.66	38.29
	Pension	2,502.43	1,345.08	(1,157.35)	119.94	64.19
2013 –2014	Gratuity	679.43	471.16	(208.27)	46.57	(2.15)
	Pension	2,086.65	1,360.58	(726.07)	225.67	300.12
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)

### H) Expected Contribution for next year

(₹ in Lacs)

	2016 –2017	2015 –2016
Gratuity and Pension Plan	575.68	574.69

III The liability for compensated absences as at March 31, 2016 aggregates ₹ 3,422.70 Lacs (Previous Year – ₹ 2,725.78 Lacs).

## 27 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, 2016.

### 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	
	2015 - 2016	2014 - 2015	2015 - 2016	2014 - 2015	2015 - 2016	2014 - 2015
Sales Revenue*	38,408.47	23,584.54	294,412.87	257,173.44	332,821.34	280,757.98
Carrying Amount of Assets	54,044.61	39,351.89	188,416.57	167,971.87	242,461.18	207,323.76
Capital Expenditure	8,535.34	3,450.66	19,058.94	13,585.22	27,594.28	17,035.88

\* There are no Inter Segment Revenues.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 28 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 Limited
2. Hinduja Ventures Limited
3. IndusInd Media and Communication Limited

### IV) Enterprises where significant influence is exercised by Director

1. HBI Inc.
2. Atlantic International BPO Colombia S.A.S

### V) Relatives of Key Management personnel

Mr. Pabitra DeSarkar (Father)

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

(₹ in Lacs)

Nature of Transaction	Parties referred to in II, IV and V above	Parties referred to in III above	Total
<b>Rendering of Services</b>			
IndusInd Media and Communication Limited	– [ – ]	153.02 [135.53]	153.02 [135.53]
Others	– [ – ]	1.50 [ – ]	1.50 [ – ]
<b>Total</b>	– [ – ]	<b>154.52</b> <b>[135.53]</b>	<b>154.52</b> <b>[135.53]</b>
<b>Professional Fees</b>			
Atlantic International BPO Colombia S.A.S	157.43 [147.18]	– [ – ]	157.43 [147.18]
<b>Total</b>	<b>157.43</b> <b>[147.18]</b>	– [ – ]	<b>157.43</b> <b>[147.18]</b>
<b>Rent Expense</b>			
HinduJa Group Limited	– [ – ]	102.42 [111.45]	102.42 [111.45]
Mr. Pabitra DeSarkar	3.66 [3.47]	– [ – ]	3.66 [3.47]
<b>Total</b>	<b>3.66</b> <b>[3.47]</b>	<b>102.42</b> <b>[111.45]</b>	<b>106.08</b> <b>[114.92]</b>
<b>Commission</b>			
HBI Inc.	4,781.96 [4,566.00]	– [ – ]	4,781.96 [4,566.00]
<b>Total</b>	<b>4,781.96</b> <b>[4,566.00]</b>	– [ – ]	<b>4,781.96</b> <b>[4,566.00]</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lacs)

Nature of Transaction	Parties referred to in II, IV and V above	Parties referred to in III above	Total
<b>Executive Remuneration</b>			
Mr. Partha DeSarkar	254.44 [302.64]	– [ –]	254.44 [302.64]
<b>Total</b>	<b>254.44</b> <b>[302.64]</b>	<b>–</b> <b>[ –]</b>	<b>254.44</b> <b>[302.64]</b>
<b>Advance paid to Key Managerial personnel</b>			
Mr. Partha DeSarkar	– [2.15]	– [ –]	– [2.15]
<b>Total</b>	<b>–</b> <b>[2.15]</b>	<b>–</b> <b>[ –]</b>	<b>–</b> <b>[2.15]</b>
<b>Consultancy charges</b>			
Hinduja Group Limited	– [ –]	212.01 [192.50]	212.01 [192.50]
<b>Total</b>	<b>–</b> <b>[ –]</b>	<b>212.01</b> <b>[192.50]</b>	<b>212.01</b> <b>[192.50]</b>
<b>Expenses reimbursed by Other Companies</b>			
IndusInd Media and Communication Limited	– [ –]	0.70 [0.68]	0.70 [0.68]
<b>Total</b>	<b>–</b> <b>[ –]</b>	<b>0.70</b> <b>[0.68]</b>	<b>0.70</b> <b>[0.68]</b>
<b>Purchase of Fixed Assets</b>			
Hinduja Group Limited	– [ –]	42.08 [41.61]	42.08 [41.61]
<b>Total</b>	<b>–</b> <b>[ –]</b>	<b>42.08</b> <b>[41.61]</b>	<b>42.08</b> <b>[41.61]</b>
<b>Receivable net of payable as at the year - end</b>			
Hinduja Ventures Limited [Refer footnote 2 in Note 25(a)]	– [ –]	5,550.00 [5,550.00]	5,550.00 [5,550.00]
Others	172.06 [196.76]	66.00 [159.61]	238.06 [356.37]
<b>Total</b>	<b>172.06</b> <b>[196.76]</b>	<b>5,616.00</b> <b>[5,709.61]</b>	<b>5,788.06</b> <b>[5,906.37]</b>
<b>Payable net of Receivables as at year –end</b>			
Hinduja Group Limited	– [ –]	5.43 [8.82]	5.43 [8.82]
HBI Inc.	302.68 [35.30]	– [ –]	302.68 [35.30]
<b>Total</b>	<b>302.68</b> <b>[35.30]</b>	<b>5.43</b> <b>[8.82]</b>	<b>308.11</b> <b>[44.12]</b>

**Notes:**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 29 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	11,914.33	42,807.47	35,359.57	10,808.15
	[9,475.87]	[28,871.83]	[17,372.73]	[8,839.68]

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 ₹ 2,579.25 Lacs (Previous Year - ₹ 826.71 Lacs) has been recognised in the Statement of Profit and Loss.

### 30 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 31.03.2016	As at 31.03.2015
Present Value	1,896.57	2,517.84
Finance Charge	143.45	196.57

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	937.12	959.45	—
	[1,026.81]	[1,491.03]	[—]
Finance Charges	82.48	60.97	—
	[111.15]	[85.42]	[—]
<b>Total</b>	<b>1,019.60</b>	<b>1,020.42</b>	<b>—</b>
	<b>[1,137.96]</b>	<b>[1,576.45]</b>	<b>[—]</b>

Figures in bracket pertain to the previous year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 31 Earnings per Equity Share (Basic and Diluted)

	2015-2016	2014-2015
Profit After Tax (₹ in Lacs)	10,099.75	16,502.61
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,725,427	20,659,888
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A.	20,725,427	20,659,888
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	28,637	108,301
No. of shares for Diluted Earnings per share	20,754,064	20,768,189
Nominal Value of an equity share ₹)	10.00	10.00
Earnings per share (Basic) (₹)	48.73	79.88
Earnings per share (Diluted) (₹)	48.66	79.46

### 32 The subsidiaries (including step-down subsidiaries) considered in the consolidated financial statements for the year ended March 31, 2016 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 (%)
<b>A</b>	<b>SUBSIDIARIES</b>				
1	HGS International (HGS Intl.)	Mauritius	HGS	100	100
2	HGS International Services Private Limited	India	HGS	100	100
<b>B</b>	<b>STEP-DOWN SUBSIDIARIES</b>				
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	HGS Healthcare (Previously RMT L.L.C., U.S.A.)	United States of America	HGS (USA) LLC	100	100
11	Affina Company, Canada	Canada	HGS Healthcare	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 Ltd.	100	100
18	HGS Mena FZ LLC (HGS Mena)	United Arab Emirates	HGS Intl.	100	100

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Sr. No.	Name of the Company	Country of Incorporation	Held by	Parent's Shareholding (%)	Company's Share in Voting Power (%)
19	HGS Colibrium Inc (Refer Note 43)	United States of America	HGS Intl.	89.98	89.98
20	HGS Extensya Holdings Limited (w.e.f. November 25, 2015)	Cayman Islands	HGS Mena	100	100
21	Extensya Investment Holdings Limited (w.e.f. November 25, 2015)	Cayman Islands	HGS Mena	100	100
22	HGS Extensya Cayman Limited (w.e.f. November 25, 2015)	Cayman Islands	HGS Mena	100	100

### 33 Break-Up of Deferred Tax Asset/ (Liability)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>A Deferred Tax Liability (Net)</b>		
<b>Deferred Tax Liability</b>		
Depreciation on Fixed Assets	(737.66)	—
Others	(26.82)	(19.89)
<b>Deferred Tax Asset</b>		
Expenses allowed on payment basis	470.76	—
Provision for doubtful debts/ advances	12.55	—
<b>Total Deferred Tax Liability (Net)</b>	<b>(281.17)</b>	<b>(19.89)</b>
<b>B Deferred Tax Asset (Net)</b>		
<b>Deferred Tax Asset</b>		
Expenses allowed on payment basis	—	952.96
Provision for doubtful debts/ advances	—	15.03
Depreciation on Fixed Assets	—	79.87
Others	85.25	166.32
<b>Deferred Tax Liability</b>		
Depreciation on Fixed Assets	67.65	(877.31)
<b>Total Deferred Tax Asset (Net)</b>	<b>152.90</b>	<b>336.87</b>

34 Current tax includes provision for tax of ₹ (6.74) Lacs (Previous Year: ₹ 1,297.13 Lacs) pertaining to overseas branches/ subsidiaries which is determined as per the laws applicable in the relevant country.

### 35 Provisions - Others

(₹ in Lacs)

Particulars	Building Maintenance	Litigations/ Disputes	Employee Claim	Total
Opening Provision	50.03 [54.13]	83.29 [83.29]	57.59 [67.61]	190.91 [205.03]
Add: Additional provision during the year	— [—]	— [—]	— [—]	— [—]
Less: Provision utilised/ reversed during the year	50.03 [4.10]	— [—]	19.90 [10.02]	69.93 [14.12]
<b>Closing Provision</b>	<b>—</b> <b>[50.03]</b>	<b>83.29</b> <b>[83.29]</b>	<b>37.69</b> <b>[57.59]</b>	<b>120.98</b> <b>[190.91]</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Figures in bracket pertain to the previous year.

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.

Employee claim - The provision is in respect of three employee claim at HGS France. The provision is based on best estimate of Management considering the outflow.

### 36 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	86,500,000 [88,250,000]	Sell [Sell]	98 [100]	59,995.07 [57,706.61]

Particulars	Currency	Amount
Interest rate swap	USD	252,762 [294,895]

Figures in bracket pertain to the previous year.

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

(₹ in Lacs)

Particulars	2015-2016	2014-2015
Mark-to-market losses/ (gains) provided for	(775.38)	81.86

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 ₹ (727.56) Lacs (Previous Year: ₹ 78.97 Lacs).

The gain/ (loss) on ineffective portion recognised in the Statement of Profit and Loss that arises from cash flow hedges amounts to ₹ 47.82 Lacs (Previous Year: ₹ 2.89 Lacs).

Gains and losses recognised in the hedging reserve in equity (Note 4) on forward foreign exchange contracts as of March 31, 2016 would be recognised in the income statement in the period or periods during which the hedged forecast transaction affects the related transaction in the Statement of Profit and Loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 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.
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 <sup>th</sup> of the options granted will vest on the first anniversary of the grant date.  - 1/3 <sup>rd</sup> of the options granted will vest on the second anniversary of the grant date.  - 1/2 of the options granted will vest on the third anniversary of the grant date.	Options to vest over a period of three years from the date of their grant as under:  - 1/6 <sup>th</sup> of the options granted will vest at the end of one year from the grant date.  - 1/6 <sup>th</sup> of the options granted will vest at the end of 18 months from the grant date.  - 1/6 <sup>th</sup> of the options granted will vest at the end of 24 months from the grant date.  - 1/4 <sup>th</sup> of the options granted will vest at the end of 30 months from the grant date.  - 1/4 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> month from the date of vesting of options by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise Price	₹ 400.10 per share  The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.	₹ 340.20 per share  The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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	130.28
September 29, 2014	17,500	649.25	Nil	175.56
November 6, 2015	42,095	471.00	Nil	119.54

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	128.79
September 29, 2014	3,500	649.25	Nil	174.69
November 6, 2015	42,095	471.00	Nil	116.23

@ 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, 2016

c) The details of options granted are as follows:

Particulars	ESOP 2008		ESOP 2011	
	2015-16	2014-15	2015-16	2014-15
Outstanding at the beginning of the year	162,184	155,580	166,918	227,236
Granted during the year	42,095	–	42,095	–
Re-granted during the year	–	49,300	–	49,600
Lapsed during the year	34,901	22,356	33,264	27,112
Exercised/ Allotted during the year	4,866	20,340	4,600	82,806
Outstanding at the end of the year	164,512	162,184	171,149	166,918
Exercisable at the end of the year	43,376	30,508	83,540	90,798
Range of exercise price for options outstanding at the end of year	₹ 285.05 - ₹ 649.25	₹ 285.05 - ₹ 649.25	₹ 340.25 - ₹ 649.25	₹ 340.25 - ₹ 649.25
Weighted Average share price at the date of exercise	471.00	601.86	471.00	601.86
Weighted Average remaining life in years	0.5	1.43	0.33	1.34

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher/ (lower) by ₹ 28.62 Lacs (Previous Year - ₹ (83.11) Lacs), Profit After Tax and the basic and diluted earning per share would have been lower/ (higher) by ₹ 28.62 Lacs (Previous Year - ₹ (83.11) Lacs) and Re. 0.14 (Previous Year - Re. (0.40)), respectively.

**38** Cash and Bank Balances – (Note 17) includes ₹ 9,926.30 Lacs (Previous Year – ₹ 15,583.88 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.

**39 Term Loan from Banks (Secured)**

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2016	As at 31.03.2015
1	Term Loans from Banks	141.00	703.40
-	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.	1,333.48	2,333.44
2	The Term Loan was taken in two tranches from Bank of Baroda, Dubai.	267.86	–
-	First tranche of loan is repayable in 21 quarterly installment starting from December 2015. Rate of Interest is 2.50% below base rate with minimum of 5.00% p.a with monthly rest.		
-	Second tranche of loan is repayable in 12 quarterly installments starting from December 2015. Rate of Interest is 2.50% below base rate with minimum of 5.00% p.a with monthly rest.		
	The loans are secured by way of DP note and agreement.		
3	Secured by way of charge on all assets of a subsidiary company, HGS Inc., USA.	26,436.36	26,054.63
	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.		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2016	As at 31.03.2015
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, 2016 on the loan (excluding the effect of the interest rate swap) was 3.91%.	21,043.82	23,745.22
	<b>Total</b>	<b>49,222.52</b>	<b>52,836.69</b>

### 40 Loans repayable on demand from banks (Secured)

(₹ in Lacs)

Sr. No.	Nature of security and terms of borrowing	As at 31.03.2016	As at 31.03.2015
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)	16,188.24	1,608.96
2	Secured by First ranking pari passu charge on all of the Borrower's assets, including all immovable 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.	1,270.26	—
3	Secured by all the assets of a subsidiary, Hinduja Global Solutions UK Limited  Interest rate 3.00% over 3 months GBP LIBOR p.a.	3,241.78	1,018.81
	<b>Total</b>	<b>20,700.28</b>	<b>2,627.77</b>

- 41 Effective September 1, 2015, the Company has acquired a significant portion of the domestic BPO business from Mphasis Limited and its wholly owned subsidiary Msource India Private Limited, for an aggregate consideration of ₹ 1,700 Lacs (including payable towards vendors liability of Mphasis Limited and Msource India Private Limited - ₹ 94.26 Lacs). The details of the same are given below:

(₹ in Lacs)

Particulars	Mphasis Limited	Msource India Private Limited	Total
Fixed Assets	1,083.53	646.25	1,729.78
Others	4.59	4.46	9.05
<b>Net Assets Acquired</b>	<b>1,088.12</b>	<b>650.71</b>	<b>1,738.83</b>
Less : Purchase consideration paid/payable			1,700.00
<b>(Capital Reserve)/ Goodwill (Refer Note 4)</b>			<b>(38.83)</b>

The difference, being the excess of net assets acquired over the consideration paid/payable is disclosed as Capital Reserve (Refer Note 4).

- 42 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 had accounted for the amalgamation under the pooling of interest method under AS 14 – "Accounting for Amalgamations". This had 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 as at March 31, 2015.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- 43** 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 had 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 was adjusted against reserves and surplus as at March 31, 2015.
- 44** 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.
- 45** 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.

- Gross Amount required to be spent by the Company during the year: ₹ 323.33 Lacs

- Amount Spent during the year on:

Sr. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction/acquisition of any asset	–	–	–
(ii)	On purpose other than (i) above	323.33	–	323.33

- 46** 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.
- 47** Additional information as mandated by Schedule III - General instruction for the preparation of Consolidated Financial Statements of the Companies Act 2013.

Sr. No.	Name of the Entity	Net Asset i.e., total assets minus total liabilities		Share in profit or loss	
		As % of Consolidated Net Assets	Amount (₹ In lacs)	As % of Consolidated Profit or loss	Amount (₹ In lacs)
A	HOLDING COMPANY				
1	Hinduja Global Solutions Limited	77%	90,580.37	117%	11,825.00
B	SUBSIDIARIES				
1	HGS International	91%	107,298.90	13%	1,338.44
2	HGS International Services Private Limited	12%	14,009.69	61%	6,141.56
C	STEP-DOWN SUBSIDIARIES				
1	Hinduja Global Solutions Inc.	-19%	(22,641.05)	-44%	(4,421.48)
2	C-Cubed N.V.	0%	39.53	0%	(4.32)
3	HGS St. Lucia Limited	0%	(15.75)	0%	—
4	Hinduja Global Solutions Europe Limited	-2%	(2,864.38)	-3%	(328.64)
5	HGS Properties LLC	3%	3,236.41	8%	794.25
6	HGS EBOS LLC	-4%	(5,277.13)	-19%	(1,915.18)
7	HGS (USA) LLC	27%	31,254.54	38%	3,806.71

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Sr. No.	Name of the Entity	Net Asset i.e., total assets minus total liabilities		Share in profit or loss	
		As % of Consolidated Net Assets	Amount (₹ In lacs)	As % of Consolidated Profit or loss	Amount (₹ In lacs)
8	HGS Canada Holdings LLC	19%	22,406.95	0%	—
9	HGS Canada Inc.	-14%	(16,386.26)	-36%	(3,654.78)
10	HGS Healthcare	0%	132.28	0%	(0.20)
11	Affina Company	-2%	(2,507.25)	0%	—
12	Hinduja Global Solutions UK Limited	2%	2,870.21	-1%	(148.82)
13	HGS Italy S.A.R.L.	0%	200.47	0%	44.28
14	HGS France S.A.R.L.	0%	(503.75)	0%	(36.44)
15	C-Cubed B.V.	-2%	(2,057.24)	-1%	(140.38)
16	Customer Contact Centre Inc.	3%	3,070.23	-1%	(147.14)
17	Team HGS Limited, Jamaica	0%	(59.15)	1%	97.94
18	HGS Mena FZ LLC	-1%	(1,428.08)	-9%	(915.12)
19	HGS Colibrium Inc	-7%	(8,386.05)	-5%	(501.06)
20	HGS Extensya Holdings Limited	—	—	—	—
21	Extensya Investment Holdings Limited	—	—	—	—
22	HGS Extensya Cayman Limited	—	—	—	—
	<b>TOTAL</b>		<b>212,973.50</b>		<b>11,834.63</b>
	Less: Consolidation, Elimination and GAAP adjustments	-81%	95,139.22	-17%	1,734.88
	<b>GRAND TOTAL</b>		<b>117,834.28</b>		<b>10,099.75</b>

The above information is based on the standalone financial statements of each of the entity after adjustments as mentioned above.

**48** In view of the acquisition referred in Note 41 above, the current year figures are not strictly 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

Place : Mumbai  
Date : May 25, 2016

**For and on behalf of the Board**

**Partha DeSarkar**  
Chief Executive Officer  
and Manager

**Anil Harish**  
Director  
DIN : 00001685

**Makarand D. Dewal**  
Company Secretary

Place : Mumbai  
Date : May 25, 2016

**Ramkrishan P. Hinduja**  
Chairman  
DIN : 00278711

**Srinivas Palakodeti**  
Chief Financial Officer

**Rangan Mohan**  
Director  
DIN : 01116821

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

Sr. No.	Name of the Subsidiary	Reporting period	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investment in Subsidiaries)	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of shareholding
1	HGS International	31.03.2016	USD	B/S 66.1753 P/L 65.5945	21,516.39	88,249.65	110,158.14	392.10	-	2,561.57	1,334.28	55.14	1,279.14	Nil	100
2	HGS International Services Private Limited	31.03.2016	INR	-	111.36	13,898.48	18,012.49	4,002.65	-	25,673.80	6,885.79	744.23	6,141.56	Nil	100
3	Hinduja Global Solutions Inc.	31.03.2016	USD	B/S 66.1753 P/L 65.5945	8,454.87	(31,095.92)	75,432.89	98,073.94	-	2,125.56	(3,951.79)	469.69	(4,421.48)	Nil	100
4	HGS Properties LLC	31.03.2016	USD	B/S 66.1753 P/L 65.5945	-	3,236.41	3,244.61	-	-	1,037.80	794.25	-	794.25	Nil	100
5	HGS Canada Holdings LLC	31.03.2016	USD	B/S 66.1753 P/L 65.5945	22,406.96	(0.01)	22,406.95	-	-	-	-	-	-	Nil	100
6	HGS Canada Inc.	31.03.2016	CAD	B/S 51.0335 P/L 50.0407	16,827.94	(33,214.19)	18,117.54	34,503.79	-	42,266.70	(4,743.21)	(1,088.43)	(3,654.78)	Nil	100
7	HGS EBOS LLC	31.03.2016	USD	B/S 66.1753 P/L 65.5945	-	(5,829.55)	6,830.22	12,659.77	-	-	-	-	-	Nil	100
8	HGS (USA), LLC	31.03.2016	USD	B/S 66.1753 P/L 65.5945	3,507.29	27,747.25	71,562.61	40,308.07	-	188,482.10	3,730.30	(76.42)	3,806.72	Nil	100
9	HGS Healthcare LLC	31.03.2016	USD	B/S 66.1753 P/L 65.5945	133.01	(0.73)	132.28	-	-	-	(0.20)	-	(0.20)	Nil	100
10	Affina Company	31.03.2016	CAD	B/S 51.0335 P/L 50.0407	0.10	(2,170.91)	-	2,170.81	-	-	-	-	-	Nil	100
11	Hinduja Global Solutions Europe Limited	31.03.2016	GBP	B/S 95.1623 P/L 98.4549	914.87	6,851.16	13,102.28	5,336.25	-	1,168.29	(517.19)	-	(517.19)	Nil	100
12	Hinduja Global Solutions UK Limited	31.03.2016	GBP	B/S 95.1623 P/L 98.4549	13.83	2,856.91	12,952.83	10,082.09	-	34,322.33	(21.63)	(127.19)	(148.82)	Nil	100
13	HGS Italy, S.A.R.L	31.03.2016	EUR	B/S 75.3673 P/L 72.2684	7.54	192.94	245.12	44.64	-	202.59	62.67	18.39	44.28	Nil	100
14	HGS France S.A.R.L	31.03.2016	EUR	B/S 75.3673 P/L 72.2684	6.03	(509.78)	139.14	642.89	-	283.83	(36.44)	-	(36.44)	Nil	100
15	C-Cubed N.V	31.03.2016	USD	B/S 66.1753 P/L 65.5945	3.97	44.28	3,231.12	3,182.87	-	130.72	(4.32)	-	(4.32)	Nil	100
16	C-Cubed B.V	31.03.2016	EUR	B/S 75.3673 P/L 72.2684	17.11	(1,709.12)	1,634.34	3,326.35	-	-	(140.38)	-	(140.38)	Nil	100
17	Customer Contact Centre Inc.	31.03.2016	PHP	B/S 1.4401 P/L 1.4179	1,440.10	1,630.13	3,081.95	11.72	-	-	(147.14)	-	(147.14)	Nil	100
18	HGS St. Lucia Limited	31.03.2016	XCD	B/S 24.5094 P/L 24.2942	0.00	(15.75)	3,634.72	3,650.47	-	-	-	-	-	Nil	100
19	Team HGS Limited	31.03.2016	JMD	B/S 0.5444 P/L 0.5533	0.01	230.95	4,369.14	4,138.18	-	4,431.82	145.04	45.96	99.08	Nil	100
20	HGS Mena FZ LLC	31.03.2016	AED	B/S 18.0169 P/L 17.8588	198.42	(1,626.50)	1,658.67	3,086.75	-	914.26	(915.12)	-	(915.12)	Nil	100
21	HGS Colibrium Inc	31.03.2016	USD	B/S 66.1753 P/L 65.5945	3,162.89	(1,244.43)	17,802.41	15,883.95	-	9,629.37	(2,096.42)	(940.61)	(1,155.81)	Nil	89.98
22	HGS Extensya Holdings Limited	31.03.2016	USD	B/S 66.1753 P/L 65.5945	-	-	-	-	-	-	-	-	-	Nil	100
23	Extensya Investment Holdings Limited	31.03.2016	USD	B/S 66.1753 P/L 65.5945	-	-	-	-	-	-	-	-	-	Nil	100
24	HGS Extensya Cayman Limited	31.03.2016	USD	B/S 66.1753 P/L 65.5945	-	-	-	-	-	-	-	-	-	Nil	100



# 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, 2016, 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.

#### Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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. 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, 2016, 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 ₹ 36,259.95 lacs and net assets of ₹ 14,355.10 lacs as at March 31, 2016, total revenue of ₹ 62,926.81 lacs, net profit of ₹ 1,868.89 lacs and net cash flows amounting to ₹ 999.53 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.

# AUDITORS' REPORT

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, 2016', 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 B 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 the Companies (Accounts) Rules, 2014.
  - (f) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (h) With respect to the other matters to be included in the Auditors' 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, 2016 on its financial position in its standalone financial statements;
    - ii. The Company has long-term contracts as at March, 31, 2016 for which there were no material foreseeable losses. The Company did not have any long-term derivative contracts as at March 31, 2016.
    - 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, 2016.

Place: Mumbai  
Date: May 25, 2016

**For Price Waterhouse**  
Firm Registration Number: 301112E  
**Chartered Accountants**

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125

# ANNEXURE A 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 for the year ended March 31, 2016

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Hinduja Global Solutions Limited ("the Company") as of March, 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

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## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other Matter**

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one Branch, is based on the corresponding report of the auditor of such Branch of the Company. Our opinion is not qualified in respect of this matter.

Place: Mumbai  
Date: May 25, 2016

**For Price Waterhouse**  
Firm Registration Number: 301112E  
**Chartered Accountants**

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125

# ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 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, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 11 on fixed assets to the financial statements, are held in the name of the Company.
- 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, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 (the 'Act') in respect of the loans and investments made, and guarantees and security provided by it. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185. Therefore, the provisions of clause 3(IV) of the said order to the extent of Section 185 of the Act are not applicable to the Company.
- 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 products 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, 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 Company examined by us, there are no dues of sales-tax, service-tax, duty of customs, duty of excise, value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2016 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	429.57	Assessment Year 2008-2009	Commissioner of Income Tax Appeal
		161.00	Assessment Year 2011-2012	The Income Tax Appellate Tribunal
		1,954.29	Assessment Year 2012-2013	Commissioner of Income Tax Appeal

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.



# ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

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- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

Place: Mumbai  
Date: May 25, 2016

**For Price Waterhouse**  
Firm Registration Number: 301112E  
**Chartered Accountants**

**Jeetendra Mirchandani**  
Partner  
Membership Number: 048125

# BALANCE SHEET

## AS AT MARCH 31, 2016

			(₹ in Lacs)
	Note	As at 31.03.2016	As at 31.03.2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	2,072.90	2,071.96
Reserves and Surplus	4	88,507.47	79,258.04
		<u>90,580.37</u>	<u>81,330.00</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	5	5,931.44	6,037.79
Deferred tax liabilities (Net)	31	254.36	—
Long term provisions	6	1,352.11	660.47
		<u>7,537.91</u>	<u>6,698.26</u>
<b>Current Liabilities</b>			
Short-term borrowings	7	17,842.47	1,608.96
Trade payables	8		
- Total outstanding dues of micro enterprises and small enterprises and		115.00	3.47
- Total outstanding dues of creditors other than micro enterprises and small enterprises		7,532.36	6,293.73
Other current liabilities	9	13,943.41	11,620.57
Short term provisions	10	3,168.65	3,288.38
		<u>42,601.89</u>	<u>22,815.11</u>
<b>TOTAL</b>		<b><u>140,720.17</u></b>	<b><u>110,843.37</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets:			
- Tangible assets	11 A	24,562.35	20,999.67
- Intangible assets	11 B	4,467.88	3,261.49
- Capital work-in-progress		116.04	69.60
- Intangible assets under development		77.96	76.43
Non-current investments	12 A	43,846.86	43,629.06
Deferred tax assets (Net)	31	69.56	103.74
Long-term loans and advances	13	15,027.88	13,985.44
Other non-current assets	14	74.70	73.96
		<u>88,243.23</u>	<u>82,199.39</u>
<b>Current assets</b>			
Current investments	12 B	—	13.95
Trade receivables	15	27,856.45	14,941.08
Cash and Bank balances	16	2,848.10	981.39
Short-term loans and advances	17	3,835.50	2,107.57
Other current assets	18	17,936.89	10,599.99
		<u>52,476.94</u>	<u>28,643.98</u>
<b>TOTAL</b>		<b><u>140,720.17</u></b>	<b><u>110,843.37</u></b>

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

**For Price Waterhouse**  
Firm Registration No. 301112E  
Chartered Accountants.

**Jeetendra Mirchandani**  
Partner  
Membership No. 048125

**For and on behalf of the Board**

**Partha DeSarkar**  
Chief Executive Officer  
and Manager

**Anil Harish**  
Director  
DIN: 00001685

**Makarand D. Dewal**  
Company Secretary

**Ramkrishnan P. Hinduja**  
Chairman  
DIN : 00278711

**Srinivas Palakodeti**  
Chief Financial Officer

**Rangan Mohan**  
Director  
DIN: 01116821

Place : Mumbai  
Date : May 25, 2016

Place : Mumbai  
Date : May 25, 2016

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

			(₹ in Lacs)
	Note	Year Ended 31.03.2016	Year Ended 31.03.2015
Revenue from operations	19	138,288.39	107,040.48
Other Income	20	2,453.97	2,782.33
<b>Total Revenue</b>		<b>140,742.36</b>	<b>109,822.81</b>
<b>EXPENSES</b>			
Employee Benefit Expense	21	86,294.94	66,460.51
Finance costs	22	1,496.14	1,575.24
Depreciation and Amortisation Expenses	11 C	8,186.54	6,056.07
Other Expenses	23	27,733.15	19,633.03
<b>Total Expenses</b>		<b>123,710.77</b>	<b>93,724.85</b>
<b>Profit before tax</b>		<b>17,031.59</b>	<b>16,097.96</b>
<b>Tax expense</b>			
Current tax [Net of prior year reversal of ₹ Nil (Previous Year ₹ 210 Lacs)]	39	4,918.06	4,899.89
Deferred tax (Refer Note 31)		288.53	(60.37)
<b>Profit for the year</b>		<b>11,825.00</b>	<b>11,258.44</b>
<b>Earnings per share</b>	30		
- Basic (Rupees)		57.06	54.49
- Diluted (Rupees)		56.98	54.21

(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

Place : Mumbai  
Date : May 25, 2016

**For and on behalf of the Board**

**Partha DeSarkar**  
Chief Executive Officer  
and Manager

**Anil Harish**  
Director  
DIN: 00001685

**Makarand D. Dewal**  
Company Secretary

Place : Mumbai  
Date : May 25, 2016

**Ramkrishnan P. Hinduja**  
Chairman  
DIN : 00278711

**Srinivas Palakodeti**  
Chief Financial Officer

**Rangan Mohan**  
Director  
DIN: 01116821

# CASH FLOW STATEMENT

## FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Lacs)

	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>A Cash Flow from Operating Activities:</b>		
Profit before tax	17,031.59	16,097.96
Adjustments for:		
Depreciation/ Amortisation	8,186.54	6,056.07
Profit on Sale of Assets (net)	(21.22)	(48.82)
Bad Debts/ Advances Written off	15.17	35.53
Provisions for Doubtful Debts/ Advances	—	7.09
Liabilities/ Provisions no longer required written-back	(16.01)	(362.47)
Assets Written Off	—	3.78
Interest Income	(31.83)	(13.75)
Dividend from Current Investment	(0.80)	(5.64)
Interest Expense	1,496.14	1,575.24
Mark to Market gain on Derivatives	(50.75)	22.27
Unrealised Foreign Exchange (Gain)/Loss (Net)	(210.47)	355.85
Dividend from Subsidiaries	(1,336.27)	(1,948.72)
Provision for Gratuity/ Pension and Compensated Absences	1,501.99	579.92
Operating Profit before working capital changes	26,564.08	22,354.31
Adjustments for:		
Trade and Other receivables	(21,600.15)	(5,707.37)
Trade and Other payables	2,936.14	2,503.80
	(18,664.01)	(3,203.57)
Operating Profit after working capital changes	7,900.07	19,150.74
Direct Taxes Paid	(5,005.85)	(6,072.57)
<b>Net Cash from Operating Activities (A)</b>	<b>2,894.22</b>	<b>13,078.17</b>
<b>B Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	(11,708.42)	(9,182.63)
Sale of Fixed Assets	57.73	70.78
Consideration paid on business acquisition from Mphasis Limited	(1,260.00)	—
Consideration paid on business acquisition from Msource India Limited	(270.00)	—
Investments Made - Others	(217.80)	(120.37)
Investments Sold - Others	13.95	1,201.41
Interest Income	27.78	27.10
Dividend from Subsidiaries	1,336.27	1,948.84
Dividend from Current Investment	0.80	5.64
<b>Net Cash used in Investing Activities (B)</b>	<b>(12,019.69)</b>	<b>(6,049.23)</b>

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

## C Cash Flow from Financing Activities:

	Year Ended 31.03.2016	(₹ in Lacs) Year Ended 31.03.2015
Proceeds from Share allotment under Employee Stock Option Schemes	32.98	360.65
Proceeds from Long-term borrowings	647.31	2,073.55
Proceeds/(Repayment) from/(of) Short-term borrowings	16,233.51	(6,891.04)
Dividend Paid and tax thereon	(4,404.99)	(5,722.09)
Interest Expense	(1,517.14)	(1,594.94)
<b>Net Cash used in Financing Activities (C)</b>	<b>10,991.67</b>	<b>(11,773.87)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	1,866.20	(4,744.93)
Cash and Cash Equivalents as at the beginning of the year	942.80	5,687.73
Cash and Cash Equivalents as at the end of the year	<b>2,809.00</b>	<b>942.80</b>

## Cash and Cash Equivalents comprise:

	As at 31.03.2016	(₹ in Lacs) As at 31.03.2015
Cash on Hand	7.37	6.96
Balances with banks		
- Current Accounts	1,789.02	898.59
- EEFC (Exchange Earners' Foreign Currency Account)	1,012.61	37.25
	<b>2,809.00</b>	<b>942.80</b>

## 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

Place : Mumbai  
Date : May 25, 2016

## For and on behalf of the Board

**Partha DeSarkar**  
Chief Executive Officer  
and Manager

**Anil Harish**  
Director  
DIN: 00001685

**Makarand D. Dewal**  
Company Secretary

Place : Mumbai  
Date : May 25, 2016

**Ramkrishnan P. Hinduja**  
Chairman  
DIN : 00278711

**Srinivas Palakodeti**  
Chief Financial Officer

**Rangan Mohan**  
Director  
DIN: 01116821



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 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 differ than these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

### 2.3 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

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. 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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

## 2.5 Impairment of Assets

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

## 2.6 Investments

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

## 2.7 Foreign Currency Translations

### Initial Recognition

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

### Subsequent Recognition

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

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

- Foreign exchange difference relating to the acquisition of a depreciable asset is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

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

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

### Translation of integral and non-integral foreign operations

The company classifies all its foreign operations as either "integral foreign operations or " non-integral foreign operations.

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2016

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

### Forward Exchange Contracts

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

In accordance with its risk management policies and procedures, the 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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.

## (iii) Other Employee Benefits

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

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

## (iv) Termination benefits

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

## 2.10 Taxation

- a. Provision for Income Tax is made after considering exemptions and deductions available under the Income Tax Act, 1961, of India and legal advice from time to time. Provisions for Income Tax in respect of overseas branches are made as per the tax laws applicable to the relevant country.
- b. Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.
- c. Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2016

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

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in other short/ long-term borrowings. The finance charge is charged to the Statement 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 the Guidance Note on Employee Share-based Payments issued by the Institute of Chartered Accountants of India as required by the Securities and Exchange Board of India (Share based employee benefits) regulations, 2014.

### 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.

### 2.15 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 3 Share Capital

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Authorised:</b>		
25,000,000 (Previous Year - 25,000,000) Equity Shares of ₹ 10 each	2,500.00	2,500.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, Subscribed and Paid-up :</b>		
20,729,039 (Previous Year - 20,719,573) Equity Shares of ₹ 10 each, fully paid-up	2,072.90	2,071.96
	<b>2,072.90</b>	<b>2,071.96</b>

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

Particulars	As at 31.03.2016	As at 31.03.2015
Balance at the beginning of the year	20,719,573	20,616,427
Add: Shares issued pursuant to exercise of employee stock options (Refer Note 37)	9,466	103,146
<b>Balance at the end of the year</b>	<b>20,729,039</b>	<b>20,719,573</b>

#### 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.



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

Particulars	As at 31.03.2016	As at 31.03.2015
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	164,512	162,184
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	171,149	166,918

## d. The details of Shareholder holding more than 5%

Name of the Shareholder	As at 31.03.2016		As at 31.03.2015	
	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.73	5,748,541	27.74
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Aasia Exports)	3,424,490	16.52	2,624,490	12.67
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partners of Aasia Corporation)	477,809	2.31	—	—
Amas Mauritius Limited	2,761,427	13.32	2,761,427	13.33

## 4 Reserves and Surplus

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Capital Reserve</b>		
As per last Balance Sheet	—	—
Add/ (Less): Adjustment for the year (Refer Note 41)	38.83	—
	<b>38.83</b>	—
<b>Securities Premium Account</b>		
As per last Balance Sheet	621.43	271.10
Add: Additions during the year on exercise of employee stock options (Refer Note 37)	32.04	350.33
	<b>653.47</b>	<b>621.43</b>
<b>General Reserve</b>		
As per last Balance Sheet	53,294.87	53,294.87
Add: Transfer from Statement of Profit and Loss	—	—
	<b>53,294.87</b>	<b>53,294.87</b>
<b>Hedging Reserve Account</b>		
As per last Balance Sheet	55.56	942.26
Add/ (Less): Adjustment for the year	824.01	(886.70)
	<b>879.57</b>	<b>55.56</b>
<b>Surplus in Statement of Profit and Loss</b>		
As per last Balance Sheet	25,286.18	20,203.96
Add: Profit for the year	11,825.00	11,258.44
Less: Adjustment on account of Depreciation (Net of Deferred Tax of ₹ Nil (Previous Year: ₹ 572.62 Lacs)) (Refer Note 38)	—	1,612.64
Less: Interim Dividend *	2,850.38	3,103.43
Less: Proposed Dividend **	259.11	1,035.98
Less: Dividend Tax (net)	360.96	424.17
	<b>33,640.73</b>	<b>25,286.18</b>
	<b>88,507.47</b>	<b>79,258.04</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

\* For the financial year ended March 31, 2016, the amount of per share dividend distributed to Equity Shareholders was ₹ 5 per share each on August 12, 2015 and November 6, 2015 and was ₹ 3.75 per share on February 9, 2016.

\*\* During the year ended March 31, 2016 and March 31, 2015, the amount of per share dividend proposed as distribution to Equity Shareholders was ₹ 1.25 and ₹ 5, respectively, recognised in respective years.

### 5 Long-term borrowings

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
<b>Secured:</b>		
Term Loan from a Bank	141.00	703.40
- 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.	1,333.48	2,333.44
Long term maturities of Finance Lease Obligations (Secured by hypothecation of assets underlying the lease) (Refer Note 29)	492.20	1,041.79
<b>Unsecured:</b>		
Term Loan from a Bank	1,323.66	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 of December 3, 2014. Interest (at bank's prevailing rate - presently at 3.625%) is payable quarterly in arrears on the outstanding loan balance.		
- Principal amount is repayable in 14 equal quarterly installments commencing at the end of the 3rd quarter from the initial drawdown date of May 26, 2015. Interest (at bank's prevailing rate - presently at 3.625%) is payable quarterly in arrears on the outstanding loan balance.	2,552.24	—
- Principal amount is repayable in 36 equal monthly installments commencing at the drawdown date of May 29, 2015. Interest (at bank's prevailing rate - presently at 5.023%) is payable monthly in arrears on the outstanding loan balance.	88.86	—
	<b>5,931.44</b>	<b>6,037.79</b>

### 6 Long term provisions

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Provision for Employee Benefits (Refer Note 25):		
- Pension	1,268.82	577.18
Other Provision (Refer Note 32)	83.29	83.29
	<b>1,352.11</b>	<b>660.47</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 7 Short-term borrowings

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Secured:</b>		
Loans repayable on demand from banks [Cash Credit]	16,188.24	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)]		
<b>Unsecured:</b>		
Term Loan from a Bank	1,654.23	—
(Principal amount repayable within 90 days after the initial drawdown date February 24, 2016. Interest at 2.9% is payable on maturity)		
	<b>17,842.47</b>	<b>1,608.96</b>

## 8 Trade payables

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note 35)	115.00	3.47
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	7,532.36	6,293.73
	<b>7,647.36</b>	<b>6,297.20</b>

## 9 Other current liabilities

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Current maturities of finance lease obligation (Refer Note 29)	583.30	589.28
Current maturities of long-term debt	3,542.02	2,782.38
Interest accrued but not due on borrowings	28.20	49.20
Unpaid Dividend*	37.28	36.77
Advance from customers	100.28	23.20
Statutory dues including Provident Fund and Tax deducted at Source	1,661.38	1,152.36
Employee benefits payable	3,476.98	2,656.45
Payable for Capital Purchases	3,970.85	4,114.77
Other Payables	373.12	216.16
Purchase consideration payable (Refer Note 41)	170.00	—
	<b>13,943.41</b>	<b>11,620.57</b>

\* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205(C) of the Companies Act, 1956 as at the year-end.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 10 Short term provisions

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Provision for Employee Benefits (Refer Note 25):		
- Compensated Absences	1,687.77	1,214.47
- Gratuity/Pension	1,141.79	804.74
Others:		
- Provision for Fringe Benefit Tax	27.23	22.26
- Proposed Dividend	259.11	1,035.98
- Dividend tax	52.75	210.93
	<b>3,168.65</b>	<b>3,288.38</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 11 FIXED ASSETS A Tangible Assets

(₹ in Lacs)

	Land	Leasehold Land	Buildings	Leasehold Building	Furniture and Fixtures	Vehicles	Office Equipment	Computers	Leasehold Improvements	Total
<b>Owned Assets:</b>										
<b>Gross Block</b>	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 01.04.2014	-	-	-	-	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	-	-	-	-	-	-	-	-	-	-
<b>As at 31.03.2015</b>	<b>100.97</b>	<b>271.17</b>	<b>2,775.78</b>	<b>2,343.02</b>	<b>5,794.53</b>	<b>243.25</b>	<b>3,103.69</b>	<b>19,997.43</b>	<b>15,391.74</b>	<b>50,021.58</b>
Additions during the Year	-	-	-	-	746.64	84.32	478.39	4,089.36	3,318.00	8,716.71
Assets taken over on Business acquisition (Refer Note 41)	-	-	-	-	44.34	-	89.55	818.68	700.66	1,653.23
Deductions	-	-	-	-	(56.58)	-	(45.93)	(152.29)	(71.83)	(326.63)
<b>As at 31.03.2016</b>	<b>100.97</b>	<b>271.17</b>	<b>2,775.78</b>	<b>2,343.02</b>	<b>6,528.93</b>	<b>327.57</b>	<b>3,625.70</b>	<b>24,753.18</b>	<b>19,338.57</b>	<b>60,064.89</b>
<b>Depreciation</b>										
As at 01.04.2014	-	15.00	252.90	250.61	2,132.76	62.36	1,030.53	11,696.05	8,136.18	23,576.39
Charge for the year	-	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	-	-	-	-	(133.53)	(13.98)	(98.14)	(589.22)	(10.32)	(845.19)
<b>As at 31.03.2015</b>	<b>-</b>	<b>17.75</b>	<b>299.27</b>	<b>290.00</b>	<b>3,771.80</b>	<b>88.85</b>	<b>2,701.66</b>	<b>13,102.26</b>	<b>9,656.95</b>	<b>29,928.54</b>
Charge for the year	-	2.75	46.37	39.39	795.56	43.98	222.41	2,728.88	2,730.55	6,609.89
Deductions	-	-	-	-	(47.94)	-	(45.04)	(146.12)	(51.01)	(290.11)
<b>As at 31.03.2016</b>	<b>-</b>	<b>20.50</b>	<b>345.64</b>	<b>329.39</b>	<b>4,519.42</b>	<b>132.83</b>	<b>2,879.03</b>	<b>15,685.02</b>	<b>12,336.49</b>	<b>36,248.32</b>
<b>Assets taken on Finance Lease:</b>										
<b>Gross Block</b>	-	-	-	-	-	-	-	-	-	-
As at 01.04.2014	-	-	-	-	-	-	-	834.05	-	834.05
Additions during the Year	-	-	-	-	-	-	-	371.54	-	371.54
Deductions	-	-	-	-	-	-	-	-	-	-
<b>As at 31.03.2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,205.59</b>	<b>-</b>	<b>1,205.59</b>
Additions during the Year	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-
<b>As at 31.03.2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,205.59</b>	<b>-</b>	<b>1,205.59</b>
<b>Depreciation</b>										
As at 01.04.2014	-	-	-	-	-	-	-	106.97	-	106.97
Charge for the year	-	-	-	-	-	-	-	191.99	-	191.99
Deductions	-	-	-	-	-	-	-	-	-	-
<b>As at 31.03.2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>298.96</b>	<b>-</b>	<b>298.96</b>
Charge for the year	-	-	-	-	-	-	-	160.85	-	160.85
Deductions	-	-	-	-	-	-	-	-	-	-
<b>As at 31.03.2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>459.81</b>	<b>-</b>	<b>459.81</b>
<b>Net Block</b>										
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
As at 31.03.2016	100.97	250.67	2,430.14	2,013.63	2,009.51	194.74	746.67	9,813.94	7,002.08	24,562.35

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2016

### B Intangible Assets

(₹ in Lacs)

	Computer Software	Non Compete fees	Total
<b><u>Owned Assets:</u></b>			
<b>Gross Block</b>			
As at 01.04.2014	3,557.77	143.00	3,700.77
Additions during the Year	1,725.67	—	1,725.67
Deductions	26.37	—	26.37
<b>As at 31.03.2015</b>	<b>5,309.81</b>	<b>143.00</b>	<b>5,452.81</b>
Additions during the Year	2,545.64	—	2,545.64
Assets taken over on Business acquisition (Refer Note 41)	76.55	—	76.55
Deductions	—	—	—
<b>As at 31.03.2016</b>	<b>7,932.00</b>	<b>143.00</b>	<b>8,075.00</b>
<b>Amortisation</b>			
As at 01.04.2014	1,979.13	88.61	2,067.74
Charge for the year	701.87	34.32	736.19
Deductions	0.55	—	0.55
<b>As at 31.03.2015</b>	<b>2,681.55</b>	<b>122.93</b>	<b>2,804.48</b>
Charge for the year	1,289.88	20.07	1,309.95
Deductions	—	—	—
<b>As at 31.03.2016</b>	<b>3,971.43</b>	<b>143.00</b>	<b>4,114.43</b>
<b><u>Assets taken on Finance Lease:</u></b>			
<b>Gross Block</b>			
As at 01.04.2014	341.46	—	341.46
Additions during the Year	429.10	—	429.10
Deductions	—	—	—
<b>As at 31.03.2015</b>	<b>770.56</b>	<b>—</b>	<b>770.56</b>
Additions during the Year	—	—	—
Deductions	—	—	—
<b>As at 31.03.2016</b>	<b>770.56</b>	<b>—</b>	<b>770.56</b>
<b>Amortisation</b>			
As at 01.04.2014	41.58	—	41.58
Charge for the year	115.82	—	115.82
Deductions	—	—	—
<b>As at 31.03.2015</b>	<b>157.40</b>	<b>—</b>	<b>157.40</b>
Charge for the year	105.85	—	105.85
Deductions	—	—	—
<b>As at 31.03.2016</b>	<b>263.25</b>	<b>—</b>	<b>263.25</b>
<b>Net Block</b>			
<b>As at 31.03.2015</b>	<b>3,241.42</b>	<b>20.07</b>	<b>3,261.49</b>
<b>As at 31.03.2016</b>	<b>4,467.88</b>	<b>—</b>	<b>4,467.88</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## C Depreciation/ Amortisation for the year

(₹ in Lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
Tangible Assets	6,770.74	5,204.06
Intangible Assets	1,415.80	852.01
<b>Total</b>	<b>8,186.54</b>	<b>6,056.07</b>

## 12 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2016		As at 31.03.2015	
			Quantity Nos.	Amount (₹ in Lacs)	Quantity Nos.	Amount (₹ in Lacs)
<b>[A]</b>	<b>Non-Current Investments (Valued at Cost):</b>					
	<b>(i) Investment in Equity Instruments:</b>					
	<b>In Wholly Owned Subsidiaries (Long-term, Unquoted and Trade):</b>					
	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
	<b>(ii) Other Non- Current Investments (Long - term, Unquoted and Non -Trade):</b>					
	Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]			1,020.96		803.16
	<b>Aggregate Value of Unquoted Non-Current Investments</b>			<b>43,846.86</b>		<b>43,629.06</b>
<b>[B]</b>	<b>Current Investment (Unquoted) (Valued at lower of Cost and Fair value)</b>					
	<b>Investment in Mutual Funds:</b>					
	PNB Principal Cash Management Fund - Liquid Option - Institutional Plan-Dividend Reinvestment - Daily [N.A.V. per unit - ₹ Nil (Previous Year - ₹ 1,000.32)]	₹1,000	—	—	164	1.64
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan) [N.A.V. per unit - ₹ Nil (Previous Year - ₹ 12.86)]	₹10	—	—	106,670	12.31
	<b>Aggregate Value of Unquoted Current Investments</b>			<b>—</b>		<b>13.95</b>
	<b>Aggregate Value of Unquoted Investments [A]+[B]</b>			<b>43,846.86</b>		<b>43,643.01</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 13 Long-term loans and advances

(Unsecured and Considered Good, unless otherwise stated)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Capital Advances		
- Considered Good	1,036.16	781.96
- Considered Doubtful	23.27	23.27
	<u>1,059.43</u>	<u>805.23</u>
Less: Provision for Doubtful Advances	(23.27)	(23.27)
	<u>1,036.16</u>	<u>781.96</u>
Security Deposits	3,649.67	3,004.77
Loans and Advances to related parties #	5,592.97	5,591.40
Other loans and advances:		
- Balance with Government Authorities	638.09	633.08
- Advance Tax and Tax Deducted at Source [Net of Provision for Tax of ₹ 20,475.45 Lacs (Previous Year - ₹ 15,557.39 Lacs)]	4,018.18	3,930.39
- Fringe Benefit Tax [Net of Provision for Tax of ₹ 9.00 Lacs (Previous Year - ₹ 9.00 Lacs)]	23.73	23.73
- Prepaid expenses	65.90	16.90
- Miscellaneous	3.18	3.21
	<u>15,027.88</u>	<u>13,985.44</u>
<b># Includes receivable from following parties:</b>		
Hinduja Ventures Limited [Refer Note 24(a)(A)(2)]	5,550.00	5,550.00
Hinduja Global Solutions Inc.	42.97	41.40
	<u><b>5,592.97</b></u>	<u><b>5,591.40</b></u>

### 14 Other non-current assets

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Deposits with bank for Margin Money (Under Lien with Banks towards Guarantees issued by them on behalf of the Company)	74.70	68.97
Deposits with maturity exceeding 12 months	—	4.99
	<u><b>74.70</b></u>	<u><b>73.96</b></u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 15 Trade receivables (Unsecured)

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
Debts outstanding for a period exceeding six months from the date they are due for payment:		
- Considered Good	17.86	146.64
- Considered Doubtful	12.99	20.15
	<u>30.85</u>	<u>166.79</u>
Other Debts		
- Considered Good	27,838.59	14,794.44
- Considered Doubtful	—	—
	<u>27,838.59</u>	<u>14,794.44</u>
Less: Provision for Doubtful Debts	(12.99)	(20.15)
	<u><b>27,856.45</b></u>	<u><b>14,941.08</b></u>

## 16 Cash and Bank Balances

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Cash and Cash Equivalents:</b>		
Balances with Banks in:		
- Current Accounts	1,789.02	898.59
- EEFC (Exchange Earners' Foreign Currency Account) [USD 1,530,191 (Previous Year - USD 59,758)]	1,012.61	37.25
Cash on Hand	7.37	6.96
	<u>2,809.00</u>	<u>942.80</u>
<b>Other Bank Balances:</b>		
- Earmarked balance with bank (Unpaid Dividend)	37.28	36.77
- Earmarked balance with bank (Unpaid Employee Bonus)	1.82	1.82
	<u>39.10</u>	<u>38.59</u>
	<u><b>2,848.10</b></u>	<u><b>981.39</b></u>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 17 Short-term loans and advances

(Unsecured, Considered Good unless otherwise stated)

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Security Deposits	1,408.25	201.67
Other loans and advances:		
- Balance with Government Authorities	233.73	33.04
- Employee loans and advances		
- Considered good	304.95	230.07
- Considered doubtful	7.68	7.68
	312.63	237.75
Less: Provision for Doubtful Advances	(7.68)	(7.68)
	304.95	230.07
- Advance to Vendors	988.40	636.54
- Prepaid expenses	887.96	1,006.25
- Others	12.21	—
	<b>3,835.50</b>	<b>2,107.57</b>

## 18 Other current assets

(Unsecured and Considered good unless otherwise stated)

	(₹ in Lacs)	
	As at 31.03.2016	As at 31.03.2015
Unbilled Revenue	16,340.30	9,910.87
Interest Accrued on Deposits	20.02	15.97
Accrual for Mark-to-Market gain on Derivatives [Refer Note 33]	927.40	52.64
Reimbursable Expenses	649.17	620.51
	<b>17,936.89</b>	<b>10,599.99</b>

## 19 Revenue from operations

	(₹ in Lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
<b>Sale of Services:</b>		
Business Process Management	138,288.39	107,040.48
	<b>138,288.39</b>	<b>107,040.48</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 20 Other Income

	(₹ in Lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest Income	31.83	13.75
Dividend Income:		
- From Subsidiaries (Non-current Investment)	1,336.27	1,948.72
- From Others (Current Investment)	0.80	5.64
Profit on Sale of assets	21.22	48.82
Employment Generation Subsidy	—	34.57
Foreign Exchange Gain (Net)	368.54	170.23
Liabilities / Provisions no longer required written-back	8.85	265.25
Provision for Doubtful Debts no longer required written-back	7.16	97.22
Other non-operating income	679.30	198.13
	<b>2,453.97</b>	<b>2,782.33</b>

## 21 Employee Benefit Expense

	(₹ in Lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Salaries allowances and other benefits	79,822.45	61,855.50
Contribution to Provident and Other Funds	5,217.74	3,692.95
Staff Welfare	1,254.75	912.06
	<b>86,294.94</b>	<b>66,460.51</b>

## 22 Finance Costs

	(₹ in Lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Interest on:		
- Term Loan from a Bank	675.84	696.28
- Cash Credit and Others	820.30	874.01
Other borrowing costs	—	4.95
	<b>1,496.14</b>	<b>1,575.24</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 23 Other Expenses

	(₹ in Lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
Power and Fuel	3,822.09	2,994.83
Rent (Refer Note 28)	6,516.51	4,141.42
Repairs and Maintenance - Leased premises	1,416.70	932.89
Repairs and Maintenance - Others	2,708.97	1,576.76
Insurance	205.54	133.46
Rates and Taxes	372.65	262.24
Directors' Sitting Fees	57.50	29.70
Payment to the Auditors:		
- as Auditors [including payment to Branch Auditors ₹ 41.58 Lacs (Previous Year ₹ 27.32 Lacs)]	130.58	102.32
- for other services [including payment to Branch Auditors ₹ 9.22 Lacs (Previous Year ₹ Nil)]	20.22	10.00
- for reimbursement of expenses	3.12	3.30
Connectivity Cost	1,185.32	1,125.95
Advertisement and Business Promotion	229.90	131.97
Communication	834.80	607.34
Travelling, Conveyance and Car Hire Charges	1,055.71	1,116.35
Legal and Professional	3,136.64	2,485.54
Training and Recruitment	2,863.40	1,927.77
Commission	8.33	1.94
Donation	1.86	0.36
Software Expenses	349.79	192.86
Expenditure towards Corporate Social Responsibility (Refer Note 40)	251.63	172.90
Bad Debts/ Advances Written off	15.17	185.30
Less: Provisions for Doubtful Debts/ Advances	—	(149.77)
Provisions for Doubtful Debts/ Advances	—	7.09
Security Expenses	1,371.61	856.76
Asset Written Off	—	3.78
Miscellaneous Expenses	1,175.11	779.97
	<b>27,733.15</b>	<b>19,633.03</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## 24 a) Contingent Liabilities

A) Claims against the Company not acknowledged as debts:

(₹ in Lacs)

Sr. No.	Particulars	As at 31.03.2016	As at 31.03.2015
(i)	Service Tax demand raised by authorities against which appeal has been filed by the Company (Refer Note 1 below)	–	633.08
(ii)	Income Tax demand raised by authorities against which appeal has been filed by the Company	4,654.92	9,607.60
(iii)	ESIC demand raised by authorities	–	329.38
(iv)	Other matters (Refer Note 2 below)	7,173.48	7,173.48

### 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". The Central Excise and Service Tax Appellate Tribunal South Zonal Bench, Bangalore in its final hearing on January 19, 2016 has allowed the appeal on merits in favour of the Company.
- Hinduja Ventures Limited has received income tax demand pertaining to IT/ITES business aggregating ₹7,173.48 Lacs (Previous Year: ₹ 7,173.48 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 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 – ₹ 1,118.88 Lacs (Previous Year - ₹ 523.02 Lacs).
- 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.
  - HGS Mena FZ LLC
  - C-Cubed N.V.
  - Hinduja Global Solutions Europe Limited
  - HGS St. Lucia
  - HGS Colibrium Inc.

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



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

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

### I Defined Contribution Plans

- a) Provident Fund
- b) Superannuation Fund
- c) State Defined Contribution Plans
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employers' Contribution to Employee's Pension Scheme 1995

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

(₹ in Lacs)

	2015 –2016	2014 –2015
Employers' Contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	1,482.15	1,071.54
Employers' Contribution to Superannuation Fund*	1.00	2.17
Employers' Contribution to Employees' State Insurance *	748.30	622.38
Employers' Contribution to Other Employees' Benefit Scheme*	1,696.35	1,321.50

\*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:-

	2015 –2016	2014 –2015
Discount Rate (per annum)	5.76% - 7.38%	6.04% - 7.93%
Rate of increase in Compensation levels	3.00% - 5.00%	3.00% - 5.00%
Rate of Return on Plan Assets	3.00% - 7.38%	6.11% - 7.93%

### A) Changes in the Present Value of Defined Benefit Obligation

(₹ in Lacs)

	2015 –2016		2014 –2015	
	Gratuity	Pension	Gratuity	Pension
	Funded	Funded	Funded	Funded
Balance at beginning of the year	758.87	2,502.43	603.61	2,086.65
Interest Cost	60.18	153.45	52.03	136.04
Current Service Cost	97.28	370.88	79.79	323.55
Benefits Paid [Includes benefits paid and not claimed from plan assets ₹ 7.07 Lacs (Previous Year ₹ Nil)]	(123.27)	(457.30)	(91.51)	(92.52)
Actuarial (gain)/ loss on obligations	283.28	410.61	114.95	48.71
<b>Balance at end of the year</b>	<b>1,076.34</b>	<b>2,980.07</b>	<b>758.87</b>	<b>2,502.43</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## B) Changes in the Fair Value of Plan Assets

(₹ in Lacs)

	2015 – 2016		2014 – 2015	
	Gratuity	Pension	Gratuity	Pension
Balance at beginning of the year	534.31	1,345.07	471.16	1,360.58
Expected Return on Plan Assets	42.37	104.22	40.99	141.21
Contribution to the Plan Assets	254.16	-	151.96	-
Actuarial gain/ (loss) on obligations	(22.78)	(38.07)	(38.29)	(64.19)
Benefits Paid	(123.26)	(450.23)	(91.51)	(92.52)
<b>Balance at end of the year</b>	<b>684.80</b>	<b>960.99</b>	<b>534.31</b>	<b>1,345.07</b>
Actual return on Plan Assets	7.38%	3.00%	7.93%	2.00%

## C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at March 31, 2016

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 57.30% (Previous Year: 68.43%), Cash and Cash Equivalents 17.51% (Previous Year: 15.61%), Corporate Bonds 23.98% (Previous Year: 15.58%) and Others 1.21% (Previous Year: 0.38%) for amounts aggregating ₹ 960.99 Lacs (Previous Year ₹ 1,345.07 Lacs).

## D) Amount recognised in the Balance Sheet

(₹ in Lacs)

	2015 – 2016		2014 – 2015	
	Gratuity	Pension	Gratuity	Pension
	Funded	Funded	Funded	Funded
Present Value of Defined Benefit Obligation as at end of the year	1,076.34	2,980.07	758.87	2,502.43
Fair Value of Plan Assets as at end of the year	684.80	960.99	534.31	1,345.07
<b>Asset/(Liability) recognised in the Balance Sheet</b>	<b>(391.54)</b>	<b>(2,019.08)</b>	<b>(224.56)</b>	<b>(1,157.36)</b>
<b>Recognised under:</b>				
Long-term Provisions (Refer Note 6)	-	1,268.82	-	577.18
Short-term Provisions (Refer Note 10)	391.53	750.26	224.56	580.18

## E) Expenses recognised in the Statement of Profit and Loss

(₹ in Lacs)

	2015 – 2016		2014 – 2015	
	Gratuity	Pension	Gratuity	Pension
	Funded	Funded	Funded	Funded
Current Service Cost	97.28	370.88	79.79	323.55
Interest Cost	60.18	153.45	52.03	136.04
Expected Return on Plan Assets	(42.37)	(104.22)	(40.99)	(141.21)
Net actuarial (gain)/loss recognised in the year	306.06	448.68	153.25	112.90
<b>Total Expenses recognised in the Statement of Profit and Loss**</b>	<b>421.15</b>	<b>868.79</b>	<b>244.08</b>	<b>431.28</b>

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## F) Experience Adjustments

(₹ in Lacs)

	2015 – 2016		2014 – 2015	
	Gratuity	Pension	Gratuity	Pension
On Defined Benefit Obligation – Loss/(Gain)	247.69	291.05	85.33	119.94
On Plan Assets – Loss/ (Gain)	22.78	38.07	38.29	64.19

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

(₹ in Lacs)

Gratuity	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Present Value of Obligation at the end of the year	1076.34	758.87	603.61	568.91	484.18
Fair Value of Plan Assets at the end of the year	684.80	534.31	471.16	435.14	331.16
Surplus/ (Deficit)	(391.54)	(224.56)	(132.45)	(133.77)	(153.02)
Experience Adjustments on Defined Benefit Obligation - Loss/(Gain)	247.69	85.33	68.89	45.30	1.33
Experience Adjustments on Plan Assets - Loss/(Gain)	22.78	38.29	2.15	(4.19)	(2.56)

(₹ in Lacs)

Pension	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Present Value of Obligation at the end of the year	370.88	2,502.43	2,086.65	2,004.02	1,328.66
Fair Value of Plan Assets at the end of the year	153.45	1,345.07	1,360.58	1,500.03	837.12
Surplus/ (Deficit)	(217.43)	(1,157.36)	(726.07)	(503.99)	(491.54)
Experience Adjustments on Defined Benefit Obligation - Loss/ (Gain)	291.05	119.94	225.67	15.29	(35.52)
Experience Adjustments on Plan Assets - Loss/ (Gain)	38.07	64.19	300.12	(263.59)	(52.62)

## H) Expected Contribution for next year

(₹ in Lacs)

	2016-2017	2015 – 2016
Gratuity and Pension Plan	533.61	574.69

III The liability for compensated absences as at March 31, 2016 aggregates ₹ 1,687.77 Lacs (Previous Year – ₹1,214.47 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 27 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. Hinduja Global Solutions Inc., U.S.A.
4. HGS Canada Inc., Canada
5. C-Cubed B.V., Netherlands

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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6. C-Cubed N.V., Curacao
7. Customer Contact Centre Inc., Philippines
8. Hinduja Global Solutions Europe Limited, U.K.
9. Hinduja Global Solutions UK Limited, U.K.
10. HGS France, S.A.R.L
11. HGS (USA), LLC
12. HGS Healthcare (Previously RMT L.L.C., U.S.A.)
13. Affina Company, Canada
14. HGS St. Lucia Ltd, Saint Lucia
15. Team HGS Limited, Jamaica
16. HGS Properties LLC, U.S.A.
17. HGS Canada Holdings LLC, U.S.A.
18. HGS Italy, S.A.R.L
19. HGS EBOS LLC , U.S.A.
20. HGS Mena FZ LLC, U.A.E
21. HGS Colibrium Inc (w.e.f March 26, 2015)
22. HGS Extensya Holdings Ltd (w.e.f November 25, 2015)
23. Extensya Investment Holdings Ltd (w.e.f November 25, 2015)
24. HGS Extensya Cayman Ltd (w.e.f November 25, 2015)

### III Key Management Personnel

Mr. Partha DeSarkar, Chief Executive Officer and Manager

### IV Enterprises where common control exists

1. Hinduja Group Limited
2. Hinduja Ventures Limited
3. IndusInd Media and Communication Limited
4. Hinduja Hosiptal Limited

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

## V Relatives of Key Management personnel

Mr. Pabitra DeSarkar (Father)

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
<b>Rendering of Services</b>				
Hinduja Global Solutions Inc.	92,365.05 [73,283.31]	– [–]	– [–]	92,365.05 [73,283.31]
Others	7,634.03 [5,315.74]	– [–]	250.43 [135.53]	7,884.46 [5,451.27]
<b>Total</b>	<b>99,999.08</b> <b>[78,599.05]</b>	– [–]	<b>250.43</b> <b>[135.53]</b>	<b>100,249.51</b> <b>[78,734.58]</b>
<b>Dividend Income</b>				
HGS International Services Private Limited	1,336.27 [1,948.72]	– [–]	– [–]	1,336.27 [1,948.72]
<b>Total</b>	<b>1,336.27</b> <b>[1,948.72]</b>	– [–]	– [–]	<b>1,336.27</b> <b>[1,948.72]</b>
<b>Other non-operating income</b>				
HGS International Services Private Limited	522.90 [156.86]	– [–]	– [–]	522.90 [156.86]
<b>Total</b>	<b>522.90</b> <b>[156.86]</b>	– [–]	– [–]	<b>522.90</b> <b>[156.86]</b>
<b>Rent Expense</b>				
Hinduja Group Limited	– [–]	– [–]	102.42 [111.45]	102.42 [111.45]
Mr. Pabitra DeSarkar	– [–]	3.66 [3.47]	– [–]	3.66 [3.47]
<b>Total</b>	– [–]	<b>3.66</b> <b>[3.47]</b>	<b>102.42</b> <b>[111.45]</b>	<b>106.08</b> <b>[114.92]</b>
<b>Training and Recruitment Expense</b>				
HGS International Services Private Limited	2,034.40 [706.80]	– [–]	– [–]	2,034.40 [706.80]
<b>Total</b>	<b>2,034.40</b> <b>[706.80]</b>	– [–]	– [–]	<b>2,034.40</b> <b>[706.80]</b>
<b>Consultancy charges</b>				
Hinduja Group Limited	– [–]	– [–]	212.01 [192.50]	212.01 [192.50]
Others	20.95 [–]	– [–]	– [–]	20.95 [–]
<b>Total</b>	<b>20.95</b> <b>[–]</b>	– [–]	<b>212.01</b> <b>[192.50]</b>	<b>232.96</b> <b>[192.50]</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ 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
<b>Remuneration</b>				
Mr. Partha DeSarkar	– [–]	254.44 [302.64]	– [–]	254.44 [302.64]
<b>Total</b>	– [–]	<b>254.44</b> <b>[302.64]</b>	– [–]	<b>254.44</b> <b>[302.64]</b>
<b>Advance Paid to Key Managerial Personnel</b>				
Mr. Partha DeSarkar	– [–]	– [2.15]	– [–]	– [2.15]
<b>Total</b>	– [–]	– <b>[2.15]</b>	– [–]	– <b>[2.15]</b>
<b>Expenses reimbursed to Other Companies</b>				
Hinduja Global Solutions UK Limited	8.27 [13.51]	– [–]	– [–]	8.27 [13.51]
HGS (USA), LLC	11.97 [73.70]	– [–]	– [–]	11.97 [73.70]
Team HGS Limited	36.61 [28.04]	– [–]	– [–]	36.61 [28.04]
HGS Canada Inc.	10.85 [–]	– [–]	– [–]	10.85 [–]
Others	– [11.93]	– [–]	– [–]	– [11.93]
<b>Total</b>	<b>67.70</b> <b>[127.18]</b>	– [–]	– [–]	<b>67.70</b> <b>[127.18]</b>
<b>Expenses reimbursed by Other Companies</b>				
HGS (USA), LLC	132.87 [1.41]	– [–]	– [–]	132.87 [1.41]
HGS Canada Inc.	77.28 [118.38]	– [–]	– [–]	77.28 [118.38]
Hinduja Global Solutions Inc.	114.95 [325.68]	– [–]	– [–]	114.95 [325.68]
HGS International Services Private Limited	31.47 [356.83]	– [–]	– [–]	31.47 [356.83]
Team HGS Limited	10.96 [–]	– [–]	– [–]	10.96 [–]
Hinduja Global Solutions UK Limited	73.00 [–]	– [–]	– [–]	73.00 [–]
HGS Mena FZ LLC	66.54 [–]	– [–]	– [–]	66.54 [–]
Others	– [1.15]	– [–]	5.11 [0.68]	5.11 [1.83]
<b>Total</b>	<b>507.07</b> <b>[803.45]</b>	– [–]	<b>5.11</b> <b>[0.68]</b>	<b>512.18</b> <b>[804.13]</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED MARCH 31, 2016

(₹ 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
<b>Purchase of Fixed Assets</b>				
Hinduja Group Limited	– [–]	– [–]	42.08 [8.70]	42.08 [8.70]
HGS International Services Private Limited	7.80 [46.54]	– [–]	– [–]	7.80 [46.54]
<b>Total</b>	<b>7.80</b> <b>[46.54]</b>	<b>–</b> <b>[–]</b>	<b>42.08</b> <b>[8.70]</b>	<b>49.88</b> <b>[55.24]</b>
<b>Receivable net of payable as at the year-end</b>				
Hinduja Global Solutions Inc.	24,935.75 [16,596.76]	– [–]	– [–]	24,935.75 [16,596.76]
Hinduja Ventures Limited [Refer footnote 2 of Note 24(a)(A) above]	– [–]	– [–]	5,550.00 [5,550.00]	5,550.00 [5,550.00]
HGS (USA), LLC	298.21 [675.74]	[–] –	– –	298.21 [675.74]
HGS Canada Inc.	263.88 [839.20]	[–] –	[–] –	263.88 [839.20]
HGS International Services Private Limited	– [49.38]	[–] –	[–] [–]	– [49.38]
IndusInd Media and Communication Limited	– [–]	[–] –	66.00 [159.61]	66.00 [159.61]
HGS Mena	439.14 [297.02]	[–] –	– –	439.14 [297.02]
HGS EBOS LLC	702.81 [–]	[–] –	[–] [–]	702.81 [–]
Others	214.25 [155.05]	[–] [2.50]	17.69 [–]	231.94 [157.55]
<b>Total</b>	<b>26,854.04</b> <b>[18,613.15]</b>	<b>–</b> <b>[2.50]</b>	<b>5,633.69</b> <b>[5,709.61]</b>	<b>32,487.73</b> <b>[24,325.26]</b>
<b>Payable net of Receivables as at year-end</b>				
Customer Contact Centre Inc.	3,075.72 [3,122.56]	– [–]	– [–]	3,075.72 [3,122.56]
HGS International Services Private Limited	298.72 [–]	– [–]	– [–]	298.72 [–]
Others	– [–]	– [–]	5.43 [5.50]	5.43 [5.50]
<b>Total</b>	<b>3,374.44</b> <b>[3,122.56]</b>	<b>[–]</b> <b>[–]</b>	<b>5.43</b> <b>[5.50]</b>	<b>3,379.87</b> <b>[3,128.06]</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ 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
<b>Redemption of Preference Shares</b>				
HGS International Services Private Limited	– [1,200.00]	– [–]	– [–]	– [1,200.00]
<b>Total</b>	– <b>[1,200.00]</b>	– [–]	– [–]	– <b>[1,200.00]</b>
<b>Investments in Equity Shares at the year end</b>				
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]
<b>Total</b>	<b>42,825.90</b> <b>[42,825.90]</b>	– [–]	– [–]	<b>42,825.90</b> <b>[42,825.90]</b>

Notes:

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

## 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 (Refer Note 23)
	Due within one year	Due later than one year and not later than five years	Due after five years	
Office Premises	6,390.26 [4,236.69]	23,635.17 [12,710.05]	21,765.96 [10,718.49]	6,516.51 [4,141.42]

Figures in bracket pertain to the previous year.

## 29 Finance Leases

Minimum lease payments as at year end.

(₹ in Lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
Present Value	1,075.50	1,631.07
Finance Charge	65.27	141.11

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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	583.30 [589.28]	492.20 [1,041.79]	– [1,631.07]
Finance Charges	47.21 [79.77]	18.06 [61.35]	– [141.12]
<b>Total</b>	<b>630.51</b> <b>[669.05]</b>	<b>510.26</b> <b>[1,103.14]</b>	<b>–</b> <b>[1,772.19]</b>

### 30 Earnings per Equity Share (Basic and Diluted)

	2015-2016	2014-2015
Profit After Tax (₹ in Lacs)	11,825.00	11,258.44
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,725,427	20,659,888
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A.	<b>20,725,427</b>	<b>20,659,888</b>
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	28,637	108,301
No. of shares for Diluted Earnings per share	<b>20,754,064</b>	<b>20,768,189</b>
Nominal Value of an equity share (₹)	10	10
Earnings per share (Basic) (₹)	<b>57.06</b>	<b>54.49</b>
Earnings per share (Diluted) (₹)	<b>56.98</b>	<b>54.21</b>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

(₹ in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>A Deferred Tax Liability (Net)</b>		
<b>Deferred Tax Liability</b>		
Depreciation on Fixed Assets	(737.66)	—
<b>Deferred Tax Asset</b>		
Expenses disallowed u/s 43B of the Income-tax Act, 1961		
- Gratuity	135.50	—
- Compensated Absences	335.25	—
Provision for doubtful debts/ advances	12.55	—
<b>Total Deferred Tax Liability (Net)</b>	<b>(254.36)</b>	<b>—</b>
<b>B Deferred Tax Asset (Net)</b>		
<b>Deferred Tax Liability</b>		
Depreciation on Fixed Assets	—	(877.31)
<b>Deferred Tax Asset</b>		
Expenses disallowed u/s 43B of the Income-tax Act, 1961		
- Gratuity	—	730.62
- Compensated Absences	—	222.34
Provision for doubtful debts/ advances	—	15.03
Others	69.56	13.06
<b>Total Deferred Tax Asset (Net)</b>	<b>69.56</b>	<b>103.74</b>

## 32 Provisions - Others

(₹ in Lacs)

Particulars	Litigations/ Disputes
Opening Provision	83.29 [83.29]
Add: Additional provision during the year	— [—]
Less: Provision utilised/ reversed during the year	— [—]
<b>Closing Provision (Refer Note 6)</b>	<b>83.29</b> <b>[83.29]</b>

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, 2016

### 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	78,250,000	Sell	87	54,270.92
		[79,250,000]	Sell	[85]	[51,811.13]

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

(₹ in Lacs)

Particulars	2015-2016	2014-2015
Mark-to-market gains	927.40	52.64

#### 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	79,426	76.27
	[25,024]	[23.71]
SGD	4,974	2.18
	[4,974]	[2.18]
CAD	—	—
	[1,139,275]	[560.17]
USD	22,207,894	14,757.31
	[2,958,847]	[2,053.01]

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 ₹ (879.55) Lacs [Previous Year: ₹ (55.56) Lacs].

The losses/(gain) on ineffective portion recognized in the Statement of Profit and Loss that arises from cash flow hedges amounts to ₹ (47.85) Lacs (Previous Year: ₹ 2.92 Lacs).

Gains and losses recognized in the hedging reserve in equity (Note 4) on forward foreign exchange contracts as of March 31, 2016 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	2015-2016	2014-2015
Business Process Management	47,200.81	42,462.23

#### b) Expenditure in Foreign Currency:

(₹ in Lacs)

Particulars	2015-2016	2014-2015
Foreign Travel (including allowances)	63.51	127.76
Others	90.41	73.97

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

c) **Value of Imports calculated on CIF basis:**

(₹ in Lacs)

Particulars	2015-2016	2014-2015
Capital Goods	215.33	277.20

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

(₹ in Lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	115.00	3.47
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
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	0.05	—
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

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 2015-16	18	2,781,132	382.40
Final Dividend for the financial year 2014-15	18	2,781,132	139.06
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]

Figures in bracket pertain to remittance in the previous year.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 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.
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 <sup>th</sup> of the options granted will vest on the first anniversary of the grant date.  - 1/3 <sup>rd</sup> of the options granted will vest on the second anniversary of the grant date.  - 1/2 of the options granted will vest on the third anniversary of the grant date.	Options to vest over a period of three years from the date of their grant as under:  - 1/6 <sup>th</sup> of the options granted will vest at the end of one year from the grant date.  - 1/6 <sup>th</sup> of the options granted will vest at the end of 18 months from the grant date.  - 1/6 <sup>th</sup> of the options granted will vest at the end of 24 months from the grant date.  - 1/4 <sup>th</sup> of the options granted will vest at the end of 30 months from the grant date.  - 1/4 <sup>th</sup> 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 <sup>th</sup> 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 <sup>th</sup> 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 grant date.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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	130.28
September 29, 2014	17,500	649.25	Nil	175.56
November 6, 2015	42,095	471.00	Nil	119.54

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	128.79
September 29, 2014	3,500	649.25	Nil	174.69
November 6, 2015	42,095	471.00	Nil	116.23

@ 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

c) The details of options granted/ re-granted are as follows:

Particulars	ESOP 2008		ESOP 2011	
	2015-16	2014-15	2015-16	2014-15
Outstanding at the beginning of the year	162,184	155,580	166,918	227,236
Granted during the year	42,095	–	42,095	–
Re-granted during the year	–	49,300	–	49,600
Lapsed during the year	34,901	22,356	33,264	27,112
Exercised/ Allotted during the year	4,866	20,340	4,600	82,806
Outstanding at the end of the year	164,512	162,184	171,149	166,918
Exercisable at the end of the year	44,380	30,508	83,539	90,798
Range of exercise price for options outstanding at the end of year	₹ 285.05 - ₹ 649.25	₹ 285.05 - ₹ 649.25	₹ 340.25 - ₹ 649.25	₹ 340.25 - ₹ 649.25
Weighted Average share price at the date of exercise	471.00	601.86	471.00	601.86
Weighted Average remaining life in years	0.50	1.43	0.33	1.34

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher/ (lower) by ₹ 28.62 Lacs (Previous Year - ₹ (83.11) Lacs), Profit After Tax and the basic and diluted earning per share would have been lower/ (higher) by ₹ 28.62 Lacs (Previous Year - ₹ (83.11) Lacs) and Re. 0.14 (Previous Year - Re. (0.40)), respectively.

- 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 ₹ 458.60 Lacs (Previous Year: ₹ 362.68 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.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

- Gross Amount required to be spent by the Company during the year : ₹ 251.63 Lacs

- Amount Spent during the year on:

Sr. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(i)	Construction/acquisition of any asset	–	–	–
(ii)	On purpose other than (i) above	251.63	–	251.63

- 41** Effective September 1, 2015, the Company has acquired a significant portion of the domestic BPO business from Mphasis Limited and its wholly owned subsidiary Msource India Private Limited, for an aggregate consideration of ₹ 1,700 Lacs (including payable towards vendors liability of Mphasis Limited and Msource India Private Limited - ₹ 94.26 Lacs). The details of the same are given below:

(₹ in Lacs)

Particulars	Mphasis Limited	Msource India Private Limited	Total
Fixed Assets	1,083.53	646.26	1,729.78
Others	4.59	4.45	9.05
<b>Net Assets Acquired</b>	<b>1,088.12</b>	<b>650.71</b>	<b>1,738.83</b>
Less : Purchase consideration paid/payable			1,700.00
<b>(Capital Reserve)/ Goodwill (Refer Note 4)</b>			<b>(38.83)</b>

The difference, being the excess of net assets acquired over the consideration paid/ payable is disclosed as Capital Reserve (Refer Note 4).

- 42** In view of the acquisition noted in Note 41 above, the figures of the current year are not strictly comparable year with figures of the previous year.
- 43** 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 25, 2016

**For and on behalf of the Board**

**Partha DeSarkar**  
Chief Executive Officer  
and Manager

**Anil Harish**  
Director  
DIN : 00001685

**Makarand D. Dewal**  
Company Secretary

Place : Mumbai  
Date : May 25, 2016

**Ramkrishan P. Hinduja**  
Chairman  
DIN : 00278711

**Srinivas Palakodeti**  
Chief Financial Officer

**Rangan Mohan**  
Director  
DIN : 01116821

# CONTACT US...

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## **Registered Office: Mumbai**

Hinduja House,  
171, Dr. Annie Besant Road, Worli,  
Mumbai 400 018  
Tel: +91-22-2496 0707  
Fax: +91-22-2497 4208

## **Corporate Headquarters: Bangalore**

Corporate Office, 1st Floor, Gold Hill Square Park,  
#690, Bommanahalli, Hosur Road,  
Bangalore. PIN - 560068. India  
Tel: +91-80-4643 1000

## **Canada:**

HGS Canada Inc. Metropolitan Place, 99 Wyse Road,  
Suite 1300, Dartmouth, NS B3A 4S5  
Tel: +011-902-629-3240

## **Philippines:**

5th Floor HGS Corporate Offices,  
1800 Eastwood Avenue Building,  
Eastwood City Cyberpark, Bagumbayan,  
Quezon City, 1110 Philippines  
Tel: (+632) 434-5300

## **UAE**

#305, Building 3, Dubai Internet City,  
PO Box 500165, Dubai, United Arab Emirates  
Tel: +971 4 2776880

## **United Kingdom:**

250 Gunnersbury Avenue, Chiswick, London, W4 5QB  
Tel: +0044-845 1949295

## **United States of America:**

4933 Lincoln Avenue, Suite 5, Lisle, IL 60532  
Tel: +001-309-229-2856

## **Email:**

**Business Enquiry:** [marketing@teamhgs.com](mailto:marketing@teamhgs.com)

**Careers:** [careers@teamhgs.com](mailto:careers@teamhgs.com)

**Investor Related:** [investor.relations@teamhgs.com](mailto:investor.relations@teamhgs.com)





# A GLIMPSE OF HGS' PRESENCE GLOBALLY



CANADA



Liverpool



Pembroke

INDIA



Bangalore



Nagercoil

PHILIPPINES



Alabang



Iloilo

UK



London



Preston

US



Waterloo



Peoria





A full-page photograph of golfer Anirban Lahiri walking on a lush green golf course. He is wearing a blue polo shirt with the HGS logo, white trousers, and a patterned belt. He is carrying a white and red HGS golf bag with his name 'ANIRBAN LAHIRI' and the Indian flag on it. The background shows a line of trees.

## HGS Brand Ambassador Anirban Lahiri

Asia's No.2 and India's No.1 Golfer

“ I believe that the key factors for consistent success on the golf course are adaptability, innovation and execution. It is therefore an honor to represent HGS, which has exemplified these traits in the BPM industry through the years. As I continue to grow in my career, I look forward to partnering with HGS in its journey to achieve the next level of aggressive growth globally. ”



CIN: L92199MH1995PLC084610

### Registered Office

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

**Tel:** +91 22 2496 0707 | **Fax:** +91 22 2497 4208 | **Email:** investor.relations@teamhgs.com | **Web:** www.teamhgs.com