

August 31, 2019

BSE Limited  
Corporate Relation Dept.  
P. J. Towers, Dalal Street  
Mumbai 400 001.

**Scrip Code : 532859**

National Stock Exchange of India Ltd.  
"Exchange Plaza",  
Bandra Kurla Complex, Bandra (East)  
Mumbai - 400 051.

**Symbol : HGS**

Dear Sirs,

**Sub: Annual Report for FY 2018-19**

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit here with a copy of Annual Report for FY 2018-19 of the Company along with Notice of the Twenty Fourth Annual General Meeting of the Members of the Company to be held on Saturday September 28, 2019.

The same is available on the Company's website - [www.teamhgs.com](http://www.teamhgs.com)

Kindly take the same on record.

Thanking you.

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



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

Encl : a/a

**HINDUJA GLOBAL SOLUTIONS LIMITED.**

Corporate Office: Gold Hill Square Software Park, No. 690, 1st Floor, Hosur Road, Bommanahalli, Bengaluru - 560 068. India. Telephone: 91-80-4643 1000 / 4643 1222.  
Regd. Office: Hinduja House, No. 171, Dr. Annie Besant Road, Worli, Mumbai - 400 018. India. Telephone: 91-022-2496 0707, Fax: 91-22-2497 4208, Website: [www.teamhgs.com](http://www.teamhgs.com)

Corporate Identity Number: L92199MH1995PLC084610



**HGS**

**INNOVATION LED BY  
PEOPLE AND TECHNOLOGY**



## INNOVATION LED BY PEOPLE AND TECHNOLOGY

In today's dynamic business environment, people are what differentiate an organization in the market. The key intangible, TeamHGS – made up of 42,000+ employees globally – plays a big role in intelligently integrating human knowledge and expertise with technology innovation, led by AI, social care, analytics and automation, to drive a high-performance experience, and in turn organizational success for HGS.

In this edition of the annual report, we showcase how our people are leveraging business innovation to help brands engage customers via traditional and digital channels and provide the ideal customer experience – getting the right answer fast.

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## SHRI PARMANAND DEEPCHAND HINDUJA

FOUNDER - HINDUJA GROUP

- WORK TO GIVE
- ACT LOCAL, THINK GLOBAL
- ADVANCE FEARLESSLY
- WORD IS A BOND
- PARTNERSHIP FOR GROWTH

The five principles, distilled from the lifetime experiences of the Founder of Hinduja Group, Late Shri Parmanand D. Hinduja, serve as an inspiration for the business-specific values of HGS, which create a synergy of professional management and entrepreneurship.

## 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



# HGS AT A GLANCE

A global leader in business process management (BPM) and optimizing the customer experience lifecycle, HGS is helping make its clients more competitive every day. HGS combines technology-powered services in automation, analytics and digital with domain expertise focusing on back office processing, contact centers and HRO solutions to deliver transformational impact to clients. HGS takes a true “globally local” approach, with our employees making a difference to some of the world’s leading brands across nine key verticals.

## HGS’ Presence

Optimizing the Customer Experience... helping our Clients become More Competitive



\*\* The company began in 2000 as HTMT; In 2006, the company restructured the BPM division as Hinduja Global Solutions (HGS). The company has made multiple acquisitions, some of whom have been operating since 1973.

# HGS AT A GLANCE

Business Transformation &  
Digital solutions account for

**7.3%** of our revenue

**52%** of our revenue comes  
from the Healthcare vertical

**237 core BPM** clients...

**656 HRO** and **F&A** clients

**17,500+** Health+CARE professionals supporting  
critical interactions from Quotation to Care Management

**13,680+** employees went through HGS' Ready Now training  
program across India, Philippines, North America and Jamaica in FY 2019

**42,190**  
employees globally...

**1,100+**  
Nurses employed

**3,900+**  
HRO/ payroll processing advisors

**900+**  
Digital experts

Global diversity ratio at HGS:

**51%** Women employees

**49%** Male employees

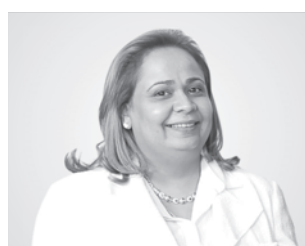
# BOARD OF DIRECTORS

Hinduja Global Solutions Limited



Mr. Ramkrishan P. Hinduja

Chairman



Ms. Shanu S. P. Hinduja

Co-Chairperson



Ms. Vinoo S. Hinduja

Director



Mr. Anil Harish

Independent Director



Mr. Rajendra P. Chitale

Independent Director  
(Up to July 02, 2019)



Mr. Rangan Mohan

Independent Director  
(Up to July 02, 2019)



Mr. Yashodhan M. Kale

Director



Mr. Pradeep Mukerjee

Independent Director

## CHAIRMAN'S MESSAGE

Dear Shareholders,

For the year ending March 2019, your Company booked global revenues of \$689 million, with a team strength of 42,190 and 893 clients; up from \$597 million in revenues a year ago, with 44,265 employees and 826 clients.

Hinduja Global Solutions was the brainchild and initiative of the Hinduja Group Chairman S.P. Hinduja and began as a division of Hinduja TMT Limited before being demerged into a separate entity in 2006, with annualized revenues of about \$117 million and under 10 thousand employees. This growth has been possible largely due to your Company's ability to deliver critical business needs consistently for the world's leading corporations. A prerequisite for which has been a track record of independence from the Group and its other portfolio companies. As a result, HGS enjoys "Preferred Partner" status with many of its clients.

We have grown both organically and inorganically, focusing on the 'ROC' (Right Shore, One Experience and Collaborative Approach) strategy and providing our clients with the advantages of a global footprint. However, market disruptions faced by our clients also demand accelerating digital transformation solutions which require innovation to be the priority of your company. Hence, the theme of this year's Annual Report: "**Innovation led by People and Technology**". These initiatives aim to optimize cost of

delivery and maximize outcomes with a bespoke approach for each client. A second key aspect of the strategy is to expand capabilities, especially where strong competitive positions exist. FY '19 began with two acquisitions to meet these strategic objectives.

HGS has a strong competitive position in the administrative areas of the healthcare industry, including claims processing, revenue cycle management, product management and payment integrity. The acquisition of AxisPoint Health in clinical services represents a larger opportunity. Clinical processes such as Care Management are increasingly being outsourced in an expanding market. Your management found an interesting opportunity to make an acquisition to enhance its capability in Care Management at an attractive valuation, where expectation of losses in the initial years was part of the overall cost, and would have otherwise taken years of effort to develop organically. The short-term impact of this acquisition was the main reason for an 11.9% drop in EPS in FY '19.

We are committed to research and development for automation capabilities. As a result, HGS has built a portfolio of digital services to improve productivity and effectiveness of services for our customers and provide new competitive solutions. To accelerate this, we acquired a majority interest in Element Solutions, enhancing product and market facing capabilities. HGS revenues

“ We are committed to research and development for automation capabilities. As a result, HGS has built a portfolio of digital services to improve productivity and effectiveness of services for our customers and provide new competitive solutions. ”



from digital services, including organic revenues, accounted for 7.3% of total revenues for FY '19, up from 2.9 % three years ago. These initiatives are critical for us to stay ahead of the curve in a globally disruptive marketplace. Hence, we have recruited a seasoned executive as Chief Innovation Officer to scale innovations.

HGS continues to be recognised with accolades from industry bodies and independent agencies for its accomplishments. CEO of HGS, Partha DeSarkar, was recently appointed the Chairperson of NASSCOM BPM Council for 2019-21 and a NASSCOM Executive Council Member. As Chair of BPM Council, Partha will help drive the Indian BPM industry agenda by steering the ecosystem, provide thought leadership enabling digitalization for the BPM economy and identify the priorities for the Industry and steer execution of the same. This appointment speaks for itself and is a reflection of the capacity and accomplishments of the TeamHGS leadership.

Your Company has adopted the highest global standards for creating an equal opportunity diverse workplace environment with the inspiration and guidance of your Co-Chairperson Ms. Shanu S. P. Hinduja, who represents her father, S. P. Hinduja, on our Board. This initiative has focused not only on increasing the percentage of women in the workforce, but also on creating a safe environment and facilitating leadership development for the women in TeamHGS. Your management team has successfully launched a special leadership development program for women, branded as Agrima. The Sanskrit word means 'in the front' or 'the leader'. The percentage of women in our team has increased from 42% to 51% over the last three years. Agrima aims to increase the percentage of women among middle and senior management ranks. Women currently have a one-third representation on the Board and your Company aspires to increase that further.

HGS has been run in an independent manner and with the highest standards of professionalism by its executives and continues to be inspired by the principles of P. D. Hinduja, founder of the Hinduja Group, whose life experiences have proven to be extremely relevant for the success of your Company. I wish to convey my sincere gratitude to the Group Chairman, S. P. Hinduja, for his support, guidance and vision during the significant growth of your

Company. The advice and unequivocal support of Co-chairperson Ms. Shanu S. P. Hinduja has been invaluable and she brings irreplaceable perspective regarding the vision and values that form the foundation of your Company. The indispensable deep insight of the healthcare industry brought forth by our Director Ms. Vinoo S. Hinduja has been vital to our significant position in this space. I would also like to thank Mr. Y. M. Kale, member of the Board for his contributions, as well as the other members of the Hinduja Group and Family, in particular the Chairman Emeritus of HGSL, A. P. Hinduja.

A very special thanks and our sincere appreciation go to the two independent directors whose term ended in July 2019. Both Mr. Rajendra P. Chitale and Mr. Rangan Mohan were members of Nomination & Remuneration, Audit and CSR committees. Additionally, Mr. Rangan Mohan chaired the Shareholder Relationship & Share Allocation Committee and was a member of the Committee of Directors. Your Board immensely benefited from their advice.

We are very grateful to have the input, counsel and time commitment of our independent directors Mr. Anil Harish and Pradeep Mukerjee for the value they bring to the Board, while keeping the interests of independent shareholders and the Company at the top of their agendas.

On behalf of the Board and the Company, I wish to express our appreciation to all our shareholders and other stakeholders for placing their trust in us. Recognition is deserved by the CEO and the rest of TeamHGS for continuing to build a strong customer focused organization.

**Yours sincerely,**



**Ramkrishnan P. Hinduja**  
**Chairman**

**August 23rd, 2019**

# CEO'S MESSAGE

“ Today, we are transforming ourselves to disrupt the market and to make our clients even more competitive. In this age of automation and data, we are leveraging what we believe is a true differentiator for us – our People and the Innovation that they create. ”



**Partha DeSarkar**  
Chief Executive Officer

Dear Shareholders,

I am pleased to state that HGS has continued its double-digit growth path with a strong performance in FY 2019. The growth was primarily driven by our North American market, with both US and Canada registering very healthy growth rates. Growth in UK and India have been a bit muted, but we expect that to catch up in the coming year. On an overall basis, a very satisfying year of growth for the business.

Today, technology is the strongest driving factor of all the change happening across businesses. The pace of adoption is unprecedented and multiple new technologies are being developed. But it is just one element of the change. The more interesting part is how technology is reshaping the way enterprises do business – toward becoming more agile and data-driven. The objective is not to just keep the business relevant but to differentiate oneself to the consumer. It is here that we are partnering with our clients to bring in bespoke solutions that impact their businesses positively.

**HGS 2.0 – Solution provider at heart. Customer first in practice.**

Over our 40+ years of existence, we have adapted to the various cycles of change that occurred during

this period and reinvented ourselves each time. The key to this success has been our unrelenting focus on the client and their customers. Today, we are transforming ourselves to disrupt the market and to make our clients even more competitive. In this age of automation and data, we are leveraging what we believe is a true differentiator for us – our People and the Innovation that they create.

We are focusing on:

- Performance: By growing the company aggressively
- Preparedness: By adopting technology-led solutions
- Future-proofing: By strengthening the foundation – new capabilities and new skills

HGS is seeing significant progress from our strategy of people + technology and investments.

Strong Growth: Here are some financial and business highlights of FY 2019:

- We reported a robust topline growth due to sustained client demand. Overall revenue stood at Rs 48,167 million (\$689 million), a double-digit increase of 25.1% YoY in INR terms and 11.3% in constant currency terms.

# CEO'S MESSAGE

- However, we saw a decline in profitability and margins, caused due to the losses seen in some of our businesses like AxisPoint, UK and India Domestic.

With these businesses showing significant improvement as we closed the year, we believe that the new fiscal will show better profitability numbers.

HGS posted a good performance across most of our operating geographies, especially the US, Canada, India International and the Philippines. Healthcare contributed 52% of the overall revenue in the year, led by a strong open enrolment season. We have focused on growing specific verticals such as retail, consumer, telecom & technology outside India, BFSI, government and logistics. Many of our new wins and expansions with existing clients in the second half of FY 2019 were in fact from these verticals, which is a healthy sign and a consequence of investing in strengthening our sales team and beefing up our capabilities.

I am also pleased with how our India Domestic business has shown positive green shoots after two consecutive years of struggles. We consciously decided to diversify our client mix and focus on fast-growing segments like financial services. The strategy to consolidate operations by shrinking footprint, exiting unprofitable accounts and rationalizing headcount has seen the share of financial services revenues in our India domestic almost double this year.

*HGS' Board has recommended a final dividend of Rs. 2.50 per share for Q4, bringing the total dividend to Rs.10 per share for FY 2019.*

Preparedness and Future-proofing: HGS has been investing in developing deep expertise in specific focus verticals and building solutioning capabilities. We have set up Centers of Excellence (CoEs) such as the CoE for Intelligent Automation in Bangalore and CoE for Logistics in Jacksonville (Florida), investing

in deeper client mining and focusing on new high-growth areas like cloud, analytics and digital. The profile of employees is beginning to change too. We are now hiring business analysts, data scientists, medical coders, AI and automation experts, social media agents, etc., as well as reskilling our existing workforce to meet the changing needs of clients.

In FY 2019, HGS identified two areas as fast-growing and critical to participate in – population health management (PHM) and digital services. We acquired two companies: CMH Services Subsidiary LLC, USA – operating under the trade name of AxisPoint Health (100%) and Element Solutions LLC, USA (57% stake).

- The services offered by HGS have traditionally been in administrative segment of healthcare sector. The acquisition of AxisPoint Health has enabled us to offer services in the medical cost management segment. This is about four times larger than the administrative segment. The acquisition has given HGS access to AxisPoint's powerful analytics capabilities. This includes predictive intelligence and advanced care management models that help organizations accurately identify the health needs of members to improve outcomes while reducing medical costs. While there have been some initial challenges to profitability at AxisPoint, the strategic rationale for this remains strong and we are confident of turning things around soon.
- The acquisition of Element Solutions has helped HGS foray into the area of digital marketing and cloud services. While HGS has traditionally been in customer care, Element helps us to support clients in the area of customer acquisition too... hence covering the full spectrum of customer journey.

The two acquisitions have tied in well with our strategy for business transformation (BT) and innovation solutions. Our stated goal is to be a true partner to our clients in their journey of digitization. I

# CEO'S MESSAGE

believe we are making significant progress on this front. Business transformation and digital revenues as a share of total revenues increased from 4% in FY 2018 to over 7.3% in FY 2019.

However, the impact of our technology-led solutions shouldn't be seen in just financial terms but also in terms of how we are steadily evolving into a high value services provider as we cross-leverage various capabilities. Our conversations with clients are redefining traditional engagements toward new business models, focus on outcomes and a more collaborative approach. A majority of the new deals we are signing today incorporate services delivered by a combination of people and technology, with automation and bots becoming a norm.

HGS is well placed to take advantage of this trend. Our go-to-market strategy emphasizes building on technology partnerships with leading platform providers in RPA, social care solutions, cloud and analytics, etc. At the same time, we are committed to upskill our people constantly.

During FY 2019, HGS also has focused on training a significant part of the operations team at HGS through its 'Ready Now' initiative, covering technical, functional and soft skills. Over 13,600 participants went through the program across India, Philippines, North America and Jamaica. Add the 17,400 employees who had undergone this training in the previous year, almost 75% of the organization has now been upskilled to meet the changing demands of the new marketplace.

HGS had one of its best years in terms of clients. We added 21 new clients across verticals for core BPM services and 20 for HRO/ payroll processing. We also expanded or renewed our relationships with 23 existing clients. As of 31st March, 2019, HGS had 237 core BPM clients and 656 HRO/Payroll processing clients.

## Innovation led by People and Technology

The theme for this year's Annual Report is **'Innovation led by People and Technology.'** As HGS sees it, we are leveraging our people capital and technology innovation to intelligently deliver value for clients and making a difference to millions of lives each day. We are their strategic partner in their growth story. With a client base of several Fortune 1000 companies in our fold, we feel confident of the future growth path we have charted for ourselves.

Finally, I would like to thank all our stakeholders - the 42,000-strong TeamHGS family, clients and our shareholders – for your continued support to HGS.

Yours sincerely,



**Partha DeSarkar**

Chief Executive Officer

Hinduja Global Solutions (HGS)

August 23<sup>rd</sup>, 2019

# MANAGEMENT TEAM



**Partha DeSarkar**

Global CEO



**Srinivas Palakodeti**

Global Chief Financial Officer



**Makarand Dewal**

Company Secretary



**Pushkar Mishra**

CEO & President, HGS Philippines



**Ramesh Gopalan**

President - Global Healthcare  
and Head of India Business



**Sridhar Krishnamurthy**

CEO, HGS MENA



**Adam Foster**

CEO, HGS Europe



**Tim Schuh**

President, Operations, North America  
and Global Business Excellence



**Thomas Hricik**

President – Business Development,  
North America



**B. N. Narasimha Murthy**

President - Jamaica and  
Latin America



**Anthony Joseph**

President, Global Human Resources



**S. Mahadevan**

Executive Vice President – Legal,  
Compliance and Secretarial



**Subramanya C**

Global Chief Technology Officer



**Natarajan Radhakrishnan \***

Global Chief Innovation Officer



**Shilpa Sinha Harsh \***

Sr. Vice President - Global Corporate  
Communications, CSR and D&I

Notes: \* Since February, 2019

# INNOVATION LED BY PEOPLE AND TECHNOLOGY

## What HGS does



### Consumer Engagement Solutions

Optimize your consumer journey with solutions that create memorable moments and enable an effortless experience.



Engage



Buy



Bill



Care



Repair



Retain



### Business Process Optimization

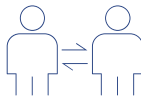
Run operations efficiently and cost effectively by optimizing front and back office processes.



Back office



Human Resource Outsourcing



B2B Sales



### Digital Innovation

With a strong competence in automation and analytics, achieve breakthrough digital transformation.



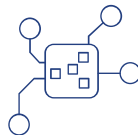
Channel Expansion



Analytics



Automation



Digital Marketing

# INNOVATION LED BY PEOPLE AND TECHNOLOGY

## Impact created for some of our clients

### Technology



Achieved 97% issue resolution rate using **Self Help**

### Travel and Hospitality



Sold over \$65M in tickets, using **Voice** and sales training

### Automotive



Converted 80% of **SMS** contacts to Leads for auto shopping site

### Consumer Goods



Increased sales by 40% using **Chat** for cart abandonment

### Healthcare



Recovered \$140M using **Automation** and **Clinical Expertise**

### Public Sector



Improved collections by 43% using **Retention Strategy Effort**

### Retail and eCommerce



Saved \$1.4M in 3 months using AI & Automation for **Social Media**

### Financial



Reduced payroll cycle time by 65% using **HRO**

### Telecom



Achieved a 90% FCR by **Process Re-Engineering**



# CLIENT SUCCESS STORIES OF HOW WE ARE LEVERAGING OUR PEOPLE AND TECHNOLOGY TO DRIVE TRANSFORMATION

## Employing Clinical Process Outsourcing to Drive Down Medical Costs for Major Payer

One of the world's largest healthcare payers works closely with brokers and consultants to develop innovative programs, help individuals and families improve their health, well-being and sense of security, and lower their medical costs. This payer approached HGS about controlling member medical costs – a scope that today includes case management, medical necessity review and level of care assessments.

### How We Do It

HGS' Case Management solution aims to drive toward two key client and member outcomes: improving population health and reducing costs.

We support this client in engaging with customers for the following conditions: Neonatal ICU patients, Chemotherapy/radiation therapy patients, Cardiac rehab and Expecting mothers/maternity patients. Our 500 (140 U.S.-certified) nurses educate members as to how nurse case managers can assist the member/patients on providing alternate medium of treatment/ secondary opinion. Care associates work with members, who have had high dollar claims in the past, to minimize future claims, with preventive coaching on how to improve and monitor health, where to go for medical services, and how to ensure productive visits

### The Impact – Higher enrollment into case management

Increased Case Management Referrals from

**7% to 48%,** thus significantly reduced the medical cost of those members.

## Delivering Best in Class Social Customer Care for a Fortune 500 quick-service restaurant

A Fortune 500 quick service restaurant in the US wanted to up their social media game toward actionable engagement. Like most top consumer-facing companies, the client receives millions of social media mentions a month but not all of it requires a response from the brand. With such large volumes, how do you filter through the noise to find actionable and engageable posts? And thereafter, how do you build on it to connect and create relationships with consumers.

### How We Do It

HGS' solution brought together people, partners, expertise, process, tools, AI, automation and analytics to address the client's challenges and transform their digital CX play. The primary objective was to create an emotional connection with consumers. We built a well-trained team of 30 social care agents who work as brand ambassadors for the client, leveraging a customized Social Customer Care Playbook with best practices. This team provides monitoring, engagement, insights and analytics (in English and Spanish) on the following social media sites: client's National and Corporate Facebook Page, Twitter handles and Instagram as well as over 14,000 Local Restaurant Facebook Pages.

### The Impact – Actionable engagement

**4 million** engagements tagged and reviewed in just the first year

Achieved **150,000 likes,** shares and comments from our responses

**2X** faster response time due to content prioritization

**\$1.2 million** in cost savings by filtering **10% more** non-actionable posts and tagging via enhanced automation

## CLIENT SUCCESS STORIES OF HOW WE ARE LEVERAGING OUR PEOPLE AND TECHNOLOGY TO DRIVE TRANSFORMATION

### Delivering Design Thinking to Reduce Costs for a Technology Client Partner

An IT company signed up with HGS as an outsourcing partner for Robotic Process Automation (RPA) as a service, as it was facing issues in its procurement and sales process and wanted to expedite the process and increase efficiency. This organization also had a goal to reduce their support cost as well as imbibe the culture of digital transformation through new age technology to help in bringing in process efficiency and optimize costs.

#### How We Do It

HGS used design thinking to fast track the project and provide customized, tailor-made back-office automation solutions to improve the efficiency of their processes. A team of 12 technology experts support the project and the processes were optimized through HGS' automation, using bots to scale the process to support beyond the regular 8/5 timing and process more work accurately in a day. The smart automation solution not only simplified the process but also provided better capacity with round the clock support and improved the turnaround time..

#### The Impact – Dramatic savings

Automated **60+** processes and cite **25%** to **50%** cost savings across various automations

### Solution Innovation to reduce cost of service for Home Improvement Products Client

HGS has been providing a leading home improvement and building products company with customer care support for its rapidly growing faucet line. In perfect step with the client's own innovation, HGS introduced the client to today's CX solutions, such as a video CX platform and HGS SOCIAL, in perfect alignment with this client's evolving marketing needs.

#### How We Do It

HGS' solution leverages video support technology designed to optimize customer care support, to better identify product issues and support troubleshooting. Using a mobile app, customers can show agents a live visual of the problem via the customer's smartphone or tablet camera. With the help of a lens-enabled CX agent, customers resolve their product issues faster. With the support app, or alternatively photos taken and texted, HGS is able to get a better view and understanding of a product issue and communicate more effectively with customers. For example, annotating photos to indicate where a product issue is occurring.

#### The Impact – Reduced cost of service

**129** interactions avoided per month for potential cost containment

Significantly reduced cost of service by improving first-call resolution (FCR), better average handle time (AHT), lower product return rates and improved CSAT

# INDUSTRY RECOGNITION

At HGS, we have great stories to tell – be it the way we proactively deliver value and innovation to our clients every day or the way we engage with our employees... many of which have been recognized by external organizations. In FY 2019, HGS was honored with several awards and accolades, some of which are mentioned below:

B2B Innovation  
**Winner**



Best Multi - Channel  
Customer Service  
of the Year  
**Winner**



**CRM Excellence**  
**TMC**  
**2018**  
CRM Excellence Award  
**Winner**

**Best in Biz**  
AWARDS

**Consumer Service**  
of the Year 2018  
International

**NASSCOM®**

Customer Service Excellence  
Award 2018 in  
Transformation Category

**CUSTOMER**  
2018  
EXPERIENCE INNOVATION  
AWARD

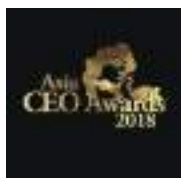
Customer Experience  
Innovation Award

14th Annual  
**Customer Contact West:**  
A FROST & SULLIVAN EXECUTIVE MIND/CHANGE

**Frost & Sullivan Award** - 2018 Work Hard,  
Play Hard Award for Excellence in Company Culture

**hrsummit 2018**  
Dec 14- 15, 2018 | Bangalore, India.

Great HR Practices Award



**Circle of  
Excellence  
Winner**

- Expat Executive of the Year
- Wellness Company of the Year

**CSR** CORPORATE SOCIAL  
RESPONSIBILITY  
SUMMIT & AWARDS

**Winner in**

- CSR Project of The Year
- Stakeholder Engagement



Innovative HR  
Practices Award

**TOP 125**  
2019 WINNER

2019 Training Top 125  
**Winner**



Population Health  
Management/  
Patient Engagement  
Solutions

**TOP RANKING  
PERFORMERS**  
IN THE CONTACT CENTER WORLD  
CONTACT CENTER WORLD

Best Use of  
**Self Service**  
Technology (Americas)

# ANALYST RECOGNITION



- Named in Everest Group BPS Top 50 List 2018 for the fourth year in a row (June 2018)
- “Major Contender” in Everest Group Contact Center Outsourcing Service Provider Landscape with PEAK Matrix Assessment 2018 (June 2018)



- HFS Top 10 Front Office Customer Engagement Operations Services 2019 – Top Provider for Voice of the Customer, Vision and Innovation
- HFS Top 10 Healthcare Services 2018 – Top Provider for Size & Experience: BPM services



- Asia Pacific Top 15 status in the Booming 15 Sourcing standouts In ISG Outsourcing Index for Q4 2018 in The ISG Index™ Global Sourcing and As-a-Service Market Insights Fourth Quarter and Full Year 2018
- Americas Top 15 status in the Booming 15 Sourcing standouts In ISG Outsourcing Index for Q3 2018, Q2 2018
- “Product Challenger” in ISG Provider Lens™ Contact Center/Customer Experience Services 2019 Sneak Preview(December 2018)
- “Leader” in ISG Provider Lens - Social Business and Collaboration Quadrant report - Social Media Consulting and Managed Services



“A Leader” in Digital CX Services NEAT -  
 Cost Optimization & CX Improvement & Overall (Sept 2018)

# WHAT OUR CLIENTS SAY ABOUT US

HGS takes pride in providing a superior and seamless customer experience to our clients globally. A good indicator of the value we provide is from their constructive feedback gained through customer dialogue.

## US Fortune 100 Healthcare Insurance Company

HGS has exhibited a tremendous commitment to our success. The team knows our business well and continuously comes to us with the next tracks to go forward and emerging solutions. HGS not only provides a cost reduction back to the client organization but we have seen more solutions and automation ideas coming in, which is great. I met with many associates in Jamaica recently and asked them how they liked working for HGS and why... everyone had positive things to say; engagement seems to be a focus.

### Director - Customer Service

Delivery - India, Jamaica, Philippines and US



## Leading Global Retailer

HGS gives us legendary customer care on social! This has been an easy working relationship... The team has been supportive and responsive as needed. We have teamleads who really understand our processes and understand what is needed. Adjustments are made in real time and I appreciate the team's willingness to try new things and their constant partnership.

### Senior Manager - Customer Service

Delivery - US



## Leading FMCG Company in the US

HGS has a very dedicated team that's invested in the success of our project! Led by a strong front and middle management, the team is extremely knowledgeable about our programs and products, and demonstrates a strong desire to succeed and help others. They continuously show a willingness to evaluate new processes to improve customer service and overall client business.

### Director - Vendor Management

Delivery - US



## US Healthcare Plan Provider Company

I view HGS as a strategic partner, who is partnering with me to grow the business and optimize performance for long-term value. Their USP is that the team understands my business, and proactively offers suggestions and solutions for improvements.

### Senior Director

Delivery - India and Philippines



## Leading Airline Company in India

Absolutely fantastic and well-calibrated unit. Has never shied away when given any task. The team is open to feedback and candid in sharing their viewpoint as well as being very powerful implementors. Absolutely trusted and collaborative!

### Head - Customer Experience & Contact Center Operations

Delivery - India



## Leading Bank in Jamaica

HGS has a strong depth of technical and operational expertise in customer experience and call center management, which we are leveraging to meet our business objectives.

### Director

Delivery - Jamaica



# WHAT OUR CLIENTS SAY ABOUT US

## Leading Telecom Retailer in the UK

Our partnership continues to be exceptionally strong, with the HGS team working in collaboration with us. The associates have a high level of understanding of our core values and products and help deliver the best for us and our customers. We would not hesitate to recommend HGS as an outsourcing partner... They consistently deliver and exceed everything we expect them to do.

**Head - Customer Care**

Delivery - UK



## Top Automotive Retailer Company in the US

The HGS team's preparedness and willingness to bring challenging conversations to the fore are a big win for the account, and we work to own and overcome problems together. HGS understands how highly we prioritize quality. We feel that we share the same goals for the business and are looking to have the same transparent and honest relationship that we need to be successful.

**Vendor Manager**

Delivery - US



## Leading Consumer Products Company in the US

HGS acts with a sense of urgency to support its business partner's needs. The team approaches obstacles with a can-do attitude and is very receptive to feedback, and shares the same values as us, which is a huge plus.

**Consumer Support Manager**

Delivery - US



## Canada's Leading Cable Company

HGS clearly understands the relationship and is able to respond quickly to the changing needs of our business. Apart from its open door policy and honest communication, I appreciate the awesome change management practices put in place and feedback given around process improvement opportunities. Great people that share our values and a good culture match!

**Manager - Call Center Operations**

Delivery - Canada



## Leading Public Sector Company in the UK

We feel our campaign is benefitting from the genuine and open partnership, which we have jointly, to further develop and improve the customer service. The leadership team makes things easy to deal with, and has a willingness to listen to and take feedback on board as well as suggest new ideas.

**Account Manager**

Delivery - UK



## US Healthcare Plan Provider Company

The HGS team is incredibly fast to respond to our needs.....always with a 'we can make that happen attitude'! I really enjoy working with the team. The knowledge and ideas they bring to the table strengthens both parties.

**Services Manager**

Delivery - India



## Leading Consumer Products Company

HGS is a contact center business partner who adds high value to our business!

**Manager**

Delivery - Philippines



# OUR COMMUNITY INITIATIVES

HGS' CSR philosophy is **Work to Give for a Better Tomorrow**. We aim to create a better future through our CSR corporate programs across education, skill development and healthcare as well as significant employee volunteering activity. Here's a view of our overall effort and initiatives.

## EDUCATION

HGS has undertaken a number of projects to increase literacy levels, ensure health and nutrition of children, and to promote holistic education through infrastructure repair, sports and technology facilitated learning. We have partnered with: Plan India (International) to provide adequate school facilities and remedial education to 5,800 students, YUVA Unstoppable for providing Smart Class technology to 3,800 children, The Akshaya Patra Foundation to serve 10,000 mid-day meals each day at government schools, and with Magic Bus India Foundation for the Childhood to Livelihood program.



## SKILL DEVELOPMENT

HGS focuses on empowering marginalized youth by providing them with the opportunity to learn market driven skills and achieve financial independence. We have partnered with Magic Bus India Foundation to provide employability skills training to 1,320 underserved youth between the ages of 17-25. We have also set up a capacity centre model to train 300 persons with disability (PwDs) with NASSCOM Foundation.



# OUR COMMUNITY INITIATIVES

## HEALTHCARE

Healthcare projects undertaken by HGS include providing holistic tuberculosis care, safe drinking water to the underprivileged, making healthcare accessible for all and promoting preventive healthcare practices. In association with Jaldhaara Foundation, we have set up three Water Health centers that provide safe drinking water to 1,00,000 people in Bangalore. We have also partnered with Hinduja Hospital on two projects: deployed an Advanced Mobile Healthcare Unit (AMHU) to provide essential healthcare free of cost to people in remote tribal areas of Jawhar, Maharashtra, and undertaken a project to diagnose and cure Multidrug-resistant TB for 150 patients who are unable to afford the treatment.



## EMPLOYEE VOLUNTEERING

HGS' employees continue to make an impact to the communities we operate in through their significant volunteering work. Our current programs are tailored to focus on the four causes that resonate with the ethos of our company– education, health, skill development for the underserved youth and persons with disabilities (PwDs). In FY 2019, over 7,650 employees volunteered more than 42,100 hours by participating in 533 events.



# OUR COMMUNITY INITIATIVES

Here's a glimpse of our CSR activities from around the geographies we operate in.

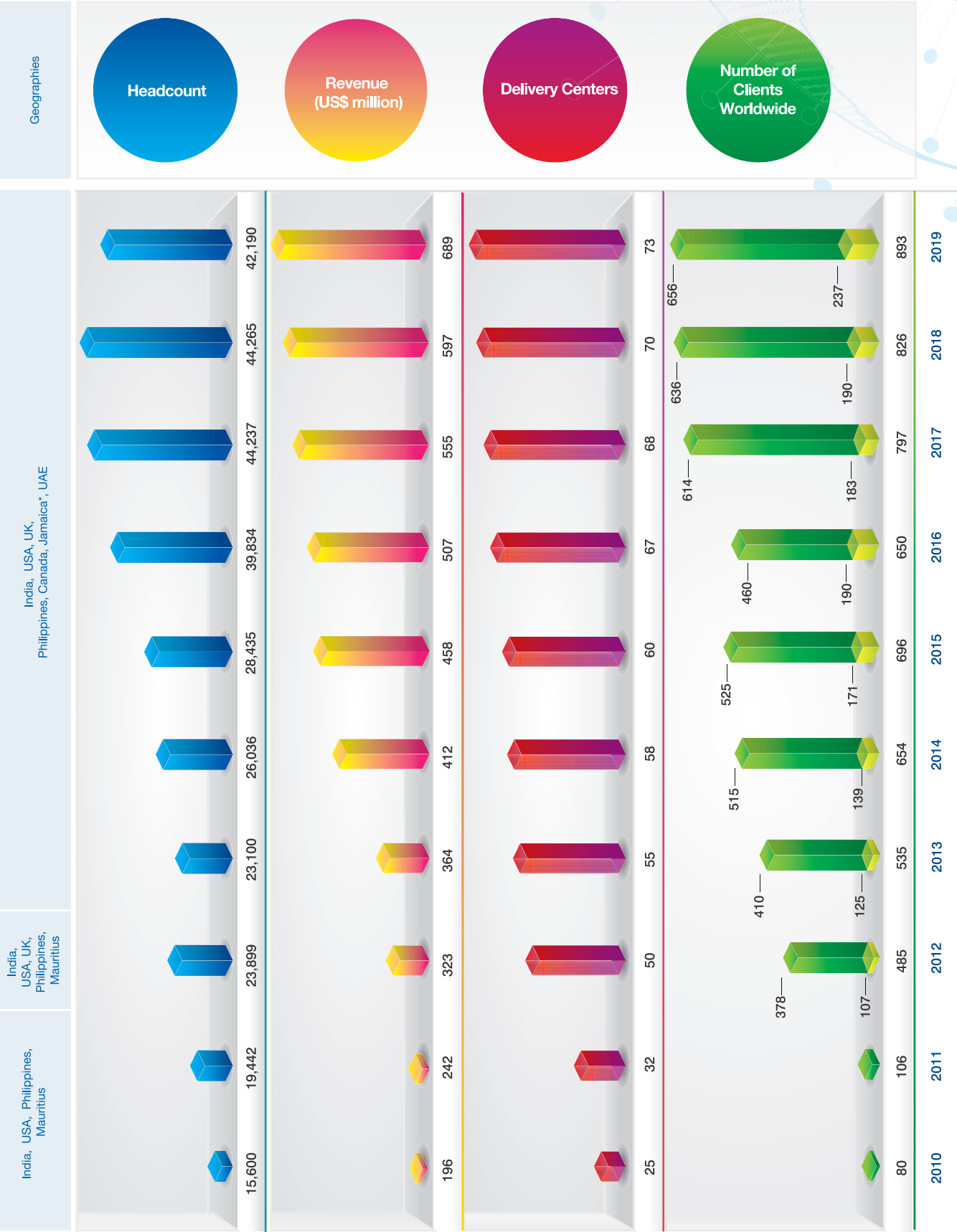


# ENGAGING OUR EMPLOYEES

It's not all work at HGS... we ensure that our young workforce has a lot of fun along with work and training through the year. Here's a snapshot of some of the fun activities organized by our teams.



# 10 YEARS OF GROWTH

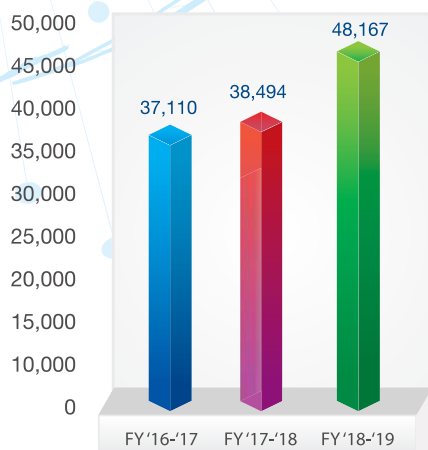


# FINANCIAL & GENERAL HIGHLIGHTS

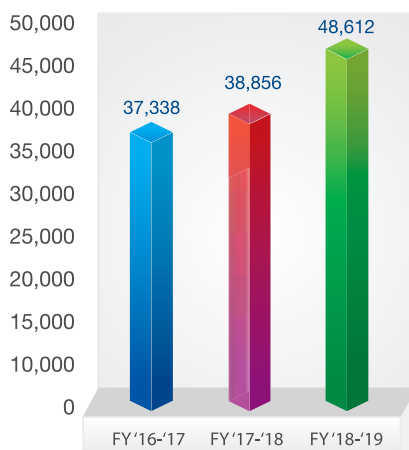
FY'16-'17

FY'17-'18

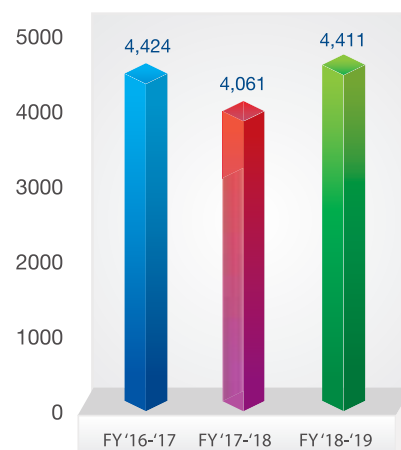
FY'18-'19



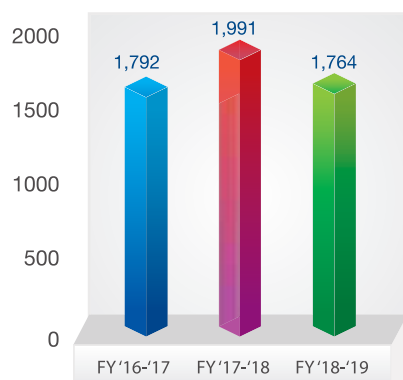
Operating Revenue (₹ million)



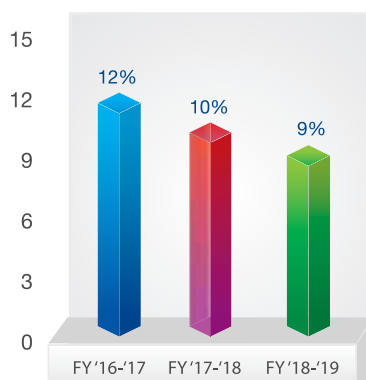
Total Revenue (₹ million)



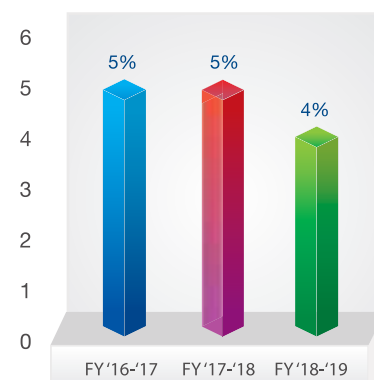
EBITDA (₹ million)



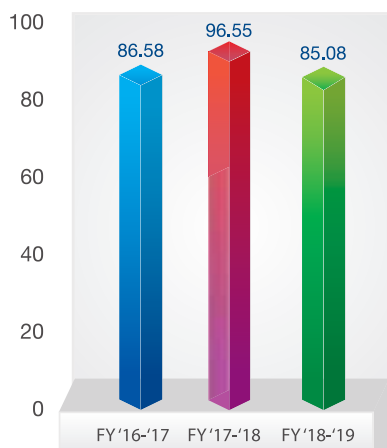
PAT (₹ million)



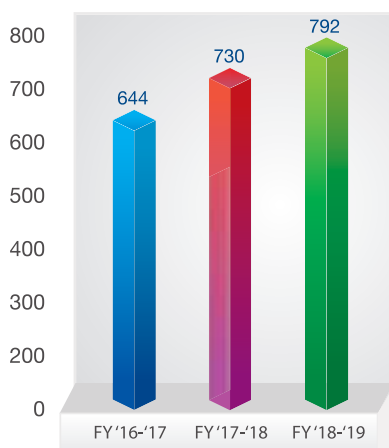
Operations Profit/Total Revenue



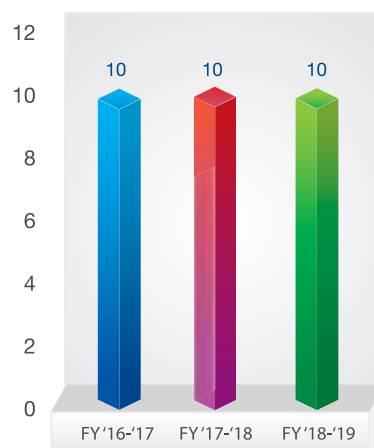
PAT/Total Revenue



Basic EPS (in ₹)



Book value per share (in ₹)

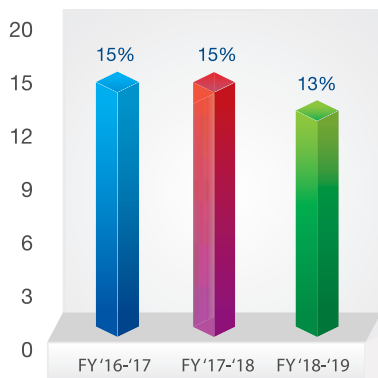


Dividend per share (in ₹)

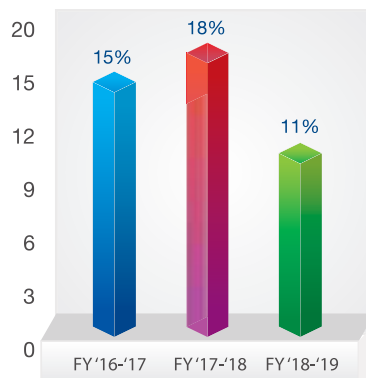
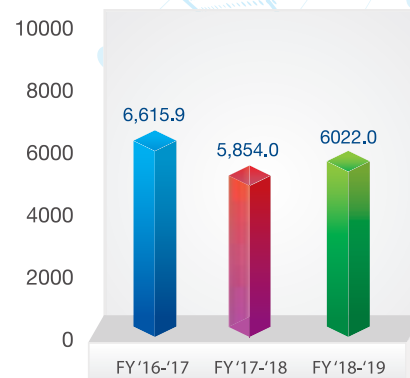
Note: FY 2018 numbers have been recast and presented on account of the merger of HGS International Services Private Limited with Hinduja Global Solutions Limited.

# FINANCIAL & GENERAL HIGHLIGHTS

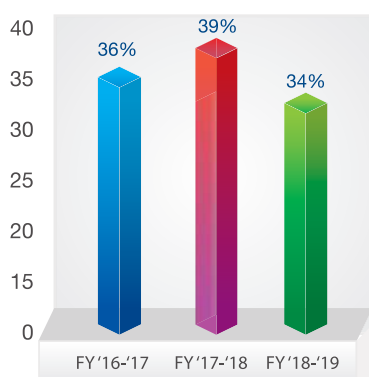
■ FY'16-'17 ■ FY'17-'18 ■ FY'18-'19



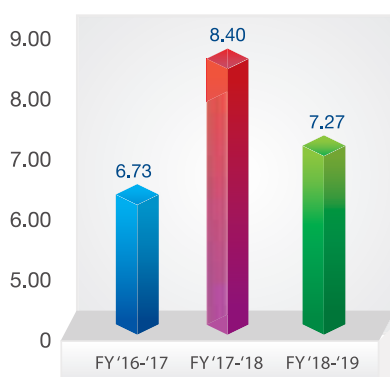
ROCE (PBIT/Av. Capital Employed)

Cash and Bank Balances/  
Total Assets

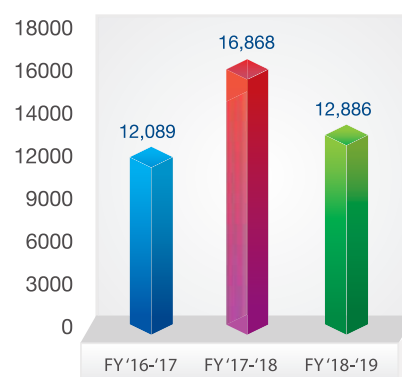
Total Gross Debt (₹ million)



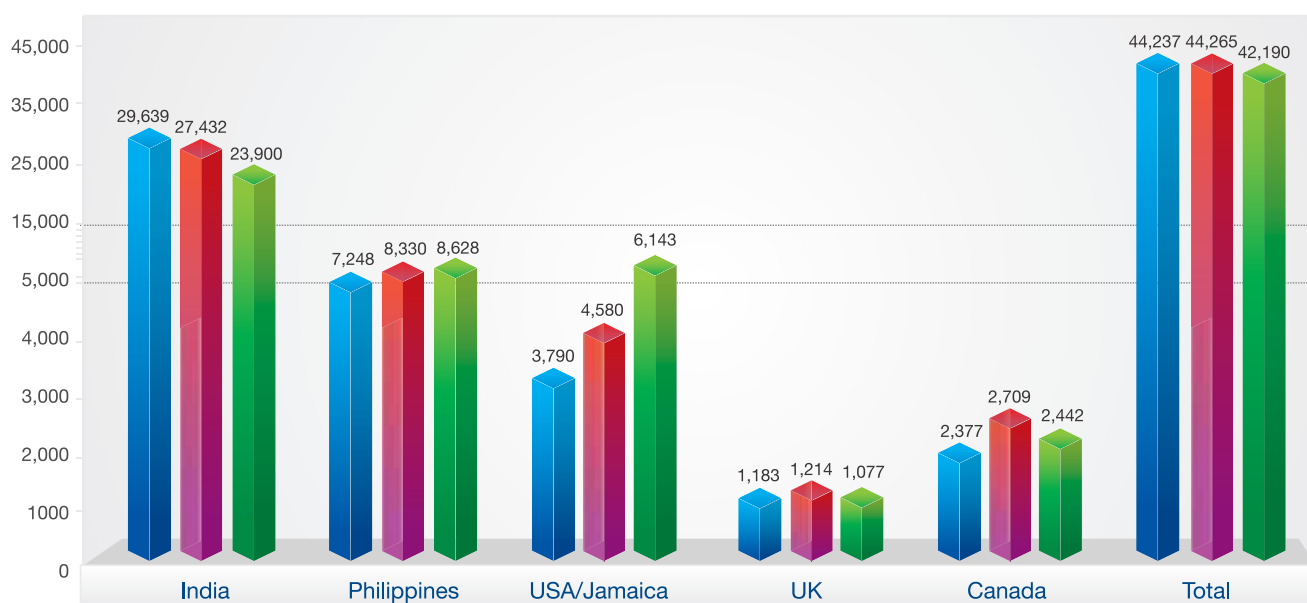
Capital/Output Ratio



Year end Price/Earnings Ratio



Market Capitalisation (₹ million)

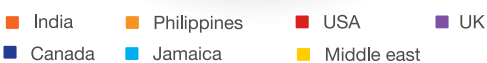
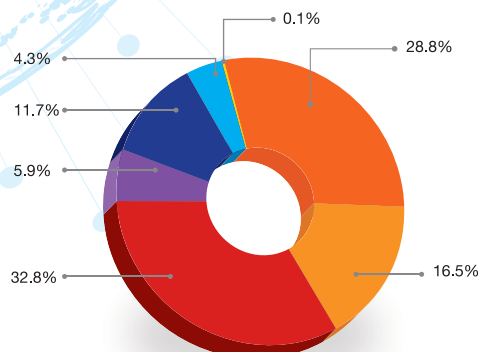


Headcount - by Geography

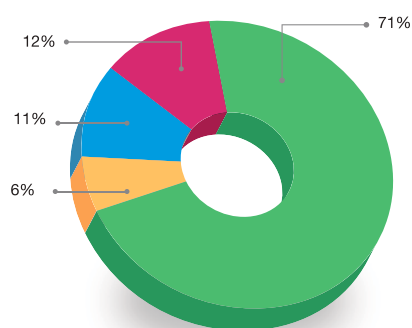
Note: FY 2018 numbers have been recast and presented on account of the merger of HGS International Services Private Limited with Hinduja Global Solutions Limited.

# FINANCIAL & GENERAL HIGHLIGHTS

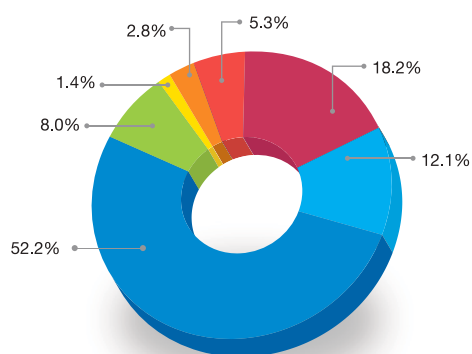
Revenue Split - by Delivery Location



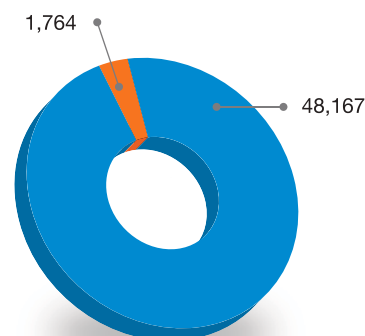
Revenue Origination by Geography



Revenue Split - by Vertical

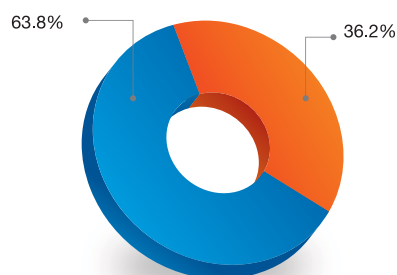


Revenue & Net Profit (₹ Million)

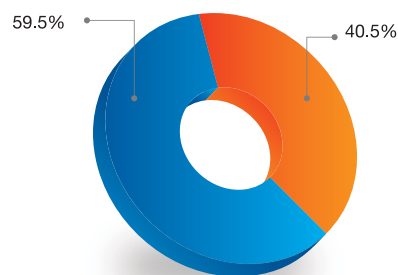


Client Concentration

FY '17-'18



FY '18-'19

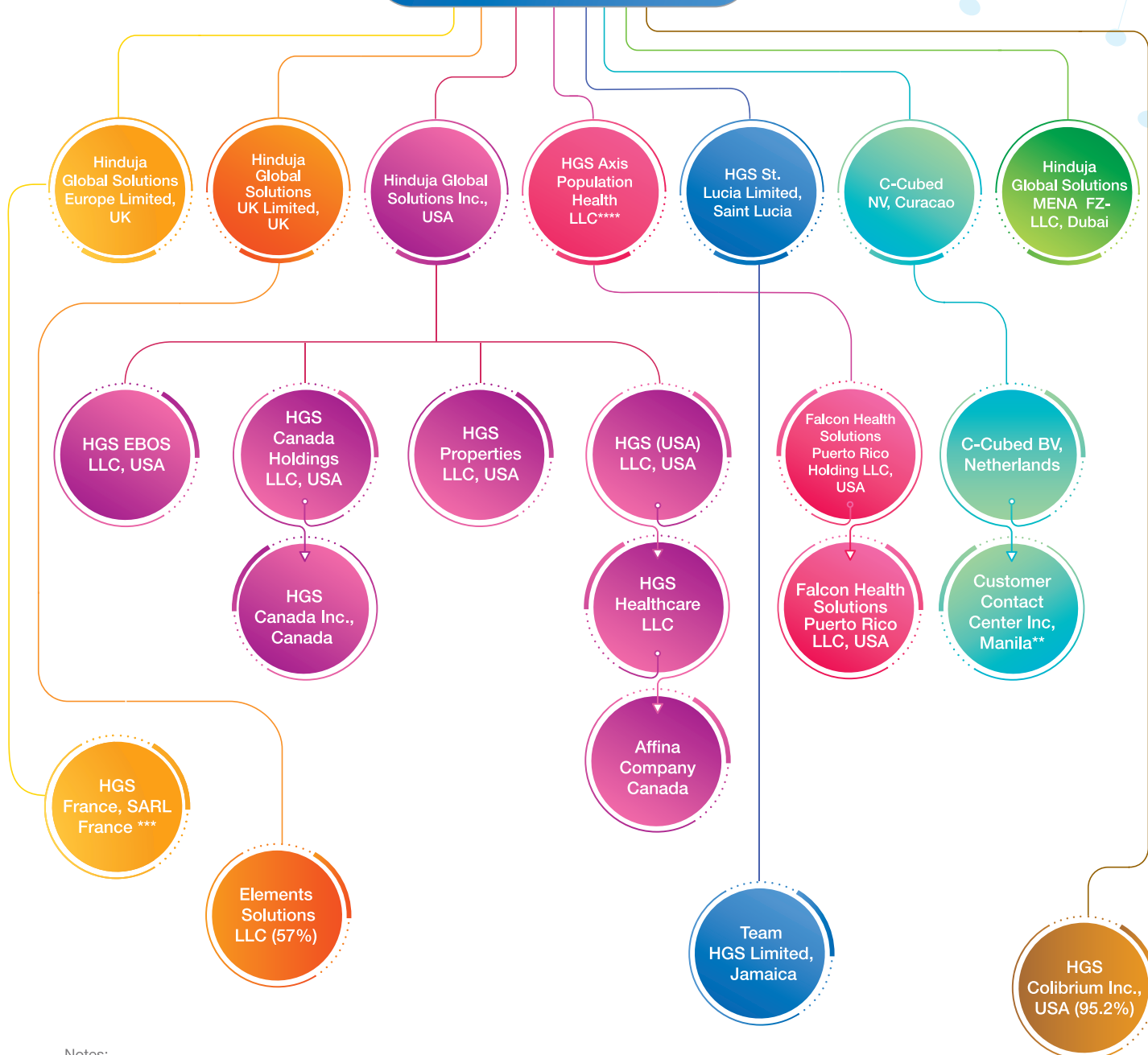


Note: FY 2018 numbers have been recast and presented on account of the merger of HGS International Services Private Limited with Hinduja Global Solutions Limited.

# HOLDING STRUCTURE

**HINDUJA GLOBAL SOLUTIONS LIMITED, INDIA\***  
BRANCH IN PHILIPPINES

**HGS INTERNATIONAL,  
MAURITIUS**



Notes:

\* "HGS International Services Private Limited, India" merged with Hinduja Global Solutions Limited effective August 1, 2018

\*\* Liquidated effective April 3, 2018

\*\*\*Under Liquidation

\*\*\*\* Effective July 23, 2018, "HGS Population Health, LLC" was merged into "CMH Services Subsidiary, LLC." On August 2, 2018, the name of "CMH Services Subsidiary, LLC" has been changed to "HGS AXIS Point Health, LLC."

# GENERAL INFORMATION

## HINDUJA GLOBAL SOLUTIONS LIMITED

### Chairman Emeritus

Ashok P. Hinduja

### Board of Directors

Ramkrishan P. Hinduja – Chairman  
Shanu S. P. Hinduja – Co-Chairperson  
Vinoos S. Hinduja  
Anil Harish  
Rajendra P. Chitale (Upto July 02, 2019)  
Rangan Mohan (Upto July 02, 2019)  
Yashodhan Madhusudan Kale  
Pradeep Mukerjee

### Audit Committee

Anil Harish – Chairman  
Ramkrishan P. Hinduja  
Rajendra P. Chitale (Upto July 02, 2019)  
Rangan Mohan (Upto July 02, 2019)  
Pradeep Mukerjee (From May 30, 2019)

### Stakeholders Relationship and Share Allotment Committee

Rangan Mohan – Chairman (Upto July 02, 2019)  
Ramkrishan P. Hinduja  
Shanu S. P. Hinduja  
Vinoos S. Hinduja  
Pradeep Mukerjee (From May 30, 2019)

### Nomination and Remuneration Committee

Anil Harish – Chairman  
Ramkrishan P. Hinduja  
Shanu S. P. Hinduja  
Rajendra P. Chitale (Upto July 02, 2019)  
Rangan Mohan (Upto July 02, 2019)  
Pradeep Mukerjee (From May 30, 2019)

### Corporate Social Responsibility Committee

Anil Harish – Chairman  
Ramkrishan P. Hinduja  
Vinoos S. Hinduja  
Rajendra P. Chitale (Upto July 02, 2019)  
Rangan Mohan (Upto July 02, 2019)  
Pradeep Mukerjee (From May 30, 2019)

### Committee of Directors

Ramkrishan P. Hinduja – Chairman  
Vinoos S. Hinduja  
Rangan Mohan (Upto July 02, 2019)  
Pradeep Mukerjee (From May 30, 2019)

### Internal Audit & Systems

India Operations – Rakesh S. Jain, GM-Internal Audit  
Philippines, USA, Canada, UK and Jamaica – Ernst & Young LLP

### Key Managerial Personnel

Partha DeSarkar – Manager & Chief Executive Officer  
Srinivas Palakodeti – Global CFO  
Makarand D. Dewal – Company Secretary

### Bankers

AXIS Bank Limited  
Bank of America  
Bank of Baroda  
Bank of Saint Lucia International Limited.  
Barclays Bank PLC  
Canadian Imperial Bank of Commerce  
Canara Bank  
Central Bank of India  
China Trust Commercial Bank Corporation  
Citi Bank  
DCB Bank Limited  
HDFC Bank Limited  
Hinduja Bank (Switzerland) Ltd  
HSBC Bank (Mauritius) Limited  
ICICI Bank Limited  
IndusInd Bank Limited  
ING Bank France SA  
International Exchange Bank  
JP Morgan Chase Bank N.A.  
LaSalle Bank  
MB Financial Inc.  
Metrobank  
National Commercial Bank Jamaica Limited  
Pacific Continental Corporation  
Standard Chartered Bank  
State Bank of India  
State Bank of Mauritius  
UnionBank of Philippines  
Wells Fargo  
Yes Bank Limited

### Auditors

Deloitte Haskins & Sells, LLP  
Chartered Accountants

### Registered Office

Hinduja House, 171, Dr. Annie Besant Road  
Worli, Mumbai - 400 018.  
Tel: (91 22) 24960707  
Website: [www.teamhgs.com](http://www.teamhgs.com)  
CIN: L92199MH1995PLC084610

### Registrar & Share Transfer Agent

Karvy Fintech Private Limited  
(Formerly Karvy Computershare Private Limited)  
Karvy Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032  
Tel: (91 40) 6716 1525 / (91 40) 6716 1511.  
E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvyfintech.com](http://www.karvyfintech.com)

# CONSOLIDATED BALANCE SHEET

(All amounts are in USD 000's)

Particulars	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
a) Property, plant and equipment	85,607	85,238
b) Capital work-in-progress	705	162
c) Other intangible assets	15,034	11,588
d) Goodwill	48,426	44,261
e) Financial Assets		
(i) Investments	2,097	1,717
(ii) Loans	12,250	13,020
(ii) Other financial assets	9,757	7,518
f) Deferred tax assets (net)	6,038	6,984
g) Income tax assets (net)	8,861	10,123
h) Other non-current assets	7,977	10,712
<b>Total non-current assets</b>	<b>196,752</b>	<b>191,323</b>
<b>Current assets</b>		
a) Financial Assets		
(i) Trade receivables	168,332	126,504
(ii) Cash and cash equivalents	46,657	70,861
(iii) Bank balances other than (ii) above	600	2,064
(iv) Other financial assets	4,062	2,496
b) Other Current assets	12,075	9,946
<b>Total current assets</b>	<b>231,726</b>	<b>211,871</b>
<b>Total assets</b>	<b>428,478</b>	<b>403,194</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
a) Equity share capital	3,007	3,193
b) Other equity	234,226	230,089
Equity attributable to the equity holders of the Company	237,233	233,282
c) Non-controlling interest	1,094	(111)
<b>Total Equity</b>	<b>238,327</b>	<b>233,171</b>
<b>Non-current liabilities</b>		
a) Financial Liabilities		
(i) Borrowings	54,654	30,743
(ii) Other financial liabilities	4,130	-
b) Provisions	10,906	5,913
c) Deferred tax liabilities (net)	2,009	907
d) Other non-current liabilities	1,109	1,341
<b>Total non-current liabilities</b>	<b>72,808</b>	<b>38,904</b>
<b>Current liabilities</b>		
a) Financial Liabilities		
(i) Borrowings	23,138	37,287
(ii) Trade payables	34,821	28,520
(iii) Other financial liabilities	38,295	44,276
b) Provisions	7,621	8,294
c) Current Tax Liabilities (Net)	1,643	3,051
d) Other current liabilities	11,825	9,691
<b>Total current liabilities</b>	<b>117,343</b>	<b>131,119</b>
<b>Total liabilities</b>	<b>190,151</b>	<b>170,023</b>
<b>Total equity and liabilities</b>	<b>428,478</b>	<b>403,194</b>

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts are in USD 000's)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations	689,148	596,886
II Other income	6,368	5,623
III Total income (I+II)	695,516	602,509
IV Expenses		
a) Employee benefit expenses	465,092	402,578
b) Finance costs	5,814	5,373
c) Depreciation and amortization expenses	28,161	21,906
d) Other Expenses	160,946	131,345
Total expenses	660,013	561,202
Profit before exceptional items and tax	35,503	41,307
V Exceptional items	-	1,861
VI Profit before tax	35,503	39,446
VII Tax expense		
a) Current tax	10,293	4,128
b) Deferred tax	(27)	4,446
Total tax expense	10,266	8,574
VIII Profit for the year	25,237	30,872
IX Other comprehensive income		
A. Items that will not be reclassified to profit and loss		
a) Remeasurements of defined benefit plans	(3,696)	(639)
b) Income tax on above item	416	398
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)	(3,280)	(241)
B. Items that may be reclassified to profit or loss		
a) Effective Portion of designated portion of hedging instruments in a cash flow hedge	2,123	(1,656)
b) Net change in fair value of hedges of net investment in foreign operations	284	-
c) Exchange differences in translating the financial statements of foreign operation	3,660	(2,665)
d) Income tax on above items	(1,184)	965
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)	4,883	(3,355)
X Total Other comprehensive income for the year, net of tax [A + B]	1,603	(3,596)
XI Total comprehensive income for the year	26,840	27,276

# CONSOLIDATED CASH FLOW STATEMENT

(All amounts are in USD 000's)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Net cash inflow from operating activities</b>	<b>24,389</b>	<b>53,210</b>
<u>Cash Flow from investing activities:</u>		
Payments/ Proceeds from Property, Plant and Equipment	(26,623)	(18,829)
Payment for acquisition of business	(16,810)	-
others	8,569	9,569
<b>B. Net cash outflow from investing activities</b>	<b>(34,864)</b>	<b>(9,260)</b>
<u>Cash Flow from financing activities:</u>		
Proceeds from issues of shares	304	265
Repayment of borrowings	(2,794)	(12,075)
Others	(9,342)	(9,277)
<b>C. Net cash outflow from financing activities</b>	<b>(11,832)</b>	<b>(21,087)</b>
<b>D. Net increase/ decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>(22,307)</b>	<b>22,863</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, 2019.

## Financial Results

(₹ in million\* except per share data)

	Standalone		Consolidated	
	FY 2019	FY 2018	FY 2019	FY 2018
Revenue from Operations	21,964	20,587	47,855	38,494
Other Operating Income	-	-	312	-
<b>Sub Total</b>	<b>21,964</b>	<b>20,587</b>	<b>48,167</b>	<b>38,494</b>
Other Income	427	207	445	363
<b>Total Income</b>	<b>22,391</b>	<b>20,794</b>	<b>48,612</b>	<b>38,857</b>
Operating Expenses	18,337	17,402	43,756	34,433
Depreciation & Amortization	972	837	1,968	1,413
Financial Expenses	116	95	406	347
<b>Profit Before Tax and Exceptional Items</b>	<b>2,966</b>	<b>2,460</b>	<b>2,482</b>	<b>2,664</b>
Exceptional item	-	-	-	120
<b>Profit Before Tax</b>	<b>2,966</b>	<b>2,460</b>	<b>2,482</b>	<b>2,544</b>
Provision for tax (including Deferred Tax)	661	334	718	553
<b>Profit After Tax</b>	<b>2,305</b>	<b>2,126</b>	<b>1,764</b>	<b>1,991</b>
Less: Non-controlling Interest	-	-	(8)	(15)
Add: Balance brought forward from Previous year	8,394	6,507	7,114	5,063
Add/(Less): Adjustments & Appropriation:				
Adjustments during the year	-	11	(412)	295
Dividends	(208)	(208)	(208)	(208)
Dividend Distribution Tax	(43)	(42)	(43)	(42)
<b>Balance Carried Forward</b>	<b>10,448</b>	<b>8,394</b>	<b>8,223</b>	<b>7,114</b>
<b>Earnings per share (₹)</b>				
- Basic	110.68	102.31	85.08	96.55
- Fully Diluted	110.52	102.04	84.96	96.31

\*(1 million = ₹ 10 lakhs)

The Standalone and Consolidated Financial Statements for the year ended March 31, 2019, have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) and Companies (Indian Accounting Standards) Amendment Rules, 2016, as prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

The financials for the year under review are not comparable with the reported financials of the previous year due to following reasons:

- As reported last year, the Scheme of Amalgamation of the Company ('the Scheme') with its wholly owned subsidiary in India namely HGS International Services Private Limited ("HGSISPL") was sanctioned by the Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench, vide its Order dated June 20, 2018. The Scheme became effective on August 01, 2018 but made operative from April 01, 2017 being the appointed date as per the Scheme. Accordingly, HGSISPL got amalgamated with the Company on April 01, 2017 and stands dissolved without winding up. Consequent to the amalgamation of HGSISPL with the Company, the standalone and consolidated financials for FY 2018 have been recast and hence would not match with the financials for FY 2018 as published in the Annual Report of FY 2018.
- As reported last year, effective April 02, 2018 and April 03, 2018, the Company through its overseas subsidiaries, acquired CMH Services Subsidiary LLC, USA and Element Solutions LLC, USA, respectively. Further, in July 2018, HGS Population Health LLC, USA, the holding company, merged into CMH Services Subsidiary LLC, USA. Thereafter, the name of CMH Services Subsidiary LLC, USA was changed to HGS AxisPoint Health LLC. In view of these acquisitions, the financials of FY 2019 are not comparable with the financials of FY 2018.

## Operating Performance

On a Consolidated basis, your Company registered a strong performance during the financial year ended March 31, 2019. Compared to the previous financial year, Revenues from Operations and Other Operating Income increased by 25.1% from ₹ 38,494 million to ₹ 48,167 million. FY 2019 reported Other Operating Income of ₹ 312 million from sale of contracts of GuidePoint business of HGS AxisPoint Health LLC.

Out of the growth of 25.1%, around 8.4% revenue growth came from the two acquisitions (AxisPoint Health and Element Solutions) made in early April 2018, around 11.3% from organic growth and around 5.4% came on account of exchange rate fluctuations. The Company saw strong growth in revenues across all verticals, especially healthcare, telecom and technology.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) excluding Other Income grew 8.6% from ₹ 4,061 million to ₹ 4,411 million. This growth in EBITDA was achieved despite significant drop in revenues of the India domestic CRM business, increase in minimum wages in the state of Karnataka and challenging business environment in UK due to the uncertainties about Brexit. EBITDA for FY 2018 and FY 2019 has been computed on the same basis i.e., excluding gains and losses on account of fluctuations in foreign exchange currencies.

Other Income during FY 2019 rose by 22.7% from ₹ 363 million to ₹ 445 million. This increase is on account of interest on tax refunds and foreign exchange variations.

PAT (Profit after Tax) for FY 2019 decreased from ₹ 1,991 million to ₹ 1,764 million, a drop of 11.4%. This drop is on account of increase in depreciation (including accelerated depreciation of assets of some of the delivery sites/centres which were closed due to adverse business conditions and accelerated depreciation for self-developed software) and increase in interest costs (including cost of deferred compensation for the acquisitions made during FY 2019 and borrowings made to fund loss making businesses).

On a Standalone basis, in FY 2019 Revenues from Operations grew by 6.7% from ₹ 20,587 million to ₹ 21,964 million. This revenue growth has to be seen in the context of the India domestic CRM business which was down by around 7%. Increase in 'Other Income' was on account of exchange rate variations and interest on income tax refunds. Increase in depreciation was on account of accelerated depreciation of the assets of delivery sites which have been shut down due to adverse business scenario. EBITDA for FY 2019 increased by 13.9% from ₹ 3,185 million to ₹ 3,627 million. PAT in FY 2019 grew by 8.4 % from ₹ 2,126 million to ₹ 2,305 million.

A review of the Financial and Operating Performance of the Company and its key subsidiaries have been given in

the 'Management Discussion and Analysis' section which forms part of this Report as **Annexure 'E'**.

## Other financial highlights:

- Cash flow from operations and after working capital changes: ₹ 1,705 million in FY 2019 as compared to ₹ 3,432 million in FY 2018, a decrease of 50%;
- CAPEX: ₹ 1,861 million as compared to ₹ 1,214 million in FY 2018;
- Gross Debt of ₹ 6,022 million as at March 31, 2019 (as compared to ₹ 5,854 million as at March 31, 2018, i.e. an increase of ₹ 168 million during the year);
- Net Worth: ₹ 16,436 million as at March 31, 2019 as compared to ₹ 15,195 million as at March 31, 2018, an increase of 8.2%.

## Revenue Summary:

- Revenue by Origination Geography – US: 71%; Canada: 12%; UK & Europe: 6% and India: 11%.
- Revenue by Verticals – Healthcare: 52%; Telecom and Technology: 18%; Consumer: 12%; Banking and Financial Services: 8% and Others: 10%.

## Business Highlights:

- Client Wins: 41 new clients across BPM and HRO.
- Active Clients: 237 core BPM clients and 656 Payroll processing, HRO and F&A clients.
- Delivery Centres: 73 global delivery centres across seven countries at the end of the FY 2019.
- Employee Headcount: 42,190 as on March 31, 2019; of which India: 57%, Philippines: 20%, USA: 9%, Canada: 6%, Jamaica: 5% and UK: 3%.

## Dividend

Your Directors are pleased to recommend a Final Dividend of ₹ 2.50 per equity share (25% on face value of ₹ 10/- each) for the year ended March 31, 2019, subject to your approval. This is in addition to the three Interim Dividends aggregating to ₹ 7.50 per equity share of ₹ 10 each for the financial year 2018-19 declared by the Board of Directors on August 9, 2018, November 2, 2018 and February 7, 2019, respectively and have been duly paid. The total dividend for the financial year ended March 31, 2019 would be ₹ 10 per equity share (100% on face value of ₹ 10/- each), if approved by the Members.

## Business Review

The world is witnessing rapid changes led by consumer preferences, disruptive technologies and competitive forces and concerns over data privacy. Businesses are constantly looking for solutions to enhance customer experience, increase sales, add customers and reduce costs. To meet the changing needs of businesses, Business Process Management (BPM) players are

combining analytics, automation and digital technologies to offer new business models and alternate delivery channels.

The Global BPM spend is estimated to have grown by 4.5% in FY 2018 to touch US\$ 198 billion. As per NASSCOM, the growth of the Indian BPM industry remains steady, reaching an estimated US\$ 34.8 billion in revenue for FY 2019, an increase of 7.2% on year-on-year basis. The domestic BPM market is expected to have grown at 7.7% in rupee terms to reach ₹ 286 billion in FY 2019.

As per IT and Business Process Association of the Philippines (IBPAP), revenues for the Philippines BPM industry are estimated to have grown by around 6% in 2018 to touch \$24.8 billion and directly employing around 1.23 million people.

Detailed information pertaining/relating to Business Review has been provided in the 'Management Discussion and Analysis' section which forms part of this Report as **Annexure 'E'**.

#### 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 Hinduja Global Solutions MENA FZ- LLC, Dubai. HGS International jointly with HGS UK Limited owns 100% of the share capital of HGS AxisPoint Health LLC.

HGS International owns 95.2% of the common shares of HGS Colibrium Inc., with one of its founders owns balance share capital. HGS International holds 76% of share capital of Hinduja Global Solutions UK Ltd while the balance 24% is held by Hinduja Global Solutions Europe Ltd., UK.

Revenue for FY 2019 was US\$ 1.6 million as compared to US\$ 4.5 million for FY 2018.

**Hinduja Global Solutions Inc., USA (HGS Inc.)**, HGS Inc., a wholly-owned subsidiary of HGS International, Mauritius, specializes in marketing and provision of both voice and non-voice related Customer Contact and Business Process Outsourcing services to its clientele. Its wholly-owned subsidiaries are HGS (USA) LLC, HGS Canada Inc., HGS EBOS LLC and HGS Healthcare LLC.

The Consolidated Revenue was US\$ 506.7 million for FY 2019 as compared to US\$ 431.8 million in FY 2018.

**HGS (USA), LLC**, a wholly-owned subsidiary of HGS Inc., USA, operates in three cities in the US. It partners with Fortune 1000 companies and Government agencies to provide comprehensive Customer Relationship Management programs in the verticals of consumer goods and services, e-commerce, telecom and media. HGS (USA), LLC also sub contracts work to HGS India

and its branch in the Philippines and to Jamaica. For FY 2019, it recorded revenue of US\$ 104.7 million as against revenue of US\$ 86.7 million in FY 2018.

**HGS Healthcare, LLC**, is a wholly-owned subsidiary of HGS (USA), LLC, and renders business process management services to healthcare clients, primarily in the Payer Segment. HGS Healthcare renders services from three cities in the US as well as sub contracts work to HGS India and its branch in Philippines and to Jamaica. For FY 2019, it recorded revenue of US\$ 272.6 million as compared to US\$ 251.9 million in FY 2018.

**HGS EBOS, LLC**, is a wholly-owned subsidiary of HGS Inc., and renders business process management services to healthcare clients, primarily in the Provider Segment. HGS EBOS renders services in USA as well as sub contracts work to HGS India and its branch in Philippines. For FY 2019, it recorded revenue of US\$ 48.4 million as compared to USD 32.5 million in FY 2018.

**HGS Canada Inc.**, a wholly-owned subsidiary of HGS Inc., USA, is a Canadian Contact Center service provider servicing marquee customers across verticals such as Media, Telecom, Technology and Banking & Financial Services. HGS Canada offers technical support, inbound and outbound sales, customer care and customer retention in English and French languages. For FY 2019, it recorded revenue of CAD 105.8 million as compared to revenue of CAD 77.2 million in FY 2018.

**Hinduja Global Solutions Europe Ltd.**, is the UK-based wholly owned subsidiary of HGS International, Mauritius focusing on providing consulting services for BPM, call center services and offshoring services to UK-based clients. It owns 24% stake in Hinduja Global Solutions UK Ltd (and 100% stake in HGS France SARL, France (a non-operating company).

For FY 2019, it recorded revenue of GBP 2.5 million as compared to GBP 1.6 million in FY 2018.

**Hinduja Global Solutions UK Ltd.**, is a leading contact center company with centers in London, Preston and Selkirk (Scotland). It offers a range of services for inbound and outbound interactions to marquee customers across verticals such as Government, FMCG, Financial Services, Automobiles and Retail. Its inoperative branch in Rotterdam (Netherlands) was wound up in FY 2018 while the other inoperative branch in Hamburg (Germany) is in the process of being wound up.

For FY 2019, it recorded revenue of GBP 32.9 million as compared to GBP 33.1 million in FY 2018.

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

**Team HGS Ltd.**, Jamaica, began call center operations in FY 2013 at Kingston, Jamaica and continues to show strong performance. It services local Jamaican clients as well as US clients from healthcare and other verticals. Revenue for FY 2019 was Jamaican Dollars 3,877.6

million compared to Jamaican Dollars 3,585.7 million in FY 2018.

**Hinduja Global Solutions MENA FZ-LLC:** It has an office in Dubai Internet City with the objective to build sales pipeline and provide technology based support services to other HGS entities. In FY 2019, it recorded revenues of AED 1.4 million as compared to AED 2.0 million in FY 2018.

**HGS Colibrium Inc., USA:** It offers platform-based services to help health insurance companies enroll customers. Revenue for FY 2019 was US\$ 3.8 million as compared to USD 4.9 million for FY 2018.

**HGS AxisPoint Health LLC:** The share capital of this company is held as follows: HGS International, Mauritius holds 51% and Hinduja Global Solutions UK Ltd. holds the balance 49%.

Effective April 02, 2018, HGS International and Hinduja Global Solutions UK Ltd. jointly acquired 100% of CMH Services Subsidiary LLC, USA. Further in July 2018, HGS Population Health LLC, USA, the holding company, merged into CMH Services Subsidiary LLC, USA. Thereafter, the name of CMH Services Subsidiary LLC, USA was changed to HGS AxisPoint Health LLC.

In December 2018, HGS AxisPoint Health LLC had sold some customer contracts and transferred employees related to its GuidePoint division for a consideration of USD 5.30 million which was duly received.

HGS AxisPoint Health LLC, through its CarePoint division, is engaged in providing care management services and case management programs that provide quantified results for payers and their members with predictive intelligence, laser-focused targeting, pulsed interventions, and a digital health experience.

For FY 2019, it recorded revenue of US\$ 30.8 million.

**Element Solutions LLC:** Effective April 03, 2018, Hinduja Global Solutions UK Ltd., acquired 57% stake in Element Solutions LLC and the balance 43% is held by its Founders.

The Company is engaged in providing digital marketing services, digital consulting services as well as cloud migration and cloud monitoring services.

For FY 2019, it recorded revenue of US\$ 15.5 million.

#### Particulars of Loans, Guarantees and Investments

Particulars of Loans, Guarantees and Investments as per Section 186 of the Companies Act, 2013 have been disclosed in this Annual Report as a part of the Notes to the financial statements.

#### Increase in Authorized Share Capital

The members of the Company had approved resolutions relating to the consolidation /increase in Authorized share capital of your Company from ₹ 25,00,00,000/- (Rupees

Twenty Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten) each to ₹ 27,65,00,000 (Rupees Twenty-Seven Crores Sixty Five Lakhs) divided into 2,75,00,000 (Two Crores Seventy Five Lakhs) Equity shares of ₹ 10/- (Rupees Ten) each and 1,50,000 (One Lakh Fifty Thousand) 1% Participatory Redeemable Non-Cumulative Preference Shares of ₹ 10/- (Rupees Ten) each and consequent alteration to Clause V of the Memorandum of Association of the Company on June 07, 2018 provided in the Postal Ballot Notice dated April 25, 2018.

Such consolidation / increase in Authorized Share Capital and consequent alteration to Clause V of the Memorandum of Association of the Company were subject to the sanction of the Scheme of Amalgamation of HGS International Services Private Limited (Transferor Company), a wholly owned subsidiary of the Company with the Company ('the Scheme') by the Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') and the effective date of such consolidation / increase in Authorized Share Capital and consequent alteration to Clause V of the Memorandum of Association of the Company was to be the date on which certified copy of the Order of the NCLT sanctioning the Scheme was filed by the Transferor Company and the Company with the Registrar of Companies, Maharashtra. The NCLT had sanctioned the Scheme on June 20, 2018 and both the Transferor and the Company had filed the certified copy of the Order with the Registrar of Companies, Maharashtra on August 01, 2018 i.e., within thirty days of receipt of the Order as required by the statutory provisions.

Effective August 01, 2018, HGS International Services Private Limited, stands dissolved without winding up and its Authorized share capital stands consolidated with the Authorized Share Capital of the Company resulting into increase in Authorized Share capital of the Company.

#### Communications and Public Relations

HGS is evolving its positioning in the market place to emphasize the unique ways the Company creates value for its clients by putting the customer first, being brilliant at the basics, leveraging its deep domain expertise and intelligently innovating to support its clients' business process optimization and digital transformation. The focused approach to buyer education and messaging that leverages our go-to-market positioning is resonating among key stakeholders, including through media such as Forbes.com, Healthcare Call Center Times and Becker's Hospital Review.

In an independent report by Apollo Research (February 2019) measuring market share of voice in select media, among the top 22 BPO competitors, HGS ranked in the top 5 across North America and the UK on key topics relevant to its industry.

In India, HGS continues to leverage media as a key channel to enhance visibility and thought leadership

amongst key stakeholders including investors, clients, employees and government. HGS is amongst the leading voices in the BPM industry, working on driving the transformation message. HGS is also using news media and social media to reach out to prospective employees and establish itself as an “Employer of Choice”. The annual Investor Meet is another key channel that is helping increase awareness and engagement with investors and communicate HGS’ perspectives to the market.

HGS has redesigned its website to make it more accessible and engaging for all site visitors. Our design team focused on making the web experience more fluid, device agnostic and more intuitive to the buyer journey – with quick access to key thought leadership, case studies and service line content. HGS also incorporated new messaging and robust content that offers transformative solution alternatives for customers and prospects in all key business sectors.

In FY 2019, HGS has been recognized by industry analysts and third-party organizations. HGS won a record 25 awards and recognition across the globe including: named Leader in the Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP) for the 9th consecutive year, Training Magazine’s 2019 Top 125 Training Organizations, NASSCOM Customer Services Excellence Award in transformation category and Institute of Human Resources Development (IHRD) Great HR Practices Award. HGS has leveraged these distinctions as credentials to reach industry influencers, analysts, advisers, potential customers, current customers, potential and current employees.

HGS continues to work towards creating an inclusive and transparent culture at the workplace. Different platforms - e-mailers, newsletters, blogs and articles are leveraged to share views and news with our employees around the world. The Company intranet - HGS Connect, is an integrated, two-way communication platform which serves as a one-stop solution across the globe. This internal portal also serves as a time-out for employees offering various business and fun elements to enable them to be empowered with business knowledge and interact with each other on a common platform. Additionally, various other digital and non-digital channels are being used to engage HGS employees globally.

### Corporate Social Responsibility (CSR)

As a socially responsible corporate entity, the CSR initiatives of your Company continues to aim at the overall development of the Society, with major thrust on upliftment of the economically and socially weaker communities of the society. Towards achieving such objective, CSR initiatives/ activities undertaken by your Company essentially focus on following core areas: Healthcare, Education and Community Development. CSR projects for honing the vocational skills of the youth and of the differently abled are also undertaken with the

objective of enhancing their employment opportunities and livelihood.

Your company would continue to carry out CSR activities in the aforementioned areas and will undertake CSR activities as specified in Schedule VII to the Companies Act, 2013 including any amendment to the said Schedule.

During the year, your Company had won two CSR awards i.e. CSR Project of the Year award for ‘Treat to Cure MDR-TB Eradication Program’ and Stakeholders Engagement Award-”Voluntary initiatives across the cities”.

The Corporate Social Responsibility Committee (“CSR Committee”) of the Company as at March 31, 2019, consisted of following Members:

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

\*Mr. Rajendra P. Chitale and Mr. Rangan Mohan, Independent Directors ceased to be members of the Committee effective July 03, 2019 since they ceased to be Independent Directors of the Company on the expiry of their tenure from the said date.

Effective May 30, 2019, Mr. Pradeep Mukerjee, an Independent Director was appointed as a member of the Committee.

During the Financial Year 2018-19, one meeting of CSR Committee was held on January 10, 2019.

In terms of the CSR Policy of the Company, the CSR Forum, consisting of senior employees of the Company, identify and evaluate CSR projects/ initiatives and recommend the same for the consideration of the CSR Committee. The CSR Committee reviews the recommended projects/ initiatives and the expenditure to be incurred as per the provisions of the Companies Act, 2013 and the Rules made thereunder. The CSR Committee post review, recommends CSR projects/ initiatives to the Board of Directors for approval. The Board reviews and approves the CSR Projects/ initiatives recommended by the CSR Committee. The CSR Forum monitors the progress of the approved CSR Projects/initiatives and provides periodical updates on status of implementation, expenditure incurred/ to be incurred and beneficiaries of such projects to the CSR Committee and to the Board.

The Report on CSR activities, in the format as required under Companies (Corporate Social Responsibility)

Rules, 2014, is set out in **Annexure 'G'** forming part of this Report. The CSR Policy of the Company is available on the website of the Company at [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies).

### Directors' Responsibility Statement

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) to the extent applicable, as prescribed under Section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Rules, 2016, as amended thereof.

As stipulated under the provisions contained in Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Directors, based upon the information and explanations obtained by them as also documents made available to them and to the best of their knowledge, and belief, states that:

- a) in preparation of the Annual Accounts for the financial year ended March 31, 2019, the applicable accounting standards have been followed and there have been no material departures in the adoption and application thereof;
- b) 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 and Loss of the Company for that period;
- c) they have taken proper and sufficient care towards 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;
- d) they have prepared the Annual Accounts on a going concern basis;
- e) they have laid down adequate internal financial controls to be followed by the Company and that they are adequate and operating effectively;
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

The Company has in place internal financial controls framework which inter alia consist of Function wise Status of Testing (Risk and Control Matrix, Test of Design, Test of Operating Effectiveness), Summary of Controls (Key and Non-Key), Process level controls (Process/ Function wise), IT General controls (Application wise and Process wise) and Summary of Gaps in Process Level Controls, IT General Controls, etc. Total number of controls in FY 2018-19 has decreased due to consolidation of similar manual controls falling part of the same activity.

Total number of automated controls have increased due to elimination of manual controls and putting automated controls in place. Such framework is periodically internally tested as well as reviewed and tested by the external consultant. Based upon the said framework and the 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, the reviews carried on by the Management, confirmations provided by the external consultants and update on such 'Framework' presented to the Audit Committee and to the Board, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2018-19.

### Number of Meetings of the Board

Eight meetings of the Board were held during the financial year 2018-19 on the following dates i.e., April 25, 2018, May 30, 2018, August 09, 2018, August 16, 2018, August 24, 2018, November 02, 2018, February 07, 2019 and March 29, 2019. The time gap between any two meetings did not exceed one hundred and twenty days. The further details in this regard are given in the Corporate Governance Report, which forms part of this Report as **Annexure 'C'**.

### Declaration by Independent Directors

As required under Section 149(7) of the Companies Act, 2013, ('the Act') all the Independent Directors on the Board have given declaration of their independence confirming that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulations 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Regulations'). In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the Regulations and are independent of management.

### Board Evaluation

Pursuant to Section 134, 178 of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, during the year under review, the performance evaluation for Financial Year 2018-19 of individual directors (Independent Directors and Non-Independent Directors), Committees of the Board and of the Board as a whole, based upon the 'Rating Document' which consists of criteria for evaluation of performance was carried out by the Board of Directors ('the Board'). The Nomination and Remuneration Committee ('the NRC') and the Board have earlier approved the 'Rating Document'. The NRC has confirmed that the manner of carrying out performance evaluation on the basis of 'Rating Document' is appropriate and is an effective process of evaluation.

The performance of the Individual Directors was inter alia evaluated on criteria such as: Exercise of independent judgment, offering constructive contribution to the Board's

discussions and deliberations based on his/ her expertise and domain knowledge, Non-partisan appraisal of issues, etc., Evaluation of the performance of the Committees of the Board and the Board as a whole was inter alia based on the following criteria: structure of the Committees / Board, frequency, regularity and discussions at the meetings of the Committees / Board, functioning of the Committees / Board, mandate and composition of the Committees / Board, effectiveness of the Committees, contribution of the Committees to the decisions of the Board, etc.,

The Board based upon “evaluation process” carried out, concluded that overall performance of each of the Directors is “at least satisfactory” and on certain criteria “exceptional”. The Board also concluded that the performance of the Committees of the Board and the Board as a whole is “Satisfactory”.

At the separate meeting of Independent Directors held during the Financial Year ended March 31, 2019 (without the attendance of Non-Independent Directors and the Members of the Management), performance evaluation of Non-Independent Directors, the Chairman of the Company and the Board as a whole was carried out for the Financial Year 2018-19 on the basis of aforementioned criteria. The Independent Directors also assessed the quality, quantity and timeliness of the flow of information between the Company’s Management and the Board.

The Independent Directors concluded that there has been a constructive contribution from each of the Non-Independent Directors and overall their performance is ‘satisfactory’ and in the best interest of the Company. As regards the evaluation of performance of the Chairman of the Board, based upon the ‘criteria’ considered by the Independent Directors, they concluded that the performance of the Chairman of the Board is ‘outstanding’ and that he steers the Company to perform better in the challenging business and economic environment. They also concluded that the Board as a collective body is proactive and participating Board and its functioning is towards the wellbeing and in the best interest of the Company and aims at enhancing the performance of the Company and that the performance of the Board is more than satisfactory. Relevant information is provided by the management on timely basis as also periodical presentations are made which has enabled in depth discussions on key matters at the meetings of the Committees and the Board. They concluded that the flow of information between the Company’s Management and the Board in terms of quality, quantity and timeliness is satisfactory.

### Directors

At the Nineteenth Annual General Meeting of the Members of the Company held on July 03, 2014, Mr. Rajendra Prabhakar Chitale (DIN: 00015986) and Mr. Rangan Mohan (DIN: 01116821) were appointed as Independent Directors of the Company for a period of five consecutive years from July 03, 2014 to July 02, 2019 (both days inclusive). Mr. Rajendra P. Chitale and

Mr. Rangan Mohan have not sought reappointment for a second term of consecutive five years from July 03, 2019 as such their tenure as Independent Directors of the Company expired effective July 03, 2019.

The Board placed on record its sincere appreciation for the contribution, guidance and advice provided by Mr. Rajendra P. Chitale and Mr. Rangan Mohan during their tenure as Independent Directors which has immensely benefitted the Board and the Company.

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Shanu S. P. Hinduja, Director and Co-Chairperson (DIN:06512872) is liable to retire by rotation at the ensuing Twenty Fourth Annual General Meeting and being eligible, offers herself for re-appointment.

None of the Directors of the Company are disqualified for appointment / continue to act as Director under Section 164 of the Companies Act, 2013.

Details relating to the composition of the Board, meetings of the Board held during the year ended March 31, 2019, attendance of the Directors thereat have been provided in the Report on Corporate Governance which forms part of this Report as **Annexure ‘C’**.

### Appointment of Independent Directors

The Company is required to appoint two Independent Directors to comply with SEBI (LODR) Regulations, 2015 and the Company has initiated the process of identification of potential candidates. Based on the recommendation of Nomination and Remuneration Committee, the criteria for selection would include; veracity of the independence, fulfillment of criteria for appointment as per the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, industry expertise, functional specialization, international experience etc.,

The Nomination and Remuneration Committee and the Board, at the meetings held on August 5, 2019 and August 23, 2019 have been updated on the process and progress relating to appointment of Independent Directors.

### Audit Committee

Audit Committee constituted by the Board pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015 is in place. As at March 31, 2019, the Committee consisted of following Members:

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

\*Mr. Rajendra P. Chitale and Mr. Rangan Mohan, Independent Directors ceased to be members of the Committee effective July 03, 2019 since they ceased to be Independent Directors of the Company on the expiry of their tenure from the said date.

Effective May 30, 2019, Mr. Pradeep Mukerjee, an Independent Director was appointed as a member of the Committee.

Recommendations made by the Audit Committee during the year under review have been accepted by the Board.

Further details pertaining to the Audit Committee are included in the Corporate Governance Report, which forms part of this Report as **Annexure 'C'**.

### Key Managerial Personnel

In terms of Section 203 of the Companies Act, 2013, the Company has following Key Managerial Personnel: Mr. Partha DeSarkar, Manager (designated as 'Chief Executive Officer'); Mr. Srinivas Palakodeti, Chief Financial Officer and Mr. Makarand D. Dewal, Company Secretary.

There was no change in the Key Managerial Personnel during the Financial Year 2018-19.

### Manager and Chief Executive Officer's confirmation towards Code of Conduct

The Manager and Chief Executive Officer's confirmation to the effect that all members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct for the year ended March 31, 2019 forms part of this Report as **Annexure 'A'**.

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

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo forms part of this Report as **Annexure 'B'**.

### Report on Corporate Governance

As required under Schedule V of the SEBI (LODR) Regulations, 2015, a detailed report on Corporate Governance forms part of this Report as **Annexure 'C'**.

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, 2015 and have certified compliance thereof. Their certificate is attached as **Annexure 'D'** to this Report.

### Report on Management Discussion and Analysis

In terms of the Provisions of Regulation 34 of the SEBI (LODR) Regulations, 2015, a separate report on

Management Discussion and Analysis is annexed to this Report as **Annexure 'E'**.

### ESOP Disclosure

Two ESOP Schemes, viz. 'Hinduja Global Solutions Limited Employees Stock Options Plan 2008' and 'Hinduja Global Solutions Limited Employees Stock Options Plan 2011' have been in operation during the Financial Year 2018-19. These ESOP Schemes are in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014. The particulars of aforesaid ESOP Schemes are available on the Company's website [www.teamhgs.com/investors/other-reports](http://www.teamhgs.com/investors/other-reports). No changes have been made to the aforesaid ESOP Schemes during the Financial Year 2018-19.

### 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, 2019, in the prescribed format, is available on the Company's website [www.teamhgs.com/investors/other-reports](http://www.teamhgs.com/investors/other-reports) and forms part of this Report as **Annexure 'F'**.

### Related Party Transactions

All contracts /arrangements /transactions entered into with the related parties during the Financial Year 2018-19 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 and same are disclosed in the financial statements of the Company. Policy on Related Party Transactions as recommended by the Audit Committee and adopted by the Board is available on the Company's website at [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies). 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 Form AOC-2 and the same forms part of this Report as **Annexure 'H'**.

### 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 on 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 as **Annexure 'C'** and available on the Company's website at [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies).

### Whistle Blower Policy and Vigil Mechanism

The Company has a Whistle Blower Policy and Vigil Mechanism in place and is available on the website of the Company at [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies). The details of this Policy are disclosed in the Corporate Governance Report, which forms part of this Report as **Annexure 'C'**.

As reported last year, one complaint was received during the year which was investigated and post investigation requisite action was taken. Apart from that, no complaint was received during the year under the Policy.

### Internal Complaints Committee

Pursuant to the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has in place an Internal Complaints Committee (ICC) as also Policy on appropriate social conduct at workplace. The Policy is applicable to all employees of the Company at all locations. Employees, for the purpose of this policy, shall include all persons engaged in the business and operations of the Company and shall include permanent, temporary and part-time employees. In addition, this Policy shall also be applicable to all third parties such as visitors, clients, customers, contractors, service providers, and any other person authorized to be present within the premises/ workplace of the Company. Reference to the Company's workplace includes Company's premises, as well as the premises of other third parties, vendors and associates of the company where the employees of the Company are required to perform work or that are visited by the employees of the Company arising out of or during the course of employment;

The Reports of the ICC are periodically placed before the Board of Directors for review and suggestions as an ongoing process, initiatives are taken by the Management to make the work place safer for the employees. The status of complaints received, disposed of by the ICC and pending as at March 31, 2019 is as under:

- a. Number of complaints received : 25
- b. Number of complaints disposed of : 22
- c. Number of complaints pending as at March 31, 2019 : 3

### Risk Management Policy

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

Report (MDA) annexed to this Report as **Annexure 'E'**.

The Risk Management Committee consisting of the Chief Executive Officer, Chief Financial Officer and Executive Vice President - Legal, Compliance and Risk Management, periodically review the Enterprise Risk Management framework, as well as the risks that matter and update on the same is provided to the Audit Committee and the Board. The suggestions of the Audit Committee and the Board are implemented wherever feasible. The Risk Management Committee met three times during the year to review and update the Company's Enterprise Risk Management Framework. As per the extant SEBI Listing Regulations, the Company is not required to constitute a Risk Management Committee consisting of Directors.

### Fixed Deposits from Public

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

### Statutory Auditors

At the Twenty Second Annual General Meeting (AGM) of the Company held on September 28, 2017, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) were appointed as the Statutory Auditors of the Company for a period of five consecutive years, i.e. from the conclusion of the Twenty Second AGM up to the conclusion of the Twenty Seventh AGM.

Pursuant to the Companies (Amendment) Act, 2017, notified on May 7, 2018, ratification of appointment of Auditors at every subsequent AGM after their appointment is not required. However, the Company has taken on record confirmation from the said Statutory Auditors confirming that they are eligible to continue to act as Statutory Auditors of your Company.

The Auditors' Report contains 'Unmodified Opinion' on the financial statements (standalone and consolidated) for the year ended March 31, 2019 of the Company and there are no qualifications in their Report.

### 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 and Certificate of Practice No.4225], as the Secretarial Auditor to carry out the Secretarial Audit for the Financial Year 2018-19.

The Secretarial Audit Report in the prescribed format, for the Financial Year 2018-19, forms part of this Report as **Annexure 'I'**. The Report does not contain any qualifications, reservations or adverse remarks.

### Maintenance of Cost Records and Appointment of Cost Auditor

The Company is not required to maintain cost records pursuant to Section 148 of the Companies Act, 2013 and thus not required to appoint a Cost Auditor.

### Employees' Particulars

Disclosures 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 and amendments thereto are given in **Annexure 'J'** to this Report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said Rules are provided in the Annual Report.

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

In accordance with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, details of foreign employees, excluding directors and their relatives, have not been included in the Annual Report. 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 without any fee and 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 and its adequacy

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including 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 section, which forms part of this Report as **Annexure 'E'**.

### Acknowledgements

Your Directors express their grateful appreciation for the co-operation and support received from the customers, vendors, business associates investors, financial institutions, bankers, the Government of India, State Governments, Governments of various countries in which your company operates, regulatory authorities and the society at large. Your Directors place on record their sincere appreciation for the dedicated efforts, commitments and contribution of employees at all levels of the Company which has enabled the Company to achieve consistent growth in challenging business environment.

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

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

Place : Mumbai  
Date : August 23, 2019

## 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, 2019.

Place : Mumbai  
Date : August 23, 2019

**Partha DeSarkar**  
Manager & Chief Executive Officer

# Annexure 'B'

## TO THE DIRECTORS' REPORT

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

#### a. Conservation of Energy

Your Company constantly endeavors to make our carbon footprint smaller with each passing year. We are making sustained efforts to reduce, optimize the use of energy consumption and increase efficiency of the systems across geographies. Among the various measures taken during the fiscal, HGS enhanced the virtualization of server infrastructure and leveraged Cloud for our Work@Home offering across the US and Canadian geographies. This has helped reduce investment on desktops and decrease our carbon foot print due to low power consumption.

#### b. Technology Absorption

The journey of digital transformation continued through the year both internally and solutions we deliver to clients. On the client's side, HGS introduced Elite Multichannel offering (EMC) from Avaya to its end clients through its acquired entity in the US. The robotic process automation (RPA) solution is picking up traction, with several of our back-office clients selecting it. HGS bundled its Analytics offerings to enhance its offerings and build insights to derive better value from end clients. Overall, digital solutions contributed 7.2% of HGS' revenue in FY 2018-19.

During the year, HGS built a private cloud for one of our acquired entities, thereby saving over US\$ 3.5 million on a managed service infrastructure hosted by a third-party cloud service provider. Your company also integrated AxisPoint Health from cloud-based telephony to HGS' NA telephony for all its Nurse care operations across the US region.

HGS' IT team integrated its acquired entities (AxisPoint Health & Element Solutions) for all its corporate applications like SAP for finance, collaboration tools – Email/Skype & knowledge base through Microsoft Sharepoint. HGS continued its refresh of infrastructure in Canada and the US for enhancing uptime to clients and build robust infrastructure to meet and exceed its uptime commitments to its customers. We enhanced our resiliency in Jamaica by building diverse paths to customer data centers

and augmented the bandwidth across the region to grow with our customer expansion.

HGS has enhanced its security landscape by deploying mobile device management (MDM), data loss prevention (DLP) and Cisco Umbrella DNS implementation as its first line of defense against threats, and audited its infrastructure through a variety of third party vendors including E&Y for Cyber Audits.

#### 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 outflow.

#### Export Initiative, Foreign Exchange Earnings and Outgo:

##### ➤ Export initiatives and development of new export market:

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

For the Year	2018-19	2017-18*
Export as a:		
% of operating income	39.7%	36.8%
% of total income	38.9%	36.5%

##### ➤ Foreign Exchange Earnings and Outgo:

(₹ in million)

For the Year	2018-19	2017-18*
Total Foreign Exchange earned	8,712.7	7,583.9
Total Foreign Exchange outgo	134.7	76.0

*\*Due to merger of HGS International Services Private Limited, a wholly owned subsidiary of the Company with the Company, effective FY 2018, the data would differ from the FY 2018 published in the Annual Report of FY 2018.*

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

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

Place : Mumbai  
Date : August 23, 2019

# Annexure 'C' to the Directors' Report

## REPORT ON CORPORATE GOVERNANCE

For the Financial Year ended March 31, 2019

[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 run its business and operations in a legal, ethical and transparent manner and its corporate practices are based on professionalism, fairness and accountability which ultimately results in building confidence and in gaining credibility and trust of various stakeholders. The business and operations of your Company are carried on by the professional and competent management under the guidance and advice of the diversified, experienced and independent Board of Directors. The Board of Directors act as a vital monitoring mechanism to ensure adoption and implementation of good corporate practices by the management. Your Company believes that the primary goal of corporate governance is the enhancement of long-term shareholders' value and at the same time protecting the interest of other stakeholders and strives to achieve these objectives, thereby paving the way for its long term success.

### 2. BOARD OF DIRECTORS

#### • Composition

As at March 31, 2019, the Board of Directors of the Company comprised of eight Non-Executive Directors, out of which four are Non-independent Directors and four were Independent Directors. The four Non-independent Directors (which include two Women Directors) are nominees of the Promoter Group. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"]. None of the Directors are related to each other, apart from three Directors, viz. Mr. Ramkrishan P. Hinduja, Ms. Shanu S.P. Hinduja and Ms. Vinoo S. Hinduja, who are related to each other and are from the Promoter Group.

The Members of the Board are drawn from diverse fields and devote sufficient time in the deliberations and discussions at the Board

Meetings and Committee Meetings of which they are Members. The Board is fully committed towards ensuring adoption and implementation of highest standards of corporate governance.

The Manager designated as Chief Executive Officer is responsible for the day-to-day business, operations and the management of the Company, subject to the superintendence, control and direction of the Board of Directors of the Company.

In accordance with Section 149 of the Companies Act, 2013 read with Regulations 16(1)(b) and 25(8) of the SEBI (LODR) Regulations, the Independent Directors have confirmed that they fulfill criteria of independence.

None of the Independent Directors holds directorships in more than seven listed companies. Also, none of the Directors holds directorships in more than ten public companies. Further none of the Directors are members of more than ten committees or Chairperson of more than five committees considered under Regulation 26(1)(b) of the SEBI (LODR) Regulations across all the companies in which they are a Director.

#### • Details of Board Meetings held during the financial year ended March 31, 2019, attendance of Directors at the said Meetings and at the last AGM and details of Directorships and Memberships of the Board and of the Committees (including that of the Company).

During the financial year ended March 31, 2019, Eight Board Meetings were held as follows: April 25, 2018, May 30, 2018, August 09, 2018, August 16, 2018, August 24, 2018, November 02, 2018, February 07, 2019 and March 29, 2019. 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 and/ 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, 2018	Board Membership		Committee Membership		Directorship in other listed entities	
			Chairman	Member	Chairman	Member	Name of the listed entity	Category
Mr. Ramkrishan P. Hinduja, Chairman (Non-Executive, Non-Independent Director) DIN: 00278711	8	Yes	1	1	Nil	2	**	-
Ms. Shanu S. P. Hinduja, Co-Chairperson (Non-Executive, Non-Independent Director) DIN: 06512872	3	No	Nil	1	Nil	1	-	-
Ms. Vinoo S. Hinduja, (Non-Executive Non-Independent Director) DIN: 00493148	3	No	Nil	1	Nil	1	-	-
Mr. Anil Harish, (Independent Director) DIN: 00001685	8	Yes	Nil	6*	2	4	Blue Star Ltd.	Non-executive Independent Director
							Hinduja Ventures Ltd.	Non-executive Independent Director
							Obero Realty Ltd.	Non-executive Independent Director
							Future Enterprises Ltd.	Non-executive Independent Director
Mr. Rajendra P. Chitale, (Independent Director) DIN: 00015986	8	No	Nil	9 <sup>#</sup>	4 <sup>^</sup>	9	Hinduja Ventures Ltd.	Non-executive Independent Director
							Reliance Capital Ltd.	Non-executive Independent Director
							Ambuja Cements Ltd.	Non-executive Independent Director
							Everest Industries Ltd.	Non-executive Independent Director
Mr. Rangan Mohan, (Independent Director) DIN: 01116821	8	Yes	Nil	3 <sup>\$</sup>	3	4 <sup>\$</sup>	-	-
Mr. Yashodhan Madhusudan Kale (Non-Executive Non-Independent Director) DIN : 00013782	8	Yes	Nil	2	1	2	IndusInd Bank Ltd.	Non-Executive Non-Independent Director
Mr. Pradeep Mukerjee (Independent Director) DIN: 02287773	8	Yes	Nil	2	Nil	2	Timex Group India Ltd.	Non-Executive-Independent Director

\* Includes one unlisted public company

# includes four unlisted public companies

<sup>^</sup> Includes two unlisted public companies

<sup>\$</sup> Includes two unlisted public companies

\*\* Resigned as a Director from GOCL Corporation Ltd., on January 16, 2019

## Notes:

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

- a) Excludes Foreign Companies, Private Limited Companies (which are not subsidiaries of public limited companies), Alternate Directorships and Companies registered under Section 8 of the Companies Act, 2013.
- b) As per Regulation 26(1)(b) of the SEBI (LODR) Regulations, Membership and Chairmanship of Audit Committee and Stakeholders Relationship and Share Allotment Committee only are considered.

II. The terms and conditions of appointment of Independent Directors have been uploaded on the website of the Company at [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies).III. The details of familiarization program imparted to Independent Directors during the Financial Year ended March 31, 2019 has been uploaded on the website of the Company at [www.teamhgs.com/investors/corporate-governance/familiarization-programme-for-directors](http://www.teamhgs.com/investors/corporate-governance/familiarization-programme-for-directors).

## IV. Skills/expertise/competence of the Board:

Your Company is engaged in the business of providing Business Process Management (BPM) Services and at present its predominant capital is 'Human Resources'. The Board has identified following skill sets / competencies:

Knowledge about the BPM Industry and how operations are carried out, knowledge and expertise in the following areas - finance, taxation (direct & indirect), Legal, Corporate laws and laws applicable to the industry in which the Company operates, Corporate Governance, SEBI Regulations, Business restructuring, Strategic Planning relating to business and human resources etc

The Board of Directors consists of all Non-Executive Directors. The members of the Board are drawn from diversified field and each of the members of the Board has varied and vast experience in their chosen field. Having regard to the deliberations ensued at the meetings of the Board and the Committees particularly on the matters relating to the Business and operations of the Company, Regulatory compliances, adherence to the Corporate Governance standards etc; the Board believes that its members do possess requisite skills, expertise and experience which enables the Board as a collective body to discharge its functions effectively by providing timely advice and guidance to the management in critical areas. On the other hand, the Management keeps the Board abreast about the developments taking place in the BPM Industry and how the management is preparing itself to face the challenges.

V. Your Company has adopted the Code of Conduct for Board Members, Senior Management Personnel and Employees ("the Code"). The Code has been posted on the Company's website at [www.teamhgs.com/investors/corporate-policies](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, 2019. As required under Schedule V(D) 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.

## VI. Details of equity shares of the Company held by the Non- Executive Directors as on March 31, 2019 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
Mr. Yashodhan Madhusudan Kale	Nil
Mr. Pradeep Mukerjee	Nil

## 3. AUDIT COMMITTEE

## • Terms of Reference

The Audit Committee acts in accordance with the 'terms of reference' as specified by the Board of Directors ("the Board") of the Company which inter alia includes:

Recommendation to the Board for appointment, remuneration and terms of appointment of Statutory Auditors of the Company, review and monitoring the Auditor's independence; performance and effectiveness of Audit process; Examination and recommendation to the Board of the quarterly and annual financial statements and Auditor's Report thereon; Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible; Discussion with internal auditors and with the Management on critical and significant findings of the Internal Audit Reports and suggesting corrective measures and follow up thereon; Evaluation of Internal Financial Controls; Review and approval of transactions with related parties, Review of Enterprise Risk Management framework and updates thereon; Review of and report to the Board findings of any internal investigation by the Management/ internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature, Review of Reports submitted by the Compliance Officer under Prevention of Insider Trading Code

of the Company and matters relating to the compliance of the said Code, Review of Reports submitted under HGS Whistle Blower Policy & Vigil Mechanism.

#### • 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

\*Mr. Rajendra P. Chitale and Mr. Rangan Mohan, Independent Directors ceased to be members of the Committee effective July 03, 2019 since they ceased to be Independent Directors of the Company on the expiry of their tenure from the said date.

Effective May 30, 2019, Mr. Pradeep Mukerjee, an Independent Director was appointed as a member of the Committee.

The composition of the Audit Committee conforms with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations.

All the members possess sound knowledge of accounts, audit and financial management. The Company Secretary acts as a 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 and external consultants as deemed necessary.

#### • Meetings

During the financial year ended March 31, 2019, five Meetings were held as follows: May 29, 2018, August 08, 2018, November 01, 2018, February 07, 2019 and March 13, 2019. 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	5
Mr. Ramkrishan P. Hinduja	5
Mr. Rajendra P. Chitale	5
Mr. Rangan Mohan	5

Mr. Anil Harish, Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on September 29, 2018.

## 4. NOMINATION AND REMUNERATION COMMITTEE

### • Terms of Reference

The terms of reference and the role of the Nomination and Remuneration Committee ("NRC") inter alia 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 recommendation to the Board their appointment/ re-appointment and removal; Formulate criteria for evaluation of performance of Individual Directors, Committees of the Board and the Board as a whole and review implementation of performance evaluation process, Formulate and recommend to the Board the Remuneration Policy for Directors, Chief Executive Officer, Key Managerial Personnel, Senior Management Personnel, 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 familiarization program for Independent Directors; Grant of employee stock options as per the existing ESOP Schemes of the Company and formulate and recommend to the Board for the approval of new stock options plan for the employees as and when deemed necessary.

### • Composition

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

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

\*Mr. Rajendra P. Chitale and Mr. Rangan Mohan, Independent Directors ceased to be members of the Committee effective July 03, 2019 since they ceased to be Independent Directors of the Company on the expiry of their tenure from the said date.

Effective May 30, 2019, Mr. Pradeep Mukerjee, an Independent Director was appointed as a member of the Committee.

The composition of the NRC conforms with 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, 2019, Five Meetings of the NRC were held as follows: April 25, 2018, August 06, 2018, August 16, 2018, October 15, 2018 and March 22, 2019.

#### • Attendance:

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

Mr. Anil Harish, Chairman of the Committee attended the last Annual General Meeting of the Company held on September 29, 2018.

#### • Performance Evaluation Criteria for Independent Directors

Pursuant to the amendments made to Section 178 of the Companies Act, 2013 (effective May 7, 2018), the NRC had recommended that the performance evaluation of individual directors, the Committees of the Board and the Board as a whole for the financial year 2018-19 and onwards be carried out by the Board of Directors ('the Board') only. The NRC also confirmed that the manner of carrying out performance evaluation of directors, Committees of the Board and the Board as a whole on the basis of 'Rating Document' containing criteria as earlier approved by the NRC and the Board is appropriate and effective and its implementation as done in the past would tantamount to the adherence to the compliance process.

- Accordingly, during the financial year under review, the Board had carried out performance evaluation of individual directors (excluding the director whose performance was being evaluated), the Committees of the Board and the Board as a whole. The performance evaluation of Independent Directors was carried out on the basis of 'Rating Document' which contains criteria as earlier approved by the NRC and the Board as follows:

Exercise independent judgment/ view on potential conflict of interest of management, board members and the promoters, and safeguarding interests of minority shareholders, understanding of nature and role of Independent Directors'

position, offering constructive contribution to the Board's discussions and deliberations, expertise and domain knowledge; Non-partisan appraisal of issues, own recommendations given professionally without tending to majority or popular views; Personal Attributes: Commitment to role & fiduciary responsibilities as a Board member, Attendance at the Meetings and preparedness for the Meetings.

Based on the evaluation process carried out, it was concluded that overall performance of each of the Independent Directors for the Financial Year 2018-19 was 'at least Satisfactory' and in many cases the 'ratings' were 'exceptional' on certain criteria.

#### • Remuneration Policy

The Nomination and Remuneration Committee is responsible for formulating and making the necessary amendments to the "Remuneration Policy" for the Non- Executive Directors (NEDs), Chief Executive Officer (CEO), Key Managerial Personnel (KMP), Senior Executives and Employees of the Company from time to time and the Policy is approved by the Board of Directors. The objective of the Remuneration Policy is to attract, motivate and retain qualified and expert individuals that the Company needs and to ensure that they perform effectively to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of the Company's stakeholders. The remuneration policy reflects a balance between the interests of the Company's stakeholders as well as between the Company's short-term and long-term strategy and is designed to balance short-term operational performance with the medium and long-term objective of creating sustainable value within the Company.

Pursuant to the Companies (Amendment) Act, 2017, and SEBI (LODR) Amendment Regulations, 2018, the revised Remuneration Policy effective April 01, 2019, as approved by the NRC and the Board of Directors for Directors, Chief Executive Officer, Key Managerial Personnel, Direct Reports of Chief Executive Officer, Senior Executives and employees has been placed on the website of the Company at [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies).

#### • REMUNERATION OF NON-EXECUTIVE DIRECTORS

- Remuneration by way of sitting fees:

The Non-Executive Directors were paid sitting fees, for attending Meetings of the Board and the Committees of the Board of which the Directors are members held during the Financial Year ended March 31, 2019, as under within the limits prescribed under the Companies Act, 2013:

Name of the Director	Sitting Fee (₹)
Mr. Ramkrishan P. Hinduja	15,50,000
Ms. Shanu S. P. Hinduja	5,00,000
Ms. Vinoo S. Hinduja	3,00,000
Mr. Anil Harish	15,50,000
Mr. Rajendra P. Chitale	15,50,000
Mr. Rangan Mohan	15,50,000
Mr. Yashodhan Madhusudan Kale	8,00,000
Mr. Pradeep Mukerjee	8,00,000

➤ Remuneration by way of Commission:

The Non-Executive Directors are paid commission within the ceiling of 1% of the net profits of the Company as computed in the manner as specified under Section 198 of the Companies Act, 2013 in accordance with the approval granted by the Members at the 20th Annual General Meeting held on September 29, 2015. Such commission is to be divided amongst the Directors as determined and approved by the Nomination and Remuneration Committee ('NRC') and the Board of Directors ('Board') based upon the parameters such as tenure as a Board member, attendance and participation in the Board meetings during the year etc.

Name of the Director	Commission* (₹)	Commission** (₹)
Mr. Ramkrishan P. Hinduja	18,21,000	49,34,000
Ms. Shanu S. P. Hinduja	12,60,000	21,93,000
Ms. Vinoo S. Hinduja	17,90,000	31,59,000
Mr. Anil Harish	21,53,000	48,54,000
Mr. Rajendra P. Chitale	24,84,000	49,35,000
Mr. Rangan Mohan	24,06,000	47,89,000
Mr. Yashodhan Madhusudan Kale	13,43,000	28,18,000
Mr. Pradeep Mukerjee	13,43,000	28,18,000
Total	1,46,00,000	3,05,00,000

\*Commission paid during the financial year 2018-19 was for the financial year ended March 31, 2018.

\*\*Commission for the financial year ended March 31, 2019 as recommended by the NRC and was approved by the Board. Total Commission amount of ₹ 305 Lakhs has been provided in the accounts for the year ended March 31, 2019.

The commission will be paid after the approval and adoption of Audited Accounts for the financial

year ended March 31, 2019 at the ensuing 24th Annual General Meeting of the Company.

**Non- Executive Directors are not entitled for stock options under the present Schemes of the Company.**

- Remuneration to Manager (designated as Chief Executive Officer).

Remuneration to Manager (designated as Chief Executive Officer) is subject to the limits specified in Section 197 and Schedule V to the Companies Act, 2013 and in accordance with the terms of appointment and remuneration approved by the Members at the 23rd Annual General Meeting held on September 29, 2018.

- **Material pecuniary relationships or transactions with the Non-Executive Directors:**

Apart from the sitting fees and commission paid by the Company to the Non-Executive Directors, the Company did not have any material pecuniary relationships or transactions with Non-Executive Directors in their individual capacity during the financial year ended March 31, 2019.

## 5. STAKEHOLDERS RELATIONSHIP AND SHARE ALLOTMENT COMMITTEE

**The Stakeholders' Grievance Committee is known by the name '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

Mr. Rangan Mohan, Chairman of the Committee attended last Annual General Meeting held on September 29, 2018.

\*Mr. Rangan Mohan ceased to be member of the Committee effective July 03, 2019 since he ceased to be Independent Director of the Company on the expiry of his tenure from the said date.

Effective May 30, 2019, Mr. Pradeep Mukerjee, an Independent Director was appointed as a member of the Committee.

The composition of the Stakeholders Relationship and Share Allotment Committee conforms with 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, 2019, two complaints relating to Issue of duplicate share certificates and Non receipt of annual report were received from the Investors / members, which were satisfactorily resolved and no complaint was pending against the Company as at March 31, 2019. Status of the complaints received, disposed off and pending on quarterly basis has been reported to the Board on periodical basis along with matters relating to the 'Shares' of the Company. The Committee had approved proposals relating to the allotment of shares under the ESOPs by circular resolutions.

## 6. GENERAL BODY MEETINGS

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

AGM	Date	Time	Venue
21st	September 21, 2016	3:00 p.m.	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
22nd	September 28, 2017	3:00 p.m.	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
23rd	September 29, 2018	3:00 p.m.	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018

- No extraordinary general meeting of the members was held during the Financial Year ended March 31, 2019.
- No Special Resolutions were proposed for the approval of the Members at the last three Annual General Meetings of the Company held on September 21, 2016, September 28, 2017 and September 29, 2018.
- The Members of the Company on June 7, 2018 approved the Ordinary Resolutions relating to Consolidation of and increase in Authorized Share Capital of the Company and consequent alteration to the Clause V of the Memorandum of Association of the Company via Postal Ballot process (Postal Ballot notice dated April 25, 2018).
- No Special Resolution was passed during the year ended March 31, 2019. There is no immediate proposal for any Special Resolution to be conducted through Postal Ballot.
- Postal Ballot whenever conducted will be carried out as per the procedure stipulated in Rule 22 of the Companies (Management and Administration) Rules 2014 including any amendment thereof.

## 7. DISCLOSURES

- A. Transactions entered into with the Related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations during the financial year ended March 31, 2019 were 'in the ordinary course of business' and on 'arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. There were no material significant related party transactions during the year ended March 31, 2019 that may have a potential conflict with the interests of the Company at large. Related party transactions have been disclosed in Note 35 to the standalone financial statements and in Note 37 to the consolidated financial statements. The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions which has been uploaded on the website of the Company at the following link: [www.teamhgs.com/investors/corporate-policies](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 on 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 report any matter of substance. Quarterly Report on Whistle Blower Policy and Vigil Mechanism is placed before the meetings of the Audit Committee and the Board. One complaint was received during the Financial Year 2018-19 which was appropriately dealt with by the management, the Audit Committee and the Board of Directors.

The said policy has been uploaded on the website of the Company at the following link: [www.teamhgs.com/investors/corporate-policies](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 discretionary requirements as stipulated in part E of Schedule II of the SEBI (LODR) Regulations have been adopted to the extent and in the manner stated as under :

- 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/investors](http://www.teamhgs.com/investors). Communication by way of letter of the Chief Executive Officer on financial results, interim dividends 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, 2019 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 Audit Committee.

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 30, 2019 to approve the financial statements for the year ended March 31, 2019.

- F. During the year ended March 31, 2019, 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: [www.teamhgs.com/investors/corporate-policies](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. A Certificate has been received from Ms. Rupal D. Jhaveri, Practicing Company Secretary, (Certificate of Practice No. 4225) that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

- I. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. number of complaints received : 25
- b. number of complaints disposed of : 22
- c. number of complaints pending as at March 31, 2019 : 3

- J. 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, 2019.

## 8. MEANS OF COMMUNICATION

- A. The quarterly, half-yearly and annual results are published in leading newspapers (Business Standard and Sakal). The results are simultaneously displayed on the Company's website [www.teamhgs.com/investors](http://www.teamhgs.com/investors). The website is updated regularly with the official news releases, presentations made to Institutional Investors and Analysts and disclosures as required from time to time.
- B. Report on Management Discussion and Analysis is given as an **Annexure 'E'** to the Board's Report.

## 9. GENERAL SHAREHOLDER INFORMATION

Sr. No.	Subject	Date
1	Next Annual General Meeting (24 <sup>th</sup> AGM)	
	Date	September 28, 2019
	Time	4:00 p.m.
	Venue	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018.
	Financial Year	April 01 to March 31
2	Financial Calendar for 2019-20 (Tentative)	
	Unaudited results for the quarter ended June 30, 2019	August 05, 2019
	Unaudited results for the quarter/ half year ending September 30, 2019	On or before November 14, 2019
	Unaudited results for the quarter/ nine months ending December 31, 2019	On or before February 14, 2020
	Audited results for the year ending March 31, 2020	On or before May 30, 2020
3	Book Closure Date	September 27, 2019 to September 28, 2019 (both days inclusive)
4	Final Dividend payment date for the financial year 2018-19, if approved at the 24 <sup>th</sup> AGM	October 15, 2019
5	Listing of Equity Shares	BSE Limited (BSE) P.J. Towers, Dalal Street, Mumbai-400 001 National Stock Exchange of India Limited (NSE) Exchange Plaza, G. Block, Bandra - Kurla Complex, Mumbai - 400 051
6	Stock Code	BSE: 532859 NSE: HGS
7	ISIN	INE170I01016
8	CIN	L92199MH1995PLC084610

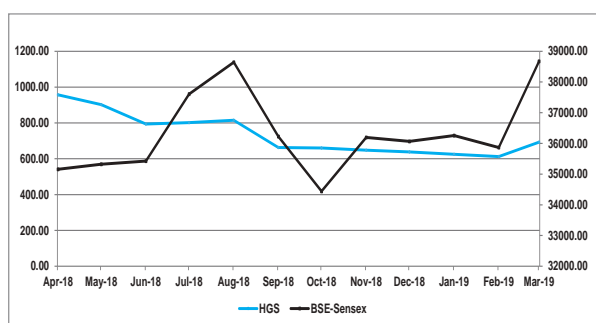
Note: Annual Listing fee for the financial year 2019-20 has been paid to BSE and NSE.

## • STOCK MARKET DATA

Month	BSE		NSE	
	Month's High (₹)	Month's Low (₹)	Month's High (₹)	Month's Low (₹)
Apr-18	999.50	810.40	999.00	805.00
May-18	974.75	866.50	980.00	862.55
Jun-18	923.70	767.10	924.00	772.80
Jul-18	870.00	758.05	865.00	757.00
Aug-18	858.00	762.45	859.50	759.25
Sep-18	911.40	576.00	917.80	660.00
Oct-18	710.00	594.00	713.90	591.20
Nov-18	734.80	635.10	737.40	641.80
Dec-18	684.80	625.00	677.80	621.30
Jan-19	666.10	609.20	667.00	602.65
Feb-19	638.00	560.05	641.55	561.85
Mar-19	729.00	604.70	659.75	605.55

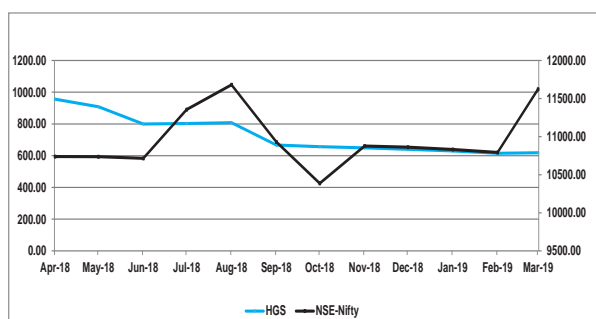
## • SHARE PRICE MOVEMENT (BSE)

Your Company's closing share price movement on the BSE relative to BSE Sensex closing prices (April 2018 to March 2019)



## • SHARE PRICE MOVEMENT (NSE)

Your Company's closing share price movement on the NSE relative to NSE Nifty closing prices (April, 2018 to March, 2019)



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

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

Karvy Fintech Private Limited - R&T Agent

Members are requested to communicate with the R&T Agent at the following address:

Address: Karvy Fintech Private Limited

(formerly known as Karvy Computershare Pvt. Ltd.)

Karvy Selenium Tower B,  
Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032

Tel: (91 40) 6716 2222

Toll Free No. : 1800-3454-001

Fax: (91 40) 2342 0814

E-Mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## • SHARE TRANSFER SYSTEM

Your Company's equity shares are compulsorily traded in dematerialized form. As on March 31, 2019, 2,07,95,876 equity shares, i.e. about 99.80% of your Company's equity shares had been dematerialized.

Authority to inter alia approve transfer of shares in physical form has been delegated by the Board of Directors ("the Board") to the Share Transfer Committee comprising of executives of the Company appointed by the Board. During the Financial Year ended March 31, 2019, two proposals for transfer of 200 equity shares were received and approved by the Share Transfer Committee and no proposal was pending approval at the year end. Share transfer formality is completed within a period of 15 days from the date of receipt in case documents are complete in all respects.

As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 effective April 01, 2019, except in case of transmission or transposition of shares, requests for effecting transfer of shares in physical form shall not be processed unless the shares are held in the dematerialized form with depositories. Therefore, shareholders are requested to take prompt action for dematerialization of equity shares of the Company. Communication in this regard has been sent to the shareholders by the Company's R & T Agents.

## Pattern of Shareholding as on March 31, 2019:

Particulars	No. of shares	% of share-holding
Promoter and Promoter Group		
a) Domestic	1,12,68,025	54.07
b) Overseas Corporate Body	27,61,427	13.25
FII's	18,35,562	8.81
NRIs/ OCBs/ Non Domestic Companies	68,336	0.33
Mutual Funds, Banks, Financial Institutions, Insurance Companies, Central Government	3,81,781	1.83
Private Corporate Bodies	6,75,558	3.24
Individuals/ Others	38,42,015	18.44
*Investor Education and Protection Fund	6,240	0.03
<b>Total</b>	<b>2,08,38,944</b>	<b>100.00</b>

\*Represents shares transferred in respect of dividend not claimed for seven consecutive years.

**Distribution Schedule as on March 31, 2019:**

Distribution	No. of shareholders		Shareholding	
	No of share-holders	% to Total	No of shares	% to Total
Up to 500	12530	93.51	7,30,419	3.51
501 – 1000	349	2.60	2,66,365	1.28
1001 – 2000	223	1.66	3,35,184	1.61
2001 – 3000	63	0.47	153,812	0.74
3001 – 4000	43	0.32	152,133	0.73
4001 – 5000	32	0.24	145,758	0.70
5001 - 10000	66	0.49	476,850	2.29
Above 10000	94	0.70	1,85,78,423	89.15
<b>TOTAL</b>	<b>13400</b>	<b>100.00</b>	<b>2,08,38,944</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, 2019, 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 issued in respect of financial year ended March 31, 2019 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.

**Foreign Exchange Risk and Hedging Activities:**

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD, EUR and CAD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimize the volatility of the functional currency cash flows of highly probable forecast transactions. The company's risk management policy is to hedge up to 75% of forecasted foreign currency sales for the each financial year. As per the risk management policy, foreign exchange forward contracts are taken to hedge up to 75% of the forecasted sales/ transactions. The Group's risk management is carried out by a finance department under direction of the Board of Directors. The Group's finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides direction for overall risk management as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial

instruments and managing the liquidity.

In accordance with its risk management policies and procedures, the Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecasted transactions. When derivative is entered into for the purpose of being a hedge, the company negotiates the terms of those derivatives to match the terms of the hedged exposure and assesses the effectiveness of the hedged item and hedging relationship based on economic relationship. The group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated. The group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses). When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity

at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses). If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

#### **Transfer of unclaimed dividend and transfer of shares to Investor Education and Protection Fund:**

As per Section 205A and 205C of the Companies Act, 1956, as replaced by section 124 and 125 of the Companies Act, 2013, and other applicable provisions, unclaimed dividend for the year 2010-11, 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 September 26, 2018.

Dividend for the year 2011-12 remaining unclaimed 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 second week of September 2019 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 before the same is transferred to the IEPF.

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, 2018 (being the date of the last Annual General Meeting) on the website of the Company ([www.teamhgs.com/investors/corporate-information/details-unclaimed-dividend](http://www.teamhgs.com/investors/corporate-information/details-unclaimed-dividend)), as also on the website of the Ministry of Corporate Affairs ([www.mca.gov.in](http://www.mca.gov.in)).

Pursuant to Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereto, shares, in respect of which dividend has not been encashed or claimed for a period of seven consecutive years, are required to be transferred by the Company in the name of the IEPF in accordance with the

aforesaid Rules. During the financial year 2018-19, 17 shares, in respect of which dividend had not been claimed for a period of seven consecutive years, were transferred to IEPF. The details of shares so transferred are placed on the website of the Company ([www.teamhgs.com/investors/corporate-information/details-unclaimed-dividend](http://www.teamhgs.com/investors/corporate-information/details-unclaimed-dividend)). Any claimant of such shares shall be entitled to claim the transferred shares from IEPF in accordance with the procedure laid down in the aforesaid Rules. Shares in respect of which dividend for FY 2011-12 remains unclaimed/unpaid for a period of seven consecutive years, will be transferred to the IEPF in the second week of September 2019. Relevant communication for encashment of unclaimed dividend and transfer of shares to IEPF was sent to the concerned Members and also Notices have been published in the Newspapers.

**Plant Locations:** Not applicable since the Company is in the Service Sector.

#### **10. 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.  
Tel: (91 80) 4643 1000

Members may address queries relating to shares and related matters 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

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

OR to the R&T Agent of the Company, i.e. Karvy Fintech Private Limited (Formerly known as Karvy Computershare Private Limited).

As a support to 'Green Revolution' (saving of paper), Members are requested to register their email address with the Company's Registrar and Share Transfer Agent (RTA) 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 advise any changes in their email address from time to time to the Company's RTA.

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

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

Place : Mumbai  
Date : August 23, 2019

## Annexure 'D'

# TO THE DIRECTORS' REPORT

**Auditors' Certificate regarding compliance of conditions of Corporate Governance**

TO THE MEMBERS OF  
**HINDUJA GLOBAL SOLUTIONS LIMITED**

**INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

1. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Hinduja Global Solutions Limited ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (the Listing Regulations).

**Managements' Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

**Auditor's Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2019.
8. 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 Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W / W-100018)

**Vikas Bagaria**  
Partner  
(Membership No. 060408)  
UDIN:19060408AAAAABE4103

BENGALURU, August 23, 2019

## Annexure 'E' to the Directors' Report

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## Overview

The financial statements for the period 2018–19, have been prepared in accordance and compliance with the requirements of the Companies Act, 2013, and other related and associated/attendant guidelines issued by the Securities and Exchange Board of India (SEBI), along with the generally accepted accounting norms, under IND-AS reporting format, and by co-opting all the amendments and revisions from time to time. HGS' management accepts the responsibility for the integrity and objectivity of these financial statements, as well as for the various other 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, in order to capture the form and substance of the transactions and reasonably present our state of affairs, profits and cash flows of the year.

## Macroeconomic Trends

Global growth is forecast at 3.2% in 2019, picking up to 3.5% in 2020. GDP releases so far this year, together with generally softening inflation, point to weaker-than-anticipated global activity. Investment and demand for consumer durables have been subdued across advanced and emerging market economies as firms and households continue to hold back on long-range spending. Accordingly, global trade, which is intensive in machinery and consumer durables, remains sluggish. The projected growth pickup in 2020 is precarious, presuming stabilization in currently stressed emerging markets and developing economies and progress toward resolving trade policy differences.

Risks to the forecast are mainly to the downside. They include further trade and technology tensions that dent sentiment and slow investment; a protracted increase in risk aversion that exposes the financial vulnerabilities continuing to accumulate after years of low interest rate; and mounting disinflationary pressures that increase debt service difficulties, constrain monetary policy space to counter downturns, and make adverse shocks more persistent than normal. (Source: IMF's *World Economic Outlook*, July 2019)

## United States (US)

The growth in the US is likely to slow in the coming years as macroeconomic policies have become less supportive. While employment growth is likely to slow down, the consumption growth is unlikely to witness decline as it is supported by wage inflation, with the labour market likely to tighten further. The strong business investments in 2019 and 2020 are reinforced by the recent tax reforms and benign financial settings would keep the growth going. Fiscal stimulus enacted in 2017 and 2018 is continuing, albeit more feebly in 2019 and budget is likely to have a neutral impact on business activity in 2020.

Further restrictions on imports should be avoided as this would end up weakening domestic growth. In the near term, the US has to address trade related concerns

multilaterally as this would reduce the risk of retaliatory measures undermining global and US trade growth, and consequently remove uncertainty that may be clouding investment decisions. Financial risks have built up in some areas, particularly in the non-financial corporate sector where leverage is high. (Source: *OECD Economic Outlook*)

## Canada

The growth is likely to be moderate at slightly below 2% by 2020 as consumption is slowing in response to the slower growth experienced in housing wealth. In addition, employment and exports are moderating as the US economy is slowing down. Unemployment is expected to remain near record lows; henceforth inflation is likely to edge little over 2%. Bank of Canada is likely to continue withdrawing monetary stimulus to stabilise inflation around the mid-point of its 1-3% medium term target band. While fiscal policy is expected to remain neutral, reducing the structural budget deficit would ease the burden on monetary policy and create more room to support the economy in the event of downturn.

A series of macro-prudential measures, leading to the tightening of mortgage underwriting requirements for uninsured mortgages, which came into effect from January 2018, have greatly mitigated the risks arising from the recent housing boom. However, household debt and house prices are still relatively high to the disposable income in many of the cities, hence loan-to-income ratios are still vulnerable, in the event of a negative economic shock.

The main contribution to the slowing growth is the private consumption expenditure, which is likely to wane in response to slower growth in employment generation and household wealth creation. On the back of capacity constraints, the business investment should remain reasonably strong for CY 2019/CY 2020. On the upside, income from hydro-carbon would be improved by higher global crude/oil prices, with the resolutions to regulatory difficulties to increasing oil pipeline capacity. (Source: *OECD Economic Outlook*)

## Jamaica

After nearly six years of reforms, unemployment is at 11-year low, poverty at 9-year low and inflation has remained within the threshold levels of 4 – 6%, driven by obstinately weak domestic demand, public debt on a descending path and international reserves at historically high levels. Despite all factors being positive, the growth has continued to be tepid. While current account deficit expanded in 2017–18 to 5.4% of GDP, it is expected to retreat to 3.5% levels over the medium term. So far, private sector investments don't seem to have taken full advantage of the unprecedented opportunities presented by the macroeconomic stability and fundamentals. The implementation of the government's policy program are reasonably strong and there are no major economic risks, which can lead to currency instability. (Source: *IMF Country Report*)

## United Kingdom (UK)

Economic growth in the UK is likely to increase modestly in CY 2019 at 1.3%, before slowing in CY 2020, on the premise that there is a smooth exit from EU. Some Brexit-related fears are likely to remain in the interim until there is clarity about the future trading arrangements. An expansionary fiscal stance and a slow recovery in the exports are expected to support the growth, while the monetary stimulus is likely to be slowly withdrawn. The inflation is likely to hover around 2% by CY 2020.

With inflation likely to remain above the threshold and uncertainties continue to remain as a hangover, monetary policy can be normalised at a very gradual pace. Fiscal impulse is expected to peak by CY 2019. The various regulatory authorities would be in a state of alert, as it might have to respond quickly, if demand weakens considerably because of Brexit.

Failure to come to a mutually agreeable withdrawal agreement with the EU is by far the greatest risk in the short term, as it would impact the UK economy negatively. The lack of clear details on the future relationship between UK and EU or the extension of the transition period and the resultant uncertainties may lead businesses to delay the investment plans further. By contrast, prospects of maintaining a close economic relationship with EU can lead to stronger than expected economic growth. (Source: *OECD Economic Outlook*)

## India

India has been among the fastest growing economies in the world over the past few years. The Government has initiated vital structural reforms to accelerate the economic growth and to improve living standards. The main reforms of the past few years include inflation targeting monetary policy framework, the Insolvency and Bankruptcy Code (IBC), the Goods and Services Tax (GST) and steps to liberalise FDI flows and improve the business climate.

The near-term macroeconomic view is largely stable. India's economy is expected to grow by 7% in 2019, picking up to 7.2% in 2020, according to recently revised IMF estimates. The growth is higher than the previous year and India is expected to still be the fastest economy in the world, followed by China. However, analysts have called out a weaker-than-expected outlook for consumption demand. On the positive side, political stability, high capacity utilisation, uptick in business expectations, buoyant stock market conditions and higher financial flows to the commercial sector can augur well for investment activity.

Though there are no serious economic risks, any sharp increase in the global crude prices, along with tighter global financial conditions, can affect current account deficit, hence the currency, which in turn can affect the present benign inflationary environment. Any retreat from globalisation or from the cross-border integration, including spill over risks from a global trade conflict and any rising regional geopolitical tensions, can impact the current account deficit and this can lead to slippages in

fiscal deficit. (Source: *IMF Country Report; Business Standard and Mint articles*)

## Philippines

The Philippines has been one of Asia's strong performers over the past few years, driven by sound policies and aided by conducive external environment, which has enabled it to report good economic growth. This robust growth has been achieved along with low inflation and a relatively strong fiscal position.

Amidst lingering global uncertainties led by rising challenges in trade between the US and China, the Philippine economy is poised to grow at 6.4% in 2019, and 6.5% in 2020 and 2021, according to the Philippines Economic Update (PEU) by the World Bank. Higher private consumption due to lower inflation, steady growth of remittances and election spending will fuel growth this year. Growth in public investment will be tempered in the first half of 2019 but is expected to recover in the second half of the year.

The key priorities for sustaining the Philippines' rapid and more inclusive growth include prudently managing fiscal and current account balances and preserving consumer and business confidence.

The Philippine Government sees the development of its digital economy as a priority. It has identified the importance of transitioning to a digital economy by introducing internet opportunities for all, investing in digital literacy for all, transparent and effective public services, and promoting business innovation for development. To support this initiative, the Government has formulated National Broadband Plan.

The Business Process Management (BPM) companies should be a beneficiary of this new initiative of the Philippine Government. With digitalisation of the financial sector a major focus, it is expected that Philippine economy will experience sharp rise in the share of electronic transactions from the present 1% levels to 20% in the next few years. All auxiliary and supporting infrastructure like Retail Payment Gateway are being introduced to improve the financial inclusion. (Source: *IMF Country Report*)

## Industry Overview – Business Process Management

The global economy is witnessing headwinds, which are likely to lead to slower growth rates in most of the developed economies. This in turn is likely to lessen the pace of global economic growth in CY 2019 and might as well stretch into CY 2020.

At the same time, the business environment is undergoing restructuring led by financial and regulatory factors, even as enterprises are being impacted by several technology and consumer trends. The cumulative effects of the above changes are having an impact on the busy market place, giving customers more choices and options. Business leaders and technology trend setters are struggling to identify the right emerging trends and the attendant solutions, so that they can differentiate from the competition.

To compete better, the smarter ones are adopting and positioning their businesses, based on their own customer experiences and constant feedback. They are changing the way their business works and perceived, and are looking for partners who can help them in this evolution. Enterprises are leaning towards Business Process Management (BPM) firms who can provide a more value-driven and technology-led outsourcing model to meet their needs.

Global corporations are open to expand and widen the scope of functions for BPM service providers, but are expecting the vendors to deliver more value. As business and customer experience leaders seek to expand channels, leverage analytics, adopt automation and integrate the front office with back office operations, the shift from labour arbitrage to value arbitrage in the BPM industry has become the new normal across client industries.

The BPM industry is leveraging digital services to disrupt the traditional services models and drive the higher value sought by clients. These new age models are supported by technologies such as cloud, natural language processing (NLP), machine learning, analytics, robotic process automation (RPA) and omni-channel platforms. There is also a higher acceptance of gain sharing and outcome-based pricing models amongst vendors and customers.

A big trend that is gaining credence is the use of AI-powered chatbots to drive self-service for clients and reduce the dependency on voice channels. This is an extension of the 'human + machine' concept that is currently at the heart of customer experience (CX) change. At HGS, we call it the Bots & Brains™ strategy, whereby we use intelligent automation to create optimized CX by smartly integrating people at key moments of truth.

As NASSCOM's IT/ BPM Strategic Review 2019 states:

**Process + Technology + Analytics + Domain Expertise = Business Outcomes and Customer Value.**

The contact centre services segment, which mainly comprises inbound and outbound voice services, forms a significant share of the BPM industry. HGS has been in the voice space (particularly in the inbound voice segment with take or pay clauses) for nearly four decades, and derived around 70% of FY 2019 revenues from voice. With customer acquisition and retention becoming the new normal in present times, global brands are actively leveraging CX through various initiatives like strategic process outsourcing, advanced call center analytics, omni-channel transformation, automated customer self-service and hyper-personalised service.

During FY 2019, HGS published a forecast featuring industry leaders and influencers with their views on how BPM partners will be called on to cost-effectively address the next year's CX and service needs. Some of the trends from the report are:

- 2019 will be the beginning of the end of the "factory floor" model of CX management.

- In the age of brave new consumerism, personalization is more important than ever; Brand new capabilities are required to address consumers.
- Social media is the highest-value consumer engagement channel.
- Artificial Intelligence (AI) will augment human interaction.
- Data analytics are everywhere
- BPM will address business complexity and digital transformation in 2019.

**Analysis of the Global BPM Market:** In 2017, global BPM spend grew by 3.4% year on year (y-o-y). In comparison, there was a step up in the growth rate up by 4.5% (y-o-y) in 2018 to reach USD198 billion. India's share has been steadily rising over the last half-a-decade, as BPM providers in India focus on providing high-end services at higher price points. Most of the services segments posted growth despite a difficult environment. India's share in global sourcing spend grew from 35% in 2012 to 38% in 2018. (Source: NASSCOM IT/ BPM Report - 2019, *Decoding Digital*)

**Review of the Indian BPM Market:** The Indian BPM industry at overall level is estimated to grow by 7.2% to touch US\$34.8 billion in FY 2019 compared to US\$32.5 billion last fiscal year.

According to NASSCOM, exports remained the key driver led by automation-led services, in a market that is slowly shifting towards new revenue streams and platform solutions. Digital is becoming a key component of all RFPs even as there has been an increase in the number of digital transformation deals. Omni-channel, AI and analytics are creating new revenue streams. Customer Interaction Services (CIS) remains the key service segment with a 40% share. However, the non-voice services in CIS continue to expand faster.

In exports, APAC and some of the emerging markets are driving the growth, though the US and UK continues to remain the largest markets. BPaaS and analytics are leading to a strategic shift in traditional verticals; it is expected that retail, consumer, healthcare and utilities verticals will generate big opportunities going forward.

The domestic BPM market is expected to grow at 7.7% in rupee terms to reach ₹ 286 billion in FY 2019, up from ₹ 265 billion last fiscal. CIS accounted for 81% of all services.

Banking and Financial Services (BFS), Retail chains, e-tail and Telecom are driving domestic demand for outsourcing.

BPM vendors are witnessing huge opportunities, as digital technologies continue to be embedded in an ever-widening range of products and services. They are focusing on delivering customer experiences and delight, by migrating the processes to BPaaS (business process-as-a-service offerings) and making analytics an integral part of the delivery model.

With the Government stepping up digitization efforts of various initiatives, the domestic BPM industry is likely to see a shift in their vertical focus, especially in the non-voice space, with the Government emerging as an important customer. The demand is coming from e-governance related projects initiated by the various governments.

**Review of Philippines BPM market:** The Philippines BPM industry is a multi-billion-dollar industry, that has grown exponentially in recent years. This growth can be attributed to the quality of the services and the work ethic of employees. Currently, in the Philippines, BPM companies employ over 1.23 million employees. US-based enterprises are the leading users of BPM services in the Philippines, accounting for 60% of all services provided. English speaking clients have led the way in outsourcing; however, multilingual services are quickly growing in popularity.

According to IBPAP (IT and Business Process Association of Philippines)'s IT-BPM 2022 Roadmap, the local industry in Philippines is set to generate revenues of US\$ 39 billion by the end of 2022. The region will continue its dominance as one of the largest BPM markets in the world but the pace of growth for voice-based services will be slower than in previous years. The voice component, which accounts for about 85% of the total outsourcing services, is expected to decline to 67% by 2022, as non-voice outsourcing services are expected to double their share to over 30%. Traction is expected in locations beyond Manila, such as Iloilo, Quezon, Taguig and Davao, given their attractive cost proposition, untapped talent pools and extensive government support. (Source: IBPAP – IT BPM 2022 Roadmap, Everest Group study, Media reports in the Philippines)

**Some of the trends that are observed in the industry verticals, where HGS operates are listed below:**

#### Healthcare

The global healthcare industry is dealing with a scenario where financial sustainability, regulatory compliance, care delivery and patient centricity are key priorities. Enterprises in this sector – be it payers, providers or the government, are all looking toward digital technologies to help them achieve this, led by new business and care delivery models.

Some key healthcare trends include: a shift toward value/ outcome-based care concepts (health outcomes and treatment focus), use of artificial intelligence across clinical and non-clinical segments, significant rise in digital health technology catering to out of hospital settings, innovative insurance models to meet the personalized needs of consumers. (Source: Frost & Sullivan blogs in media)

2018 also saw several mergers and acquisitions, especially in the US, to vertically integrate healthcare services. Buyers' objective has been to foray into new areas of the ecosystem and own a greater chunk of business lifecycle – from delivery channels and data acquisition to getting closer to the consumer. The buyers

have not just been traditional healthcare players but also new entrants from new age sectors such as consumer, retail and technology.

According to a report by Deloitte, the new healthcare value system has put empowered consumers in its epicenter. These consumers are informed change agents and active caretakers of their health who have high expectations from the ecosystem. They will likely be 'pulling' solutions rather than being 'pushed' services, thus flipping the traditional healthcare delivery model from business to consumer (B2C) to consumer-to-business (C2B). Stakeholders will use innovative technologies and personalized programs to engage with consumers and improve the patient experience.

In the US, the trend of moving from volume to value will see the creation of outcome-based financial models and data infrastructure to maximize value-based care (VBC) reimbursement pathways. Hospitals are being prompted by factors like clinical innovations, patient preferences and government program payment policies to shift certain services to alternative points of care and even to virtual environments to benefit from a cost and access perspective. Patient engagement strategies are increasingly focused on digital health, telehealth, wearable monitoring and fitness devices, online resources and social media. (Source: Deloitte's 2019 Global Healthcare Outlook – Shaping the future)

In this challenging payer and provider landscape, enterprises are under pressure to bring all disparate forces of the care process and convert challenges into growth. Many of them have been using business process outsourcing (BPO) to drive more efficient processes, speed up transactions and reduce costs of care.

While traditional BPO services are still growing, newer solutions and areas are emerging led by technology. For instance, self-serve appointment-setting, automated reminders and live chat or emails are being explored to enhance engagement with the care journey and a much-improved customer experience.

#### Telecom, Technology and Media

The telecom sector is seeing rapid change, led by consumer demand and technology. They are being forced to reinvent their services by going beyond digital transformation to driving digital journeys. Three big technologies currently associated with the telecom sector are Cloud, AI and 5G.

AI and machine learning (ML) are becoming mainstream; companies, primarily service providers, are revamping their applications, services and infrastructure to make them smarter. Analytics combined with Cloud is helping provide real-time insights into operations as well as enhance customer experience. Companies are also looking at how to monetize 5G and other opportunities to deliver maximum returns. An example is augmented reality (AR) and virtual reality (VR), which will need 5G's extensive bandwidth and low latency capabilities to feel seamless and deliver value.

Another area of technology is Blockchain, which companies can leverage to simplify billing systems, cut down revenue leakage from roaming, identity fraud and automate settlements.

However, the challenge will be in how companies can realign to the new changes and business models without losing out on streamlining current processes and infrastructure to cope with expected growth.

A key emerging trend is consumers' increasing reliance on voice assistants - either through their smartphones or via voice-assisted speakers. According to Deloitte's 2018 Global Mobile Consumer Survey: US edition, nearly two-thirds of respondents use a voice assistant on their smartphones - a 20% year-over-year increase.

The concept of customer delight while interacting is acknowledged and has gained acceptance, with the digitization in customer support going mainstream. Globally, service providers are investing billions of dollars in implementing AI-led solutions, which are helping them in several ways and creating a differentiator. For instance, online chatbots which use technology to answer customer queries correctly or provide voice and speech services.

### Consumer

The consumer industry – be it retail, consumer goods or electronics sectors – has seen a huge change in the last few years and continues to evolve. In some ways, this industry is witnessing more direct impact than most other industries. This is led by a power shift toward the consumer, where they are more empowered, everyone thinks they are an expert, demand instant gratification, are digital buyers and look for age agnostic products/services.

Several consumer companies are today connecting with their consumers in more innovative and direct ways that leverage technology. Their customer-centric approach has seen a rise in direct-to-consumer brands, the re-emergence of pop-up stores and online retailers developing a brick-and-mortar presence. At the same time, several traditional brick and mortar stores have closed stores, especially in developed markets such as the US.

According to McKinsey, the most sophisticated retailers are now closely examining the interplay between offline and online customer decision journeys by taking an omnichannel view of store performance. This is led by technologies such as advanced geospatial analytics, which helps each store to get credit for all the sales in which it played a role, whether those sales happened offline or online. In doing so, retailers are getting a more accurate picture of each store's total economic value and making better decisions about their omnichannel presence.

There is also a lot more dialogue by enterprises with consumers today, led by a conscious effort to deepen engagement with end-consumers. They are also using technology to mine data and understand consumer preferences. In fact, today the consumer industry has been a leading adopter of technology-led solutions

and digitizing brands to create a new retail world; else enterprises risk being outdated and lose market share.

### Banking, Financial Services and Insurance (BFSI)

The Banking, Financial Services and Insurance (BFSI) industry has seen significant changes in the last few years, led by technology and regulations. The competitive environment and markets are evolving with post-crisis regulatory frameworks gradually settling in place and BFSI organizations adjusting their business models in response. The governments and regulators have been focusing largely on preservation of sector stability, protection of consumers and investors – especially in terms of data privacy, transparency and reporting, and encouraging innovation through technology. Meanwhile, fintech start-ups and technology companies are making a dent into traditional segments, providing customer-friendly and technology-led solutions that are unencumbered by legacy systems. BFSI organizations are also facing pressure from consumers' expectations, which are very high as set by other consumer facing industries, and who are demanding better services irrespective of channels.

Despite recent uncertainty in the financial markets, the economic outlook for the industry remains positive. BFSIs have been leveraging digital technology to open newer areas of revenue generation and to improve customer experiences. They are using cloud, advanced analytics and new distribution alternatives based on technology to respond to consumer expectations.

With mobile devices (which includes tablets and high-end smartphones) increasingly becoming a channel of choice for consumers, BFSI organizations are investing significantly on mobile platforms to deliver a personalized and anytime-anywhere availability. They are also investing in new value-added services like online channels and loyalty programs to increase the customer base. The Digital services also offer an opportunity to maximize revenue by target profiling and proactive selling.

### Public/Government

Until a few years ago, customer experience was not considered as important in the government or public sector, as it was in the private sector. But with an increasing number of citizens getting into the millennial group as well as age agnostic devices being launched, a large percentage of government services are going online – be it paying taxes or utility bills, obtaining licenses, getting government related information, etc.

With this rapid digitization, the public sector agencies are focusing on customer experience. Though at different levels of maturity depending on geographies and segment, today's agencies are providing more customer service options in terms of channels and immediacy. And they are leveraging new technologies to aid this effort. Apart from the traditional voice and interactive voice response systems (IVRs), we now have customer service through web and mobile self-service, online chat and SMS services to create more touch points. This is converting the hitherto timeline-driven customer service

into an omnichannel, convenient and always accessible model, and helping in enhancing citizen expectations.

Many of the agencies are also adopting automation and AI-led technologies to create virtual contact centres. They are using analytics to develop insights into customer trends and asks and prioritize services according to market segmentation, leading to faster first-time resolution to their citizens. Social media is a new channel, which is fast gaining credence with the public sector.

### Business Overview

HGS is a global leader in business process management (BPM) and optimizing the customer experience lifecycle. HGS is helping make its clients more competitive every day. HGS combines technology-powered services in automation, analytics and digital with domain expertise focusing on back office processing, contact centers and HRO solutions to deliver transformational impact to clients. Part of the multi-billion-dollar conglomerate Hinduja Group, HGS takes a true “globally local” approach, with over 42,190 employees across 73 delivery centers in seven countries, making a difference to some of the world’s leading brands across nine key verticals, spanning healthcare, telecommunications & media, insurance, banking, consumer electronics, packaged goods industries, retail, technology and public sector verticals. HGS has a strong global presence with delivery footprint in India, Philippines, UK, US, Canada, Jamaica and UAE.

### Financial Review

The overall financial performance of HGS for the year ended March 31, 2019 was muted.

HGS’ business, excluding acquisitions, performed exceedingly well with significant growth in revenues along with EBITDA margin expansion. Almost all segments and markets reported increase in revenues except for the India domestic CRM business, which registered a significant drop in revenues.

At the beginning of FY 2019, HGS acquired 100% of AxisPoint Health and 57% stake in Element Solutions LLC. While the performance of Element Solutions was broadly as per expectations, the losses of AxisPoint Health were significantly higher than anticipated, leading to an overall drop in the financial performance of HGS.

### Revenue by Origination

In FY 2019, US-originated business accounted for 71% of the total revenues as compared to 68% in the previous year. Increase in US originated revenues was due to strong growth in onshore delivery of healthcare and other clients. Acquisitions of HGS AxisPoint Health LLC and Element Solutions LLC also added to the share of US originated revenues.

The trend of US-originated revenues continued its linear growth for the sixth successive year. In FY 2014, the US-originated revenues were at 59% of total revenue, which increased to 71% in FY 2019. US-originated revenues are delivered from the US, India, Philippines and Jamaica.

The India Domestic business, which accounted for 15% of FY 2018 total revenues dropped to 11% in FY 2019.

For FY 2019, business originating from Canada in CAD was 12% of total revenue as compared to 10% in FY 2018. UK-originated revenues fell from 7% of total revenue in FY 2018 to 6% in FY 2019.

### Onshore to Offshore Revenue Mix

In FY 2019, onshore revenues were 55.7% of total revenues as compared to 53% in FY 2018. The share of onshore revenues has increased on account of the AxisPoint Health and Element acquisitions as well as strong onshore revenue growth in healthcare and other verticals in the US as well as Canada.

### Voice to Non-voice Revenue Mix

In FY 2014, voice CRM revenues accounted for 79% of total HGS revenues. The share of voice CRM revenues has dropped to around 68% in FY 2019. Digital CRM accounts for around 7% of FY 2019 revenues while the balance revenues came from transaction processing.

### Revenue by Vertical

Healthcare vertical sustained its growth momentum. In terms of contribution, it accounted for 52% of FY 2019 revenues, up from 49% in FY 2018. Revenue buoyancy from healthcare continues to be strong over the past five years with growth across on shore, near shore and offshore delivery.

The two acquisitions made in FY 2019 also helped drive the growth in healthcare revenue (AxisPoint Health’s revenue is all healthcare related while for Element Solutions, a significant portion of its revenue is healthcare related).

Drop in volumes from clients has led to share of revenues from the telecom & technology vertical to drop from 20% in FY 2018 to 18% in FY 2019. This reduction follows the strategic decision taken by the management to exit some of the loss-making accounts as well as drop in volumes from some clients.

Share of revenues from the consumer vertical dropped from 13% in FY 2018 to 12% in FY 2019. Share of revenues from Banking and Financial Services (BFS) and other verticals remained unchanged at 8% and 10% respectively.

### Discussion on Financial Position

#### Property, Plant and Equipment and Intangible assets:

The net block of assets as of March 31, 2019 was ₹ 6,973 million as compared to ₹ 6,307 million on March 31, 2018, representing an absolute increase of ₹ 666 million during the year under review, a 10.6% increase.

#### Goodwill:

As of March 31, 2019, goodwill was ₹ 3,355 million as compared to ₹ 2,883 million on March 31, 2018. The increase in goodwill is on account of the acquisitions of AxisPoint Health and Element Solutions made during the year. Goodwill is tested for impairment and there was no impairment during FY 2019.

**Investments (Non-current):**

Investments mainly comprises of Treasury bills at overseas locations. As of March 31, 2019, investments were ₹ 145 million as compared to ₹ 112 million on March 31, 2018.

**Loans (Non-current):**

As of March 31, 2019, the amount due was ₹ 849 million as compared to ₹ 848 million on March 31, 2018. It comprises of a loan given to a related party being an overseas entity.

**Other financial assets (Non-current):**

Other financial assets comprises of security deposit, margin money deposit and other long-term deposits. As of March 31, 2019, the amounts were ₹ 676 million as compared to ₹ 490 million on March 31, 2018.

**Deferred tax assets (net) [DTA]:**

DTA as of March 31, 2019 were ₹ 418 million as compared to ₹ 455 million on March 31, 2018.

**Income tax assets (net):**

As of March 31, 2019, income tax assets were ₹ 614 million as compared to ₹ 659 million on March 31, 2018.

**Other non-current assets:**

Other non-current assets comprises of capital advance, deferred rent, prepaid expenses and other receivables. As of March 31, 2019, the amounts were ₹ 553 million as compared to ₹ 698 million on March 31, 2018.

**Trade receivables:**

As of March 31, 2019, trade receivables from customers were at ₹ 11,662 million as compared to ₹ 8,240 million on March 31, 2018, after making allowance for doubtful debts.

**Cash and Bank balances:**

As of March 31, 2019, cash and bank balances were at ₹ 3,274 million as compared to ₹ 4,750 million on March 31, 2018. The reduction is mainly on account of acquisitions made during FY 2019.

**Other financial assets (Current):**

It comprises of unbilled revenues, security deposit, interest accrued and derivative gains. As of March 31, 2019, the amounts were ₹ 281 million as compared to ₹ 163 million on March 31, 2018.

**Other current assets:**

The Other Current Assets comprises of balance with government authorities, vendor advances and prepaid expenses. As of March 31, 2019, the amounts were ₹ 837 million as compared to ₹ 648 million on March 31, 2018.

**Share Capital:**

The authorized share capital of the Company is ₹ 276.5 million comprising of 27.5 million equity shares of ₹ 10 each and 0.15 million 1% participatory redeemable

non-cumulative preference shares of ₹ 10 each. The paid up Equity share capital as of March 31, 2019 was ₹ 208.38 million, an increase of 38,706 shares compared to previous year. The Company issued 12,362 equity shares pursuant to the exercise of stock options by certain employees under the "Employees Stock Option Plan, 2008" and issued 26,344 equity shares pursuant to the exercise of stock options by certain employees under the "Employees Stock Option Plan, 2011".

**Other Equity:**

The Other Equity of the Company increased from ₹ 14,987 million in March 31, 2018 to ₹ 16,227 million on March 31, 2019.

**Borrowing (Non-current):**

As of March 31, 2019, the total long term borrowings were ₹ 3,786 million as compared to ₹ 2,003 million on March 31, 2018.

**Other financial liabilities:**

As of March 31, 2019, the amount was ₹ 286 million. It represents non-current portion of deferred consideration payable on acquisition of a new entity during FY 2019.

**Provisions (Non-current):**

Provisions comprises of pension obligation and gratuity (as per actuarial valuation performed by an independent actuary). As of March 31, 2019 provisions were ₹ 756 million as compared to ₹ 385 million on March 31, 2018.

**Deferred tax liabilities (net) [DTL]:**

DTL as of March 31, 2019 were ₹ 139 million as compared to ₹ 59 million on March 31, 2018. Major components of DTL are due to temporary differences on Property, Plant and Equipment and Hedge reserve.

**Other non-current liabilities:**

It comprises income received in advance from a customer. As of March 31, 2019, the amounts were ₹ 77 million as compared to ₹ 87 million on March 31, 2018.

**Borrowing (Current):**

As of March 31, 2019, the total short term borrowings were ₹ 1,603 million as compared to ₹ 2,429 million on March 31, 2018.

**Trade Payables:**

As of March 31, 2019, the trade payables were ₹ 2,412 million as compared to ₹ 1,858 million on March 31, 2018.

**Other current financial liabilities:**

Other current financial liabilities comprises of current maturities of long-term debt and lease obligations, interest accrued, capital creditors, unpaid dividend, employee related payables and derivative loss. As of March 31, 2019, these amounts were ₹ 2,653 million as compared to ₹ 2,884 million on March 31, 2018.

**Provisions (Current):**

Provision comprises of pension obligation and leave encashment liabilities (as per actuarial valuation

performed by an independent actuary). As of March 31, 2019 provisions were ₹ 528 million as compared to ₹ 540 million on March 31, 2018.

#### Current tax Liabilities:

As of March 31, 2019, the amount was ₹ 114 million as compared to ₹ 199 million on March 31, 2018.

#### Other current liabilities:

Other current liabilities comprises of advance from customers, statutory dues payable and deferred revenue. As of March 31, 2019, the amounts were ₹ 819 million as compared to ₹ 631 million on March 31, 2018.

#### Operational Review

During the year under review, the Company has been communicating to all its stakeholders, that the focus of the Company is to grow the profitable businesses, reprice or exit unprofitable accounts, generate free cash flows, reduce debt and improve ratios such as Return on Capital Employed and EBITDA to Free Cash Flow conversion.

Looking at the financial numbers of the year under review, FY 2019 has seen revenue growth of 25.1%. The Company has seen organic revenue growth of 11.3%, foreign exchange fluctuations accounted for 5.4% and the balance of 8.4% growth resulted from acquisitions made in FY 2019 i.e., AxisPoint Health and Element Solutions.

The revenue growth was led by volume growth from the top 10 clients and new clients that HGS won in the last financial year in verticals like healthcare, telecom & media and financial services.

The acquired businesses of AxisPoint and Element have reported EBITDA losses of ₹ 607 million on revenues of ₹ 3,243 million.

Excluding the above acquisitions, EBITDA of rest of the Company increased by 23.6% on revenue growth of 15.9%.

Taking into account the losses of the acquired businesses, EBITDA margins (computed excluding exchange gains and losses) have dropped from 10.5% in FY 2018 to 9.2% in FY 2019.

EBITDA margins in FY 2019 have dropped on account of losses in AxisPoint Health, increase in minimum wages in different states and countries, and profitability pressures of the UK and India domestic businesses.

Depreciation costs in FY 2019 rose by 39.3% over FY 2018, due to capital expenditure incurred for growth and replacement, accelerated depreciation for sites, which were consolidated and accelerated depreciation for self-developed software. Overall depreciation and amortization costs for FY 2019 were ₹ 1,968 million. Increase in depreciation was also due to depreciation costs of businesses acquired during FY 2019.

Interest costs for FY 2019 were ₹ 406 million as compared to ₹ 347 million in FY 2018 i.e., an increase of 17%. The increase is partly on account of cost of deferred compensation for one of the acquisitions made in

FY 2019 as borrowings made during FY 2019 to fund loss-making subsidiaries.

Other Income in FY 2019 was ₹ 445 million, an increase of 22.6% over FY 2018. Other income mainly consists of interest on tax refunds and exchange gains.

Profit Before Tax for FY 2019 was ₹ 2,482 million, around 2% lower than FY 2018.

Profit After Tax for FY 2019 was ₹ 1,764 million, a drop of around 11% over FY 2018.

During FY 2019, HGS opened four centres in Pune and Bangalore in India, Jacksonville in the US, and Iloilo, Philippines. HGS also gained five new centres through acquisitions in Chicago (Illinois), Austin (Texas), Denver (Colorado), San Juan (Puerto Rico) and Vishakhapatnam.

Keeping in view the business requirements, centres in Guntur, Mangalore and one centre each in Indore and Bangalore were shutdown. At the end of FY 2019, HGS had 73 active delivery centres in seven countries.

The employee headcount stood at 42,190 as of March 31, 2019 as compared to 44,265 as of March 31, 2018. The decrease in headcount is primarily in India, due to the drop in telecom sector revenues and volumes of the India domestic CRM business. Headcount in Philippines, USA and Jamaica recorded increases during FY 2019. India accounted for 57% of the total headcount, followed by the Philippines, which accounted for 20%, the USA 9%, 6% in Canada, 5% in Jamaica and while UK accounted for around 3%.

During FY 2019, total debt increased by ₹ 168 million from ₹ 5,854 million (as of March 31, 2018) to ₹ 6,022 million (as of March 31, 2019). The Company's borrowing increased to fund loss-making subsidiaries.

HGS continues to win new business from existing and new clients in North America, which comprises Canada and US. The US operations had good wins in Logistics sector and opened a new site at Jacksonville, Florida to service these clients. In Canada, HGS expanded business in Telecom and Media verticals. During FY 2019, we have expanded our home agent footprint in Canada and the US.

Jamaica continues to be an attractive near-shore location for the company, mainly due to its proximity to the US and available talent pool.

Revenues from the UK in FY 2019 were around the same level as FY 2018, but better operational performance has helped show some improvements in the profitability. Revenue growth has been a challenge due to uncertainties arising out of Brexit and delays in signing new contracts.

India International business experienced moderate growth, led by higher volumes in the healthcare vertical. The EBOS business (Provider business) showed strong revenue growth. The outlook for the Indian International business continues to be bright.

FY 2019 was a very challenging year for the India Customer Relations Management (CRM) business. Intense competition among the telecom companies led to a drop in volumes and pricing pressure. Revenues fell by around 20% from ₹ 4,320 million in FY 2018 to ₹ 3,460 million in FY 2019.

To mitigate the business and profitability challenges of the India Domestic CRM business, the Company has initiated several measures. This includes closure of some sites and reducing dependence on telecom clients through wins in verticals such as financial services, consumer, retail, consumer goods, etc.

Further, the Company has initiated several measures to help deal with the adverse impact of the minimum wage increases, including focusing on premium services with higher price points in wages above the minimum wage level, and expansion into non-telecom sectors like financial services, consumer sector, etc., where the price points are better. The Company has also initiated steps to negotiate rate increases from clients to offset the increase in minimum wages and/or exit low margin accounts.

The India HRO business, in contrast, continues to do very well, and add clients for its payroll processing, staffing and compliance services. Revenues of the HRO business grew by about 7.5% in FY 2019. This business, which had started with only payroll processing, has expanded its service offering to include compliance services, staffing, managed services, recruitment and Finance & Accounting Services.

The Philippines operations continued its business expansion, reporting a 6% YoY growth. HGS expanded its capacity in Iloilo. HGS Philippines has several delivery centres in Manila and these will be consolidated into a single location to help achieve economies of scale. The consolidation is expected to be completed during FY 2020.

Over the last four years, HGS has made significant investments in developing new capabilities such as Robotic Process Automation (RPA), digital services like social care and DigiCX, analytics, work at home and platform services. These investments are showing results and HGS is engaged in several engagements related to this area while supporting many clients.

The feedback from our clients is encouraging and HGS will continue to focus on providing its clients with differentiated experience led by technology-based solutions.

Under the HGS RPA business, HGS has set up an automation centre of excellence, which is supporting several client engagements in healthcare and BFSI. This centre of excellence is helping provide value addition to clients through RPA, artificial intelligence and analytics to drive cost takeout and higher customer experience transformation. The work typically involves automating several large processes like claims and contract transactions, data verification which are routine, the chat BOTS and virtual agents etc. HGS plans to scale up significantly this year both in capability development and its deployment.

HGS' digital offerings, under the DigiCX® suite of solutions, continued to gain traction in the year. HGS has signed several engagements to deliver digital transformation to clients as they wade through an ever-evolving consumer market.

In Analytics, apart from using speech and text analytics tools for several clients, HGS has started supporting clients in healthcare with predictive and prescriptive analytics.

Looking ahead, HGS is focusing on enhancing the product portfolio further by investing in technology services and re-skilling people.

The traction for our solutions, and the use of automation and analytics internally within HGS, is expected to add non-linear growth and improved margins.

### Customer Additions

As of March 31, 2019, the company had 237 core BPM clients. Taking into account the 656 HRO and F&A clients, the total number of clients stood at 893. During the year, HGS saw net addition of 41 clients across BPM and HRO.

### Human Capital

HGS had 42,190 employees across 73 delivery centers in seven countries as of March 31, 2019.

Our HR philosophy revolves around creating an inclusive, results-oriented and high-performance culture that consistently delivers quality service to clients by motivated employees. Business leaders and the HR teams leverage defined levers and benchmarked practices, which include business unit-level events, rewards & recognition programs, skip level meets, training initiatives and community service initiatives to engage with our employees regularly. These programs commence from pre-recruitment, onboarding and training, and through the entire employee life cycle.

HGS' people policies and practices are helping establish us as a preferred employer. During FY 2019, we conducted our Employee Satisfaction (ESAT) Survey – Voice of the People 2018 and received an overwhelming 92% response rate as compared to 86% last year. The overall employee experience index (EX Index) stood at 56 for this year. In the context of business rightsizing and other market conditions, this is a commendable achievement, and positions us well when compared to market and similar industries. Suitable action planning to address employee concerns and the feedback given are being put in place and tracked in respective geographies.

As a company operating in a people-centric industry, HGS is focused on evolving our workforce to align with the changes in client needs, market trends and technology adoption. We continue to invest in our employee competency development by focusing on bringing positive behavioural changes that result in improved individual, team and organizational performance. During FY 2019, HGS focused on training a significant part of the delivery operations team at HGS through its 'Ready Now' initiative. The program mainly covers associates, team leaders and managers, and covers subjects such

as business and financial skills, functional and technical skills, client handling skills, people skills, etc. In FY 2019, over 13,687 participants went through the 'Ready Now' program across India, Philippines, North America and Jamaica. Add the 17,400 employees who have undergone this training in the previous year, almost 75% of the organization has now been reskilled to meet the changing demands of the new marketplace.

Looking ahead, the focus will be to develop our workforce across levels on new-age technical skills such as AI, robotic process automation, machine learning, IOT, block chain, cyber security, mobility and virtual reality, and functional skills such as sales, negotiations, design thinking approaches and feedback coaching, etc. This will help HGS be ready at all levels of the organization to deliver more complex and high-end work that clients are assigning us.

HGS is also leveraging technologies like automation, machine learning and social media to re-engineer our recruitment process by leveraging a customized Recruitment Management System (RMS) for not only sourcing and hiring the right way, but also for engaging with the talent community.

### Compliance

The Company has implemented a robust Compliance framework to identify, assess, monitor, control and report compliance status with respect to the applicable laws and regulations specific to the geography in which it provides services. Applicable laws and regulations, including employment and labour laws, in countries where the Company operates and any changes to the said laws and regulations are reviewed periodically for their compliance. The Board reviews the compliance status of all the laws and regulations applicable to the Company on a quarterly basis, based on the compliance certificates submitted by the CEO & CFO.

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted a policy for prevention and redressal of complaints related to sexual harassment at the workplace. During FY 2019, the Company has received 25 complaints under the above policy and 22 complaints have been resolved with an appropriate action and 3 complaints were pending as of March 31, 2019.

### Global Marketing

HGS' Global Marketing is a shared services function with a mandate to improve market positioning, create awareness and enable the business to grow more effectively through channel partnerships, packaging of new services, leveraging of business insights and the development of HGS-specific thought leadership forums. As evidence of success related to the investments in Global Marketing over the past year, the business has grown with significant number of new logos and has risen in recognition amongst the top industry influencers, the media, award bodies and analysts and advisors with top rankings; and increased consideration rates.

### Trademarked Consumer Journey solutions

HGS earned the business of some of the largest brands in the world to help them to transform their customer experience with our trademarked HGS Consumer Journey Strategy™ suite of services that is designed to address the consumer engagement challenges faced by businesses at each of the six stages of the consumer journey; Engage, Buy, Bill, Care, Repair and Retain. HGS is providing support at the critical consideration and purchase moments of truth and loyalty building customer care and product support to retain customers for life. HGS' digital innovation helps brands engage customers via traditional and digital communication channels, leverages analytics for deeper insights and personalization, and automates in a way that balances the cost to serve with the ideal customer experience – getting the right answer fast.

To continue to grow revenues under this consumer journey set of service offerings, HGS expanded its strategic channel partners ecosystem to include technology providers as well as digital and brand agencies. The result is the trademark expansion of new first-of-their-kind programs, including HGS EPIC™ Social Care that, with the use of artificial intelligence, changes the way large brands approach social media and view online customer care as a strategic brand asset for managing online reputation. Another HGS-designed solution leverages advanced analytics and deep domain expertise in the area of healthcare payment integrity to achieve new levels of ROI for the client.

Transformational offerings continue to drive revenue and relevance in the sales cycle as more brands adopt a digital innovation strategy and seek to optimize their business processes with better customer engagement. The "lead with self-service" approach and intelligently integrating human assistance when it adds value is combining Bots&Brains™ in a way that will help optimize CX and make the brands we serve more competitive. DigiCX® advancements made in FY 2019 as a part of the HGS eCare strategy contributed to a large expansion in the number of digital clients for HGS.

### Brand recognition – amongst the best

HGS' brand recognition over the past three years has increased with a strong and consistent commitment to keeping a steady drum beat of news, analyst briefings, thought leadership creation, speaking opportunities, and awards and analyst recognitions.

In FY 2019, several media, analyst and advisor firms published reports and articles recognizing HGS as Leaders/High performers/Major Contenders or in the Top 10, including reports from respected firms such as ISG Sourcing Advisors, HFS Research, Everest Group, and Nelson Hall. In the past year, most notably in a study of 300 end users of customer engagement services, published by HFS Research, HGS ranked in the top 3 for voice of the customer. HGS was also named to The Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP) for the ninth year in a row and brought home the Stevie Award for Best

Business-to-Business Service. HGS also ranked in Training magazine's top 125 training organizations. This win was complemented with a Great HR Practices Award from the Institute of Human Resources Development (IHRD), India.

### Competitive Advantage

HGS is helping our clients be more competitive. At every stage of the consumer journey, by applying digital channel expansion, adopting data analytics and implementing automation, HGS supports clients' drive to grow, need to improve cost to serve, mandate to build promoters, imperative for customer loyalty, plans to slow customer churn, and roadmap to increase operating efficiency and reduce errors. HGS is a solution provider at heart, solving businesses problems by improving processes.

HGS' commitment to being brilliant at the basics is our foundational promise to earn our clients' trust through consistently meeting and exceeding expectations. HGS believes that every dollar spent on our services is an investment in creating competitive advantage for our clients. This means HGS earns trust first with brilliant basics and then looks for intelligent innovation benefits.

HGS grows with our clients and helps them along the digital transformation journey, creating value through innovation. Transformation requires long-term trusted relationships, and 68% of HGS revenue come from clients that have been with HGS for more than 10 years. Clients continue to trust HGS to balance the cost to service customers with the opportunity to make them more loyal, more satisfied, and more valuable.

HGS "Customer first" thinking means treating each employee like a customer, every client like a partner and the consumer the way we want to be treated – with empathy and respect.

HGS has a proven method for right-shore outsourcing with local onshore capabilities as well as key nearshore and offshore locations. The company currently delivers services out of 73 centers in seven countries.

Further, HGS is a professionally managed company with deep domain expertise. The top management is supported by geographic as well as vertical heads and practice leaders, 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; decentralized decision-making accelerates response to market opportunities.

### Risk and Concerns

For a company like HGS, new risks can emerge or change intensity over a period of time. This is due to the fact that HGS has its operations spread across multiple geographical locations, its clients located across different continents and revenues accrued and costs incurred in multiple currencies.

Some of the risks to which the Company is exposed to are as follows:

- Regulatory enactments 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.
- Technology changes related to robotic process automation (RPA), analytics and multi-channel digital transactions, which may impact volumes and ability to deliver traditional services.
- Increase in minimum wages across geographies, that HGS operates in, might impact its profitability.
- Absence of integrated end-to-end solutions might impact the ability of HGS to attract new customers.
- HGS' efforts to comply with GDPR (General Data Protection Regulations) and other privacy and data protection laws may impose significant costs and challenges that are likely to increase over time. Failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in impairment to our reputation in the marketplace and HGS could incur substantial penalties or litigation related to violation of existing or future data privacy laws and regulations, which could have a material adverse effect on its business, financial condition and results of operations.

HGS has designed and established a robust ERM (Enterprise Risk Management) framework comprising of practices related to identification, assessment, monitoring and mitigation of risks to its business. ERM practices enables HGS to leverage upcoming market opportunities effectively through risk-oriented assessment and mitigation methods that minimize adverse impact of risks. HGS' ERM objectives include risk management of areas related to strategic factors (both external and internal), operations, finance, client and market space, technology and human resources. Our risk practices seek to enhance long-term competitive advantage. 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

HGS' ERM framework considers the following categories of risks as 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 and acquisitions and joint ventures, which can potentially impact its long term competitive advantage;

2. **Counterparty Risks:** Risks arising out of HGS' 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 and 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 Risks:** 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 arising out of inadequate compliance to regulations, contractual obligations and violations leading to potential litigation and loss of reputation

#### HGS Risk Management Practices

Risk management practices include identification of risks, impact and consequence analysis, evaluation of risks, mitigation and monitoring of risks along with reporting and disclosures. Business planning and strategy is integrated with risk management.

#### Risk Identification and Impact Analysis

The procedures have been developed for identifying risks through focus group meetings, interviews, questionnaires, historic data analysis, probability forecasting, control assessment, analysis of uncertainties, what-if scenario analysis, business environment, internal audit findings, assessment of the operations and learning's from incident analysis. HGS has guidelines that provide instructions in carrying out impact-consequence analysis for the identified risk.

**Risk Evaluation:** Risk criteria have been established in deciding the magnitude of risk to the company. The risk criterion includes costs, performance objectives, reputation and regulatory compliance. The 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 Board through periodic updates highlighting key risks, their impact and mitigation status.

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

#### Internal Controls

As a business philosophy, the HGS management believes in growth with a strong governance system and mechanism in place. HGS 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/and disposition and compliance with all applicable regulatory laws and Company policies.

The Company documents all the policies and procedures and from time to time updates the same, which need to be complied with. There is a clear demarcation of roles and responsibilities at various levels of the organization. Internal Control System aims to ensure that business operations function efficiently; that applicable laws, rules and regulations as well as the policies are complied with and that there is reliability and consistency of reported accounting and financial data. Internal Auditors review the internal control systems on an ongoing basis for its effectiveness and suggests necessary changes, which are duly incorporated. The Internal audit reports are also reviewed by the Audit Committee of the Board.

Based on the current structure 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 2019.

#### Cautionary Statement

Some of the statements or certain statements in the above paragraphs of MDA, describing the company's objectives, expectations, predictions and assumptions may be 'forward looking' in nature, within the meaning of the applicable Securities Laws and Regulations. The actual financial and non-financial results may differ materially, from those expressed herein. Important factors that could influence the company's operations include global and economic conditions affecting demand, supply, price conditions, change in Government regulations, tax policies and 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, 2019

[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
ii)	Registration Date	January 13, 1995
iii)	Name of the Company	Hinduja Global Solutions Limited
iv)	Category/ Sub-Category of the Company	Domestic Company
v)	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
vi)	Whether listed company	Listed on BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Private Limited (formerly known as 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: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>

#### 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:

SI 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, India #	U32304MH2007PTC167602	Subsidiary	100	Section 2(87)(i)
3.	Hinduja Global Solutions Inc., U.S.A.		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, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
9.	HGS Healthcare, 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, U.A.E	-	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 France, S.A.R.L., France*	-	Foreign Subsidiary	100	Section 2(87)(ii)
15.	C-Cubed N.V., Curacao	-	Foreign Subsidiary	100	Section 2(87)(ii)
16.	C-Cubed B.V., Netherlands	-	Foreign Subsidiary	100	Section 2(87)(ii)
17.	Customer Contact Centre Inc., Philippines	-	Foreign Subsidiary	100	Section 2(87)(ii)
18.	HGS St. Lucia Limited, Saint Lucia	-	Foreign Subsidiary	100	Section 2(87)(ii)
19.	Team HGS Limited, Jamaica	-	Foreign Subsidiary	100	Section 2(87)(ii)
20.	HGS Axis Point Health LLC, U.S.A	-	Foreign Subsidiary	100	Section 2(87)(ii)
21.	HGS Population Health LLC, USA**	-	Foreign Subsidiary	100	Section 2(87)(ii)
22.	Falcon Health Solutions – Puerto Rico LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
23.	Falcon Health Solutions – Puerto Rico, Holding LLC	-	Foreign Subsidiary	100	Section 2(87)(ii)
24.	HGS Colibrium Inc., USA	-	Foreign Subsidiary	95.20	Section 2(87)(ii)
25.	Elements Solutions LLC, USA	-	Foreign Subsidiary	57	Section 2(87)(ii)

# merged with the Company

\* under liquidation

\*\*Effective July 23, 2018, "HGS Population Health, LLC" was merged into "CMH Services Subsidiary LLC, USA". On August 2, 2018, the name of "CMH Services Subsidiary LLC, USA" has been changed to "HGS Axis Point Health LLC, U.S.A".

#### 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 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year*
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoters									
	(1) Indian									
	a) Individual/ HUF	16,17,185	0	16,17,185	7.77	16,17,185	0	16,17,185	7.76	(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.	96,50,840	0	96,50,840	46.40	96,50,840	0	96,50,840	46.31	(0.09)
	e) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
	f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A) (1)	1,12,68,025	0	1,12,68,025	54.17	1,12,68,025	0	1,12,68,025	54.07	(0.10)
	(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.	27,61,427	0	27,61,427	13.28	27,61,427	0	27,61,427	13.25	(0.03)
	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)	27,61,427	0	27,61,427	13.28	27,61,427	0	27,61,427	13.25	(0.03)
	Total Shareholding of Promoter (A)= (A)(1)+ (A)(2)	1,40,29,452	0	1,40,29,452	67.45	1,40,29,452	0	1,40,29,452	*67.32	(0.13)
B.	Public Shareholding									
	1. Institutions									
	a) Mutual Funds	3,77,651	0	3,77,651	1.82	3,77,651	0	3,77,651	1.81	0.00
	b) Banks/ FI	17,030	0	17,030	0.08	4,130	0	4,130	0.02	(0.06)
	c) Central Govt.	0	0	0	0.00	0	0	0	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/ FPIs	17,00,393	0	17,00,393	8.17	18, 35, 562	0	18, 35, 562	8.81	0. 63
	h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
	i) Others (specify)									

Category of Shareholders		No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year*
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
	- Foreign National	4,705	0	4,705	0.02	4,705	0	4,705	0.02	0.00
	- Foreign Companies	0	15,000	15,000	0.07	0	15,000	15,000	0.07	0.00
	<b>Sub - total (B) (1)</b>	<b>20,99,779</b>	<b>15,000</b>	<b>21,14,779</b>	<b>10.17</b>	<b>22,22,048</b>	<b>15,000</b>	<b>22,37,048</b>	<b>10.73</b>	<b>0.57</b>
<b>2. Non-Institutions</b>										
	a) Bodies Corp.									
	- Indian	7,60,041	2900	7,62,941	3.67	6,72,658	2900	6,75,558	3.24	(0.43)
	- Overseas	0	0	0	0.00	0	0	0	0.00	0.00
	b) Individuals									
	- Individual shareholders holding nominal share capital upto ₹ 1 lakh	17,24,721	28,513	17,53,234	8.43	16,69,521	25,168	16,94,689	8.13	(0.30)
	- Individual shareholders holding nominal share capital in excess of ₹1 lakh	17,90,164	0	17,90,164	8.61	19,26,373	0	19,26,373	9.24	0.64
	c) Others (specify)									
	- NRIs	37,776	0	37,776	0.18	48,631	0	48,631	0.23	0.05
	- Trusts	825	0	825	0.00	0	0	0	0.00	0.00
	-Clearing Members	10,271	0	10,271	0.05	7,977	0	7,977	0.04	(0.01)
	HUF	2,21,655	0	2,21,655	1.07	2,12,976	0	2,12,976	1.02	(0.04)
	IEPF	6,223	0	6,223	0.03	6,240	0	6,240	0.03	0.00
	NBFCs	1,926	0	1,926	0.01	0	0	0	0.00	(0.01)
	Alternate Investment Funds	70,992	0	70,992	0.34	0	0	0	0.00	(0.34)
	<b>Sub-Total (B)(2):-</b>	<b>46,24,594</b>	<b>31,413</b>	<b>46,56,007</b>	<b>22.38</b>	<b>45,44,376</b>	<b>28,068</b>	<b>45,72,444</b>	<b>21.94</b>	<b>(0.44)</b>
	<b>Total Public Shareholding (B) = (B) (1)+ (B)(2)</b>	<b>67,24,373</b>	<b>46,413</b>	<b>67,70,786</b>	<b>32.55</b>	<b>67,66,391</b>	<b>43,068</b>	<b>68,09,459</b>	<b>32.68</b>	<b>0.13</b>
<b>C.</b>	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>2,07,53,825</b>	<b>46,413</b>	<b>2,08,00,238</b>	<b>100.00</b>	<b>2,07,95,876</b>	<b>43,068</b>	<b>2,08,38,944</b>	<b>100.00</b>	<b>0.00</b>

Note: \* Change in percentage in promoter's 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 01.04.2018)			Shareholding at the end of the year (as on 31.03.2019)			% 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	31,600	0.15	0.00	31,600	0.15	0.00	0.00
2.	Harsha Ashok Hinduja	16,695	0.08	0.00	16,695	0.08	0.00	0.00
3.	Harsha Ashok Hinduja/ Jt. Ashok Parmanand Hinduja	5,57,498	2.68	0.00	5,57,498	2.68	0.00	0.00
4.	Ashok P. Hinduja/ Jt. Harsha Ashok Hinduja	45,313	0.22	0.00	45,313	0.22	0.00	0.00
5.	Vinoo Srichand Hinduja	61,065	0.29	0.00	61,065	0.29	0.00	0.00
6.	Ambika Ashok Hinduja	1,77,242	0.85	0.00	1,77,242	0.85	0.00	0.00
7.	Shom Ashok Hinduja	1,40,007	0.67	0.00	1,40,007	0.67	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)	54,327	0.26	0.00	54,327	0.26	0.00	0.00
10.	Ashok P. Hinduja Karta of S P Hinduja (HUF bigger)	5,32,483	2.56	0.00	5,32,483	2.56	0.00	0.00
11.	Hinduja Group Limited	57,48,541	27.64	0.00	57,48,541	27.59	0.00	(0.05)
12.	Hinduja Group Limited jointly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partner of Aasia Exports)	34,24,490	16.46	0.00	33,54,490	16.10	0.00	(0.37)
13.	Amas Mauritius Limited	27,61,427	13.28	0.00	27,61,427	13.25	0.00	(0.02)
14.	Aasia Corporation LLP	4,77,809	2.30	0.00	4,77,809	2.29	0.00	0.00
15.	Hinduja Finance Limited	0	0	0.00	70,000	0.34	0.00	0.34
	<b>Total</b>	<b>1,40,29,452</b>	<b>67.45</b>	<b>0.00</b>	<b>1,40,29,452</b>	<b>67.32*</b>	<b>0.00</b>	<b>*(0.13)</b>

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

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

Particulars	Shareholding at the beginning of the year (01.04.2018)		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	1,40,29,452	67.45	1,40,29,452	67.45
Date wise increase/ decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc.)	During the Financial Year 2018-19, Hinduja Group Limited jointly with Hinduja Realty Ventures Limited. (as the Demat account holders & partners of Aasia Exports) transferred by way of disposal of 70,000 HGS Equity shares to Hinduja Finance Limited on October 08, 2018.			
At the end of the year	1,40,29,452	*67.32	1,40,29,452	67.32

Note: \* Change in percentage in promoter's 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) - April 1, 2018 to March 31, 2019.**

Sl. No	Date of transaction	Nature of Transaction	Name of the Share Holder	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
1	31/03/2018	Opening Balance	Seetha Kumari	6,63,155	3.19	6,63,155	3.19
	27/04/2018	Sale		50,000	0.24	6,13,155	2.95
	04/05/2018	Purchase		5,349	0.03	6,18,504	2.97
	11/05/2018	Purchase		7,851	0.04	6,26,355	3.01
	18/05/2018	Purchase		3,814	0.02	6,30,169	3.03
	25/05/2018	Purchase		11,549	0.06	6,41,718	3.09
	08/06/2018	Purchase		1,090	0.01	6,42,808	3.09
	15/06/2018	Purchase		1,022	0.00	6,43,830	3.09
	29/06/2018	Purchase		2,03,000	0.98	8,46,830	4.07
	29/06/2018	Sale		2,00,194	0.96	6,46,636	3.11
	06/07/2018	Purchase		8	0.00	6,46,644	3.11
	13/07/2018	Purchase		862	0.00	6,47,506	3.11
	20/07/2018	Purchase		1,830	0.01	6,49,336	3.12
	27/07/2018	Purchase		6,730	0.03	6,56,066	3.15
	03/08/2018	Purchase		551	0.00	6,56,617	3.15
	17/08/2018	Purchase		9,648	0.05	6,66,265	3.20
	24/08/2018	Purchase		1,061	0.01	6,67,326	3.20
	31/08/2018	Purchase		13	0.00	6,67,339	3.20
	07/09/2018	Purchase		1,036	0.00	6,68,375	3.21
	28/09/2018	Purchase		9,671	0.05	6,78,046	3.26
	05/10/2018	Purchase		20,805	0.10	6,98,851	3.36
	12/10/2018	Purchase		1,408	0.01	7,00,259	3.36
	02/11/2018	Purchase		7,863	0.04	7,08,122	3.40
	28/12/2018	Purchase		10,465	0.05	7,18,587	3.45
	04/01/2019	Purchase		103	0.00	7,18,690	3.45
	11/01/2019	Purchase		8,720	0.04	7,27,410	3.49
	18/01/2019	Purchase		6,150	0.03	7,33,560	3.52
	25/01/2019	Purchase		680	0.00	7,34,240	3.52
	01/02/2019	Purchase		3,173	0.02	7,37,413	3.54
	08/02/2019	Purchase		1,656	0.01	7,39,069	3.55
	15/02/2019	Purchase		389	0.00	7,39,458	3.55
	22/02/2019	Purchase		200	0.00	7,39,658	3.55
	08/03/2019	Purchase		4,054	0.02	7,43,712	3.57
	22/03/2019	Purchase		49,744	0.24	7,93,456	3.81
	30/03/2019	Closing Balance				7,93,456	3.81

Sl. No	Date of transaction	Nature of Transaction	Name of the Share Holder	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
2	31/03/2018	Opening Balance	Bridge India Fund	4,74,147	2.28	4,74,147	2.28
	30/03/2019	Closing Balance				4,74,147	2.28
3	31/03/2018	Opening Balance	Reliance Capital Trustee Co. Ltd-A/C Reliancesmall	3,77,651	1.82	3,77,651	1.82
	30/03/2019	Closing Balance				3,77,651	1.81
4	31/03/2018	Opening Balance	Reliance Value Services Private Limited	3,50,000	1.68	3,50,000	1.68
	13/04/2018	Purchase		25,000	0.12	3,75,000	1.80
	30/03/2019	Closing Balance				3,75,000	1.80
5	31/03/2018	Opening Balance	Fidelity Funds - Asian Smaller Companies Pool	-	0.00	0	0.00
	22/02/2019	Purchase		9,202	0.04	9,202	0.04
	01/03/2019	Purchase		2,07,802	1.00	2,17,004	1.04
	08/03/2019	Purchase		657	0.00	2,17,661	1.04
	29/03/2019	Purchase		3,610	0.02	2,21,271	1.06
	30/03/2019	Closing Balance				2,21,271	1.06
6	31/03/2018	Opening Balance	India Acorn Fund Ltd	1,95,000	0.94	1,95,000	0.94
	07/09/2018	Sale		7,639	0.04	1,87,361	0.90
	14/09/2018	Sale		2,621	0.01	1,84,740	0.89
	21/09/2018	Sale		7,554	0.04	1,77,186	0.85
	28/09/2018	Sale		1,532	0.01	1,75,654	0.84
	22/02/2019	Sale		1,75,654	0.84	0	0.00
	30/03/2019	Closing Balance				0	0.00
7	31/03/2018	Opening Balance	Girish Kumar Sharda	1,62,218	0.78	1,62,218	0.78
	04/05/2018	Purchase		61	0.00	1,62,279	0.78
	22/06/2018	Purchase		1,000	0.00	1,63,279	0.78
	29/06/2018	Purchase		250	0.00	1,63,529	0.79
	06/07/2018	Purchase		1,000	0.00	1,64,529	0.79
	17/08/2018	Purchase		2,000	0.01	1,66,529	0.80
	14/09/2018	Purchase		1,750	0.01	1,68,279	0.81
	21/09/2018	Purchase		1,221	0.01	1,69,500	0.81
	28/09/2018	Purchase		361	0.00	1,69,861	0.82
	29/09/2018	Purchase		1,500	0.01	1,71,361	0.82
	05/10/2018	Purchase		500	0.00	1,71,861	0.83
	12/10/2018	Purchase		1,286	0.01	1,73,147	0.83
	26/10/2018	Purchase		1,849	0.01	1,74,996	0.84
	02/11/2018	Purchase		1,388	0.01	1,76,384	0.85
	09/11/2018	Purchase		2,434	0.01	1,78,818	0.86

Sl. No	Date of transaction	Nature of Transaction	Name of the Share Holder	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
	16/11/2018	Purchase		7,042	0.03	1,85,860	0.89
	23/11/2018	Purchase		3,130	0.02	1,88,990	0.91
	30/11/2018	Purchase		2,726	0.01	1,91,716	0.92
	07/12/2018	Purchase		1,269	0.01	1,92,985	0.93
	14/12/2018	Purchase		1,524	0.01	1,94,509	0.93
	28/12/2018	Purchase		741	0.00	1,95,250	0.94
	04/01/2019	Purchase		2,298	0.01	1,97,548	0.95
	18/01/2019	Purchase		452	0.00	1,98,000	0.95
	25/01/2019	Purchase		1,274	0.01	1,99,274	0.96
	01/02/2019	Purchase		726	0.00	2,00,000	0.96
	30/03/2019	Closing Balance				2,00,000	0.96
8	31/03/2018	Opening Balance	Veluru Girinatha Prakash	1,36,628	0.66	1,36,628	0.66
	27/04/2018	Sale		2,085	0.01	1,34,543	0.65
	25/05/2018	Sale		200	0.00	1,34,343	0.65
	01/06/2018	Sale		515	0.00	1,33,828	0.64
	30/03/2019	Closing Balance				1,33,828	0.64
9	31/03/2018	Opening Balance	Manish Lakhi	1,12,765	0.54	1,12,765	0.54
	30/03/2019	Closing Balance				1,12,765	0.54
10	31/03/2018	Opening Balance	Fidelity Asian Values Plc	-	0.00	0	0.00
	22/02/2019	Purchase		4,442	0.02	4,442	0.02
	01/03/2019	Purchase		85,826	0.41	90,268	0.43
	29/03/2019	Purchase		1,495	0.01	91,763	0.44
	30/03/2019	Closing Balance				91,763	0.44
11	31/03/2018	Opening Balance	Abu Dhabi Investment Council- (Whiting)	86,842	0.42	86,842	0.42
	08/06/2018	Sale		86,842	0.42	0	0.00
	30/03/2019	Closing Balance				0	0.00
12	31/03/2018	Opening Balance	Girdhar Lal Sharda	61,398	0.30	61,398	0.30
	04/05/2018	Purchase		602	0.00	62,000	0.30
	11/05/2018	Purchase		5,240	0.03	67,240	0.32
	22/06/2018	Purchase		250	0.00	67,490	0.32
	06/07/2018	Purchase		500	0.00	67,990	0.33
	27/07/2018	Purchase		875	0.00	68,865	0.33
	03/08/2018	Purchase		250	0.00	69,115	0.33
	17/08/2018	Purchase		5,000	0.02	74,115	0.36
	05/10/2018	Purchase		1,000	0.00	75,115	0.36
	30/03/2019	Closing Balance				75,115	0.36

Sl. No	Date of transaction	Nature of Transaction	Name of the Share Holder	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
13	31/03/2018	Opening Balance	Ram (Lux) Systematic Funds - Emerging Markets Equities	73,510	0.35	73,510	0.35
	13/04/2018	Sale		1,085	0.01	72,425	0.35
	20/04/2018	Sale		4,522	0.02	67,903	0.33
	27/04/2018	Sale		1,523	0.01	66,380	0.32
	11/05/2018	Sale		745	0.00	65,635	0.32
	18/05/2018	Sale		955	0.00	64,680	0.31
	01/06/2018	Sale		417	0.00	64,263	0.31
	08/06/2018	Sale		2,329	0.01	61,934	0.30
	15/06/2018	Sale		1,215	0.01	60,719	0.29
	22/06/2018	Sale		641	0.00	60,078	0.29
	29/06/2018	Sale		1,094	0.01	58,984	0.28
	06/07/2018	Sale		752	0.00	58,232	0.28
	13/07/2018	Sale		1,808	0.01	56,424	0.27
	20/07/2018	Sale		826	0.00	55,598	0.27
	27/07/2018	Sale		677	0.00	54,921	0.26
	10/08/2018	Sale		558	0.00	54,363	0.26
	24/08/2018	Sale		1,869	0.01	52,494	0.25
	07/09/2018	Sale		468	0.00	52,026	0.25
	21/09/2018	Sale		920	0.00	51,106	0.25
	28/09/2018	Sale		1,903	0.01	49,203	0.24
	12/10/2018	Sale		626	0.00	48,577	0.23
	19/10/2018	Sale		408	0.00	48,169	0.23
	26/10/2018	Sale		200	0.00	47,969	0.23
	02/11/2018	Sale		195	0.00	47,774	0.23
	09/11/2018	Sale		909	0.00	46,865	0.23
	18/01/2019	Sale		379	0.00	46,486	0.22
	01/02/2019	Sale		83	0.00	46,403	0.22
	15/02/2019	Sale		241	0.00	46,162	0.22
	01/03/2019	Sale		185	0.00	45,977	0.22
	08/03/2019	Sale		578	0.00	45,399	0.22
	22/03/2019	Sale		413	0.00	44,986	0.22
	29/03/2019	Sale		3,779	0.02	41,207	0.20
	30/03/2019	Closing Balance				41,207	0.20

**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
	<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	-	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	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

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
5. Rajendra P. Chitale						
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	Nil	0.00
6. Rangan Mohan						
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	Nil	0.00
7. Yashodhan Madhusudan Kale						
	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
8. Pradeep Mukerjee						
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the yearspecifying 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

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. KEY MANAGERIAL PERSONNEL						
1. Partha DeSarkar						
	At the beginning of the year	-	27,768	0.13	27,768	0.13
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	30.05.2018	6750 (Allotted under ESOP)	0.03	34,518	0.17
		19.11.2018	7,550 (Allotted under ESOP)	0.04	42,068	0.20
	At the End of the year	-	-	-	42,068	0.20
2. Srinivas Palakodeti						
	At the beginning of the year	-	11,261	0.05	11,261	0.05
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	26.07.2018	500 (Allotted under ESOP)	0.00	11,761	0.06
		19.11.2018	528 (Allotted under ESOP)	0.00	12,289	0.06
		09.01.2019	438 (Allotted under ESOP)	0.00	12,727	0.06
	At the End of the year		-	-	12,727	0.06
3. Makarand D. Dewal						
	At the beginning of the year	-	1510	0.01	1510	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)	27.04.2018 and 30.04.2018	1510 (Sale of equity shares)	-	-	-
	At the End of the year	-	-	-	-	-

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,33,52,000	-	-	3,33,52,000
ii) Interest due but not paid		-	-	-
iii) Interest accrued but not due	2,64,061	-	-	2,64,061
<b>Total (i+ii+iii)</b>	<b>3,36,16,061</b>	-	-	<b>3,36,16,061</b>
<b>Change in Indebtedness during the Financial Year</b>				
• Addition	140,55,00,000	-	-	140,55,00,000
• Reduction	(3,36,16,061)	-	-	(3,36,16,061)
<b>Net Change</b>	<b>137,18,83,939</b>	-	-	<b>137,18,83,939</b>
<b>Indebtedness at the end of the Financial Year</b>				
i) Principal Amount	138,56,26,000	-	-	138,56,26,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	50,09,133	-	-	50,09,133
<b>Total (i+ii+iii)</b>	<b>139,06,35,133</b>	-	-	<b>139,06,35,133</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	₹ 2,76,66,932
	(b) Annual performance incentive/ Enterprise performance incentive for FY 2017-18 paid in FY 2018-19	-
	(c) Annual performance incentive/ Enterprise performance incentive payable for FY 2018-19 #	₹ 4,60,80,000
	(d) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 19,93,549
	(e) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil
2.	Stock Option	Nil
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 and Medical Insurance)	₹17,06,195
	<b>Total (A)</b>	<b>₹7,74,46,676</b>
	Ceiling as per the Companies Act, 2013	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
1.	Independent Directors:	Anil Harish	Rajendra Chitale	Rangan Mohan	Pradeep Mukerjee	
	• Fee for attending Board/ Committee meetings	₹ 15,50,000	₹ 15,50,000	₹ 15,50,000	₹ 800,000	₹ 54,50,000
	• Commission	₹ 48,54,000	₹ 49,35,000	₹ 47,89,000	₹ 28,18,000	₹ 1,73,96,000
	• Others, please specify					
	<b>Total (1)</b>	<b>₹ 64,04,000</b>	<b>₹ 64,85,000</b>	<b>₹ 63,39,000</b>	<b>₹ 36,18,000</b>	<b>₹ 2,28,46,000</b>
2.	Other Non-Executive Directors	Ramkrishan P. Hinduja	Shanu S. P. Hinduja	Vinoo S. Hinduja	Yashodhan Madhusudan Kale	
	• Fee for attending Board/ Committee meetings	₹ 15,50,000	₹ 5,00,000	₹ 3,00,000	₹ 8,00,000	₹ 31,50,000
	• Commission	₹ 49,34,000	₹ 21,93,000	₹ 31,59,000	₹ 28,18,000	₹ 1,31,04,000
	• Others, please specify					
	<b>Total (2)</b>	<b>₹ 64,84,000</b>	<b>₹ 26,93,000</b>	<b>₹ 34,59,000</b>	<b>₹ 36,18,000</b>	<b>₹ 1,62,54,000</b>
	<b>Total (B)= (1+2)</b>					<b>₹ 3,91,00,000</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>₹ 11,65,46,676</b>
	<b>Overall Ceiling as per the Companies Act, 2013</b>	Total managerial remuneration payable shall not exceed 11% of the net profit of the Company				

### 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	₹ 63,22,023	₹ 1,91,98,001	₹ 2,55,20,024
	b) Annual performance incentive/ Enterprise performance incentive for FY 2017-18 paid in FY 2018-19	₹ 6,50,000	-	₹ 6,50,000
	c) Annual performance incentive/ Enterprise performance incentive payable for FY 2018-19 #	₹ 6,90,000 *	₹ 2,09,88,000	₹ 2,16,78,000
	d) Value of perquisite u/s 17(2) of the Income- tax Act, 1961	₹ 1,51,200	₹ 3,03,139	₹ 4,54,339
	e) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	Nil	Nil	Nil
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 & Gratuity Fund)	₹ 6,500	₹ 11,08,037	₹ 11,14,537
	<b>Total</b>	<b>₹ 78,19,723</b>	<b>₹ 4,15,97,177</b>	<b>₹ 4,94,16,900</b>

# Remuneration includes provision for variable remuneration. The Nomination & Remuneration Committee and the Board of Directors, at their meetings held on August 23, 2019 have approved payment of ₹ 2,42,80,000 to Mr. Partha DeSarkar, ₹ 89,00,000 to Mr. Srinivas Palakodeti and ₹ 6,90,000 to Mr. Makarand D.Dewal.

\* Payable out of the overall provision made in books of account for the year ended March 31, 2019.

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

There were no penalties, punishments, compounding of offences for the Financial Year ended March 31, 2019.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : August 23, 2019

Ramkrishan P. Hinduja  
Chairman  
(DIN: 00278711)

## Annexure 'G' to the Directors' Report

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

At the core of the Company's mission and philosophy towards CSR activities is the commitment and the motto of its founder Shri Parmanand Deepchand Hinduja to treat work as a bond between the enterprise and the larger society and his pioneering thoughts "My dharma (duty) is to work so that I can give". The Company's programs reinforce the commitments towards the overall betterment of society with the focus on upliftment of economically and socially weaker communities. For achieving these objectives, the CSR framework primarily focuses on the following core areas – Education, Healthcare and Community Development.

The CSR vision of the Company is to strive to be a socially responsible corporate entity by partnering in the social and economic development of the community. The Company endeavors to make continuous efforts for improving quality of education and providing skill development training to youth and differently abled persons in order to enhance their employment and livelihood opportunities.

### Composition of CSR Committee:

The CSR committee consisted of following members:

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

\* Mr. Rajendra P. Chitale and Mr. Rangan Mohan, Non – Executive, Independent Directors ceased to be members of the Committee effective July 03, 2019 since they ceased to be Independent Directors of the Company on the expiry of their tenure from the said date.

Effective May 30, 2019 Mr. Pradeep Mukerjee, Non -Executive, Independent Director was appointed as a member of the Committee.

### 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 the CSR policy available on the Company's website: [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies).

CSR Expenditure as per Section 135 of the Companies Act, 2013 and Rules made thereunder :

	(₹ in lakhs)
Average net profit of the Company for the three immediately preceding financial years.	21,482.37
Prescribed CSR Expenditure ( two percent of the average net profit computed above)	429.65
Details of CSR Expenditure during the financial year	435.59
Total amount to be spent during the financial year	435.59
Amount unspent, if any.	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 (Rs.in lakhs) (₹ 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, and employment enhancing vocation skills and livelihood enhancement projects	Mysore, Karnataka Hyderabad, Telangana	100.00	(1) 95.00 (2) 5.00	100.00	Through Magic Bus India Foundation
2	Yuva Unstoppable	Promoting education	Chennai, Tamil Nadu	26.55	(1) 26.55 (2) 0.00	26.55	Through Yuva Unstoppable
3	Plan India International	Promoting education	Mumbai, Pune, Maharashtra	62.53	(1) 59.55 (2) 2.98	62.53	Through Plan India International
4	National Health & Education Society	Preventive health care and sanitation	Mumbai, Maharashtra	100.00	(1) 100.00 (2) 0.00	100.00	Through National Health & Education Society
5	NASSCOM Foundation	Promoting education, and employment enhancing vocation skills and livelihood enhancement projects	Bangalore, Karnataka	28.00	(1) 26.58 (2) 1.42	28.00	Through NASSCOM Foundation
6	Oxfam India	Preventive health care and sanitation	Idukki, Kerala	4.43	(1) 4.43 (2) 0.00	4.43	Through Oxfam India
7	India Cares	Promoting education	Kodagu, Karnataka	4.08	(1) 4.08 (2) 0.00	4.08	Through India Cares
8	The Akshaya Patra Foundation	Promoting education & eradicating hunger	Bangalore, Karnataka Mysore, Karnataka Mangalore, Karnataka Hyderabad, Andhra Pradesh Raipur, Chhattisgarh	110.00	(1) 106.70 (2) 3.30	110.00	Through Akshaya Patra Foundation
<b>Total</b>				<b>435.59</b>	<b>(1) 422.89 (2) 12.70</b>	<b>435.59</b>	

**Responsibility Statement of the CSR Committee:**

This is to state that the implementation and monitoring of the CSR policy as recommended by the CSR Committee and approved by the Board, is in compliance with the CSR objectives and the Policy of the Company. The CSR Forum of the Company monitors the implementation of the CSR initiatives/ programs.

Place : Mumbai  
Date : August 23, 2019

**Anil Harish**  
**Chairman, CSR Committee**  
(DIN: 00001685)

**Partha DeSarkar**  
**Manager & Chief Executive Officer**

## Annexure 'H' to the Directors' Report

### Particulars of Contracts/ Arrangements with Related Parties

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019, which were not at arm's length basis.

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

a)	1. Name of Subsidiary	HGS Healthcare LLC, USA	HGS International, Mauritius
	2. Nature of Relationship	Wholly owned step-down subsidiary	Wholly Owned Subsidiary
b)	Nature of contract/arrangement	Subcontract Agreement	Loan given
c)	Duration of Contract/ Arrangement	Perpetual	No fixed tenure
d)	1. Salient terms of the Contract/ arrangement	HGS will provide BPM services to HGS Healthcare LLC and diligently perform the contract in a timely manner and provide services in accordance with the SOWs.	Interest Rate of US\$ 3 month LIBOR+115 basis points.
	2. Value	₹ 127,923.92 Lakhs	₹ 27,712.52 Lakhs
e)	Dates of Board approval(s)	Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis.	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	As above

For and on behalf of the Board of Directors

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

Place : Mumbai  
Date : August 23, 2019

## Annexure 'I' to the Directors' Report

# SECRETARIAL AUDIT REPORT

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 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 conduct / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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, 2019 ('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 the Company for the financial year ended on March 31, 2019 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) The Securities and Exchange Board of India (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) The Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.
  - (j) Payment Card Industry Standard – PCI DSS;
  - (k) The EU General Data Protection Regulations, 2017 to the extent applicable while handling EU citizen's information. (UK DPA 2018

supplementing EU-GDPR to the UK's requirements)

- (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 Secretarial Standards issued pursuant to section 118(10) of the Act, by The Institute of Company Secretaries of India.

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

#### **I further report that**

The Board of Directors of the Company is duly constituted and consists of Non-Executive Directors, 50% being Independent Directors. The Manager (designated as Chief Executive Officer) is responsible for the executive functions. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate 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.

Majority decision was carried through while the dissenting member(s) views are captured and recorded as part of the minutes.

To,

The Members

#### **HINDUJA GLOBAL SOLUTIONS LIMITED**

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

**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:**

Approval of the Members was received via Postal Ballot on June 07, 2018 for consolidation /increase in Authorized Share Capital and consequent alteration to the Clause V of the Memorandum of Association of the Company. Pursuant to Scheme of Amalgamation of HGS International Services Private Limited (HGSISPL), a wholly Owned Subsidiary Company with the Company ( 'the Scheme' ) as approved by the Hon'ble National Company Law Tribunal, Mumbai Bench (NCLT) vide Order dated June 20, 2018 the consolidation /increase in Authorized Share Capital and consequent alteration to the Clause V of the Memorandum of Association of the Company became effective from August 01, 2018, being the date on which certified copy of the said Order of the NCLT was filed with the Registrar of Companies, Mumbai, Maharashtra. The Scheme came into effect from April 01, 2018 being the 'appointed date' as per the Scheme.

**Rupal Dhiren Jhaveri**

Practicing Company Secretary

Place : Mumbai

FCS No: 5441

Date: August 23, 2019

Certificate of Practice No. 4225

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

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

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained 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. My 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**

Practicing Company Secretary

FCS No: 5441

Certificate of Practice No. 4225

Place : Mumbai

Date : August 23, 2019

## Annexure 'J'

# TO THE DIRECTORS' REPORT

[Statement of Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- (i) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year; and the percentage increase in remuneration of each director for the financial year 2018-19:**

Name of Director	Ratio of Remuneration to MRE*	% increase in remuneration for FY 2018-19**
Mr. Ramkrishan P. Hinduja - Non-Executive Chairman	31.94	157.20
Ms. Shanu S.P. Hinduja - Non-Executive Co-Chairperson	13.27	48.78
Ms. Vinoo S. Hinduja - Non-Executive Director	17.04	54.42
Mr. Anil Harish - Independent Director	31.55	96.86
Mr. Rajendra P. Chitale - Independent Director	31.95	71.38
Mr. Rangan Mohan - Independent Director	31.23	68.77
Mr. Yashodhan Madhusudan Kale - Non-Executive Director	17.82	86.21
Mr. Pradeep Mukerjee - Independent Director	17.82	86.21

\* MRE = Median Remuneration of Employees

\*\* Remuneration by way of 'Fees for attending meetings of the Committees of the Board and of the Board and Commission' is considered. Commission for the FY 2018-19 (for which provision has been made in the Audited Accounts for the year ended March 31, 2019) as approved by the Nomination and Remuneration Committee and the Board of Directors at their meetings held on August 05, 2019 would be paid after the adoption of Audited Accounts for the year ended March 31, 2019 at the ensuing Twenty Fourth Annual General Meeting.

- (ii) **The percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer, Company Secretary (KMPs) for the financial year 2018-19:**

Name of KMP	Designation	% increase in remuneration for FY 2018-19
Mr. Partha DeSarkar	Manager and Chief Executive Officer	28.68
Mr. Srinivas Palakodeti	Chief Financial Officer	28.10
Mr. Makarand D. Dewal	Company Secretary	4.00

The remuneration is exclusive of taxable value of perquisite on stock options exercised during the year. Remuneration includes provision for variable remuneration. The Nomination & Remuneration Committee and the Board of Directors, at their meetings held on August 23, 2019 have approved payment of ₹ 2,42,80,000 to Mr. Partha DeSarkar, ₹ 89,00,000 to Mr. Srinivas Palakodeti and ₹ 6,90,000 to Mr. Makarand D.Dewal.

- (iii) **The percentage increase in the median remuneration of employees for the financial year 2018-19:**

The median remuneration of employees (MRE) for the FY 2018-19 increased by 3.04% (includes the prorated increase for part of the year) as compared to the FY 2017-18.

- (iv) **The number of permanent employees on the rolls of the Company: 23,900.**

- (v) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentage increase in the salaries of employees, other than KMPs in the last financial year is 5.29%, and the average percentage increase in the remuneration of key managerial personnel is 25.95%. There has been an increase in the remuneration of key managerial personnel for FY 2018-19 compared with the previous year, FY 2017-18 due to the higher earnings from the Performance Linked Incentive. The pay-outs considered for the FY 2018-19 have been higher since the business performance exceeded budgets approved by the Board. This is on the back of a lower pay out in the preceding FY 2017-18 since the performance was lower than the approved budgets.

- (vi) **The Company affirms remuneration is as per the Remuneration Policy of the Company.**

For and on behalf of the Board of Directors

Ramkrishan P. Hinduja  
Chairman  
(DIN: 00278711)

Place : Mumbai  
Date : August 23, 2019

# AUDITORS' REPORT

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HINDUJA GLOBAL SOLUTIONS LIMITED

#### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **HINDUJA GLOBAL SOLUTIONS LIMITED** (hereinafter referred to as 'the Company') and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group') comprising the Consolidated Balance Sheet as at March 31, 2019 the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, and the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditors and other auditors on financial information of the branches and the subsidiaries referred to below in the Other Matters section below the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS"), prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity, and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditor and other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
<p>1. <b>Impairment Assessment of Goodwill related to UK Operations and HGS Axispoint Health LLC Cash Generating Units (CGUs).</b></p> <p>We identified the impairment assessment of goodwill for the UK Operations and HGS Axispoint Health LLC CGUs as a key audit matter due to significant judgement and assumptions about the future performance</p> <p>As disclosed in Note 32 to the Consolidated Financial Statements as at March 31, 2019, the carrying value of goodwill attributable to the UK Operations and Axispoint Health LLC CGUs was ₹ 11,194.17 Lakhs.</p> <p>These CGUs have losses and management has made a number of key assumptions and assertions to support their assessment of the carrying value of goodwill attributable to these CGUs. The key assumptions include growth rates, discount rates applied and the forecast performance based on management's view of future business prospects. There is no impairment on goodwill for the UK Operations and Axispoint Health LLC for the year ended March 31, 2019.</p>	<p><b>Principal Audit Procedures</b></p> <p>In relation to management's assessment of the carrying value of goodwill for the UK Operations and HGS Axispoint Health LLC cash generating units our audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>Assessing the valuation methodology adopted by management which is disclosed in Note 32 to the consolidated financial statements;</li> <li>Challenging the reasonableness of key assumptions based on our knowledge of the business and industry;</li> <li>Analysed the consistency of cash flow forecasts with management's latest estimates presented to the Board of Directors as part of the budget process;</li> <li>Retrospectively evaluated the 2018-19 earnings forecasts used for prior year impairment testing with actual results, wherever applicable;</li> <li>Compared the cash flow forecasts for financial years 2019-20 to 2021-22 with the business plans used for prior year impairment testing, wherever applicable;</li> </ul>

# AUDITORS' REPORT

		<ul style="list-style-type: none"> <li>• Tested the sensitivity of value in use to a change in the main assumptions used by Management;</li> <li>• Reviewed the appropriateness of the disclosures in the financial statements.</li> <li>• Meeting with the independent valuation specialist engaged by management to understand the assumptions they used in building up the discounted cash flow model.</li> </ul> <p>In performing our audit procedures, we engaged our internal fair valuation specialists to assess the discount rate, and terminal growth rate applied for testing estimated recoverable amount.</p>
2.	<b>Recoverability of Deferred tax Assets:</b>  We identified the recoverability of deferred tax assets in respect of carryforward of unused tax losses as a key audit matter as probability of the realization of these deferred tax assets involves judgement by management, which is based on a number of factors including whether there will be sufficient taxable profits in future periods to support recognition.  As disclosed in note 34 to the consolidated financial statements as at March 31, 2019 the Group has ₹ 4,000.28 Lakhs of deferred tax assets in respect of carryforward tax losses of HGS Axispoint Health LLC and HGS Canada Inc. to the extent that it is probable that historical tax losses will be realised.	<b>Principal Audit Procedures</b>  Our audit procedures in relation to management's assessment about the realization of the deferred tax assets included, among others: <ul style="list-style-type: none"> <li>• Evaluating management's assessment on the sufficiency of future taxable profits for each tax jurisdiction in support of the recoverability of the deferred tax assets by evaluating the assumptions used in the managements business plan;</li> <li>• Existing deferred tax liabilities in the same tax jurisdiction that may be used to offset existing tax loss carryforwards prior to their expiry date;</li> <li>• Analysing the consistency of cash flow forecasts with management's latest estimates presented to the Board of Directors as part of the budget process;</li> <li>• checking the business plan data and long-term growth rates considered as part of acquisition of Axispoint Health LLC, and in impairment testing accurately reflected those used in the measurement of deferred taxes;</li> <li>• conducting a critical review of the assumptions used by management to prepare profit and loss forecasts;</li> <li>• Assessed the applicable local fiscal regulations and developments, in particular those related to changes in the statutes of limitation since this is a key assumptions underlying the valuation of the deferred tax assets;</li> <li>• Reviewed the adequacy of the Company's disclosures on deferred tax assets.</li> </ul>

# AUDITORS' REPORT

3. Measurement of acquired intangible assets	Principal Audit Procedures
<p>We identified the identification and valuation of the intangible assets included in the purchase price allocation on acquisition of CMH Services Subsidiary LLC (Axispoint Health), USA and Element Solutions LLC, USA, as a key audit matter as the identification and valuation of intangible assets acquired involves judgements by management on the future cash flows and the discount rate.</p> <p>As disclosed in Note 42 to the consolidated financial statements, the Company has recognized identified intangible assets of ₹ 2,326.21 Lakhs as customer relationships, ₹827.40 Lakhs as technology, ₹ 453.90 Lakhs as customer contracts and ₹119.97 Lakhs as Non-compete.</p>	<p>The fair value of the acquired intangible assets are based on valuation techniques built, in part, on the assumptions around the future cash flows linked to the customer relationships, technology, customer contracts and non-compete and assumptions made in determining the discount rate. In assessing the purchase price allocation to customer relationships, customer contracts, technology and non-compete our audit procedures, which included, among others:</p> <ul style="list-style-type: none"> <li>• Evaluated the cash flow forecasts considered by the management supporting the valuation of the intangible assets identified and assessed if these are reasonable;</li> <li>• We engaged our internal fair valuation specialists to assess the appropriateness of the methodology and the key assumptions considered including the discount rate;</li> <li>• Meeting with the independent valuation specialist engaged by the management to understand the methodology and assumptions they used in identification and valuation of the intangible assets acquired;</li> <li>• Evaluated the adequacy of the disclosures.</li> </ul>

## Information Other than the Financial Statements and Auditor's Report Thereon

- The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, Corporate Governance Report and Management Discussion & Analysis Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the branch and subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the branch and subsidiaries, is traced from their financial statements audited by the branch auditor and other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with Ind AS and other accounting principles generally accepted in India. 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; selection and application of appropriate accounting policies; making judgments 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 have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branch or entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such branch or entities included in the consolidated financial statements of which we are the independent auditors. For the other branches or entities included in the consolidated financial statements, which have been audited by the branch auditor or other auditors, such branch auditor and other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our

report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

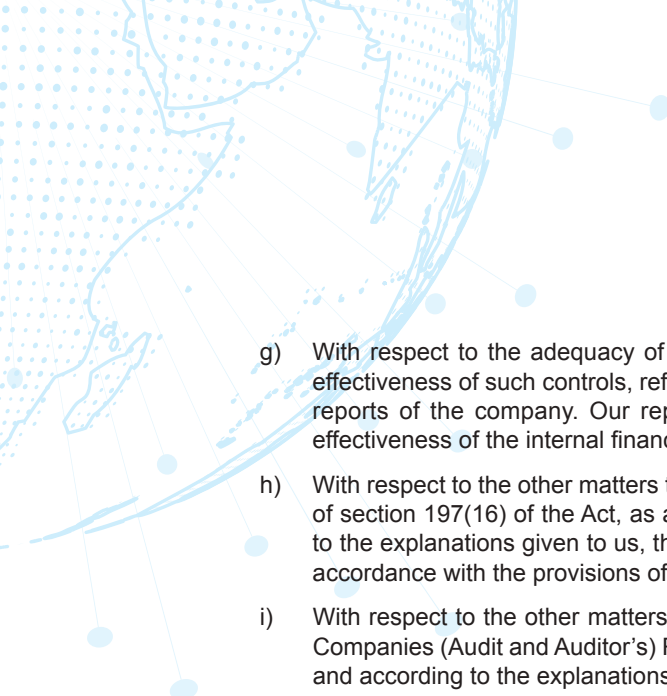
#### Other Matters

- (a) We did not audit the financial statements of one branch included in the standalone financial statements of the Parent included in the Group whose financial statements reflect total assets of ₹ 54,532 Lakhs as at March 31, 2019 and total revenues of ₹ 79,344 Lakhs for the year ended on that date, as considered in the respective standalone financial statements of the companies included in the Group. The financial statements of this branch have been audited by the branch auditors whose report have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditors.
- (b) We did not audit the financial statements of 3 subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 108,711 Lakhs as at March 31, 2019, total revenues of ₹ 53,745 Lakhs and net cash inflows amounting to ₹ 936 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far 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, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (c) We did not audit the financial statements of 8 subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 27,302 Lakhs as at March 31, 2019, total revenues of ₹ 13,478 Lakhs, and net cash outflows amounting to ₹ 386 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above 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 branch auditor and other auditors and the financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the branch auditor and other auditors on the separate financial statements/ financial information of the branch and subsidiaries referred to in the Other Matters section above 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept and proper returns adequate for the purposes of our audit have been received from the branch not visited so far as it appears from our examination of those books, returns and the reports of the other auditors.
  - c) The reports on the accounts of the branch office of the Companies included in the Group audited under Section 143(8) of the Act by branch auditors have been sent to us other auditors and have been properly dealt with by us in preparing this report.
  - d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and with the returns received by us and the other auditors from the branches not visited by us.
  - e) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - f) On the basis of the written representations received from the directors of the company as on March 31, 2019 taken on record by the Board of Directors of the company, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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- g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting.
  - h) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, as amended, 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 of pending litigations on the consolidated financial position of the Group.
    - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the company.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm’s Registration No. 117366W/W-100018)

**Vikas Bagaria**  
Partner  
(Membership No.60408)

Place : Mumbai  
Date : May 30, 2019

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

**(Referred to in paragraph “g” under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Hinduja Global Solutions Limited of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2019 we have audited the internal financial controls over financial reporting of **HINDUJA GLOBAL SOLUTIONS LIMITED** (hereinafter referred to as “the Company”), as of that date.

## **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the company, 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 (“the 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 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**

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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors, in terms of 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**

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**

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.

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

## Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors referred to in the Other Matters paragraph below, 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, 2019, based on, the criteria for internal control over financial reporting 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

Our aforesaid report under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financials controls over financial reporting insofar as it relates to one branch is based solely on the corresponding reports of the branch auditors.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Vikas Bagaria**  
Partner  
(Membership No.60408)

Place : Mumbai

Date : May 30, 2019

# CONSOLIDATED BALANCE SHEET

(All amounts are in Rupees Lakhs)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	59,309.59	55,520.82
b) Capital work-in-progress	2	488.14	105.50
c) Other intangible assets	3a	10,415.93	7,548.07
d) Goodwill	3b	33,550.15	28,830.25
e) Financial Assets			
i) Investments	4	1,453.01	1,118.17
ii) Loans	5	8,486.96	8,480.74
iii) Other financial assets	6	6,759.79	4,896.79
f) Deferred tax assets (net)	34	4,183.54	4,548.84
g) Income tax assets (net)	7a	6,138.94	6,593.57
h) Other non-current assets	8	5,527.34	6,978.45
<b>Total non-current assets</b>		<b>136,313.39</b>	<b>124,621.20</b>
<b>Current assets</b>			
a) Financial Assets			
i) Trade receivables	9	116,622.79	82,400.19
ii) Cash and cash equivalents	10a	32,324.61	46,156.22
iii) Bank balances other than (ii) above	10b	415.74	1,344.66
iv) Other financial assets	11	2,814.29	1,626.08
b) Other Current assets	12	8,365.61	6,478.74
<b>Total current assets</b>		<b>160,543.04</b>	<b>138,005.89</b>
<b>Total assets</b>		<b>296,856.43</b>	<b>262,627.09</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share capital	13	2,083.89	2,080.02
b) Other equity		162,274.92	149,872.02
Equity attributable to the equity holders of the company		164,358.81	151,952.04
c) Non-controlling interest		758.14	(71.98)
<b>Total equity</b>		<b>165,116.95</b>	<b>151,880.06</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	14a	37,864.77	20,025.02
ii) Other financial liabilities	15	2,861.38	-
b) Provisions	16	7,556.07	3,851.39
c) Deferred tax liabilities (net)	34	1,391.95	590.97
d) Other non-current liabilities	17	768.04	873.24
<b>Total non-current liabilities</b>		<b>50,442.21</b>	<b>25,340.62</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14b	16,030.11	24,287.41
ii) Trade payables	18	24,124.52	18,577.14
iii) Other financial liabilities	19	26,531.39	28,839.86
b) Provisions	20	5,280.00	5,402.29
c) Current tax liabilities (net)	7b	1,138.55	1,987.26
d) Other current liabilities	21	8,192.70	6,312.45
<b>Total current liabilities</b>		<b>81,297.27</b>	<b>85,406.41</b>
<b>Total liabilities</b>		<b>131,739.48</b>	<b>110,747.03</b>
<b>Total equity and liabilities</b>		<b>296,856.43</b>	<b>262,627.09</b>

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

Vikas Bagaria

Partner

Membership No.060408

For and on behalf of the Board of Directors of Hinduja Global Solutions Limited

Ramkrishnan P. Hinudja

Chairman

DIN: 00278711

Rajendra P. Chitale

Director

DIN: 00015986

Partha DeSarkar

Manager and Chief Executive Officer

Makarand D. Dewal

Company Secretary

Place : Mumbai

Date : May 30, 2019

Anil Harish

Director

DIN: 00001685

Rangan Mohan

Director

DIN: 01116821

Srinivas Palakodeti

Chief Financial Officer

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in Rupees Lakhs, except per share data)

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations	22	481,666.82	384,936.75
II Other income	23	4,450.72	3,626.34
<b>III Total income (I+II)</b>		<b>486,117.54</b>	<b>388,563.09</b>
<b>IV Expenses</b>			
a) Employee benefit expenses	24	325,067.13	259,625.90
b) Finance costs	25	4,063.60	3,465.39
c) Depreciation and amortization expenses	26	19,682.41	14,127.57
d) Other Expenses	27	112,490.20	84,705.67
<b>Total expenses</b>		<b>461,303.34</b>	<b>361,924.53</b>
<b>Profit before exceptional items and tax</b>		<b>24,814.20</b>	<b>26,638.56</b>
V Exceptional items	45	-	1,200.01
<b>VI Profit before tax</b>		<b>24,814.20</b>	<b>25,438.55</b>
<b>VII Tax expense</b>			
a) Current tax	33	7,065.50	4,345.69
b) Deferred tax (credit) / charge	33	(18.95)	2,867.40
c) Tax relating to prior years	33	128.30	(1,683.59)
<b>Total tax expense</b>		<b>7,174.85</b>	<b>5,529.50</b>
<b>VIII Profit for the year</b>		<b>17,639.35</b>	<b>19,909.05</b>
<b>IX Other comprehensive income</b>			
<b>A. Items that will not be reclassified to profit and loss</b>			
a) Remeasurements of defined benefit plans		(2,583.22)	(412.04)
b) Income tax on above item		290.50	256.72
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)</b>		<b>(2,292.72)</b>	<b>(155.32)</b>
<b>B. Items that may be reclassified to profit or loss</b>			
a) Effective Portion of designated portion of hedging instruments in a cash flow hedge		1,483.81	(1,067.66)
b) Net change in fair value of hedges of net investment in foreign operations		198.74	-
c) Exchange differences in translating the financial statements of foreign operation		2,558.02	(1,718.68)
d) Income tax on above items		(827.22)	622.36
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)</b>		<b>3,413.35</b>	<b>(2,163.98)</b>
<b>X Other comprehensive income for the year, net of tax [A+B]</b>		<b>1,120.63</b>	<b>(2,319.30)</b>
<b>XI Total comprehensive income for the year</b>		<b>18,759.98</b>	<b>17,589.75</b>
<b>XII Profit for the year attributable to:</b>			
a) Equity holders of the company		17,717.88	20,061.70
b) Non-controlling interests		(78.53)	(152.65)
		<b>17,639.35</b>	<b>19,909.05</b>
<b>XIII Other comprehensive income for the year attributable to:</b>			
a) Equity holders of the company		1,095.32	(2,444.46)
b) Non-controlling interests		25.31	125.16
		<b>1,120.63</b>	<b>(2,319.30)</b>
<b>XIV Total Other comprehensive income attributable to:</b>			
a) Equity holders of the company		18,813.20	17,617.24
b) Non-controlling interests		(53.22)	(27.49)
		<b>18,759.98</b>	<b>17,589.75</b>
<b>Earning per equity share [equity share par value share ₹ 10/- each]</b>			
Basic	30	85.08	96.55
Diluted	30	84.96	96.31

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

Vikas Bagaria

Partner

Membership No.060408

For and on behalf of the Board of Directors of Hinduja Global Solutions Limited

Ramkrishnan P. Hinudja

Chairman

DIN: 00278711

Rajendra P. Chitale

Director

DIN: 00015986

Partha DeSarkar

Manager and Chief Executive Officer

Makarand D. Dewal

Company Secretary

Place : Mumbai

Date : May 30, 2019

Anil Harish

Director

DIN: 00001685

Rangan Mohan

Director

DIN: 01116821

Srinivas Palakodeti

Chief Financial Officer

Place : Mumbai

Date : May 30, 2019

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

## A. Equity Share Capital

Particulars	Notes	Amount
Balance as at April 1, 2017		2,074.27
Changes in equity share capital during the year	13	5.75
Balance as at March 31, 2018		2,080.02
Changes in equity share capital during the year	13	3.87
Balance as at March 31, 2019		2,083.89

## B. Other Equity

	Reserves and Surplus						Other comprehensive income					Non-controlling interest	Total
	Capital reserve	Securities Premium reserve	General reserve	Capital redemption reserve	Retained Earnings	Share application money pending allotment	Employee stock options outstanding	Foreign currency translation reserve	Cash Flow Hedging Reserve Account	Other items of Other comprehensive income	Total attributable to equity holders of the company		
As at April 1, 2017	24,273.83	699.25	53,996.97	12.00	50,627.20	79.84	111.77	2,887.72	500.32	(1,538.41)	131,650.49	(44.49)	131,606.00
Profit for the year	-	-	-	-	20,061.70	-	-	-	-	-	20,061.70	(152.65)	19,909.05
Other Comprehensive Income	-	-	-	-	-	-	-	(1,718.69)	(445.30)	(155.32)	(2,319.31)	125.16	(2,194.15)
Total	24,273.83	699.25	53,996.97	12.00	70,688.90	79.84	111.77	1,169.03	55.02	(1,693.73)	149,392.88	(71.98)	149,320.90
Transaction with owners in their capacity as Equity holders of the company:													
Additions/ Adjustment during the year	-	-	(99.36)	(12.00)	2,949.73	-	-	-	-	-	2,838.37	-	2,838.37
Employee stock options	-	244.78	-	-	-	(79.84)	(22.39)	-	-	-	142.55	-	142.55
Dividends paid (including dividend tax thereon of ₹ 423.92 Lakhs) (Refer note 36B)	-	-	-	(2,501.78)	-	-	-	-	-	-	(2,501.78)	-	(2,501.78)
As at March 31, 2018	24,273.83	944.03	53,897.61	-	71,136.85	-	89.38	1,169.03	55.02	(1,693.73)	149,872.02	(71.98)	149,800.04
Profit for the year	-	-	-	-	17,717.88	-	-	-	-	-	17,717.88	(78.53)	17,639.35
Other Comprehensive Income	-	-	-	-	-	-	-	2,311.78	1,101.49	(2,292.72)	1,120.55	25.31	1,145.86
Total	24,273.83	944.03	53,897.61	-	88,854.73	-	89.38	3,480.81	1,156.51	(3,986.45)	168,710.45	(125.20)	168,585.25
Transaction with owners in their capacity as Equity holders of the company:													
Additions/ Adjustment during the year (Refer note 42)	-	-	-	-	(4,120.76)	-	-	-	-	-	(4,120.76)	883.34	(3,237.42)
Employee stock options	-	186.91	-	-	-	21.66	(12.34)	-	-	-	196.23	-	196.23
Dividends paid (including dividend tax thereon of ₹ 428.15 Lakhs) (Refer note 36B)	-	-	-	(2,511.00)	-	-	-	-	-	-	(2,511.00)	-	(2,511.00)
As at March 31, 2019	24,273.83	1,130.94	53,897.61	-	82,222.97	21.66	77.04	3,480.81	1,156.51	(3,986.45)	162,274.92	758.14	163,033.06

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges

	As at	
	March 31, 2019	March 31, 2018
Balance as at the beginning of the year(before tax)	272.27	1,295.07
Changes in fair value of effective portion of derivatives	(1,247.26)	4,628.90
Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	2,725.13	(5,651.70)
<b>Balance as at the end of the year</b>	<b>1,750.14</b>	<b>272.27</b>
Deferred tax thereon	(593.63)	(217.25)
<b>Balance as at the end of the year, net of deferred tax</b>	<b>1,156.51</b>	<b>55.02</b>

### Nature and purpose of reserves

#### Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Act.

#### General Reserve

General Reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As general reserve is created by transfer from one component of equity to another and not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

#### Cash flow hedging reserve

The Group uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale, as described within note 39. For hedging foreign currency risk, the group uses foreign currency forward contracts which are designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognized in the cash flow hedging reserve. Amounts recognized in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss.

#### Employee Stock Options Outstanding

The share options outstanding account is used to recognize the grant date fair value of options issued to employees under Hinduja Global Solutions Employee stock option plan. The amounts recorded in this reserve are transferred to Securities premium upon exercise of stock options.

#### Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognized in other comprehensive income as described in accounting policy and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment in the foreign branch is disposed-off.

# CONSOLIDATED CASH FLOW STATEMENT

(All amounts are in Rupees Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash Flow from Operating Activities</b>		
Profit before tax for the Year	24,814.20	25,438.55
<b>Profit before tax</b>	<b>24,814.20</b>	<b>25,438.55</b>
Adjustments for:		
Depreciation and amortization expenses	19,682.41	14,127.57
Employee share-based compensation (income)/expense	(12.34)	(22.39)
Loss on disposal of property, plant and equipment and Write-off	111.58	309.26
Provision for doubtful debts	1,577.29	-
Bad Debts/ Advances Written off	117.61	321.84
Unwinding of discount on security deposits	(263.43)	(204.71)
Provision for doubtful debts written back	(9.08)	(35.87)
Proceeds from sale of business reclassified as investing activities	(3,114.43)	-
Interest income	(1,552.58)	(1,863.71)
Finance costs	4,063.60	3,465.39
Amortization of rent expense and deferred revenue	641.54	240.66
Net exchange differences	1,785.89	(1,917.70)
Non cash exceptional items	-	1,200.01
<b>Change in operating assets and liabilities:</b>		
(Increase) in trade receivables	(33,417.55)	(19,011.04)
Decrease in other financial assets	1,650.75	9,003.80
(Increase) in other non-current assets	593.54	(4.58)
(Increase) in other current assets	(1,042.75)	(943.14)
Increase in trade payables	5,281.79	3,219.66
Increase in other financial liabilities	4,011.58	2,907.97
Increase in provisions	999.16	1,474.24
Increase in other liabilities	(1,284.98)	248.88
<b>Net cash generated from operating activities</b>	<b>24,633.80</b>	<b>37,954.69</b>
Income taxes paid (net)	(7,587.88)	(3,639.34)
<b>Net cash generated from operating activities</b>	<b>17,045.92</b>	<b>34,315.35</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of business	(11,748.90)	-
Proceeds from sale of business	3,696.12	-
Payments for property, plant and equipment	(19,403.94)	(13,269.90)
Payments for purchase of investments	(1,654.56)	(1,061.17)
Proceeds from sale of investments	1,319.72	478.95
Proceeds from sale of property, plant and equipment	796.07	1,127.12
Dividends received	187.99	173.77
Bank Deposits	928.92	4,769.11
Interest received	1,510.67	1,810.57
<b>Net cash used in investing activities</b>	<b>(24,367.91)</b>	<b>(5,971.55)</b>

# CONSOLIDATED CASH FLOW STATEMENT

(All amounts are in Rupees Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	212.43	170.69
Proceeds from borrowings	16,307.70	1,600.00
Repayment of borrowings	(18,260.19)	(9,387.29)
Interest paid	(4,018.34)	(3,479.35)
Dividends paid	(2,510.90)	(2,503.25)
<b>Net cash used in financing activities</b>	<b>(8,269.30)</b>	<b>(13,599.20)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(15,591.31)</b>	<b>14,744.60</b>
Cash and cash equivalents at the beginning of the financial year	46,156.22	30,957.06
Transfer of Opening Balances of HGS Axis Point Health LLC and Element Solutions LLC on account of acquisition of business	394.77	-
Effects of exchange rate changes on cash and cash equivalents	1,364.93	454.56
<b>Cash and cash equivalents at end of the year</b>	<b>32,324.61</b>	<b>46,156.22</b>
<b>Balances per statement of cash flows</b>	<b>32,324.61</b>	<b>46,156.22</b>

Reconciliation of borrowings as disclosed in financing activities and Note 14 to the financial statements:

Particulars	As at April 1, 2018	Repayment	Proceeds	Exchange difference	Other*	As at March 31, 2019
Borrowings	58,608.77	(18,260.19)	16,307.70	2,767.55	910.82	60,334.65

Particulars	As at April 1, 2017	Repayment	Proceeds	Exchange difference	Other*	As at March 31, 2018
Borrowings	66,241.66	(9,387.29)	1,600.00	(160.09)	314.49	58,608.77

\* Other column includes the accrued but not paid interest on borrowings and Finance Lease Obligation.

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

Vikas Bagaria

Partner

Membership No.060408

For and on behalf of the Board of Directors of Hinduja Global Solutions Limited

Ramkrishan P. Hinudja  
Chairman

DIN: 00278711

Rajendra P. Chitale

Director

DIN: 00015986

Partha DeSarkar

Manager and Chief Executive Officer

Makarand D. Dewal

Company Secretary

Anil Harish  
Director

DIN: 00001685

Rangan Mohan

Director

DIN: 01116821

Srinivas Palakodeti

Chief Financial Officer

Place : Mumbai  
Date : May 30, 2019

Place : Mumbai  
Date : May 30, 2019

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 Background

Hinduja Global Solutions Limited ("HGS") is a public limited company, domiciled in India and it's incorporated under the provisions of The Companies Act 1956 and is engaged in Business Process Management. HGS with its subsidiaries offer voice and non-voice based services such as contact center solutions and back office transaction processing across America, Canada, Europe, Asia and Middle East. Its ordinary shares (equity) are listed on the two registered stock exchanges in India i.e National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The address of its registered office is 171, Hinduja House, Dr. Annie Besant Road, Worli, Mumbai 400018.

These are the the Consolidated financial statements were authorized to be approved by the Board of Directors on May 30, 2019.

## a Basis of preparation of financial statements

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (i) Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (IND AS) notified under sec. 133 of Companies Act 2013 and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements". For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

All amounts included in the financial statements are reported in Lakhs of Indian rupees (in Lakhs) except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures. Previous year figures have been regrouped/re-arranged, wherever necessary.

### (ii) Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit plans - plan assets measured at fair value; and
- Share-based payments

## b Use of estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is provided below:

### i) Impairment of Goodwill

Goodwill is required to be assessed for impairment for every Cash Generating Unit (CGU) on a yearly basis and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost of disposal of the cash generating units to which the goodwill is allocated. The calculation of value in use of the CGU is based on future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. The cash flows are derived from the budget for the future years. The recoverable amount is sensitive to the discount rates used in discounted cash flow model as well as growth rate used for estimate and involves use of significant estimates and assumptions including turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. Refer note 32 for the for the details of assumptions used in estimation of impairment of goodwill.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## ii) Deferred taxes

Deferred tax asset in relation to un used tax losses has been recognised in the group's consolidated Balance sheet, which is based on an assessment of the probability of future taxable income against which the deferred tax asset can be utilised. The realization of deferred tax assets is dependent upon whether sufficient taxable profits or taxable temporary differences will be available in future. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

## iii) Business combination

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets (including useful life estimates) and liabilities acquired, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

## iv) Estimation of Defined Benefit Obligation

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations. The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer note 35 for the details of the assumptions used in estimating the defined benefit obligation.

## v) Estimation of Provisions & Contingent Liabilities.

The Group exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision. (Refer Note 16 and 28).

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

## vi) Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's history of collections, customer's creditworthiness, existing market conditions as well as forward looking information that is reasonable and supportable , available without undue costs or efforts.

## vii) Useful lives of property, plant and equipment

The Group depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

## viii) Useful lives of intangible assets

The Group amortizes intangible assets on a straight-line basis over estimated useful lives of the assets. The useful life is estimated based on a number of factors including the effects of obsolescence, demand, competition and other economic factors such as the stability of the industry and known technological advances and the level of maintenance expenditures required to obtain the expected future cash flows from the assets. The estimated useful life is reviewed at least annually.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## c Principles of consolidation

### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All intra group balances, transactions, income and expenses are eliminated in full on consolidation.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Company's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

The group has issued written Put option over the equity of its subsidiary, Elements Solutions LLC which permits the holder to put their shares in the subsidiary back to the group at their fair value on specified dated over a period of 3 years. The amount that may become payable under the option on exercise is initially recognised at the present value of the redemption amount payable on the acquisition date within financial liabilities with a corresponding charge directly to equity.

The liability subsequently accreted through finance charges upto the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

### (ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the group ceases to consolidate an investment because of a loss of control, any retained interest in the entity is premeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

## d Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (INR), which is Hinduja Global Solutions Limited's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

## (iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet.
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognized in other comprehensive income and held in foreign currency translation reserve (FCTR) a component of equity except to the extent that translation difference is allocated to non controlling interest.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## e Revenue from contracts with customers

The Group earns revenue primarily from business process management services.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services.

### Nature of the services:

The Group derives its revenue from business process management (BPM) which includes services like back office processing, contact center and HRO solutions. The Group provides BPM services, which typically involve claim processing and call center services for healthcare industry, call center services for telecom industry, which it administers and manages those services for its client on an ongoing basis. The Group combines technology powered services in automation, analytics and digital with domain expertise focusing on back office processing, contract centers and HRO solutions to deliver transformational impact to clients.

### A. Time and Material contracts

Revenue from time and material transactions and outcome based contracts are recognised as the services are performed.

### B. Fixed price contracts

In respect of fixed-price contracts, where performance obligations are satisfied over a period of time, revenue is recognised by means of percentage of completion method. Under this method, revenue is recognised by applying the percentage of completion on the transaction price.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

### C. Others

Any change in scope or price is considered as a contract modification. The Group accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

Revenues are shown net of allowances/ returns, sales tax, value added tax, goods and services tax and applicable discounts and allowances.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognised as an asset when the Company expects to recover these costs and amortised over the contract term. The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognised is amortised on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

The Group assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Group does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

The Group may enter into arrangements with third party suppliers to resell products or services. In such cases, the Group evaluates whether the Group is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Group first evaluates whether the Group controls the services before it is transferred to the customer. If Group controls the services before it is transferred to the customer, Group is the principal; if not, the Group is the agent.

## **New Accounting standards adopted by the Group:**

### **Ind AS 115 – Revenue from Contract with Customers**

On April 1, 2018, the Group adopted Ind AS 115, "Revenue from Contracts with Customers" using the cumulative catch-up transition method applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

The adoption of Ind AS 115, did not have any material impact on the statement of profit and loss for the year ended March 31, 2019. On adoption of IND AS 115, the company has reclassified its unbilled receivables from Financial assets to trade receivables.

### **A. Contract Asset and Liabilities**

The Group classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset.

A receivable is a right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For example, the company recognizes a receivable for revenues related to time and materials contracts or volume-based contracts. The Group presents such receivables as part of unbilled receivables at their net estimated realizable value. The same is tested for impairment as per the guidance in Ind AS 109 using expected credit loss method.

### **B. Remaining Performance Obligations**

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognised which includes unearned revenue and amounts that will be invoiced and recognised as revenue in future periods. Applying the practical expedient, the Group has not disclosed its right to consideration from customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date which are, contracts invoiced on time and material basis and volume based.

### **C. Disaggregation of Revenues**

The Group believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Country / region	Year ended March 31, 2019
USA and Canada	388,732.76
India	51,053.84
Europe	28,290.24
Rest of the world	13,589.98
<b>Total revenue from contracts with customers</b>	<b>481,666.82</b>

Major product/service lines	Year ended March 31, 2019
Time & Material	481,666.82
<b>Total revenue from contracts with customers</b>	<b>481,666.82</b>

Category of customer	Year ended March 31, 2019
Health Insurance, Pharma and Healthcare	251,430.08
Consumer Electronics, Products, Services and Retail	58,426.19
Banking and Financial services	38,388.85
Telecom and Technology	87,470.69
Media	13,486.67
Chemicals and Biotech	6,743.34
Others	25,721.00
<b>Total revenue from contracts with customers</b>	<b>481,666.82</b>

## D. Reconciliation of revenue recognised

The Group recognises Volume discounts, Penalties and Incentives against each transaction price as per the terms of the contract with the customer, the disclosures related to the reconciliation of revenue recognised with the transaction price have not been provided as the same is not material to the Group.

## f Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

## g Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses. Deferred tax is not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The Group has thus disclosed the Income Tax Assets/ Liabilities on a net basis to the extent that the same is settled within the same tax jurisdictions, which is in line with Accounting statements prescribed under Ind AS 12.

## h Leases

### As a lessee

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or 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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## i Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognized directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently premeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is premeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss or other comprehensive income, as appropriate.

Business Combination under common control are accounted as per Appendix C in Ind AS 103 - Business combinations, at carrying amount of assets and liabilities acquired and any excess of consideration issued over the net assets acquired is recognised as capital reserve on common control business combination.

## j Impairment

### i) Impairment of non financial assets

Long lived assets such as Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill is tested for impairment at least annually at the same time and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes. An impairment in respect of goodwill is not reversed.

### ii) Impairment of financial assets

The group applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments classified as FVTOCI, lease receivables, trade receivables and other financial assets. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate. Loss allowances for trade receivables and lease receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes in to the account historical credit loss experience adjusted for forward looking information.

The Group assesses investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the Group estimates the recoverable amount of the investment in subsidiary. The recoverable amount of such investment is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of the investment is calculated using projected future cash flows. If the recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

## k Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with bank in current accounts, Exchange Earners Foreign Currency (EEFC) Accounts, other short-term, highly liquid deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## l Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## m Investments and other financial assets

### (i) Classification

The group classifies its financial assets in the following measurement categories:

- a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b. those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

### (ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Currently there are no debt instruments measured at Fair value.

### (iii) Derecognition of financial assets

A financial asset is derecognized only when

- a. The Group has transferred the rights to receive cash flows from the financial asset or
- b. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### (iv) Income recognition

- a. Interest income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

- b. Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## n Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

### (i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

### (ii) Hedges of net investment in foreign operations

The Group designates derivative financial instruments as hedges of net investments in foreign operations. The Group has also designated a foreign currency denominated borrowing as a hedge of net investment in foreign operations. Changes in the fair value of the derivative hedging instruments and gains/losses on translation or settlement of foreign currency denominated borrowings designated as a hedge of net investment in foreign operations are recognised in other comprehensive income and presented within equity in the FCTR to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the consolidated statement of profit and loss and reported within foreign exchange gains/(losses), net within results from operating activities.

## o Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

## p Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives 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 costing less than ₹ 5000 each are depreciated fully in the year of acquisition.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

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 that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

The cost of property, plant and equipment not available for use before such date are disclosed under capital work-in-progress.

## **q Goodwill**

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

## **r Intangible assets**

### **(i) Computer software**

Costs associated with maintaining software programmes are recognized as an expense as incurred. Cost associated with acquisition of intangible assets is capitalized when it is controlled by entity and probable future economic benefits are expected to flow.

### **(ii) Commercial Rights, Customer Relationship, Customer Contracts & Acquired Technology**

These rights were acquired as part of erstwhile business combination.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (iii) Amortization methods and periods

The group amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Particulars	Useful life
Computer Software	3 to 6 years
Commercial rights	10 years
Customer Relationship	5 years
Customer Contracts	2 years
Acquired Technology	4 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 recognized as income or expense in the Statement of Profit and Loss.

## s Disposal of assets

The gain or loss arising on disposal or retirement of assets are recognised in the statement of profit and loss.

## t Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## u Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Group are segregated. The amendment to Ind AS 7, require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

## v Borrowings

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

## w Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

## x Employee benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

## (iii) Post-employment obligations

The group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and pension
- (b) defined contribution plans such as provident fund.

### Defined benefit obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### Defined contribution plans

The group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

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.

## (iv) Share-based payments

Share-based compensation benefits are provided to employees via the Hinduja Global Solutions Limited Employee Stock Option Plan.

### Employee options

The fair value of options granted under the Hinduja Global Solutions Limited Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## (v) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## y Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## z Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## za Earnings per share

### (i) Basic earning per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

### (ii) Diluted earning per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## zb Finance cost

Finance cost comprise interest cost on borrowings, gain or losses arising on re-measurement of financial assets at FVTPL, gains/ (losses) on translation or settlement of foreign currency borrowings and changes in fair value and gains/ (losses) on settlement of related derivative instruments. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

## zc Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The Board of Directors of the company has been identified as CODM consists of key managerial personnel of the company. Refer note 41 for segment information.

## zd Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to nearest Lakhs as per the requirement of schedule III unless otherwise stated.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## ze New standards/ amendments to existing standards issued but not yet adopted

Following are the amendments to existing standards which have been issued by The Ministry of Corporate Affairs ('MCA') that are not effective for the reporting period and have not been early adopted by the Group:

**Ind AS 116 Leases :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date certain practical expedients are available under both the methods.

The Group will adopt this standard using the 'Modified retrospective approach and accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Group has elected certain available practical expedients on transition.

The effect of adoption as on transition date would majorly result in an increase in right of use asset approximately by ₹ 67,121.83 Lakhs and an increase in lease liability approximately by ₹ 77,873.53 Lakhs.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the Consolidated financial statements.

**Amendment to Ind AS 12– Income taxes :** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group is currently evaluating the effect of this amendment on the Consolidated financial statements.

**Amendment to Ind AS 19 – plan amendment, curtailment or settlement -** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not have any impact on account of this amendment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 2 Property, Plant and Equipment

	Land	Building	Leasehold Building	Furniture and Fixtures	Vehicle	Office Equipment	Computers	Leasehold Improvements	Total	Capital work-in-progress
<b>Year ended March 31, 2018</b>										
Gross carrying amount	2,059.13	12,579.03	2,053.02	7,156.59	332.16	5,953.41	19,229.11	21,875.70	71,238.15	3,155.16
Additions	-	101.62	-	1,229.25	79.85	2,884.29	3,851.77	4,284.54	12,431.32	2,327.64
Effect of Foreign currency differences	10.97	93.43	-	89.95	(11.58)	156.72	(286.57)	(61.65)	(8.73)	(93.91)
Adjustments	-	-	-	(624.80)	-	624.80	-	-	-	-
Disposals	-	-	-	(1,003.68)	(34.64)	(2,818.00)	(2,606.67)	(2,454.82)	(8,917.81)	(5,283.39)
Gross carrying amount	<b>2,070.10</b>	<b>12,774.08</b>	<b>2,053.02</b>	<b>6,847.31</b>	<b>365.79</b>	<b>6,801.22</b>	<b>20,187.64</b>	<b>23,643.77</b>	<b>74,742.93</b>	<b>105.50</b>
Accumulated depreciation	-	687.01	78.78	1,950.19	95.65	1,689.90	5,806.50	5,818.82	16,126.85	-
Depreciation (Refer Note 26)	-	343.55	39.39	1,081.35	70.85	2,317.79	3,501.85	3,955.07	11,309.85	-
Effect of Foreign currency differences	-	21.92	-	(13.63)	(5.24)	142.02	(158.66)	(132.58)	(146.17)	-
Disposals	-	-	-	(822.72)	(23.56)	(2,282.47)	(2,580.88)	(2,358.79)	(8,068.42)	-
Accumulated depreciation	-	<b>1,052.48</b>	<b>118.17</b>	<b>2,195.19</b>	<b>137.70</b>	<b>1,867.24</b>	<b>6,568.81</b>	<b>7,282.52</b>	<b>19,222.11</b>	-
Net carrying amount as at March 31, 2018	<b>2,070.10</b>	<b>11,721.60</b>	<b>1,934.85</b>	<b>4,652.12</b>	<b>228.09</b>	<b>4,933.98</b>	<b>13,618.83</b>	<b>16,361.25</b>	<b>55,520.82</b>	<b>105.50</b>
<b>Year ended March 31, 2019</b>										
Gross carrying amount	2,070.10	12,774.08	2,053.02	6,847.31	365.79	6,801.22	20,187.64	23,643.77	74,742.93	105.50
Acquisitions through business combinations (Refer Note 42)	-	-	-	433.48	-	35.65	86.63	-	555.76	-
Additions	73.20	216.90	-	1,909.84	39.74	2,749.76	7,533.59	2,912.64	15,435.67	3,111.79
Effect of Foreign currency differences	121.56	645.36	-	411.55	18.61	990.26	994.83	1,279.64	4,461.81	-
Disposals	-	-	-	(447.39)	(41.56)	(1,209.87)	(690.31)	(1,332.58)	(3,721.71)	(2,729.15)
Gross carrying amount	<b>2,264.86</b>	<b>13,636.34</b>	<b>2,053.02</b>	<b>9,154.79</b>	<b>382.58</b>	<b>9,367.02</b>	<b>28,112.38</b>	<b>26,503.47</b>	<b>91,474.46</b>	<b>488.14</b>
Accumulated depreciation	-	1,052.48	118.17	2,195.19	137.70	1,867.24	6,568.81	7,282.52	19,222.11	-
Depreciation (Refer Note 26)	-	369.48	39.39	1,394.89	104.58	2,570.73	4,878.50	3,669.19	13,026.76	-
Effect of Foreign currency differences	-	83.51	-	188.25	9.14	671.10	841.45	990.16	2,783.61	-
Disposals	-	-	-	(276.75)	(41.23)	(453.84)	(602.41)	(1,493.37)	(2,867.61)	-
Accumulated depreciation	-	<b>1,505.47</b>	<b>157.56</b>	<b>3,501.58</b>	<b>210.19</b>	<b>4,655.22</b>	<b>11,686.35</b>	<b>10,448.50</b>	<b>32,164.87</b>	-
Net carrying amount as at March 31, 2019	<b>2,264.86</b>	<b>12,130.87</b>	<b>1,895.46</b>	<b>5,653.21</b>	<b>172.39</b>	<b>4,711.80</b>	<b>16,426.03</b>	<b>16,054.97</b>	<b>59,309.59</b>	<b>488.14</b>

### Leased assets

Computers, Office Equipment and Furniture & Fixtures includes following amounts where the company is a lessee under a finance lease.

	Computers	Furniture and Fixtures	Office Equipment	Leasehold Improvements	Total
<b>Year ended March 31, 2018</b>					
Cost/ Deemed cost	1,399.62	622.38	41.27	-	2,063.27
Accumulated depreciation	(1,007.62)	(331.39)	(9.37)	-	(1,348.38)
Net carrying amount as at March 31, 2018	<b>392.00</b>	<b>290.99</b>	<b>31.90</b>	<b>-</b>	<b>714.89</b>
<b>Year ended March 31, 2019</b>					
Cost/ Deemed cost	1,684.41	431.20	-	1,116.78	3,232.39
Accumulated depreciation	(1,135.47)	(256.49)	-	(166.11)	(1,558.07)
Net carrying amount as at March 31, 2019	<b>548.94</b>	<b>174.71</b>	<b>-</b>	<b>950.67</b>	<b>1,674.32</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 3a Other Intangible Assets

	Computer Software	Commercial Rights	Non Compete fees	Customer Relationship	Customer Contracts	Acquired Technology	Intangible assets under development	Total
<b>Year ended March 31, 2018</b>								
Gross carrying amount	13,985.82	75.00	20.07	-	-	-	28.33	14,109.22
Additions	2,042.91	-	-	-	-	-	558.73	2,601.64
Effect of Foreign currency differences	(265.23)	-	-	-	-	-	-	(265.23)
Disposals	(69.13)	-	-	-	-	-	(586.99)	(656.12)
Gross carrying amount	15,694.37	75.00	20.07	-	-	-	0.07	15,789.51
Accumulated amortization	4,042.29	75.00	20.07	-	-	-	-	4,137.36
Depreciation (Refer note 26)	2,817.72	-	-	-	-	-	-	2,817.72
Effect of Foreign currency differences	1,355.48	-	-	-	-	-	-	1,355.48
Disposals	(69.12)	-	-	-	-	-	-	(69.12)
Accumulated amortization	8,146.37	75.00	20.07	-	-	-	-	8,241.44
Net carrying amount as at March 31, 2018	7,548.00	-	-	-	-	-	0.07	7,548.07
<b>Year ended March 31, 2019</b>								
Gross carrying amount	15,694.37	75.00	20.07	-	-	-	0.07	15,789.51
Acquisitions through business combinations (Refer Note 42)	839.26	-	119.97	2,326.61	453.90	827.40	-	4,567.14
Additions	4,435.68	-	-	-	-	-	-	4,435.68
Effect of Foreign currency differences	1,211.81	-	7.89	148.83	28.41	52.60	-	1,449.54
Disposals	(552.66)	-	-	(47.90)	(19.92)	-	(0.07)	(620.55)
Gross carrying amount	21,628.46	75.00	147.93	2,427.54	462.39	880.00	-	25,621.32
Accumulated amortization	8,146.37	75.00	20.07	-	-	-	-	8,241.44
Amortisation expenses (Refer Note 26)	5,870.09	-	43.00	344.82	176.41	221.33	-	6,655.65
Effect of Foreign currency differences	814.32	-	(0.38)	(3.02)	(1.54)	(1.96)	-	807.42
Disposals	(499.12)	-	-	-	-	-	-	(499.12)
Accumulated amortization	14,331.66	75.00	62.69	341.80	174.87	219.37	-	15,205.39
Net carrying amount as at March 31, 2019	7,296.80	-	85.24	2,085.74	287.52	660.63	-	10,415.93

### Leased assets

Computer software includes following amounts where the company is a lessee under a finance lease.

	As at March 31, 2019	As at March 31, 2018
<b>Computers</b>		
Cost/ Deemed cost	730.89	693.55
Accumulated depreciation	(357.74)	(304.63)
<b>Net carrying amount</b>	<b>373.15</b>	<b>388.92</b>

As at March 31, 2019 the estimated remaining Amortisation period for intangible assets are as follows:

Intangible Assets	Estimated remaining Amortisation period
Customer Relationship	4 to 7 Years
Customer Contracts	1 to 2 Years
Non Compete fees	2 Years
Acquired Technology	3 Years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 3b Goodwill

	Total
<b>Year ended March 31, 2018</b>	
Gross carrying amount	29,864.36
Impairment of Goodwill	(1,200.01)
<b>Gross carrying amount</b>	<b>28,664.35</b>
Exchange differences	165.90
<b>Net carrying amount as at March 31, 2018</b>	<b>28,830.25</b>
<b>Year ended March 31, 2019</b>	
Gross carrying amount	28,830.25
Acquisitions through business combinations (Refer Note 42)	3,938.60
Disposals (Refer Note 42)	(455.98)
<b>Gross carrying amount</b>	<b>32,312.87</b>
Effect of Foreign currency differences	1,237.28
<b>Net carrying amount as at March 31, 2019</b>	<b>33,550.15</b>

## 4 Investments

	Face Value Per Share/ Unit	As at March 31, 2019		As at March 31, 2018	
		Quantity No's	Amount (₹ in Lakhs)	Quantity No's	Amount (₹ in Lakhs)
<b>Non-Current Investments</b>					
<b>Other Non- Current Investments (Unquoted and Non-Trade):</b>					
Investments carried at Amortised cost -Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]			1,453.01		1,118.17
<b>Aggregate Value of Unquoted Non-Current Investments</b>			<b>1,453.01</b>		<b>1,118.17</b>
<b>Total current/ non-current investments</b>					
Aggregate Value of quoted Investments and market value thereof			-		-
Aggregate Value of Unquoted Investments			<b>1,453.01</b>		<b>1,118.17</b>

### Terms of Treasury bill

Sr. No.	Name of Bank	Face Value in' PHP as on March 31,2019 (PHP. in Lakhs)	Face Value in' INR as on March 31,2019 (₹ in Lakhs)
1	Union Bank of the Philippines	779.00	1,025.60
2	CTBC Bank (Philippines) Corp.	325.00	427.41
	<b>Total</b>	<b>1,104.00</b>	<b>1,453.01</b>

These investments carry a fixed rate of interest and it is maturing by June 13, 2021.

## 5 Loans

	As at March 31, 2019	As at March 31, 2018
Loan to related parties carried at amortised cost (Refer Note 37)	8,486.96	8,480.74
<b>Total</b>	<b>8,486.96</b>	<b>8,480.74</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 6 Other financial asset

	As at March 31, 2019	As at March 31, 2018
Security Deposit	5,576.55	4,006.59
Deposits with bank for Margin Money*	104.51	11.79
Deposits with maturity exceeding 12 months**	1,019.78	499.16
Miscellaneous	-	379.25
Derivatives - Foreign Exchange Forward Contracts (Refer note 39)	58.95	-
<b>Total</b>	<b>6,759.79</b>	<b>4,896.79</b>

\* Under lien with bank towards guarantees issued by them on behalf of the company.

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

## 7a Income Tax Assets (net)

	As at March 31, 2019	As at March 31, 2018
Advance tax, tax deducted at source and Fringe benefit tax	38,521.97	33,978.09
Less: Provision for Income tax	32,383.03	27,384.52
<b>Total</b>	<b>6,138.94</b>	<b>6,593.57</b>

## 7b Current tax liabilities

	As at March 31, 2019	As at March 31, 2018
Provision for Income tax	4,845.96	8,212.81
Less: Advance tax & tax deducted at source	3,707.41	6,225.55
<b>Total</b>	<b>1,138.55</b>	<b>1,987.26</b>

## 8 Other non current assets

	As at March 31, 2019	As at March 31, 2018
Capital advances	79.85	55.88
Receivable from related parties (Refer Note 28 & 37)	1,868.99	3,318.99
Deferred rent	2,989.09	2,695.81
Balances with Government Authorities	78.57	311.78
Prepaid Expenses	478.91	559.90
Others	31.93	36.09
<b>Total</b>	<b>5,527.34</b>	<b>6,978.45</b>

## 9 Trade receivable

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	116,622.79	82,400.19
Considered doubtful	2,948.22	133.29
Less: Allowance for bad and doubtful debts	(2,948.22)	(133.29)
<b>Total</b>	<b>116,622.79</b>	<b>82,400.19</b>
Current portion	116,622.79	82,400.19
Non-current portion	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 10a Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with banks		
in current accounts	27,778.26	35,691.16
in EEFC accounts	104.65	756.53
in deposit accounts	1,429.79	8,831.70
in Cash credit accounts	1,097.46	863.02
Cheques, drafts on hand	1,892.89	-
Cash on hand	21.56	13.81
<b>Total</b>	<b>32,324.61</b>	<b>46,156.22</b>

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period.

## 10b Bank balances other than Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Earmarked Balances with Banks:		
Unpaid dividend	34.84	34.74
Unpaid bonus	1.82	1.82
Margin money deposits #	306.25	384.90
Restricted Bank Balances	72.83	923.20
<b>Total</b>	<b>415.74</b>	<b>1,344.66</b>

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

## 11 Other current financial asset

	As at March 31, 2019	As at March 31, 2018
Security Deposit	299.28	304.84
Interest accrued on deposits/ loans	45.59	191.67
Derivatives - Foreign Exchange Forward Contracts (Refer note 39)	2,275.55	834.67
Other receivables	193.87	294.90
<b>Total</b>	<b>2,814.29</b>	<b>1,626.08</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 12 Other Current assets

	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and considered good, unless otherwise stated</b>		
Balances with Government Authorities	425.39	294.42
Advance to employees		
Good	378.20	357.41
Doubtful	7.68	7.68
	385.88	365.09
Less: Provision for doubtful Advances	(7.68)	(7.68)
	378.20	357.41
Advance to Vendors	1,146.81	1,389.46
Prepaid Expenses	6,185.23	4,111.73
Others	229.98	325.72
<b>Total</b>	<b>8,365.61</b>	<b>6,478.74</b>

There were no loans due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

## 13 Equity Share capital

	As at March 31, 2019	As at March 31, 2018
<b>Authorised:</b>		
27,500,000 (March 31, 2018: 27,500,000) Equity shares of ₹ 10/- each fully paid	2,750.00	2,500.00
150,000 (March 31, 2018: 150,000) 1% Participatory redeemable Non cumulative preference shares of ₹ 10/- each	15.00	-
<b>Total</b>	<b>2,765.00</b>	<b>2,500.00</b>
<b>Issued, subscribed and Paid up :</b>		
20,838,944 (March 31, 2018: 20,800,238) Equity shares of ₹ 10/- each fully paid	2,083.89	2,080.02
<b>Total</b>	<b>2,083.89</b>	<b>2,080.02</b>

### (i) Movements in equity share capital

	No. of shares	Equity share Capital (par value)
<b>As at April 1, 2017</b>	<b>20,742,763</b>	<b>2,074.27</b>
Shares issued to Employees under Employee Stock Option Plan	57,475	5.75
<b>As at March 31, 2018</b>	<b>20,800,238</b>	<b>2,080.02</b>
Shares issued to Employees under Employee Stock Option Plan	38,706	3.87
<b>As at March 31, 2019</b>	<b>20,838,944</b>	<b>2,083.89</b>

### (a) Terms/ rights attached to equity shares

Equity Shares: The company has one class of equity shares having a par value of ₹ 10 per share. 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 Which are approved by Board of Directors in Board Meeting. 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 the number of equity shares held by the shareholders. The share options granted under the Company's employee stock option plan carry dividend as well as voting rights.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

**(b) Number of shares reserved for issue under the Employee Stock Option Plan (Refer Note 29)**

	As at March 31, 2019	As at March 31, 2018
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	42,456	72,103
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	43,375	85,833

**(ii) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company**

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.59%	5,748,541	27.64%
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited	3,354,490	16.10%	3,424,490	16.46%
Amas Mauritius Limited	2,761,427	13.25%	2,761,427	13.28%

## 14 Borrowings

	Maturity date	Terms of repayment	Coupon/ Interest rate	As at March 31, 2019	As at March 31, 2018
<b>A. Borrowings - non-current</b>					
<b>Secured</b>					
Term loans from banks					
Corporate loan <sup>a</sup>	October, 2021	Repayable in equal quarterly instalments	5.25%	66.35	143.97
Corporate loan <sup>b</sup>	September, 2023	Repayable equal quarterly instalments	3 months LIBOR+2.10% P.a.	8,894.17	10,168.10
Corporate loan <sup>c</sup>	November, 2023	Repayable equal quarterly instalments	3 months LIBOR+310bps and 6months LIBOR+310bps (Effective interest rate as at March 31, 2019 was 4.72%)	20,325.76	23,384.46
Foreign Currency Term Loans from Banks <sup>d</sup>	February, 2024	Quarterly instalments w. e.f. May,2020	3 Months LIBOR+1.05% (Effective interest rate as at March 31, 2019 was 3.77% )	13,906.35	-
Long Term Maturities of Finance Lease Obligations <sup>e</sup> (Refer note 28 c)				1,111.22	231.70
<b>Unsecured</b>					
Others				0.69	393.13
<b>Total non current borrowings</b>				<b>44,304.54</b>	<b>34,321.36</b>
Less: Current maturities of long-term debt (included in note 19)				6,060.18	14,117.98
Less: Current Maturities of Finance Lease Obligations (included in note 19)				265.50	109.53
Less: Interest accrued (included in note 19)				114.09	68.83
<b>Non-current borrowings</b>				<b>37,864.77</b>	<b>20,025.02</b>
<b>B. Borrowings - current</b>					
<b>Secured</b>					
Bank Overdrafts <sup>f</sup>	Payable on demand	Payable on demand	7.85% - 8.15%	2,803.51	13,823.58
Bank Overdrafts <sup>a</sup>	Payable on demand	Payable on demand	5.25%	227.31	98.64
Bank Overdrafts <sup>a</sup>	Payable on demand	Payable on demand	LIBOR	2,812.55	2,976.61
Revolver Loan <sup>b</sup>	Payable on demand	Payable on demand	LIBOR+ 3.65% p.a (Effective interest rate as at March 31,2019 was 5.49%)	9,937.16	7,388.58
Bank Overdrafts <sup>a</sup>	Payable on demand	Payable on demand	LIBOR + 2.75% p.a	249.58	-
<b>Total Current borrowings</b>				<b>16,030.11</b>	<b>24,287.41</b>
Aggregate Secured loans				60,333.96	58,215.64
Aggregate Unsecured loans				0.69	393.13

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Secured borrowings and assets pledged as security

- a Secured by cash margin and demand promissory note.
- b Secured by way of charge on all assets of a subsidiary company, HGS Canada Inc. and Hinduja Global Solutions Limited has signed shortfall undertaking with the Banker.
- c Secured by way of charge on all assets of a subsidiary company, Hinduja Global Solutions Inc. and its subsidiaries (except for HGS Canada inc).
- d Secured by Exclusive charge on Land & Building and Movable fixed assets.
- e Secured by assets under lease.
- f Secured by first paripassu charge on entire current assets both present and future of the company and second paripassu charge on entire moveable fixed assets both present and future of the company (excluding vehicles/ equipment acquired under hire purchase).
- g Secured by charge on all assets of the company.

## 15 Other non-current financial liabilities

	As at March 31, 2019	As at March 31, 2018
Deferred consideration payable (Refer note 42)	2,861.38	-
<b>Total</b>	<b>2,861.38</b>	<b>-</b>

## 16 Provisions

	As at March 31, 2019	As at March 31, 2018
Pension (Refer Note 35)	5,811.78	2,586.60
Gratuity (Refer Note 35)	1,679.88	1,200.38
Others	64.41	64.41
<b>Total</b>	<b>7,556.07</b>	<b>3,851.39</b>

## 17 Other non-current liabilities

	As at March 31, 2019	As at March 31, 2018
Lease Incentive (Refer note 28)	768.04	873.24
<b>Total</b>	<b>768.04</b>	<b>873.24</b>

## 18 Trade Payables

	As at March 31, 2019	As at March 31, 2018
i. Total outstanding dues of micro enterprises and small enterprises (Refer Note 43)	316.15	124.86
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	23,808.37	18,452.28
<b>Total</b>	<b>24,124.52</b>	<b>18,577.14</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 19 Other financial liabilities

	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long-Term Debt	6,060.18	14,117.98
Current Maturities of Finance Lease Obligations (Refer note 28)	265.50	109.53
Interest Accrued	114.09	68.83
Employee benefits payable	17,358.66	13,347.09
Capital Creditors	356.54	599.29
Unpaid Dividend [Refer note (a) below]	34.84	34.74
Deferred consideration payable (Refer Note 42)	1,756.86	-
Derivatives - Foreign Exchange Forward Contracts and Interest Rate Swaps (Refer Note 39)	584.72	562.40
<b>Total</b>	<b>26,531.39</b>	<b>28,839.86</b>

a. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year-end.

## 20 Provisions

	As at March 31, 2019	As at March 31, 2018
Pension (Refer note 35)	-	29.44
Compensated absences (Refer note 35)	5,280.00	5,372.85
<b>Total</b>	<b>5,280.00</b>	<b>5,402.29</b>

## 21 Other Current liabilities

	As at March 31, 2019	As at March 31, 2018
Advances from customers	991.81	806.00
Statutory dues payable	5,489.21	4,642.54
Lease Incentive (Refer note 28)	167.15	143.96
Other Payables	1,544.53	719.95
<b>Total</b>	<b>8,192.70</b>	<b>6,312.45</b>

## 22 Revenue from operations

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Sale of services</b>		
Business Process Management	478,552.39	384,936.75
Other Operating Income (Refer note 42 c)	3,114.43	-
<b>Total</b>	<b>481,666.82</b>	<b>384,936.75</b>

## 23 Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on financial assets carried at amortised cost	1,364.59	1,689.94
Unwinding of discount on security deposits	263.43	204.71
Investment measured at fair value through profit or loss	187.99	173.77
Foreign Exchange Gain (net)	2,568.53	1,207.82
Provision for Doubtful Debts no longer required written-back	9.08	35.87
Miscellaneous income	57.10	314.23
<b>Total</b>	<b>4,450.72</b>	<b>3,626.34</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 24 Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	304,127.03	242,143.01
Contribution to provident and other funds	17,648.83	14,685.08
Gratuity expense (unfunded) (Refer Note 35)	51.34	63.06
Staff welfare expenses	3,239.93	2,734.75
<b>Total</b>	<b>325,067.13</b>	<b>259,625.90</b>

## 25 Finance costs

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense on		
Term loans from bank	2,639.59	2,296.72
Cash credit and others	870.16	483.26
Other borrowing costs	553.85	685.41
<b>Total</b>	<b>4,063.60</b>	<b>3,465.39</b>

## 26 Depreciation and Amortisation expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on property, plant and equipment (Refer Note 2)	13,026.76	11,309.85
Amortization of intangibles (Refer Note 3a)	6,655.65	2,817.72
<b>Total</b>	<b>19,682.41</b>	<b>14,127.57</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 27 Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Power and Fuel	7,004.42	6,873.83
Rent	20,446.25	17,113.21
Repairs and Maintenance - Leased Premises	3,997.93	3,569.17
Repairs and Maintenance - Others	6,505.81	5,166.11
Insurance	1,278.57	1,009.21
Rates and Taxes	1,633.03	1,043.60
Directors' sitting fees and Commission (Refer note 37)	394.00	217.70
Connectivity Cost	15,036.19	7,452.57
Advertisement and Business Promotion	2,321.50	1,711.55
Communication	4,897.45	3,480.07
Travelling, Conveyance and Car Hire Charges	7,009.30	5,917.87
Legal and Professional	12,093.75	10,448.73
Training and Recruitment	4,446.08	3,172.42
Commission	8,447.99	7,231.33
Donations	100.35	66.56
Software Expenses	5,113.66	1,805.50
Fulfilment Cost	333.06	294.18
Corporate Social Responsibility (Refer note 27a)	435.59	437.14
Bad Debts/ Advances Written off	117.61	321.84
Allowance for bad and doubtful debts/ advances	1,577.29	-
Loss on Sale of Assets (net)	102.90	307.37
Fixed Assets Written Off	8.68	1.89
Miscellaneous Expenses	9,188.79	7,063.82
<b>Total</b>	<b>112,490.20</b>	<b>84,705.67</b>

### 27a Corporate Social Responsibility (CSR)

	March 31, 2019	March 31, 2018
Gross amount required to be spent by the Company during the year (Refer note below)	429.65	436.31
<b>Total</b>	<b>429.65</b>	<b>436.31</b>

	In Cash*	In Cash*
<b>Amount spent during the year</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
a. On various activities (Refer note below)	435.59	437.14
<b>Total</b>	<b>435.59</b>	<b>437.14</b>

\* There are no amounts yet to be paid in cash

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Note:

Vendor Name	Nature of CSR Activity	Amount spent during the year
Magic Bus India Foundation	Youth Livelihood Program	100.00
The Akshaya Patra Foundation	Mid-Day Meal Programme	110.00
Oxfam India	Other activities	4.43
India Cares Foundation	Other activities	4.08
Yuva Unstoppable	Smart Class Education in Municipal Schools Chennai & Indore (four schools each)	26.55
National Health and Education Society	For providing quality healthcare for the needy	100.00
Plan International(India Chapter)	Contribution towards making quality education accessible to children through setting up of models schools in Mumbai and Pune.	62.53
Nasscom Foundation	Contribution to empowering persons with disabilities	28.00
<b>Total Amount spent during the year</b>		<b>435.59</b>

## 28 Contingent Liabilities

### a) Contingent Liabilities

A) Claims against the group not acknowledged as debts:

Particulars	March 31, 2019	March 31, 2018
(i) Income Tax demand raised by authorities against which appeal has been filed by the Group (Refer note 1 below)	10,747.55	12,093.36
(ii) Claims against the Company not acknowledged as debts (Refer note 2 below)	841.89	-
(iii) Other matters (Refer note 1 below)	17,281.94	16,572.27

#### Notes:

- Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹ 7,144.66 Lakhs 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 had paid ₹ 5,550 Lakhs to Hinduja Ventures Limited to discharge part payment of disputed income tax dues pertaining to IT/ITES business. Out of this amount, the Company has received refund of ₹ 1,940.00 Lakhs including interest of ₹ 490.00 Lakhs (March 31, 2018- ₹ 2,231.01 Lakhs including interest of ₹ 606.72 Lakhs) and the net outstanding amount as at March 31, 2019 of ₹ 1,868.99 (March 31, 2018 of ₹ 3,318.99 Lakhs) is included in "Receivable from related party - Note 8". Hinduja Ventures Limited has filed an appeal against the said demand and had received a favourable order from Honourable High Court of Bombay dated July 26, 2017.

The Honourable Supreme Court of India has admitted a Special Leave Petition (SLP) against section 10A matter under Income Tax Act, 1961 and the contingent liability as disclosed for financial year ended March 31, 2018 is recomputed considering all the open assessment years.

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

- HGS (USA), LLC a wholly owned subsidiary of the company has been served with notice of Good Faith dispute by AVIS Budget Car Rental LLC by withholding ₹ 841.89 Lakhs (USD 1,215,175) of company receivables against penalties under master service agreement. As these penalties are not contractual and hence the same has not been acknowledged as debts due by the company.

### b) Capital and other commitments:

- Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account – ₹ 639.70 Lakhs (As at March 31, 2018: ₹ 736.52 Lakhs).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## c) Assets taken as lease

### (i) Non-cancellable operating leases:

- a) The group leases various offices premises, vehicles and equipment's under non-cancellable operating leases expiring within twenty years from the date of inception. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Particulars	March 31, 2019	March 31, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	17,454.90	15,555.00
Later than one year but not later than five years	61,124.81	44,503.22
Later than five years	38,788.58	30,900.01

Rental expense relating to operating lease

Particulars	March 31, 2019	March 31, 2018
Minimum lease payments	19,335.83	16,607.30
<b>Total rental expense relating to operating leases</b>	<b>19,335.83</b>	<b>16,607.30</b>

- (b) Liabilities recognized in respect of Non cancellable operating leases.

Particulars	March 31, 2019	March 31, 2018
<u>Lease Incentives</u>		
Current	167.15	143.96
Non current	768.04	873.24

The group leases computers, office equipment, furniture & fixtures and computer software under non-cancellable finance leases expiring not beyond five years.

### ii) Non-cancellable operating leases:

The Group has entered into a finance lease arrangement for Lease of various assets during the year. The arrangement is for a maximum period of 5 years and the interest rate implicit in lease varies from 6.13% - 12.35% p.a, respectively.

Particulars	March 31, 2019	March 31, 2018
Gross value	1,378.98	231.70
Finance Charge	267.76	19.03

The minimum lease payment is payable as follows:

Particulars	March 31, 2019	March 31, 2018
Minimum lease payments in relation to non-cancellable finance leases are payable as follows:		
Within one year	265.50	109.53
Later than one year but not later than five years	1,113.48	122.17
Later than five years	-	-
Less: amounts representing finance charges	(267.76)	(19.03)
<b>Present value of minimum lease payments</b>	<b>1,111.22</b>	<b>212.67</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 29 Share Based Payments

### a) Employee Option Plan

Details of the employee stock option plan are as given below.

Particulars	ESOP 2008	ESOP 2011
Details of the plan	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: - 1/6th of the options granted will vest on the first anniversary of the grant date. - 1/3rd of the options granted will vest on the second anniversary of the grant date. - 1/2 of the options granted will vest on the third anniversary of the grant date.	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest at the end of one year from the grant date. - 1/6th of the options granted will vest at the end of 18 months from the grant date. - 1/6th of the options granted will vest at the end of 24 months from the grant date. - 1/4th of the options granted will vest at the end of 30 months from the grant date. - 1/4th of the options granted will vest at the end of 36 months from the grant date.
Exercise period	Options vested with an employee will be exercisable prior to completion of the 48th month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.	Options vested with an employee will be exercisable prior to completion of the 24th month from the date of vesting of options by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise price	₹ 400.10 per share	₹ 340.20 per share
Grant/re-grant options	The Nomination and Remuneration Committee (formerly Compensation Committee) approved the request of lapsed options which were subsequently granted to specific employees. 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. The term for vesting and exercise period are as stated above.

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. The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Set out below is a summary of options granted under the plan:

## ESOP 2008

	As at March 31, 2019		As at March 31, 2018	
	Average exercise Price Per share (INR)	Number of Options	Average exercise Price Per share (INR)	Number of Options
Opening Balance	544.28	72,103	469.84	141,079
Granted during the year	-	-	536.95	21,000
Lapsed during the year	546.15	(17,285)	489.01	(55,369)
Exercised during the year	553.08	(12,362)	433.16	(34,607)
<b>Closing Balance</b>		<b>42,456</b>		<b>72,103</b>
Vested and exercisable		33,623		37,446

## ESOP 2011

Particulars	As at March 31, 2019		As at March 31, 2018	
	Average exercise Price Per share (INR)	Number of Options	Average exercise Price Per share (INR)	Number of Options
Opening Balance	523.01	85,832	527.38	108,111
Granted during the year	-	-	536.95	25,500
Lapsed during the year	553.14	(16,112)	530.11	(24,911)
Exercised during the year	498.39	(26,344)	520.93	(22,868)
<b>Closing Balance</b>		<b>43,376</b>		<b>85,832</b>
Vested and exercisable		34,398		47,777

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 - ESOP 2008: ₹ 784.67 and ESOP 2011: ₹ 778.53. (Year ended March 31, 2018 - ESOP 2008: ₹ 693.01 and ESOP 2011: ₹ 734.75)

Shares options outstanding at the end of the year have the following expiry dates and exercise prices

Grant Date	ESOP Plan	Expiry Date	Exercise Price (INR)	Share options (March 31, 2019)	Share options (March 31, 2018)
July 2, 2014	ESOP 2008	July 2, 2018	527.25	-	16,654
September 29, 2014	ESOP 2008	September 29, 2018	649.25	-	5,650
November 6, 2015	ESOP 2008	November 6, 2019	471.00	31,440	32,999
April 21, 2017	ESOP 2008	April 21, 2021	565.05	6,016	11,800
August 10, 2017	ESOP 2008	August 10, 2021	508.85	5,000	5,000
November 11, 2013	ESOP 2011	November 11, 2018	416.65	-	13,500
July 2, 2014	ESOP 2011	July 2, 2019	527.25	4,683	16,371
September 29, 2014	ESOP 2011	September 29, 2019	649.25	875	2,260
November 6, 2015	ESOP 2011	November 6, 2020	471.00	23,593	33,502
April 21, 2017	ESOP 2011	April 21, 2022	565.05	9,225	15,200
August 10, 2017	ESOP 2011	August 10, 2022	508.85	5,000	5,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Stock options outstanding at the end of the year have the following Remaining life (In months)

Grant Date	ESOP Plan	Expiry Date	Remaining life (months)	Share options (March 31, 2019)	Remaining life (months)	Share options (March 31, 2018)
July 2, 2014	ESOP 2008	July 2, 2018	-	-	3	16,654
September 29, 2014	ESOP 2008	September 29, 2018	-	-	6	5,650
November 6, 2015	ESOP 2008	November 6, 2019	7	31,440	19	32,999
April 21, 2017	ESOP 2008	April 21, 2021	24	6,016	37	11,800
August 10, 2017	ESOP 2008	August 10, 2021	28	5,000	40	5,000
November 11, 2013	ESOP 2011	November 11, 2018	-	-	7	13,500
July 2, 2014	ESOP 2011	July 2, 2019	3	4,683	15	16,371
September 29, 2014	ESOP 2011	September 29, 2019	6	875	18	2,260
November 6, 2015	ESOP 2011	November 6, 2020	19	23,593	31	33,502
April 21, 2017	ESOP 2011	April 21, 2022	36	9,225	49	15,200
August 10, 2017	ESOP 2011	August 10, 2022	40	5,000	52	5,000

## (i) Fair value of options granted

The fair value of options granted during the year ended March 31, 2019 is Nil (March 31, 2018 is as below). The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

ESOP Scheme	Grant date	Fair value
ESOP 2008	April 21, 2017	158.89
ESOP 2008	August 10, 2017	143.81
ESOP 2011	April 21, 2017	159.93
ESOP 2011	August 10, 2017	145.70

The model inputs for options granted during the year ended March 31, 2019 included:

		ESOP 2008 scheme		ESOP 2011 scheme	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
i)	Exercise price	-	₹ 565.05 and ₹ 508.85	-	₹ 565.05 and ₹ 508.85
ii)	Grant date	-	April 21, 2017 and August 10, 2017	-	April 21, 2017 and August 10, 2017
iii)	Expiry date	-	April 21, 2021 and August 10, 2021	-	April 21, 2022 and August 10, 2022
iv)	Share price at grant date	-	₹ 548.27	-	₹ 550.37
v)	Expected price volatility	-	31.54%	-	32.53%
vi)	Expected dividend yield	-	1.37%	-	1.37%
vii)	Risk free interest rate	-	6.54%	-	6.55%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (b) (Income)/Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized in profit or loss as part of employee benefit (Income)/expense were as follows:

Particulars	March 31, 2019	March 31, 2018
Employee share based payment (Income)/expenses	(12.34)	(22.39)

## 30 Earnings per share

Particulars	March 31, 2019	March 31, 2018
<b><u>Numerator for Basic and Diluted EPS</u></b>		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS (₹ in Lakhs)	17,717.88	20,061.70
Weighted average number of equity shares (Nos.) for calculating basic earnings per share	20,824,000	20,777,643
Weighted average number of equity shares (Nos.) for calculating Diluted earnings per share	20,855,349	20,831,294
Basic EPS attributable to the equity holders of the Company (₹)	85.08	96.55
Diluted EPS attributable to the equity holders of the Company (₹)	84.96	96.31
Nominal value of shares (₹)	10.00	10.00
Number of shares considered for basic EPS	20,824,000	20,777,643
Add: Effect of dilutive issues of stock options	31,349	53,651
Number of shares considered for diluted EPS	20,855,349	20,831,294

## 31 Assets pledged as security

The group has external borrowings from financial institutions. The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Financial assets		
First Charge		
Current assets	209,527.50	159,372.20
<b>Total current assets pledged as security</b>	<b>209,527.50</b>	<b>159,372.20</b>
<b>Non-current</b>		
Exclusive charge		
Land	100.97	-
Building	2,291.03	-
Second charge		
Non-current assets	33,433.94	27,535.91
<b>Total non-current assets pledged as security</b>	<b>33,433.94</b>	<b>27,535.91</b>
<b>Total assets pledged as security</b>	<b>242,961.44</b>	<b>186,908.11</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 32 Impairment

### Goodwill movement:

	As at March 31, 2019	As at March 31, 2018
<b>Opening Balance</b>	<b>28,830.25</b>	<b>29,864.35</b>
Add: Acquisition of new entities		
HGS Axis Point Health LLC	2,116.71	-
Elements Solutions LLC	1,810.74	-
Element India	11.15	-
Less: Impairment of Goodwill relating to UK operations	-	1,200.01
Less: Disposal of Goodwill relating to HGS Axis Point Health LLC operations	(455.98)	-
Add: Translation adjustments	1,237.28	165.91
<b>Closing Balance</b>	<b>33,550.15</b>	<b>28,830.25</b>

Goodwill is tested for impairment at each reporting date. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's Cash Generating Unit ("CGU") or groups of CGUs expected to benefit from the synergies arising from the business combinations. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying amount of a CGU, including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of CGU is higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU.

The carrying value of goodwill translated at year end exchange rates, is allocated to the following GGU's

	As at March 31, 2019	As at March 31, 2018
Business process management - Healthcare and CET operations, USA	13,415.50	13,082.31
Business process management - EBOS business, USA	4,506.36	4,236.77
Business process management - UK operations	9,427.86	9,018.06
Business process management - India Human resource operations	2,493.11	2,493.11
Business process management - HGS Axis Point Health LLC, USA	1,766.31	-
Business process management - Elements Solutions LLC, USA	1,941.01	-
<b>Total</b>	<b>33,550.15</b>	<b>28,830.25</b>

The recoverable amount has been determined based on value-in-use calculations. Value-in-use is calculated using post tax cash flows. The use of post tax discount rates does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using pre-tax discount rates.

The future cash flows are based on the medium and long-term business plans approved by the Management and reviewed by the board of directors.

The average range of key assumptions used for the calculations are as follows:

	As at March 31, 2019	As at March 31, 2018
Growth rate	5% to 20%	5% to 12%
Post-tax discount rate	13.5% to 19.0%	11.5% to 18.5%
Terminal growth rate	2% to 3%	3% to 4%

The recoverable amount have exceeded the carrying value of CGU and no impairment was recognised. No reasonable change in the assumptions (revenue growth, operating margin, discount rate and long-term growth rate) could lead to a potential impairment charge. The carrying value exceeded the recoverable amount of UK operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 33 Tax expense

### a) Tax expense

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Current tax</b>		
Current tax on profits for the year	7,065.50	4,345.69
Adjustments for current tax of prior periods	128.30	(1,683.59)
<b>Total Current tax expense</b>	<b>7,193.80</b>	<b>2,662.10</b>
<b>Deferred Tax</b>		
Decrease/ (Increase) in Deferred tax assets	(2,368.66)	1,205.86
Mat credit (Avalied)/ Utilized	2,349.71	1,661.54
<b>Total Deferred Tax expense</b>	<b>(18.95)</b>	<b>2,867.40</b>
<b>Tax expense</b>	<b>7,174.85</b>	<b>5,529.50</b>

### b) Reconciliation of tax expense and the accounting profit multiplied by the Indian statutory income tax rate

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before income tax expense	24,814.20	25,438.55
<b>Tax at Indian tax rate of 34.94% (2017-18 - 34.61%)</b>	<b>8,670.08</b>	<b>8,804.28</b>
Tax effects of amounts which are not deductible (taxable) in calculating taxable income		
- Exempt Incomes [Refer Note (i) below]	(2,704.63)	(2,866.54)
- Expenses Disallowed	75.95	241.41
- Impairment of Goodwill	-	412.98
Other items		
- Difference in overseas tax rate for foreign operation	1,695.05	(315.60)
- Tax credit on profit earned by foreign operation [Refer Note (ii) below]	(3,837.67)	(1,813.73)
- Deferred Tax Assets not recognised/written off [Refer Note 34(ii)]	3,385.57	2,508.91
- Adjustment of current tax of prior years	128.30	(1,683.59)
- Other adjustments	(237.80)	241.38
<b>Income Tax expense</b>	<b>7,174.85</b>	<b>5,529.50</b>

#### Notes:

- (i) A substantial portion of the profits of the Group's operations in India are exempt from income taxes being profits attributable to export operations and profits from units established under the Special Economic Zone Act, 2005 scheme. Units designated in special economic zones will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. Profits from certain other operations (including Philippines and Jamaica) are also eligible for similar tax treatment. The tax holiday period being currently available to the Company expires in various years through fiscal 2024-25. The expiration period of tax holiday for each unit is determined based on the number of years that have lapsed following year of commencement of production by that unit. The impact of tax holidays has resulted in a decrease of current tax expense of ₹ 2,288.93 Lakhs and ₹ 2,468.67 Lakhs for the years ended March 31, 2019 and 2018, respectively.
- (ii) This amount represents the benefit received by certain entities of Group in respect of taxes payable by the foreign operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 34 Deferred tax liabilities & Deferred tax assets

The deferred tax balance comprises temporary differences attributable to:

	Deferred tax assets/ (Liabilities) as on April 01, 2018	Effect of Business combinations	(Charge)/ Credit Through P&L	(Charge)/ Credit Through OCI	(Charge)/ Credit Through FCTR	Deferred tax assets/ (Liabilities) as on March 31, 2019
<b>Deferred Tax Liabilities</b>						
Property, Plant and Equipment	(2,014.29)	-	385.77	-	(248.03)	(1,876.55)
Intangible Assets	(3,074.40)	(853.33)	166.73	-	(100.87)	(3,861.87)
Derivatives	(217.25)	-	-	(417.38)	-	(634.63)
Others	-	-	-	(451.19)	451.19	-
<b>Total Deferred Tax Liabilities</b>	<b>(5,305.94)</b>	<b>(853.33)</b>	<b>552.50</b>	<b>(868.57)</b>	<b>102.29</b>	<b>(6,373.05)</b>
Less: Set off	(4,714.97)					(4,981.10)
<b>Net Deferred Tax Liabilities</b>	<b>(590.97)</b>	-	-	-	-	<b>(1,391.95)</b>
<b>Deferred Tax Assets</b>						
Defined Benefit Obligation and Compensated Absences	2,079.62	-	(397.67)	290.50	41.02	2,013.47
Derivatives	-	-	-	41.35	-	41.35
Carry forward of unused tax losses	2,597.43	-	1,881.59	-	(91.41)	4,387.61
MAT Credit	2,343.16	-	(2,343.16)	-	-	-
Accrued Interest	1,657.23	-	89.52	-	105.33	1,852.08
Allowance for doubtful debts	33.94	-	318.21	-	(1.95)	350.20
Others	552.43	-	(119.94)	-	87.44	519.93
<b>Total Deferred Tax Assets</b>	<b>9,263.81</b>	-	<b>(571.45)</b>	<b>331.85</b>	<b>140.43</b>	<b>9,164.64</b>
Less: Set off	(4,714.97)					(4,981.10)
<b>Net Deferred Tax Assets</b>	<b>4,548.84</b>	-	-	-	-	<b>4,183.54</b>

	Deferred tax assets/ (Liabilities) as on April 01, 2017	(Charge)/ Credit Through P&L	(Charge)/ Credit Through OCI	(Charge)/ Credit Through Retained Earnings	(Charge)/ Credit Through FCTR	Deferred tax assets/ (Liabilities) as on March 31, 2018
<b>Deferred Tax Liabilities</b>						
Property, Plant and Equipment	(2,574.14)	570.24	-	-	(10.39)	(2,014.29)
Intangible Assets	(4,165.49)	1,101.40	-	-	(10.31)	(3,074.40)
Undistributed profits of subsidiary	(2,903.65)	-	-	2,903.65	-	-
Derivatives	(827.11)	(12.50)	622.36	-	-	(217.25)
Others	5.89	(5.89)	-	-	-	-
<b>Total Deferred Tax Liabilities</b>	<b>(10,464.50)</b>	<b>1,653.25</b>	<b>622.36</b>	<b>2,903.65</b>	<b>(20.70)</b>	<b>(5,305.94)</b>
Less: Set off	(6,700.36)					(4,714.97)
<b>Net Deferred Tax Liabilities</b>	<b>(3,764.14)</b>					<b>(590.97)</b>
<b>Deferred Tax Assets</b>						
Intangible Assets	249.65	(249.65)	-	-	-	-
Defined Benefit Obligation and Compensated Absences	1,438.52	381.04	256.72	-	3.34	2,079.62
Carry forward of unused tax losses	3,433.97	(848.70)	-	-	12.16	2,597.43
MAT Credit	4,004.70	(1,661.54)	-	-	-	2,343.16
Accrued Interest	2,165.85	(517.11)	-	-	8.49	1,657.23
Allowance for doubtful debts	32.71	1.11	-	-	0.12	33.94
Others	1,766.72	(1,625.80)	-	-	411.51	552.43
<b>Total Deferred Tax Assets</b>	<b>13,092.12</b>	<b>(4,520.65)</b>	<b>256.72</b>	-	<b>435.62</b>	<b>9,263.81</b>
Less: Set off	(6,700.36)					(4,714.97)
<b>Net Deferred Tax asset</b>	<b>6,391.76</b>					<b>4,548.84</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Notes:

(i) The "Tax Cuts and Jobs Act," was signed into law on December 22, 2017 ('US Tax Reforms') which among other things, makes significant changes to the rules applicable to the taxation of corporations, such as changing the corporate tax rate from 35% to 21% rate effective January 1, 2018. For the year ended March 2018, the Company took a positive impact of ₹ 264.77 Lakhs on account of re-statement of deferred tax items pursuant to US Tax Reforms.

(ii) In assessing the reliability of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on this, the Company believes that it is probable that the Company will realize the benefits of the recognized deductible differences. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

The group has unused tax losses of ₹ 36,828.56 Lakhs and ₹ 19,033.84 Lakhs as at March 31, 2019 and March 31, 2018 respectively available for offset against future taxable profits. Of the ₹ 36,828.56 Lakhs of unused losses, ₹ 10,699.59 Lakhs will expire in the years from 2035 to 2037, while the remaining carry forward losses do not expire. No deferred tax asset has been recognised in respect of the tax losses of ₹ 20,365.71 Lakhs and ₹ 11,825.12 Lakhs for the period ended March 31, 2019 and March 31, 2018 respectively due to lack of probable future taxable profits.

The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits or taxable temporary differences will be available in the future. The Management's projections of future taxable income and tax planning strategies support the assumption that it is probable that sufficient taxable income will be available to utilize the deferred tax assets recognised.

The Group has recognized deferred tax assets of ₹ 4,387.61 Lakhs and ₹ 2,597.43 Lakhs in respect of unused tax losses of its various subsidiaries as at March 31, 2019 and 2018 respectively. Based on the sale of loss making contracts in Guide point operations in HGS Axis point Health LLC, planned reduction in operating expenses pertaining to HGS Axis point Health LLC and synergies expected from acquisition of Axis point business, the company believes that deferred tax asset will be recoverable.

In cases where the actual future taxable profits generated are less than expected a material reversal of the deferred tax asset may arise, which would be recognised as profit or loss for the period in which such a reversal takes place. The group has recognised deferred tax assets of ₹ Nil Lakhs and ₹ 2,349.71 Lakhs in respect of MAT credit as at March 31, 2019 and 2018 respectively. The MAT credit expires in various years through fiscal 2027-28.

(iii) Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Accordingly, deferred income tax liabilities on cumulative earnings of subsidiaries amounting to ₹ 27,916.07 and ₹ 13,037.68 Lakhs as of March 31, 2019 and 2018, respectively have not been recognized. Further, it is not practicable to estimate the amount of the unrecognized deferred tax liabilities for these undistributed earnings.

## 35 Employee benefit obligations

### (i) Leave obligations

The leave obligations cover the Group's liability for sick and earned leave of employees.

The amount of the provision of ₹ 5,280.00 Lakhs (March 31, 2018: ₹ 5,372.85 Lakhs) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

### (ii) Post-employment obligations

#### a) Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to Life Insurance Corporation of India (LIC) as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority Regulations. The Group does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## b) Pension benefits

The Branch has a non-contributory and actuarially computed defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and compensation as the date of retirement, as defined in the policies of the Company.

The plan provides lump sum benefits upon retirement, death, total and permanent disability and separation from service from completion of five years of service. Under the provisions of the retirement plan, the normal retirement age is 60, but employees reaching age 50 with at least 10 years of credited service and latest salary. Effective April, 2009, employees with less than five years of service are entitled to benefits calculated based on 1.5 days for every year of credited service while for employees with at least 5 years of service are entitled to benefits calculated based on 22.5 days for every year of credited service.

Plan assets are held in trust by a trustee bank, which is governed by local regulations and practice in the Philippines.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in debt securities. The Branch believes that debt securities offer the best returns over long term with an acceptable level of risk.

## (iii) Defined contribution plans

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

- a) Provident Fund
- b) Superannuation Fund
- c) State Defined Contribution Plans:
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employer's Contribution to Employee's Pension Scheme
- d) Other Statutory contribution schemes

Amounts recognized in the Profit and Loss pertaining to the contribution to the above contribution plans is as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
Employers' contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	2,873.13	3,158.85
Employers' Contribution to Superannuation Fund*	4.00	4.00
Employers' Contribution to Employee's State Insurance*	1,633.31	1,776.27
Employer's Contribution to Other Employees' Benefit Scheme*	13,189.74	9,809.02
<b>Total</b>	<b>17,700.18</b>	<b>14,748.14</b>

\*Included in Contribution to Provident and Other Funds (Refer Note 24)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (iv) Define Benefit plan

### Balance sheet amounts - Pension plan

The amounts recognised in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present Value of Defined benefit obligation	Fair value of plan assets	Net Amount
<b>April 1, 2017</b>	<b>3,398.16</b>	<b>(728.28)</b>	<b>2,669.88</b>
Current service cost	309.97	-	309.97
Net interest cost/(income)	171.98	(35.16)	136.82
Expected return on plan assets	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>481.95</b>	<b>(35.16)</b>	<b>446.79</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
- Actuarial (gain)/loss from change in demographic assumptions	(554.04)	-	(554.04)
- Actuarial (gain)/loss from change in financial assumptions	(967.45)	23.01	(944.44)
- Actuarial (gain)/loss arising from experience adjustments	1,122.61	-	1,122.61
<b>Total amount recognised in other comprehensive income</b>	<b>(398.88)</b>	<b>23.01</b>	<b>(375.87)</b>
Exchange differences (Recognised in Foreign Currency translation reserve)	(122.18)	24.45	(97.73)
Payments from plan:			
Benefit payments	(92.65)	65.62	(27.02)
<b>March 31, 2018</b>	<b>3,266.40</b>	<b>(650.36)</b>	<b>2,616.04</b>

	Present Value of Defined benefit obligation	Fair value of plan assets	Net Amount
<b>April 1, 2018</b>	<b>3,266.40</b>	<b>(650.36)</b>	<b>2,616.04</b>
Current service cost	358.81	-	358.81
Net Interest cost	274.29	(54.60)	219.69
<b>Total amount recognised in profit or loss</b>	<b>633.10</b>	<b>(54.60)</b>	<b>578.50</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
- Actuarial (gain)/loss from change in demographic assumptions	226.42		226.42
- Actuarial (gain)/loss from change in financial assumptions	1,407.56	32.20	1,439.76
- Actuarial (gain)/loss arising from experience adjustments	841.32		841.32
<b>Total amount recognised in other comprehensive income</b>	<b>2,475.30</b>	<b>32.20</b>	<b>2,507.50</b>
Exchange differences (Recognised in Foreign Currency translation reserve)	172.40	(35.55)	136.86
Contributions:			
- Employers	-	(27.11)	(27.11)
- Plan participants	-	-	-
Payments from plan:			
Benefit payments	(149.59)	149.59	-
<b>March 31, 2019</b>	<b>6,397.61</b>	<b>(585.83)</b>	<b>5,811.78</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The net liability disclosed above relates to funded and unfunded plans are as follows:

	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations	6,397.61	3,266.40
Fair value of plan assets	(585.83)	(650.36)
Surplus/(Deficit) - Pension	5,811.78	2,616.04

## Balance sheet amounts - Gratuity

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Funded	Unfunded	Present Value of Defined benefit obligation	Fair value of plan assets	Net Amount
<b>April 1, 2017</b>	<b>1,472.75</b>	<b>175.32</b>	<b>1,648.07</b>	<b>(967.32)</b>	<b>680.75</b>
Current Service Cost	199.56	23.85	223.41	-	223.41
Past Service Cost	-	28.08	28.08	-	28.08
Interest expense/(income)	96.76	11.13	107.89	(63.55)	44.34
<b>Total Amount recognised in profit or loss</b>	<b>296.32</b>	<b>63.06</b>	<b>359.38</b>	<b>(63.55)</b>	<b>295.83</b>
Remeasurements					
- Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	29.79	29.79
-Actuarial (gain)/loss from change in demographic assumptions	141.83	-	141.83	-	141.83
-Actuarial (gain)/loss from change in financial assumptions	80.73	(7.65)	73.08	-	73.08
- Actuarial (gain)/loss arising from experience adjustments	496.51	41.97	538.48	-	538.48
- Change in asset ceiling, excluding amounts included in interest expense	-	-	-	4.74	4.74
<b>Total amount recognised in other comprehensive income</b>	<b>719.07</b>	<b>34.32</b>	<b>753.39</b>	<b>34.53</b>	<b>787.92</b>
Transfers	-	-	-	-	-
Contributions:					
Employer contributions	-	-	-	(550.21)	(550.21)
Benefit payments	(230.55)	(13.91)	(244.46)	230.55	(13.91)
<b>March 31, 2018</b>	<b>2,257.59</b>	<b>258.79</b>	<b>2,516.38</b>	<b>(1,316.00)</b>	<b>1,200.38</b>

	Funded	Unfunded	Present Value of Defined benefit obligation	Fair value of plan assets	Net Amount
<b>April 1, 2018</b>	<b>2,257.59</b>	<b>258.79</b>	<b>2,516.38</b>	<b>(1,316.00)</b>	<b>1,200.38</b>
Current Service Cost	358.77	33.41	392.18	-	392.18
Interest expense/(income)	156.45	17.93	174.38	(91.20)	83.18
<b>Total Amount recognised in profit or loss</b>	<b>515.22</b>	<b>51.34</b>	<b>566.56</b>	<b>(91.20)</b>	<b>475.36</b>
Remeasurements					
- Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	51.55	51.55
-Actuarial (gain)/loss from change in financial assumptions	39.79	4.33	44.12	-	44.12
- Actuarial (gain)/loss arising from experience adjustments	(59.91)	39.96	(19.95)	-	(19.95)
<b>Total amount recognised in other comprehensive income</b>	<b>(20.12)</b>	<b>44.29</b>	<b>24.17</b>	<b>51.55</b>	<b>75.72</b>
Contributions:					
Employer contributions	-	-	-	(45.01)	(45.01)
Benefit payments	(264.77)	(26.57)	(291.34)	264.77	(26.57)
<b>March 31, 2019</b>	<b>2,487.92</b>	<b>327.85</b>	<b>2,815.77</b>	<b>(1,135.89)</b>	<b>1,679.88</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The net liability disclosed above relates to funded plans are as follows:

	As at March 31, 2019	As at March 31, 2018
Present value of funded obligations	2,487.92	2,257.59
Fair value of plan assets	(1,135.89)	(1,316.00)
<b>Deficit - Gratuity plan</b>	<b>1,352.03</b>	<b>941.59</b>

The following table shows the breakdown of the defined benefit obligation and plan assets:

	As at March 31, 2019			As at March 31, 2018		
	Gratuity	Pension	Total	Gratuity	Pension	Total
Present Value of Obligation	2,815.77	6,397.61	9,213.38	2,516.38	3,266.39	5,782.77
Fair value of plan assets	(1,135.89)	(585.81)	(1,721.70)	(1,316.00)	(650.35)	(1,966.35)
<b>Total Liability</b>	<b>1,679.88</b>	<b>5,811.80</b>	<b>7,491.68</b>	<b>1,200.38</b>	<b>2,616.04</b>	<b>3,816.42</b>

## (v) Post-Employment benefit (pension and gratuity)

The significant actuarial assumptions were as follows:

	As at March 31, 2019	As at March 31, 2018
Discount Rate	5.83%~6.66%	6.93% ~7.91%
Salary growth rate	3.5%~6%	3.00% ~6.00%
Rate of return on Plan assets	2.85%~6.66%	1.72% ~ 6.93%
Rate of Employee turnover(Gratuity)	For agents 80.00% p.a. and others 10.00% p.a.	For agents 80.00% p.a. and others 10.00% p.a.

Assumptions regarding mortality experience are set based on advice from published statistics.

The discount rate is primarily based on the prevailing market yields of government securities for the estimated term of the obligations. The estimates of future salary increases takes into account the inflation, seniority and other relevant factors. Attrition rate considered is the Management estimate based on employee turnover. The expected return on plan assets is based on expectation of the average rate of return expected on investment of the fund.

## (vi) Sensivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

### Impact on defined benefit obligation

Particulars	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount Rate	1%	1%	(696.54)	(394.41)	727.73	454.94
Salary Growth rate	1%	1%	744.51	434.78	(734.83)	(383.39)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (vii) The major categories of plan assets are as follows

	As at March 31, 2019			As at March 31, 2018		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Pension</b>						
Debt Instruments						
- Government Bonds	-	192.06	192.06	-	297.73	297.73
- Corporate Bonds	-	334.90	334.90	-	199.66	199.66
Cash and cash equivalents	42.96	-	42.96	37.66	-	37.66
Others	-	15.88	15.88	-	115.31	115.31
<b>Gratuity</b>						
Investment funds (Gratuity)						
- Insurance Funds (LIC Pension and Group Schemes fund)	-	1,135.89	1,135.89	55.29	1,260.74	1,316.03
<b>Total</b>	<b>42.96</b>	<b>1,678.73</b>	<b>1,721.69</b>	<b>92.95</b>	<b>1,873.44</b>	<b>1,966.39</b>

## (viii) Risk Exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities.
Changes in bond yields	A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Life expectancy	The pension is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets in FY 2018-19 consists of government & Corporate bonds and LIC Pension, The plan asset mix is in compliance with the requirements of the respective local regulations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 is ₹ 770.33 Lakhs.

The weighted average duration of Gratuity plan obligation is 3 years. The average duration of Pension plan obligation is 20 years. The expected maturity analysis of undiscounted pension and gratuity is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>March 31, 2019</b>					
Pension plan benefit obligation	591.96	845.55	1,852.28	5,438.05	8,727.84
Gratuity plan benefit obligation	518.78	291.19	804.91	2,950.69	4,565.57
<b>Total</b>	<b>1,110.74</b>	<b>1,136.74</b>	<b>2,657.19</b>	<b>8,388.74</b>	<b>13,293.41</b>
<b>March 31, 2018</b>					
Pension plan benefit obligation	287.10	593.63	819.24	2,156.28	3,856.25
Gratuity plan benefit obligation	495.56	274.46	725.38	2,682.56	4,177.96
<b>Total</b>	<b>782.66</b>	<b>868.09</b>	<b>1,544.62</b>	<b>4,838.84</b>	<b>8,034.21</b>

The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Group intends to continue to contribute the defined benefit plans based on short term expected pay-outs in line with the actuary's recommendations.

## 36 Capital management

### A) Capital Structure

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholder's and benefits for other stakeholder's, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents)/ Total 'equity' as shown in the balance sheet, including non-controlling interests)

The gearing ratios were as follows:

	As at March 31, 2019	As at March 31, 2018
Total outstanding borrowings (Refer Note 14 & 19 )	60,334.65	58,608.77
Cash and cash equivalents(Refer Note 10 a)	(32,324.61)	(46,156.22)
Net Debt	28,010.04	12,452.55
Total Equity	165,116.95	151,880.06
Net Debt to Equity ratio	17%	8%

### Loan covenants

The Group has complied with financial covenants implied as a part of external borrowing facilities throughout the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## B) Dividends

	As at March 31, 2019	As at March 31, 2018
<b>(i) Equity shares</b>		
Final dividend for the year ended March 31, 2018 ₹ 2.5 (March 31, 2017 - ₹ 2.50) per fully paid equity share	520.57	519.29
Interim dividend for the year ended March 31, 2019 of ₹ 7.5 (March 31, 2018 - ₹ 7.50) per fully paid equity share	1,562.28	1,558.27
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended payment of a final dividend of ₹ 2.5 per fully paid equity share (March 31, 2018 - ₹ 2.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	520.97	520.57

## 37 Related Party Transactions

### I) Individual having control with his relatives and associates

Mr. Ashok P. Hinduja

### II) Key Management Personnel

Mr. Partha DeSarkar, Manager and Chief Executive Officer

#### Non executive directors:

Mr. Ramkrishnan P. Hinduja, Chairman

Ms. Shanu S. P. Hinduja, Co-chairperson

Ms. Vinoo S. Hinduja

Mr. Anil Harish

Mr. Rajendra P. Chitale

Mr. Rangan Mohan

Mr. Yashodhan M. Kale

Mr. Pradeep Mukerjee

### III) Enterprises where common control exists

- 1 Hinduja Group Limited
- 2 Hinduja Ventures Limited
- 3 IndusInd Media and Communication Limited
- 4 National Health and Education Society
- 5 Hinduja Healthcare Limited
- 6 Hinduja Realty Ventures Limited
- 7 UActiv Technology Private Limited
- 8 Cyqurex Systems Private Limited
- 9 Hinduja Foundation
- 10 Trunk Digital Studios LLC
- 11 Hinduja Automotive Limited
- 12 GOCL Corporation Limited (till January 16, 2019)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## IV) Enterprises where Significant Influence is exercised by Directors

- 1 HBI Group Inc
- 2 HBI Incorporated NV.
- 3 Atlantic International BPO Colombia S.A.S
- 4 Atlantic International BPO Cayman Inc
- 5 Mesilla Office Solutions LLC
- 6 Synergy Global outsourcing LLC
- 7 Caytel Contracting Limited
- 8 Finac Services Limited
- 9 Hinduja Capital Advisors Inc
- 10 Jobs America Inc
- 11 Hinduja Bank Switzerland Limited

## V Relatives of Key Management personnel including directors whether executive or otherwise

Mr. Pabitra DeSarkar (Father of Mr. Partha DeSarkar)

Rangan Mohan Associates (Firm in which Mr. Rangan Mohan is a Partner)

D M Harish & Co (Firm in which Mr. Anil Harish is a Partner)

Satya A Hinduja

## VI) The company has transactions with following entities which are not covered under the related party definition under Ind AS 24 Related Party Disclosures, however the same has been disclosed as an additional information:

- 1 Ashok Leyland Limited
- 2 IndusInd Bank Limited
- 3 Gulf Oil Lubricant India Limited
- 4 GOCL Corporation Limited (from January 17, 2019)
- 5 Gulf Oil International Limited

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

	Parties referred to in II and V above		Parties referred to in III, IV and VI above	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Rendering of Services</b>				
IndusInd Media and Communication Limited	-	-	54.81	56.05
National Health and Education Society	-	-	111.57	96.56
Trunk Digital Studios LLC	-	-	13.25	152.19
Mesilla Office Solutions LLC	-	-	-	151.84
Hinduja Automotive Limited	-	-	30.84	92.23
Jobs America Inc	-	-	-	28.80
Atlantic International BPO Colombia S.A.S	-	-	167.74	154.77
Ashok Leyland Limited	-	-	663.25	437.83
IndusInd Bank Limited	-	-	1,152.42	666.44
Cyqurex Systems Private Limited	-	-	95.06	6.58
Others	0.20	0.20	22.89	34.62
<b>Total</b>	<b>0.20</b>	<b>0.20</b>	<b>2,311.83</b>	<b>1,877.91</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Parties referred to in II and V above		Parties referred to in III, IV and VI above	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Interest income</b>				
Atlantic International BPO Cayman Inc	-	-	462.34	409.42
<b>Total</b>	-	-	<b>462.34</b>	<b>409.42</b>
<b>Professional Fees</b>				
HBI Group Inc (Payment made to HBI Incorporated NV. till August 2018)	-	-	953.83	996.38
Finac Services Limited	-	-	-	0.86
Hinduja Capital Advisors Inc	-	-	131.05	161.23
<b>Total</b>	-	-	<b>1,084.88</b>	<b>1,158.47</b>
<b>Rent Expense</b>				
Hinduja Group Limited	-	-	121.64	121.20
Mr. Pabitra DeSarkar	-	3.15	-	-
Hinduja Realty ventures Limited	-	-	190.02	113.00
Satya A Hinduja	52.29	49.86	-	-
<b>Total</b>	<b>52.29</b>	<b>53.01</b>	<b>311.66</b>	<b>234.20</b>
<b>Link Connectivity Charges</b>				
Indus Ind Media & Communications Ltd	-	-	2.06	-
<b>Total</b>	-	-	<b>2.06</b>	-
<b>Corporate social responsibility (CSR)</b>				
Hinduja Foundation	-	-	-	30.00
National Health and Education Society	-	-	100.00	50.00
<b>Total</b>	-	-	<b>100.00</b>	<b>80.00</b>
<b>Connectivity cost</b>				
Caytel Contracting Limited	-	-	2,304.72	1,479.56
Jobs America Inc	-	-	-	552.74
<b>Total</b>	-	-	<b>2,304.72</b>	<b>2,032.30</b>
<b>Commission to Directors &amp; sitting fees</b>				
Commission to Directors	305.00	146.00	-	-
Sitting fees paid to Director's	89.00	71.70	-	-
<b>Total</b>	<b>394.00</b>	<b>217.70</b>	-	-
<b>Commission</b>				
HBI Group Inc (Payment made to HBI Incorporated NV. till August 2018)	-	-	3,431.75	3,050.41
Hinduja Bank Switzerland Limited	-	-	150.10	73.09
Synergy Global outsourcing LLC	-	-	4,005.61	3,403.03
<b>Total</b>	-	-	<b>7,587.46</b>	<b>6,526.53</b>
<b>Executive Remuneration*</b>				
Mr. Partha DeSarkar	774.47 <sup>#</sup>	601.85	-	-
<b>Total</b>	<b>774.47</b>	<b>601.85</b>	-	-
<b>Consultancy Charges</b>				
Hinduja Group Limited	-	-	281.83	256.22
<b>Total</b>	-	-	<b>281.83</b>	<b>256.22</b>
<b>Advance Paid to Key Managerial Personnel</b>				
Mr. Partha DeSarkar	-	0.60	-	-
<b>Total</b>	-	<b>0.60</b>	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Parties referred to in II and V above		Parties referred to in III, IV and VI above	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Miscellaneous Expenses</b>				
HBI Group, Inc.	-	-	20.39	-
Hinduja Realty Ventures Limited	-	-	0.50	-
Jobs America Inc	-	-	199.53	-
<b>Total</b>	-	-	<b>220.42</b>	-
<b>Loans Receivable</b>				
Atlantic International BPO Cayman Inc	-	-	8,486.96	8,480.74
<b>Total</b>	-	-	<b>8,486.96</b>	<b>8,480.74</b>
<b>Interest Receivable on Loans</b>				
Atlantic International BPO Cayman Inc	-	-	2.00	182.00
<b>Total</b>	-	-	<b>2.00</b>	<b>182.00</b>
<b>Security deposit</b>				
Hinduja Group Limited	-	-	4.90	-
Hinduja Realty Ventures Limited	-	-	42.00	42.00
Satya A Hinduja	12.00	12.00	-	-
<b>Total</b>	<b>12.00</b>	<b>12.00</b>	<b>46.90</b>	<b>42.00</b>
<b>Purchase of Fixed Assets</b>				
Atlantic International BPO Colombia S.A.S	-	-	658.94	-
<b>Total</b>	-	-	<b>658.94</b>	-
<b>Receivable net of Payables as at year-end</b>				
Atlantic International BPO Colombia S.A.S	-	-	166.28	39.08
Mesilla Office Solutions LLC	-	-	-	171.99
Hinduja ventures Limited	-	-	1,868.99	3,318.99
Trunk Digital Studios LLC	-	-	-	44.51
Jobs America Inc	-	-	-	72.12
Ashok Leyland Limited	-	-	75.71	11.74
IndusInd Bank Limited	-	-	146.96	45.09
Others	-	-	92.73	72.46
<b>Total</b>	-	-	<b>2,350.67</b>	<b>3,775.98</b>
<b>Payable net of Receivables as at year-end</b>				
Synergy Global outsourcing LLC	-	-	1,096.21	887.69
Hinduja Group Limited	-	-	70.45	5.13
HBI Group Inc	-	-	945.21	1,683.78
Jobs America Inc	-	-	199.53	-
Caytel Contracting Limited	-	-	869.97	-
<b>Total</b>	-	-	<b>3,181.37</b>	<b>2,576.60</b>

**Note:**

\* The above Executive remuneration excludes Gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

# Executive Remuneration includes provision for variable remuneration of ₹ 460.80 Lakhs which is yet to be approved by the Nomination & Remuneration committee of the company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 38 Fair Value Measurements

(a) Financial instruments by category

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
Investments						
- Treasury bills	-	-	1,453.01	-	-	1,118.17
Security deposits	-	-	5,875.83	-	-	4,311.43
Deposits with bank for Margin Money	-	-	104.51	-	-	11.79
Bank deposits with maturity exceeding 12 month	-	-	-	-	-	499.16
Miscellaneous	-	-	1,019.78	-	-	379.24
Trade receivables	-	-	116,622.79	-	-	82,400.19
Cash and cash equivalents	-	-	32,324.61	-	-	46,156.22
Other Bank balances	-	-	415.74	-	-	1,344.66
Interest accrued on deposits/ loans	-	-	45.59	-	-	191.67
Other receivables	-	-	193.87	-	-	294.90
Derivative financial assets	-	2,334.50	-	-	834.67	-
Loans to third parties	-	-	8,486.96	-	-	8,480.74
<b>Total Financial assets</b>	-	<b>2,334.50</b>	<b>166,542.69</b>	-	<b>834.67</b>	<b>145,188.17</b>
<b>Financial liabilities</b>						
Borrowings	-	-	60,220.55	-	-	58,539.94
Deferred consideration payable	-	-	2,861.38	-	-	-
Trade payables	-	-	24,124.52	-	-	18,577.14
Derivative financial liabilities	-	584.72	-	-	562.40	-
Other financial liabilities	-	-	19,621.00	-	-	14,049.95
<b>Total Financial liabilities</b>	-	<b>584.72</b>	<b>106,827.45</b>	-	<b>562.40</b>	<b>91,167.03</b>

### (i) Fair Value Hierarchy

Financial assets and liabilities include cash and cash equivalents, trade receivables, long and short-term loans and borrowings, finance lease payables, bank overdrafts, trade payable. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard.

The fair value of cash and cash equivalents, trade receivables, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Date of Valuation	Notes	Level 1	Level 2	Level 3	Total
Derivatives designated as hedges						
Foreign exchange forward contracts*	March 31, 2019	6&11	-	2,334.50	-	2,334.50
	March 31, 2018		-	807.28	-	807.28
Interest Rate Swap	March 31, 2019	6&11	-	-	-	-
	March 31, 2018		-	27.39	-	27.39
Derivatives designated as hedges						
Foreign exchange forward contracts*	March 31, 2019	19	-	235.32	-	235.32
	March 31, 2018		-	562.40	-	562.40
Interest Rate Swap	March 31, 2019	19	-	349.40	-	349.40
	March 31, 2018		-	-	-	-

\*The fair value of derivative financial instruments is determined based on the observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

## 39 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Group uses derivative financial instruments - foreign currency forward contracts to mitigate foreign exchange related risk exposures. The Group's exposure to credit risk, excluding receivables from related parties, is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

This note explains the sources of risk which the Group is exposed to and how the Group manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits for Customers
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts

The Group's risk management is carried out by a finance department under direction of the Board of Directors. The Group's finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board provides direction for overall risk management as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and managing the liquidity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## A) Credit risk

Credit risk arises from trade receivables, cash and cash equivalents and deposits with banks and financial institutions.

### i) Credit risk management:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Credit risk is managed on a financial asset basis. For banks and financial institutions, only high rated banks/institutions are accepted.

Group's maximum exposure to credit risk for each class of financial asset is the carrying amount of the financial assets recognised in the statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Historical trend default in case applicable financial asset
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- Other applicable macroeconomic information such as regulatory changes

A default on a financial asset is when the counterparty fails to make contractual payments within agreed credit terms from the date when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 116,622.79 Lakhs (March 31, 2018 - ₹ 82,400.19 Lakhs) as at reporting date. Trade receivables are typically unsecured. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 120 days past due from agreed credit terms with customer. The Group expects that estimate of expected credit loss for impairment is not significant based on historical trend and the nature of business. The provision made as at the reporting date is considered to be adequate as management continuously assesses the requirement for provision on ongoing basis. During the year, the Group made write-offs of ₹ 117.61 Lakhs (March 31, 2018 - ₹ 321.84 Lakhs) of trade receivables.

Exposure of credit loss on security deposits given against the rented premises is considered to be low as recovery of these deposits is supported by contractual agreement. As a internal process management performs background check of counterparty before entering into contractual agreement where credit risk assessment is carried out. As at reporting date credit risk has not increased significantly since initial recognition.

- a) The following table gives details in respect of percentage of revenues generated from top customer and top five customers.

	March 31, 2019	March 31, 2018
Revenue from top customer	16.94%	17.95%
Revenue from top five customers	47.64%	50.59%

## B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans.

## i) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

Ageing	March 31, 2019	March 31, 2018
Expiring within one year (bank overdraft and other facilities)	32,491.97	9,700.58
Expiring beyond one year (bank loans)	-	-
<b>Total</b>	<b>32,491.97</b>	<b>9,700.58</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice Subject to the continuance of satisfactory credit ratings.

## ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity Groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities - March 31, 2019	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Borrowings	27,258.29	7,208.79	24,376.76	-	58,843.84
Obligations under finance lease	263.24	534.55	578.93	-	1,376.72
Deferred consideration payable	-	-	2,861.38	-	2,861.38
Trade payables	24,124.52	-	-	-	24,124.52
Other financial liabilities	19,620.99	-	-	-	19,620.99
<b>Total non-derivative liabilities</b>	<b>71,267.04</b>	<b>7,743.34</b>	<b>27,817.07</b>	<b>-</b>	<b>106,827.45</b>
<b>Derivatives</b>					
Foreign exchange forward Contracts - net settled	584.72	-	-	-	584.72
<b>Total derivative liabilities</b>	<b>584.72</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>584.72</b>

Contractual maturities of financial liabilities - March 31, 2018	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Borrowings	38,405.39	4,178.04	15,724.81	-	58,308.24
Obligations under finance lease	109.53	122.17	-	-	231.70
Trade payables	18,577.14	-	-	-	18,577.14
Other financial liabilities	14,049.95	-	-	-	14,049.95
<b>Total non-derivative liabilities</b>	<b>71,142.01</b>	<b>4,300.21</b>	<b>15,724.81</b>	<b>-</b>	<b>91,167.03</b>
<b>Derivatives</b>					
Foreign exchange forward Contracts - net settled	562.40	-	-	-	562.40
<b>Total derivative liabilities</b>	<b>562.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>562.40</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## C) Market risk

### i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD, EUR and CAD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency. The risk is measured through a forecast of highly probable foreign currency cash flows.

The company's risk management policy is to hedge upto 75% of forecasted foreign currency sales for the next 15 months. As per the risk management policy, foreign exchange forward contracts are taken to hedge upto 75% of the forecasted sales/ transactions.

The objective of the hedges is to minimize the volatility of the functional currency cash flows of highly probable forecast transactions.

In accordance with its risk management policies and procedures, the Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecasted transactions. When derivative is entered into for the purpose of being a hedge, the company negotiates the terms of those derivatives to match the terms of the hedged exposure and assesses the effectiveness of the hedged item and hedging relationship based on economic relationship.

### ii) Foreign currency risk exposure

The companies exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	Currency	As at	
		March 31, 2019	March 31, 2018
<b>Financial assets</b>			
Loans	USD	27,712.52	-
Trade receivables/ Inter- company balances	USD	67,547.03	59,151.27
	GBP	5,406.73	51.38
	SGD	2.52	2.47
	CAD	73.52	638.30
	AED	-	0.14
Deferred consideration	USD	4,123.08	-
Loans/Inter- company balances	USD	63,580.99	-
Bank balance in EEFC accounts	USD	1,827.35	3,670.61
	CAD	2.16	4.60
<b>Financial liabilities</b>			
Borrowings/ Inter- company balances	USD	42,768.94	-
Trade payable/ Inter- company balances	USD	3,776.83	3,460.86
	GBP	4.64	15.99
	CAD	4.09	2.59

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## iii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax	
	March 31, 2019	March 31, 2018
<b>USD sensitivity</b>		
INR/USD - Increase by 4% (March 31, 2018-4%)*	2,199.99	1,552.67
INR/USD - Decrease by 4% (March 31, 2018-4%)*	(2,199.99)	(1,552.67)
<b>GBP sensitivity</b>		
INR/GBP - Increase by 8% (March 31, 2017 - 8%)*	428.91	1.85
INR/GBP - Decrease by 8% (March 31, 2017 - 8%)*	(428.91)	(1.85)
<b>CAD sensitivity</b>		
INR/CAD - Increase by 4% (March 31, 2018-4%)*	1.86	16.75
INR/CAD - Decrease by 4% (March 31, 2018-4%)*	(1.86)	(16.75)

\* Holding all other variables constant

## iv) Interest rate risk

The Groups' main interest rate risk arises from borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Groups' manages its net exposure to interest rate risk relating to borrowings by entering into interest rate swap agreements, which allows it to exchange periodic payments based on a notional amounts and agreed upon fixed and floating interest rates.

### (a) Interest rate risk exposure

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Ageing	March 31, 2019	March 31, 2018
Variable rate borrowings	37,420.04	48,371.84
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>37,420.04</b>	<b>48,371.84</b>

### (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	March 31, 2019	March 31, 2018
Interest rates - increase by 70 basis points (70 bps)*	(300.27)	(436.44)
Interest rates - decrease by 70 basis points (70 bps)*	300.27	436.44

\* Holding all other variables constant

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Impact of hedging activities

### (a) Disclosure of effects of hedge accounting on financial position:

The group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

Refer Statement of changes in equity.

### March 31, 2019

Types of hedge and risks	Foreign Currency Notional Amount (USD Mn)	Carrying amount of hedging instrument		Maturity date	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
Foreign exchange forward contracts							
Sell USD, buy INR	92.50	2,167.20	(163.96)	April, 2020	1:1	2,003.24	(2,003.24)
Sell USD, buy PHP	56.50	167.30	(71.36)	Dec, 2019	1:1	95.94	(95.94)
<b>Interest rate risk</b>							
Interest rate swap	34.26	-	(349.40)	February, 2024 and September, 2023	-	(349.40)	349.40
Hedge of net investment in foreign operations	20.00	-	(198.00)	-	-	(198.00)	198.00

### March 31, 2018

Types of hedge and risks	Foreign Currency Notional Amount (USD Mn)	Carrying amount of hedging instrument		Maturity date	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
Foreign exchange forward contracts:							
Sell USD, buy INR	93.00	798.95	(109.62)	April 2018 - May 2019	1:1	689.33	(689.33)
Sell USD, buy PHP	58.50	8.33	(452.78)	April 2018 - April 2019	1:1	(444.45)	444.45
<b>Interest rate risk</b>							
Interest rate swap	20.19	27.39	-	September 2018	-	27.39	(27.39)

\*The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales therefore the hedge ratio is 1:1.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(b) Disclosure of effects of hedge accounting on financial performance

**March 31, 2019**

Type of hedge	Change in the value of hedging instrument recognized in Other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	(897.86)	-	2,725.13	Revenue
Interest rate risk	(349.40)	-	-	Finance Cost
Net investment in foreign operations	(198.74)	-	-	Foreign currency translation reserve

**March 31, 2018**

Type of hedge	Change in the value of hedging instrument recognized in Other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	4,656.29	-	(5,651.70)	Revenue
Interest rate risk	(27.39)	-	-	Finance cost

## 40 Interests in other entities

### Subsidiaries

The Group's subsidiaries at March 31, 2019 are set out below and were engaged in the business process management business. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of Business/ Country of Incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		%	%	%	%
HGS International	Mauritius	100	100	-	-
HGS International Services Private Limited	India	100	100	-	-
Hinduja Global Solutions Inc.	United States of America	100	100	-	-
HGS Properties LLC		100	100	-	-
HGS Canada Holdings LLC		100	100	-	-
HGS Colibrium Inc.		95.2	95.2	4.8	4.8
HGS Healthcare LLC		100	100	-	-
HGS EBOS LLC		100	100	-	-
HGS (USA), LLC		100	100	-	-
HGS Population Health LLC		100	100	-	-
Elements Solutions LLC		57	-	43	-
HGS Axis Point Helath LLC		100	-	-	-
HGS Canada Inc.	Canada	100	100	-	-
Affina Company, Canada		100	100	-	-
C-Cubed B.V.	Netherlands	100	100	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Name of Entity	Place of Business/ Country of Incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
		%	%	%	%
C-Cubed N.V.	Curacao	100	100	-	-
Customer Contact Centre Inc.	Philippines	100	100	-	-
Hinduja Global Solutions Europe Limited	United Kingdom	100	100	-	-
Hinduja Global Solutions UK Limited		100	100	-	-
HGS France, S.A.R.L	France	100	100	-	-
HGS St. Lucia Limited	Saint Lucia	100	100	-	-
Team HGS Limited	Jamaica	100	100	-	-
HGS Mena FZ LLC	United Arab Emirates	100	100	-	-
Falcon Health Solutions Puerto Rico Holding LLC	Puerto Rico	100	-	-	-
Falcon Health Solutions Puerto Rico LLC		100	-	-	-

## 41 Segment reporting

The Group's board of directors along with its manager and chief executive officer, examines the Group's performance and has identified single reportable segment, namely business process management. Board of directors primarily uses a measure of adjusted earnings before interest and tax (EBIT) to assess the performance of the operations.

The Group is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below.

Revenue from external customers	Year ended March 31, 2019	Year ended March 31, 2018
USA and Canada	388,732.75	281,059.06
India	51,053.84	62,720.24
Europe	28,290.24	26,819.89
Rest of the world	13,589.99	14,337.56
<b>Total</b>	<b>481,666.82</b>	<b>384,936.75</b>

Revenue from major customers	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from five major customers (more than 10% of total revenue)	229,473.00	194,721.13
Others	252,193.82	190,215.62
<b>Total</b>	<b>481,666.82</b>	<b>384,936.75</b>

Non current assets and liabilities used in the Group's business across the locations are not identified to any of the segment as these are used interchangeably between segments. Accordingly management is of the view that separate disclosure of assets located in geographical location is not relevant.

## 42 Business combinations

### (a) Summary of acquisition

In April 2018 the Group acquired 100% equity interest in of CMH Services Subsidiary LLC and 57% equity interest in Element Solutions LLC. CMH Services Subsidiary LLC was acquired through HGS Population Health LLC ( an entity, incorporated by the group in United States of America, Delaware on February 20, 2018). Effective July 23, 2018 CMH Services Subsidiary LLC got merged with HGS Population Health LLC and the name has been changed to HGS Axis Point Health. Element Solutions LLC was acquired through Hinduja Global Solutions UK Limited.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Details of Net assets acquired, purchase consideration and bargain purchase are as follows:

Name of the Entity	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interest acquired (%)
Element solutions LLC ("Elements")	Digital implementation services	April 3, 2018	57%
HGS Axis Point Health LLC ("Axis Point")	Clinical guidance to health care plan customers	April 2, 2018	100%

Element provides high-end digital strategy and solutions, data driven marketing and cloud managed services to its customers in healthcare, manufacturing and retail space. The group has been investing significantly in technology and solutions to re-imagine customer experience. The investment in Element expands on this strategy and helps position as an end-to-end digital transformational leader. The company has initially acquired 57% equity interest, with the balance 43% to be acquired in three equal annual instalments in the year ended March 31, 2020 through year ended March 31, 2022.

The Consideration payable towards the balance equity interest is based on enterprise value of 6 times of EBITDA as of the end of respective residual period through March 31, 2019 to March 31, 2022.

Axis Point adds a strategic capability to the group healthcare portfolio by strengthening presence in clinical services segment, and specifically in the population health management space. Axis Point provides care management, nurse advice line and analytics services. The group has significant presence in US health care market and with acquisition of Axis Point the synergies have further enhanced in the health care segment.

## Consideration transferred

Particulars	Elements	Axis Point
Cash	3,025.70	8,723.20
<b>Total</b>	<b>3,025.70</b>	<b>8,723.20</b>

Acquisition related costs amounting to ₹ 335.36 Lakhs and ₹ 846.70 Lakhs for the year ended March 31, 2019 and March 31, 2018 respectively, have been excluded from the consideration transferred and have been recognized as an expense in profit or loss, within the "Other expense" line item.

## Assets acquired and liabilities recognised at the date of acquisition

Particulars	Elements	Axis Point	Total
Current assets	386.26	3,548.87	3,935.13
Cash and cash equivalents	353.47	41.30	394.77
Trade receivables	733.23	2,632.32	3,365.55
Property, Plant and Equipment	48.13	507.62	555.75
Computer Software	-	839.26	839.26
Customer Relationship	1,794.26	532.35	2,326.61
Customer Contracts	369.42	84.50	453.92
Non Compete fees	119.97	-	119.97
Acquired Technology	-	827.40	827.40
Deferred tax liability	(479.56)	(289.06)	(768.62)
Current liabilities	(1,050.98)	(1,995.43)	(3,046.41)
Trade payables	(172.50)	(122.64)	(295.14)
<b>Total</b>	<b>2,101.70</b>	<b>6,606.49</b>	<b>8,708.19</b>

The receivables acquired (which principally comprised trade receivables) in these transactions with a fair value of ₹ 733.23 Lakhs (Elements) and ₹ 2,632.32 Lakhs (Axis point) had gross contractual amounts of ₹ 733.23 Lakhs and ₹ 2,632.32 Lakhs respectively. The best estimate at acquisition date of the contractual cash flows not expected to be collected are Nil for both the entities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Non-controlling interests

The non-controlling interest recognised at the acquisition date was measured by applying the percentage of non-controlling interest (43% ownership interest in Elements) on net assets of the company.

## Goodwill arising on acquisition

Particulars	Elements	Axis Point	Total
Consideration transferred	3,025.70	8,723.20	11,748.90
Plus: non-controlling interests (43% in Elements)	897.89	-	897.89
Less: fair value of identifiable net assets acquired	2,101.70	6,606.49	8,708.19
<b>Goodwill arising on acquisition</b>	<b>1,821.89</b>	<b>2,116.71</b>	<b>3,938.60</b>

Goodwill arose in the acquisition of Elements and Axis point because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Elements and Axis point. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes. Goodwill arising on the acquisition is included in Elements Solutions LLC, USA, CGU (Elements) and HGS Axis Point Health LLC, USA, CGU, which are subject to impairment testing as at March 31, 2019 (Note 32).

## Net cash outflow on acquisition of subsidiaries

Particulars	Elements	Axis point
Consideration paid in cash	3,025.70	8,723.20
Less: cash and cash equivalent balances acquired	353.47	41.30
	<b>2,672.23</b>	<b>8,681.90</b>

The group has recognised liability of ₹ 4,120.76 Lakhs under Financial liabilities with a corresponding charge to equity for written put option for acquiring balance 43% of equity interest in Element Solutions LLC. The liability has been accreted till March 31, 2019 by charging Finance cost of ₹ 230.15 Lakhs.

## Impact of acquisitions on the results of the Group

If the acquisitions made at the beginning of the current year, the impact is not material on the group as the Business combination was effective from April 3, 2018 and April 2, 2018 for Axis Point and Elements respectively.

Included in the profit for the year ended March 31, 2019 is of ₹ 492.85 Lakhs attributable to the additional business generated by Elements, and Loss for the year ended March 31, 2019 is of ₹ (7,214.40) Lakhs attributable to Axis point. Revenue for the year includes ₹10,914.04 Lakhs, ₹21,513.33 Lakhs for elements and Axis Point respectively.

## b) Business combination of entities under common control

During the year the National Company Law Tribunal (NCLT) has approved the Scheme of Amalgamation ("the Scheme") of Hinduja Global Solutions Limited ("the Transferee Company") and HGS International Services Private Limited ("the Transferor Company"), wholly owned subsidiary of the Company, with the Company with an appointed date of April 1, 2017. Transferor and transferee are into the business of providing process management services. The merger being under common control, has been accounted in accordance with Appendix C of Ind AS 103 Business Combinations.

Applying Common control guidance the merger is accounted in accordance with the scheme under the 'pooling of interest' method based on the carrying value of the assets and liabilities of the transferor Company as included in the Consolidated Balance Sheet of the Company as at the beginning of April 1, 2017.

Since the approved Scheme results in a Common Control Transaction, considering the requirements of Appendix C of Ind AS 103- Business Combinations, the accounting for the Scheme has been given effect retrospectively by the Company. Accordingly year ended March 31, 2018 have been restated to give effect to the Scheme.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Had these business combinations been effected at April 1, 2017, the revenue of the Group from continuing operations would have been Nil, and the profit for the year from continuing operations would increase by ₹ 701.66 Lakhs. The directors consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

The deferred tax liability created on undistributed profits of the transferor company till March 31, 2017 of ₹ 2,949.73 Lakhs have been adjusted to opening retained earnings as on April 1, 2017 due to common control transaction.

## c) Sale of Business

During the year HGS Axis Point Health LLC has sold, customer contracts and transferred employees related to Guide Point with a Net carrying value of assets of ₹ 67.82 Lakhs including goodwill of ₹ 455.98 Lakhs for a consideration of ₹ 3,715.90 Lakhs (USD 5.30 million). The net gain accounted on sale of business is ₹ 3,114.43 Lakhs (USD 4.47 million) for the Year ended March 31, 2019.

## 43 Disclosure Under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	316.15	124.86
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.02	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.02	-
Further interest remaining due and payable for earlier years	-	-

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

## 44 Additional Information pursuant to para 2 of general information for the preparation of consolidated financial statements

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
<b>Hinduja Global Solutions Limited</b>								
March 31, 2019	96%	157,576.42	130%	23,048.64	-37%	(401.17)	120%	22,647.47
March 31, 2018	90%	137,239.88	106%	21,257.07	53%	(1,291.92)	113%	19,965.15
<b>Subsidiaries</b>								
<b>Foreign</b>								
<b>HGS International</b>								
March 31, 2019	69%	113,189.94	2%	336.57	0%	-	2%	336.57
March 31, 2018	66%	100,008.48	6%	1,139.94	0%	-	6%	1,139.94

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Hinduja Global Solutions Inc.</b>								
March 31, 2019	-23%	(38,583.82)	-31%	(5,536.99)	-12%	(130.31)	-30%	(5,667.30)
March 31, 2018	-20%	(30,972.86)	-27%	(5,342.25)	-1%	31.27	-30%	(5,310.98)
<b>C-Cubed N.V.</b>								
March 31, 2019	0%	33.44	0%	(3.49)	0%	-	0%	(3.49)
March 31, 2018	0%	35.88	0%	0.51	0%	-	0%	0.51
<b>HGS St.Lucia Limited</b>								
March 31, 2019	0%	(16.47)	0%	-	0%	-	0%	-
March 31, 2018	0%	(15.51)	0%	-	0%	-	0%	-
<b>Hinduja Global Solutions Europe Limited</b>								
March 31, 2019	3%	5,361.07	1%	93.92	0%	-	0%	93.92
March 31, 2018	3%	5,231.48	0%	(57.31)	0%	-	0%	(57.31)
<b>HGS Properties LLC</b>								
March 31, 2019	4%	5,752.86	4%	632.42	0%	-	3%	632.42
March 31, 2018	3%	4,770.44	4%	760.98	0%	-	4%	760.98
<b>HGS EBOS LLC</b>								
March 31, 2019	-1%	(2,414.43)	8%	1,393.64	0%	-	7%	1,393.64
March 31, 2018	-3%	(4,038.57)	6%	1,269.26	0%	-	7%	1,269.26
<b>HGS(USA)LLC</b>								
March 31, 2019	28%	45,913.32	7%	1,272.56	0%	-	7%	1,272.56
March 31, 2018	28%	41,980.61	8%	1,639.60	0%	-	9%	1,639.60
<b>HGS Canada Holdings LLC</b>								
March 31, 2019	14%	23,458.64	0%	-	0%	-	0%	-
March 31, 2018	15%	22,055.25	0%	-	0%	-	0%	-
<b>HGS Canada Inc.</b>								
March 31, 2019	-14%	(23,281.57)	-7%	(1,322.05)	0%	-	0%	(1,322.05)
March 31, 2018	-14%	(21,390.18)	-13%	(2,591.97)	0%	-	-15%	(2,591.97)
<b>HGS Health Care LLC</b>								
March 31, 2019	9%	14,043.05	47%	8,287.10	0%	-	44%	8,287.10
March 31, 2018	6%	8,392.98	37%	7,450.88	0%	-	42%	7,450.88
<b>Affina Company</b>								
March 31, 2019	-2%	(2,624.93)	0%	-	0%	-	0%	-
March 31, 2018	-2%	(2,467.89)	0%	-	0%	-	0%	-
<b>Hinduja Global Solutions UK Limited</b>								
March 31, 2019	25%	41,720.02	23%	4,102.00	0%	-	22%	4,102.00
March 31, 2018	25%	37,984.53	-1%	(173.22)	0%	-	-1%	(173.22)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>HGS Italy S.A.R.L</b>								
March 31, 2019	0%	-	0%	-	0%	-	0%	-
March 31, 2018	0%	-	-1%	(207.33)	0%	-	-1%	(207.33)
<b>HGS France S.A.R.L</b>								
March 31, 2019	0%	(630.14)	0%	-	0%	-	0%	-
March 31, 2018	0%	(650.73)	0%	41.43	0%	-	0%	41.43
<b>C-Cubed B.V.</b>								
March 31, 2019	-2%	(2,658.95)	-1%	(148.80)	0%	-	-1%	(148.80)
March 31, 2018	-2%	(2,299.33)	-1%	(139.37)	0%	-	0%	(139.37)
<b>Customer Contact Center Inc.</b>								
March 31, 2019	2%	3,181.59	0%	16.38	0%	-	0%	16.38
March 31, 2018	2%	3,003.58	1%	106.37	0%	-	1%	106.37
<b>Team HGS Limied Jamaica</b>								
March 31, 2019	1%	1,938.60	5%	912.61	0%	-	5%	912.61
March 31, 2018	1%	1,018.68	3%	673.82	0%	-	4%	673.82
<b>HGS Mena FZ LLC</b>								
March 31, 2019	-3%	(5,013.49)	-8%	(1,364.64)	0%	-	-7%	(1,364.64)
March 31, 2018	-2%	(3,441.79)	-6%	(1,189.87)	0%	-	-7%	(1,189.87)
<b>HGS Colibrium Inc.</b>								
March 31, 2019	-5%	(8,518.29)	-34%	(6,051.22)	0%	-	-32%	(6,051.22)
March 31, 2018	-1%	(1,499.58)	-16%	(3,180.20)	0%	-	-18%	(3,180.20)
<b>HGS Population Health LLC</b>								
March 31, 2019	0%	-	0%	-	0%	-	0%	-
March 31, 2018	1%	1,644.78	-1%	(267.55)	0%	-	-2%	(267.55)
<b>HGS Axis Health LLC</b>								
March 31, 2019	-4%	(7,011.30)	-50%	(8,823.89)	0%	-	-47%	(8,823.89)
March 31, 2018	0%	-	0%	-	0%	-	0%	-
<b>Falcon Health Solutions Puerto Rico Holding LLC</b>								
March 31, 2019	0%	-	0%	-	0%	-	0%	-
March 31, 2018	0%	-	0%	-	0%	-	0%	-
<b>Falcon Health Solutions Puerto Rico LLC</b>								
March 31, 2019	1%	1,609.49	9%	1,609.49	0%	-	9%	1,609.49
March 31, 2018	0%	-	0%	-	0%	-	0%	-
<b>Elements Solutions LLC</b>								
March 31, 2019	2%	2,714.00	3%	492.85	0%	-	3%	492.85
March 31, 2018	0%	-	0%	-	0%	-	0%	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Less: Consolidation, Elimination and GAAP Adjustments</b>								
March 31, 2019	-98%	(160,622.10)	-7%	(1,307.73)	151%	1,652.11	2%	344.38
March 31, 2018	-95%	(144,710.06)	-6%	(1,281.73)	43%	(1,058.66)	-13%	(2,340.39)
<b>Less: Non-controlling interest</b>								
March 31, 2019		758.14		(78.53)		25.31		(53.22)
March 31, 2018		(71.98)		(152.65)		125.16		(27.49)
<b>Grand Total</b>								
March 31, 2019		164,358.81		17,717.88		1,095.32		18,813.20
March 31, 2018		151,952.04		20,061.70		(2,444.46)		17,617.24

**45** Exceptional items of ₹ 1,200.01 Lakhs for the year ended March 31, 2018, represents impairment of Goodwill allocated to UK cash generating unit, pursuant to the annual impairment assessment as required under Ind AS 36 Impairment of Assets.

**46** Previous year figures have been regrouped / rearranged wherever considered necessary, to conform to current year's classification.

The accompanying notes form an integral part of these consolidated financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

**Vikas Bagaria**

Partner

Membership No.060408

For and on behalf of the Board of Directors of Hinduja Global Solutions Limited

**Ramkrishnan P. Hinudja**

Chairman

DIN: 00278711

**Rajendra P. Chitale**

Director

DIN: 00015986

**Partha DeSarkar**

Manager and Chief Executive Officer

**Makarand D. Dewal**

Company Secretary

Place : Mumbai

Date : May 30, 2019

**Anil Harish**

Director

DIN: 00001685

**Rangan Mohan**

Director

DIN: 01116821

**Srinivas Palakodeti**

Chief Financial Officer

Place : Mumbai

Date : May 30, 2019

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

(All amounts are in Rupees Lakhs)

Sr. No.	Name of the Subsidiary	Reporting period	Reporting Currency	Exchange Rate	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after Taxation	Proposed Dividend	% of shareholding
1	HGS International	31.03.2019	USD	B/S 69.2813 P/L 69.8931	22,526.28	53,406.98	103,683.62	27,750.37	Nil	1,131.78	(33,813.91)	52.30	(33,866.20)	Nil	100
2	Hinduja Global Solutions Inc.	31.03.2019	USD	B/S 69.2813 P/L 69.8931	0.01	(38,583.83)	224,128.27	262,712.08	Nil	2,101.75	(7,353.10)	(1,816.11)	(5,536.99)	Nil	100
3	HGS Properties LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	-	6,000.17	8,881.09	2,880.92	Nil	1,112.93	879.73	-	879.73	Nil	100
4	HGS Canada Holdings LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	23,458.65	(0.01)	23,458.64	-	Nil	-	-	-	-	Nil	100
5	HGS Canada Inc.	31.03.2019	CAD	B/S 51.9284 P/L 53.2216	13,693.52	(36,975.09)	24,938.69	48,220.26	Nil	56,333.55	(1,322.05)	-	(1,322.05)	Nil	100
6	HGS EBOS LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	-	(1,795.28)	25,172.06	26,967.34	Nil	33,869.23	1,890.33	-	1,890.33	Nil	100
7	HGS (USA), LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	3,671.91	42,241.41	196,080.87	150,167.54	Nil	73,155.38	1,702.65	430.09	1,272.56	Nil	100
8	HGS Healthcare LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	173.90	14,503.79	172,337.14	157,659.45	Nil	190,555.57	10,986.61	2,699.51	8,287.10	Nil	100
9	Affina Company	31.03.2019	CAD	B/S 51.9284 P/L 53.2216	0.10	(2,208.98)	-	2,208.88	Nil	-	-	-	-	Nil	100
10	Hinduja Global Solutions Europe Limited	31.03.2019	GBP	B/S 90.3603 P/L 91.4958	888.70	6,838.25	13,161.64	5,454.68	Nil	2,304.80	93.92	-	93.92	Nil	100
11	Hinduja Global Solutions UK Limited	31.03.2019	GBP	B/S 90.3603 P/L 91.4958	49.70	41,609.27	82,703.91	41,044.94	Nil	30,117.06	4,892.97	790.88	4,102.09	Nil	100
12	HGS France S.A.R.L	31.03.2019	EUR	B/S 77.7387 P/L 80.6550	6.22	(636.36)	77.84	707.99	Nil	-	-	-	-	Nil	100
13	C-Cubed N.V	31.03.2019	USD	B/S 69.2813 P/L 69.8931	4.16	39.34	3,795.84	3,752.34	Nil	138.90	(3.49)	-	(3.49)	Nil	100
14	C-Cubed B.V	31.03.2019	EUR	B/S 77.7387 P/L 80.6550	17.65	(750.19)	3,199.26	3,931.81	Nil	-	(492.77)	-	(492.77)	Nil	100
15	Customer Contact Centre Inc.	31.03.2019	PHP	B/S 1.3151 P/L 1.3248	1,315.10	1,866.49	3,211.54	29.95	Nil	23.16	16.38	-	16.38	Nil	100
16	HGS St. Lucia Limited	31.03.2019	XCD	B/S 24.1392 P/L 23.8882	-	(16.47)	8,220.93	8,237.40	Nil	-	-	-	-	Nil	100
17	Team HGS Limited	31.03.2019	JMD	B/S 0.5599 P/L 0.5391	0.01	2,381.49	12,102.76	9,721.26	Nil	20,931.00	914.69	0.32	914.36	Nil	100
18	HGS Mena FZ LLC	31.03.2019	AED	B/S 18.8849 P/L 19.0315	207.76	(5,221.25)	363.64	5,377.13	Nil	261.50	(1,364.64)	-	(1,364.64)	Nil	100
19	HGS Colibrium Inc	31.03.2019	USD	B/S 69.2813 P/L 69.8931	3,311.20	(22,326.02)	2,732.78	21,747.59	Nil	2,764.51	(16,492.07)	2.22	(16,494.29)	Nil	95.20
20	Element Solutions LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	4.99	1,119.86	3,535.69	2,410.84	Nil	10,862.98	1,100.71	271.32	829.39	Nil	57
21	HGS Axis Point Helath LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	2,036.87	(9,034.08)	9,574.36	16,571.57	Nil	16,172.19	(10,870.73)	(2,046.84)	(8,823.89)	Nil	100
22	Falcon Health Solutions Puerto Rico Holding LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	-	-	-	-	Nil	-	-	-	-	Nil	100
23	Falcon Health Solutions Puerto Rico LLC	31.03.2019	USD	B/S 69.2813 P/L 69.8931	-	1,595.40	2,744.49	1,149.09	Nil	5,352.10	1,617.60	8.11	1,609.49	Nil	100

**Names of subsidiaries which have been liquidated or sold during the year**

- 1 HGS International services private Limited (Merged with Hinduja Global Solutions Limited w.e.f. April 1, 2017)
- 2 HGS Italy, S.A.R.L (Liquidated effective July 31, 2017)
- 3 HGS Population Health LLC (Merged with HGS Axis Point Health LLC w.e.f. July 23, 2018)

# AUDITORS' REPORT

## INDEPENDENT AUDITOR'S REPORT

### To The Members of HINDUJA GLOBAL SOLUTIONS LIMITED

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the accompanying standalone financial statements of **HINDUJA GLOBAL SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and, the Statement of Cash Flows for the year then ended, and a summary of 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 branch located at Philippines.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditors on financial information of the branch referred to in the Other Matters section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors in terms of their report referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

##### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

##### Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, Corporate Governance report and Management Discussion & Analysis Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information, compare with the financial statements of the branch audited by the branch auditors, to the extent it relates to the branch and , in doing so, place reliance on the work of the branch auditors and consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company

# AUDITORS' REPORT

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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its branch to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of business activities included in the standalone financial statements of which we are the independent auditors. For the business activities included in the standalone financial statements, which have been audited by the branch auditors such branch auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

# AUDITORS' REPORT

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Other Matters

We did not audit the financial information of one branch included in the standalone financial statements of the Company whose financial information reflect total assets of ₹ 54,532 Lakhs as at March 31, 2019 and total revenues of ₹ 79,344 Lakhs for the year ended on that date, as considered in the standalone financial statements. The financial information of this branch have been audited by the branch auditors and whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditors.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our separate audit and on the consideration of the reports of the branch auditors on the financial information of the branch, referred to in the Other Matters section above 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.
  - b) In our opinion, proper books of account as required by law have been kept by the Company and 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 branch 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 including Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and with the returns received from the branch not visited by us.
  - e) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements

# AUDITORS' REPORT

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Vikas Bagaria**  
Partner  
(Membership No. 060408)

Place : Mumbai  
Date : May 30, 2019

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hinduja Global Solutions Limited of even date)

## **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of HINDUJA GLOBAL SOLUTIONS LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date which includes internal financial controls over financial reporting of the Company's branch.

### **Management's Responsibility for Internal Financial Controls**

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. 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 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 Companies Act, 2013.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors of branch located in Philippines, 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**

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**

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

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

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**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors on internal financial controls system over financial reporting of the branch referred to in the Other Matters paragraph below, 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, 2019, based on criteria for the internal financial control over financial reporting 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**

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 located in Philippines, is based on the corresponding reports of the branch auditors incorporated at Philippines.

Our opinion is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Vikas Bagaria**  
Partner  
(Membership No. 060408)

Place : Mumbai  
Date : May 30, 2019

# ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Hinduja Global Solutions Limited of even date)

- (i) In respect of the company's fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - The Company has a program of verification of fixed assets to cover all the items in a phased manner 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 program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / Assignment cum conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of building that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company is in the business of rendering services, and consequently, does not hold any physical inventory. Therefore, the provisions of Clause 3(ii) of the said Order is 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 Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the said Order is not applicable to the company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the company. Thus reporting under clause 3(vi) of the said Order is not applicable to the company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, , Goods and Services Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Excise Duty, Goods and Services Tax, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable except for the below mentioned Provident fund payable:

Name of Statute	Nature of Dues	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)	Reason for non payment
Employees Provident Funds & Miscellaneous Provision Act, 1952	Provident Fund	April 2018 to August 2018	1.97	1.97	Employee Aadhaar number is not available

- There are no dues of Income-tax, Sales tax, Service tax, Goods and Service tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2019 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) During the year, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us the term loans have been applied by the Company during the year for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

## ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the said Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the said Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

**Vikas Bagaria**  
Partner  
(Membership No. 060408)

Place : Mumbai  
Date : May 30, 2019

# BALANCE SHEET

(All amounts are in Rupees Lakhs)

	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	27,615.40	28,291.81
b) Capital work-in-progress	2	5.02	67.58
c) Intangible assets	3a	4,378.97	4,046.30
d) Goodwill	3b	2,504.26	2,493.11
e) Financial assets			
i) Investments	4	40,333.29	39,998.45
ii) Loans	5	27,712.52	-
iii) Other financial assets	6	5,149.00	4,092.33
f) Deferred tax assets (net)	32	462.47	2,669.58
g) Income tax assets (net)	7a	5,511.37	5,425.60
h) Other non-current assets	8	5,315.41	6,811.00
<b>Total non-current assets</b>		<b>118,987.71</b>	<b>93,895.76</b>
<b>Current assets</b>			
a) Financial Assets			
i) Trade receivables	9	81,877.71	72,986.54
ii) Cash and cash equivalents	10a	5,554.56	13,351.41
iii) Bank balances other than (ii) above	10b	175.10	175.00
iv) Other financial assets	11	3,380.94	1,581.57
b) Other Current assets	12	4,637.86	3,945.10
<b>Total current assets</b>		<b>95,626.17</b>	<b>92,039.62</b>
<b>Total assets</b>		<b>214,613.88</b>	<b>185,935.38</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share capital	13	2,083.89	2,080.02
b) Other equity		155,492.53	135,159.86
<b>Total equity</b>		<b>157,576.42</b>	<b>137,239.88</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	14a	14,650.02	-
b) Provisions	15	7,556.07	3,851.39
<b>Total non-current liabilities</b>		<b>22,206.09</b>	<b>3,851.39</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	14b	2,803.51	13,823.58
ii) Trade payables	16	13,761.94	12,636.79
iii) Other financial liabilities	17	12,206.19	11,039.18
b) Provisions	18	2,826.54	3,549.47
c) Current tax liabilities(net)	7b	348.06	698.43
d) Other current liabilities	19	2,885.13	3,096.66
<b>Total current liabilities</b>		<b>34,831.37</b>	<b>44,844.11</b>
<b>Total liabilities</b>		<b>57,037.46</b>	<b>48,695.50</b>
<b>Total equity and liabilities</b>		<b>214,613.88</b>	<b>185,935.38</b>

See accompanying notes to the financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

Vikas Bagaria

Partner

Membership No.060408

For and on behalf of the Board of Directors of Hinduja Global Solutions Limited

Ramkrishnan P. Hinudja

Chairman

DIN: 00278711

Rajendra P. Chitale

Director

DIN: 00015986

Partha DeSarkar

Manager and Chief Executive Officer

Makarand D. Dewal

Company Secretary

Place : Mumbai

Date : May 30, 2019

Anil Harish

Director

DIN: 00001685

Rangan Mohan

Director

DIN: 01116821

Srinivas Palakodeti

Chief Financial Officer

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts in Rupees Lakhs, except per share data)

	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations	20	219,640.68	205,866.88
II Other income	21	4,269.00	2,073.85
<b>III Total income (I+II)</b>		<b>223,909.68</b>	<b>207,940.73</b>
<b>IV Expenses</b>			
a) Employee benefit expenses	22	138,825.96	134,485.88
b) Finance costs	23	1,155.61	951.30
c) Depreciation and amortization expenses	24	9,725.62	8,372.44
d) Other Expenses	25	44,543.92	39,532.81
<b>Total expenses</b>		<b>194,251.11</b>	<b>183,342.43</b>
<b>V Profit before tax</b>		<b>29,658.57</b>	<b>24,598.30</b>
<b>VI Income Tax expense</b>			
a) Current tax	31	4,404.38	3,649.83
b) Deferred tax (credit) / charge	31	2,077.25	1,374.99
c) Tax relating to prior years	31	128.30	(1,683.59)
<b>Total tax expense</b>		<b>6,609.93</b>	<b>3,341.23</b>
<b>VII Profit for the year</b>		<b>23,048.64</b>	<b>21,257.07</b>
<b>VIII Other comprehensive income</b>			
<b>A. Items that will not be reclassified to profit and loss</b>			
a) Remeasurements of defined benefit plans		(2,583.22)	(412.04)
b) Income tax on above item		290.50	256.72
<b>Net other comprehensive income not to be reclassified to profit and loss in subsequent periods (A)</b>		<b>(2,292.72)</b>	<b>(155.32)</b>
<b>B. Items that may be reclassified to profit or loss</b>			
a) Effective Portion of designated portion of hedging instruments in a cash flow hedge		1,676.58	(1,080.03)
b) Exchange differences in translating the financial statements of foreign operation		638.65	(678.93)
c) Income tax on cash flow hedges		(423.68)	622.36
<b>Net other comprehensive income may be reclassified to profit or loss in subsequent periods (B)</b>		<b>1,891.55</b>	<b>(1,136.60)</b>
<b>IX Other comprehensive income for the year, net of tax [A+B]</b>		<b>(401.17)</b>	<b>(1,291.92)</b>
<b>X Total comprehensive income for the period</b>		<b>22,647.47</b>	<b>19,965.15</b>
<b>Earning per equity share [nominal value per share ₹ 10/- each]</b>			
Basic (in ₹)	28	110.68	102.31
Diluted (in ₹)	28	110.52	102.04

See accompanying notes to the financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

Vikas Bagaria

Partner

Membership No.060408

For and on behalf of the Board of Directors of Hinduja Global Solutions Limited

Ramkrishnan P. Hinudja

Chairman

DIN: 00278711

Rajendra P. Chitale

Director

DIN: 00015986

Partha DeSarkar

Manager and Chief Executive Officer

Makarand D. Dewal

Company Secretary

Place : Mumbai

Date : May 30, 2019

Anil Harish

Director

DIN: 00001685

Rangan Mohan

Director

DIN: 01116821

Srinivas Palakodeti

Chief Financial Officer

Place : Mumbai  
Date : May 30, 2019

# STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

## A. Equity Share Capital

	Notes	Amount
<b>Balance as at April 1, 2017</b>		<b>2,074.27</b>
Changes in equity share capital during the year	13	5.75
<b>Balance as at March 31, 2018</b>		<b>2,080.02</b>
Changes in equity share capital during the year	13	3.87
<b>Balance as at March 31, 2019</b>		<b>2,083.89</b>

## B. Other Equity

	Reserves and Surplus							Other comprehensive income				Total
	Capital reserve	Capital reserve on merger-Refer note 1(a)	Securities premium reserve	General reserve	Capital redemption reserve	Retained Earnings	Share application money pending allotment	Employee stock options outstanding	Foreign currency translation reserve	Cash flow hedging reserve account	Other items of Other comprehensive income	
As at April 1, 2017	38.83	-	699.25	53,294.87	-	45,512.10	79.84	111.77	(1,469.99)	189.41	(1,461.34)	96,994.74
Effect of Common Control Transaction (Refer note 1(a))	1,399.12	(1,341.15)	-	702.10	12.00	19,562.04	-	-	-	302.18	(77.09)	20,559.20
As at April 1, 2017	1,437.95	(1,341.15)	699.25	53,996.97	12.00	65,074.14	79.84	111.77	(1,469.99)	491.59	(1,538.43)	117,553.94
Profit for the year	-	-	-	-	-	21,257.07	-	-	-	-	-	21,257.07
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	(678.93)	(457.67)	(155.32)	(1,291.92)
Total	1,437.95	(1,341.15)	699.25	53,996.97	12.00	86,331.21	79.84	111.77	(2,148.92)	33.92	(1,693.75)	137,519.09
Transaction with owners in their capacity as owners:												
Additions/ Adjustment during the year	-	-	-	(99.36)	(12.00)	111.36	-	-	-	-	-	-
Employee stock options (Refer note 26)	-	-	244.78	-	-	-	(79.84)	(22.39)	-	-	-	142.55
Dividends paid (including dividend tax thereon of ₹ 423.92 Lakhs) (Refer note 34B)	-	-	-	-	-	(2,501.78)	-	-	-	-	-	(2,501.78)
As at March 31, 2018	1,437.95	(1,341.15)	944.03	53,897.61	-	83,940.79	-	89.38	(2,148.92)	33.92	(1,693.75)	135,159.86
Profit for the year	-	-	-	-	-	23,048.64	-	-	-	-	-	23,048.64
Total Other Comprehensive Income	-	-	-	-	-	-	-	-	638.65	1,252.90	(2,292.72)	(401.17)
Total	1,437.95	(1,341.15)	944.03	53,897.61	-	106,989.43	-	89.38	(1,510.27)	1,286.82	(3,986.47)	157,807.33
Transaction with owners in their capacity as owners:												
Employee stock options (Refer note 26)	-	-	186.91	-	-	-	21.63	(12.34)	-	-	-	196.20
Dividends paid (including dividend tax thereon of ₹ 428.15 Lakhs) (Refer note 34B)	-	-	-	-	-	(2,511.00)	-	-	-	-	-	(2,511.00)
As at March 31, 2019	1,437.95	(1,341.15)	1,130.94	53,897.61	-	104,478.43	21.63	77.04	(1,510.27)	1,286.82	(3,986.47)	155,492.53

# STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges

	As at	
	March 31, 2019	March 31, 2018
Balance as at the beginning of the year( before tax)	244.87	850.35
Effect of Common Control Transaction (Refer note 1(a))	-	462.12
Balance as at the beginning of the year after Amalgamation	244.87	1,312.47
Changes in fair value of effective portion of derivatives	(1,048.56)	4,584.10
Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	2,725.13	(5,651.70)
<b>Balance as at the end of the year</b>	<b>1,921.44</b>	<b>244.87</b>
Deferred tax thereon	(634.62)	(210.95)
<b>Balance as at the end of the year, net of deferred tax</b>	<b>1,286.82</b>	<b>33.92</b>

## Nature and purpose of reserves

### Capital Reserve

Capital reserve amounting ₹ 38.83 Lakhs and ₹1,399.12 Lakhs was created upon acquisition of business of Mphasis limited & Msource India private limited and merger of HGS International Services Private Limited with HGS Business services Private Limited respectively . The reserve has restricted for use and purpose.

### Capital Reserve on Merger

Capital reserve amounting ₹ (1,341.15) Lakhs was created upon merger of HGS International Services Private Limited with Hinduja Global Solutions Limited with effective from April 1, 2017 . The reserve has restricted for use and purpose.

### Securities premium reserve

Securities premium reserve is used to record the premium on issue of equity shares. The reserve is utilized in accordance with the provisions of the Act.

### Cash flow hedging reserve

The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale, as described within note 38. For hedging foreign currency risk, the company uses foreign currency forward contracts which are designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognized in the cash flow hedging reserve. Amounts recognized in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss.

### Employee stock options outstanding

The Employee stock options outstanding account is used to recognize the grant date fair value of options issued to employees under Hinduja Global Solutions Employee stock option plan.

### Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Company foreign operations from their functional currencies to the Company presentation currency (i.e. ₹) are recognized directly in other comprehensive income and accumulated in Foreign currency translation reserve.

# CASH FLOW STATEMENT

(All amounts are in Rupees Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash Flow from Operating Activities</b>		
Profit before tax from continuing operations	29,658.57	24,598.30
<b>Profit before tax</b>	<b>29,658.57</b>	<b>24,598.30</b>
Adjustments for:		
Depreciation and amortization expenses	9,725.62	8,372.44
Employee share-based payment expense	(12.34)	(22.39)
Loss on disposal of property, plant and equipment and Write-off	52.17	73.51
Liabilities/ Provision no longer required written-back	(5.85)	(35.87)
Unwinding of discount on security deposits	(263.43)	(204.71)
Interest income classified as investing cash flows	(1,339.57)	(1,272.13)
Finance costs	1,155.61	951.30
Bad debts	117.61	63.62
Net exchange differences	2,045.70	(1,867.67)
Amortization of rent expense and deferred revenue	417.54	240.70
<b>Change in operating assets and liabilities:</b>		
(Increase) in trade receivables	(9,877.62)	(16,370.23)
(Increase) in other financial assets	(1,033.15)	(590.69)
Decrease/ (Increase) in other non-current assets	578.48	(622.87)
(Increase) in other current assets	(692.86)	(746.32)
Increase in trade payables	1,119.38	2,930.87
Increase in other financial liabilities	1,577.42	1,784.91
Increase in provisions	810.57	2,363.93
Increase in other liabilities	(211.53)	419.85
<b>Cash generated from operations</b>	<b>33,822.32</b>	<b>20,066.55</b>
Income taxes paid	(5,011.39)	(3,598.00)
<b>Net cash inflow from operating activities</b>	<b>28,810.93</b>	<b>16,468.55</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of business	(24.74)	-
Payments for property, plant and equipment	(8,109.36)	(6,635.28)
Payments for purchase of investments	(1,654.56)	(1,061.17)
Proceeds from sale of investments	1,319.72	478.95
Proceeds from sale of property, plant and equipment	270.70	138.17
Dividends received	187.99	173.77
Loans given	(28,526.63)	-
Interest received	1,119.34	1,154.09
<b>Net cash outflow from investing activities</b>	<b>(35,417.54)</b>	<b>(5,751.47)</b>

# CASH FLOW STATEMENT

(All amounts are in Rupees Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	212.41	170.69
Proceeds from borrowings	14,055.00	1,600.00
Repayment of borrowings	(11,353.59)	(3,133.87)
Interest paid	(1,014.56)	(962.05)
Dividends paid	(2,510.90)	(2,503.25)
<b>Net cash outflow from financing activities</b>	<b>(611.64)</b>	<b>(4,828.48)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>(7,218.25)</b>	<b>5,888.60</b>
Cash and cash equivalents at the beginning of the financial year (Refer note 10(a))	13,351.41	4,291.44
Transfer of Opening Balances of HGS International Services private limited on account of merger (Refer note 1(a))	-	2,606.60
Effects of exchange rate changes on cash and cash equivalents	(578.60)	564.77
<b>Cash and cash equivalents at end of the year</b>	<b>5,554.56</b>	<b>13,351.41</b>
<b>Balances per statement of cash flows (Refer note 10(a))</b>	<b>5,554.56</b>	<b>13,351.41</b>

Reconciliation of borrowings as disclosed in financing activities and Note 14 to the financial statements:

Particulars	As at April 1, 2018	Repayment	Proceeds	Exchange difference	Other*	As at March 31, 2019
Borrowings	14,159.74	(11,353.59)	14,055.00	(198.74)	1,033.10	17,695.51

Particulars	As at April 1, 2017	Repayment	Proceeds	Exchange difference	Other*	As at March 31, 2018
Borrowings	15,690.97	(3,133.87)	1,600.00	-	2.64	14,159.74

\* Other column includes the accrued but not paid interest on borrowings and Finance Lease Obligation.

See accompanying notes to the financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

Vikas Bagaria

Partner

Membership No.060408

For and on behalf of the Board of Directors of Hinduja Global Solutions Limited

Ramkrishnan P. Hinudja  
Chairman  
DIN: 00278711

Rajendra P. Chitale  
Director  
DIN: 00015986

Partha DeSarkar  
Manager and Chief Executive Officer

Makarand D. Dewal  
Company Secretary

Anil Harish  
Director  
DIN: 00001685

Rangan Mohan  
Director  
DIN: 01116821

Srinivas Palakodeti  
Chief Financial Officer

Place : Mumbai  
Date : May 30, 2019

Place : Mumbai  
Date : May 30, 2019

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 1 Background

Hinduja Global Solutions Limited ("HGS" or the "company") is a public limited company, domiciled in India and it's incorporated under the provisions of The Companies Act 1956 and is engaged in Business Process Management. HGS with its subsidiaries offer voice and non-voice based services such as contact center solutions and back office transaction processing across America, Canada, Europe, Asia and Middle East. Its ordinary shares (equity) are listed on the two registered stock exchanges in India i.e National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). The address of its registered office is 171, Hinduja House, Dr. Annie Besant Road, Worli, Mumbai 400018.

These financial statements were authorized to be approved by the Board of Directors on May 30, 2019.

### a Basis of preparation of standalone financial statements

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under sec. 133 of Companies Act 2013, as applicable and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements correspond to the classification provisions contained in Ind AS 1, "Presentation of Financial Statements". For clarity, various items are aggregated in the statements of profit and loss and balance sheet. These items are disaggregated separately in the notes to the financial statements, where applicable.

All amounts included in the financial statements are reported in Lakhs of Indian rupees except share and per share data, unless otherwise stated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

These financial statements have been prepared in accordance with recognition and measurement principles specified under Indian Accounting Standards (Ind AS) notified under sec. 133 of Companies Act 2013, as applicable.

During the year, the National Company Law Tribunal (NCLT) has approved the Scheme of Amalgamation ("the Scheme") of Hinduja Global Solutions Limited ("the Transferee Company") and HGS International Services Private Limited ("the Transferor Company"), wholly owned subsidiary of the Company, with the Company with an appointed date of April 1, 2017.

The merger has been accounted in accordance with paragraph 10.1 of the scheme under the 'pooling of interest' method based on the carrying value of the assets and liabilities of the Transferor Company as included in the Consolidated Balance Sheet of the Company as at the beginning of April 1, 2017.

Since the approved Scheme results in a Common Control Transaction, considering the requirements of Appendix C of Ind AS 103- Business Combinations, the accounting for the Scheme has been given effect retrospectively by the Company. Accordingly year ended March 31, 2018 have been restated to give effect to the Scheme.

#### The Capital Reserve has been arrived at as follows:

All the assets and liabilities of the Transferor Company were taken over on the merger and investments were extinguished/ cancelled as at the appointed date and the resulting capital reserve is as follows:

Particulars	Amount ( ₹ in Lakhs)
Tangible Assets	4,506.33
Intangible Assets	328.24
Goodwill as appearing in the consolidated financial statements of Transferee company related to transferor company	2,493.11
Deferred Tax Asset	4,043.55
Other Financial Asset	405.15
Income Tax Asset	168.26
Other non-current assets	657.88
Trade Receivables	9,151.91
Cash and Cash Equivalent	2,606.60
Bank balances other than above	111.61
Other financial asset	2,923.29

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Particulars	Amount (₹ in Lakhs)
Other Current Assets	537.70
<b>Assets Total (A)</b>	<b>27,933.63</b>
Reserves and Surplus	21,900.35
Trade Payables	1,680.89
Other financial liabilities	1,005.43
Other Current Liabilities	401.12
Long Term Provisions	194.25
Short Term Provisions	147.12
<b>Liabilities Total (B)</b>	<b>25,329.16</b>
<b>Net assets Acquired (A-B)</b>	<b>2,604.47</b>
Less: Elimination of investments	3,945.62
<b>Capital reserve</b>	<b>(1,341.15)</b>

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements.

## (i) Basis of Measurement

The financial statements have been prepared on a historical cost convention and accrual basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- defined benefit plans - plan assets/ liability measured at fair value; and
- Share-based payments

## b Use of estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is provided below:

### i) Impairment of Goodwill

Goodwill is required to be assessed for impairment for every Cash Generating Unit (CGU) on a yearly basis and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost of disposal of the cash generating units to which the goodwill is allocated. The calculation of value in use of the CGU is based on future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value. The cash flows are derived from the budget for the future years. The recoverable amount is sensitive to the discount rates used in discounted cash flow model as well as growth rate used for estimate and involves use of significant estimates and assumptions including turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. Refer note 30 for the details of assumptions used in estimation of impairment of goodwill.

### ii) Deferred taxes

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The realization of deferred tax assets is dependent upon whether sufficient taxable profits or taxable temporary differences will be available in future. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## iii) Business combination

In accounting for business combinations, judgment is required in identifying whether an identifiable intangible asset is to be recorded separately from goodwill. Additionally, estimating the acquisition date fair value of the identifiable assets (including useful life estimates) and liabilities acquired, and contingent consideration assumed involves management judgment. These measurements are based on information available at the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. Changes in these judgments, estimates, and assumptions can materially affect the results of operations.

## iv) Estimation of Defined Benefit Obligation

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post employment plans include the discount rate. Any changes in these assumptions will impact the carrying amount of such obligations. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer note 33 for the details of the assumptions used in estimating the defined benefit obligation.

## v) Estimation of Provisions & Contingent Liabilities.

The Company exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision. (Refer note 15 and 27).

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

## vi) Expected credit losses on financial assets

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company history of collections, customer's creditworthiness, existing market conditions as well as forward looking information that is reasonable and supportable, available without undue costs or efforts.

## vii) Useful lives of property, plant and equipment

The Company depreciates property, plant and equipment on a straight-line basis over estimated useful lives of the assets. The charge in respect of periodic depreciation is derived based on an estimate of an asset's expected useful life and the expected residual value at the end of its life. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. The estimated useful life is reviewed at least annually.

## viii) Useful lives of intangible assets

The Company amortizes intangible assets on a straight-line basis over estimated useful lives of the assets. The useful life is estimated based on a number of factors including the effects of obsolescence, demand, competition and other economic factors such as the stability of the industry and known technological advances and the level of maintenance expenditures required to obtain the expected future cash flows from the assets. The estimated useful life is reviewed at least annually.

## c Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Indian Rupees (INR), which is Company's functional and presentation currency.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

## (iii) Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a. assets and liabilities are translated at the closing rate at the date of that balance sheet.
- b. income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c. All resulting exchange differences are recognized in other comprehensive income.

## d. Revenue from contracts with customers

The Company earns revenue primarily from business process management services.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

### Nature of the services:

The Company derives its revenue from business process management (BPM) which includes services like back office processing, contact center and HRO solutions. The Company provides BPM services, which typically involve claim processing and call center services for healthcare industry, call center services for telecom industry, which it administers and manages those services for its client on an ongoing basis. The company combines technology powered services in automation, analytics and digital with domain expertise focusing on back office processing, contract centers and HRO solutions to deliver transformational impact to clients.

### A. Time and Material contracts

Revenue from time and material transactions and outcome based contracts are recognised as the services are performed.

### B. Fixed price contracts

In respect of fixed-price contracts, where performance obligations are satisfied over a period of time, revenue is recognised by means of percentage of completion method. Under this method, revenue is recognised by applying the percentage of completion on the transaction price.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

### C. Others

Any change in scope or price is considered as a contract modification. The Company accounts for modifications to existing contracts by assessing whether the services added are distinct and whether the pricing is at the stand-alone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those that are distinct are accounted for prospectively, either as a separate contract if the additional services are priced at the stand-alone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the stand-alone selling price. The Company accounts for variable considerations like, volume discounts, rebates and pricing incentives to customers as reduction of revenue on a systematic and rational basis over the period of the contract. The Company estimates an amount of such variable consideration using expected value method or the single most likely amount in a range of possible consideration depending on which method better predicts the amount of consideration to which the Company may be entitled.

Revenues are shown net of allowances/ returns, sales tax, value added tax, goods and services tax and applicable discounts and allowances.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The Company accrues the estimated cost of warranties at the time when the revenue is recognised. The accruals are based on the Company's historical experience of material usage and service delivery costs.

Incremental costs that relate directly to a contract and incurred in securing a contract with a customer are recognised as an asset when the Company expects to recover these costs and amortised over the contract term.

The Company recognizes contract fulfilment cost as an asset if those costs specifically relate to a contract or to an anticipated contract, the costs generate or enhance resources that will be used in satisfying performance obligations in future; and the costs are expected to be recovered. The asset so recognised is amortised on a systematic basis consistent with the transfer of goods or services to customer to which the asset relates.

The Company assesses the timing of the transfer of goods or services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, the Company does not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less. If the difference in timing arises for reasons other than the provision of finance to either the customer or us, no financing component is deemed to exist.

The Company may enter into arrangements with third party suppliers to resell products or services. In such cases, the Company evaluates whether the Company is the principal (i.e. report revenues on a gross basis) or agent (i.e. report revenues on a net basis). In doing so, the Company first evaluates whether the Company controls the services before it is transferred to the customer. If Company controls the services before it is transferred to the customer, Company is the principal; if not, the Company is the agent.

## **New Accounting standards adopted by the Company:**

### **Ind AS 115 – Revenue from Contract with Customers**

On April 1, 2018, the Company adopted Ind AS 115, "Revenue from Contracts with Customers" using the cumulative catch-up transition method applied to contracts that were not completed as at April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

The adoption of Ind AS 115, did not have any material impact on the statement of profit and loss for the year ended March 31, 2019. On adoption of IND AS 115, the company has reclassified its unbilled receivables from Financial assets to trade receivables.

### **A. Contract Asset and Liabilities**

The Company classifies its right to consideration in exchange for deliverables as either a receivable or a contract asset.

A receivable is a right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. For example, the company recognizes a receivable for revenues related to time and materials contracts or volume-based contracts. The Company presents such receivables as part of unbilled receivables at their net estimated realizable value. The same is tested for impairment as per the guidance in Ind AS 109 using expected credit loss method.

### **B. Remaining Performance Obligations**

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognised which includes unearned revenue and amounts that will be invoiced and recognised as revenue in future periods. Applying the practical expedient, the Company has not disclosed its right to consideration from customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date which are, contracts invoiced on time and material basis and volume based.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## C. Disaggregation of Revenues

The Company believes that the below disaggregation best depicts the nature, amount, timing and uncertainty of revenue and cash flows from economic factors.

(₹ in Lakhs)

Country / region	Year ended March 31, 2019
USA and Canada	164,340.46
India	53,083.98
Europe	430.47
Rest of the world	1,785.77
<b>Total revenue from contracts with customers</b>	<b>219,640.68</b>

Contract type/ nature of contract	Year ended March 31, 2019
Time and materials	219,640.68
<b>Total revenue from contracts with customers</b>	<b>219,640.68</b>

Category of customer	Year ended March 31, 2019
Health Insurance, Pharma & Healthcare	144,783.89
Telecom and Technology	23,425.16
Consumer Electronics, Products, Services and Retail	11,299.19
Banking and Financial Services	30,871.15
Media	1,099.37
Others	8,161.92
<b>Total revenue from contracts with customers</b>	<b>219,640.68</b>

## D. Reconciliation of revenue recognised

The company recognises Volume discounts, Penalties and Incentives against each transaction price as per the terms of the contract with the customer, the disclosures related to the reconciliation of revenue recognised with the transaction price have not been provided as the same is not material to the Company.

### e Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and adjustment for unused tax losses.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its branch operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

### f Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and unused tax losses. Deferred tax is not recognized for temporary differences between the carrying amount and tax bases of investments in branches where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The Company has thus disclosed the Income Tax Assets/ Liabilities on a net basis to the extent that the same is settled within the same tax jurisdictions, which is in line with Accounting statements prescribed under Ind AS 12.

## g Leases

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or 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.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## h Impairment

### i) Impairment of non financial assets

Long-lived assets such as Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill is tested for impairment at least annually at the same time and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes. An impairment in respect of goodwill is not reversed.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## ii) Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on trade receivables measured at amortized cost. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate. Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on historical credit loss experience adjusted for forward looking information.

## iii) Impairment of investments in subsidiaries

The Company assesses investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the investment in subsidiary. The recoverable amount of such investment is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of the investment is calculated using projected future cash flows. If the recoverable amount of the investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

## i Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with bank in current accounts, Exchange Earners Foreign Currency (EEFC) Accounts, other short-term, highly liquid deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## j Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

## k Investments and other financial assets

### (i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

### (ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Currently there are no debt instruments measured at Fair value.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## (iii) Derecognition of financial assets

A financial asset is derecognized only when

- a. The Company has transferred the rights to receive cash flows from the financial asset or
- b. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

## (iv) Income recognition

Interest income:

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument.

Dividends:

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

## I Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions.

The company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

### (i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

## m Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## n Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

### Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Particulars	Useful life
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 costing less than ₹ 5000 each are depreciated fully in the year of acquisition.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ expenses.

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 that are directly attributable to the acquisition of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The cost of property, plant and equipment not available for use before such date are disclosed under capital work-in-progress.

## o Intangible assets

Costs associated with maintaining software programs are recognized as an expense as incurred.

Costs associated with acquisition of intangible assets is capitalized when it is controlled by entity and probable future economic benefits are expected to flow.

### Amortization methods and periods

The company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Particulars	Useful life
Computer Software	3 to 6 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 recognized as income or expense in the Statement of Profit and Loss.

## p Disposal of assets

The gain or loss arising on disposal or retirement of assets are recognised in the statement of profit and loss.

## q Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## r Cash flow statement

Cash flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash from operating, investing and financing activities of the Company are segregated. The amendment to Ind AS 7, require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

## s Borrowings

Borrowings are initially recognised at Fair value, net of transaction cost incurred. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## t Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

## u Employee benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

## (ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

## (iii) Post-employment obligations

The company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and Pension;
- (b) defined contribution plans such as provident fund.

### Defined benefit obligation

The liability or asset recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to government bond that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### Defined contribution plans

The company pays contributions to publicly administered funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

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.

## (iv) Share-based payments

Share-based compensation benefits are provided to employees via the Hinduja Global Solutions Limited Employee Stock Option Plan.

### Employee options

The fair value of options granted under the Hinduja Global Solutions Limited Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## (v) Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

## v Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## w Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## x Earnings per share

### (i) Basic earning per share

Basic earnings per share is calculated by dividing:

- a. the profit attributable to owners of the company
- b. by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

### (ii) Diluted earning per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- a. the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- b. the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## y Business combination and Goodwill

### a) Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the date of exchange by the Company. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expensed as incurred.

The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the statement of profit and loss.

### b) Goodwill

The excess of the cost of an acquisition over the Company's share in the fair value of the acquiree's identifiable assets and liabilities is recognised as goodwill. If the excess is negative, a bargain purchase gain is recognised in equity as capital reserve. Goodwill is measured at cost less accumulated impairment (if any).

Goodwill associated with the disposal of an operation that is part of cash-generating unit is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## z Finance cost

Finance cost comprise interest cost on borrowings, gain or losses arising on re-measurement of financial assets at FVTPL, gains/ (losses) on translation or settlement of foreign currency borrowings and changes in fair value and gains/ (losses) on settlement of related derivative instruments. Borrowing costs that are not directly attributable to a qualifying asset are recognised in the statement of profit and loss using the effective interest method.

## za Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Board of Directors of the Company has been identified as CODM which also consists of key managerial personnel of the Company. Refer note 41 for segment information.

## zb Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to nearest Lakhs as per the requirement of schedule III unless otherwise stated.

## zc New standards/ amendments to existing standards issued but not yet adopted

Following are the amendments to existing standards which have been issued by The Ministry of Corporate Affairs ('MCA') that are not effective for the reporting period and have not been early adopted by the Company:

**Ind AS 116 Leases :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date certain practical expedients are available under both the methods.

The company will adopt this standard using the 'Modified retrospective approach and accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The company has elected certain available practical expedients on transition.

The effect of adoption as on transition date would majorly result in an increase in right of use asset approximately by ₹ 53,037.15 Lakhs and an increase in lease liability approximately by ₹ 61,678.64 Lakhs.

**Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :** On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

**Amendment to Ind AS 12 – Income taxes :** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Amendment to Ind AS 19 – Plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 2 Property, Plant and Equipment

	Land	Building	Leasehold Building	Furniture and Fixtures	Vehicle	Office Equipment	Computers	Leasehold Improvements	Total	Capital work-in-progress
<b>Year ended March 31, 2018</b>										
<b>Gross carrying amount</b>	100.97	2,476.51	2,053.02	3,728.55	319.23	1,385.86	14,123.82	12,196.10	36,384.06	72.08
Effect of Common Control Transaction (Refer note 1a)	-	-	-	523.83	12.93	381.25	1,905.84	2,811.70	5,635.55	-
Balance as at the beginning of the year after Amalgamation	100.97	2,476.51	2,053.02	4,252.38	332.16	1,767.11	16,029.66	15,007.80	42,019.61	72.08
Effect of foreign currency differences	-	-	-	(75.26)	(11.58)	(88.13)	(566.01)	(352.20)	(1,093.18)	-
Transfers from Furniture & fixtures to Office equipment	-	-	-	(624.80)	-	624.80	-	-	-	-
Additions	-	-	-	216.06	79.85	227.83	2,866.15	603.01	3,992.90	2,327.65
Disposals	-	-	-	(729.58)	(34.64)	(459.03)	(2,603.97)	(2,454.12)	(6,281.34)	(2,332.15)
<b>Gross carrying amount</b>	<b>100.97</b>	<b>2,476.51</b>	<b>2,053.02</b>	<b>3,038.80</b>	<b>365.79</b>	<b>2,072.58</b>	<b>15,725.83</b>	<b>12,804.49</b>	<b>38,637.99</b>	<b>67.58</b>
<b>Accumulated depreciation</b>	-	92.74	78.78	939.68	86.74	215.51	4,478.09	3,654.66	9,546.20	-
Effect of Common Control Transaction (Refer note 1a)	-	-	-	196.63	8.91	109.59	523.06	291.02	1,129.21	-
Balance as at the beginning of the year after Amalgamation	-	92.74	78.78	1,136.31	95.65	325.10	5,001.15	3,945.68	10,675.41	-
Depreciation (Refer note 24)	-	46.37	39.39	515.40	70.84	518.83	3,119.76	2,189.16	6,499.75	-
Disposals	-	-	-	(673.62)	(23.56)	(435.55)	(2,578.18)	(2,358.77)	(6,069.68)	-
Effect of foreign currency differences	-	-	-	(99.01)	(5.25)	(2.64)	(377.77)	(274.63)	(759.30)	-
<b>Accumulated depreciation</b>	-	<b>139.11</b>	<b>118.17</b>	<b>879.08</b>	<b>137.68</b>	<b>405.74</b>	<b>5,164.96</b>	<b>3,501.44</b>	<b>10,346.18</b>	-
<b>Net carrying amount as at March 31, 2018</b>	<b>100.97</b>	<b>2,337.40</b>	<b>1,934.85</b>	<b>2,159.72</b>	<b>228.11</b>	<b>1,666.84</b>	<b>10,560.87</b>	<b>9,303.05</b>	<b>28,291.81</b>	<b>67.58</b>
<b>Year ended March 31, 2019</b>										
<b>Gross carrying amount</b>	100.97	2,476.51	2,053.02	3,038.80	365.79	2,072.58	15,725.83	12,804.49	38,637.99	67.58
Additions	-	-	-	300.18	39.74	319.79	4,546.94	1,782.24	6,988.89	2,666.59
Effect of foreign currency differences	-	-	-	116.38	18.63	136.42	871.12	535.34	1,677.89	-
Disposals	-	-	-	(328.64)	(41.56)	(347.73)	(684.80)	(1,313.00)	(2,715.73)	(2,729.15)
<b>Gross carrying amount</b>	<b>100.97</b>	<b>2,476.51</b>	<b>2,053.02</b>	<b>3,126.72</b>	<b>382.60</b>	<b>2,181.06</b>	<b>20,459.09</b>	<b>13,809.07</b>	<b>44,589.04</b>	<b>5.02</b>
<b>Accumulated depreciation</b>	-	139.11	118.17	879.08	137.68	405.74	5,164.96	3,501.44	10,346.18	-
Depreciation (Refer note 24)	-	46.37	39.39	521.46	104.58	530.29	3,891.29	2,682.57	7,815.95	-
Effect of foreign currency differences	-	-	-	57.21	9.14	103.40	604.95	440.42	1,215.12	-
Disposals	-	-	-	(245.58)	(41.23)	(305.38)	(598.41)	(1,213.01)	(2,403.61)	-
<b>Accumulated depreciation</b>	-	<b>185.48</b>	<b>157.56</b>	<b>1,212.17</b>	<b>210.17</b>	<b>734.05</b>	<b>9,062.79</b>	<b>5,411.42</b>	<b>16,973.64</b>	-
<b>Net carrying amount as at March 31, 2019</b>	<b>100.97</b>	<b>2,291.03</b>	<b>1,895.46</b>	<b>1,914.55</b>	<b>172.43</b>	<b>1,447.01</b>	<b>11,396.30</b>	<b>8,397.65</b>	<b>27,615.40</b>	<b>5.02</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Leased assets

Computer and Leasehold improvements includes following amounts where the company is a lessee under a finance lease.

	Computers	Leasehold Improvements	Total
<b><u>Year ended March 31, 2018</u></b>			
Cost/ Deemed cost	1,083.83	-	1,083.83
Accumulated depreciation	(512.21)	-	(512.21)
<b>Net carrying amount as at March 31, 2018</b>	<b>571.62</b>	<b>-</b>	<b>571.62</b>
<b><u>Year ended March 31, 2019</u></b>			
Cost/ Deemed cost	1,142.20	1,116.78	2,258.98
Accumulated depreciation	(593.26)	(166.11)	(759.37)
<b>Net carrying amount as at March 31, 2019</b>	<b>548.94</b>	<b>950.67</b>	<b>1,499.61</b>

## 3a Intangible Assets

	Computer Software	Non Compete fees	Commercial Rights	Intangible assets under development	Total
<b><u>Year ended March 31, 2018</u></b>					
<b>Gross carrying amount</b>	7,305.05	20.07	-	28.33	7,353.45
Effect of Common Control Transaction (Refer note 1a)	558.43	-	75.00	-	633.43
Balance as at the beginning of the year after Amalgamation	7,863.48	20.07	75.00	28.33	7,986.88
Effect of foreign currency differences	(230.98)	-	-	-	(230.98)
Additions	900.43	-	-	558.73	1,459.16
Disposals	(69.13)	-	-	(586.99)	(656.12)
<b>Gross carrying amount</b>	<b>8,463.80</b>	<b>20.07</b>	<b>75.00</b>	<b>0.07</b>	<b>8,558.94</b>
<b>Accumulated amortization</b>	2,514.70	20.07	-	-	2,534.77
Effect of Common Control Transaction (Refer note 1a)	230.19	-	75.00	-	305.19
Balance as at the beginning of the year after Amalgamation	2,744.89	20.07	75.00	-	2,839.96
Effect of foreign currency differences	(130.90)	-	-	-	(130.90)
Dipreciation (Refer note 24)	1,872.69	-	-	-	1,872.69
Disposals	(69.11)	-	-	-	(69.11)
<b>Accumulated amortization</b>	<b>4,417.57</b>	<b>20.07</b>	<b>75.00</b>	<b>-</b>	<b>4,512.64</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>4,046.23</b>	<b>-</b>	<b>-</b>	<b>0.07</b>	<b>4,046.30</b>
<b><u>Year ended March 31, 2019</u></b>					
<b>Gross carrying amount</b>	8,463.80	20.07	75.00	0.07	8,558.94
Effect of foreign currency differences	321.68	-	-	-	321.68
Additions	2,157.40	-	-	-	2,157.40
Disposals	(75.56)	-	-	(0.07)	(75.63)
<b>Gross carrying amount</b>	<b>10,867.32</b>	<b>20.07</b>	<b>75.00</b>	<b>-</b>	<b>10,962.39</b>
<b>Accumulated amortization</b>	4,417.57	20.07	75.00	-	4,512.64
Depreciation (Refer note 24)	1,909.67	-	-	-	1,909.67
Effect of foreign currency differences	225.91	-	-	-	225.91
Disposals	(64.80)	-	-	-	(64.80)
<b>Accumulated amortization</b>	<b>6,488.35</b>	<b>20.07</b>	<b>75.00</b>	<b>-</b>	<b>6,583.42</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>4,378.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,378.97</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Leased assets

Computer software includes following amounts where the company is a lessee under a finance lease.

	March 31, 2019	March 31, 2018
<b>Computers software</b>		
Cost/ Deemed cost	730.89	693.55
Accumulated depreciation	(357.74)	(304.63)
<b>Net carrying amount</b>	<b>373.15</b>	<b>388.92</b>

## 3b Goodwill

	Goodwill
<b><u>Year ended March 31, 2018</u></b>	
Opening gross carrying amount	-
Effect of common control transaction (Refer note 1a)	2,493.11
Deductions	-
<b>Closing gross carrying amount</b>	<b>2,493.11</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>2,493.11</b>
<b><u>Year ended March 31, 2019</u></b>	
Opening gross carrying amount	2,493.11
Additions during year	11.15
<b>Closing gross carrying amount</b>	<b>2,504.26</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>2,504.26</b>

## 4 Investments

		Face Value Per Share/ Unit	As at March 31, 2019		As at March 31, 2018	
			Quantity No's	Amount (₹ in Lakhs)	Quantity No's	Amount (₹ in Lakhs)
<b>a</b>	<b><u>Non-Current Investments</u></b>					
(i)	<b>Investment in equity Instruments (fully paid up) carried at cost:</b>					
	<b>In Wholly owned subsidiaries (Unquoted and Non-Trade):</b>					
	HGS International, Mauritius	USD 1	32,514,228	38,880.28	32,514,228	38,880.28
(ii)	<b>Investment carried at amortised cost (Unquoted and Non-Trade):</b>					
	Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]	-		1,453.01	-	1,118.17
	<b>Aggregate Value of Unquoted Investments</b>			<b>40,333.29</b>		<b>39,998.45</b>
	<b>Total non-current investments</b>					
	Aggregate Value of quoted Investments and market value thereof			-		-
	Aggregate Value of Unquoted Investments			<b>40,333.29</b>		<b>39,998.45</b>
	Aggregate amount of impairment in the value of investments			-		-

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Terms of Treasury bill

Sr. No.	Name of Bank	Face Value in' PHP as on March 31,2019 (PHP. in Lakhs)	Face Value in' INR as on March 31,2019 (₹ in Lakhs)
1	Union Bank of the Philippines	779.00	1,025.60
2	CTBC Bank (Philippines) Corp.	325.00	427.41
	<b>Total</b>	<b>1,104.00</b>	<b>1,453.01</b>

These investments carry a fixed rate of interest and it is maturing by June 13, 2021.

## 5 Loans

	As at March 31, 2019	As at March 31, 2018
<b>Unsecured, considered good</b>		
Loans to related parties (Refer note 35)	27,712.52	-
<b>Total</b>	<b>27,712.52</b>	<b>-</b>

## 6 Other non- current financial asset

	As at March 31, 2019	As at March 31, 2018
Security Deposit	4,985.54	3,581.38
Deposits with bank for Margin Money*	104.51	11.79
Deposits with maturity exceeding 12 months**	-	499.16
Derivatives - Foreign Exchange Forward Contracts (Refer note 38)	58.95	-
<b>Total</b>	<b>5,149.00</b>	<b>4,092.33</b>

\* Under lien with bank towards guarantees issued by them on behalf of the company.

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

## 7a Income Tax Assets (net)

	As at March 31, 2019	As at March 31, 2018
Advance tax and tax deducted at source	37,894.40	35,842.68
Less: Provision for Income tax	32,383.03	30,417.08
<b>Total</b>	<b>5,511.37</b>	<b>5,425.60</b>

## 7b Current tax liabilities

	As at March 31, 2019	As at March 31, 2018
Provision for Income tax	4,055.47	2,070.57
Less: Advance tax & tax deducted at source	3,707.41	1,372.14
<b>Total</b>	<b>348.06</b>	<b>698.43</b>

## 8 Other non current assets

	As at March 31, 2019	As at March 31, 2018
Capital advances	19.36	54.93
Receivable from related party (Refer note 27 & 35)	1,868.99	3,318.99
Balances with government authorities	78.57	311.78
Prepaid expenses	358.17	424.24
Deferred rent	2,989.09	2,695.81
Others	1.23	5.25
<b>Total</b>	<b>5,315.41</b>	<b>6,811.00</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 9 Trade receivable

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	81,877.71	72,986.54
Considered doubtful	76.57	82.41
Less: Allowance for doubtful debts	(76.57)	(82.41)
<b>Total</b>	<b>81,877.71</b>	<b>72,986.54</b>
Current portion	81,877.71	72,986.54
Non-current portion	-	-

## 10a Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Balances with banks		
in current accounts	2,933.89	2,807.36
in Exchange Earners Foreign Currency Account (EEFC) accounts	104.65	756.53
in Demand deposits	1,407.64	8,902.12
in Cash credit accounts	1,097.46	863.02
Cheques on hand	5.17	16.21
Cash on hand	5.75	6.17
<b>Total</b>	<b>5,554.56</b>	<b>13,351.41</b>

Cash at banks in current account and EEFC account does not bear any interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period.

## 10b Bank balances other than Cash and cash equivalents

	As at March 31, 2019	As at March 31, 2018
Earmarked Balances with Banks:		
Unpaid dividend	34.84	34.74
Unpaid bonus	1.82	1.82
In Demand deposits#	138.44	138.44
<b>Total</b>	<b>175.10</b>	<b>175.00</b>

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

## 11 Other current financial asset

	As at March 31, 2019	As at March 31, 2018
Security Deposit	164.92	277.74
Interest accrued on deposits/ loans	42.11	9.87
Derivatives - Foreign Exchange Forward Contracts (Refer note 38)	2,275.55	807.28
Other receivables (Refer note 35)	898.36	486.68
<b>Total</b>	<b>3,380.94</b>	<b>1,581.57</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 12 Other Current assets

	As at March 31, 2019	As at March 31, 2018
<b>Unsecured and considered good, unless otherwise stated</b>		
Balances with Government Authorities	336.78	253.86
Advance to employees		
Good	355.12	327.64
Doubtful	7.68	7.68
	362.80	335.32
Less: Allowance for doubtful Advances	(7.68)	(7.68)
	355.12	327.64
Advance to Vendors	1,146.81	1,389.46
Prepaid Expenses	2,795.98	1,974.04
Others	3.17	0.10
<b>Total</b>	<b>4,637.86</b>	<b>3,945.10</b>

There were no loans due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

## 13 Equity Share capital

	As at March 31, 2019	As at March 31, 2018
<b>Authorised:</b>		
27,500,000 (March 31, 2018: 27,500,000) equity shares of ₹ 10/- each	2,750.00	2,750.00
150,000 (March 31, 2018: 150,000) 1% Participatory redeemable Non cumulative preference shares of ₹ 10/- each	15.00	15.00
<b>Total</b>	<b>2,765.00</b>	<b>2,765.00</b>
<b>Issued, subscribed and Paid up :</b>		
20,838,944 (March 31, 2018: 20,800,238) equity shares of ₹ 10/- each fully paid	2,083.89	2,080.02
<b>Total</b>	<b>2,083.89</b>	<b>2,080.02</b>

### (i) Movements in equity share capital

	No. of shares	Equity share Capital (par value)
<b>As at April 1, 2017</b>	<b>20,742,763</b>	<b>2,074.27</b>
Shares issued to Employees under Employee Stock Option Plan (Refer note 26)	57,475	5.75
<b>As at March 31, 2018</b>	<b>20,800,238</b>	<b>2,080.02</b>
Shares issued to Employees under Employee Stock Option Plan (Refer note 26)	38,706	3.87
<b>As at March 31, 2019</b>	<b>20,838,944</b>	<b>2,083.89</b>

### Terms and rights attached to equity shares

Equity Shares: The company has one class of equity shares having a par value of ₹ 10 per share. 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 Which are approved by Board of Directors in Board Meeting. 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. The share options granted under the Company's employee stock option plan carry dividend as well as voting rights upon exercise.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Number of shares reserved for issue under the Employee Stock Option Plan (Refer note 26)

	As at March 31, 2019	As at March 31, 2018
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	42,456	72,103
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	43,375	85,832

## (ii) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.59%	5,748,541	27.64%
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited	3,354,490	16.10%	3,424,490	16.46%
Amas Mauritius Limited	2,761,427	13.25%	2,761,427	13.28%

## 14 Borrowings

	Maturity date	Terms of repayment	Interest rate	As at March 31, 2019	As at March 31, 2018
<b>a. Borrowings - non-current</b>					
<b>Secured</b>					
Foreign Currency Term Loans from Banks*	February, 2024	Quarterly instalments w. e.f. May, 2020	3 Months LIBOR+1.05%	13,906.35	-
Corporate loan **	July 31, 2018	Repayable in 60 equal monthly instalments	8.50%	-	336.16
Finance Lease Obligation (Refer note 27 d)				985.65	-
<b>Total borrowings</b>				<b>14,892.00</b>	<b>336.16</b>
Less: Current maturities of long-term debt (included in note 17)				-	333.52
Less: Current Maturities of Finance Lease Obligations (included in note 17)				191.89	-
Less: Interest accrued (included in note 17)				50.09	2.64
<b>Non-current borrowings</b>				<b>14,650.02</b>	<b>-</b>
<b>b. Borrowings - current</b>					
<b>Secured</b>					
Bank Overdrafts ***	Payable on demand	Payable on demand	7.85% and 8.15%	2,803.51	13,823.58
<b>Total Current borrowings</b>				<b>2,803.51</b>	<b>13,823.58</b>
Less: Interest accrued				-	-
<b>Current borrowings</b>				<b>2,803.51</b>	<b>13,823.58</b>
Aggregate Secured loans				17,453.53	13,823.58
Aggregate Unsecured loans				-	-

### Secured borrowings and assets pledged as security

\* Exclusive charge on the Land & Building and movable fixed assets.

\*\* Secured by first charge on entire moveable fixed assets of the Company (both present and future).

\*\*\* Secured by first pari passu charge on entire current assets both present and future of the company and second pari passu charge on entire moveable fixed assets both present and future of the company (excluding vehicles/equipment acquired under hire purchase).

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 15 Non current - provisions

	As at March 31, 2019	As at March 31, 2018
Pension (Refer note 33)	5,811.78	2,586.60
Gratuity (Refer note 33)	1,679.88	1,200.38
Others	64.41	64.41
<b>Total</b>	<b>7,556.07</b>	<b>3,851.39</b>

## 16 Trade Payables

	As at March 31, 2019	As at March 31, 2018
i. Total outstanding dues of micro enterprises and small enterprises (Refer note 40)	316.15	124.86
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	13,445.79	12,511.93
<b>Total</b>	<b>13,761.94</b>	<b>12,636.79</b>

## 17 Other current financial liabilities

	As at March 31, 2019	As at March 31, 2018
Current maturities of Long-Term Debt	-	333.52
Current Maturities of Finance Lease Obligations	191.89	-
Interest accrued	50.09	2.64
Capital creditors	1,960.38	2,127.36
Unpaid dividend [Refer note (a) below]	34.84	34.74
Derivatives - foreign exchange forward contracts (Refer note 38)	413.05	562.40
Employee benefits payable	9,555.94	7,978.52
<b>Total</b>	<b>12,206.19</b>	<b>11,039.18</b>

- a. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year-end.

## 18 Current - provisions

	As at March 31, 2019	As at March 31, 2018
Pension (Refer note 33)	-	29.44
Compensated absences (Refer note 33)	2,826.54	3,520.03
<b>Total</b>	<b>2,826.54</b>	<b>3,549.47</b>

## 19 Other Current liabilities

	As at March 31, 2019	As at March 31, 2018
Advances from customers	54.36	297.82
Statutory dues payable	2,384.36	2,694.84
Other payables	446.41	104.00
<b>Total</b>	<b>2,885.13</b>	<b>3,096.66</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 20 Revenue from operations

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Sale of services</b>		
Business Process Management	219,640.68	205,866.88
<b>Total</b>	<b>219,640.68</b>	<b>205,866.88</b>

## 21 Other income

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on financial assets carried at amortised cost	1,151.58	1,098.36
Unwinding of discount on security deposits	263.43	204.71
Investment measured at fair value through profit or loss	187.99	173.77
Foreign exchange gain (net)	2,640.39	523.98
Provision for Doubtful debts no longer required written-back	5.85	35.87
Miscellaneous income	19.76	37.16
<b>Total</b>	<b>4,269.00</b>	<b>2,073.85</b>

## 22 Employee benefits expense

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	129,343.69	125,053.08
Contribution to provident and other funds	7,569.05	7,424.03
Gratuity expense (unfunded) (Refer note 33)	51.34	63.06
Staff welfare expenses	1,861.88	1,945.71
<b>Total</b>	<b>138,825.96</b>	<b>134,485.88</b>

## 23 Finance costs

	Year ended March 31, 2019	Year ended March 31, 2018
Interest expense on		
Term loans from bank	224.20	124.28
Cash credit and others	727.33	294.61
Other borrowing costs	204.08	532.41
<b>Total</b>	<b>1,155.61</b>	<b>951.30</b>

## 24 Depreciation and Amortisation expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation on property, plant and equipment (Refer Note 2)	7,815.95	6,499.75
Amortization of intangibles (Refer Note 3)	1,909.67	1,872.69
<b>Total</b>	<b>9,725.62</b>	<b>8,372.44</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 25 Other expenses

	Year ended March 31, 2019	Year ended March 31, 2018
Power and fuel	5,129.97	5,089.01
Rent	14,047.88	11,498.34
Repairs and maintenance - leased Premises	2,755.62	2,769.48
Repairs and maintenance - others	4,348.36	3,508.99
Insurance	227.50	347.66
Rates and taxes	503.49	327.81
Directors' sitting fees and Commission(Refer note 35)	394.00	217.70
Payment to the auditors:		
- As auditors [including payment to Branch Auditors ₹ 25.83 Lakhs (Previous Year ₹ 34.54 Lakhs)]	151.08	103.90
- for other services [including payment to Branch Auditors (Previous Year ₹ Nil)]	3.75	2.75
- for reimbursement of expenses	6.98	3.12
Connectivity cost	1,874.06	1,370.23
Advertisement and business promotion	359.04	335.81
Communication	908.95	975.92
Travelling, conveyance and car hire charges	1,979.63	1,876.50
Legal and professional	5,255.16	4,545.60
Training and recruitment	1,498.39	1,443.62
Commission	14.58	7.99
Donations	4.80	12.50
Software expenses	714.71	773.95
Corporate social responsibility (Refer note 25a)	435.59	437.14
Bad debts/ advances written off	117.61	63.62
Security expenses	2,463.71	2,565.19
Loss on sale of assets (net)	43.57	71.62
Fixed Assets Written Off	8.60	1.89
Miscellaneous expenses	1,296.89	1,182.47
<b>Total</b>	<b>44,543.92</b>	<b>39,532.81</b>

## 25a Corporate Social Responsibility (CSR)

	March 31, 2019	March 31, 2018
Gross amount required to be spent by the Company during the year	429.65	436.31
<b>Total</b>	<b>429.65</b>	<b>436.31</b>

	In Cash*	In Cash*
<b>Amount spent during the year</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
a. On various activities (Refer note below)	435.59	437.14
<b>Total</b>	<b>435.59</b>	<b>437.14</b>

\* There are no amounts yet to be paid in cash.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

**Note:**

Vendor Name	Nature of CSR Activity	Amount spent during the year
Magic Bus India Foundation	Youth Livelihood Program	100.00
The Akshaya Patra Foundation	Mid-Day Meal Programme	110.00
Oxfam India	Other activities	4.43
India Cares Foundation	Other activities	4.08
Yuva Unstoppable	Smart Class Education in Municipal Schools Chennai & Indore (four schools each)	26.55
National Health and Education Society	For providing quality healthcare for the needy	100.00
Plan International (India Chapter)	Contribution towards making quality education accessible to children through setting up of models schools in Mumbai and Pune.	62.53
Nasscom Foundation	Contribution to empowering persons with disabilities	28.00
<b>Total Amount spent during the year</b>		<b>435.59</b>

## 26 Share Based Payments

### a) Employee Option Plan

Details of the employee stock option plan are as given below.

Particulars	ESOP 2008	ESOP 2011
Details of the plan	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: - 1/6th of the options granted will vest on the first anniversary of the grant date. - 1/3rd of the options granted will vest on the second anniversary of the grant date. - 1/2 of the options granted will vest on the third anniversary of the grant date.	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest at the end of one year from the grant date. - 1/6th of the options granted will vest at the end of 18 months from the grant date. - 1/6th of the options granted will vest at the end of 24 months from the grant date. - 1/4th of the options granted will vest at the end of 30 months from the grant date. - 1/4th of the options granted will vest at the end of 36 months from the grant date.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Particulars	ESOP 2008	ESOP 2011
Exercise period	Options vested with an employee will be exercisable prior to completion of the 48th month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.	Options vested with an employee will be exercisable prior to completion of the 24th month from the date of vesting of options by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise price	₹ 400.10 per share	₹ 340.20 per share
Grant/re-grant options	The Nomination and Remuneration Committee (formerly Compensation Committee) approved the request of lapsed options which were subsequently granted to specific employees. 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. The term for vesting and exercise period are as stated above.

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. The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.

Set out below is a summary of options granted under the plan:

## ESOP 2008

Particulars	As at March 31, 2019		As at March 31, 2018	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening balance	544.28	72,103	469.84	141,079
Granted during the year	-	-	536.95	21,000
Lapsed during the year	546.15	(17,285)	489.01	(55,369)
Exercised during the year	553.08	(12,362)	433.16	(34,607)
<b>Closing Balance</b>		<b>42,456</b>		<b>72,103</b>
Vested and exercisable		33,623		37,446

## ESOP 2011

Particulars	As at March 31, 2019		As at March 31, 2018	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening balance	523.01	85,832	527.38	108,111
Granted during the year	-	-	536.95	25,500
Lapsed during the year	553.14	(16,113)	530.11	(24,911)
Exercised during the year	498.39	(26,344)	520.93	(22,868)
<b>Closing Balance</b>		<b>43,375</b>		<b>85,832</b>
Vested and exercisable		34,398		47,777

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 - ESOP 2008: ₹ 784.67 and ESOP 2011: ₹ 778.53. (Year ended March 31, 2018 - ESOP 2008: ₹ 693.01 and ESOP 2011: ₹ 734.75)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Shares options outstanding at the end of the year have the following expiry dates and exercise prices

Grant Date	ESOP Plan	Expiry Date	Exercise Price (INR)	Share options (March 31, 2019)	Share options (March 31, 2018)
July 2, 2014	ESOP 2008	July 2, 2018	527.25	-	16,654
September 29, 2014	ESOP 2008	September 29, 2018	649.25	-	5,650
November 6, 2015	ESOP 2008	November 6, 2019	471.00	31,440	32,999
April 21, 2017	ESOP 2008	April 21, 2021	565.05	6,016	11,800
August 10, 2017	ESOP 2008	August 10, 2021	508.85	5,000	5,000
November 11, 2013	ESOP 2011	November 11, 2018	416.65	-	13,500
July 2, 2014	ESOP 2011	July 2, 2019	527.25	4,683	16,371
September 29, 2014	ESOP 2011	September 29, 2019	649.25	875	2,260
November 6, 2015	ESOP 2011	November 6, 2020	471.00	23,593	33,502
April 21, 2017	ESOP 2011	April 21, 2022	565.05	9,225	15,200
August 10, 2017	ESOP 2011	August 10, 2022	508.85	5,000	5,000

Stock options outstanding at the end of the year have the following Remaining life (In months)

Grant Date	ESOP Plan	Expiry Date	Remaining life (months)	Share options (March 31, 2019)	Remaining life (months)	Share options (March 31, 2018)
July 2, 2014	ESOP 2008	July 2, 2018	-	-	3	16,654
September 29, 2014	ESOP 2008	September 29, 2018	-	-	6	5,650
November 6, 2015	ESOP 2008	November 6, 2019	7	31,440	19	32,999
April 21, 2017	ESOP 2008	April 21, 2021	24	6,016	37	11,800
August 10, 2017	ESOP 2008	August 10, 2021	28	5,000	40	5,000
November 11, 2013	ESOP 2011	November 11, 2018	-	-	7	13,500
July 2, 2014	ESOP 2011	July 2, 2019	3	4,683	15	16,371
September 29, 2014	ESOP 2011	September 29, 2019	6	875	18	2,260
November 6, 2015	ESOP 2011	November 6, 2020	19	23,593	31	33,502
April 21, 2017	ESOP 2011	April 21, 2022	36	9,225	49	15,200
August 10, 2017	ESOP 2011	August 10, 2022	40	5,000	52	5,000

## (i) Fair value of options granted

The fair value of options granted during the year ended March 31, 2019 is Nil (March 31, 2018 is as below). The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

ESOP Scheme	Grant date	Fair value
ESOP 2008	April 21, 2017	158.89
ESOP 2008	August 10, 2017	143.81
ESOP 2011	April 21, 2017	159.93
ESOP 2011	August 10, 2017	145.70

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The model inputs for options granted during the year ended March 31, 2019 included:

		ESOP 2008 scheme		ESOP 2011 scheme	
		As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
i)	Exercise price	-	₹ 565.05 and ₹ 508.85	-	₹ 565.05 and ₹ 508.85
ii)	Grant date	-	April 21, 2017 and August 10, 2017	-	April 21, 2017 and August 10, 2017
iii)	Expiry date	-	April 21, 2021 and August 10, 2021	-	April 21, 2022 and August 10, 2022
iv)	Share price at grant date	-	₹ 548.27	-	₹ 550.37
v)	Expected price volatility	-	31.54%	-	32.53%
vi)	Expected dividend yield	-	1.37%	-	1.37%
vii)	Risk free interest rate	-	6.54%	-	6.55%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## (b) (Income)/Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized in profit or loss as part of employee benefit (Income)/expense were as follows:

Particulars	March 31, 2019	March 31, 2018
Employee share based payment (Income)/expenses	(12.34)	(22.39)

## 27 Contingent Liabilities

### a) Contingent Liabilities

A) Claims against the Company not acknowledged as debts:

Particulars	March 31, 2019	March 31, 2018
(i) Income Tax demand raised by authorities against which appeal has been filed by the Company (Refer note below)	10,747.54	12,093.36
(ii) Other matters (Refer note below)	17,281.94	16,572.27

Notes:

Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹ 7,144.66 Lakhs 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 had paid ₹ 5,550 Lakhs to Hinduja Ventures Limited to discharge part payment of disputed income tax dues pertaining to IT/ITES business. Out of this amount, the Company has received refund of ₹ 1,940.00 Lakhs including interest of ₹ 490.00 Lakhs (March 31, 2018- ₹ 2,231.01 Lakhs including interest of ₹ 606.72 Lakhs) and the net outstanding amount as at March 31, 2019 of ₹ 1,868.99 (March 31, 2018 of ₹ 3,318.99 Lakhs) is included in "Receivable from related party - Note 8". Hinduja Ventures Limited has filed an appeal against the said demand and had received a favourable order from Honourable High Court of Bombay dated July 26, 2017.

The Honourable Supreme Court of India has admitted a Special Leave Petition (SLP) against section 10A matter under Income Tax Act, 1961 and the contingent liability as disclosed for financial year ended March 31, 2018 is recomputed considering all the open assessment years.

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## b) Capital and other commitments:

- (i) Estimated Amount of Contracts (net of capital advances) remaining to be executed on capital account ₹ 234.90 Lakhs. (As at March 31, 2018: ₹ 708.23 Lakhs).
- (ii) The Company has issued an Undertaking to provide need based financial support and is committed, if needed, to continue such support to meet the ongoing obligations of its following step-down subsidiaries.
  - i. HGS Mena FZ LLC
  - ii. C-Cubed B.V
  - iii. Hinduja Global Solutions Europe Limited
  - iv. HGS St. Lucia
  - v. HGS Colibrium Inc.
  - vi. Hinduja Global Solutions Inc
  - iv. C-Cubed N.V
  - viii. HGS Canada Inc

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

## c) Non-cancellable operating leases:

The Company leases various offices premises under non-cancellable operating leases expiring within twenty years from the date inception. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Particulars	March 31, 2019	March 31, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	12,328.89	10,993.22
Later than one year but not later than five years	48,890.22	35,487.62
Later than five years	35,724.42	29,645.61

Rental expense relating to operating lease

Particulars	March 31, 2019	March 31, 2018
Minimum lease payments	14,047.88	11,498.35
<b>Total rental expense relating to operating leases</b>	<b>14,047.88</b>	<b>11,498.35</b>

## d) Non-cancellable finance leases:

The Company has entered into a finance lease arrangement for lease of various assets. The arrangement is for a period of 5 years tenure and the interest rate is implicit in lease is 10.36 % p.a. & 12.35% p.a, respectively.

Particulars	March 31, 2019	March 31, 2018
Gross Value	1,245.72	-
Finance Charge	(260.06)	-

The minimum lease payment is payable as follows:

Particulars	March 31, 2019	March 31, 2018
Minimum lease payments in relation to non-cancellable finance leases are payable as follows:		
Within one year	191.89	-
Later than one year but not later than five years	1,053.82	-
Later than five years	-	-
Less: amounts representing finance charges	(260.06)	-
<b>Present value of minimum lease payments</b>	<b>985.65</b>	<b>-</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 28 Earnings per share (EPS)

	March 31, 2019	March 31, 2018
<b>Numerator for Basic and Diluted EPS</b>		
Profit attributable to the equity holders of the company (₹ in Lakhs)	23,048.64	21,257.07
Weighted average number of equity shares (Nos.) for calculating basic earnings per share	20,824,000	20,777,643
Number of equity shares (Nos.) for calculating diluted earnings per share	20,855,349	20,831,294
Basic EPS attributable to the equity holders of the Company (₹)	110.68	102.31
Diluted EPS attributable to the equity holders of the Company (₹)	110.52	102.04
Nominal value of shares (₹)	10.00	10.00
Number of shares consideration for basic EPS (Nos.)	20,824,000	20,777,643
Add: Shares deemed to be issued for no consideration in respect of Employee stock options (Nos.)	31,349	53,651
Number of shares considered for diluted EPS (Nos.)	20,855,349	20,831,294

## 29 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Notes	As at March 31, 2019	As at March 31, 2018
<b>Current</b>		
Financial Assets		
First Charge		
Current Assets	95,626.17	70,644.08
<b>Total current assets pledged as security</b>	<b>95,626.17</b>	<b>70,644.08</b>
<b>Non-Current</b>		
Exclusive charge		
Land	100.97	-
Building	2,291.03	-
Second Charge		
Movable fixed assets (Refer note below)	14,930.29	12,871.55
<b>Total non-current assets pledged as security</b>	<b>17,322.29</b>	<b>12,871.55</b>
<b>Total assets pledged as security</b>	<b>112,948.46</b>	<b>83,515.63</b>

Particulars	Net carrying amount as at March 31, 2019	Net carrying amount as at March 31, 2018
Furniture and Fixtures (Refer note 2)	1,914.55	1,870.41
Vehicles (Refer note 2)	172.43	226.60
Office Equipment (Refer note 2)	1,447.01	1,437.74
Computers (Refer note 2)	11,396.30	9,336.80
<b>Total</b>	<b>14,930.29</b>	<b>12,871.55</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 30 Impairment

### Goodwill movement:

	March 31, 2019	March 31, 2018
<b>Opening Balance</b>	2,493.11	-
Add: Effect of Common Control Transaction (Refer note 1a)	-	2,493.11
Add: Additions (Refer note 39)	11.15	-
<b>Closing Balance</b>	<b>2,504.26</b>	<b>2,493.11</b>

Goodwill is tested for impairment at each reporting date. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Company Cash Generating Unit ("CGU") or groups of CGUs expected to benefit from the synergies arising from the business combinations. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying amount of a CGU, including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of CGU is higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU.

The Company has single reportable segment and as at March 31, 2019 goodwill has been allocated to the single reportable segment:

	Net carrying amount as at March 31, 2019	Net carrying amount as at March 31, 2018
Business process management	2,504.26	2,493.11
<b>Total</b>	<b>2,504.26</b>	<b>2,493.11</b>

The recoverable amount was computed based on value-in-use calculations. Value-in-use is calculated using the pre-tax discount rates.

The future cash flows are based on the medium and long-term business plans approved by the Management and reviewed by the board of directors.

The average range of key assumptions used for the calculations are as follows:

(in %)

	March 31, 2019	March 31, 2018
Growth rate	9% to 10%	10.00%
Pre-tax discount rate	16.13% to 17.00%	16.13%
Terminal growth rate	3.00%	-

Based on the above no impairment was identified as of March 31, 2019 and March 31, 2018 as the recoverable value of CGU's exceeded their carrying value. An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the recoverable amount of the CGU would fall below their respective carrying amounts.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 31 Income tax expense

### a) Tax expense

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Current tax</b>		
Current tax on profits for the year	4,404.38	3,649.83
Adjustments for current tax of prior periods	128.30	(1,683.59)
<b>Total current tax expense</b>	<b>4,532.68</b>	<b>1,966.24</b>
<b>Deferred Tax</b>		
Decrease/ (Increase) in Deferred tax assets	(272.46)	(286.55)
Mat credit (Availed)/ Utilized	2,349.71	1,661.54
<b>Total Deferred tax expense/(benefit)</b>	<b>2,077.25</b>	<b>1,374.99</b>
<b>Income tax expense</b>	<b>6,609.93</b>	<b>3,341.23</b>

### b) Reconciliation of income tax expense and the accounting profit multiplied by the Indian statutory union tax rate

	Year ended March 31, 2019	Year ended March 31, 2018
Profit before income tax expense	29,658.57	24,598.30
<b>Tax at Indian tax rate of 34.94% (2017-18 - 34.61%)</b>	<b>10,362.70</b>	<b>8,513.47</b>
Tax effects of amounts which are not deductible (taxable) in calculating taxable income		
- Dividend income	-	(30.07)
- Expenses towards corporate social responsibility disallowed	75.95	75.65
- Sec 10AA exemption	(2,288.93)	(2,475.89)
Difference in overseas tax rate for foreign operation	1,407.08	364.69
Tax credit on profit earned by foreign operation	(3,306.06)	(1,713.17)
Adjustments for current tax of prior periods	128.30	(1,683.59)
Other adjustments	230.89	290.14
<b>Income Tax expense</b>	<b>6,609.93</b>	<b>3,341.23</b>

## 32 Deferred tax liabilities & Deferred tax assets

The balance comprises temporary differences attributable to:

The components of deferred tax assets/ liabilities are follows

	March 31, 2019	March 31, 2018
Property, plant and equipment including Intangible assets	449.21	1013.15
Derivatives	634.63	210.95
<b>Total Deferred tax liabilities</b>	<b>1083.84</b>	<b>1224.10</b>
Provision for compensated absences	579.21	728.47
Provision for gratuity/ pension	846.54	704.23
Allowances for doubtful debts - trade and other receivables	26.75	28.80
Mat Credit Entitlement	-	2,343.16
Others	93.81	89.02
<b>Total Deferred Tax Assets</b>	<b>1,546.31</b>	<b>3,893.68</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>462.47</b>	<b>2,669.58</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Movement in Deferred Tax Assets/ Liabilities

	At April 1, 2018	Effect of Common Control Transaction	Balance as at the beginning of the year after Amalgamation	Credit/ (Charge) in the statement of profit and loss	Credit/ (Charge) in the other comprehensive income	Effect of Foreign currency differences	At March 31, 2019
Property, Plant & Equipment including Intangible assets	(1,013.15)	-	(1,013.15)	563.94	-	-	(449.21)
Provision for Gratuity / Pension	704.23	-	704.23	(146.72)	290.50	(1.47)	846.54
Provision for Compensated Absences	728.47	-	728.47	(149.26)	-	-	579.21
Derivatives	(210.95)	-	(210.95)	-	(423.68)	-	(634.63)
Allowance for Doubtful Debts	28.80	-	28.80	(2.05)	-	-	26.75
Mat Credit Entitlement	2,343.16	-	2,343.16	(2,343.16)	-	-	-
Others	89.02	-	89.02	-	-	4.79	93.81
<b>Total</b>	<b>2,669.58</b>	<b>-</b>	<b>2,669.58</b>	<b>(2,077.25)</b>	<b>(133.18)</b>	<b>3.32</b>	<b>462.47</b>

	At April 1, 2017	Effect of Common Control Transaction	Balance as at the beginning of the year after Amalgamation	Credit/ (Charge) in the statement of profit and loss	Credit/ (Charge) in the other comprehensive income	Effect of Foreign currency differences	At March 31, 2019
Property, Plant & Equipment	(1,126.83)	91.38	(1,035.45)	22.30	-	-	(1,013.15)
Provision for Gratuity / Pension	168.37	90.61	258.98	188.53	256.72	-	704.23
Provision for Compensated Absences	399.90	16.80	416.70	311.77	-	-	728.47
Derivatives	(673.37)	(159.94)	(833.31)	-	622.36	-	(210.95)
Allowance for Doubtful Debts	30.40	-	30.40	(1.60)	-	-	28.80
Mat Credit Entitlement	-	4,004.70	4,004.70	(1,661.54)	-	-	2,343.16
Others	62.42	-	62.42	15.20	-	11.40	89.02
Intangible Assets	249.65	-	249.65	(249.65)	-	-	-
<b>Total</b>	<b>(889.46)</b>	<b>4,043.55</b>	<b>3,154.09</b>	<b>(1,374.99)</b>	<b>879.08</b>	<b>11.40</b>	<b>2,669.58</b>

## 33 Employee benefit obligations

### (i) Leave obligations

The leave obligations cover the Company's liability for earned leaves of employees.

The amount of the provision of ₹ 2,826.54 Lakhs (As at March 31, 2018: ₹ 3,520.03 Lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leaves to make payments in lieu of accrued leaves within the next 12 months.

### (ii) Post-employment obligations

#### a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to Life Insurance Corporation of India (LIC) as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority Regulations. The Company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## b) Pension benefits

The Branch has a non-contributory and actuarially computed defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and compensation as the date of retirement, as defined in the policies of the Company.

The plan provides lump sum benefits upon retirement, death, total and permanent disability and separation from service from completion of five years of service. Under the provisions of the retirement plan, the normal retirement age is 60, but employees reaching age 50 with at least 10 years of credited service and latest salary. Effective April, 2009, employees with less than five years of service are entitled to benefits calculated based on 1.5 days for every year of credited service while for employees with at least 5 years of service are entitled to benefits calculated based on 22.5 days for every year of credited service.

Plan assets are held in trust by a trustee bank, which is governed by local regulations and practice in the Philippines.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in debt securities. The Branch believes that debt securities offer the best returns over long term with an acceptable level of risk.

## (iii) Defined contribution plans

The Company has classified various benefits provided to employees as under:

- a) Provident Fund
- b) Superannuation Fund
- c) State Defined Contribution Plans:
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employer's Contribution to Employee's Pension Scheme
- d) Other Statutory contribution schemes

Amounts recognized in the Profit and Loss pertaining to the contribution to the above contribution plans is as follows:

	Year ended March 31,2019	Year ended March 31,2018
Employers' contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	2,873.13	3,158.85
Employers' Contribution to Superannuation Fund*	4.00	4.00
Employers' Contribution to Employee's State Insurance*	1,633.31	1,776.27
Employer's Contribution to Other Employees' Benefit Scheme*	3,109.96	2,547.97
<b>Total</b>	<b>7,620.40</b>	<b>7,487.09</b>

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (iv) Defined Benefit plan

### Balance sheet amounts - Pension plan

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of Defined benefit obligations	Fair value of plan assets	Net Amount
<b>April 1, 2017</b>	<b>3,398.16</b>	<b>(728.28)</b>	<b>2,669.88</b>
Current service cost	309.97	-	309.97
Net interest cost	171.98	(35.16)	136.82
<b>Total amount recognized in profit or loss</b>	<b>481.95</b>	<b>(35.16)</b>	<b>446.79</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/ (income)	-	-	-
- Actuarial (gain)/loss arising from change in demographic assumptions	(554.04)	-	(554.04)
- Actuarial (gain)/loss arising from change in financial assumptions	(967.45)	23.01	(944.44)
- Actuarial (gain)/loss arising from experience adjustments	1,122.60	-	1,122.60
<b>Total amount recognized in other comprehensive income</b>	<b>(398.89)</b>	<b>23.01</b>	<b>( 375.88)</b>
Exchange differences (Recongnised in foreign currency translation reserve)	(122.18)	24.45	(97.73)
Payments from plan:			
Benefit payments	(92.65)	65.63	(27.02)
Settlements	-	-	-
<b>March 31, 2018</b>	<b>3,266.39</b>	<b>(650.35)</b>	<b>2,616.04</b>

	Present value of Defined benefit obligations	Fair value of plan assets	Net Amount
<b>April 1, 2018</b>	<b>3,266.39</b>	<b>(650.35)</b>	<b>2,616.04</b>
Current service cost	358.81	-	358.81
Net interest cost	274.29	(54.61)	219.68
<b>Total amount recognized in profit or loss</b>	<b>633.10</b>	<b>(54.61)</b>	<b>578.49</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest	-	-	-
- Actuarial (gain)/loss arising from change in demographic assumptions	226.42	-	226.42
- Actuarial (gain)/loss arising from change in financial assumptions	1,407.55	32.20	1,439.75
- Actuarial (gain)/loss arising from experience adjustments	841.32	-	841.32
<b>Total amount recognized in other comprehensive income</b>	<b>2,475.29</b>	<b>32.20</b>	<b>2,507.49</b>
Exchange differences (Recongnised in foreign currency translation reserve)	172.41	(35.54)	136.87
Contributions:			
- Employers	-	(27.11)	(27.11)
- Plan participants	-	-	-
Payments from plan:			
Benefit payments	(149.59)	149.59	-
Settlements	-	-	-
<b>March 31, 2019</b>	<b>6,397.60</b>	<b>(585.82)</b>	<b>5,811.78</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2019	March 31, 2018
Present value of funded obligations	6,397.60	3,266.39
Fair value of plan assets	(585.82)	(650.35)
Deficit - Pension	5,811.78	2,616.04

## Balance sheet amounts - Gratuity

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Funded	Unfunded	Present value of Defined benefit obligations	Fair value of plan assets	Net Amount
<b>April 1, 2017</b>	<b>1,406.95</b>	<b>-</b>	<b>1,406.95</b>	<b>(920.46)</b>	<b>486.49</b>
Transfers due to Merger	65.80	175.32	241.12	(46.86)	194.26
Current Service Cost	199.56	23.85	223.41	-	223.41
Past Service Cost	-	28.08	28.08	-	28.08
Interest expense/(income)	96.76	11.13	107.89	(63.55)	44.34
<b>Total Amount recognized in profit or loss</b>	<b>296.32</b>	<b>63.06</b>	<b>359.38</b>	<b>(63.55)</b>	<b>295.83</b>
Remeasurements					
- Return on plan assets, excluding amounts included in Interest expense/income	-	-	-	34.53	34.53
- Actuarial (gain)/loss arising from change in demographic assumptions	141.83	-	141.83	-	141.83
- Actuarial (gain)/loss arising from change in financial assumptions	80.73	(7.65)	73.08	-	73.08
- Actuarial (gain)/loss arising from Experience adjustments	496.51	41.97	538.48	-	538.48
<b>Total amount recognized in other comprehensive income</b>	<b>719.07</b>	<b>34.32</b>	<b>753.39</b>	<b>34.53</b>	<b>787.92</b>
Employer contributions	-	-	-	(550.21)	(550.21)
Benefit payments	(230.55)	(13.91)	(244.46)	230.55	(13.91)
<b>March 31, 2018</b>	<b>2,257.59</b>	<b>258.79</b>	<b>2,516.38</b>	<b>(1,316.00)</b>	<b>1,200.38</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Funded	Unfunded	Present value of Defined benefit obligations	Fair value of plan assets	Net Amount
<b>April 1, 2018</b>	<b>2,257.59</b>	<b>258.79</b>	<b>2,516.38</b>	<b>(1,316.00)</b>	<b>1,200.38</b>
Current Service Cost	358.77	33.41	392.18	-	392.18
Interest expense/(income)	156.45	17.93	174.38	(91.20)	83.18
<b>Total Amount recognized in profit or loss</b>	<b>515.22</b>	<b>51.34</b>	<b>566.56</b>	<b>(91.20)</b>	<b>475.36</b>
Remeasurements					
- Return on plan assets, excluding amounts	-	-	-	51.55	51.55
- Actuarial (gain)/loss arising from change in demographic assumptions	-	-	-	-	-
- Actuarial (gain)/loss arising from change in financial assumptions	39.79	4.33	44.12	-	44.12
- Actuarial (gain)/loss arising from Experience adjustments	(59.91)	39.96	(19.95)	-	(19.95)
<b>Total amount recognized in other comprehensive income</b>	<b>(20.12)</b>	<b>44.29</b>	<b>24.17</b>	<b>51.55</b>	<b>75.72</b>
Employer contributions	-	-	-	(45.01)	(45.01)
Benefit payments	(264.77)	(26.57)	(291.34)	264.77	(26.57)
<b>March 31, 2019</b>	<b>2,487.92</b>	<b>327.85</b>	<b>2,815.77</b>	<b>(1,135.89)</b>	<b>1,679.88</b>

The net liability disclosed above relates to funded plans are as follows:

	March 31, 2019	March 31, 2018
Present value of funded obligations	2,487.92	2,257.59
Fair value of plan assets	(1,135.89)	(1,316.00)
<b>Deficit Gratuity plan</b>	<b>1,352.03</b>	<b>941.59</b>

The following table shows the breakdown of the defined benefit obligation and plan assets:

	March 31, 2019			March 31, 2018		
	Gratuity	Pension	Total	Gratuity	Pension	Total
Present Value of Obligation	2,815.77	6,397.60	9,213.37	2,516.38	3,266.39	5,782.77
Fair value of plan assets	(1,135.89)	(585.82)	(1,721.71)	(1,316.00)	(650.35)	(1,966.35)
<b>Total Liability</b>	<b>1,679.88</b>	<b>5,811.78</b>	<b>7,491.66</b>	<b>1,200.38</b>	<b>2,616.04</b>	<b>3,816.42</b>

(v) **Post-Employment benefit (pension and gratuity)**

The significant actuarial assumptions were as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
Discount Rate	5.83%~6.66%	6.93% ~7.91%
Salary growth rate	3.5%~6%	3.00% ~6.00%
Rate of return on Plan assets	2.85%~6.66%	1.72% ~ 6.93%
Rate of Employee turnover (Gratuity)	For agents 80.00% p.a. and others 10.00% p.a.	For agents 80.00% p.a. and others 10.00% p.a.

Assumptions regarding mortality experience are set based on advice from published statistics.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The discount rate is primarily based on the prevailing market yields of government securities for the estimated term of the obligations. The estimates of future salary increases takes into account the inflation seniority and other relevant factors. Attrition rate considered is the Management estimate based on employee turnover. The expected return on plan assets is based on expectation of the average rate of return expected on investment of the fund.

## (vi) Sensivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

### Impact on defined benefit obligation

	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Discount Rate	1%	1%	(696.54)	(394.41)	727.73	454.94
Salary Growth rate	1%	1%	744.51	434.78	(734.83)	(383.39)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

## (vii) The major categories of plan assets are as follows

	March 31, 2019			March 31, 2018		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Pension</b>						
Debt Instruments						
- Government Bonds	-	192.06	192.06	-	297.71	297.71
- Corporate Bonds	-	334.90	334.90	-	199.66	199.66
Cash and cash equivalents	42.96	-	42.96	37.66	-	37.66
Others	-	15.88	15.88	-	115.31	115.31
<b>Gratuity</b>						
Insurance Funds (LIC Pension and Group Schemes fund)	-	1,135.89	1,135.89	55.29	1,260.74	1,316.03
<b>Total</b>	<b>42.96</b>	<b>1,678.73</b>	<b>1,721.69</b>	<b>92.95</b>	<b>1,873.42</b>	<b>1,966.37</b>

## (viii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities.
Changes in bond yields	A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Life expectancy	The pension is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Company has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets in FY 2018-19 consists of government & corporate bonds and LIC Pension. The plan asset mix is in compliance with the requirements of the respective local regulations.

## (ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2020 is ₹ 770.13 lakhs.

The weighted average duration of Gratuity plan obligation is 3 years. The weighted average duration of Pension plan obligation is 20 years. The expected maturity analysis of undiscounted pension and gratuity is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>March 31, 2019</b>					
Pension plan benefit obligation	591.96	845.55	1,852.28	5,438.05	8,727.84
Gratuity plan benefit obligation	518.78	291.19	804.91	2,950.69	4,565.57
<b>Total</b>	<b>1,110.74</b>	<b>1,136.74</b>	<b>2,657.19</b>	<b>8,388.74</b>	<b>13,293.41</b>
<b>March 31, 2018</b>					
Pension plan benefit obligation	287.10	593.63	819.24	2,156.28	3,856.25
Gratuity plan benefit obligation	495.56	274.46	725.38	2,682.56	4,177.96
<b>Total</b>	<b>782.66</b>	<b>868.09</b>	<b>1,544.62</b>	<b>4,838.84</b>	<b>8,034.21</b>

The company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans based on short term expected payouts in line with the actuary's recommendations.

## 34 Capital management

### A) Capital Structure

The Company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholder's and benefits for other stakeholder's, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder's, return capital to shareholder's, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings offset by net of cash and cash equivalents)/ Total 'equity' as shown in the balance sheet

The gearing ratios were as follows:

	As at March 31, 2019	As at March 31, 2018
Total outstanding borrowings (Refer Note 14 & 17)	17,645.42	14,157.10
Cash and cash equivalents (Refer Note 10a)	(5,554.56)	(13,351.41)
<b>Net Debt</b>	<b>12,090.86</b>	<b>805.69</b>
<b>Total Equity</b>	<b>157,576.42</b>	<b>137,239.88</b>
Net Debt to Equity ratio	7.67%	0.59%

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Loan covenants

The Company has complied with financial covenants implied as a part of external borrowing facilities throughout the reporting period.

## B) Dividends

	As at March 31, 2019	As at March 31, 2018
<b>(i) Equity shares</b>		
Final dividend for the year ended March 31, 2018 of ₹ 2.50 per fully paid equity share	520.57	519.29
Interim dividend for the year ended March 31, 2019 of ₹ 7.50 per fully paid equity share	1,562.28	1,558.57
<b>(ii) Dividends not recognized at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended payment of a final dividend of ₹ 2.50 per fully paid equity share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	520.97	520.57

## 35 Related Party Transactions and Balances

### 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
- 2 Hinduja Global Solutions Inc.
- 3 HGS Canada Inc.
- 4 C-Cubed N.V.
- 5 C-Cubed B.V.
- 6 Customer Contact Centre Inc.
- 7 Hinduja Global Solutions Europe Limited
- 8 Hinduja Global Solutions UK Limited
- 9 HGS France, S.A.R.L
- 10 HGS (USA) LLC
- 11 HGS Healthcare LLC.
- 12 Affina Company
- 13 HGS St. Lucia Limited
- 14 Team HGS Limited
- 15 HGS Properties LLC
- 16 HGS Canada Holdings LLC
- 17 HGS Italy, S.A.R.L (Liquidated effective July 31, 2017)
- 18 HGS EBOS LLC
- 19 HGS Mena FZ LLC
- 20 HGS Colibrium Inc
- 21 HGS Population Health LLC (Merged with HGS Axis Point Health LLC w.e.f. July 23, 2018)
- 22 HGS Axis Point Health LLC (Effective from April 3, 2018)
- 23 Elements Solutions LLC (Effective from April 2, 2018)
- 24 Falcon Health Solutions Puerto Rico Holding LLC (Effective from April 3, 2018)
- 25 Falcon Health Solutions Puerto Rico LLC (Effective from April 3, 2018)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## III) Key Management Personnel

Mr. Partha DeSarkar, Manager and Chief Executive Officer

### Non executive directors:

Mr. Ramkrishan P. Hinduja, Chairman

Ms. Shanu S. P. Hinduja, Co-chairperson

Ms. Vinoo S. Hinduja

Mr. Anil Harish

Mr. Rajendra P. Chitale

Mr. Rangan Mohan

Mr. Yashodhan M. Kale

Mr. Pradeep Mukerjee

## IV) Enterprises where common control exists

- 1 Hinduja Group Limited
- 2 Hinduja Ventures Limited
- 3 IndusInd Media and Communication Limited
- 4 National Health and Education Society
- 5 Hinduja Healthcare Limited
- 6 Hinduja Realty Ventures Limited
- 7 UActiv Technology Private Limited
- 8 Cyqurex Systems Private Limited
- 9 Hinduja Foundation
- 10 Trunk Digital Studios LLC
- 11 GOCL Corporation Limited (till January 16, 2019)

## V) Enterprises where Significant Influence is exercised by Directors

- 1 HBI Group Inc

## VI) Relatives of key management personnel including directors whether executive or otherwise

Mr. Pabitra DeSarkar (Father)

Rangan Mohan Associates (Firm in which Mr. Rangan Mohan is a Partner)

D M Harish & Co (Firm in which Mr. Anil Harish is a Partner)

Satya A Hinduja

## VII) The company has transactions with following entities which are not covered under the related party definition under Ind AS 24 Related Party Disclosures, however the same has been disclosed as an additional information:

- 1 Ashok Leyland Limited
- 2 IndusInd Bank Limited
- 3 Gulf Oil Lubricant India Limited
- 4 GOCL Corporation Limited (from January 17, 2019)
- 5 Gulf Oil International Limited

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Related Party transactions and balances

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

	Parties referred to in II above		Parties referred to in III and VI above		Parties referred to in IV, V and VII above	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Rendering of Services</b>						
HGS Healthcare LLC	127,923.92	112,187.96	-	-	-	-
HGS USA LLC	3,051.68	1,760.29	-	-	-	-
Hinduja Global Solutions UK Limited	89.30	104.99	-	-	-	-
Hinduja Global Solutions Europe Limited	3.28	-	-	-	-	-
HGS Canada Inc	547.23	1,246.87	-	-	-	-
Team HGS Limited	128.56	7 5.65	-	-	-	-
HGS EBOS LLC	26,976.81	16,779.87	-	-	-	-
HGS Mena FZ LLC	198.68	252.64	-	-	-	-
HGS Axis Point Health LLC	17.59	-	-	-	-	-
Elements Solutions LLC	770.46	-	-	-	-	-
HGS Colibrium Inc	234.65	-	-	-	-	-
Ashok Leyland Limited	-	-	-	-	663.25	437.83
IndusInd Bank Limited	-	-	-	-	1,152.42	666.44
National Health and Education Society	-	-	-	-	111.57	96.56
Indus Ind Media & Communications Limited	-	-	-	-	54.81	56.05
Trunk Digital Studios LLC	-	-	-	-	13.25	152.19
Cyqurex Systems Private Limited	-	-	-	-	95.06	6.58
Others	-	-	0.20	0.20	22.89	37.82
<b>Total</b>	<b>159,942.16</b>	<b>132,408.27</b>	<b>0.20</b>	<b>0.20</b>	<b>2,113.25</b>	<b>1,453.47</b>
<b>Interest Income</b>						
HGS International	294.44	-	-	-	-	-
<b>Total</b>	<b>294.44</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Rent Expense</b>						
Hinduja Group Limited	-	-	-	-	121.64	121.20
Hinduja Realty Ventures Limited	-	-	-	-	190.02	113.00
Mr. Pabitra DeSarkar	-	-	-	3.15	-	-
Satya A Hinduja	-	-	5 2.29	49.80	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>52.29</b>	<b>52.95</b>	<b>311.66</b>	<b>234.20</b>
<b>Link Connectivity Charges</b>						
Indus Ind Media & Communications Ltd	-	-	-	-	2.06	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.06</b>	<b>-</b>
<b>Corporate social responsibility (CSR)</b>						
Hinduja Foundation	-	-	-	-	-	30.00
National Health and Education Society	-	-	-	-	100.00	50.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100.00</b>	<b>80.00</b>
<b>Consultancy charges</b>						
Hinduja Group Limited	-	-	-	-	281.83	256.22
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>281.83</b>	<b>256.22</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Parties referred to in II above		Parties referred to in III and VI above		Parties referred to in IV, V and VII above	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Miscellaneous Expenses</b>						
HGS (USA) LLC	166.98	-	-	-	-	-
HBI Group, Inc.	-	-	-	-	14.02	-
Hinduja Realty Ventures Limited	-	-	-	-	0.50	-
<b>Total</b>	<b>166.98</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.52</b>	<b>-</b>
<b>Executive Remuneration*</b>						
Mr. Partha DeSarkar	-	-	774.47#	601.85	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>774.47</b>	<b>601.85</b>	<b>-</b>	<b>-</b>
<b>Advance Paid to Key Managerial Personnel</b>						
Mr. Partha DeSarkar	-	-	-	0.60	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.60</b>	<b>-</b>	<b>-</b>
<b>Expenses reimbursed to Other Companies</b>						
Hinduja Global Solutions UK Limited	132.54	23.73	-	-	-	-
Hinduja Global Solutions Inc.	-	3.05	-	-	-	-
HGS (USA), LLC	-	45.99	-	-	-	-
HGS Canada Inc.	-	2.59	-	-	-	-
<b>Total</b>	<b>132.54</b>	<b>75.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses reimbursed by Other Companies</b>						
HGS (USA), LLC	2 64.44	251.03	-	-	-	-
HGS Canada Inc.	-	126.67	-	-	-	-
Hinduja Global Solutions Inc.	36.16	99.39	-	-	-	-
HGS EBOS LLC	2.01	13.89	-	-	-	-
Team HGS Limited	54.19	4 0.51	-	-	-	-
Hinduja Global Solutions UK Limited	-	77.82	-	-	-	-
HGS Mena FZ LLC	12.69	39.11	-	-	-	-
HGS Canada Inc.	65.23	-	-	-	-	-
Others	-	-	-	-	-	3.00
<b>Total</b>	<b>434.72</b>	<b>648.42</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.00</b>
<b>Commission to Directors &amp; sitting fees paid</b>						
Commission to Directors	-	-	305.00	146.00	-	-
Sitting fees paid to Director's	-	-	89.00	71.70	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>394.00</b>	<b>217.70</b>	<b>-</b>	<b>-</b>

**Note:**

\* The above Executive remuneration excludes Gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

# Executive Remuneration includes provision for variable remuneration of ₹ 460.80 Lakhs which is yet to be approved by the Nomination & Remuneration committee of the company.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Parties referred to in II above		Parties referred to in III and VI above		Parties referred to in IV and V above	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Receivable net of payable as at the year-end</b>						
HGS Healthcare LLC	49,881.52	45,060.73	-	-	-	-
Hinduja Ventures Limited [Refer footnote 1 of Note 27(A)]	-	-	-	-	1,868.99	3,318.99
HGS (USA), LLC	991.65	514.26	-	-	-	-
HGS Canada Inc.	288.06	864.38	-	-	-	-
HGS Mena FZ LLC	571.87	339.71	-	-	-	-
HGS EBOS LLC	11,716.34	7,395.49	-	-	-	-
Hinduja Global Solutions UK Limited	-	58.44	-	-	-	-
Hinduja Global Solutions Europe Limited	0.81	-	-	-	-	-
Team HGS Limited	158.89	126.30	-	-	-	-
HGS Colibrium Inc	166.36	-	-	-	-	-
HGS Axis Point Health LLC	17.47	-	-	-	-	-
Elements Solutions LLC	456.39	-	-	-	-	-
Hinduja Hospital Limited	-	-	-	-	-	-
Ashok Leyland Limited	-	-	-	-	75.71	11.74
IndusInd Bank Limited	-	-	-	-	146.96	45.09
Trunk Digital Studios LLC	-	-	-	-	-	44.51
Others	-	-	-	-	88.73	56.09
<b>Total</b>	<b>64,249.36</b>	<b>54,359.31</b>	<b>-</b>	<b>-</b>	<b>2,180.39</b>	<b>3,476.42</b>
<b>Payable net of Receivables as at year-end</b>						
Customer Contact Centre Inc.	3,205.86	3,020.22	-	-	-	-
Hinduja Global Solutions UK Limited	55.49	-	-	-	-	-
Hinduja Group Limited	-	-	-	-	70.45	-
HBI Group Inc	-	-	-	-	14.02	-
Others	-	-	-	-	-	5.13
<b>Total</b>	<b>3,261.35</b>	<b>3,020.22</b>	<b>-</b>	<b>-</b>	<b>84.47</b>	<b>5.13</b>
<b>Loans</b>						
HGS International	27,712.52	-	-	-	-	-
<b>Total</b>	<b>27,712.52</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Security deposit</b>						
Hinduja Group Limited	-	-	-	-	4.90	-
Hinduja Realty Ventures Limited	-	-	-	-	42.00	42.00
Satya Hinduja	-	-	-	-	12.00	12.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58.90</b>	<b>54.00</b>
<b>Investments in Equity Shares at the year end</b>						
HGS International	38,880.28	38,880.28	-	-	-	-
<b>Total</b>	<b>38,880.28</b>	<b>38,880.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes:

1. There are no transactions with parties referred in I above.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 36 Fair Value Measurements

(a) Financial instruments by category

Particulars	March 31, 2019			March 31, 2018		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
Investments						
- Equity Instruments (Refer note 4)	-	-	38,880.28	-	-	38,880.28
- Treasury bills (Refer note 4)	-	-	1,453.01	-	-	1,118.17
Loans	-	-	27,712.52	-	-	-
Security deposits (Refer note 6 & note 11)	-	-	5,150.46	-	-	3,859.12
Bank deposits (Refer note 6)	-	-	104.51	-	-	510.95
Trade receivables (Refer note 9)	-	-	81,877.71	-	-	72,986.54
Cash and cash equivalents (Refer note 10a)	-	-	5,554.56	-	-	13,351.41
Bank balances other than Cash and cash equivalents (Refer note 10b)	-	-	175.10	-	-	175.00
Other receivables (Refer note 11)	-	-	940.47	-	-	496.55
Derivative financial assets (Refer note 6 & 11)	-	2,334.50	-	-	807.28	-
<b>Total Financial assets</b>	-	<b>2,334.50</b>	<b>161,848.62</b>	-	<b>807.28</b>	<b>131,378.02</b>
<b>Financial liabilities</b>						
Borrowings (Refer note 14)	-	-	17,453.53	-	-	13,823.58
Trade payables (Refer note 16)	-	-	13,761.94	-	-	12,636.79
Derivative financial liabilities (Refer note 17)	-	413.05	-	-	562.40	-
Other financial liabilities (Refer note 17)	-	-	11,793.14	-	-	10,476.78
<b>Total Financial liabilities</b>	-	<b>413.05</b>	<b>4,3008.61</b>	-	<b>562.40</b>	<b>36,937.15</b>

### (i) Fair Value Hierarchy

Financial assets and liabilities include cash and cash equivalents, trade receivables, long and short-term loans and borrowings, finance lease payables, bank overdrafts, trade payable. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements	Date of Valuation	Notes	Level 1	Level 2	Level 3	Total
Derivatives designated as hedges						
Foreign exchange forward contracts*	March 31, 2019	6 & 11	-	2,334.50	-	2,334.50
	March 31, 2018		-	807.28	-	807.28
Derivatives designated as hedges						
Foreign exchange forward contracts*	March 31, 2019	17	-	235.32	-	235.32
	March 31, 2018		-	562.40	-	562.40
Interest Rate Swap	March 31, 2019	17	-	177.73	-	177.73
	March 31, 2018		-	-	-	-

\*The fair value of derivative financial instruments is determined based on the observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

The fair value of cash and cash equivalents, trade receivables, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

## 37 Financial risk management

The Company's activities expose it to a variety of financial risks, market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments - foreign currency forward contracts to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk, excluding receivables from related parties, is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk and the impact of hedge accounting in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits for customers
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts

The Company's risk management is carried out by a finance department under direction of the Board of Directors. The company's finance department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The board provides direction for overall risk management as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and managing the liquidity.

### A) Credit risk

Credit risk arises from trade receivables, cash and cash equivalents and deposits with banks and financial institutions.

#### i) Credit risk management:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Credit risk is managed on a financial asset basis. For banks and financial institutions, only high rated banks/institutions are accepted.

Company's maximum exposure to credit risk for each class of financial asset is the carrying amount of the financial assets recognized in the statement of financial position.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default at the date of initial recognition. It considers available reasonable and supportive forward looking information. Especially the following indicators are incorporated:

- Historical trend default in case of applicable financial asset
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- Other applicable macroeconomic information such as regulatory changes

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

A default on a financial asset is when the counterparty fails to make contractual payments within agreed credit terms from the date when they fall due.

This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 81,877.71 Lakhs (As at March 31, 2018 ₹ 72,986.54 Lakhs) as at reporting date. Trade receivables are typically unsecured. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 120 days past due from agreed credit terms with customer. The Company expects that estimate of expected credit loss for impairment is not significant based on historical trend and the nature of business. The provision made as at reporting date is considered to be adequate as Management continuously assesses the requirement for provision on ongoing basis. During the year, the Company made write-offs of ₹ 117.61 Lakhs (As at March 31, 2018 ₹ 63.62 Lakhs) of trade receivables.

Exposure of credit loss on security deposits given against the rented premises is considered to be low as recovery of these deposits is supported by contractual agreement. As a internal process management performs background check of counterparty before entering into contractual agreement where credit risk assessment is carried out. As at reporting date credit risk has not increased significantly since initial recognition.

- a) The following table gives details in respect of percentage of revenues generated from top customer and top five customers.

	March 31, 2019	March 31, 2018
Revenue from top customer	24.67%	24.33%
Revenue from top five customers	57.24%	60.17%

Ageing of Receivables	March 31, 2019	March 31, 2018
With in the Credit Period	58,569.98	51,031.07
1-30 day past due	12,701.92	8,066.60
31-60 day past due	6,045.72	5,605.93
60-90 day past due	1,128.02	4,038.03
More than 90 day past due	3,432.07	4,244.91
<b>Total</b>	<b>81,877.71</b>	<b>72,986.54</b>

## Movement in excepted credit loss allowance

	March 31, 2019	March 31, 2018
Balances at beginning of the year	82.41	165.97
Movement in excepted credit loss Allowance on trade receivables calculated at life time excepted credit losses	(5.84)	(83.56)
Balances at closing of the year	76.57	82.41

## B) Liquidity risk

Prudent Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities' to meet obligation's when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. These limits vary by location to take into account the Liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet Liquidity ratios and maintaining debt financing plans.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Ageing	March 31, 2019	March 31, 2018
Expiring within one year (Cash Credits and other facilities)	22,196.49	8,676.42
<b>Total</b>	<b>22,196.49</b>	<b>8,676.42</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

## ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities - March 31, 2019	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Borrowings	2,803.51	3,464.07	10,392.20	-	16,659.77
Obligations under finance lease	191.89	214.83	578.93	-	985.65
Trade payables	13,761.94	-	-	-	13,761.94
Other financial liabilities	11,601.25	-	-	-	11,601.25
<b>Total non-derivative liabilities</b>	<b>28,358.59</b>	<b>3,678.90</b>	<b>10,971.13</b>	<b>-</b>	<b>43,008.61</b>
<b>Derivatives</b>					
Foreign exchange forward Contracts - net settled	413.05	-	-	-	413.05
<b>Total derivative liabilities</b>	<b>413.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>413.05</b>

Contractual maturities of financial liabilities - March 31, 2018	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Borrowings	13,823.58	-	-	-	13,823.58
Trade payables	12,636.79	-	-	-	12,636.79
Other financial liabilities	10,476.78	-	-	-	10,476.78
<b>Total non-derivative liabilities</b>	<b>36,937.15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,937.15</b>
<b>Derivatives</b>					
Foreign exchange forward Contracts - net settled	562.40	-	-	-	562.40
<b>Total derivative liabilities</b>	<b>562.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>562.40</b>

The average credit period of trade payables is 45 days.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## C) Market risk

### i) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD, EUR and CAD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency (INR for India and Phillipines Peso for Manila branch). The risk is measured through a forecast of highly probable foreign currency cash flows.

The company's risk management policy is to hedge upto 75% of forecasted foreign currency sales for the next 12 months. As per the risk management policy, foreign exchange forward contracts are taken to hedge upto 75% of the forecasted sales.

In accordance with its risk management policies and procedures, the Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecasted transactions. When derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure and assesses the effectiveness of the hedged item and hedging relationship based on economic relationship. The objective of the hedges is to minimise the volatility of the functional currency cash flows of highly probable forecast transactions.

### ii) Foreign currency risk exposure

The companies exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

Particulars	Currency	As at	
		March 31, 2019	March 31, 2018
<b>Financial assets</b>			
Loans	USD	27,712.52	-
Trade receivables	USD	67,547.12	59,151.27
	GBP	121.07	51.38
	SGD	2.52	2.47
	CAD	73.52	638.30
	AED	-	0.14
Bank balance in EEFC accounts	USD	1,827.35	3,670.61
	CAD	2.16	4.60
<b>Financial liabilities</b>			
Borrowings	USD	13,906.35	-
Trade payable	USD	3,776.84	3,460.86
	GBP	4.64	15.99
	CAD	4.09	2.59

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## iii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax	
	March 31, 2019	March 31, 2018
<b>USD sensitivity</b>		
INR/USD - Increase by 4% (March 31, 2018 - 4%)*	2,066.40	1,552.67
INR/USD - Decrease by 4% (March 31, 2018 - 4%)*	(2,066.40)	(1,552.67)
<b>CAD sensitivity</b>		
INR/CAD - Increase by 4% (March 31, 2018 - 4%)*	1.86	16.75
INR/CAD - Decrease by 4% (March 31, 2018 - 4%)*	(1.86)	(16.75)
<b>GBP sensitivity</b>		
INR/GBP - Increase by 8% (March 31, 2018 - 8%)*	6.06	1.85
INR/GBP - Decrease by 8% (March 31, 2018 - 8%)*	(6.06)	(1.85)

\* Holding all other variables constant

## iv) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company manages its net exposure to interest rate risk relating to borrowings by entering into interest rate swap agreements, which allows it to exchange Periodic payments based on a notional amounts and agreed upon fixed and floating interest rates.

### (a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

	March 31, 2019	March 31, 2018
Variable rate borrowings	2,803.51	14,157.10
<b>Total borrowings</b>	<b>2,803.51</b>	<b>14,157.10</b>

### (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates for floating rate borrowings.

	Impact on profit before tax	
	March 31, 2019	March 31, 2018
Interest rates - increase by 70 basis points (March 31, 2018 -70 bps)*	(59.36)	(104.47)
Interest rates - decrease by 70 basis points (March 31, 2018 -70 bps)*	59.36	104.47

\* Holding all other variables constant

## 38 Financial risk management

### Impact of hedging activities

#### (a) Disclosure of effects of hedge accounting on financial position:

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Ineffectiveness is recognized on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

**March 31, 2019**

Types of hedge and risks	Foreign Currency Notional Amount (USD Mn)	Carrying amount of hedging instrument		Maturity date	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
Foreign exchange forward contracts:							
Sell USD, buy INR	92.50	2,167.20	(163.96)	April, 2020	1:1	2,003.24	(2,003.24)
Sell USD, buy PHP	56.50	167.30	(71.36)	Dec, 2019	1:1	95.94	(95.94)
Interest Rate Swap (included in Other Current Financial Assets/ liabilities)	20.00	-	(177.73)	February, 2024		(177.73)	177.73

**March 31, 2018**

Types of hedge and risks	Foreign Currency Notional Amount (USD Mn)	Carrying amount of hedging instrument		Maturity date	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
Foreign exchange forward contracts:							
Sell USD, buy INR	93.00	798.95	(109.62)	May 2019	1:1	689.33	(689.33)
Sell USD, buy PHP (included in Other Current Financial Assets/ liabilities)	58.50	8.33	(452.78)	April 2019	1:1	(444.45)	444.45

\*The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales therefore the hedge ratio is 1:1.

- (b) Disclosure of effects of hedge accounting on financial performance

**March 31, 2019**

Type of hedge	Change in the value of hedging instrument recognized in Other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	(1,226.29)	-	2,725.13	Revenue
Interest rate risk	177.73	-	-	Finance Cost

**March 31, 2018**

Type of hedge	Change in the value of hedging instrument recognized in Other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	4,584.10	-	(5,651.70)	Revenue

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 39 Business combinations

### Summary of acquisition

Effective April 2, 2018 the Company has acquired the Digital implementation services business from Element solutions LLC ("Elements"). Details of Net assets acquired, purchase consideration and goodwill are as follows:

Details of the purchase consideration, the net assets acquired are as follows:

Purchase Consideration	Amount
Cash Paid	24.74
<b>Total Purchase Consideration</b>	<b>24.74</b>

The assets and liabilities recognized as a result of the acquisition are as follows:

Purchase Consideration	Amount
Fixed assets:	
- Tangible Assets	13.59
<b>Net identifiable assets acquired</b>	<b>13.59</b>

Calculation of goodwill	Amount
Consideration transferred	24.74
Less: Net identifiable assets acquired	13.59
<b>Goodwill</b>	<b>11.15</b>

## 40 Disclosure Under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Particulars	March 31, 2019	March 31, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	316.15	124.86
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.02	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	0.02	-
Further interest remaining due and payable for earlier years	-	-

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 41 Segment reporting

In accordance with paragraph 4 of Ind AS 108 “Operating segments”, the Company has presented segmental information only on the basis of the Consolidated financial statements (Refer Note 41 of the Consolidated financial statements).

## 42 Previous year figures have been regrouped / rearranged wherever considered necessary, to conform to current year's classification.

See accompanying notes to the financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

**Vikas Bagaria**

Partner

Membership No.060408

For and on behalf of the Board of Directors of Hinduja Global Solutions Limited

**Ramkrishan P. Hinudja**

Chairman

DIN: 00278711

**Anil Harish**

Director

DIN: 00001685

**Rajendra P. Chitale**

Director

DIN: 00015986

**Rangan Mohan**

Director

DIN: 01116821

**Partha DeSarkar**

Manager and Chief Executive Officer

**Srinivas Palakodeti**

Chief Financial Officer

**Makarand D. Dewal**

Company Secretary

Place : Mumbai

Date : May 30, 2019

Place : Mumbai

Date : May 30, 2019

# CONTACT US

## Registered Office: Mumbai

Hinduja House,  
171, Dr. Annie Besant Road, Worli,  
Mumbai 400 018  
Tel: +91-22-2496 0707  
Fax: +91-22-2497 4208

## 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

## United Kingdom:

266-270 Gunnersbury Avenue  
Chiswick, London  
UK, W4 5QB  
Tel: +0044-845 1949295

## Corporate Headquarters: Bengaluru

Corporate Office,  
1st Floor, Gold Hill Square Park,  
#690, Bommanahalli, Hosur Road,  
Bengaluru. PIN - 560068. India  
Tel: +91-80-4643 1000

## Jamaica:

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Kingston 10, Jamaica  
Tel: +1 876 9684475

## UAE:

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Dubai Internet City,  
PO Box 500165, Dubai,  
United Arab Emirates  
Tel: +971 4 2776880

## United States of America:

Corporate Headquarters  
4933 Lincoln Avenue  
Lisle, IL 60532  
Tel: +001-888-747-7911

## 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



BELLEVILLE



KENTVILLE



CHARLOTTETOWN

## INDIA



NOIDA



BANGALORE

## PHILIPPINES



MUNTINLUPA



QUEZON

## UK



PRESTON



SELKIRK

## JAMAICA



KINGSTON

## US



PEORIA



ST. LOUIS



KINGSTON



CIN: L92199MH1995PLC084610

**Registered Office:**

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

**Tel:** +91 22 2496 0707 | **Email:** investor.relations@teamhgs.com | **Web:** www.teamhgs.com

**Corporate Office:**

Hinduja Global Solutions, 1st Floor, Gold Hill Square Park, # 690, Bommanahalli,  
Hosur Road. Bangalore - 560068. Karnataka India.

**Tel:** +91 80 46431200



## HINDUJA GLOBAL SOLUTIONS LIMITED

(CIN: L92199MH1995PLC084610)

Registered Office: Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai- 400 018  
Ph. No.: 022-2496 0707, Fax: 022-2497 4208, E-mail id: investor.relations@teamhgs.com  
Website: www.teamhgs.com

# NOTICE

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the Members of **HINDUJA GLOBAL SOLUTIONS LIMITED** will be held on Saturday, September 28, 2019 at 4:00 p.m. (IST) at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended March 31, 2019 including audited Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare a final dividend of ₹ 2.50 per equity share of ₹ 10 each for the financial year ended March 31, 2019 and to confirm three interim dividends aggregating to ₹ 7.50, already paid, per equity share of ₹ 10 each for the financial year ended March 31, 2019.
3. To appoint a Director in place of Ms. Shanu S.P. Hinduja (DIN: 06512872), who retires by rotation and being eligible, offers herself for re-appointment.

By Order of the Board  
For **Hinduja Global Solutions Limited**

**Makarand D. Dewal**  
Company Secretary

Place : Mumbai  
Date : August 23, 2019

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. SUCH PROXY NEED NOT BE A MEMBER.**

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member. Proxies in order to be effective must be received by the Company at its Registered Office, duly completed and signed, not less than 48 hours before the commencement of the Meeting [i.e., on or before September 26, 2019, 4:00 p.m. (IST)]. During the period beginning 24 hours before the commencement of the Annual

General Meeting and until the conclusion of the Meeting, Members providing not less than three days' notice in writing to the Company, will be entitled to inspect the proxies lodged during the business hours of the Company.

2. The relevant details pursuant to Regulations 30 and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Item No. 3 is set out as an **Annexure** to the Notice.
3. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company a certified copy of the relevant Board Resolution together with the specimen signatures of their authorized representatives who would attend and vote on their behalf at the Meeting.

4. In accordance with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, the Company has fixed **Friday, September 20, 2019** as the cut-off date to determine the eligibility of Members to vote by electronic means or at the Annual General Meeting. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e., **Friday, September 20, 2019**, shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting.

5. **Voting through electronic means:**

- A. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by the Company's Registrar & Share Transfer Agent: Karvy Fintech Private Limited ("Karvy") on all resolutions set forth in this Notice, from a place other than the venue of the Meeting ("Remote e-voting"). Members who have cast their vote by remote e-voting may attend the meeting but shall not be entitled to cast their vote again.

The instructions for remote e-voting are as under:

- In case a Member receives an e-mail from Karvy [for members whose e-mail IDs are registered with the Company/Depository Participant(s)]:
  - (i) Launch the internet browser by typing the following URL: <https://evoting.karvy.com>.
  - (ii) Click on "Login"
  - (iii) Enter the login credentials with the password provided in the e-mail received from Karvy (i.e., User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if

you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

- (iv) If you are logging in for the first time, please enter the user ID and password provided in the e-mail of Karvy as initial password. Password change menu will appear on your screen wherein you are required to mandatorily change your password. Change the password with new password of your choice with minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email address, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.**
- (v) You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the "EVEN (E-Voting Event Number)" for Hinduja Global Solutions Limited.
- (vii) On the voting page enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option "ABSTAIN" and the shares held will not be counted under either head.
- (viii) Members holding shares under multiple folios / demat accounts shall choose the voting process separately for each of the folios / demat accounts.
- (ix) Voting has to be done for each item of this Notice separately. In case you

- do not desire to cast your vote on any specific item, it will be treated as abstained.
- (x) Cast your vote by selecting an appropriate option and click on "Submit".
  - (xi) A confirmation box will be displayed. Click "OK" to confirm else, "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
  - (xii) Corporate/ Institutional members (i.e., other than individuals, HUF, NRI etc.,) are required to send scanned certified true copy (PDF Format) of the relevant Board Resolution/ Authority letter etc., together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer through e-mail at [rupal@csrdj.com](mailto:rupal@csrdj.com) with a copy marked to [evoting@karvy.com](mailto:evoting@karvy.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "**Corporate Name\_Event No.**"
- A Member receiving physical copy of this Notice [for members whose e-mail IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :
    - a) E-Voting Event Number, User ID and Initial password is provided in the Attendance Slip.
    - b) Please follow all steps from Sl. No. (i) to Sl. No. (xii) of 'A' above, to cast vote.
  - B. In case of joint holders attending the Annual General Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
  - C. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> or contact Mr. Premkumar Nair (Unit: Hinduja Global Solutions Limited) at Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at [einward.ris@karvy.com](mailto:einward.ris@karvy.com) or via phone: 040 - 6716 2222 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
  - D. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - E. The remote e-voting period commences on **Wednesday, September 25, 2019 at 9:00 a.m. (IST) and ends on Friday, September 27, 2019 at 5.00 p.m. (IST)** During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of **Friday, September 20, 2019**, may cast their vote electronically. The remote e-voting module shall be disabled by Karvy for voting thereafter. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast their vote again.
  - F. The facility for voting through ballot paper shall be made available at the Annual General Meeting and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their voting rights at the meeting through ballot paper. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and the voting done through ballot paper at the Annual General Meeting shall be treated as invalid.
  - G. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date of September 20, 2019.
  - H. Any person who acquires shares of the Company and becomes a Member of the Company after dispatch of this Notice and holding shares as of the cut-off date of September 20, 2019 may obtain the login ID and password in the manner mentioned below:

- i. If the mobile number of the Member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399  
 Example for NSDL:  
 MYEPWD <SPACE> IN12345612345678  
 Example for CDSL:  
 MYEPWD <SPACE> 1402345612345678  
 Example for Physical:  
 MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the Member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
  - iii. Member may call Karvy's toll free number 1800-3454-001.
  - iv. Member may send an e-mail request to [evoting@karvy.com](mailto:evoting@karvy.com)
- I. Ms. Rupal D. Jhaveri, Practicing Company Secretary (Membership No.: FCS No. 5441 and C.P. No. 4225) has been appointed by the Board of Directors of the Company as the Scrutinizer to scrutinize the voting at the Meeting through Ballot Paper and the remote e-voting process in a fair and transparent manner.
  - J. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least 2 (two) witnesses, not in the employment of the Company and submit, not later than 48 hours from the conclusion of the Meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or any person authorized by him who shall counter sign the same.
  - K. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.teamhgs.com](http://www.teamhgs.com) and on the website of Karvy at <https://evoting.karvy.com> immediately after the Result is declared by the Chairman or any other person authorized by him and shall be simultaneously communicated to the National Stock Exchange of India Limited and BSE Limited, where the Equity shares of the Company are listed. The Results shall also be displayed on the Notice Board at the Registered Office and Corporate Office of the Company.
6. The Registers under the Companies Act, 2013 will be available for inspection at the Registered Office of the Company during business hours on all working days (Monday to Friday). The said Registers will also be available for inspection by the members at the Annual General Meeting.
  7. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, September 27, 2019 to Saturday, September 28, 2019** (both days inclusive) for the purpose of Twenty Fourth Annual General Meeting (AGM) and for determination of Members who would be eligible for final dividend for the FY 2018-19, if declared at the said AGM.
  8. Final Dividend for the year ended March 31, 2019, as recommended by the Board of Directors, if declared at the said Annual General Meeting, will be paid on **October 15, 2019**, to the members whose names appear in the Company's Register of Members as on **Saturday, September 28, 2019**, (in respect of shares held in physical form) and to those "deemed members" whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of the close of business hours of **Thursday, September 26, 2019** (in respect of shares held in electronic form).
  9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least 7 (seven) days before the date of the Meeting so that the information required may be made available at the Meeting.
  10. Electronic copy of the Notice of the Twenty Fourth Annual General Meeting (accompanied

by the Attendance Slip and Proxy Form) along with the Annual Report for FY 2018-19 is being sent to the members whose e-mail IDs are registered with the Company/Depository Participant(s)/ Company's Registrar and Share Transfer Agent.

11. Members may also note that the Notice of the Twenty Fourth Annual General Meeting and the Annual Report for FY 2018-19 will also be available on the Company's website [www.teamhgs.com](http://www.teamhgs.com). The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours of the Company up to and including the date of the Annual General Meeting. Even after registering for e-communication, members are entitled to receive such documents in physical form, free of cost upon making a request for the same. The members may also send requests to the Company's investors e-mail id: [investor.relations@teamhgs.com](mailto:investor.relations@teamhgs.com)
12. Members are requested to bring their Attendance Slip and copy of the Annual Report to the Meeting.
13. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agent, i.e., Karvy Fintech Private Limited ("Karvy") to facilitate better service:
  - (i) Any change in their address/mandate/bank details/ email address;
  - (ii) Particulars of their bank account, for printing on the dividend warrants/ drafts (to help prevent fraudulent encashment), in case the same have not been sent earlier; and
  - (iii) Share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
14. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective Depositories viz., NSDL and CDSL, will be printed on the dividend warrants/ drafts. Members are requested to inform their respective Depository Participants (DPs) of any change in address, bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service

(ECS), mandates, nominations, change of name, e-mail address, contact numbers, etc.

15. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as provided under Section 72 of the Companies Act, 2013 are requested to submit the details to the Company's Registrar and Share Transfer Agent.
16. SEBI has mandated submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Share Transfer Agent.
17. As per Section 205A and 205C of the Companies Act, 1956, as replaced by Section 124 and 125 of the Companies Act, 2013 and other applicable provisions, unclaimed/unpaid dividend for the year 2010-11, remaining as such for a period of 7 (seven) consecutive 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 September 26, 2018. Also shares in respect of such unclaimed dividend were transferred to IEPF on October 05, 2018. No claim shall lie against the Company for the shares and dividend so transferred to IEPF.
18. Pursuant to the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on September 29, 2018, (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)).

Members, who have not encashed the dividend warrants/ drafts for the financial years 2011-12 and onwards, are requested to submit their claims forthwith to the Company's Registrar and Share Transfer Agent i.e., Karvy Fintech Pvt. Ltd. for encashment of the same. Members' attention is particularly drawn to the 'Corporate Governance' section of the Annual Report in respect of unclaimed dividend.

Dividend for the year 2011-12 remaining unclaimed for a period of 7 (seven) consecutive years from the date of transfer to the Unpaid Dividend Account of the Company for that year, will be transferred in the second week of September, 2019 to IEPF. Also shares in respect of such unclaimed dividend will be transferred to IEPF. Members are requested to claim the same before the transfer.

19. As per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 effective April 01, 2019, except in case of transmission or transposition of shares, requests for effecting transfer of shares in physical form shall not be processed unless the shares are held in the dematerialized form with depositories. Therefore, shareholders are requested to take

prompt action for dematerialization of equity shares of the Company, communication in this regard has been sent to the shareholders by the Company's R & T Agent.

20. Members holding shares in physical form may approach any Depository Participants (DPs) or any other DP to open Demat Account and avail the payment of dividend electronically so as to reduce possibility of losing or misplacing the Dividend warrants/ drafts.
21. Members are requested to quote their Folio numbers/ DP ID and Client ID numbers in all correspondence with the Company and the Company's Registrar and Share Transfer Agent.
22. The route map showing directions to reach the venue of the Twenty-Fourth Annual General Meeting is annexed.

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## Annexure to the Notice

### Item no. 3:

Details relating to Director seeking re-appointment, furnished pursuant to Regulation 30 and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Ms. Shanu S.P. Hinduja**

Ms. Shanu Srichand Parmanand Hinduja has distinguished herself as a global business leader. Encouraged by her father, Mr. Srichand Parmanand Hinduja, she has become one of only a handful of female leadership figures in the Swiss banking sector. She has also become, as her father raised her to be, an internationally recognised advocate for social justice.

Being the strong female leader that she is, Shanu shines a benevolent light on HGS, encouraging the company's vision of global equality. SP appreciates that this has been achieved by her and feels proud to be represented by Shanu.

Born and raised in her beloved Mumbai, Ms. Shanu S.P.'s global endeavours and experiences have always led her back home to India. Her father, the guiding light in all her activities, taught her the motto by which she lives her life: "My duty is to work, so that I can give." As an international business

leader, she has harnessed the financial might of the companies she leads to empower the least fortunate, particularly in India. Her father's motto guides her conscience and provokes her to work in this way.

Ms. Shanu S.P. sat for O and A Level exams in London, specialising in Politics and Economics. She received an undergraduate degree in finance and accounting, before beginning her career at Merrill Lynch, Morgan Stanley and Nomura, working in portfolio and asset management. Ms. Shanu S.P. learnt her banking skills under the guidance of her father. Ms. Shanu S.P. later returned to studying, undertaking the Global Leadership Programme at the INSEAD Business School in France. This taught her the leadership skills she needed to fulfil her father's desire to represent him. She was also the first student to graduate in Luxury Lifestyle from INSEAD. Her father encouraged her to use her luxury lifestyle skills to enable her to work closely with Prince Albert II of Monaco on environmentally friendly causes, and to create products for Prince Albert II's Foundation as well.

In 2019, Ms. Shanu S.P. was appointed Professor of Leadership at the University of Bolton's Institute of

Management, in recognition of her roles in business, finance and advocacy. Her father selected her to represent him by taking on the role of Co-Chair and Director of Hinduja Global Solutions Ltd. He was delighted that the Board was happy for him to be represented by his daughter. Mr. SP Hinduja's dream of seeing his eldest daughter chairing his bank was also realised, as Ms. Shanu S.P. moved from the position of board member to Vice Chair to her position today as Chair of Hinduja Bank (Switzerland). Her father now enjoys his dream through Ms. Shanu S.P.

Inspired by SP Hinduja's empowerment of women throughout his working career, Ms. Shanu S.P. has positioned the Bank as a champion of gender equality in the financial world. She has accomplished her father's promise of equality for women within the bank. Her father's entrepreneurialism and concern for the underprivileged is reflected in Shanu's support for the development of young entrepreneurs in India and worldwide. She has led the Bank's continuing expansion across the world's vibrant growth markets on behalf of its clients, including Dubai through its subsidiary Hinduja Bank Middle East.

Ms. Shanu S.P. carries on a strong industrial and philanthropic legacy, stretching back to her grandfather, Parmanand Deepchand Hinduja. Her father believes in her skills and this helps her to combine her heritage with a global outlook and extensive financial experience. She works closely with her son Karam Shanu Srichand Hinduja and daughter Lavanya Shanu Srichand Hinduja, who have followed their grandfather, SP into the world of business and entrepreneurship. Karam is the Founder and CEO of Timeless Media. Timeless is a diversified media company built with the vision of fostering greater consciousness, empathy and inspiration, and offering people a more connected world.

Her sister Vinoo leads the family's efforts in healthcare, including the P.D. Hinduja National Hospital in Mumbai. She is also the Chair of Hinduja Swiss Holdings. The sisters work alongside each other to bring strength to the representation of their father worldwide. The family unit works as a team to honour Mr. SP Hinduja.

A leading advocate for gender equality and the evolving role of women in the global economy, Ms. Shanu S.P. is a respected voice on socioeconomic issues. She is a prolific writer, commentator and speaker on current affairs. In 2018, she was selected by Forbes Monaco for a landmark cover feature to mark the publication's launch issue, reflecting her role as a global ambassador. She has been published and quoted in the media extensively, from the Sunday Times, City AM and Forbes to Gulf News, finews and the Indian media.

In addition to women's empowerment, her work has explored subjects ranging from technology, the world of work and education to Brexit and globalisation. Her close relationship with her father helped with this aspect of her life. His teachings taught her how to live as a single mother with two children.

Ms. Shanu S.P. has been quoted as saying that she was lucky that her mother, Madhu Hinduja's conviction towards compassion has been a huge touchstone in her life, inspiring her that women can change the world. She has been an early advocate of impact investing, adopting new and innovative approaches to addressing the world's most pressing challenges. She has supported cutting-edge financial technology to empower the world's unbanked, as well as channelling investment to less developed economies.

Alongside and encouraged by Mr. S.P. Hinduja, Ms. Shanu S.P. supports the Duke of Edinburgh Award. She was chosen to co-chair the United Nations Global Accelerator – a programme designed to foster entrepreneurial ideas to tackle today's economic challenges. Shanu has endeavoured and taken her father's work in complementary medicine such as Ayurveda to great heights with Columbia University. This work has been carried out under the name of her late brother Dharam S.P. Hinduja. His fondness for India and its qualities led SP to create the research into scriptures and promote India abroad.

Under Mr. SP's inspiration, as the founding member of the environment-focused Prince Albert II of Monaco Foundation, Ms. Shanu S.P. now represents him in this capacity also. Ms. Shanu S.P. has notably addressed the leaders of more

than 130 countries at the UN General Assembly. She continues to cultivate, develop and respect her father's dream both in business and in her philanthropic endeavours.

Age: 55 years.

Directorships in other Companies (excluding foreign companies): Nil

Membership of Board Committees: Hinduja Global Solutions Limited, Member – Nomination and Remuneration Committee, Member- Stakeholders Relationship and Share Allotment Committee.

She was appointed as a Director of Hinduja Global Solutions Limited on March 4, 2013, designated as Co-Chairperson. She holds 955 Equity Shares of the Company. She is a Non-Executive Non –

Independent Director of the Company, belongs to the promoter group and is related to Mr. Ramkrishan P. Hinduja, Chairman of the Board and to Ms. Vinoo S. Hinduja, Director of the Company, in terms of Section 2 (77) of the Companies Act, 2013. She is not related to any other Directors, Manager or any Key Managerial Personnel of the Company.

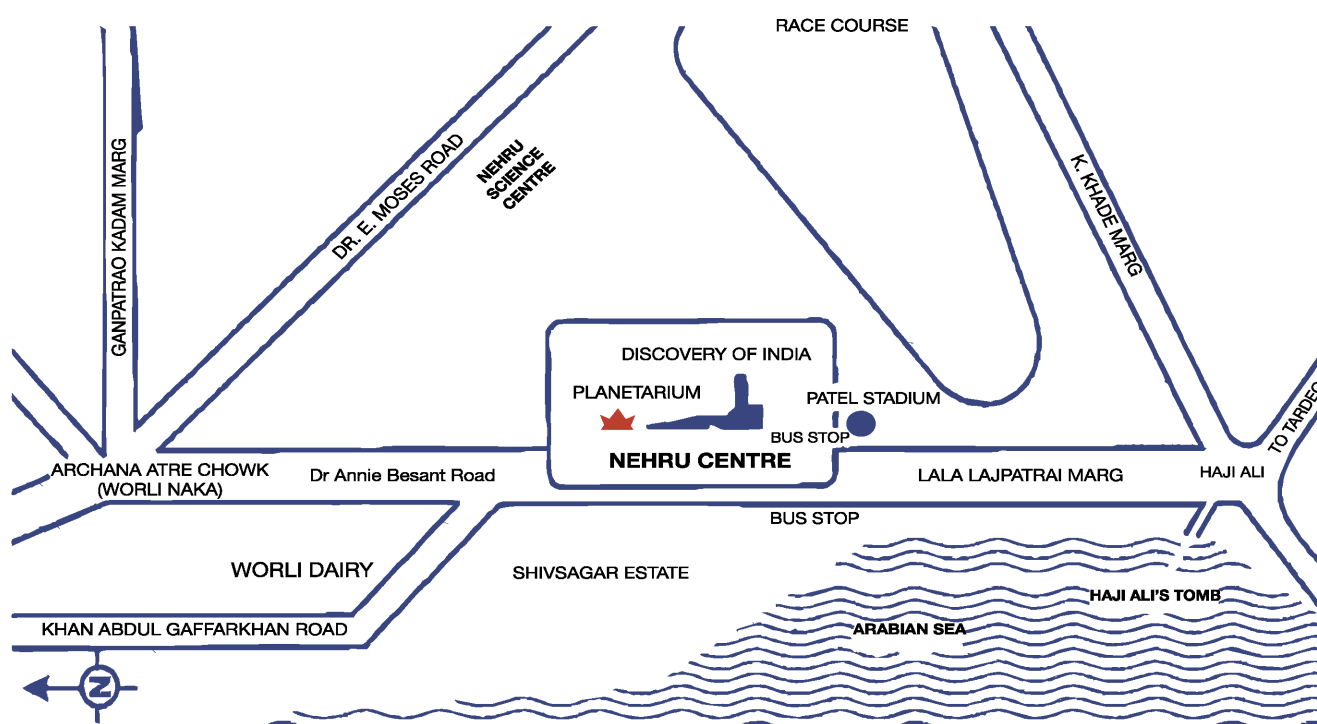
By Order of the Board  
For **Hinduja Global Solutions Limited**

**Makarand D. Dewal**  
Company Secretary

Place : Mumbai

Date : August 23, 2019

## ROUTE MAP FOR ANNUAL GENERAL MEETING HALL – HALL OF CULTURE, NEHRU CENTRE



### Route Map of Nehru Centre

Prominent Landmark: Near Atria Mall and Next to Nehru Planetarium



HINDUJA GLOBAL SOLUTIONS

## HINDUJA GLOBAL SOLUTIONS LIMITED

(CIN: L92199MH1995PLC084610)

Registered Office: Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai- 400 018  
Ph. No.: 022-2496 0707, Fax: 022-2497 4208, E-mail id: investor.relations@teamhgs.com  
Website: www.teamhgs.com

### Twenty Fourth Annual General Meeting

Form No. MGT - 11

### PROXY FORM

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

Name of the Member(s): \_\_\_\_\_

Registered Address: \_\_\_\_\_

Email-ID: \_\_\_\_\_

Folio/ DP ID - Client ID No.: \_\_\_\_\_

I/We, being the Member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email-ID: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/ her;

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email-ID: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/ her;

3. Name: \_\_\_\_\_

Address: \_\_\_\_\_

Email-ID: \_\_\_\_\_

Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty Fourth Annual General Meeting of the Company, to be held on Saturday, September 28, 2019 at 4.00 p.m. (IST) at the Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai- 400 018 and at any adjournment thereof in respect of such resolutions as are indicated overleaf:

Please see overleaf

Sr. No.	Resolutions
<b>Ordinary Business</b>	
1.	<b>Ordinary Resolution:</b> To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended March 31, 2019 including audited Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2.	<b>Ordinary Resolution:</b> To declare a final dividend of ₹ 2.50 per equity share of ₹10 each for the financial year ended March 31, 2019 and to confirm three interim dividends aggregating to ₹ 7.50, already paid, per equity share of ₹10 each for the financial year ended March 31, 2019.
3.	<b>Ordinary Resolution:</b> To appoint a Director in place of Ms. Shanu S.P. Hinduja (DIN: 06512872), who retires by rotation and being eligible, offers herself for re-appointment.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder \_\_\_\_\_

Affix  
Revenue  
Stamp

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. A Proxy need not be a member of the Company.