

October 09, 2017

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 (E)
Mumbai - 400 051.
Symbol : HGS

Dear Sirs,

Sub: Twenty Second Annual General Meeting (AGM) of the Members of the Company held on September 28, 2017 - Submission of Annual Report 2016-17 of the Company pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Twenty Second Annual General Meeting (AGM) of the Members of the Company was held on September 28, 2017 and the business mentioned in the Notice dated August 24, 2017 was transacted at the AGM.

The Ordinary Resolution relating to adoption of Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended March 31, 2017, and the Report of the Directors and Auditors thereon was passed by the Members with requisite majority.

Accordingly, we are enclosing herewith Annual Report 2016-17 of the Company pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records.

Thanking you,

Yours faithfully,
For Hinduja Global Solutions Limited



Makarand Dewal
Company Secretary
(S)

Encl : a/a.

HINDUJA GLOBAL SOLUTIONS LIMITED

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

Corporate Office: Gold Hill Square Software Park, No. 690, 1st Floor, Hosur Road, Bommanahalli, Bengaluru - 560 068, India. Telephone: 91-80-4643 1000 / 91-80-4643 1222, Website: www.teamhgs.com

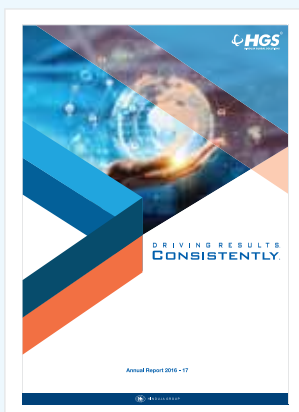
Corporate Identity Number: L92199MH1995PLC084610





DRIVING RESULTS.
CONSISTENTLY.

Annual Report 2016-17



DRIVING RESULTS. CONSISTENTLY.

The theme for this year's annual report - **Driving Results. Consistently.** - encapsulates the culture at HGS in just three words... that of a forward-thinking, client-centric and result-oriented company, consistently excelling in whatever we do. For us at HGS, Driving Results. Consistently. is not just a brandline... it is in fact an everyday behaviour that is demonstrated in every transaction and engagement we have with all our stakeholders – be it clients, colleagues, partners, investors or other external parties.

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SHRI PARMANAND DEEPCHAND HINDUJA

FOUNDER - HINDUJA GROUP

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

WORK TO GIVE

ACT LOCAL, THINK GLOBAL

ADVANCE FEARLESSLY

WORD IS A BOND

PARTNERSHIP FOR GROWTH

OUR VISION

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

OUR MISSION

To make our clients more competitive

OUR VALUES

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



Global Mindset

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



Quality

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



Sustained Growth

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



Pride in Execution

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



Integrity

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



Customer Focus

Our customer is at the centre of what we do.



Empowerment

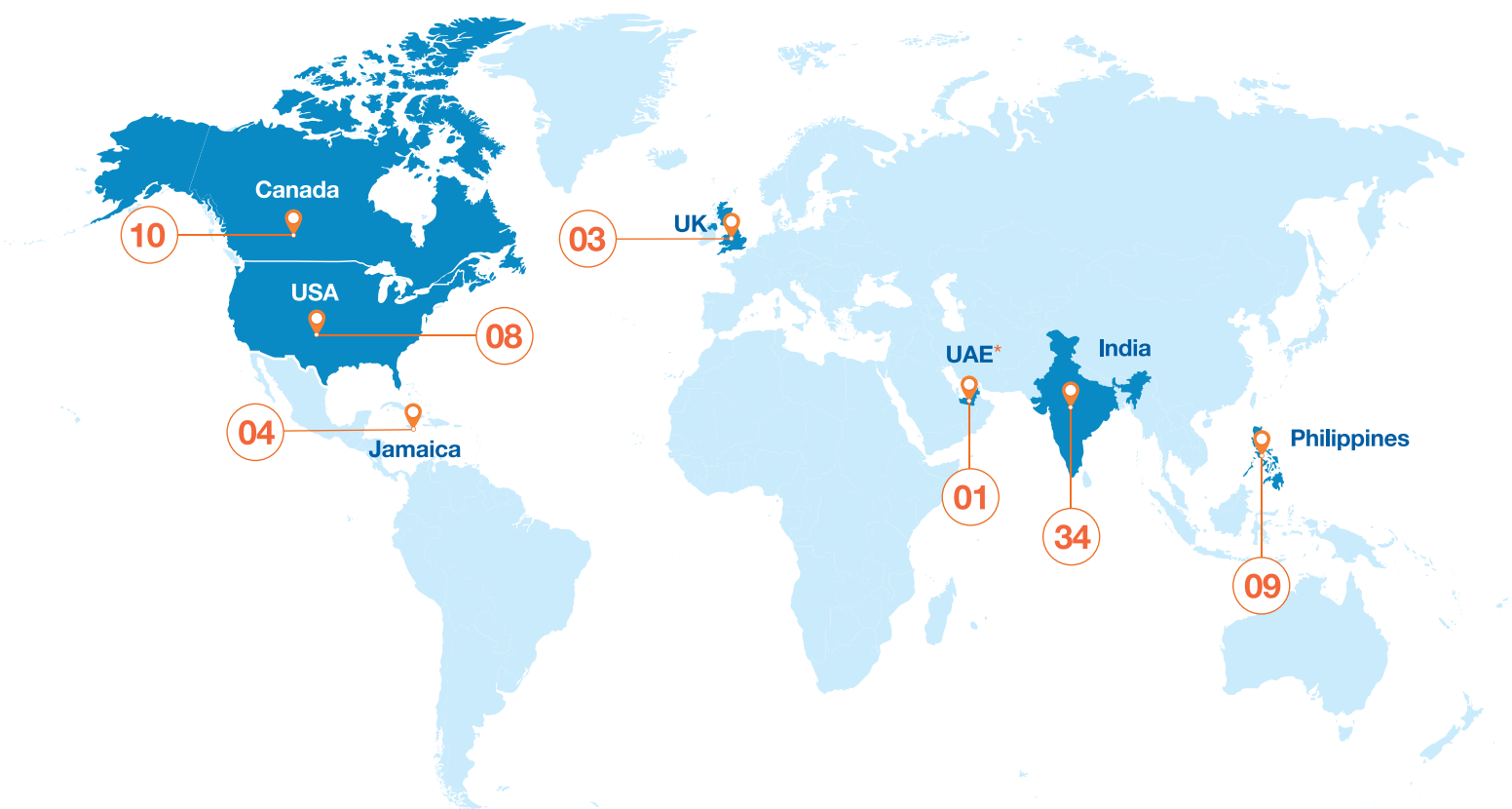
We encourage employees to take ownership of their actions, be proud of their achievements and celebrate successes.

HGS AT A GLANCE

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

Delivery locations

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



40+
Years

68
Delivery
Centers

07
Countries

\$555M
In Revenue

44,237
Employees

37
Languages

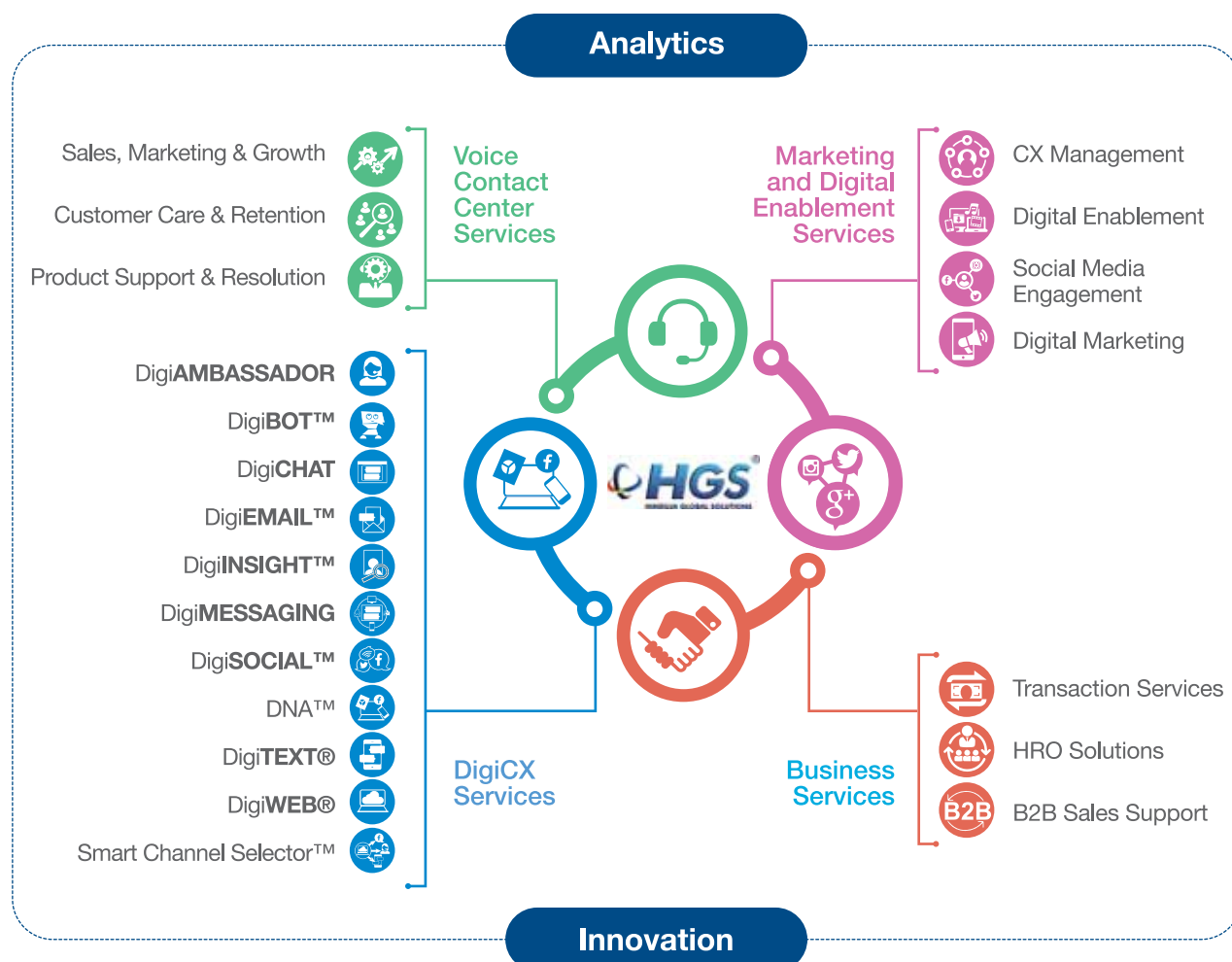
* UAE – Marketing Office

HGS AT A GLANCE

92% of all HGS day to day activities relate to consumer interactions

Healthcare	Financial Services & Insurance	Telecommunications	Consumer Products
<p>~60 Million transactions, 10 Million calls, 2.7 Million emails per annum</p> <p>Annual claim payout of \$20 billion USD and \$1.3 billion USD recoveries initiated for 4 of the Top 10 healthcare payers and several large hospitals/health systems in the US</p>	<p>Supporting all aspects of consumer financial transactions</p> <p>Only credit card issuer to win the J.D. Power Award for customer experience 8 consecutive years, driven by HGS's best in class NPS customer service</p>	<p>Providing extensive consumer life-cycle support for land lines, wireless, satellite, IPTV, hi-speed internet – from supporting the consumer from the point of purchase to end of service</p> <p>Recognized for "Best mid-sized call center worldwide"</p> <p>NelsonHall NEAT Industry leader</p>	<p>National technical support organization for industry leading tablets and smartphones</p> <p>Supporting many consumer electronics manufacturers and distributors from purchase to post-warranty servicing</p> <p>Multi-channel service over telephone, white-mail, email, and social media for over 3000 consumer branded products across 8 European countries</p>

Our Core Expertise



BOARD OF DIRECTORS

Hinduja Global Solutions Limited



Mr. Ramkrishnan 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



Mr. Rangan Mohan
Independent Director



Mr. Yashodhan Madhusudan Kale
Non-Executive Director



Mr. Pradeep Mukerjee
Independent Director

CHAIRMAN'S MESSAGE

Dear Shareholders,

Reviewing FY2017, we are at an important phase of your Company's evolution and it is an exciting time in the journey at Hinduja Global Solutions. About 16 years ago, our Group Chairman S.P. Hinduja conceptualized the idea of this Company and gave us the opportunity and the guidance to build it. It has been just over a decade since Partha DeSarkar took on his role as the leader of this growing organization and has proven himself to be an able leader.

Your Company continues to receive numerous accolades from industry analysts that demonstrate the success of its continued focus on business excellence. While we appreciate such recognition, we must also contextualize such success with the fact that HGS faced some significant challenges in FY2016. Your Company has not only achieved an impressive turnaround from the earnings setback of FY2016, but it has set a new record for its EPS at ₹86.58/share, a strong 77% increase for the year.

On behalf of the Board of Directors, I wish to place on record a recognition and an appreciation of the individual and collective efforts of Team HGS for dedicating their abilities to HGS, enabling it to

successfully sail through adverse conditions and contributing to its resilience.

The journey ahead, like all adventures, comes with its own set of challenges and rewards. The opportunity before us is to not limit ourselves with what has been done or even what HGS expects to do; but now, more so than ever before, to reach beyond into what the future allows us to do. The capacity that HGS has created for itself today, provides us with the prospects to recognize the exponential shifts taking place in the market place, with a realistic implementation capability, using path-breaking technologies, innovation in processes and reinvention of how value is created and shared. I truly believe that the limits are only within our own imagination.

Team HGS is, at this point in the midst of delivering on the future plan, focused on meeting the performance metrics that directly impact achievement of their financial goals to hopefully set new records. What I believe to be even more exciting is that HGS has created the opportunity to transform its clients to become more competitive with its ROC (Right Source, One HGS and Cross Sell) Strategy. This ability is enhanced by the Innovation Network that HGS has created internally to foster the exchange of ideas and

“The capacity that HGS has created for itself today, provides us with the prospects to recognize the exponential shifts taking place in the market place, with a realistic implementation capability, using path-breaking technologies, innovation in processes and reinvention of how value is created and shared. I truly believe that the limits are only within our own imagination.”

capabilities globally into what the future will look like for HGS and for its clients. These ideas have been allowed to mushroom across the enterprise with annual commitments to meaningful investments with accountability for results in the true spirit of intra-preneurship. Some of initiatives that HGS has invested in are: (1) *Automation* that improves agent productivity, (2) *Digital components* for multi-channel delivery capability and (3) *Analytics* to convert information into meaningful decision making tools. I believe that these efforts will continue to bear fruit for HGS and all of its constituents.

Your Company continues to have a global business portfolio strategy that emphasizes diversification in terms of clients, geographies of origination and delivery, as well as mitigation of the related currency risk exposures. A consistently higher proportion of your Company's business portfolio continues to be driven by '*growth through transformational solutions*' for its larger and willing clients.

Your Company through its Board and Team HGS has another set of major accomplishments that deserve recognition. These are your Company's CSR and community initiatives. With an aim to fulfill the words of our founder, 'WORK TO GIVE', and in the vision of our Group Chairman S.P. Hinduja, your Company has set a goal to touch and improve the lives of people in cities where we operate around the world with the involvement of as many members of Team HGS as practically possible. These efforts have proven to be gratifying and meaningfully impactful to both the recipients and the providers. For example, in India, our programs in education, healthcare and skill development are benefitting over 150 thousand people directly.

The backing and the wisdom of the Board of Directors, who have provided Team HGS with effective oversight and critical inputs in making strategic and tactical decisions, has been a major contributor to the team's success. I would firstly like to express my special gratitude to our Independent Directors as well as Shanu S. P. Hinduja, our Co-Chairperson, and Vinoo S. Hinduja. On behalf of the Board, I wish to especially express our sincere appreciation for the indispensable guidance that Vinoo S. Hinduja has provided through the years as a Director with her deep insights in the field of



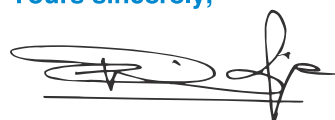
healthcare and as our subject matter expert on the Board for our single largest vertical. Lastly, but in no way the least, I would like to also place on record the constructive and positive contributions made in the last year by our newly appointed directors.

As a member of the Hinduja Group, HGS has the capacity to compete with larger competitors by leveraging the Group's resources, relationships and know-how. HGS is fortunate to have the invaluable guidance and vision of the Hinduja Group Chairman S. P. Hinduja, your Chairman-Emeritus, A. P. Hinduja and the other members of the Hinduja Group and the Family and whose unequivocal support has allowed your Company to prosper.

The remarkable turnaround this year at HGS could not have been possible without the outstanding leadership of the CEO and his management team. This success involved the hard work and dedication of each and every one of the over 44,000 team members in 68 locations across seven countries serving nearly 800 clients globally spread across Business Process Management, Digital Solutions and Payroll Processing. On behalf of your Company, I would like to express my thanks to all of them.

I look forward to bringing another message of your Company's continued strong performance in the coming years and wish to express my special appreciation to all our shareholders, lenders, clients and suppliers for placing their trust in us.

Yours sincerely,



Ramkrishnan P. Hinduja
Chairman

August 24, 2017

CEO'S MESSAGE

“We are investing in building capabilities in solutions and people, and identifying opportunities of growth for both the client and us. HGS' financial results in FY2017 demonstrate that this strategy has put us on the winning track.”

Partha DeSarkar

Global Chief Executive Officer



Dear Shareholders,

FY 2017 has been a period of change in politics, economy, technology and business globally. We have seen elections in big economies, rise of political populism, Brexit and Rupee demonetisation. On the economic front, World Bank sees a fragile recovery... global GDP grew by 2.4% in 2016 and is projected to sustain the momentum this year with a growth of 2.7%.

Simultaneously, technology is helping create a multi-directional world where consumers play a bigger role than ever before. Countries and businesses are realizing the impact that digitization can have on growth, innovation and jobs – said to represent \$19 trillion* in potential economic value over the next decade. The profile of consumers is constantly evolving too... resulting in businesses focusing now on sub-segments such as Millennials, Baby Boomers and children aged between 3-11 aka the Consumers in Training.

Notwithstanding the ongoing transformation, HGS' mission remains constant... to make our clients more competitive. Our role is to help them deal with a changing world and create value in their business through innovative outsourcing solutions. We are doing this by aligning to clients' business – which is

where our domain expertise comes into play. We are investing in building capabilities in solutions and people, and identifying opportunities of growth for both the client and us.

HGS' financial results in FY 2017 demonstrate that this strategy has put us on the winning track. I am happy to report that we recorded a double-digit revenue growth of 11.5% for the year at ₹37,110 million. The strong performance was led by volume growth from our top 10 clients, the new logos that we won in verticals like Healthcare and Consumer products, and improvement in seat utilisation.

Our focus is to consistently grow profitable revenues, free cash flow and return ratios, and the results are showing. EBITDA in FY 2017 was ₹4,424 million while PAT stood at ₹1,792 million. We improved EBITDA margins by 250bps in FY2017, led by a YoY EBITDA growth of 41% and a net profit growth of 77%.

HGS' Board has recommended a final dividend of ₹ 2.50 per share for Q4, bringing the total dividend to ₹10 per share for FY 2017.

Business Updates

Our biggest vertical - Healthcare continues to grow at a healthy rate and we do not see any major hiccups to growth in the coming year as well. HGS is

CEO'S MESSAGE

investing heavily in strengthening our client-facing organization, thus helping build a stronger pipeline across existing and new verticals. We signed 15 new logos in FY 2017, who accounted for 2.7% of overall revenue. As of March 31, 2017, the total number of active clients was 183 BPM clients and 614 payroll processing & HRO clients.

We continue to organically expand operations to meet client demand and set up seven new centers: two in Jamaica, one in Philippines and four in India (one each in Chennai and Raipur, and two in Bangalore). We closed four small centers in Germany, Italy, France and the Netherlands in August, 2016, after a client exit. As of March 31, 2017, HGS had 68 global delivery centers across seven countries.

Building the Innovation edge

SMAC (Social, Mobility, Analytics and Cloud) technology has evolved into a connected world today, where trends like Internet of Things, Big Data Analytics, Automation & AI, Machine Learning etc are driving transformation. They have diminished the line between the physical and the digital, thus creating an everything-on-demand scenario and enhanced customer experiences. Businesses who can leverage these technology trends faster and better will be the leaders of the future-ready game.

In FY 2016, HGS launched three big solution areas – HGS RPA (Robotic Process Automation), DigiCX and Analytics. In FY 2017, we made impressive progress across all three.

- Fast emerging as a key lever to create transformation in a BPM set up, RPA adoption is growing at a CAGR of over 100% and is expected to help BPM penetrate into the 'core heart of the business processes'. HGS has set up an Automation Center of Excellence (CoE), which is now supporting several client engagements in Healthcare and Financial Services. The CoE is helping provide value addition to clients through RPA, AI and Analytics to drive cost take out and higher customer experience transformation. The work typically involves automating large processes such as claims and contract transactions, data verification etc., which are routine, through bots and virtual agents, etc.

- Under the DigiCX suite of solutions, HGS launched nine new service offerings such as – DigiWEB, DigiSOCIAL, DigiINSIGHT, DigiBOT, DigiAMBASSADOR, and The Automated Enterprise. In FY 2017, DigiCX was recognized by Frost & Sullivan in the category of new product innovation.

- With so much of data available, clients now want help to mine it to get actionable insights. HGS is now offering speech, text, predictive and prescriptive analytics to clients.

Looking ahead, we are focused on enhancing our portfolio further by investing in technology, services and skilling of people. The traction for these three solution areas, and use of automation and analytics internally within HGS – is expected to add non-linearity to our revenues.

The People Connect

As of March 31, 2017, the overall employee headcount stood at 44,237, a net addition of 4,403 people during the year. HGS is committed to upskilling employees constantly to keep up with new technology and business trends. We have designed customized development programs across employee bands and roles, which are currently being rolled out. During FY 2017, we conducted the Employee Satisfaction (ESAT) Survey – Voice of the People and received an overwhelming 88% response rate. The overall employee experience (EX) went up by 18 points from 41.1 in 2015 to 58.9 in 2016, which is a very positive trend when compared to the industry.

Our Diversity ratio is on the rise. In India, women employees accounted for 37.3% of our workforce in FY 2017, up from 34.1% in the previous year. Initiatives like Agrima (leadership development training for women below manager level), transport, flexi-work policies and childcare arrangement have helped drive the growth. Since inception in 2013, over 1,300 women employees – including 420+ in FY 2017 – have graduated from the Agrima program in India and 113 of them have taken up expanded roles till date.

CEO'S MESSAGE

Work and Give to Society

Corporate Social Responsibility (CSR) aims at mutual development of the organization and the community. HGS focuses on four areas – education, healthcare, skill development of underserved youth and empowering Persons with Disabilities (PwDs) - that we believe will impact India's future growth and prosperity. In FY 2017, HGS spent Rs. 3 crore on CSR programs across India.

We have partnered with several renowned NGOs with different work areas in the past few years, who share a similar vision to achieve a positive impact on society holistically. Over 1.2 lakh people will benefit from these programs.

HGS is working with Magic Bus to engage over 5,000 children in sports-based development programs and bring a positive change in behaviour related to health, gender and education. We are also taking active steps in addressing malnutrition by providing nutritious meals every day through our NGO partner The Akshaya Patra Foundation. These mid-day meals help children concentrate better on studies, decrease the rate of school drop outs and increase school enrolment.

With the legacy of operating in a people-centric industry, skill development is a key focus area for HGS. Apart from engaging school children, our tie-up with Magic Bus aims to improve employability of over 1,800 youth across Mysuru, Guntur and Siliguri through skill development centers and vocational courses. HGS has also partnered with NASSCOM Foundation to empower PwDs by setting up a resource center in Noida to train 100 youth and help them earn a livelihood. This program will also aid in sensitizing and training potential recruiter companies to hire and manage PwD candidates.

In healthcare, we are striving to provide superior healthcare services to local communities. Along with Hinduja Hospital, run by the National Health & Education Society, HGS is helping provide holistic tuberculosis (TB) care to the underprivileged by rapidly diagnosing drug resistant TB patients and offer treatment accordingly. We are also operating an

Advanced Mobile Health Unit (AMHU) to provide affordable healthcare for tribal population in Maharashtra. A recent initiative is a tie-up with Jaldhaara Foundation to provide access to safe and clean drinking water to underserved communities in Bengaluru. HGS has set up three WaterHealth centers in the city, expected to provide safe drinking water to about one lakh people.

CSR can help shape a brighter future for society if employees and organizations are equally enthusiastic. HGS has been driving strategically planned CSR programs across our centers, which engage employees in different activities for pre-decided work hours. Although voluntary, we have seen a huge number of employees participate in these programs.

Driving Results. Consistently.

The theme for this year's annual report – Driving Results. Consistently. – encapsulates the culture at HGS in just three words. Our employees demonstrate a client-centric and result-oriented behaviour in each transaction. Our clients tell us every day that HGS delivers performances that help them exceed goals – both in improving revenue and enhancing customer satisfaction. We take pride in this feedback because happy clients help make us a better company.

HGS is focused on pushing the boundaries further to make a more meaningful impact on every stakeholder it engages with. For we believe, our passion for Driving Results. Consistently. is what makes us who we are.

Thank you for your continued confidence in HGS.

Yours sincerely,



Partha DeSarkar
Global Chief Executive Officer

August 24, 2017

MANAGEMENT TEAM



Partha DeSarkar
Global CEO Chairman,
Global Advisory Committee



Srinivas Palakodeti
Global CFO



Adam Foster
CEO, HGS Europe



Pushkar Mishra
CEO & President, HGS Philippines



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



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



Ramesh Gopalan
President, Healthcare Business
and Head of India Business



Sridhar Krishnamurthy
CEO, HGS MENA



Anthony Joseph
President, Global Human Resources



Chris Lord
Global Head - DigiCX;
Growth Strategy and Marketing



Neil Rae
President - Sales & Client Services,
North America



Smita Gaikwad
Sr. Vice President, Global
Corporate Communications & CSR



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



Subramanya C
Global Chief Technology Officer

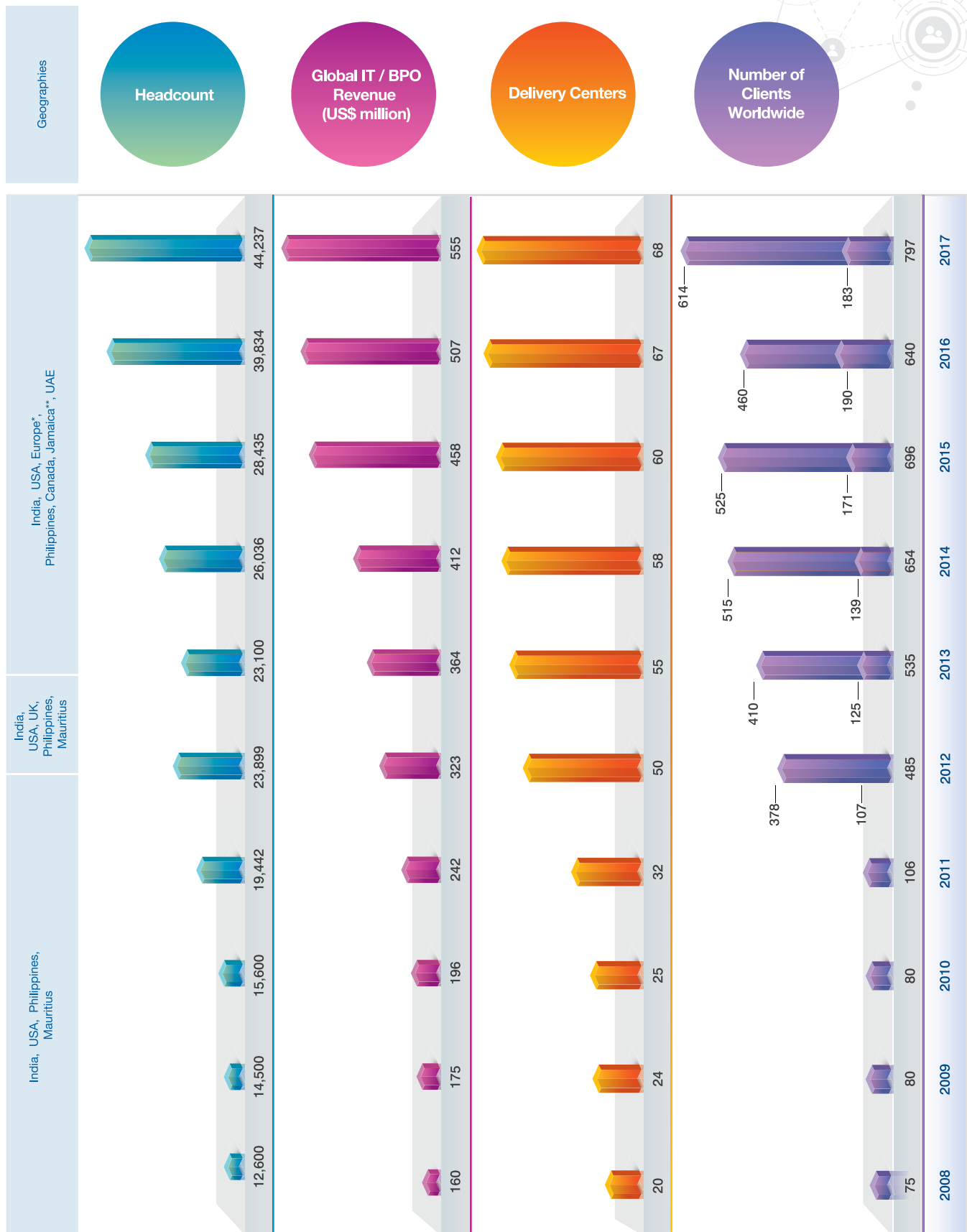


Yashwinee GK
Global Chief Information Officer



Makarand Dewal
Company Secretary

10 YEARS OF GROWTH

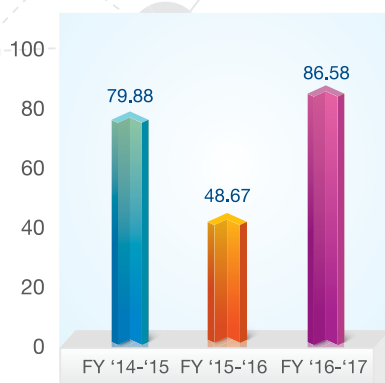


FINANCIAL & GENERAL HIGHLIGHTS

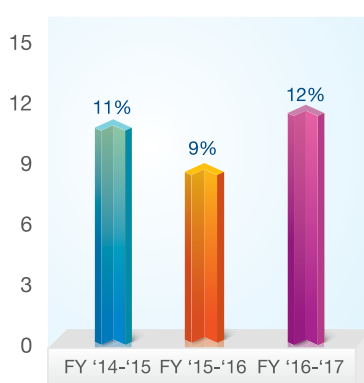
FY'14-'15

FY'15-'16

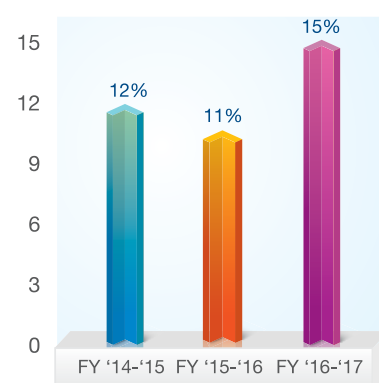
FY'16-'17



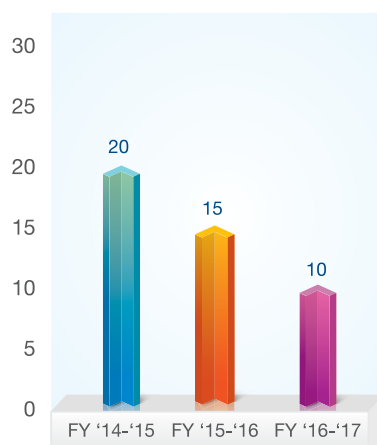
Basic EPS (in ₹)



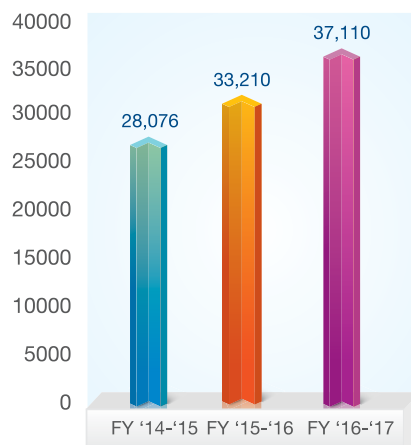
Operations Profit/Total Revenue



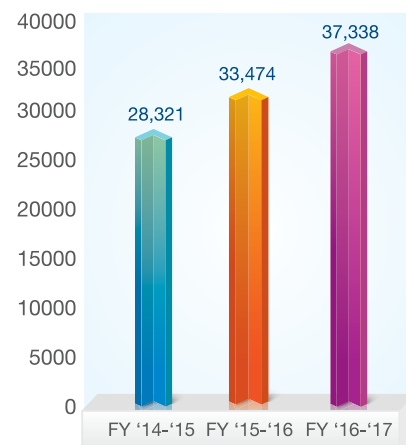
ROCE (PBIT/Av. Capital Employed)



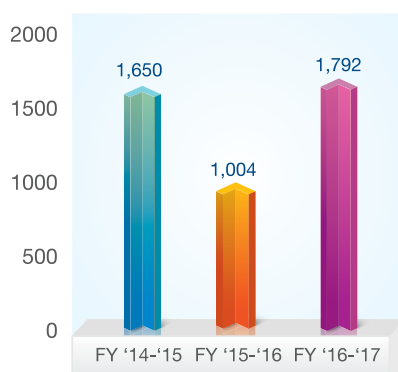
Dividend per share (in ₹)



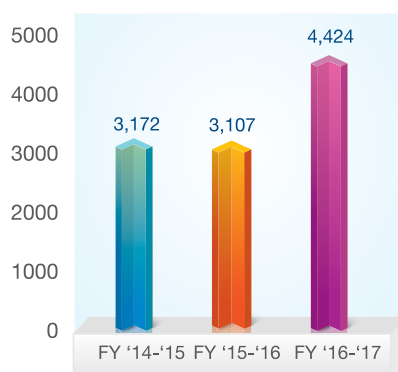
Operating Revenue (₹ million)



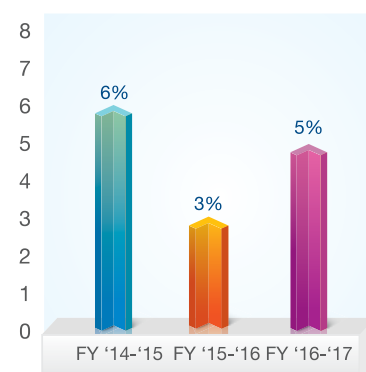
Total Revenue (₹ million)



PAT (₹ million)

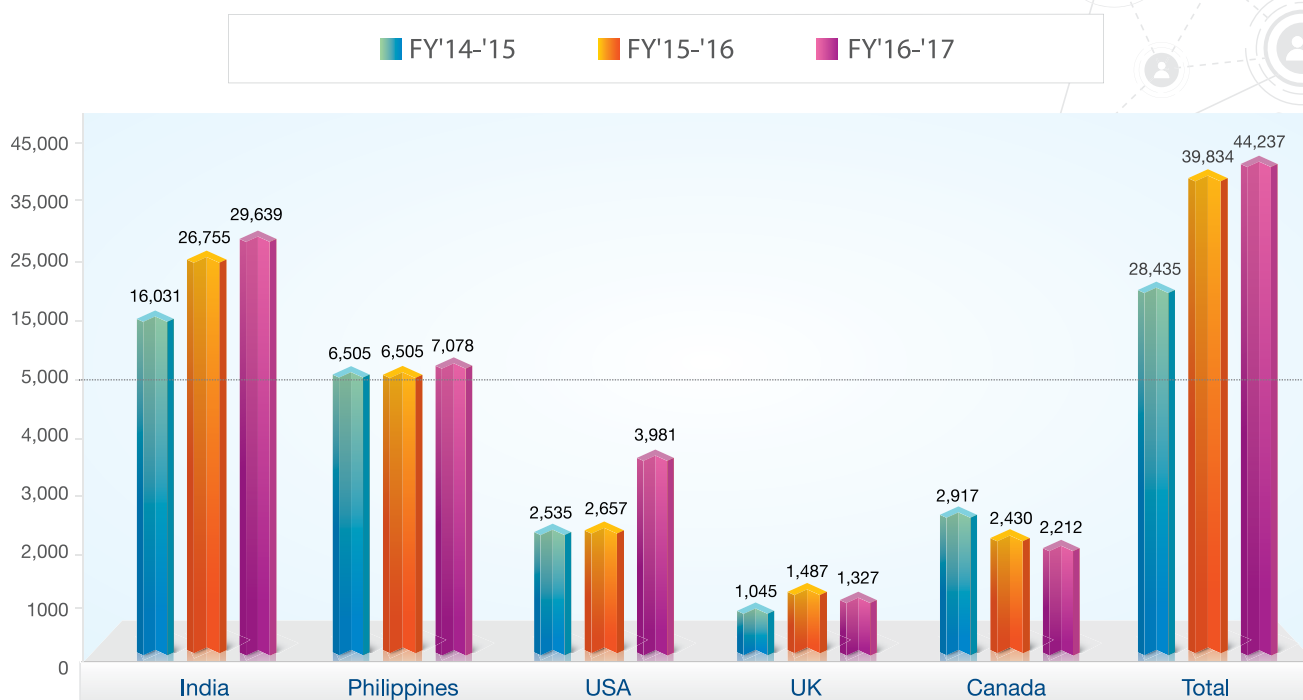


EBITDA (₹ million)

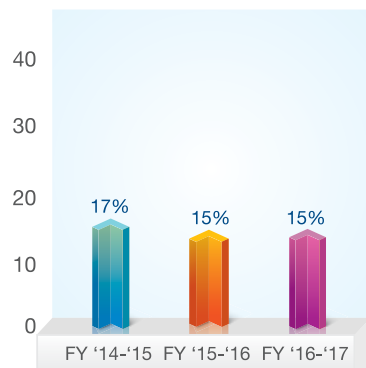


PAT/Total Revenue

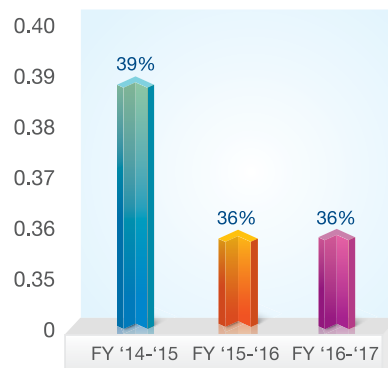
FINANCIAL & GENERAL HIGHLIGHTS



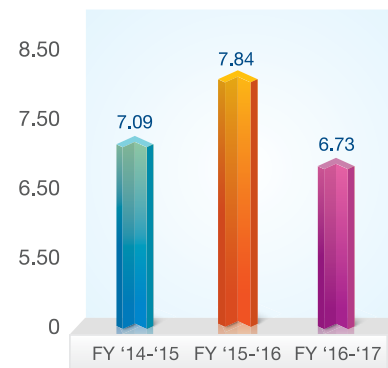
Headcount - by Geography



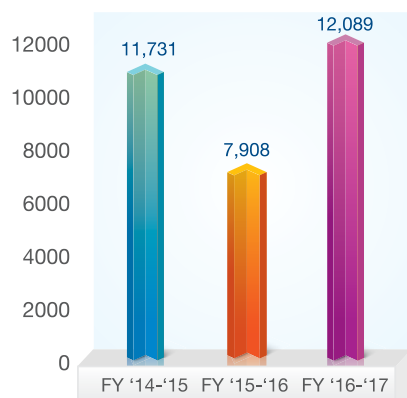
Cash and Bank Balances/
Total Assets



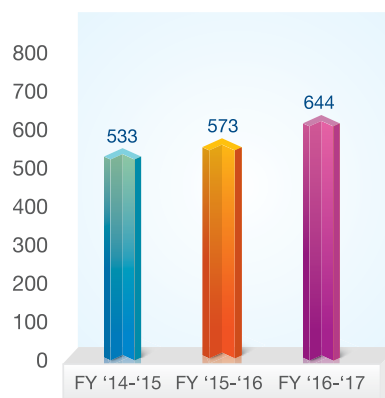
Capital/Output Ratio



Price/EPS end of year



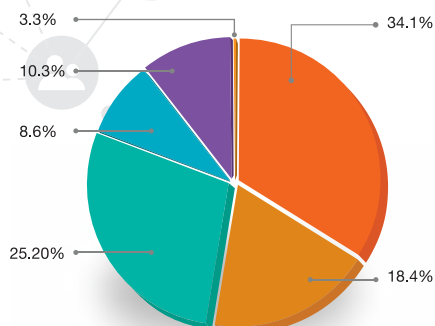
Market Capitalisation (₹ million)



Book value per share (in ₹)

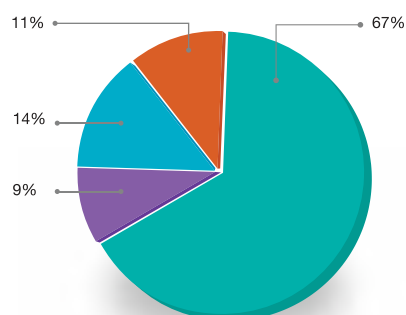
FINANCIAL & GENERAL HIGHLIGHTS

Revenue Split - by Delivery Location



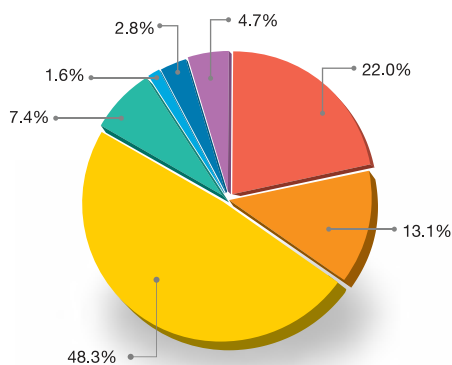
India Philippines USA
UK Canada Jamaica

Revenue Origination by Geography



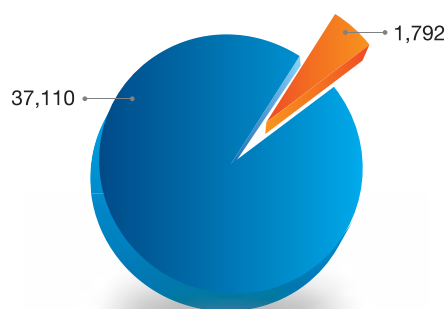
USA Canada
UK & Europe India

Revenue Split - by Vertical



Telecom & Technology BFS Others
Health Insurance, Pharma & Healthcare Media
Consumer Elec, Products, Services & Retail Chemicals & Biotech

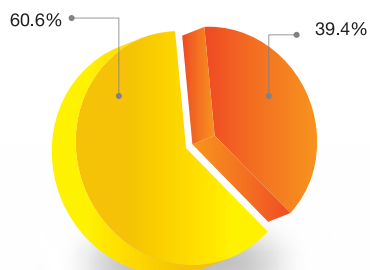
Revenue & Net Profit (FY'16-'17'. ₹ Million)



Net Profit Revenue

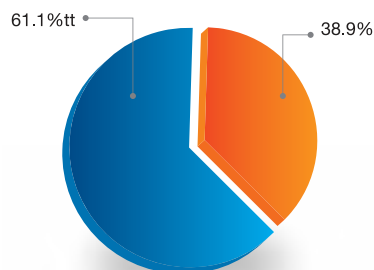
Client Concentration

FY '15-'16



Top 10 Clients Others

FY '16-'17

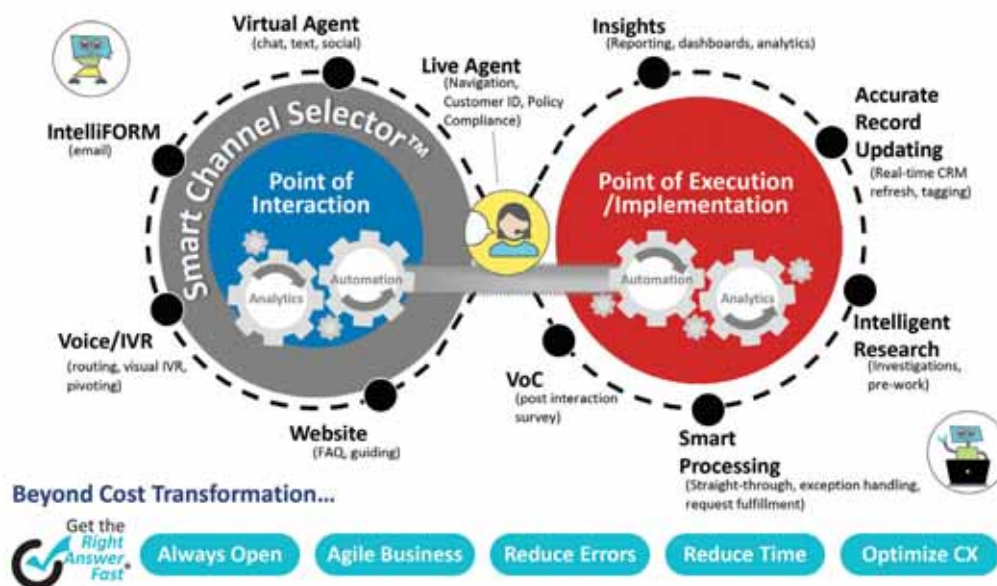


Top 10 Clients Others

OUR NEW SOLUTIONS & SERVICES

Automated Enterprise is an end-to-end intelligent automation approach. HGS provides a front- to back-office automation solution that includes self-service, robotic process automation (RPA) plus cognitive learning, natural language processing, process improvements, error reduction, and speed and cost transformation. The Automated Enterprise is technology agnostic and leverages analytics and insights to innovate and improve.

Automation everywhere enable each touchpoint through the digital end-to-end journey



DigiCHAT®

HGS DigiCHAT provides a web chat session either on-demand, or through proactive pop-up invitations, triggered by customer behavior or on more sophisticated customer profile and business rules.

Customers' questions or concerns are serviced securely through either an automated (virtual) or live agent, depending on complexity and sensitivity, via web, smartphone, tablet, or any other connected, web-enabled device.



DigiWEB®

HGS DigiWEB facilitates easy and efficient web self-service using interactive 3D videos, mobile self-service, virtual chat, and guided path. The HGS Smart Channel Selector routes the customer to the appropriate channel, based on the complexity of the inquiry.

OUR NEW SOLUTIONS & SERVICES



DigiTEXT®

HGS DigiText allows customers to channel pivot from phone (IVR) to text, chat to text, web to text, or email to text and back again.

As part of the HGS unified CX strategy, DigiTEXT employs text analytics, automation, and artificial intelligence (integrated with core CRM and other systems).



DigiSOCIAL

HGS DigiSOCIAL augments traditional call center offerings with a solution that allows customers the ability to channel pivot from self-service into social messaging, via Facebook, Twitter or What's App... channels that are more convenient, easy to use, and mobile friendly.



DigiMESSAGING

HGS DigiMESSAGING automates notifications and 2-way conversations to drive outcomes. Messaging conversations can take place via website, in-app, SMS text, or Facebook Messenger.



DigiINSIGHT

HGS DigiINSIGHT comprises speech, text, web, and social analytics. This solution proactively and strategically addresses a wide range of pain points and opportunities for our clients, from customer experience management and service quality to cross-channel management, and fraud and compliance.



HGS DigiBOT

HGS DigiBOT includes natural language processing, artificial Intelligence, and machine learning to guide customers to the right answer fast. DigiBOT guides an HGS virtual agent, over chat, text, or social channels. These "automation everywhere"-focused enablers optimize self-service and pivot to the best channel for quick resolution of customer inquiries.

WHAT OUR CLIENTS SAY ABOUT US

We take pride in providing outstanding customer service and satisfaction for our clients. Here's what some of our long-term customers are saying about the variety of services that we provided for their organizations

India's Leading Insurance Planning Company

HGS has been quite impressive in its relationship management and has the ability to adapt to client requirement easily. HGS has helped us in attaining higher service quality levels and customer acquisition.

Head of Marketing – Finance
Delivery – India



Canada's leading Telecommunications Company

HGS has consistently met performance goals, demonstrated great flexibility and teamwork. The team continues to assist in delivering the same great service and partnership every month.

Manager, NCS
Delivery – Canada



US Fortune 100 Healthcare Company

HGS proactively looks for innovative ways to automate or improve a process. Flexibility and agility with new projects have helped in adding more business.

Vendor Manager
Delivery – Jamaica



US Fortune 100 Healthcare Plan Provider Company

HGS understands the requirements of customer service and adapts to the changing needs of our business. There has been significant improvement in the claims process and how they are handled.

Director, Customer Experience
Delivery – Philippines



US Fortune 100 Healthcare Insurance

When creating workflow documents, HGS has been instrumental in helping us understand current processes and handlings. They readily provide feedback to make processes smoother. We appreciate the willingness to quickly share detailed information - both process and claim related which is required for documenting workflows and responding to other areas of the business.

Claim Reporting & Special Services Consultant
Delivery – India



Leading Beauty & Healthcare Consumer Goods

HGS has successfully secured quality team members who have, in turn, aligned well with my brand. Despite facing initial problems and having recovered eventually, I believe HGS has the potential to be a strong business partner and work with us as we continue to develop our customer strategy.

Head of Consumer Affairs
Delivery – United Kingdom



WHAT OUR CLIENTS SAY ABOUT US



India's Leading Insurance Planning Company

The entire team at HGS is extremely cooperative and are always available in hours of need. I am glad that HGS delivered great customer experience and generated quality leads in one of the campaigns that was conducted. In another challenging campaign, HGS helped us crack success with timely monitoring and feedback.

Senior Chief Manager – Marketing CLTV
Delivery – India



US' Leading Consumer Goods Company

HGS' team of talented employees who are highly technical and knowledgeable has added value to our company. These employees provide quality support during challenging situations and deliver highly effective results. We are proud to involve such members in the core business projects as well.

Customer Support Manager
Delivery – United States of America



UK's Largest Telecommunications Company

The performance metrics of the team at HGS shows the stability and dedication towards work. The delivery of the Cancellation team has been a success story as well. The Site Manager has delivered a much tighter operating rhythm with strong operation managers in place and clear direction/accountabilities. I must admit that consequence management is now playing a significant role in the performance of the agents.

Loyalty Account Manager
Delivery – United Kingdom



India's Leading Telecom Company

HGS has the scalability to accommodate increase in transactions, be consistent in performance and service delivery and is open to changes as a part of business transformation to adapt new ways of working. HGS is completely calibrated and in-sync with us to ensure repeat reduction as well to improve upon quality of transactions to ensure high quality of service.

Business Manager
Delivery – India



US Fortune 100 Healthcare Plan Provider Company

HGS strives to please us all the time and keeps our customers happy. Being a part of the Quality Team, I appreciate how HGS does the work, recognizes needs and brings them to me. Whenever we have an issue, HGS is always there with possible solutions.

Quality Manager
Delivery – Philippines



Canada's largest Postal Communication Company

HGS adapts quickly to changing process, ensures consistent communication to the agents on the floor.

Officer – Vendor Management
Delivery – Canada



WHAT OUR CLIENTS SAY ABOUT US

Leading Consumer Electronic Goods Company

HGS has the ability to train agents in a short span of time and provide daily results in a timely manner. HGS treats our customers with great customer service.

Supervisor

Delivery – Jamaica



US Healthcare Insurance Provider

I appreciate how clearly and honestly HGS communicates with us. I have had a great working experience with the team members who are able address to our queries easily.

Business Process Coordinator

Delivery – United States of America



Canada's Leading Telecommunications Company

HGS is a true partner and always works with a sense of urgency to deliver against our business requirements. They are always adaptable to changes whenever required.

Vice President, Enterprise Planning

Delivery – Canada



Canada's Leading Telecommunications Company

HGS offers a responsive, logical and systematic approach to our operational issues and we appreciate their mature leadership. We have established a long-term partnership with each other.

Director, Vendor Management

Delivery – Canada



India's Leading Telecom Company

HGS is a very stable and accountable partner whom we trust and rely on. We are satisfied with the operational rigor and the quality of manpower for our account. The ability of HGS to deliver timely has allowed us to better our quality of service in the past one year. This has added great value to our business.

General Manager

Delivery – India



US Fortune 100 Healthcare Plan Provider Company

HGS always meets our project timelines and offers positive leadership in our projects. The teams are very responsive while focusing on the key priorities. Their ability to meet all timelines and to provide a cost savings initiative is a bonus for us.

Senior Director, Service Operations

Delivery – Philippines



INDUSTRY RECOGNITION

We support our clients through valued services and innovative strategies. Our proactive delivery support by our employees to the clients every day is testimony to the recognition that we earned from the external organizations. At HGS, we are proud of our achievements and industry recognitions.

Stevie Awards: 2016:
Sales Support Practice
of the Year



Stevie Awards: 2016:
Best Use of Technology
in Customer Service



Contact Center World Awards



2016: Outsourcing Partnership of the Year,
Best Self Service Technology of the Year



CIOReview: 2016:
Top 20 Most Promising BPM Solution Provider,
20 Most Promising Customer Experience
Management Solution Providers



HGS was named a "Top 100 Global Outsourcer"
by the International Association of
Outsourcing Professionals (IAOP)

NASSCOM®

NASSCOM's Top 20 IT-BPO Employers in India
NASSCOM's Top 10 BPM exporters in India



The Best Champion Employer for 2016-2017
under the Deen Dayal Upadhyaya Grameen Kaushalya
Yojana (DDU-GKY) program by the Indian Government's
Ministry of Rural Development.

ANALYST RECOGNITION



- HGS recognized as **"Major Contender"** In Everest Group Healthcare Payer BPO PEAK Matrix Assessment 2017, February 2017
- HGS recognized as **"Major Contender"** In Everest Group Contact Center Outsourcing Healthcare PEAK Matrix Assessment 2017, January 2017
- HGS was included in the Everest Group **Top 50 Business Process Services (BPS) Providers**, July 2016
- HGS recognized as **"Major Contender"** In Everest Group CCO PEAK Matrix Assessment 2016, May 2016



- HGS recognized as **"Leaders"** In NelsonHall CMS Analytics NEAT 2016 for **"Customer Experience capability"** and **"Cost Optimization capability"**, November 2016
- HGS recognized as **"Leaders"** In NelsonHall CMS In Retail & CPG NEAT Overall 2016, July 2016
- HGS recognized as **"Leaders"** in NelsonHall Customer Management Services NEAT, May 2016. HGS was noted as Leaders for taking cost out while improving Customer Experience.

Gartner

- HGS recognized as **"Visionaries"** In Gartner Magic Quadrant for Customer Management Contact Center BPO, Worldwide, March 2017



- HGS recognized as **"High Performers"** In HfS Research Blueprint Report - Digital Marketing Operations 2016, December 2016
- HGS recognized in the **"Winner's circle"** In HfS Digitally Enabled Contact Center Blueprint 2016, September 2016
- HGS recognized as **"High Performers"** In HfS Contact Center Operations Blueprint 2016, April 2016



- HGS achieves **Americas Top 15 status in the Breakthrough Sourcing standouts In ISG Outsourcing Index Global for 2 quarters:** October 2016, April 2016



HGS receives Frost & Sullivan 2016 **North American New Product Innovation Award**, September 2016.

OUR COMMUNITY INITIATIVES

As a responsible corporate citizen, HGS believes in giving back to the community that it operates in. Guided by the Group founder's pioneering thoughts, Work to Give for a better tomorrow is our CSR philosophy. With an inspiration for a better tomorrow, all our employees come forward and give their time and energy in bringing a change in the lives of the underserved.

HGS, in its commitment to enable change and impact India's future growth and prosperity, focuses on four key areas – Education, Healthcare, Skill Development for underprivileged youth and persons with disabilities. The various initiatives that HGS has taken directly touches over 1,20,000 lives globally. In India, a contribution of INR 3.03 cr was made during FY2016-17.

Following is a snapshot of CSR initiatives from across our locations globally.

EDUCATION

HGS believes education is the most powerful tool for social and economic transformation in any community. In an endeavour to provide an opportunity to every underprivileged child to have access to quality education, a variety of programs are run. These programs are evenly spread between primary, secondary for children and higher secondary / pre-university and under graduation education for the youth. They range from awarding scholarships to children coming from marginalised backgrounds, providing mid-day meals program that benefits children of all stakeholders in the low-income category and ensuring overall development through personality development, mentoring, handholding, and counselling sessions. To encourage children to attend school regularly, a mechanism is put in place that identifies dropout children and supports them to return to school and continue with their education.



OUR COMMUNITY INITIATIVES

HEALTHCARE

HGS undertakes ongoing initiatives to help build a healthy community. The company aims to bring quality healthcare to those who are needy and cannot afford it. HGS relentlessly strives to provide essential and superior healthcare services to local communities. The following are the broad areas of focus for us:

- Holistic tuberculosis (TB) care to the underprivileged
- Advanced Mobile Health Units (AMHU) for better reach of affordable healthcare to tribal population
- Healthcare and advanced medical technology to rural people free of cost
- Collaborating with organizations that deliver localized community healthcare programs and awareness campaigns in the tribal populated communities
- Family Welfare
- Safe & quality drinking water access for the local communities thereby creating awareness on the water and sanitation goals of the country



SKILL DEVELOPMENT

HGS believes that empowering the underprivileged and marginalized youth by providing them with the much-needed market driven skill sets for productive employment is the key to India's growth. This program aims to create opportunities for youth to learn, grow and achieve financial and social freedom. All the beneficiaries participate in a comprehensive skills training program for a period of 12 weeks that covers soft skills training including team building, confidence building and leadership and communication workshops, computer skills and financial literacy.

HGS has invested in setting up a Capacity Centre Model to train Persons with Disabilities (PwD) and help them earn a livelihood. This systematic approach will not only achieve the goals of poverty reduction and vulnerability, but also help PwDs become contributing members of the community.



OUR COMMUNITY INITIATIVES

INDIA



Food for thought - HGS supports TAPF



HGS' Noida center participated in Airtel Delhi Half Marathon (ADHM) to support Bharti Foundation



Happy children with happy employees, Mid-meal program



Raipur - Road Safety Program



HGS' Pune center supports Padmashree Dadasaheb Gaikwad Primary School



Hyderabad team visits Amanvedika Snehghar Boys Home

UK



HGS UK supports Children on the Autistic Spectrum Parents Association



HGS' Chiswick team supports LGBT Diversity



HGS' Feed The Homeless initiative in Preston



HGS' Preston centre garners support for child with cerebral palsy



HGS' Preston centre helps Comic Relief drive positive change through power of entertainment



HGS' Preston centre supports children's cancer charity - Ryan's Quest

USA



HGS' El Paso center partners with Veteran Organizations to support them and their families



HGS' EL Paso center renders support to The Advocacy Center for the Children



HGS' St. Louis center raises funds for flood victims

PHILIPPINES



HGS Philippines – Eastwood Avenue site organizes charity event to support GRACES



HGS team at Philippines supports local communities



Fundraising activity by HGS Philippines to support Salamat Dok

UAE



JAMAICA



HGS team celebrates the spirit and joy of giving during Ramadan



HGS team supports Salvation Army Children's Home

CANADA



Bowl for Kids' Sake - HGS Kentville center supports fundraising campaign



HGS Dartmouth center supports Feed Nova Scotia



HGS' Timmins center organizes its 4th annual Angel Tree

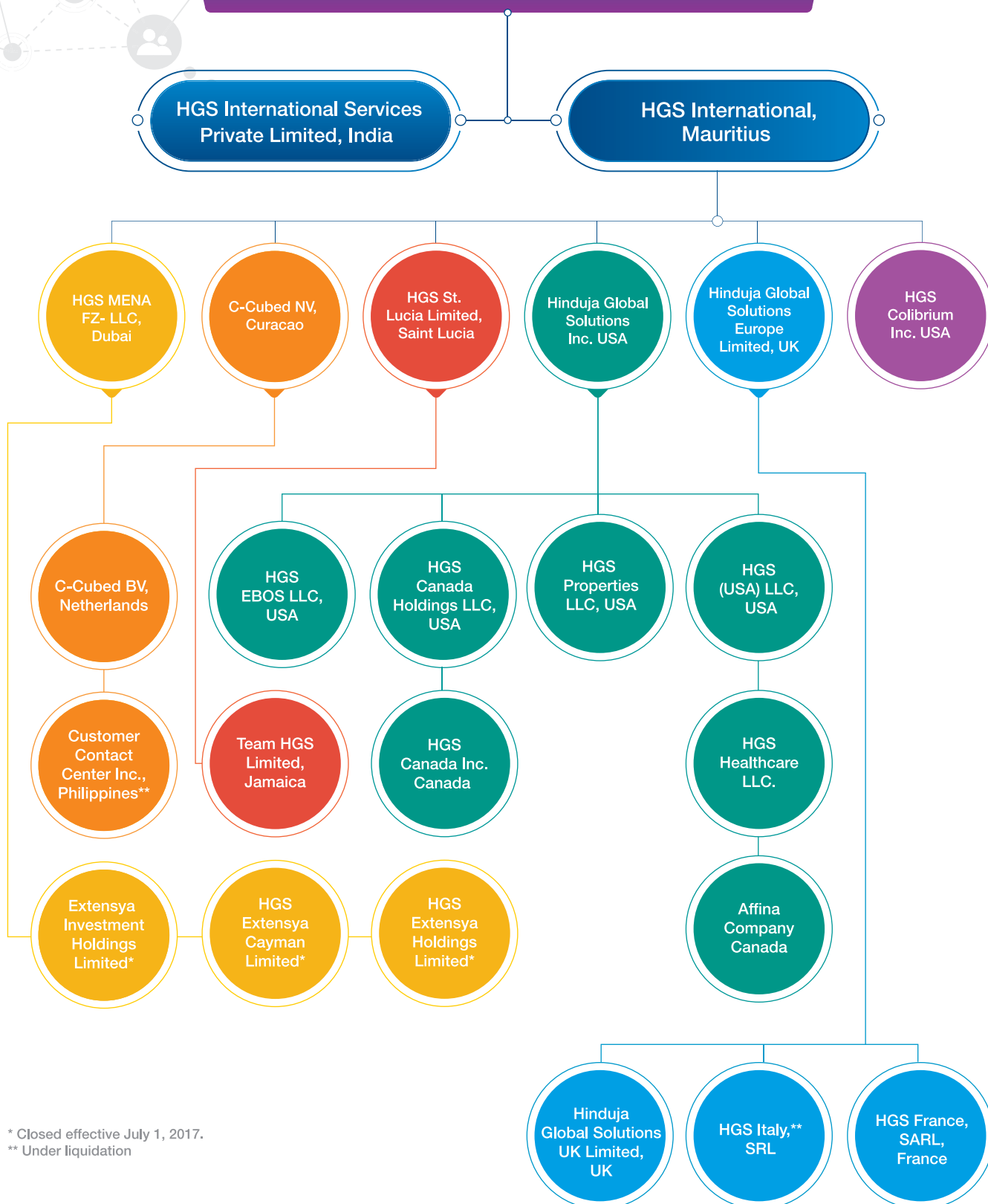
ENGAGING OUR EMPLOYEES

HGS offers a collaborative and engaged work environment, helps in driving business growth and is instrumental in driving success consistently in a people centric industry. Being employer of choice indicates that employees value the great work environment. Here are a few snapshots of our various employee engagement programs.



HOLDING STRUCTURE

Hinduja Global Solutions Limited, India
Branches in Mauritius, Philippines



* Closed effective July 1, 2017.
** Under liquidation

GENERAL INFORMATION

HINDUJA GLOBAL SOLUTIONS LIMITED

Chairman Emeritus

Ashok P. Hinduja

Board of Directors

Ramkrishan P. Hinduja
Chairman

Shanu S. P. Hinduja
Co-Chairperson

Vinoo S. Hinduja
Anil Harish
Rajendra P. Chitale
Rangan Mohan
Yashodhan Madhusudan Kale
Pradeep Mukerjee

Audit Committee

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

Stakeholders Relationship and Share Allotment Committee

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

Nomination and Remuneration Committee

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

Corporate Social Responsibility Committee

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

Committee of Directors

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

Key Managerial Personnel

Partha DeSarkar
Manager & Chief Executive Officer

Srinivas Palakodeti
Global CFO

Makarand D. Dewal
Company Secretary

Global Advisory Committee

Partha DeSarkar
Global CEO
Chairman, Global Advisory Committee

Srinivas Palakodeti
Global CFO

Adam Foster
CEO, HGS Europe

Pushkar Misra
CEO & President, HGS Philippines

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

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

Ramesh Gopalan
President, Healthcare Business and
Head of India Business

Sridhar Krishnamurthy
CEO, HGS MENA

Anthony Joseph
President, Global Human Resources

Chris Lord
Global Head - DigiCX;
Growth Strategy and Marketing

Neil Rae
President – Sales & Client Services, North America

Smita Gaikwad
Sr. Vice President,
Global Corporate Communications & CSR

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

Subramanya C.
Global Chief Technology Officer

Yashwinee GK
Global Chief Information Officer

GENERAL INFORMATION

HINDUJA GLOBAL SOLUTIONS LIMITED

Business Heads

EUROPE

Adam Foster
CEO, HGS Europe (From June 2017)

PHILIPPINES

Pushkar Misra
CEO, HGS Philippines

INDIA

Ramesh Gopalan
President, Healthcare Business
and Head of India Business

MIDDLE EAST

Sridhar Krishnamurthy
CEO, HGS MENA

NORTH AMERICA

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

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

Neil Rae
President – Sales & Client Services

Internal Audit & Systems

Rakesh S. Jain
General Manager, Internal Audit
India Operations

Auditors

Price Waterhouse
Chartered Accountants

Bankers

AXIS Bank
Bank of Boroda
Barclays Bank
Bank of America
Bank of Saint Lucia International Limited.
Central Bank
Canara Bank
CIBC
Citi Bank
China Trust Commercial Bank Corporation
DCB Bank
HDFC Bank
HSBC
Hinduja Bank (Switzerland) Ltd
IndusInd Bank
International Exchange Bank
ICICI Bank
ING Bank
JP Morgan
Metrobank
National Commercial Bank Jamaica Limited
Pacific Continental Corporation
State Bank of India
State Bank of Mauritius
Union Bank of Philippines
Wells Fargo
Yes Bank

Registered Office

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

Registrar & Share Transfer Agent

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

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2017

(All amounts are in USD 000's)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS			
Non-current assets			
Property, Plant and Equipment	84,971	82,230	72,326
Capital work-in-progress	4,865	2,031	409
Other intangible assets	15,331	12,772	8,576
Other intangible assets under development	44	126	153
Goodwill	46,045	46,457	47,210
Financial Assets			
(i) Investments	826	1,543	1,288
(ii) Other financial assets	6,116	4,883	4,787
Deferred tax assets (net)	9,996	4,079	3,535
Income Tax Assets (net)	5,899	7,528	8,035
Other non-current assets	10,696	17,528	14,648
Total non-current assets	184,789	179,176	160,968
Current assets			
Financial Assets			
(i) Investments	-	-	114
(ii) Trade receivables	71,368	69,327	65,660
(iii) Cash and cash equivalents	47,730	40,315	31,310
(iv) Bank balances other than (iii) above	8,552	16,324	25,522
(v) Loans	12,697	12,081	14,339
(vi) Other financial assets	48,539	45,054	32,191
Other Current assets	8,535	9,443	7,681
Total current assets	197,421	192,544	176,818
Total assets	382,210	371,720	337,786
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	3,198	3,132	3,324
Other Equity	202,980	176,466	173,693
Equity attributable to the owners of the Company	206,178	179,598	177,017
Non-controlling interest	(69)	(81)	-
Total Equity	206,109	179,518	177,017
Non-current liabilities			
Financial Liabilities			
(i) Borrowings	65,738	81,377	89,766
Provisions	4,088	2,262	1,367
Deferred tax liabilities (net)	5,944	3,567	2,600
Other non current liabilities	1,895	2,439	714
Total non-current liabilities	77,665	89,645	94,447
Current liabilities			
Financial Liabilities			
(i) Borrowings	26,300.21	33,781	4,216
(ii) Trade payables	24,755.18	25,996	26,941
(iii) Other financial liabilities	30,862.06	27,173	21,415
Provisions	6,631.75	6,981	5,697
Current tax liabilities (net)	316.55	356	168
Other current liabilities	9,570.24	8,271	7,886
Total current liabilities	98,436	102,557	66,322
Total Liabilities	176,101	192,202	160,769
Total Equity and Liabilities	382,210	371,720	337,786

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in USD 000's)

Particulars	March 31, 2017	March 31, 2016
Income		
Revenue from operations	554,103	506,292
Other income	3,401	4,023
Total Income	557,504	510,315
Expenses		
Employee benefit expense	366,835	340,749
Finance cost	6,411	6,163
Depreciation and amortisation expense	21,377	20,794
Other Expenses	124,853	118,183
Total expenses	519,476	485,889
Profit before tax	38,028	24,426
Income Tax expense		
Current tax	13,118	9,028
Deferred tax	(1,849)	95
Total tax expense	11,269	9,123
Profit for the year	26,758	15,303
Share of profit / (loss) attributable to non-controlling interest	(51)	(77)
Profit for the year attributable to Owners	26,809	15,379
Other comprehensive income		
A. Items that will be reclassified to profit or loss		
Deferred gains/ (losses) on cash flow hedges	890	1,230
Effect of change in functional currency of Foreign operation	(249)	4,657
Income tax on above items	(1,062)	(105)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)	(422)	5,782
B. Items that will not be reclassified to profit or loss		
Remeasurements of post-employee benefit obligation	(1,309)	(1,251)
Income tax on above item	203	35
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)	(1,106)	(1,216)
Total other comprehensive income for the year, net of tax	(1,528)	4,565
Total comprehensive income for the year [A + B]	25,230	19,868

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

(All amounts are in USD 000's)

	March 31, 2017	March 31, 2016
A. Net cash inflow from operating activities	60,864	22,246
<u>Cash Flow from investing activities:</u>		
Payments/ Proceeds from Property, Plant and Equipment	(26,963)	(38,386)
Payment for acquisition of business	(254)	(2,333)
others	10,533	10,626
B. Net cash outflow from investing activities	(16,684)	(30,092)
<u>Cash Flow from financing activities:</u>		
Proceeds from issues of shares	185	50
Repayment of borrowings	(21,784)	2,837
Others	(9,690)	(13,348)
C. Net cash outflow from financing activities	(31,290)	(10,461)
D. Net increase/ decrease in Cash and Cash Equivalents (A+B+C)	12,890	(18,307)

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, 2017.

Financial Results

(₹ in million* except per share data)

	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Operating Income	15,975	13,757	37,110	33,210
Other Income	273	312	228	264
Total Income	16,248	14,069	37,338	33,474
Operating Expenses	13,749	11,356	32,930	30,104
Depreciation and Amortization	783	818	1,432	1,364
Financial Expenses	156	150	429	404
Profit Before Tax	1,560	1,745	2,547	1,602
Provision for tax (incl. deferred tax)	545	521	755	598
Profit After Tax	1,015	1,224	1,792	1,004
Less: Non-controlling Interest	-	-	(3)	(5)
Add: Balance brought forward from Previous year	3,648	2,940	3,406	2,945
Profit Available for Appropriation	4,663	4,164	5,201	3,954
Less: Adjustments and Appropriation				
- Re-measurements of post-employment benefit obligation (net of tax)	71	75	74	80
- Dividend	182	389	182	389
- Dividend Tax	6	52	36	79
Balance Carried Forward	4,404	3,648	4,909	3,406
Earnings per share (₹)				
- Basic	48.96	59.07	86.58	48.67
- Diluted	48.88	58.99	86.44	48.61

*(1 million = ₹ 10 lakhs)

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable. Beginning April 1, 2016, Hinduja Global Solutions Limited and its subsidiaries ("the Group") have for the first time adopted Ind AS with a transition date of April 1, 2015. In preparing its opening Ind AS balance sheet as at April 1, 2015, the group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the Notes to the Consolidated financial statements.

Operating Performance

On a Consolidated basis, your Company registered strong performance during the financial year ended March 31, 2017. Compared to the previous financial year, the Operating Income increased by 11.7% from ₹ 33,210 million to ₹ 37,110 million. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) went up from ₹ 3,107 million to ₹ 4,424 million, a growth of 42.4%. EBITDA for FY'17 has been computed on the same basis used for computing EBITDA for FY'16. PAT (Profit after Tax) has increased from ₹ 1,004 million to ₹ 1,792 million, a growth of 78.5%.

The robust performance was driven by strong growth in the healthcare and telecom verticals, and an improved performance by the Canada, Jamaica and India domestic CRM businesses in the fourth quarter of FY'17. The strong operational performance coupled with cost management helped your Company record its highest-ever PAT. This was achieved in the face of the Rupee strengthening significantly during the last quarter of the financial year.

On a Standalone basis, Operating Income was ₹ 15,975 million for the financial year ended March 31, 2017, compared to ₹ 13,757 million in the previous financial year, an increase of 16.1%. EBITDA increased marginally by 0.27% from ₹ 2,401 million to ₹ 2,407 million. PAT decreased by 17.1% from ₹ 1,224 million to ₹ 1,015 million, mainly on account of increase in the Operating Expenses, which includes FOREX losses.

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

Other financial highlights of the year:

- Cash flow from operations and after working capital changes: ₹ 4,076 million as compared to ₹ 1,459 million in FY 16, an increase of 179%;
- CAPEX and Investment : ₹ 1,774 million as compared to ₹ 2,686 million in FY 16;
- Gross Debt of ₹ 6,547 million as at March 31, 2017 as compared to ₹ 8,370 million as at March 31, 2016, i.e. a reduction of ₹ 1,823 million during the year;
- Net Debt : ₹ 2,897 million, and Net Worth : ₹ 13,368 million;
- Net debt/ equity as on March 31, 2017: 0.22x as against 0.39x as of March 31, 2016.

Revenue Summary of the year:

- Revenue by Geography – US: 68.2%; Canada: 9.7%; UK & Europe: 7.1%; and India: 15%
- Revenue by Vertical – Healthcare: 48%; Telecom and Technology: 22%; Consumer: 13%; Banking and Financial Services: 7% and Others: 10%

Business Highlights of the year:

- Client Wins: 15 new clients, who accounted for 2.7% of overall revenue.
- Active Clients: 183 core BPM clients and 614 Payroll processing and HRO clients.
- Delivery Centres: 68 global delivery centres across seven countries currently. During the year, seven new centres were opened: Jamaica (2), Philippines (1) and India (4 - one each in Chennai and Raipur, and two in Bangalore).
- Creation of North America region: Sales, Operations and Shared Services of HGS USA and HGS Canada were brought under a unified North America structure, which has helped streamline decision making and optimize operations to make your Company's clients more competitive.
- Employee Headcount: 44,237 as on March 31, 2017; India: 67% (India offshore: 21% and India Domestic: 46%), Philippines: 16%, USA: 9%, Canada: 5% and Europe: 3%.
- **New Solutions and Innovation:**
 - Launched new service offerings – The Automated Enterprise: DigiWEB, DigiSOCIAL, DigiTEXT, DigiCHAT, DigiMESSAGING, DigiINSIGHT, DigiBOT and DigiAMBASSADOR (all under the DigiCX suite of solutions).
 - Robotics Process Automation (RPA) solution gaining traction – HGS' Automation Centre of Excellence currently delivering to eight client engagements in Healthcare and BFSI.

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, 2017 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 2016-17 declared by the Board of Directors on August 11, 2016, November 9, 2016 and February 8, 2017, respectively and were duly paid. The total dividend for the financial year ended March 31, 2017 would be ₹ 10 per equity share (100% on face value of ₹ 10/- each), if approved/ confirmed by the Members.

Business Review

Some 17 years into the 21st Century, the world has changed as never before. Tremendous forces such as globalization, consumerization, technology and digital disruption are creating major shifts in the way the world behaves and works. Since business is highly intermingled with socio-political and technology trends, it is a tough ask for today's enterprises to continue to deliver expected returns through existing business models. Having exhausted several of the traditional levers and facing increasing expectations from stakeholders, enterprises are reassessing their capabilities and identifying

new opportunities for growth. With Business Process Management (BPM) evolving from a cost-based to a value-based proposition, it is increasingly being seen as a key model that can drive transformation, focused on digitization and customer experiences.

According to NASSCOM's IT-BPM Strategic Review 2017, the global BPM spend grew by 4% to reach US\$183 billion in 2016. Over the last decade, the Indian BPM industry has significantly evolved not only in terms of scale but also in terms of services, verticals served and delivery models. The industry recorded a revenue of US\$30 billion in FY'17, thus increasing India's share in the overall BPM sourcing market from 35% in 2012 to 37% in 2016. Some trends driving growth are a fundamental shift towards value-based services, new technology levers around process transformation, analytics and automation, and emergence of new business models. In terms of verticals, BFSI, healthcare, retail and telecom continue to dominate the industry.

The India domestic BPM market saw a growth of 6.9% in FY2017 to touch US\$3.8 billion. BFSI and telecom, which constitute two-thirds of the market, have been instrumental in driving demand. Going forward, the Digital India initiative of the government and emerging sectors such as eCommerce, consumer durables, automobiles and travel & leisure will drive growth along with traditional verticals.

More detailed information pertaining/relating to Business Review has been provided in the 'Management Discussion and Analysis', 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 HGS MENA FZ- LLC, Dubai. HGS International owns 95.2% of the share capital of HGS Colibrium Inc. and the balance share capital is owned by the founders of Colibrium.

Revenue for FY'17 was US\$ 3.4 million as against US\$ 3.9 million for FY'16.

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

The Consolidated Revenue was US\$ 340.6 million for FY'17 as compared to US\$ 369.4 million in FY '16.

HGS (USA), LLC, a wholly-owned subsidiary of HGS Inc., USA, operates in five cities in USA. It partners with Fortune 1000 companies and Government agencies to provide comprehensive Customer Relationship Management programs. For FY'17, it recorded total

revenue of US\$ 313.9 million as compared to US\$ 287.2 million in FY'16. HGS (USA), LLC and its US subsidiaries have over 2,000 employees who are engaged in customer services, fulfillment services, sales, marketing and account management.

HGS Canada Inc., a wholly-owned step down subsidiary of HGS Inc., USA, is a Canadian contact center service provider servicing marquee customers across verticals such as media, telecom, technology and BFS. HGS Canada offers technical support, inbound and outbound sales, customer care and customer retention in English and French languages, and has a team size of around 2,300 associates at 12 centers in Canada. For FY'17, it recorded revenue of CAD 77.0 million as compared to CAD 84.5 million in FY'16.

Hinduja Global Solutions Europe Ltd. is the UK-based subsidiary focusing on providing consulting services for BPM, call center services and offshoring services to UK-based clients. It owns 100% stake in Hinduja Global Solutions UK Ltd. and HGS France SARL, France. Its subsidiary in Italy called HGS Italy, SRL is under liquidation, since inoperative. For FY'17, it recorded standalone revenue of GBP 1.3 million as compared to GBP 1.2 million in FY'16.

Hinduja Global Solutions UK Ltd. is a leading contact center company with over 1,000 employees in London, Preston and Selkirk (Scotland). It offers a range of services for inbound and outbound interactions to over 15 marquee customers across verticals such as Government, FMCG, Financial Services, Automobiles and Retail. It has branches in Rotterdam (Netherlands) and Hamburg (Germany) which are in the process of being wound up. For FY'17, it reported revenue of GBP 36.3 million as compared to GBP 34.9 million in FY'16.

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'13 at Kingston, Jamaica and continues to show strong performance. Revenue for FY'17 was 2,386.2 million Jamaican Dollars as compared to 804.9 million Jamaican Dollars in FY'16.

HGS MENA FZ-LLC has established a marketing office in Dubai Internet City with the objective to build sales pipeline. The demand trend for call center services from MENA region is encouraging. In FY'17, it recorded revenue of AED 7.1 million as compared to AED 5.1 million in FY'16. HGS Extensya Cayman Limited, Extensya Investment Holdings Limited and HGS Extensya Holdings Limited, which were its wholly owned subsidiaries, since inoperative, were closed and struck-off from the Registrar of Companies on July 1, 2017.

HGS Colibrium Inc., USA : Revenue for FY'17 was US\$ 12.2 million as compared to US\$ 14.7 million for FY'16.

HGS International Services Private Limited (HGSISPL) HGSISPL, a wholly owned subsidiary of the Company, recorded revenue of ₹ 3,649.3 million in FY'17 as compared to ₹ 2,542.9 million in FY'16, a growth of 43.5%. The SEZ division of HGSISPL is presently operating in

five units namely, a) Global Village SEZ, Bangalore; b) DLF Towers SEZ, Hyderabad; c) Pritech I Park SEZ, Bangalore; d) DLF Cybercity, SEZ Hyderabad; and e) Pritech II Park SEZ, Bangalore. Human Resource Outsourcing (HRO) business of HGSISPL services marquee customers in Banking, Financial Services, Insurance and other industry verticals in India and abroad.

Pursuant to Section 129(3) of the Companies Act, 2013 ("the Act"), a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC – 1 is attached to the financial statements of the Company.

Further, pursuant to Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, as may be applicable, are available on the website of the Company.

Particulars of loans, guarantees and investments

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

Communications and Public Relations

Your Company has evolved its storyline to customers, industry analysts, advisors and other influencers regarding digital transformation and our ability to create value for our clients by helping consumers to get the right answer fast; balancing great customer experience with the operational ability to reduce costs of an organization. The message to the market and the media is resonating and getting continued mindshare. In an independent report published by Apollo Research in February, 2017, of the top 30 BPO competitors measuring share of voice in the media for key competitive topics such as the unified customer experience and customer satisfaction, your Company was ranked in the top 5 across North America and the UK.

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. Your company is consistently ranked in the top 3 in terms of share of voice in media coverage amongst its BPO peers. 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 has helped increase awareness and engagement with investors and communicate HGS' perspectives to the market.

HGS continues to enhance its website by making it educational and engaging with visual and video content. In the past year, the team has invested efforts in making the experience more fluid for PC and mobile browsers as well as more intuitive with fewer clicks to access key thought leadership, case study and service line content. Key vertical messages have been refined to continue to keep the HGS message relevant in all the markets to build new pipelines and prospective new customer activity. Our new content is aimed at educating and offer

transformative solution alternatives. Another aspect is the focus to build the social media presence (e.g. LinkedIn, Twitter, Blog) that reaches a targeted audience across the globe.

In FY2017, HGS was named a "Top 100 Global Outsourcer" by the International Association of Outsourcing Professionals (IAOP), and brought home Stevie Awards for Customer Service Department of the Year, Best Use of Technology in Customer Service and Sales Support Practice of the Year as well as Contact Center World recognitions for Outsourcing Partnership of the year and Best Self-Service Technology of the Year. HGS was included in NASSCOM's Top 20 IT-BPO Employers in India and Top 10 BPM exporters in India while also being recognized as the Best Champion Employer for 2016-17 under the Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) program by the Indian Government's Ministry of Rural Development. Your Company was able to leverage these distinctions as credentials to reach industry influencers, analysts, advisers, potential customers and, importantly, potential employees.

Anirban Lahiri, India's No.1 Golfer and HGS brand ambassador participated in client and employee events. Anirban has the same vision and passion that HGS shares, to be great and to win with integrity. As the first BPM company to have a brand ambassador in the international market, HGS' relationship with Lahiri is helping build the brand, facilitating business growth, increasing brand recall with potential and existing customers, and continues to create new opportunities tied to the world's golf calendar.

Your company 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 get 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.

HGS is strengthening its communication channels across the board to create a more connected organization with focus on internal and external stakeholders.

Corporate Social Responsibility (CSR)

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

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

During the financial year 2016-17, one Meeting of CSR Committee was held on March 14, 2017.

In terms of the CSR Policy, the Management has set up a CSR Forum whose role and functions involve: identification and evaluation of CSR projects/ initiatives for recommendation to the CSR Committee, reviewing and monitoring the approved CSR projects and providing periodical status updates to the CSR Committee. The CSR Committee reviews the CSR projects/ initiatives as recommended by the CSR Forum and the expenditure to be incurred thereon as per the provisions of the Companies Act, 2013 and the Rules made thereunder. Also, the CSR Committee reviews and monitors reports submitted by CSR Forum relating to implementation of the project(s) and its financial/ operational monitoring. The Board of Directors reviews and approves CSR projects/ initiatives as recommended by the CSR Committee and evaluates reports relating to implementation of the approved CSR projects.

In addition to compliance with statutory provisions, the Company and its employees, across geographies in which the Company operates, voluntarily initiates and participates in various programs aimed at improving the quality of life of the society at large.

The Report on CSR activities in the format as required under Companies (Corporate Social Responsibility) Rules, 2014, is set out in **Annexure 'G'** forming part of this Report. The CSR Policy is available on the website of the Company.

Directors' Responsibility Statement

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

- In preparation of the Annual Accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed and there have been no material departures in the adoption and application thereof;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the Annual Accounts on a going concern basis;
- They have laid down adequate internal financial controls to be followed by the Company and they are operating effectively;

- They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

The Company has in place internal financial controls framework which *inter alia* consist of Function wise Status of Documentation and Testing (Risk and Control Matrix, Test of Design, Test of Operative Effectiveness), Process level controls (Process/ Function wise), IT General controls (Application wise and Process wise), etc. 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 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 2016-17.

Number of Meetings of the Board

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

Declaration by Independent Directors

As required under Section 149(7) of the Companies Act, 2013, the Company has received the declaration from each of the Independent Directors of the Company confirming that they meet the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"].

Board Evaluation

Pursuant to Section 134, 178 of the Companies Act, 2013 and Regulation 17 of the SEBI (LODR) Regulations, the Nomination and Remuneration Committee (NRC) and the Board of Directors carried out the performance evaluation of the Individual Directors (Independent, Non-Independent Directors and the Chairman), the Board as a whole and its Committees, for the Financial Year 2016-17.

The performance evaluation of Individual Directors was carried out by the NRC and Board on the basis of criteria contained in the "Rating Document", which *inter-alia* includes: 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. Performance evaluation of Independent Directors was carried out by the entire Board of Directors, except the Independent Director being evaluated.

The Board also carried out evaluation of its own performance and that of its committees, based upon criteria which *inter alia* includes: structure of the Board, frequency, regularity and discussions at the meetings

of the Board, functioning of the Board, mandate and composition of the Committees, effectiveness of the Committees, contribution of the Committees to the decisions of the Board, etc.

At the separate meeting of Independent Directors held during the Financial Year ended March 31, 2017, performance evaluation of Non-Independent Directors, the Chairman of the Company and the Board as a whole was carried out 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 NRC, the Board and the Independent Directors, having regards to the "Rating Documents" and the aforementioned criteria, concluded that overall performance of each of the Directors, including the Chairman of the Company, is conducive to the well-being and in the best interest of the Company and aimed at enhancing the performance of the Company. The overall performance of the Board as a whole and its Committees is satisfactory. Also, the Management is proactive in providing requisite information to the Board on a timely basis.

Directors

Mr. Yashodhan Madhusudan Kale (DIN 00013782) was appointed at the 21st Annual General Meeting of the Company held on September 21, 2016 as a Non-Executive Director of the Company, liable to retire by rotation.

Mr. Pradeep Mukerjee (DIN 02287773) was appointed as an Independent Director of the Company at the 21st Annual General Meeting of the Company held on September 21, 2016, for a term of five years effective from the said date.

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

Audit Committee

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

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

Key Managerial Personnel

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

Chief Executive Officer's Certification

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

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

The prescribed particulars as required under Section 134(3)(m) of the Companies Act, 2013 relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are furnished as **Annexure 'B'** to this Report.

Corporate Governance

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

The Statutory Auditors of the Company have examined the compliance of conditions of Corporate Governance as stipulated in Schedule V (C) of the SEBI (LODR) Regulations and have certified compliance thereof. The certificate is attached as **Annexure 'D'** to this Report.

Management Discussion and Analysis

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

ESOP Disclosure and ESAR Plan

The two ESOP Schemes, viz. Hinduja Global Solutions Limited Employees Stock Options Plan 2008, and Hinduja Global Solutions Limited Employees Stock Options Plan 2011 were in operation during the Financial Year 2016-17. These ESOP Schemes are in compliance with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014. Particulars of aforesaid ESOP Schemes are available on the Company's website <http://www.teamhgs.com/investors/other-reports>. There were no changes made to the aforesaid ESOP Schemes during the Financial Year 2016-17.

The approval of the Members to the Special Resolutions relating to the Hinduja Global Solutions Limited Employee Stock Appreciation Rights Plan 2017 for grant of Employee Stock Appreciation Rights to employees of the Company and that of its subsidiary companies was sought via Postal Ballot process (Postal Ballot Notice dated May 22, 2017). The result of the Postal Ballot was declared on July 13, 2017. As per the said Result, the Special Resolutions were not approved by the Members.

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, 2017, in the prescribed format, is appended as **Annexure 'F'** to this Report.

Related Party Transactions

Transactions entered into with the related parties during the Financial Year 2016-17 are in the ordinary course of

business and at arm's length basis and therefore, outside the purview of Section 188(1) of the Companies Act, 2013. Information on related party transactions pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is given in Form AOC-2 as **Annexure 'H'** and the same forms part of this Report.

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

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

Policy on Directors' Appointment and Remuneration

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

Whistle Blower Policy

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

Under the Whistle Blower Policy and Vigil Mechanism, no complaints were received during the Financial Year 2016-17.

Risk Management Policy

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

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 and the update on such framework is provided to the Members of the Audit Committee and the Board. The Risk Management Committee met six times to review and update Enterprise Risk Management Systems. The Company is not required to constitute a Risk Management Committee consisting of Directors.

Fixed Deposits from Public

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

Statutory Auditors

At the 21st Annual General Meeting of the Company held on September 21, 2016, M/s. Price Waterhouse,

Chartered Accountants (Firm Registration No.301112E), were appointed as Statutory Auditors of your Company till the conclusion of the next Annual General Meeting.

The Auditors' Reports (for Standalone and Consolidated financial statements) for the Financial Year ended March 31, 2017 are unmodified/ unqualified. Pursuant to Section 139 of the Companies Act, 2013 ("the Act"), the term of the existing Statutory Auditors, viz. M/s. Price Waterhouse, Chartered Accountants, will end at the conclusion of the ensuing 22nd Annual General Meeting ("AGM"). In compliance with the provisions of Sections 139, 142 and other applicable provisions, if any, of the Act and the Rules framed thereunder, based on the recommendation of the Audit Committee, your directors proposed to appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) to hold office for a term of five years from the conclusion of the 22nd AGM until the conclusion of the 27th AGM of the Company, subject to ratification of their appointment by the Members at every AGM held after the 22nd AGM. The proposed new Statutory Auditors have submitted their consent and requisite declarations as to their eligibility to act as Auditors of the Company, if appointed. The proposal for their appointment is being put up for approval by the Members, at the ensuing AGM.

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, as the Secretarial Auditor to carry out the Secretarial Audit for the Financial Year 2016-17.

The Secretarial Audit Report in the prescribed format, for the Financial Year 2016-17, forms part of this Report as **Annexure 'I'**. The Report does not contain any qualifications, reservations or adverse remarks.

Employees' Particulars

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

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

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

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

Significant and Material Orders

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

Internal Financial Controls

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

Acknowledgements

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 24, 2017

Ramkrishan P. Hinduja
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Confirmation towards Code of Conduct

I hereby confirm that all Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct for the year ended March 31, 2017.

Date : August 24, 2017
Place : Mumbai

Partha DeSarkar
Manager & Chief Executive Officer

Annexure 'B'

TO THE DIRECTORS' REPORT

Particulars pursuant to Companies (Accounts) Rules, 2014

a. Conservation of energy:

Given the nature of the business, your Company constantly endeavors to make our carbon footprint smaller with each passing year. The Company has been able to make sustained efforts to reduce and optimize the use of energy consumption at its delivery locations by installing hi-tech energy monitoring and conservation systems to monitor usage, minimize wastage and increase overall efficiency at every stage of power consumption.

Your Company continues to reduce the power-consumption by air conditioning with segmented cooling mechanisms in the new delivery centers, and also initiated deployment of thin clients, modular UPS and TFT monitors to lower power consumption. The impact of these measures has resulted in optimization of energy consumption, savings in energy cost and environment protection.

b. Technology absorption

In the world of Digital transformation, your Company continues to leverage the Eco systems and collaborates with its partners and providers to launch services using cloud. HGS and its customers have continuously adopted to newer technologies and transformed majority of its hosting platforms from physical servers to Virtual and as necessary migrated or managed with Hybrid cloud.

Your Company in its journey of expanding Multi channel offering has built Digital/Social Media command centers to provide customer services to its customers. Adoption of cloud offerings from service providers has enabled efficiency & effectiveness on our platform offerings. Analytics & Automation being in the fore front of our offerings has yielded increased benefits to our customers.

MPLS optimization and efficiency gains have contributed to great savings and scalability has been an edge in our offerings. Migration to Session Initiation Protocol (SIP) for large health care customers has gained efficiency/Diversity & scalability to our customers.

Your company has continued to invest, innovate and collaborate with renowned service providers

for tools and platforms for enhancing efficiencies in our deliveries to our customers. In collaboration with our subject matter specialist in various domains HGS added the portfolio of offerings from Automation Anywhere/Epiance/Nexidia/Qlik/UI path /Blue Prism /Prohance & few more. Your company has leap frogged in investing on a cloud offering HR Platform - Success Factors for managing performance of its core employees - A key asset of our industry.

c. Foreign Exchange Earnings and Outgo:

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

Export 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	2016-17	2015-16
Export as a:		
% of Operating Income	31.3%	34.31%
% of Total Income	30.7%	33.55%

➤ Foreign Exchange Earnings and Outgo

(₹ in million)

For the Year	2016-17	2015-16
Total Foreign Exchange Earned	4,994.3	4,720.1
Total Foreign Exchange Outgo	51.1	15.4

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 24, 2017

Ramkrishan P. Hinduja
Chairman

Annexure 'C' to the Directors' Report

**REPORT ON
CORPORATE GOVERNANCE**

For the Financial Year ended March 31, 2017

[PURSUANT TO SCHEDULE V (C) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The business and operations of your Company are carried out locally as well as globally in different geographies by a competent Management Team. As a responsible corporate entity, your Company believes in abiding by the code of Corporate Governance by being transparent and ethical in its business dealings and operations, complying with the applicable statutes, rules and regulations, timely disclosure of relevant information and being fair to all its stakeholders. The objective is to serve the best interest of all the stakeholders, viz. employees, customers, society at large and to enhance the shareholders' value.

2. BOARD OF DIRECTORS• **Composition**

As at March 31, 2017, the Board of Directors of the Company comprised of eight directors, out of which four are Non-executive and Non-independent Directors and four are Independent Directors. The four Non-executive and Non-independent Directors (which include two Women Directors) belong to 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. R.P. Hinduja, Ms. Shanu S.P. Hinduja and Ms. Vinoo S. Hinduja, belonging to the Promoter Group.

The Members of the Board are drawn from diverse fields and devote sufficient time for deliberations at the Committee Meetings of which they are Members and at Board Meetings. They are fully committed towards ensuring highest standards of corporate governance.

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

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

None of the Independent Directors hold directorships in more than seven listed companies. Also, none of the Directors hold directorships in more than ten public companies

and none of them are members of more than ten committees or Chairperson of more than five committees across all the companies in which they are a Director.

• **Details of Board Meetings held during the financial year ended March 31, 2017, attendance of Directors at the said Meetings and at the last AGM and details of Directorships and Memberships of the Board and the Committees (including that of the Company)**

During the financial year ended March 31, 2017, nine Board Meetings were held as follows: May 25, 2016 (two Meetings) June 24, 2016, August 11, 2016, August 17, 2016, November 9, 2016, February 8, 2017, March 17, 2017 and March 21, 2017. 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.

At the last Annual General Meeting (AGM) of the Company held on September 21, 2016, Mr. Yashodhan Madhusudan Kale was appointed as a Non-executive and Non-independent Director, liable to retire by rotation, and Mr. Pradeep Mukerjee was appointed as an Independent Director for a period of five years, effective from the said AGM.

Name of the Director	Attendance at Board Meetings	Attendance at the last AGM held on September 21, 2016	Board Membership		Committee Membership	
			Chairman	Member	Chairman	Member
Mr. Ramkrishan P. Hinduja, Chairman (Non-Executive, Non-Independent Director) – Promoter Group DIN: 00278711	7	Yes	1	2	Nil	2
Ms. Shanu S. P. Hinduja, Co-Chairperson (Non-Executive, Non-Independent Director) - Promoter Group DIN : 06512872	6	No	Nil	1	Nil	1
Ms. Vinoo S. Hinduja, (Non-Executive Non-Independent Director)- Promoter Group DIN : 00493148	7	No	Nil	1	Nil	1

Mr. Anil Harish, Independent Director DIN: 00001685	9	Yes	Nil	5	2	3
Mr. Rajendra P. Chitale, Independent Director DIN: 00015986	8	Yes	Nil	9 [#]	5 [^]	9
Mr. Rangan Mohan, Independent Director DIN: 01116821	9	Yes	Nil	4	4	5
Mr. Yashodhan Madhusudan Kale (Non-Executive Non-Independent Director) DIN : 00013782	4	N.A.	Nil	2	Nil	2
Mr. Pradeep Mukerjee Independent Director DIN: 02287773	4	N.A.	Nil	2	Nil	2

Includes four unlisted public companies

^ Includes one unlisted public company

Notes:

Membership of the Board and the Committees:

- I. 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.
- II. As per Regulation 26 of the SEBI (LODR) Regulations, Membership and Chairmanship of Audit Committee and Stakeholders Relationship and Share Allotment Committee only are considered.
- III. The terms and conditions of appointment of Independent Directors have been uploaded on the website of the Company at <http://www.teamhgs.com/investors/corporate-policies>
- IV. The details of familiarization programme imparted to Directors during the Financial Year ended March 31, 2017 (including to Independent Directors) have been uploaded on the website of the Company at <http://www.teamhgs.com/corporate-governance/familiarization-programme-for-directors>
- V. Your Company has adopted the Code of Conduct for Board Members, Senior Management Personnel and Employees ("the Code"). The Code has been posted on the Company's website at <http://www.teamhgs.com/investors/corporate-policies>. All Board Members and Senior Management Personnel have affirmed compliance with the Code for the year ended March 31, 2017. As required under Schedule V of the SEBI (LODR) Regulations, the Chief Executive Officer has given a declaration to this effect. The same has been attached as **Annexure 'A'** to the Directors' Report.

Details of equity shares of the Company held by the Non-Executive Directors as on March 31, 2017 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 specified by the Board of Directors ("the Board") which inter-alia includes:

recommendation for appointment, remuneration and terms of appointment of auditors of the Company; review and monitoring the auditor's independence, performance and effectiveness of audit process; examination of the quarterly and annual financial statements and the auditor's report thereon and recommendation of the same to the Board; 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; review and approve related party transactions for further consideration of the Board; evaluation of internal financial controls; review of Enterprise Risk Management framework (including preventive and litigation measures) and updates thereon; reviewing the findings of any internal investigations 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 and reporting the matter to the Board, etc.

• Composition

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

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

All the members possess sound knowledge of accounts, audit 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 as deemed necessary.

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

- **Meetings**

During the financial year ended March 31, 2017, seven Meetings were held as follows: May 24, 2016 (two Meetings), June 24, 2016, August 10, 2016, November 9, 2016, February 8, 2017 and March 21, 2017. 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	7
Mr. Ramkrishan P. Hinduja, Member	6
Mr. Rajendra P. Chitale, Member	6
Mr. Rangan Mohan, Member	7

Mr. Anil Harish, Chairman of the Audit Committee, attended the last Annual General Meeting of the Company held on September 21, 2016.

4. NOMINATION AND REMUNERATION COMMITTEE

- **Terms of Reference**

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

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

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

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

- **Meetings**

During the financial year ended March 31, 2017, two Meetings of the NRC were held as follows: August 17, 2016 and March 21, 2017. During the year certain proposals/ Resolutions were passed by circulation.

- **Attendance:**

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

- Mr. Anil Harish, the Chairman of the NRC, attended the last Annual General Meeting of the Company held on September 21, 2016.

• **Performance Evaluation Criteria for Independent Directors**

During the year ended March 31, 2017, the performance evaluation of the Independent Directors for the Financial Year 2016-17 was carried out by the NRC and the entire Board of Directors, excluding the Member / Director being evaluated, on the following criteria: Exercise of independent judgment/ view on potential conflict of interest of Management, Board Members and the Promoters, safeguarding interest of minority shareholders, Understanding of nature and role of Independent Directors' position, Offering constructive contribution to the Board's discussions and deliberations based on expertise and domain knowledge, Non-partisan appraisal of issues and own recommendations given professionally without tending to majority or popular views, Commitment to role and fiduciary responsibilities as a Board Member and Attendance at the Meetings and preparedness for the Meetings.

• **Remuneration Policy**

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

• **REMUNERATION OF DIRECTORS**

Remuneration only by way of sitting fees, for attending the Meetings of the Board of Directors and the Committees of the Board (Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship and Share Allotment Committee) held during the Financial Year ended March 31, 2017, was paid as under:

Name of the Director	Sitting Fee (₹)
Mr. Ramkrishan P. Hinduja	12,00,000
Ms. Shanu S. P. Hinduja	7,00,000
Ms. Vinoo S. Hinduja	7,50,000
Mr. Anil Harish	15,00,000
Mr. Rajendra P. Chitale	15,00,000
Mr. Rangan Mohan	15,50,000
Mr. Yashodhan Madhusudan Kale	4,00,000
Mr. Pradeep Mukerjee	4,00,000

During the Financial Year 2016-17, on May 24, 2016, two Audit Committee Meetings were held. The Committee Members waived fees in respect of one Committee Meeting held on that date, and on May 25, 2016, two Board Meetings were held. The Board of Directors waived fees in respect of one Board Meeting held on that date.

During the financial year ended March 31, 2017, there were no material pecuniary relationships or transactions with Non-Executive Directors.

5. STAKEHOLDERS RELATIONSHIP AND SHARE ALLOTMENT COMMITTEE

• **Composition**

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

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

The composition of the Stakeholders Relationship and Share Allotment Committee conforms to the requirements of Section 178 of the Companies Act, 2013 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, 2017, one Meeting of the Stakeholders Relationship and Share Allotment Committee was held on May 9, 2016. During the year, certain proposals/ Resolutions were passed by circulation.

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

the financial year ended March 31, 2017, three complaints were received from shareholders which were satisfactorily resolved and no complaints were pending against the Company as on March 31, 2017.

• **Attendance:**

Name of the Member	No. of Meetings Attended
Mr. Rangan Mohan, Chairman	1
Mr. Ramkrishan P. Hinduja, Member	1
Ms. Shanu S. P. Hinduja, Member	0
Ms. Vinoo S. Hinduja, Member	1

6. COMMITTEE OF DIRECTORS

The Committee of Directors comprise of Mr. Ramkrishan P. Hinduja (Non-Executive, Non- Independent Director) - Chairman, Ms. Vinoo S. Hinduja (Non-Executive, Non-Independent Director) and Mr. Rangan Mohan (Independent Director).

The Committee of Directors reviews the Capital and Revenue Budget, expansion and strategic projects, if any, recommends the same to the Board, approves operational and other matters as may be delegated by the Board from time to time.

During the year, certain proposals/ Resolutions were passed by circulation.

7. GENERAL BODY MEETINGS

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

AGM	Date	Time	Venue
19th	July 3, 2014	11:00 a.m.	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
20th	September 29, 2015	3:00 p.m.	
21st	September 21, 2016	3:00 p.m.	

- No extraordinary general meeting of the members was held during the Financial Year ended March 31, 2017.
- Special Resolutions, as under, were passed at the AGMs held on July 3, 2014 and September 29, 2015. No Special Resolution was proposed for the approval of the Members at the last Annual General Meeting of the Company held on September 21, 2016.

AGM held on	Summary of Special Resolutions
July 3, 2014	Special resolution under Section 180 (1) (c) of the Companies Act, 2013 relating to borrowing powers of the Company.
September 29, 2015	<ol style="list-style-type: none"> 1. Special resolution under Schedule V read with Sections 196, 197, 202 and 203 of the Companies Act, 2013 relating to re-appointment of Mr. Partha DeSarkar as Manager (designated as Chief Executive Officer) of the Company for a period of 3 years with effect from April 1, 2015; 2. Special resolution under Section 14 of the Companies Act, 2013 relating to approval and adoption of new set of Articles of Association of the Company; 3. Special resolution under Section 180 (1) (a) of the Companies Act, 2013 relating to creation of charge or encumbrance including mortgage, hypothecation, pledge, as applicable; and 4. Special Resolution under Section 197 and 198 of the Companies Act, 2013 relating to payment of commission to Directors, in addition to sitting fees being paid for attending the meetings of the Board or the Committees.

- No special resolution was proposed requiring voting through postal ballot during the financial year ended March 31, 2017.
- The approval of the Members to the Special Resolutions relating to the Hinduja Global Solutions Limited Employee Stock Appreciation Rights Plan 2017 for grant of Employee Stock Appreciation Rights to employees of the Company and that of its subsidiary companies was sought via Postal Ballot process (Postal Ballot Notice dated May 22, 2017). Postal Ballot process was carried out as per the procedure mentioned in Rule 22 of the Companies (Management and Administration) Rules, 2014, including any amendment thereof. The result of the Postal Ballot was declared on July 13, 2017. As per the said Results, the Special Resolutions were not approved by the Members.

8. DISCLOSURES

- A. There were no material significant related party transactions during the year ended March 31, 2017 that may have a potential conflict with the interests of the Company at large. The Board of Directors of the Company has approved the 'Related Party Transactions Policy' which has been uploaded on the website of the Company at the following link: <http://www.teamhgs.com/investors/corporatepolicies>
- B. There have been no instances of non-compliance by your Company on any matter related to the capital markets, nor has any penalty/stricture been imposed on your Company by the Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years.
- C. Your Company has a Whistle Blower Policy and Vigil Mechanism for Directors and employees in place *inter-alia* to report unethical conduct. No personnel have been denied access to the Ombudsman or Chairman of the Audit Committee of your Company to discuss any matter of substance. Quarterly Report on Whistle Blower Policy and Vigil Mechanism is placed before the meetings of the Audit Committee and the Board. The said policy has been uploaded on the website of the Company at the following link: <http://www.teamhgs.com/investors/corporate-policies>
- D. Your Company has complied with all the mandatory requirements of Corporate Governance as required by the SEBI (LODR) Regulations.

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

- **The Board:** The Non- Executive, Non-Independent Chairman does not have a separate office.
- **Shareholder Rights:** Your Company publishes its quarterly unaudited and yearly audited financial results in the newspapers and also displays it on its website www.teamhgs.com. Communication relating to financial results, dividend and business and operations of the Company are sent to the shareholders of the Company periodically.
- **Opinion(s) in audit report:** Audit Reports (Standalone and Consolidated Financial

Statements) for the financial year ended March 31, 2017 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 22, 2017 to approve the Audited Annual Accounts for the year ended March 31, 2017.
- F. The Company does not have any material non-listed Indian subsidiary company. The Company has a policy for determining 'material subsidiaries' which is disclosed on the Company's website at the following link: <http://www.teamhgs.com/investors/corporate-policies>
- G. Disclosure of commodity price risks and commodity hedging activities:
- Not applicable since your Company is not in the business of commodity manufacturing/ trading.
- H. The Company has complied with all the corporate governance requirements specified in Regulation 17 to Regulation 27 and Clause (b) to (i) of Regulation 46(2) of the SEBI (LODR) Regulations for the Financial Year ended March 31, 2017.

9. MEANS OF COMMUNICATION

- A. The quarterly, half-yearly and annual results are published in leading newspapers (Business Standard and Sakaal). The results are simultaneously displayed on your Company's website www.teamhgs.com. The website is updated regularly with the official news releases, presentations made to Institutional Investors and Analysts and disclosures as required from time to time. Communication relating to financial results, dividend, business and operations of the Company are sent to the shareholders of the Company periodically.
- B. Report on Management Discussion and Analysis is given as an **Annexure 'E'** to the Directors' Report.

10. GENERAL SHAREHOLDER INFORMATION

Sr. No.	Subject	Date
1	Next Annual General Meeting (22nd AGM)	
	Date	September 28, 2017
	Time	3:00 p.m.
	Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
2	Financial Calendar for 2017-18 (Tentative)	
	Unaudited results for the quarter ending June 30, 2017	August 11, 2017 (actual date of meeting)
	Unaudited results for the quarter/ half year ending September 30, 2017	On or before November 14, 2017
	Unaudited results for the quarter/ nine months ending December 31, 2017	On or before February 14, 2018
	Audited results for the year ending March 31, 2018	On or before May 30, 2018
3	Book Closure Date	September 27 and 28, 2017 (both days inclusive)
4	Final Dividend payment date for the financial year 2016-17	October 12, 2017
5	Listing of Equity Shares	BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
6	Stock Code	BSE: 532859 NSE: HGS
7	ISIN	INE170I01016
8	CIN	L92199MH1995PLC084610

Note: Annual Listing fee for the financial year 2017-18 has been paid to BSE and NSE.

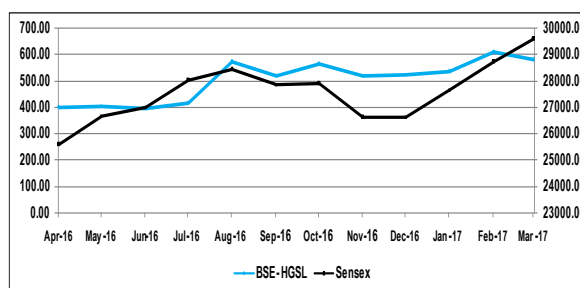
• STOCK MARKET DATA

Month	BSE		NSE	
	Month's High (₹)	Month's Low (₹)	Month's High (₹)	Month's Low (₹)
Apr-16	425.00	377.00	419.40	376.05
May-16	449.90	385.00	470.00	384.00
Jun-16	438.80	390.00	439.95	390.30
Jul-16	430.00	387.45	431.00	388.00

Aug-16	614.00	405.35	625.00	401.30
Sep-16	586.80	505.50	587.70	507.00
Oct-16	595.95	518.20	595.00	515.30
Nov-16	590.00	461.00	589.30	481.35
Dec-16	560.80	491.50	569.90	486.05
Jan-17	558.00	507.00	558.70	517.75
Feb-17	637.90	520.50	637.45	530.00
Mar-17	625.00	574.55	625.00	572.60

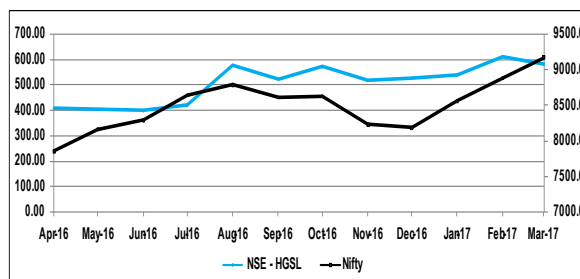
• SHARE PRICE MOVEMENT (BSE)

Your Company's closing share price movement on the BSE relative to BSE Sensex closing prices (April, 2016 to March, 2017)



• SHARE PRICE MOVEMENT (NSE)

Your Company's closing share price movement on the NSE relative to NSE Nifty closing prices (April, 2016 to March, 2017)



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

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

- Sharepro Services (India) Pvt. Ltd. as R&T Agent up to May 31, 2016 .
- Karvy Computershare Private Limited - R&T Agent - from June 1, 2016

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

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

• SHARE TRANSFER SYSTEM

Your Company's equity shares are compulsorily traded in dematerialized form. As on March 31, 2017, about 99.75% of your Company's equity (comprising of 2,06,89,999 shares) had been dematerialized. The shares of your Company are listed on the BSE and NSE w.e.f. June 19, 2007.

The power to approve transfer of shares in physical form and to attend to share transfer formalities has been delegated by the Board to Share Transfer Committee consisting of officers of the Company. As required, share transfer process is completed within stipulated time period of fifteen days, if all documents are in order. However, during the Financial Year ended March 31, 2017, no proposal for transfer of physical shares was received by the Committee for approval.

Pattern of Shareholding as on March 31, 2017:

Particulars	No. of shares	% of shareholding
Promoters	1,40,29,452	67.64
FII's	15,32,118	7.39
NRI's/ OCB's/ Non Domestic Companies	1,20,560	0.58
Mutual Funds, Banks, Financial Institutions, Insurance Companies, Central Government	9,13,149	4.40
Private Corporate Bodies	3,90,600	1.88
Individuals/ Others	37,56,884	18.11
Total	2,07,42,763	100

Distribution Schedule as of March 31, 2017:

Distribution	No. of shareholders		No of Shareholding	
	No of share-holders	% to Total	No of shares	% to Total
Up to 500	12,421	92.23	9,20,923	4.44
501 - 1000	461	3.42	3,52,846	1.70
1001 - 2000	269	2.00	3,97,889	1.92
2001 - 3000	96	0.71	2,40,162	1.16
3001 - 4000	39	0.29	1,39,136	0.67
4001 - 5000	43	0.32	1,97,007	0.95
5001 - 10000	55	0.41	3,84,214	1.85
Above 10000	84	0.62	1,81,10,586	87.31
TOTAL	13,468	100.00	2,07,42,763	100.00

- The Company has not issued any ADRs/ GDRs/ Warrants or any convertible instruments in the past and hence as on March 31, 2017, there are no outstanding ADRs/ GDRs/ Warrants or any convertible instruments.

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

Commodity price risk or Foreign Exchange Risk and Hedging Activities:

The Company is exposed to foreign currency fluctuations on forecasted cash flows denominated in foreign currencies. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments, where the counterparty is a bank. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. The Company designates these as cash flow hedges. The use of foreign currency forward contracts is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the Company's risk management strategy. The Company does not use derivative financial instruments for speculative purposes. 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, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness. Foreign currency derivative instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that

are designated and effective as hedges of future cash flows are recognized directly in shareholders' funds and the ineffective portion is recognized immediately in the profit and loss account. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the profit and loss account as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders' funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholders' funds is transferred to the profit and loss account for the period. 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.

Transfer to Investor Education and Protection Fund:

As per Section 205A and 205C of the Companies Act, 1956 and other applicable provisions, unclaimed/unpaid dividend for the year 2008-09, 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 3, 2016.

Dividend for the year 2009-10 remaining unclaimed/unpaid for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company for that year, will be transferred in the first week of September, 2017 to the IEPF. Members are requested to claim the same before the transfer. Periodically, communication is sent to the Members for claiming/ encashment of dividend.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on September 21, 2016 (date of the last Annual General Meeting) on the website of the Company (www.teamhgs.com), as also on the website of the Ministry of Corporate Affairs (www.mca.gov.in)

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, shares, in respect of which dividend has not been encashed or claimed for a period of seven consecutive years, shall be transferred by the Company in the name of the IEPF in accordance with the aforesaid Rules. The relevant communication in this regard has been sent to the concerned Members and also Notices have been published in the Newspapers. Any claimant of such shares shall be entitled to claim the transfer of shares from IEPF in accordance with the procedure laid down in the aforesaid Rules.

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

11. ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

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

Mr. Srinivas Palakodeti, Chief Financial Officer

Address: 1st Floor, Gold Hill Square Software Park,
No. 690, Bommanahalli,
Hosur Road, Bangalore - 560 068.
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
Fax: (91 22) 2497 4208

OR to the R&T Agent of the Company, i.e. Karvy Computershare Private Limited.

Email: investor.relations@teamhgs.com

As a contribution 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 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 RTA.

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 24, 2017

Ramkrishan P. Hinduja
Chairman

Annexure 'D'

TO THE DIRECTORS' REPORT

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of **Hinduja Global Solutions Limited**

We have examined the compliance of conditions of Corporate Governance by Hinduja Global Solutions Limited, for the year ended March 31, 2017 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place: Pune
Date : August 24, 2017

Jeetendra Mirchandani
Partner
Membership Number: 048125

Annexure 'E' to the Directors' Report

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Overview

The financial statements for the year 2016-17, have been prepared in accordance and compliance with the requirements of the Companies Act, 2013, and other related and associated guidelines issued by the Securities Exchange Board of India (SEBI), along with the generally accepted accounting norms, under Ind AS reporting format, and co-opting all the amendments and revisions from time to time. HGS management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner, 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

The global economy is still in a state of flux led by substantial policy uncertainty, modest growth in trade and investments, and currency volatility. However, the World Bank in its latest report "Global Economic Prospects – June 2017", said that it expects a fragile recovery of the global economy in 2017, with growth firming due to improvement in confidence. A recovery in industrial activity has coincided with a moderate pickup in global trade, after two years of weakness. Activity in advanced economies is expected to gain momentum in 2017, supported by an upturn in the United States. In emerging market and developing economies (EMDEs), obstacles to growth among commodity exporters are gradually diminishing while activity in commodity importers remains generally robust. Headline employment indicators have improved but labour markets are yet to recover even as productivity and wage growth remain subdued. Taking into account risks such as increased trade protectionism and the possibility of financial market disruptions, global growth is projected to accelerate to 2.7% in 2017, up from a post-crisis low of 2.4% in 2016, before strengthening further to 2.9% in 2018-19. (Source: World Bank Economy report - June 2017 and Organization for Economic Cooperation and Development (OECD) 2017 report).

Post a slowdown in 2016 reflecting weakness in investment and exports, the United States is expected to recover in 2017 and continue to grow at a moderate pace in 2018. The beginning of 2017 saw a deceleration in consumer spending despite high consumer confidence even as there was a pickup in private investment. Almost eight years after the financial crisis, output in the US economy has surpassed its pre-crisis levels by about 10%. There have been strong private sector employment gains, which have reduced unemployment, while fiscal sustainability has been largely restored and corporate profits have improved significantly. The economic outlook is reasonably bright, provided investments in creating new infrastructure and

improvement to many of the dated infrastructures are undertaken, along with the investments in green and alternative energy. Productivity growth has been sluggish in most sectors, even in hi-tech industries like healthcare, pharmaceuticals, communication and technology. While growth has recovered, it is not equally distributed across socioeconomic groups. Hence income inequality continues to increase. (Source: World Bank Economy report - June 2017 and Organization for Economic Cooperation and Development (OECD) 2017 report).

The Canadian economy is adjusting to the fall in commodity prices, more particularly to the energy prices in 2015. Business investment has fallen in the energy sector, and the employment opportunities has declined in the oil producing provinces. These factors, together with the temporary loss of income from the fall in the "terms of trade", depressed economic growth in 2015. The output has fallen sharply in industries, which are most affected by the fall in commodity prices, but of late, it has risen in the rest of the economy, especially in export related industries, thereby enabling job creation to re-employ displaced workforce. The exchange rate depreciation, and flexible monetary and fiscal policy along with easy labour market policies are currently supporting the shift towards non-resource dependent sectors. Productivity has grown slowly in comparison to some of the other OECD countries. The interprovincial non-tariff barriers hamper efficiency, thereby reducing the scale of production. With higher start-up rates, it is likely to hasten the process of reallocation of resources to more productive firms, which would eventually lead to some improvement in the productivity. (Source: World Bank Economy report - June 2017 and Organization for Economic Cooperation and Development (OECD) 2017 report).

In the European Union (EU) zone, growth has picked up gradually over the past two years, supported by very accommodative monetary policy. The effect of fiscal policy on the domestic demand has turned broadly neutral but unemployment is still at uncomfortable levels in many of EU countries. GDP growth in the United Kingdom (UK) is projected to slow down in 2017-18, despite the additional support from more favourable monetary conditions and the postponement of the sizeable fiscal tightening previously planned in 2017. The depreciation of the Sterling has improved export prospects somewhat but has also pushed up inflation, thus dampening household income growth and consumer spending. Business investment is projected to decline sharply amidst continuing uncertainty about the future relationship between the United Kingdom and the EU and lower corporate profit margins. (Source: World Bank Economy report - June 2017 and Organization for Economic Cooperation and Development (OECD) 2017 report).

An economic growth of around 7.5% makes India the fastest growing G20 economy in 2016-17. The impact of demonetisation has faded quickly and GDP growth is projected to strengthen in the next two years. The acceleration of structural reforms, the move towards a rule-based policy framework and low commodity prices

have provided a durable growth impetus. The recent regulatory measures to improve the ease of doing business have given a fillip to foreign direct investment. However, slow land acquisition process along with complex labour laws, weak corporate balance sheets, high non-performing bank loans and infrastructure bottlenecks have not allowed the economy to grow at optimum level. The private sector investment in infrastructure is sluggish. With inflation under control, and the probability of further reduction to Repo and Reverse-Repo, the cost of doing business should go down, once GST is rolled out. (Source: World Bank Economy report - June 2017 and Organization for Economic Cooperation and Development (OECD) 2017 report)

The Philippines economy remained resilient to global headwinds in 2016. While a slower-than-expected global recovery weakened net exports, surging domestic demand pushed the annual GDP growth rate to 6.8%. Investment drove economy-wide growth for the first time since 2013 led by the Government's expansionary fiscal-policy stance. Consumption growth remains strong and there are substantial gains in employment and poverty reduction. Supported by sound domestic macroeconomic fundamentals and an accelerating recovery among other EMDEs, the Philippines is expected to remain one of East Asia's top growth performers. (Source: World Bank Economy report - June 2017).

Jamaica posted a GDP growth of 1.7% during 2016 and is expected to accelerate to around 2% in 2017, aided by the growth pick-up in the US, low oil prices and reforms in investment climate. (Source: World Bank Economy report - June 2017).

Industry Overview

Things can move really quickly in today's world with the intersection of socio-political trends, technology and business, and 2016-17 was a testament to this. From Presidential elections, and increasing protectionism (Brexit, calls for Border Tax and changes in H1-B visa rules in the US, etc) to rising consumerism and technology disruptions, enterprises are constantly facing big challenges to how they operate and grow. The need to stay relevant amidst increasing competition and digitization, and the change in end-consumer expectations has meant that enterprises are relooking at traditional business models. With Business Process Management (BPM) evolving from a cost-based to a value-based proposition, it is increasingly being seen by enterprises as a key model that can drive transformation, focused on digitization and customer experiences.

Simultaneously, BPM industry is itself undergoing a revolution led by the digital-technology convergence. From omni-channel support for enhanced customer experience and real-time analytics to Internet of Things (IoT) and Robotic Process Automation (RPA) via mobile, chatbots, self-serve etc., the current BPM market is changing at a rapid pace. The digitization of the world at large is forcing service providers to adopt newer business

models, alternate points of delivery and communication channels.

Analysis of the Global BPM market – After a couple of years of flattish growth, the global technology market grew at a modest rate of 3.9% to touch \$1.2 trillion in 2016. The ongoing need for firms to adapt to the age and preference of the customers is pushing CIOs to invest in business technologies to ensure stickiness and sustain competitiveness. While IT services saw growth led by investments in cloud infrastructure and buyers acceptance of the cloud model, the BPM industry grew by 4%, mainly due to increase in BPaaS (Business Process as a Service) adoption and analytics.

Driven by digital technologies going mainstream, the total addressable market for Global IT-BPM is likely to grow to \$4 trillion by 2025, with a CAGR of 3.6%. Over the next 10 years, the industry mix of technologies and demand are likely to change significantly.

- 80% of the incremental expenditure is likely to be driven by digital technologies.
- 50% of the incremental investment is likely to be funded by 20 – 25% reduction in legacy expenditures.

The global BPM spend grew by 4% to reach \$183 billion in 2016. The key growth drivers were the increased adoption of BPaaS across industries and adherences to various newly initiated government compliances. (Source: NASSCOM IT-BPM Strategic Review 2017).

Review of the Indian BPM market – The BPM sector in India has grown by over 1.6x in the last five years and crossed \$30 billion in FY2017 at a YoY growth rate of 7.4%. Of the total Indian BPM market, exports contributed 87% while the remaining 13% is from the domestic business. In terms of verticals, BFSI, healthcare, retail and telecom continue to dominate the industry. India's share in the overall BPM sourcing market increased from 35% in 2012 to 37 % in 2016.

NASSCOM has projected that the BPM sector in India is expected to reach \$54 billion in revenues by 2025. The journey towards this goal is expected to revolve around a fundamental shift from 'being effective' to 'becoming strategic'. The key drivers include focus on analytics-led business insights, extreme automation, business platforms & cloud, and emergence of alternative pricing and delivery models. With these changes, the industry is also witnessing a gradual shift in employee and role profiles. Process automation is gaining importance, leading to companies looking at adding employees based on their skills as opposed to the traditional scale-based addition.

The domestic BPM market saw a growth of 6.9% in FY2017 to touch \$3.8 billion. BFSI and telecom, which constitute two-thirds of the market, have been instrumental in driving demand. Going forward, the Digital India initiative of the Government and emerging sectors

such as eCommerce, consumer durables, automobiles and travel & leisure will drive growth along with traditional verticals.

With an increasing number of service providers seeking to address the domestic BPM demand, the industry is seeing some pressure to its billing rates. However, Indian BPM service providers are on the cusp of a significant opportunity as digital technologies continue to be embedded in an ever-widening range of products and services. To reach out to a new range of customers, they are focusing on customer experience and delight, migrating the processes to BPaaS (business process-as-a-service offerings), and making analytics an integral part of the delivery model.

Though competition in the domestic telecom sector is intense, introduction of newer technologies, and the rapid adoption and internet penetration are expected to drive telecom-based BPM growth. With the emergence of payment banks, digitization initiatives and increasing focus on customer service and satisfaction are driving BPM growth in BSFI sector. e-governance projects, increasing internet and broadband penetration and various welfare schemes are providing huge opportunities for BPM services in the Government sector. With domestic passenger traffic expected to see a five-fold growth in the coming years, the demand for BPM in the travel sector is expected to be higher, particularly for regional language services.

The non-voice processes are expected to see high growth in the coming years, with Government's initiatives to digitize various departmental records projected to lead to a changing mind-set of public sector enterprises towards outsourcing to third party vendors. While rapid customer base expansion in strategic sectors like telecom, banking, financial services and insurance, and travel & logistics would lead to growth of voice-based processes, some of this growth could be offset by the trend towards automation of voice processes, mainly in the telecom sector. (Source: NASSCOM IT-BPM Strategic Review 2017, Value Notes Report)

Review of the Philippines BPO/BPM market – According to IT and Business Process Association of Philippines' (ITBPAP) IT-BPM roadmap 2017 to 2022, the market is expected to grow at 6% CAGR from \$166 billion in 2016 to \$250 billion by 2022. The Philippines BPO industry, which currently accounts for 10% of the global outsourcing sector, aspires to create one million more jobs by 2022. While the contact centres segment (which are primarily voice-based) is still growing, the non-voice segments of the industry - which includes technical outsourcing services for Healthcare, IT and KPO - have shown robust growth. The voice segment that accounts for about 85% of the total outsourcing services today, is expected to decline to 67%, as non-voice professional outsourcing services are expected to double their share to over 30% by 2022. (Source: ITBPAP - IT BPM Roadmap 2017 - 2022).

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

Healthcare

The healthcare industry landscape in general, and more so in the US, has been subject to often unstructured functioning on account of several factors like escalating costs, frequent and extensive regulatory changes, changing business models and the evolution of patient-centric patterns with mobile computing, social media platforms and anytime, anywhere access. This combination of disruptive and legacy factors has driven healthcare companies to adopt newer technologies while revamping their existing systems, processes and interfaces. The stakeholders are trying to tackle endemic industry issues through technology leverage and are trying to evolve the operating model of healthcare in the new normal.

Healthcare Industry in the US – According to PwC's Health Research Institute, the era of volatile swings and double-digit growth in medical costs may be coming to an end. For decades, US healthcare has been lagging behind other nations, with not so encouraging performance in health outcomes, accessibility and affordability. With the medical costs hovering around 18% of US GDP for several years, health spending continues to be in an unsustainable state. Thus, healthcare reforms are likely to remain a top agenda for the President Trump administration and Congress.

On the new proposal to repeal the Affordable Care Act (ACA) and replace with American Health Care Act (AHCA), there have been conversations related to parts of the bills being repealed or modified. While there are no clear decisions yet on the details, there have been estimates on the impact to both quality and cost of care and access to care for millions of Americans, which will be driven from the changes in these areas:

- Removing the employer and individual mandates for health insurance coverage and repealing the cost of Federal subsidies and cost sharing models for insurance premiums.
- Reduction or probable elimination of the Federal funding for states for Medicaid expansion and instead providing allocated amounts based on the needs of the qualifying population.
- Revising tax credits towards healthcare out of pocket spend.

Wherever the legislative path leads for US healthcare, within both policies, the focus is on accountable, accessible and patient centric care. Hospital and insurers have staked tremendous financial, technological and

personal resources to lower the cost of healthcare while improving the outcomes for patients. Hence, the legislation is the industry's biggest concern in uncertainty currently.

Review of Payer and Provider markets – According to Analyst Firm Markets and Markets, the global healthcare BPO/BPM market is expected to reach \$277 billion by 2021 from the current \$188 billion, growing at the rate of 10% CAGR during the period. The global healthcare BPO industry can be divided into three broad segments: (1) payer services, (2) provider services and (3) pharmaceutical services.

The US healthcare BPO dominates the global healthcare BPO/BPM market, accounting for about 67% of the total market size, and is expected to grow at a CAGR of 11% over the next three years. According to multiple third-party reports by various research firms, the global healthcare payer market size was \$17 billion in 2015, about \$18.5 billion in 2016 and is expected to touch \$21 billion by the end of CY2017. This segment of the industry is expected to grow at a CAGR of 10.8% from the levels of 2016 to \$31 billion by 2021.

The current US Healthcare Payer BPO market is about \$9.4 billion. According to Nelson Hall forecasts, the US Payer BPO market is expected to see a 7.5% CAGR to reach \$14.6 billion by 2021. The US Healthcare Payer BPO/BPM market accounts for 50% of the total healthcare BPO market. Some of the trends seen are:

1. The US Healthcare Payer BPO market is expected to become increasingly B2C.
2. While claim management services dominates US healthcare – Payer BPS market and increasing use of RPA will be the new norm for servicing claims.
3. Payer providers are increasingly providing multi-channel member engagement services.

Of the total claim management service market in Healthcare, Payer support accounts for 68% of the total and the provider support accounts for the balance 32%. For HGS, the ratio is payer support at 85%, providers support accounts for about 10% and the platform business accounts for the balance 5%.

Telecom and Media

2016 was a transformational year for the telecom and networking industry. In the current year, the demand for data is only surging, leading to a change in industry landscape, and with it, the underlying networking infrastructure, both from a physical and virtual perspective.

The consumer-driven data consumption, led by live video streaming and the rise of augmented reality, has dramatically increased and put tremendous pressure on the networks. It also has been a year of stronger encryption as users, organizations and law makers alike became increasingly concerned about privacy, safety

and security of their data and infrastructure. Some of the trends that are likely to shape the industry in the next one-two years are:

1. 2017 is likely to be another vital year for OTT (over-the-top) service growth, fuelled by streaming video on demand for more non-linear media consumption. The adoption of OTT and the consumption of the same is likely to put pressure on the infrastructure of the network operators.
2. Globally many of the telecom service providers have already developed 5G architecture and have commenced field tests. Hence in the next year, we are likely to see the first wave of commercial offerings being launched. Across the industry, there are expectations that the speed of data transferred and quantum of data consumed are likely to see massive surge from the current levels.
3. In the last year, networks being compromised by breaching of fire-walls, and resultant data breaches, were a recurring event. This has made network operators and telecom service providers realize that they need to protect more than just the data being transferred over the systems. New EU legislations are likely to be a significant driver behind adoption of encryption across networks. By end of CY2018, holistic network security is likely to become more important than ever and we expect to see encryption transition from a niche play into a more pervasive technology.

The growth of mobile phones is far outpacing the fixed line connectivity. Most of the growth in subscriber additions is being seen in the developing world, and amongst the low- to mid-level income populaces. For these strata of the people, mobile is cheaper, convenient and more useful. With more and more subscribers migrating to mobile, the consumption of voice and data is only going to increase. With a plethora of schemes for pre-paid and post-paid being introduced at regular intervals by the mobile operators, subscribers are going to increasingly use the services of BPO/BPM providers for clarification on pricing and usage. (Source: Information Age).

Consumer

The perpetual changing trends towards the increased usage of online channels by customers globally, as well as in India, have given rise to increased investments in technologies by the manufacturers of consumer discretionary and non-discretionary goods. With the integration of ERP, SCM and CRM, the whole ecosystem of an organization has shrunk and is more aligned to the near-term demand. The usage of technology integrates multiple application solutions and thereby improves the customer experience. Some of the crucial areas such as omni-channel integration, analytics, e-Commerce and mobile applications are expected to open up new growth avenues for the BPM/BPO providers going forward.

The mobile device has become an indispensable part of the customers' shopping experience. NFC (near field communications) and QR (quick response) codes are the latest proximity technologies on offer to retailers, providing them with an opportunity to engage with customers via smart phones.

With the emergence of payment solutions, analysts expect more stores to accept additional/alternative payment types, most notably electronically enabled Debit/Credit cards and internet and mobile banking. As consumers go through multiple channels in their process to purchase, retailers will start analyzing online and offline data of consumer behaviour together to get a more comprehensive picture of customers' shopping patterns. Retailers are also gradually switching to single view retail management systems, as gaining visibility of sales, inventory and customer across different channels, allows them to execute their Omni-channel initiatives and strategies effectively. It is highly probable that this strategy is going to be implemented by large number of retailers going forward. Omni-channel is likely to drive more retailers to adopt cloud based apps as these solutions enable them to scale quickly, get real-time insights of their business and more importantly work from any location.

Banking and Financial Services

It is an era of mass customization. As customers are becoming more connected through social media, they are also becoming more demanding and less loyal. Easier comparison of financial products, and its pricing and faster switching between the schemes mean that relationships can be brief and largely transactional. We are already seeing one click transfer online facilities, which moves all funds, direct debit instructions and other services to the new provider with very little effort on behalf of the customer. Demographic trends have strong implications for conventional financial services companies because the youngest users are the least loyal. Customers have experienced first-hand that digital commerce delivers speed and personalization, and this raises their expectation from financial services and its various products.

Instead of a mortgage, insurance policy or investment plan that broadly meets their needs, buyers want customized, adaptive solutions that evolve and deliver specified outcomes. For example, target-date funds automatically adjust the asset mix to a user's expected retirement age. Personalized service and tailored solutions were once the reserve of high net worth clients. Now, technology is opening it up to mass affluent consumers, and beyond. In the insurance industry, advances in processing capacity, customer profiling and risk analytics are now opening the way for a new generation of 'smart' policies. While being as affordable and easy to understand as today's off-the shelf products, these policies could be both fully customized to individuals and able to adapt

to their changing needs. Crucially, the technological developments that are making this new generation of policies possible would also making it easier for new entrants to break into the market at relatively little cost.

Mobile banking is growing fast and the number of mobile banking users are likely to double from the current levels by 2020. This means about 40% of the world adult population would be using mobile banking.

Public/Government

The public sector is moving towards providing more customer friendly and interactive services. BPO/BPM service providers can help manage the big data, which resides in the servers of the government departments and government-owned organizations. BPO/BPM service providers can assist the government agencies to optimize traditional approaches, thereby eliminate mistakes and reduce the workload. Through the implementation of focused social media strategies, the BPM platform can allow for a swift and seamless integration of relevant social media data into conventional processes in the coming years. In line with growing expectations, a recent survey in many countries shows that citizens are now expecting their governments to better understand the needs of the citizens, societies and communities, and make sure that services are structured and tailored to the needs of people who are using them. In order to fulfil the personalization of the services, governments and public sector organizations need to invest in technologies and innovations to improve processes and outcomes. This requires a transition from large-scale, standardized solutions to develop more intelligent, interactive solutions that focus on individual needs.

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

Business Overview

Hinduja Global Solutions (HGS), part of the multi-billion dollar Hinduja Group, is a leader in optimizing the customer experience and helping its clients to become more competitive. HGS provides a full suite of business, process management (BPM) services ranging from marketing & digital enablement services and consumer interaction services to platforms enabling back office business services. By applying analytics, automation and interaction expertise to deliver innovation and thought leadership, HGS increases revenue, improves operating efficiencies and helps clients retain valuable customers.

The Company's expertise spans the healthcare, telecommunications and media, insurance, banking, consumer electronics and packaged goods industries, retail, technology and public sector. HGS operates on a global landscape with about 44,200 employees in 68 delivery centers worldwide, delivering localized solutions. HGS has a strong presence in India, Philippines, UK US, Canada, Jamaica and UAE.

Financial Review

The overall financial performance of HGS for the year ended March 31, 2017 was noteworthy. HGS, achieved the highest ever Profit after Tax in March 31, 2017. The financial performance for FY2017, was driven by organic growth in some of the business verticals and improvement to operations in some of the overseas geographies, especially Canada, along with cost optimisation and cross currency impact.

Between FY2014 and FY2017, the core organic revenues grew by 17.3% CAGR and the acquired businesses grew by 7.3% CAGR, consequently the total revenues grew by 14% CAGR. The Owned seats to Opex seats ratio which was at 10.8% at the beginning of FY2017, has improved to 16.1% at the end of the financial year.

Revenue by Origination

In FY2017, US originated business accounted for 67% of the total revenues, as compared to 66% in the previous year. The trend of US originated revenues continued its linear trend for the fourth year in succession. In FY2014, the US originated revenues were at 59% which inched to 63% in FY2015 to reach 66% in FY2017. This segment includes India International as well.

The India Domestic business, which was 11% of FY2016 total revenues has moved up to 14% in FY2017, driven by revenue buoyancy and the acquisition of CRM business in H12015. For FY2017, business originating from Canada in CAD terms was a little weak, however it is getting stabilised. Similarly, business originating from the UK in GBP was below expectations.

Onshore to Offshore Revenue Mix

Revenue rebalancing initiative between onshore to offshore/near-shore, which HGS undertook a few years ago is achieving the desired outcome. In FY2014, Onshore revenues to Offshore/Near-shore ratio was 63% to 37%, and has now changed to 54% to 46%. The Offshore/Near-shore ratio has improved by 900bps over the past 4 years.

Voice to Non Voice Revenue Mix

Revenue de-risking effort which the Company undertook between voice and non-voice services a couple of years back is showing up. Voice CRM which was at 79% of revenues in FY2014, has declined to 73% in FY2017. To make up for the loss, HGS focused on offering Digital CRM services, which are seeing traction. Similarly, the

stickier component transaction processing revenues, which accounted for 19% of FY2014 revenues is now at 24% in FY2017.

Revenue by Vertical

Healthcare vertical sustained on its growth momentum. In terms of contribution, it accounted for 46% of FY2017 revenues, in comparison to 42% in FY2016. Revenue buoyancy from healthcare continues to be strong over the past four years partly aided by the Colibrium platform. The other large contributor, the telecom and technology vertical declined to 23% of FY2017 revenues from 27% in FY2016. The reduction in contribution from this vertical is on account of the strategic decision taken by the Management to exit some of the loss making accounts. The consumer products business inched up modestly over the previous year by 100bps to 14% of total revenues while banking and financial services vertical held on to last year's percentage.

Discussion on Financial Position

Property, Plant and Equipment and Intangible assets:

The net block of assets as of March 31, 2017 was ₹ 6,505 million as compared to ₹ 6,287 million in March 31, 2016, representing an absolute increase of ₹ 218 million during the year under review and in percentage terms, it was 3.5%

Goodwill:

As of March 31, 2017, goodwill was ₹ 2,986 million as compared to ₹3,074 million in March 31, 2016. Goodwill is tested for impairment.

Investments (Non-current):

It mainly comprises of Treasury bills at overseas location. As of March 31, 2017, investments were ₹ 54 million as compared to ₹ 102 million in March 31, 2016.

Other financial assets (Non-current):

It comprises of security deposit, margin money deposit and other long-term deposits. As of March 31, 2017, the amounts were ₹ 397 million as compared to ₹ 323 million in March 31, 2016.

Deferred tax assets (net) [DTA]:

DTA as of March 31, 2017 were ₹ 648 million as compared to ₹270 million in March 31, 2016.

Income tax assets (net):

As of March 31, 2017,, the amounts were ₹ 383 million as compared to ₹ 498 million in March 31, 2016.

Other non-current assets:

Other non-current assets comprise of capital advance, deferred rent, prepaid expenses and other receivables. As of March 31, 2017, the amounts were ₹ 694 million as compared to ₹ 1,160 million in March 31, 2016.

Trade receivables:

As of March 31, 2017, trade receivables from customers were at ₹ 4,629 million as compared to ₹ 4,588 million in March 31, 2016 after making allowance for doubtful debts.

Cash and Bank balances:

As of March 31, 2017, cash and bank balances were at ₹ 3,650 million as compared to ₹ 3,748 million in March 31, 2016.

Loans (Current):

As of March 31, 2017, the amounts were ₹ 824 million as compared to ₹ 799 million in March 31, 2016. It comprises of loan given to a third party at an overseas entity.

Other financial assets (Current):

It comprises of unbilled revenues, security deposit, interest accrued and derivative gains. As of March 31, 2017, the amounts were ₹ 3,148 million as compared to ₹ 2,981 million in March 31, 2016.

Other current assets:

The Other Current Assets comprises of balance with Government authorities, vendor advances and prepaid expenses. As of March 31, 2017, the amounts were ₹ 554 million as compared to ₹ 625 million in March 31, 2016.

Share Capital:

The authorized share capital of the Company is ₹ 250 million with 25 million equity shares of ₹ 10 each. The paid up share capital as of March 31, 2017 was ₹ 207 million, an increase of 13,724 shares compared to previous year. The Company issued 4,717 equity shares pursuant to the exercise of stock options by certain employees under the "Employees Stock Option Plan, 2008" and 9,007 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 ₹ 11,678 million in March 31, 2016 to ₹ 13,165 million in March 31, 2017.

Borrowing (Non-current):

As of March 31, 2017, the total long term borrowings were ₹ 4,264 million as compared to ₹ 5,385 million in March 31, 2016. The Company has repaid substantial part of the borrowings from Operating cash flows during the current year.

Provisions (Non-current):

Provision comprises of pension obligation and gratuity (as per actuarial valuation performed by an independent actuary). As of March 31, 2017 provisions were ₹ 265 million as compared to ₹ 150 million in March 31, 2016.

Deferred tax liabilities (net) [DTL]:

DTL as of March 31, 2017 were ₹ 386 million as compared to ₹ 236 million in March 31, 2016. Major components of DTL are due to temporary differences on Property, Plant and Equipment and Hedge reserve.

Other non-current liabilities:

It comprises of Income received in advance from a customer. As of March 31, 2017, the amounts were ₹ 123 million as compared to ₹ 161 million in March 31, 2016.

Borrowing (Current):

As of March 31, 2017, the total short term borrowings were ₹ 1,706 million as compared to ₹ 2,235 million in March 31, 2016.

Trade Payables:

As of March 31, 2017, the trade payable were ₹ 1,606 million as compared to ₹ 1,720 million in March 31, 2016.

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, 2017 those amounts were ₹ 2,002 million as compared to ₹ 1,798 million in March 31, 2016.

Provisions (Current):

These Provisions comprise of pension obligation, gratuity and leave encashment liabilities (as per actuarial valuation performed by an independent actuary). As of March 31, 2017 Provisions were ₹ 430 million as compared to ₹ 462 million in March 31, 2016.

Current tax liabilities:

As of March 31, 2017 and March 31, 2016, the amounts were ₹ 2 million respectively.

Other current liabilities:

Other current liabilities comprise of advance from customers, statutory dues payable and deferred revenue. As of March 31, 2017 the amounts were ₹ 621 million as compared to ₹ 547 million in March 31, 2016.

Operational Review

During the year under review, the company has been communicating to all its stakeholders, that the focus is to grow the profitable businesses, letting go of unprofitable businesses, generate free cash flows and improve return ratios. Looking at the financial numbers of the year under review, FY2017 has been a strong turnaround year for the company. HGS has sustained momentum in both revenues and EBITDA margins quarter after quarter for the past many quarter. That HGS has achieved all of this despite various headwinds and challenges faced, is

a reiteration of the fact that the business and execution strategy is on the right track.

During FY2017, HGS signed 15 new clients, who accounted for 2.7% of total revenues. The total number of active clients at the end of FY2017 was at 183 BPM clients and 614 payroll processing clients. At the end of FY2017, HGS has 68 delivery centres in seven countries. During FY2017, HGS opened seven new centres, two in Jamaica, one in Philippines and four in India, of which one each is in Chennai and Raipur, and two in Bangalore. The employee headcount stood at 44,237 as of 31st of March, 2017, with India continuing to account for the majority of the workforce at 67%.

HGS delivered full year revenue growth of 11.5% YOY which was aided by an organic growth of 9.1%, inorganic growth of 2.1% and a modest forex impact of 0.3%. The strong 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 and consumer products. HGS, also improved its seat utilization rates in some of the lower utilized centers. Healthcare continues to grow at a healthy rate and is expected to grow without any major hiccups in the coming year. In the year under review, effort to rebalance revenues, between onshore versus offshore/ near-shore has gone off well.

Better operational efficiencies led by cost optimization efforts like closure of non-viable or low profitable contact centers and the effect of price revisions effected during the year, from some of the key clients enabled HGS to improve EBITDA margins significantly in FY2017 over the previous year resulting in an EBITDA growth of 42% and a net profit growth of 79% over the previous financial year. From the free cash flow generated, HGS repaid debt of Rs 1,823 million, enabling net debt to equity at 0.22x as against 0.39x in FY2016.

HGS continues to win new businesses from existing and new clients in North America, which comprises Canada and US. The US operations had good wins in Healthcare and Automobiles while in Canada, HGS expanded business in Telecom and Media verticals. The ramp-ups helped to improve the overall seat utilization. There is scope for further improvement in the utilization of seats in some of its centers.

During FY2017, HGS closed its Waterloo center in US. This center was closed in view of the changing needs of the clients from this location. HGS has restarted delivery work from the Charlottetown center in Canada, which will now support the recently-won telecom/media client. HGS has also expanded the home agent footprint in Canada, which is the new technology that we have deployed to overcome labor shortages that we have faced in Canada in the past.

Jamaica is now proving to be a very good near-shore location for the Company, mainly due to its proximity to

the US and available talent pool. HGS has doubled its revenues from Jamaica in FY2017 over the previous year, led by significant ramp-ups from some of its healthcare clients.

HGS has added its fourth center in Kingston in January 2017. This is a 64,000 Sq.Ft. facility and has a capacity to accommodate 1,200 associates. Jamaica also received the ISO 9001 certification for Q4 FY2017, only the second BPM Company in Jamaica to achieve that feat.

Revenues from UK in GBP terms in FY2017 were stable, though it is still a few quarters away for a full turn around. HGS expects this to happen towards the end of this financial year.

India international business experienced moderate growth led by volumes from the healthcare vertical. Besides, EBOS business did well in Q4 FY2017. The outlook for the Indian international business looks good in the coming financial year, as the existing contracts with the clients are giving definitive revenue visibility.

India domestic business had a very good year driven by verticals like telecom and Ecommerce. HGS opened a new centre in Raipur at the end of March 2017. In FY2018, HGS is looking to expand the domestic operations by setting up new centres in Indore and consolidating the existing operations from the two small centres in Durgapur to a new and bigger facility in the same city. India domestic business may have some headwinds because of the current situation in the telecom sector, which is the biggest sector for the India domestic business.

Philippines continued its business expansion, reporting a 9.4% YoY growth in local currency terms. The healthcare vertical was the primary driver of this growth, while HGS also renewed a contract with one of its financial services clients. In terms of outlook for the new fiscal, Philippines is likely to witness decent to strong growth in revenues from clients in healthcare and in other verticals.

The year under review has been a turnaround year, not just in numbers, but also in terms of focusing on driving non linearity into the business model - be it through ramping up the innovation team, focusing on technology-led solutions or beefing up the platform BPO lever at Colibrium. In FY2016, HGS focused on three big solution areas: HGS RPA, DigiCX and Analytics.

In FY2017, HGS made good progress across all the three. Automation is fast emerging as a key lever to create transformation in a BPM setup. RPA adoption in BPA is growing at a CAGR of over 100% and it is likely to impact 30%-40% of BPM spend in the long run, according the Everest Group. Artificial Intelligence-led RPA, is expected to help BPM companies penetrate into the core areas of business processes. This means the existing partnership models are likely to get into advanced partnership models like gain-share and transformational models.

Under the HGS RPA business, HGS has set up an automation centre of excellence, which is supporting eight client engagements in healthcare and BFSI. This center 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 and deployment.

Under the DigiCX suite, HGS has launched nine new service offerings such as DigiWEB, DigiSOCIAL, DigiINSIGHT, DigiBOT, DigiAMBASSADOR and Automated Enterprise. DigiCX was recognized by Frost and Sullivan in the category of new product innovation.

In the coming months and quarters, HGS is likely to announce more details of its new service offerings in the Company website. In Analytics, apart from using speech analytics tools and analysis of text 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 skilling people. The traction for these three solution areas, and the use of automation and analytics internally within HGS, is expected to add non linearity. HGS has spent about \$15 million in the last three years to build this capability in-house.

Awards and Recognitions

In FY2017, HGS received several awards and recognition by various outsourcing research and analysis firms. These accolades are a testament to HGS' leadership position in the BPM industry.

- At the Stevie Awards, HGS was presented with awards for the best use of Technology in customer service as well as for the best Sales Support Practice.
- According to CIO Review, HGS was considered amongst the 20 most Promising Customer Experience Management Solution Providers. In addition, HGS was ranked amongst the top-20 Most Promising BPM Solution Providers.
- At Contact Centre World Awards, HGS was awarded with Outstanding Partnership of the Year in the Best Self Service Technology.
- HGS achieved Top-10 Americas status in the Breakthrough Group in ISG Outsourcing Index Global.
- HGS was recognised as "Major Contender" in the Everest Group Healthcare Payer BPO Peak Matrix Assessment, 2016.

Acquisitions

During FY2017, no acquisitions were made by the Company. The last acquisition the Company did was in September, 2015 when it acquired a significant part of the domestic BPM business of the Mphasis Group.

Delivery Structure

At the end of FY2017, HGS had 68 global delivery centres across seven countries. HGS closed centres in Germany, Italy, France and the Netherlands due to a client exit. During the year, seven new centres were opened: two in Kingston (Jamaica), one in Manila (Philippines), two in Bangalore and one each in Chennai and Raipur. HGS has a strong balance sheet to enable it raise funds from different sources to capitalize on new growth opportunities

Human Capital

HGS had 44,237 employees across 68 delivery centers in seven countries as of March 31, 2017, a net addition of 4,403 employees during the year.

Our Diversity ratio is on the rise globally, with women employees accounting for 46.2% of our workforce today, up from 42.2% last fiscal. In India, women employees accounted for 37.3% of our workforce in FY2017, up from 34.1% in the previous year, which is above industry standards. Your Company is actively involved in empowering persons with disabilities (PwDs) in growing their careers and currently employs 273 PwDs in India.

Our engagement with employees is inclusive and empowering, leveraging platforms such as business unit-level events, rewards & recognition programs, skip level meets and training initiatives. During FY2017, we conducted the Employee Satisfaction (ESAT) Survey – Voice of the People and received an overwhelming 88% response rate. The overall employee experience index (EX Index) went up by 18 points from 41.1 in 2015 to 58.9 in 2016, which is a very positive indicator when compared to the industry.

Today, tremendous forces are reshaping the world as we know it. Globalization, consumerization, Millennials, technology evolution and digitization, rising populism, new wave of start-ups etc., are all impacting how business is conducted. In line with this, the workplace is evolving with changing client and employee expectations, new technologies and resultant change in skill requirements. This calls for an agile and responsive HR process in an increasingly competitive market place.

As a company operating in a people-centric industry, HGS is focused on evolving our workforce to align with these shifts. The clients whom we serve are assigning us more complex work that require new skillsets, domain knowledge and expertise to manage the work with advanced technologies. This has prompted us to "re-engineer" our recruitment process and hire talent

that suit the requirements of the client. Adopting best practices in human resources globally, we are leveraging new technology levers like automation in recruitment process and performance management, and digital & social media-based hiring to create a more efficient people-related system.

Alongside recruiting talent with new skillsets, the focus is also on reskilling of existing employees. We are committed to upskilling employees constantly to keep up with new technology and business trends. We have designed customized learning & development programs across employee bands and roles, which are currently being rolled out.

Compliance

The Company has implemented a robust Regulatory & Contractual 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. The applicable laws and regulations, including Employment and Labour laws, in countries where the Company operates and any changes in the said laws and regulations are reviewed periodically for their compliance. The Board reviews the compliance status of all laws and regulations applicable to the Company on quarterly basis based on the compliance certificates submitted by 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 workplace. During the financial year 2016-17, the Company has received 13 complaints under the above policy and all complaints have been disposed off with an appropriate action and no complaint was pending as of March 31, 2017.

Customer Additions

As of March 31, 2017, the Company had 183 core BPM clients (including clients received through the Colibrium acquisition and excluding HRO and F&A clients). Taking into account the 614 HRO and F&A clients, the total number of clients stood at 797. During the year, HGS added 15 new clients, who accounted for 2.7% of the overall revenues.

Customer Satisfaction (CSAT – Survey)

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

HGS has been conducting annual global customer satisfaction surveys since 2009. The objective of CSAT surveys is to measure the health of relationship with our

customers. Besides, the survey captures expectation status, measures fulfilment in the areas like customer experience level, satisfaction levels across various interaction points and Identifies areas which are done well and areas which needs improvement.

During 2016, HGS conducted its customer satisfaction survey through a professional third party partner. The response rate this year was 77.9% and significant participation from 89.4% of the accounts targeted. The survey was primarily focused on four key parameters: satisfaction, loyalty, advocacy and value for money. HGS has received high ratings on all the parameters. HGS remains committed to strengthen client relationships and setting new benchmarks for service quality and ultimately increasing client satisfaction.

Global Growth Strategy and Marketing

HGS' Global Growth Strategy and Marketing (GGSM), a horizontal function with the mandate to improve market positioning, awareness and consideration rates, is also expanding the scope of services offered and expanding go to market channels. To drive growth, our primary focus is leveraging HGS' current capabilities and best practices in combination with industry leading technology partners to develop packaged service offerings with centres of operational excellence, new commercial models and transformational value propositions that match market opportunities. As evidence of success related to the investments in GGSM, over the past 3-5 years, the business has risen in recognition amongst the top industry influencers, analysts and advisors with top rankings and increased consideration rates.

Trademarked transformational solutions

In FY2017, HGS expanded its trademarked IP beyond its Unified Customer Experience Strategy® solution, to include registered trademarks for digital transformation service offerings like DigiCX®, DigiWEB®, DigiTEXT®, and key market positioning statements such as Get the Right Answer Fast®. Other trademarks that have been filed include The Automated Enterprise™, Bots&Brains™, DigiMESSAGING™, and Health+CARE™.

These brands provide an instant, easy-to-grasp view of our innovation and the way we help clients provide their customers with consistently streamlined and effective experience, allowing them to “get the right answer fast” while transforming cost.

To continue to grow revenues under this digital customer experience (CX) set of service offerings, HGS expanded its ecosystem of technology service providers, along with new and unique commercial models to form differentiating strategic partnerships to sell with and through. The result is, the launch and expansion of new pilot programs with existing and new clients.

The transformational offerings continue to drive revenue and relevance in the sales cycle as more brands adopt

a customer experience strategy and seek to digitally transform their customer engagement. The lead with self-service approach and intelligently integration human assistance when it adds value is combining bots and brains in a way that will help optimize CX and make the brands we serve more competitive. The digital CX advancements made in FY2017 contributed to 29 contracted deals in the year, as well as unlocked new demand for even higher value HGS services.

Brand recognition – amongst the best

HGS' brand recognition over the past 3 years has increased with strong and consistent commitment to keeping a steady drum beat of news, analyst briefings, thought leadership creation, events speaking and awards recognition. This strong industry positioning is evident in the published reports from leading analysts. In FY2017, 44 analyst and advisor published reports recognized HGS as Leaders/High performers/Major Contenders or in the Winners Circle, including reports from respected firms such as ISG Sourcing Advisors, Gartner, Horses for Sources (HfS), Everest Group, Nelson Hall, and Outsourcing Institute. In the past year, HGS was named a "Top 100 Global Outsourcer" by the International Association of Outsourcing Professionals (IAOP), and also brought home three Stevie Awards for Customer Service Department of the Year, Best Use of Technology in Customer Service and Sales Support Practice of the Year.

Competitive Advantage

The Company has been one of the pioneers of the BPM business globally with active clients dating back to 1973. Strong competitive advantage is gained through a compelling set of traditional and transformative customer experience services, a focus on a few strategic markets, a strong and stable client portfolio, a well-balance right-shore strategy, and a strong leadership team.

HGS' suite of services blend Bots & Brains™ to apply strength in automated process development to a long history of providing assisted services to a range from front office customer interactions over a variety of channels including voice, email, chat, SMS-text, social messaging and many more evolving methods of communication to back office transaction capabilities such as Smart Processing, Intelligent Research and Accurate Record Updating.

HGS' strong focus on a few strategic industry markets ensures we develop solutions that are tailored and specific helping consumer get the right answer fast; when they are trying to ask a questions, fix a product or make a purchase.

Approximately 75% of HGS customer have been with the business for more than 10-years. This strong and stable client portfolio is a source of validation in our approach, stimulation to continuously improve and innovate, and reference in forming new relationships.

HGS has the right formula for Right-shore outsourcing with local onshore capabilities as well as key near shore and offshore locations in place. The Company currently delivers services out of 68 centres in seven countries.

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

Risks and Concerns

For companies like HGS, risks can emerge or change its intensity over a period of time. This is due to the fact, that HGS has its operations spread across multiple geographies, clients are located in different continents and revenue accretion and costs are incurred in multiple currencies. Some of the risks to which HGS is exposed are listed below:

- 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 and impact of cross currency movements.
- Lack or loss of skilled manpower can result in productivity loss.
- Technology changes related to robotic process automation, Analytics and Multi-Channel Digital transaction which may impact volumes and ability to deliver traditional services.

Opportunities

HGS' experienced management has strong domain expertise and experience of successfully identifying emerging opportunities and capitalising on them. Vital growth drivers and some of the opportunities include:

- Increased preference for BPM services (for voice and non-voice) by public sector and mid-sized companies.
- Increasing awareness among banks and corporates about BPM services' potential to improve effectiveness and efficiency.
- Opportunity from US Healthcare reforms which focuses on modernising legacy systems to gain operation excellence.
- Larger deals with existing customers based on gain sharing models.
- Penetrate and grow public sector market place in UK/EU and Canadian markets.

- Identifying and expanding geographies in other low cost economies to grow BPM services, with not much of time zone difference to US.
- Industry consolidation driven by increasing use of emerging technologies and preference for complex services.
- Established position in the digital, social media and analytics and automation segments, which are gaining acceptance among international clients.

Risk Management Overview

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. The risk management processes are monitored, reviewed and revised as appropriate to adapt to the changing global risk scenario and landscape. The Risk Management Committee reviews the identified risk and actions taken to mitigate them on a quarterly basis.

Risk Categories

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 & Acquisitions and Joint Ventures which can potentially impact its long term competitive advantage;
2. **Counterparty Risks:** Risks arising out of HGS's association with entities like clients, vendors and business partners for conducting business, which may potentially incur a risk of default on obligations;
3. **Operations Risks:** Risks inherent to business operations including service delivery to clients, business support activities, information security & data privacy, intellectual property, physical security and business continuity of service delivery, which can lead to potential loss resulting from inadequate or failed processes, people and systems or from external events;

4. **Financial 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

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

Risk identification and Impact Analysis

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

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

Risk 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 & strategy: Business strategy and planning take into account identified risks and mitigation action as an input for the development of strategy and annual business plan.

Internal Controls

As a business philosophy, the 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 2016-17.

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, 2017

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/ GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	HGS International, Mauritius	-	Foreign Subsidiary	100	Section 2(87)(i)
2.	HGS International Services Private Limited	U32304MH2007PTC167602	Subsidiary	100	Section 2(87)(i)
3.	Hinduja Global Solutions Inc., USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
4.	HGS Properties LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
5.	HGS Canada Holdings LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
6.	HGS Canada Inc, Canada	-	Foreign Subsidiary	100	Section 2(87)(ii)
7.	HGS EBOS LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
8.	HGS (USA), LLC	-	Foreign Subsidiary	100	Section 2(87)(ii)
9.	HGS Healthcare, LLC	-	Foreign Subsidiary	100	Section 2(87)(ii)
10.	Affina Company, Canada	-	Foreign Subsidiary	100	Section 2(87)(ii)
11.	HGS MENA FZ- LLC	-	Foreign Subsidiary	100	Section 2(87)(ii)
12.	Hinduja Global Solutions Europe Limited, UK	-	Foreign Subsidiary	100	Section 2(87)(ii)
13.	Hinduja Global Solutions UK Limited, UK	-	Foreign Subsidiary	100	Section 2(87)(ii)
14.	*HGS Italy, S.R.L	-	Foreign Subsidiary	100	Section 2(87)(ii)
15.	HGS France S.A.R.L	-	Foreign Subsidiary	100	Section 2(87)(ii)
16.	C-Cubed N.V., Curacao	-	Foreign Subsidiary	100	Section 2(87)(ii)
17.	C-Cubed B.V., Netherlands	-	Foreign Subsidiary	100	Section 2(87)(ii)
18.	*Customer Contact Centre Inc, Manila	-	Foreign Subsidiary	100	Section 2(87)(ii)
19.	HGS St. Lucia Limited, Saint Lucia	-	Foreign Subsidiary	100	Section 2(87)(ii)
20.	Team HGS Limited, Jamaica	-	Foreign Subsidiary	100	Section 2(87)(ii)
21.	HGS Colibrium Inc., USA	-	Foreign Subsidiary	95.20	Section 2(87)(ii)
22.	**Extensya Investment Holdings Limited	-	Foreign Subsidiary	100	Section 2(87)(ii)
23.	**HGS Extensya Cayman Limited	-	Foreign Subsidiary	100	Section 2(87)(ii)
24.	**HGS Extensya Holdings Limited	-	Foreign Subsidiary	100	Section 2(87)(ii)

* under liquidation

** closed effective July 1, 2017.

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 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year*
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A.	Promoters									
	(1) Indian									
	a) Individual/ HUF	1617185	0	1617185	7.80	1617185	0	1617185	7.80	0.00
	b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
	c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
	d) Bodies Corp.	5748541	0	5748541	27.73	5748541	0	5748541	27.71	(0.02)
	e) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
	f) Any Other	3902299	0	3902299	18.83	3902299	0	3902299	18.81	(0.02)
	Sub-total (A) (1)	11268025	0	11268025	54.36	11268025	0	11268025	54.32	(0.04)
	(2) Foreign									
	a) NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
	b) Other- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
	c) Bodies Corp.	2761427	0	2761427	13.32	2761427	0	2761427	13.32	0.00
	d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
	e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A) (2)	2761427	0	2761427	13.32	2761427	0	2761427	13.32	0.00
	Total Shareholding of Promoter (A)= (A)(1)+ (A)(2)	14029452	0	14029452	67.68	14029452	0	14029452	*67.64	(0.04)
B.	Public Shareholding									
	1. Institutions									
	a) Mutual Funds	644292	0	644292	3.11	620671	0	620671	2.99	(0.12)
	b) Banks/ FI	27185	50	27235	0.13	8429	0	8429	0.04	(0.09)
	c) Central Govt.	5	0	5	0.00	0	0	0	0.00	0.00
	d) State Govt. (s)	0	0	0	0.00	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) FIIs	1882846	0	1882846	9.08	20453	0	20453	0.10	(8.98)
	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 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year*
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
	- Foreign Portfolio - Corp	794854	0	794854	3.83	1511665	0	1511665	7.29	3.46
	- Foreign National	4705	0	4705	0.02	4705	0	4705	0.02	0.00
	- Foreign Companies	0	15000	15000	0.07	0	15000	15000	0.07	0.00
	Sub - total (B) (1)	3353887	15050	3368937	16.25	2165923	15000	2180923	10.51	(5.73)
2. Non-Institutions										
	a) Bodies Corp.									
	- Indian	534704	3725	538429	2.60	403165	0	403165	1.94	(0.66)
	- Overseas	0	0	0	0.00	0	0	0	0.00	0.00
	b) Individuals									
	- Individual shareholders holding nominal share capital upto ₹ 1 lakh	1833369	34164	1867533	9.00	2065716	34064	2099780	10.12	1.12
	- Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	521127	0	521127	2.52	1691944	0	1691944	8.16	5.64
	c) Others (specify)									
	- NRIs	87683	0	87683	0.42	61297	0	61297	0.29	(0.13)
	- Trusts	3268	0	3268	0.02	4718	0	4718	0.02	0.00
	- Clearing Members	0	0	0	0.00	14631	0	14631	0.07	0.07
	HUF	0	0	0	0.00	256853	0	256853	1.24	1.24
	Sub-Total (B)(2):-	3292761	37889	3330650	16.07	4498324	34064	4532388	21.85	5.78
	Total Public Shareholding (B) = (B)(1)+ (B)(2)	6646648	52939	6699587	32.32	6664247	49064	6713311	32.27	0.05
C.	Shares held by Custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C)	20676100	52939	20729039	100	20693699	49064	20742763	100	-

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 01.04.2016)			Shareholding at the end of the year (as on 31.03.2017)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1.	Ashok P. Hinduja	31600	0.15	0.00	31600	0.15	0.00	0.00
2.	Harsha Ashok Hinduja	16695	0.08	0.00	16695	0.08	0.00	0.00
3.	Harsha Ashok Hinduja/ Jt. Ashok Parmanand Hinduja	557498	2.69	0.00	557498	2.69	0.00	0.00
4.	Ashok P. Hinduja/ Jt. Harsha Ashok Hinduja	45313	0.22	0.00	45313	0.22	0.00	0.00
5.	Vinoo Srichand Hinduja	61065	0.29	0.00	61065	0.29	0.00	0.00
6.	Ambika Ashok Hinduja	177242	0.86	0.00	177242	0.85	0.00	(0.01)
7.	Shom Ashok Hinduja	140007	0.68	0.00	140007	0.68	0.00	0.00
8.	Shanoo S. Mukhi	955	0.00	0.00	955	0.00	0.00	0.00
9.	Ashok P. Hinduja Karta of A.P. Hinduja (HUF)	54327	0.26	0.00	54327	0.26	0.00	0.00
10.	Ashok P. Hinduja Karta of S P Hinduja (HUF bigger)	532483	2.57	0.00	532483	2.57	0.00	0.00
11.	Hinduja Group Limited	5748541	27.73	0.00	5748541	27.71	0.00	(0.02)
12.	Hinduja Group Limited jointly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partner of Asia Exports)	3424490	16.52	0.00	3424490	16.51	0.00	(0.01)
13.	Hinduja Group Limited jtly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partners of Asia Corporation)	477809	2.31	0.00	0	0.00	0.00	(2.31)
14.	Amas Mauritius Limited	2761427	13.32	0.00	2761427	13.32	0.00	0.00
15.	Asia Corporation LLP	0	0.00	0.00	477809	2.31	0.00	2.31
	Total	14029452	67.68	0.00	14029452	67.64	0.00	*(0.04)

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)

Name of the Shareholder	Shareholding at the beginning of the year (01.04.2016)				Increase/Decrease in Shareholding		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	Date	Reason	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Hinduja Group Limited jointly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partners of Aasia Corporation)	477809	2.31	21-04-2016	Sale/ Transfer	(477809)	(2.31)	0	0
Aasia Corporation LLP	0	0.00	21-04-2016	Purchase/ Transfer	477809	2.31	477809	2.31

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)

For Each of the Top 10 Shareholders	Name of Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year (01.04.2016)	Apax Global Alpha Limited	597042	2.88	597042	2.88
	Merrill Lynch Capital Markets Espana S.A.S.V.	499299	2.41	499299	2.41
	Bridge India Fund	474147	2.29	474147	2.29
	Reliance Capital Trustee Co. Ltd-A/C Small Cap Fund	366292	1.77	366292	1.77
	Grandeur Peak International Opportunities Fund	340600	1.64	340600	1.64
	Grandeur Peak Global Opportunities Fund	288100	1.39	288100	1.39
	Birla Sun Life Trustee Company Private Limited	278000	1.34	278000	1.34
	Grandeur Peak Emerging Markets Opportunities	194500	0.94	194500	0.94
	Seetha Kumari	128634	0.62	128634	0.62
	Grandeur Peak Global Reach Fund	95289	0.46	95289	0.46
	Rachanadevi Raju Agarwal	90000	0.43	90000	0.43
	Grandeur Peak Global Opportunities L.P	85025	0.41	85025	0.41
	JM Financial Institutional Securities Limited	75000	0.36	75000	0.36
		3536026	17.07	3536026	17.07

For Each of the Top 10 Shareholders	Name of Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the end of the year (or on the date of separation, if separated during the year)	Bridge India Fund	474147	2.29	474147	2.29
	Reliance Capital Trustee Co. Ltd- A/C Small Cap Fund	366292	1.77	377651	1.82
	Grandeur Peak International Opportunities Fund	340600	1.64	303026	1.46
	Seetha Kumari	128634	0.62	266280	1.28
	Birla Sun Life Trustee Company Private Limited	278000	1.34	209823	1.01
	Grandeur Peak Global Opportunities Fund	288100	1.39	212100	1.02
	Madanlal Jawanmalji Jain	0	0.00	207000	1.00
	Veluru Girinatha Prakash	73067	0.35	177875	0.86
	Grandeur Peak Emerging Markets Opportunities Fund	194500	0.94	161184	0.78
	Dilipkumar Lakhi	45265	0.22	115805	0.56
		2188605	10.56	2504891	12.08

v) **Shareholding of Directors and Key Managerial Personnel:**

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

4. Anil Harish					
At the beginning of the year	-	Nil	0.00	Nil	0.00
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00
5. Rajendra P. Chitale					
At the beginning of the year	-	Nil	0.00	Nil	0.00
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00
6. Rangan Mohan					
At the beginning of the year	-	Nil	0.00	Nil	0.00
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00
7. Yashodhan M. 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	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 year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00
B. KEY MANAGERIAL PERSONNEL					
1. Partha DeSarkar					
At the beginning of the year	-	14800	0.07	14800	0.07
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	10.11.2016	2320 (Allotted under ESOP)	0.00	2320	0.08
At the End of the year	-	17120	-	17120	0.08
2. Srinivas Palakodeti					
At the beginning of the year	-	8000	0.04	8000	0.04
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	10.11.2016	1887 (Allotted under ESOP)	0.00	9887	0.05
At the End of the year	-	-	-	9887	0.05
3. Makarand D. Dewal					
At the beginning of the year	-	Nil	0.00	Nil	0.00
Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
At the End of the year	-	Nil	0.00	Nil	0.00

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	30,36,84,000	-	-	30,36,84,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	28,19,832	-	-	28,19,832
Total (i+ii+iii)	30,65,03,832	-	-	30,65,03,832
Change in Indebtedness during the Financial Year				
• Addition	28,98,000,000	-	-	28,98,000,000
• Reduction	(3,05,57,16,387)	-	-	(3,05,57,16,387)
Net Change	(15,77,16,387)	-	-	(15,77,16,387)
Indebtedness at the end of the Financial Year				
i) Principal Amount	14,74,48,000	-	-	14,74,48,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	13,39,445	-	-	13,39,445
Total (i+ii+iii)	14,87,87,445	-	-	14,87,87,445

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	₹ 1,95,13,770
	(b) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 1,07,76,384
	(c) 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	Nil
5.	Other, please specify (Employers contribution towards Provident Fund, Gratuity Fund and Superannuation Fund)	₹ 14,33,167
	Total (A)	₹ 3,17,23,321
	Ceiling as per the Act	The remuneration payable to any one Managing Director or Whole-Time-Director or Manager shall not exceed five per cent of the net profits of the company.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors:	Anil Harish	Rajendra Chitale	Rangan Mohan	Pradeep Mukerjee	
	• Fee for attending Board/ Committee meetings	₹ 15,00,000	₹ 15,00,000	₹ 15,50,000	₹ 4,00,000	₹ 49,50,000
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	₹ 15,00,000	₹ 15,00,000	₹ 15,50,000	₹ 4,00,000	₹ 49,50,000
2.	Other Non-Executive Directors	Ramkrishan P. Hinduja	Shanu S. P. Hinduja	Vinoo S. Hinduja	Yashodhan M. Kale	
	• Fee for attending Board/ Committee meetings	₹ 12,00,000	₹ 7,00,000	₹ 7,50,000	₹ 4,00,000	₹ 30,50,000
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	₹ 12,00,000	₹ 7,00,000	₹ 7,50,000	₹ 4,00,000	₹ 30,50,000
	Total (B)= (1+2)					₹ 80,00,000
	Total Managerial Remuneration (A+B)					₹ 3,97,23,321
	Overall Ceiling as per the Act	Sitting fees to each Director should not exceed ₹1 lakh per meeting of the Board/ Committee attended by him/ her.				

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	₹ 52,28,938	₹ 1,43,83,308	₹ 1,96,12,246
	(b) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 5,30,000	₹ 50,83,891	₹ 56,13,891
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	Nil	Nil	Nil
	- As % of profit			
	- Others, specify			
5.	Other, please specify (Employers contribution towards Provident Fund & Gratuity Fund)	Nil	₹ 9,14,175	₹ 9,14,175
	Total	₹ 57,58,938	₹ 2,03,81,374	₹ 2,61,40,312

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties, punishments, compounding of offences for the Financial Year ended March 31, 2017.

For and on behalf of the Board of Directors

Place: Mumbai
Date : August 24, 2017

Ramkrishan P. Hinduja
Chairman

ANNUAL REPORT ON CSR ACTIVITIES

At the core, HGS' philanthropic philosophy is our Group founder Shri Parmanand Deepchand Hinduja's commitment to treating work as a bond between the enterprise and the larger society. Even before Corporate Social Responsibility started taking shape as a concept, Hinduja Group was implementing it. HGS inherited the same philanthropic DNA from its parent group. HGS' approach to corporate social responsibility is intrinsically aligned with human social responsibility.

Your company has been making relentless efforts to improve the quality of education, and provide livelihoods opportunities for the youth by skills-training. HGS invests in organizations that build up skills and bring down barriers for a better future. Your company takes up initiatives on preventive healthcare, works towards improvement in school enrolment of children and awards scholarships to meritorious students.

CSR Committee:

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

Composition of the CSR Committee:

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

Objectives of CSR Policy:

- Identification of constituencies of economically and socially disadvantaged sections of the community and causes to work with, for undertaking CSR activities in order to attain sustainable development and all round social improvement
- Encourage employees to participate in the Company's CSR initiatives and to promote a unified and strategic

approach towards CSR activities in an organized manner

- Funding or carrying out charitable and socially responsible activity

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

HGS' CSR program is committed to make contributions towards creating effective and inclusive solutions in the areas of education, healthcare, skill training for the underserved youth and persons with disabilities.

Financial Details:

Section 135 of the Companies Act, 2013 and rules made thereunder prescribe that every company having a net worth of INR 500 crore or more, or a turnover of INR 1000 crore or more or a net profit of INR 5 crore during any financial year shall ensure that the company spends, in every financial year, at least 2% of the average net profits made under the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The provisions pertaining to CSR as prescribed under the Companies Act, 2013 are applicable to Hinduja Global Solutions Limited.

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

(₹ in lakhs)	
Average net profit of the company for last three financial years	15,025.62
Prescribed CSR Expenditure (as two percent of the average net profit computed above)	300.51
Details of CSR spent during the financial year	303.00
Total amount to be spent during the financial year	303.00
Amount unspent	N.A

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

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ in lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in lakhs)	Cumulative expenditure up to the reporting period (₹ in lakhs)	Amount spent: Direct or through implementing agency*
1	Magic Bus India Foundation	Promoting education, and employment enhancing vocation skills and livelihood enhancement projects	Mysore, Karnataka Guntur, Andhra Pradesh Siliguri, West Bengal	100.00	(1) 95.00 (2) 5.00	100.00	Through Magic Bus India Foundation
2	National Health and Education Society	Preventive health care and sanitation	Mumbai, Maharashtra	50.00	50.00	50.00	Through National Health and Education Society
3	Jaldhaara Foundation	Preventive health care and sanitation Making safe drinking water available	Bangalore, Karnataka	50.00	(1) 48.00 (2) 2.00	50.00	Through Jaldhaara Foundation
4	The Akshaya Patra Foundation	Promoting education & eradicating hunger	Bangalore, Karnataka Mysore, Karnataka Mangalore, Karnataka Hyderabad, Andhra Pradesh Raipur, Chhattisgarh	75.00	(1) 72.75 (2) 2.25	75.00	Through Akshaya Patra Foundation
5	NASSCOM Foundation	Promoting education, and employment enhancing vocation skills and livelihood enhancement projects	Noida, Maharashtra	28.00	(1) 26.58 (2) 1.42	28.00	Through NASSCOM Foundation
	Total			303.00	(1) 292.33 (2) 10.67	303.00	303.00

Our CSR Responsibility:

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

Place : Mumbai
Date : August 24, 2017

Mr. Anil Harish
Chairman, CSR Committee

Mr. Partha DeSarkar
Chief Executive Officer

Annexure 'H' to the Directors' Report

Particulars of Contracts/ Arrangements with Related Parties

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2017, which were not at arm's length basis.

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

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

For and on behalf of the Board of Directors

Place : Mumbai
Date : August 24, 2017

Ramkrishan P. Hinduja
Chairman

Annexure 'I' to the Directors' Report

SECRETARIAL AUDIT REPORT

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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 conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of **HINDUJA GLOBAL SOLUTIONS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **HINDUJA GLOBAL SOLUTIONS LIMITED** for the financial year ended on March 31, 2017 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;
- (vii) Other laws to the extent applicable to the Company as per the representations made by the Company;

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

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

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

I further report that

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

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.

As per the minutes of the meeting duly recorded and signed by the Chairman the decisions of the Board were unanimous and no dissenting views have been recorded.

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

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

Rupal Dhiren Jhaveri

Practising Company Secretary

Place: Mumbai

FCS No: 5441

Date: August 24, 2017 Certificate of Practice No. 4225

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

To,

The Members,

HINDUJA GLOBAL SOLUTIONS LIMITED

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

'Annexure A'

1. Maintenance of secretarial record is the responsibility of the management of the company.
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 the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. 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.

Place: Mumbai
Date : August 24, 2017

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

FINANCIAL STATEMENTS

CONSOLIDATED AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Members of Hinduja Global Solutions Limited

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Hinduja Global Solutions Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 30 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended, and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group including its associates and joint controlled entities in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph [i] of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph [ii] of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

CONSOLIDATED AUDITORS' REPORT

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit (including other comprehensive income) and their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. We did not audit the financial statements/financial information of :
- One branch and seven subsidiaries whose financial statements/ financial information reflect total assets of ₹ 83,501.74 Lacs and net assets of ₹ 60,236.61 Lacs as at March 31, 2017, total revenue of ₹ 59,504.79 Lacs, net loss of ₹ 824.74 Lacs and net cash outflows amounting to ₹ 3,087.48 Lacs for the year ended on that date, as considered in the consolidated Ind AS 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 Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these branches and subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
 - We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of ₹ 330.23 Lacs and net assets of ₹ 868.76 Lacs as at March 31, 2017, total revenue of ₹ 433.51 Lacs, net profit of ₹ 107.08 Lacs and net cash outflows amounting to ₹ 191.81 Lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

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

9. The comparative financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 25, 2016 and May 20, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- 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 Ind AS financial statements.
 - In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, associate companies and joint ventures incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiaries included in the Group including relevant records relating to the preparation of the consolidated Ind AS financial statements.

CONSOLIDATED AUDITORS' REPORT

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group.
 - The Group had long-term contracts including derivative contracts as at March 31, 2017 for which there were no material foreseeable losses.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company of the Company which is incorporated in India during the year ended March 31, 2017.
 - The Group did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 - Refer Note 9c

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Place : Mumbai
Date : May 22, 2017

Jeetendra Mirchandani
Partner
Membership Number: 048125

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Hinduja Global Solutions Limited on the consolidated Ind AS financial statements for the year ended March 31, 2017

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017 we have audited the internal financial controls over financial reporting of Hinduja Global Solutions Limited (hereinafter referred to as "the Holding Company") and its subsidiary Companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 048125

Place : Mumbai

Date : May 22, 2017

CONSOLIDATED BALANCE SHEET AS AT

(All amounts are in Rupees Lakhs)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	2	55,111.30	54,415.84	45,084.74
Capital work-in-progress	2	3,155.16	1,343.86	255.04
Other intangible assets	3a	9,943.53	8,451.80	5,346.02
Other intangible assets under development	3a	28.33	83.55	95.53
Goodwill	3b	29,864.35	30,742.73	29,428.87
Financial Assets				
(i) Investments	4a	535.95	1,020.96	803.16
(ii) Other financial assets	5	3,966.61	3,231.64	2,984.14
Deferred tax assets (net)	36b	6,483.14	2,699.46	2,203.53
Income Tax Assets (net)	6a	3,826.35	4,981.39	5,008.55
Other non-current assets	7	6,937.52	11,599.28	9,130.88
Total non-current assets		119,852.24	118,570.51	100,340.46
Current assets				
Financial Assets				
(i) Investments	4b	-	-	71.16
(ii) Trade receivables	8	46,288.70	45,877.10	40,929.62
(iii) Cash and cash equivalents	9a	30,957.06	26,678.83	19,517.49
(iv) Bank balances other than (iii) above	9b	5,546.41	10,802.29	15,909.45
(v) Loans	10	8,235.27	7,994.90	8,938.07
(vi) Other financial assets	11	31,482.01	29,814.55	20,066.46
Other Current assets	12	5,535.60	6,248.72	4,788.15
Total current assets		128,045.05	127,416.39	110,220.40
Total assets		247,897.29	245,986.90	210,560.86
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	13	2,074.27	2,072.90	2,071.96
Other Equity	14	131,650.49	116,776.93	108,272.46
Equity attributable to the owners of the Company		133,724.76	118,849.83	110,344.42
Non-controlling interest		(44.49)	(53.45)	-
Total Equity		133,680.28	118,796.38	110,344.42
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	15a	42,636.64	53,851.50	55,956.30
Provisions	16	2,651.47	1,497.10	851.84
Deferred tax liabilities (net)	36a	3,855.52	2,360.50	1,621.02
Other non-current liabilities	17	1,228.88	1,613.83	445.02
Total non-current liabilities		50,372.51	59,322.93	58,874.18
Current liabilities				
Financial Liabilities				
(i) Borrowings	15b	17,058.03	22,354.51	2,627.77
(ii) Trade payables	18	16,055.94	17,202.72	16,793.64
(iii) Other financial liabilities	19	20,016.79	17,981.86	13,349.44
Provisions	20	4,301.28	4,619.43	3,551.17
Current Tax Liabilities (Net)	6b	205.31	235.71	104.75
Other current liabilities	21	6,207.15	5,473.36	4,915.49
Total current liabilities		63,844.50	67,867.59	41,342.26
Total Liabilities		114,217.01	127,190.52	100,216.44
Total Equity and Liabilities		247,897.29	245,986.90	210,560.86

The above Balance Sheet should be read in conjunction with accompanying notes.
This is the Balance Sheet referred to in our report of the even date.

As per our report of even date

For Price Waterhouse

Firm Registration No. 301112E
Chartered Accountants

Jeetendra Mirchandani

Partner

Membership No. 048125

For and on behalf of the Board

Ramkrishan P. Hinduja

Chairman

DIN : 00278711

Srinivas Palakodeti

Chief Financial Officer

Makarand D. Dewal

Company Secretary

Partha DeSarkar

Chief Executive Officer
and Manager

Rajendra P. Chitale

Director
DIN: 00015986

Rangan Mohan

Director
DIN: 01116821

Place : Mumbai
Date : May 22, 2017

Place : Mumbai
Date : May 22, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

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

Particulars	Notes	March 31, 2017	March 31, 2016
Income			
Revenue from operations	22	371,099.42	332,099.80
Other income	23	2,277.45	2,638.59
Total Income		373,376.87	334,738.39
Expenses			
Employee benefits expense	24	245,680.27	223,512.63
Finance cost	25	4,293.59	4,042.85
Depreciation and amortisation expense	26	14,317.12	13,639.60
Other Expenses	27	83,617.70	77,521.49
Total expenses		347,908.68	318,716.57
Profit before tax		25,468.19	16,021.82
Income Tax expense			
Current tax	35	8,785.54	5,921.71
Deferred tax	35	(1,238.09)	62.46
Total tax expense		7,547.45	5,984.17
Profit for the year		17,920.74	10,037.65
Other comprehensive income			
A. Items that will be reclassified to profit or loss			
Deferred gains/ (losses) on cash flow hedges		595.98	806.53
Effect of change in functional currency of Foreign operation		(166.98)	3,054.70
Income tax on above items		(711.56)	(68.75)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		(282.56)	3,792.48
B. Items that will not be reclassified to profit or loss			
Remeasurements of post-employee benefit obligation		(876.46)	(820.60)
Income tax on above item		135.85	22.80
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		(740.61)	(797.80)
Total other comprehensive income for the year, net of tax		(1,023.17)	2,994.68
Total comprehensive income for the year [A + B]		16,897.57	13,032.33
Profit attributable to:			
- Owners		17,954.84	10,087.86
- Non-controlling interests		(34.10)	(50.21)
		17,920.74	10,037.65
Other comprehensive income attributable to:			
- Owners		(1,066.22)	2,998.70
- Non-controlling interests		43.06	(4.02)
		(1,023.17)	2,994.68
Total Other comprehensive income attributable to:			
- Owners		16,888.62	13,086.56
- Non-controlling interests		8.96	(54.23)
		16,897.57	13,032.33
Earning per equity share [nominal value per share ₹10/- each]			
Basic	30	86.58	48.67
Diluted	30	86.44	48.61

The above Statement of Profit and Loss should be read in conjunction with accompanying notes.

This is the Statement of Profit and Loss referred to in our report of the even date.

As per our report of even date
For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 048125

For and on behalf of the Board

Ramkrishan P. Hinduja
Chairman
DIN : 00278711

Srinivas Palakodeti
Chief Financial Officer

Makarand D. Dewal
Company Secretary

Partha DeSarkar
Chief Executive Officer
and Manager

Rajendra P. Chitale
Director
DIN: 00015986

Rangan Mohan
Director
DIN: 01116821

Place : Mumbai
Date : May 22, 2017

Place : Mumbai
Date : May 22, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

A. Equity Share Capital

Particulars	Notes	Amount
Balance as at April 1, 2015		2,071.96
Changes in equity share capital during the year	13	0.94
Balance as at March 31, 2016		2,072.90
Changes in equity share capital during the year	13	1.37
Balance as at March 31, 2017		2,074.27

B. Other Equity

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Capital redemption Reserve	Foreign currency translation Reserve	Cash Flow Hedging Reserve	Employee stock options outstanding	Retained Earnings	Share application money pending allotment	Non-controlling interest	Total
As at April 1, 2015	24,235.00	621.43	53,996.98	12.00	-	(121.88)	82.92	29,446.01	-	-	108,272.46
Profit for the year	-	-	-	-	-	-	-	10,087.86	-	(50.21)	10,037.65
Total Other Comprehensive Income	-	-	-	-	3,054.70	737.78	-	(797.80)	-	(3.24)	2,991.44
Total	24,235.00	621.43	53,996.98	12.00	3,054.70	615.90	82.92	38,736.07	-	(53.45)	121,301.55
Transfer on acquisition of business	38.83	-	-	-	-	-	-	-	-	-	38.83
Transaction with owners in their capacity as owners:											
Additions/ Adjustment during the year	-	32.04	-	-	-	-	-	-	-	-	32.04
Employee stock options	-	-	-	-	-	-	28.62	-	-	-	28.62
Dividends	-	-	-	-	-	-	-	(4,677.56)	-	-	(4,677.56)
As at March 31, 2016	24,273.83	653.47	53,996.98	12.00	3,054.70	615.90	111.54	34,058.51	-	(53.45)	116,723.48
Profit for the year	-	-	-	-	-	-	-	17,954.84	-	(34.10)	17,920.74
Total Other Comprehensive Income	-	-	-	-	(166.98)	(115.58)	-	(740.61)	-	43.06	(980.11)
Total	24,273.83	653.47	53,996.98	12.00	2,887.72	500.32	111.54	51,272.74	-	(44.49)	133,664.12
Transaction with owners in their capacity as owners:											
Additions/ Adjustment during the year	-	-	-	-	-	-	-	-	-	-	-
Employee stock options	-	45.78	-	-	-	-	0.23	-	79.84	-	125.85
Dividends	-	-	-	-	-	-	-	(2,183.95)	-	-	(2,183.95)
As at March 31, 2017	24,273.83	699.25	53,996.98	12.00	2,887.72	500.32	111.77	49,088.79	79.84	(44.49)	131,606.00

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(All amounts are in Rupees Lakhs)

Cash Flow from Operating Activities

Profit before tax from

- Continuing Operations

Profit before tax

Adjustments for:

Depreciation and amortization expenses

Employee share-based payment expense

Gain on disposal of property, plant and equipment

Changes in fair value of financial assets at fair value through profit or loss

Unwinding of discount on security deposits

Liabilities/ Provision no longer required written back

Provision for doubtful debts written back

Interest income classified as investing cash flows

Finance costs

Provision for doubtful debts

Bad Debts

Net exchange differences

Mark to Market gain on Derivatives

Change in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary:

(Increase)/Decrease in trade receivables

(Increase)/decrease in other financial assets

(Increase)/decrease in other non-current assets

(Increase)/decrease in other current assets

Increase in trade payables

Increase/(decrease) in other financial liabilities

Increase/(decrease) in provisions

Increase/(decrease) in other liabilities

Cash generated from operations

Income taxes paid

Net cash inflow from operating activities

Cash flows from investing activities

Payment for acquisition of business

Payments for property, plant and equipment

Payments for purchase of investments

Proceeds from sale of investments

Proceeds from sale of property, plant and equipment

Loans to third Parties

Bank Deposits

Dividends received from Current Investment

Interest received

Net cash outflow from investing activities

March 31, 2017	March 31, 2016
25,468.19	16,021.82
25,468.19	16,021.82
14,317.12	13,642.35
0.23	28.62
16.49	58.68
-	(3.38)
(133.95)	(99.56)
(27.61)	(39.60)
-	(7.16)
(1,544.02)	(904.96)
4,293.59	4,042.85
128.48	-
13.52	108.84
501.77	(858.50)
(635.28)	(50.71)
(553.60)	(4,947.48)
(876.43)	(9,346.10)
2,959.21	(1,394.19)
713.13	(1,460.58)
(1,119.17)	409.11
3,476.29	2,436.94
836.22	1,713.52
589.36	1,005.14
48,423.55	20,355.64
(7,660.90)	(5,763.59)
40,762.65	14,592.05
(170.00)	(1,530.00)
(18,196.32)	(25,375.16)
-	(146.64)
485.01	-
138.23	195.96
(240.37)	943.17
5,255.88	5,107.16
-	3.38
1,553.70	1,063.27
(11,173.87)	(19,738.86)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

(All amounts are in Rupees Lakhs)

Cash flows from financing activities

Proceeds from issues of shares
Proceeds from Share application pending allotment
Repayment of borrowings
Interest paid
Dividends paid to company's shareholders

Net cash outflow from financing activities

Net increase/ (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the financial year
Effects of exchange rate changes on cash and cash equivalents

Cash and cash equivalents at end of the year

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following:

Cash and cash equivalents (Refer Note 9a)
Bank Overdraft (Refer Note 15b)

Balances per statement of cash flows

March 31, 2017	March 31, 2016
43.73	32.98
79.84	-
(14,589.65)	1,860.89
(4,304.60)	(4,078.71)
(2,185.02)	(4,677.05)
(20,955.70)	(6,861.87)
8,633.08	(12,008.68)
5,978.55	16,889.72
(712.60)	1,097.51
13,899.03	5,978.55
30,957.06	26,678.83
(17,058.03)	(20,700.28)
13,899.03	5,978.55

The accompanying note from an integral part of the Consolidated financial statements.

As per our report of even date
For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 048125

For and on behalf of the Board

Ramkrishan P. Hinduja
Chairman
DIN : 00278711

Srinivas Palakodeti
Chief Financial Officer

Makarand D. Dewal
Company Secretary

Partha DeSarkar
Chief Executive Officer
and Manager

Rajendra P. Chitale
Director
DIN: 00015986

Rangan Mohan
Director
DIN: 01116821

Place : Mumbai
Date : May 22, 2017

Place : Mumbai
Date : May 22, 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Background

Hinduja Global Solutions Limited (HGS), is engaged in Business Process Management. HGS with its subsidiaries offer voice and non-voice based services such as contact centre solutions and back office transaction processing across North America, Europe, Asia and Middle East. HGS is a public limited company, listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The address of its registered office is 171, Hinduja House, Dr. Annie Besant Road, Worli, Mumbai 400018. These financial statements were approved for issue by the board of directors on May 22, 2017.

Note 1 Significant accounting policies

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.

a Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. (hereinafter referred as 'Previous GAAP')

These financial statements are the first financial statements of the group under Ind AS. Refer note 33 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

(ii) Historical cost convention

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 Critical 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 included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

i) Estimation of Provisions & Contingent Liabilities.

The group exercises judgement in measuring and recognising 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 28).

ii) 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 Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer note 37 for the details of the assumptions used in estimating the defined benefit obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

iii) Estimate goodwill impairment

Goodwill is required to be assessed for impairment on yearly basis. Assessment of impairment is based on discounted cash flow model. 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. Refer note 34 for the details of assumptions used in estimation of goodwill.

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.

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 unrealised gains on transactions between group companies are eliminated. Unrealised 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 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.

(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 recognised within equity.

When the group ceases to consolidate an investment because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised 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 recognised 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 recognised in other comprehensive income are reclassified to profit or loss.

d 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 44 for segment information.

e 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 from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 recognised in other comprehensive income.

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 recognised 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.

f Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The revenue is net of rebates, trade allowances and taxes as applicable.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

g 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.

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 recognised 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 realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries 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.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and branches where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

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 realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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 capitalised 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 recognises 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 recognised 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 recognised 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised 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 acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

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

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

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

Forward Exchange Contracts/ Interest Rate Swaps

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

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

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

j Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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.

k Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

(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. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the group's right to receive payments is established.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 41 details how the group determines whether there has been a significant increase in credit risk.

For trade receivables only, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

The group has transferred the rights to receive cash flows from the financial asset or 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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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 derecognised 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 recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised 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.

Dividends

Dividends are recognised 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.

n Derivatives and hedging activities

Derivatives are initially recognised 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. Trading derivatives are classified as a current asset or liability.

(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 recognised 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

When forward contracts are used to hedge forecast transactions, the group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

When the hedged forecast transaction results in the recognition of a non-financial asset, the amounts accumulated in equity are transferred to profit or loss as follows:

With respect to gain or loss relating to the effective portion of the spot component of forward contracts, both the deferred hedging gains and losses and the deferred aligned forward points are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss.

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.

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 recognised amounts and there is an intention to settle on a net basis or realise 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. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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.

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).

q Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised 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 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.

(ii) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(iii) Commercial Rights

These rights were acquired as part of erstwhile business combination.

(iv) Amortisation methods and periods

The group amortises 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

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all of intangible assets recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

r 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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

s Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

t Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

u Provisions

Provisions are recognised 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 not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 recognised as interest expense.

v 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 recognised 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.

(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 recognised 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
- (b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised 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 recognised 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 recognised 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 recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Share-based payments

Share-based compensation benefits are provided to employees via the Hinduja Global Solutions Limited Employee Stock Option Plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Employee options

The fair value of options granted under the Hinduja Global Solutions Limited Employee Stock Option Plan is recognised 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:

- a. including any market performance conditions (e.g., the entity's share price)
- b. excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- c. including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised 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 recognises 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 recognises 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 recognises 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.

w 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.

x Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised 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.

y 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

z 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.

aa 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:

Amendments to Ind AS 7, 'Statement of cash flows' on disclosure initiative:

The amendment to Ind AS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes (i.e. changes in fair values), Changes resulting from acquisitions and disposals and effect of foreign exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. The group is currently assessing the potential impact of this amendment. These amendments are mandatory for the reporting period beginning on or after April 1, 2017.

Amendments to Ind AS 102, 'Share-based Payment':

The amendment to Ind AS 102 clarifies the measurement basis for cash settled share-based payments and the accounting for modifications that change an award from cash-settled to equitysettled. It also introduces an exception to the principles in Ind AS 102 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The Company is currently assessing the potential impact of this amendment. These amendments are mandatory for the reporting period beginning on or after April 1, 2017. The group intends to adopt the amendments when it becomes effective. There are no other standards or amendments that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

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
Year ended March 31, 2016										
Gross carrying amount										
Deemed cost As at 01.04.2015	1,788.39	11,738.68	2,053.02	4,465.15	213.51	3,302.55	11,489.95	10,033.50	45,084.74	255.04
Taken over on acquisitions (Refer Note 43)	-	-	-	44.34	-	89.55	818.68	700.66	1,653.23	-
Additions during the Year	208.52	496.15	-	1,835.36	84.31	892.47	7,664.11	6,544.51	17,725.43	7,656.61
Adjustment	-	-	-	-	-	-	(586.58)	-	(586.58)	-
Deductions/ Transfers	-	-	-	(138.38)	-	(156.42)	(1,979.40)	(379.21)	(2,653.41)	(6,802.12)
Exchange differences	104.12	592.28	-	289.24	8.66	39.18	1,261.09	433.75	2,728.32	234.33
Closing gross carrying amount	2,101.03	12,827.11	2,053.02	6,495.71	306.48	4,167.33	18,667.85	17,333.21	63,951.73	1,343.86
Accumulated depreciation										
Charge for the year	-	337.84	39.39	1,274.00	48.81	401.46	4,948.34	3,731.53	10,781.37	-
Adjustment	-	-	-	-	-	-	(128.46)	-	(128.46)	-
Deductions/ Transfers	-	-	-	(104.14)	-	(154.96)	(1,897.85)	(287.16)	(2,444.11)	-
Exchange differences	-	43.26	-	160.16	3.18	25.00	847.49	248.00	1,327.09	-
Closing accumulated depreciation	-	381.10	39.39	1,330.02	51.99	271.50	3,769.52	3,692.37	9,535.89	-
Net carrying amount as at March 31, 2016	2,101.03	12,446.01	2,013.63	5,165.69	254.49	3,895.83	14,898.33	13,640.84	54,415.84	1,343.86
Year ended March 31, 2017										
Opening gross carrying amount	2,101.03	12,827.11	2,053.02	6,495.71	306.48	4,167.33	18,667.85	17,333.21	63,951.73	1,343.86
Additions during the Year	-	11.01	-	1,596.48	78.30	2,554.65	3,434.61	6,796.09	14,471.14	11,211.65
Exchange differences	(41.90)	(259.09)	-	(756.79)	(35.59)	(471.18)	(2,176.57)	(1,645.45)	(5,386.59)	(308.23)
Deductions/ Transfers	-	-	-	(178.81)	(17.03)	(297.39)	(696.78)	(608.11)	(1,798.12)	(9,092.12)
Closing gross carrying amount	2,059.13	12,579.03	2,053.02	7,156.59	332.16	5,953.41	19,229.11	21,875.73	71,238.15	3,155.16
Accumulated depreciation										
Opening accumulated depreciation	-	381.10	39.39	1,330.02	51.99	271.50	3,769.52	3,692.37	9,535.89	-
Charge for the year	-	347.15	39.39	1,196.23	66.45	2,008.42	4,072.24	3,711.83	11,441.71	-
Exchange differences	-	(41.24)	-	(423.94)	(22.07)	(320.18)	(1,393.43)	(1,013.98)	(3,214.83)	-
Deductions/ Transfers	-	-	-	(156.02)	(0.72)	(272.73)	(651.94)	(572.12)	(1,653.53)	-
Adjustment	-	-	-	3.90	-	2.89	10.11	0.72	17.62	-
Closing accumulated depreciation	-	687.01	78.78	1,950.18	95.65	1,689.90	5,806.50	5,818.83	16,126.86	-
Net carrying amount as at March 31, 2017	2,059.13	11,892.01	1,974.24	5,206.41	236.51	4,263.51	13,422.60	16,056.90	55,111.30	3,155.16

(i) Leased assets

Computers, Office Equipment and Furniture & Fixtures includes following amounts where the company is a lessee under a finance lease

	31.03.2017	31.03.2016	31.03.2015
Computers			
Cost/ Deemed cost	2,941.12	3,142.37	2,588.01
Accumulated depreciation	(1,668.85)	(1,410.92)	(820.33)
Net carrying amount	1,272.28	1,731.45	1,767.68

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

3a Other Intangible Assets

	Computer Software	Commercial Rights	Non Compete fees	Total	Intangible assets under development
<u>Year ended March 31, 2016</u>					
Gross Carrying Amount					
Deemed cost As at 01.04.2015	5,250.95	75.00	20.07	5,346.02	95.53
Taken over on acquisitions	76.55	-	-	76.55	-
Additions during the Year	5,297.48	-	-	5,297.48	1,730.13
Adjustment	586.61	-	-	586.61	-
Deductions/ Transfers	(122.26)	-	-	(122.26)	(1,517.02)
Exchange differences	574.17	-	-	574.17	(225.09)
Closing gross carrying amount	11,663.50	75.00	20.07	11,758.57	83.55
Accumulated amortisation					
Charge for the year	2,800.63	37.53	20.07	2,858.23	-
Adjustment	128.46	-	-	128.46	-
Deductions/ Transfers	(76.92)	-	-	(76.92)	-
Exchange differences	397.00	-	-	397.00	-
Closing accumulated amortisation	3,249.17	37.53	20.07	3,306.77	-
Net carrying amount as at March 31, 2016	8,414.33	37.47	-	8,451.80	83.55
<u>Year ended March 31, 2017</u>					
Opening gross carrying amount	11,663.50	75.00	20.07	11,758.57	83.55
Additions during the Year	3,398.59	-	-	3,398.59	635.10
Exchange differences	(1,062.92)	-	-	(1,062.92)	-
Deductions/ Transfers	(13.33)	-	-	(13.33)	(690.32)
Closing Carrying Amount	13,985.83	75.00	20.07	14,080.90	28.33
Accumulated amortisation					
Opening accumulated amortisation	3,249.17	37.53	20.07	3,306.77	-
Charge for the year	2,837.93	37.47	-	2,875.41	-
Exchange differences	(2,043.27)	-	-	(2,043.27)	-
Deductions/ Transfers	(3.21)	-	-	(3.21)	-
Adjustment	1.67	-	-	1.67	-
Closing accumulated amortisation	4,042.29	75.00	20.07	4,137.37	-
Net carrying amount as at March 31, 2017	9,943.53	-	-	9,943.53	28.33

(i) Leased assets

Computer software includes following amounts where the company is a lessee under a finance lease

	31.03.2017	31.03.2016	31.03.2015
Computers			
Cost/ Deemed cost	909.09	1,134.72	1,001.72
Accumulated depreciation	(470.32)	(588.56)	(309.37)
Net carrying amount	438.77	546.16	692.35

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

3b Goodwill

	Goodwill on Consolidation	Goodwill on acquisition	Total
Year ended March 31, 2016			
Gross Carrying Amount			
Deemed cost As at 01.04.2015	25,374.29	4,054.58	29,428.87
Closing gross carrying amount	25,374.29	4,054.58	29,428.87
Exchange differences	1,064.10	249.76	1,313.86
Net carrying amount as at March 31, 2016	26,438.39	4,304.34	30,742.73
Year ended March 31, 2017			
Opening gross carrying amount	26,438.39	4,304.34	30,742.73
Closing gross carrying amount	26,438.39	4,304.34	30,742.73
Exchange differences	(792.75)	(85.62)	(878.38)
Net carrying amount as at March 31, 2017	25,645.64	4,218.72	29,864.35

4 Financial Assets - Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2017		As at 31.03.2016		As at 31.03.2015	
			Quantity Nos.	Amount	Quantity Nos.	Amount	Quantity Nos.	Amount
[a]	Non –Current Investments							
(i)	Other Non - Current Investments (Unquoted and Non -Trade):							
	Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]			535.95		1,020.96		803.16
	Aggregate Value of Unquoted Non -Current Investments			535.95		1,020.96		803.16
[b]	Current Investment (Quoted)							
	Investment in Mutual Funds:							
	PNB Principal Cash Management Fund - Liquid Option - Institutional Plan-Dividend Reinvestment - Daily	₹ 1,000		-		-	164	1.64
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan)	₹ 10		-		-	106,670	12.31
	Principal Cash Management Fund - Direct Plan Dividend Daily	₹ 1,000		-		-	1,898	18.99
	Principal Debt Opportunities Fund Conservative Plan - Direct Plan Dividend Daily	₹ 1,000		-		-	3,813	38.22
	Aggregate Value of Quoted Investments and market value thereof			-		-		71.16
	Total current/ non-current investments							
	Aggregate Value of quoted Investments and market value thereof			-		-		71.16
	Aggregate Value of Unquoted Investments			535.95		1,020.96		803.16
	Aggregate amount of impairment in the value of investments			-		-		-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

5 Other financial asset

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposit	2,943.70	2,179.38	2,150.09
Deposits with bank for Margin Money*	76.30	74.70	68.97
Deposits with maturity exceeding 12 months**	946.61	977.56	765.08
Total	3,966.61	3,231.64	2,984.14

* 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

6a Income Tax Assets (net)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance tax, tax deducted at source and Fringe benefit tax	34,685.44	28,916.34	23,296.22
Less: Provision for Income tax	30,859.09	23,934.95	18,287.67
Total	3,826.35	4,981.39	5,008.55

6b Current tax liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Income tax and Fringe benefit tax	205.31	235.71	104.75
Total	205.31	235.71	104.75

7 Other non current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	19.53	1,858.38	784.16
Other receivable (Refer note 28)	3,319.06	5,550.00	5,550.00
Deferred Rent	2,713.53	2,849.83	1,556.97
Balances with Government Authorities	296.69	932.72	857.19
Prepaid Expenses	516.72	331.94	351.65
Miscellaneous	71.99	76.41	30.91
Total	6,937.52	11,599.28	9,130.88

8 Trade receivable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables	46,457.04	45,931.13	40,996.81
Less: Allowance for doubtful debts	(168.34)	(54.03)	(67.19)
Total	46,288.70	45,877.10	40,929.62
Current portion	46,288.70	45,877.10	40,929.62
Non-current portion	-	-	-

Break-up of security details

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured, considered good	-	-	-
Unsecured, considered good	46,288.70	45,877.10	40,929.62
Doubtful	168.34	54.03	67.19
Total	46,457.04	45,931.13	40,996.81
Allowance for doubtful debts	(168.34)	(54.03)	(67.19)
Total trade receivables	46,288.70	45,877.10	40,929.62

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

9a Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks:			
- in current accounts	29,038.69	25,004.98	19,338.02
- in EEFC accounts	1,420.61	1,035.62	37.25
- in deposit accounts	411.07	621.32	100.00
- in cash credit accounts	46.69	-	4.35
Cash on hand	40.00	16.91	37.87
Total	30,957.06	26,678.83	19,517.49

Cash at banks earns interest at floating rates based on daily bank deposit rates. 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 and prior periods

9b Bank balances other than Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Earmarked Balances with Banks			
- Unpaid dividend	36.21	37.28	36.77
- Unpaid bonus	1.82	1.82	1.82
- Margin money deposits #	264.41	265.47	111.61
- Bank Deposits maturing more than 3 months but less than 12 months	5,188.71	10,466.80	15,583.88
- Restricted Bank Balances	55.26	30.92	175.37
Total	5,546.41	10,802.29	15,909.45

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

9c Disclosure on specified bank notes (SBNs) :

During the year, the Group had specified bank notes or denomination note as defined in the MCA notification G. S. R. 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	1.60	0.51	2.11
(+) Permitted receipts	-	7.31	7.31
(-) Permitted payments	-	6.94	6.94
(-) Amount deposited in Banks	1.60	-	1.60
Closing cash in hand as on December 30, 2016	-	0.88	0.88

* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S. O. 3407 (E) dated the 8th November, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

10 Loans

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Loan to third parties	8,235.27	7,994.90	8,938.07
Total	8,235.27	7,994.90	8,938.07

11 Other current financial asset

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled revenue	27,290.34	26,509.08	18,238.20
Security Deposit	1,009.03	1,418.03	368.10
Interest accrued on deposits/ loans	522.51	532.19	690.50
Derivatives - Foreign Exchange Forward Contracts	2,407.71	1,017.37	209.57
Other receivables	252.42	337.88	560.09
Total	31,482.01	29,814.55	20,066.46

12 Other Current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured considered good, unless otherwise stated			
Balances with Government Authorities	510.41	1,012.24	326.01
Advance to employees			
- Good	457.13	485.56	361.89
- Doubtful	7.68	7.68	7.68
	464.81	493.24	369.57
Less: Provision for Doubtful Advances	(7.68)	(7.68)	(7.68)
	457.13	485.56	361.89
Advance to Vendors	1,552.77	1,140.61	759.24
Prepaid Expenses	2,921.78	3,537.69	2,829.83
Others	93.51	72.62	511.18
Total	5,535.60	6,248.72	4,788.15

13 Equity Share capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised:			
25,000,000 (March 31, 2016: 25,000,000; March 31, 2015: 25,000,000) Equity shares of ₹ 10/- each fully paid	2,500.00	2,500.00	2,500.00
	2,500.00	2,500.00	2,500.00

(i) Movements in equity share capital

	No. of shares	Equity share Capital (par value)
As at April 1, 2015	20,719,573	2,071.96
Shares issued to Employees under Employee Stock Option Plan	9,466	0.94
As at April 1, 2016	20,729,039	2,072.90
Shares issued to Employees under Employee Stock Option Plan	13,724	1.37
As at March 31, 2017	20,742,763	2,074.27

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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

(b) Number of shares reserved for issue under the Employee Stock Option Plan (Refer Note 29)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	141,079	164,512	162,184
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	108,110	171,149	166,918

(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, 2017		As at March 31, 2016		As at March 31, 2015	
	Number of Shares	% held	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.71	5,748,541	27.73	5,748,541	27.74
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Aasia Exports)	3,424,490	16.51	3,424,490	16.52	2,624,490	12.67
Amas Mauritius Limited	2,761,427	13.31	2,761,427	13.32	2,761,427	13.33

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents the legal ownerships of shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

14 Other Equity

	As at March 31, 2017	As at March 31, 2016
(a) Reserves and Surplus		
Capital Reserve		
Opening Balance	24,273.83	24,235.00
Add: Additions during the year (Refer Note 43)	-	38.83
	24,273.83	24,273.83
Securities Premium Account		
Opening Balance	653.47	621.43
Add: Additions during the year on exercise of employee stock options (Refer Note 29)	45.78	32.04
	699.25	653.47
General Reserve		
As at beginning and end of the year	53,996.98	53,996.98
	53,996.98	53,996.98
Employee Stock Options Outstanding		
As per last Balance Sheet	111.54	82.92
Add/ (Less): Employee stock option expenses	0.23	28.62
	111.77	111.54
Capital Redemption Reserve		
As per last Balance Sheet	12.00	12.00
	12.00	12.00
Surplus in Statement of Profit and Loss		
As per last Balance Sheet	34,058.51	29,446.01
Add: Profit for the year	17,954.84	10,087.86
<u>Items of other comprehensive income recognised directly in retained earnings</u>		
- Remeasurements of post-employment benefit obligation (net of tax)	(740.61)	(797.80)
Less: Adjustment on account of Deferred tax asset	-	-
Less: Dividend	1,814.55	3,886.36
Less: Dividend Tax (net)	369.40	791.20
	49,088.79	34,058.51
Shares application money pending allotment		
Opening Balance	-	-
Add: Amounts received on exercise of Employee Stock Options	79.84	-
	79.84	-
Total	128,262.46	113,106.33
(b) Other Reserves		
Foreign Currency Translation Reserve		
Opening Balance	3,054.70	-
Add: Adjustment during the year	(166.98)	3,054.70
	2,887.71	3,054.70
Cash Flow Hedging Reserve Account		
Opening Balance	615.90	(121.88)
Add: Change in fair value of hedging instruments	595.98	806.53
Less: Deferred Tax	(711.56)	(68.75)
	500.32	615.90
Total	131,650.49	116,776.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised 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 41. 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 recognised in the cash flow hedging reserve. Amounts recognised 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 recognise the grant date fair value of options issued to employees under Hinduja Global Solutions Employee stock option plan.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised 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.

15 Borrowings

	Maturity date	Terms of repayment	Coupon/ Interest rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
A. Borrowings - non-current						
Secured						
Term loans from banks						
Project loan ^a	June 30, 2017	Repayable in 16 equal quarterly instalments	9.60%	143.26	710.78	1,280.27
Corporate loan ^b	July 31, 2018	Repayable in 60 equal monthly instalments	9.60%	1,431.72	2,354.26	3,368.13
Corporate loan ^c	October 31, 2020	Tranche 1 - Repayable in 21 quarterly instalments	5.00%	224.57	267.86	-
	October 31, 2019	Tranche 2 - Repayable in 12 quarterly instalments				
Corporate loan ^d	September 26, 2018	Repayable equal quarterly instalments	3 months LIBOR + 3.60%p.a Effective rate as on March 2017 was 5.02%	20,344.52	22,542.67	24,158.25
Corporate loan ^e	January 31, 2024	Repayable equal quarterly instalments	3 months USD LIBOR + 3.10%p.a Effective rate as on March 2017 was 4.31%	25,933.22	27,722.49	26,764.58
Long Term Maturities of Finance Lease Obligations ^f				415.33	1,896.57	2,517.84
Unsecured						
Term loans from a bank						
	March 2, 2019	Tranche 1 - 14 equal quaterly instalments	3.625%	-	2,543.68	3,179.18
	August 25, 2019	Tranche 2 - 14 equal quaterly instalments	3.625%	-	3,311.88	-
	May 28, 2018	Tranche 3 - 36 equal monthly instalments	5.023%	-	88.86	-
Total non current borrowings				48,492.62	61,439.05	61,268.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Maturity date	Terms of repayment	Coupon/ Interest rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Less: Current maturities of long-term debt (included in note 19)				5,579.76	6,556.63	4,155.48
Less: Current Maturities of Finance Lease Obligations (included in note 19)				193.43	937.12	1,026.81
Less: Interest accrued (included in note 19)				82.79	93.80	129.66
Non-current borrowings				42,636.64	53,851.50	55,956.30
B. Borrowings - current						
Secured						
Bank Overdrafts ^a	Payable on demand	Payable on demand	8.40% - 8.90%	14,129.38	16,188.25	1,608.96
Bank Overdrafts ^b	Payable on demand	Payable on demand	9.75%	-	1,270.26	-
Bank Overdrafts ^c	Payable on demand	Payable on demand	5.00%	99.66	-	-
Bank Overdrafts ^d	Payable on demand	Payable on demand	LIBOR	2,828.99	3,241.77	1,018.81
Unsecured						
Term loans from a bank	May 24, 2016	90 days from drawdown date i.e.) February 24, 2016	2.90%	-	1,654.23	-
Total Current borrowings				17,058.03	22,354.51	2,627.77
Aggregate Secured loans				59,694.67	68,607.36	55,404.89
Aggregate Unsecured loans				-	7,598.65	3,179.18

Secured borrowings and assets pledged as security

- Secured by exclusive charge on the entire asset of the project.
- Secured by first charge on entire moveable fixed assets of the company (both present and future).
- Secured by cash margin and demand promissory note.
- Secured by way of charge on all assets of a subsidiary company, HGS Canada Inc.
- Secured by way of charge on all assets of a subsidiary company, HGS Inc., USA.
- Secured by assets under lease.
- 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).
- Secured by first paripassu charge on all assets including moveable and immoveable properties.
- Secured by charge on all assets of the company.

16 Provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gratuity (Refer note 37)	-	107.30	83.75
Pension	2,558.39	1,268.82	577.18
Others (Refer note below)	93.08	120.98	190.91
Total	2,651.47	1,497.10	851.84

Note

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Particulars	Building Maintenance	Litigations/ Disputes	Employee Claim	Total
Opening Balance as at April 1, 2015	50.03	83.29	57.59	190.91
Add: Additional provision during the year	-	-	-	-
Less: Provision utilised/ reversed during the year	50.03	-	19.90	69.93
Closing Provision as at March 31, 2016	-	83.29	37.69	120.98
Add: Additional provision during the year	-	-	-	-
Less: Provision utilised/ reversed during the year	-	-	27.90	27.90
Closing Provision as at March 31, 2017	-	83.29	9.79	93.08

17 Other non-current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unearned Income	988.37	1,132.81	445.02
Deferred revenue	240.51	481.02	-
Total	1,228.88	1,613.83	445.02

18 Trade Payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i. total outstanding dues of micro enterprises and small enterprises (Refer note 45)	1.58	115.00	3.47
ii. total outstanding dues of creditors other than micro enterprises and small enterprises	16,054.36	17,087.72	16,790.16
Total	16,055.94	17,202.72	16,793.64

19 Other current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current Maturities of Long-Term Debt	5,579.76	6,556.63	4,155.48
Current Maturities of Finance Lease Obligations	193.43	937.12	1,026.81
Interest Accrued	82.79	93.80	129.66
Capital Creditors	1,849.54	2,258.91	2,460.10
Unpaid Dividend [Refer note (a) below]	36.21	37.28	36.77
Purchase consideration payable (Refer Note 43)	-	170.00	-
Derivatives - Foreign Exchange Forward Contracts	1,112.64	241.99	291.43
Employee benefits payable	11,162.42	7,686.13	5,249.19
Total	20,016.79	17,981.86	13,349.44

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

20 Provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gratuity (Refer note 37)	678.93	446.46	245.21
Pension	113.30	750.27	580.18
Compensated Absences	3,509.05	3,422.70	2,725.78
Total	4,301.28	4,619.43	3,551.17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

21 Other Current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances from customers	181.41	450.94	610.49
Statutory dues payable	3,560.84	3,562.69	3,415.59
Deferred revenue	1,637.56	240.52	-
Other Payables	827.34	1,219.21	889.41
Total	6,207.15	5,473.36	4,915.49

22 Revenue from operations

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of services		
Business Process Management	371,099.42	332,099.80
Total	371,099.42	332,099.80

23 Other income

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income from financial assets at amortised cost		
- On Fixed deposits	699.17	820.04
- On Income Tax refunds	216.06	-
- On others	628.79	84.93
Unwinding of discount on security deposits	133.95	99.56
Investment mandatorily measured at fair value through profit or loss	-	3.38
Foreign Exchange Gain (net)	-	1,008.04
Provision for Doubtful Debts no longer required written-back	-	7.16
Miscellaneous income	599.48	615.48
Total	2,277.45	2,638.59

24 Employee benefits expense

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	227,101.85	207,115.93
Contribution to provident and other funds	15,518.65	13,655.86
Employee share based payment expenses	0.23	28.62
Gratuity expense	29.20	61.80
Staff welfare expenses	3,030.34	2,650.42
Total	245,680.27	223,512.63

25 Finance costs

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense on		
- Term loans from bank	3,112.07	2,863.37
- Cash credit and others	1,041.03	874.73
Other Borrowing Costs	140.49	304.75
Total	4,293.59	4,042.85

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

26 Depreciation and Amortisation expenses

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on property, plant and equipment	11,441.71	10,781.37
Amortisation of intangibles	2,875.41	2,858.23
Total	14,317.12	13,639.60

27 Other expenses

	Year ended March 31, 2017	Year ended March 31, 2016
Power and Fuel	6,054.97	5,074.62
Rent	15,904.11	13,692.08
Repairs and Maintenance - Leased Premises	3,029.44	2,282.30
Repairs and Maintenance - Others	4,500.99	4,136.44
Insurance	716.44	654.95
Rates and Taxes	1,214.10	1,172.94
Directors' Sitting Fees	91.60	70.20
Connectivity Cost	8,301.52	10,562.89
Advertisement and Business Promotion	1,432.02	1,664.57
Communication	2,140.42	1,925.71
Travelling, Conveyance and Car Hire Charges	5,183.25	4,477.45
Legal and Professional	11,483.26	10,831.91
Training and Recruitment	5,016.39	5,337.42
Commission	6,722.22	6,134.19
Donations	57.03	57.31
Software Expenses	1,437.64	933.75
Fulfillment Cost	428.13	710.99
Corporate Social Responsibility (Refer Note no 27 a)	403.00	323.33
Bad Debts/ Advances Written off	13.52	108.84
Provisions for Doubtful Debts/ Advances	128.48	-
Foreign Exchange Loss (net)	2,435.18	-
Loss on Sale of Assets (net)	16.49	58.68
Miscellaneous Expenses	6,907.50	7,310.92
Total	83,617.70	77,521.49

27a Corporate Social Responsibility (CSR)

	March 31, 2017	March 31, 2016
Gross amount required to be spent by the Group during the year	403.00	323.33
Total	403.00	323.33

Amount spent during the year	In cash*	
	March 31, 2017	March 31, 2016
a. Construction/ acquisition of any asset	-	-
b. On purposes other than (a) above	403.00	323.33
Total	403.00	323.33

* There are no amounts yet to be paid in cash

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

28 Contingent Liabilities

a) Contingent Liabilities

A) Claims against the group not acknowledged as debts:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(i) Service tax demand raised by authorities against which appeal has been filed by the Group (Refer Note 1 below)	-	-	633.08
(ii) Income Tax demand raised by authorities against which appeal has been filed by the Group	2,377.29	4,732.60	9,685.28
(iii) ESIC demand raised by authorities	-	-	329.38
(iv) Others (to the extent ascertainable)	-	-	33.48
(v) Other matters (Refer Note 2 below)	7,173.43	7,173.48	7,173.48

Notes:

- The Group had deposited amount of ₹ 633.08 Lakhs with the service tax authorities towards demand raised by them. Further, the Central Excise and Service Tax Appellate Tribunal South Zonal Bench, Bangalore in its final hearing on January 19, 2016 had allotted the appeal of the Company on merits in favour of the Company. Pursuant to this, during the current year, the Company has availed the credit of service tax paid ₹ 359.00 Lakhs (Previous year : ₹ Nil) from the service tax authorities. Accordingly, the net outstanding balance as at March 31, 2017 of ₹ 274.08 Lakhs (As at March 31, 2016 : ₹ 633.08 Lakhs and April 1, 2015 : ₹ 633.08 Lakhs) is included in "Balance with Government Authorities - Note 12".
- Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹ 7,144.06 Lakhs (As at March 31, 2016: ₹ 7,173.48 Lakhs and April 1, 2015: ₹ 7,173.48 Lacs) in respect of period prior to October 1, 2006 which is reimbursable by the Company pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ITES business into the Company sanctioned by High Court of Judicature of Bombay and made effective on March 7, 2007. In this regard, the Company 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 ₹ 2,231.01 Lakhs (including interest of ₹ 606.72 Lakhs) during the current year and the net outstanding amount as at March 31, 2017 of ₹ 3,318.99 Lakhs (As at March 31, 2016: ₹ 5,550 Lakhs and April 1, 2015: ₹ 5,550 Lakhs) is included in "Other Receivable - Note 7". Hinduja Ventures Limited has filed an appeal against the said demand. In view of Management and based on the legal advice obtained, the Company has strong case to succeed.
- Future cash outflow in respect of above, if any, is determinable only on receipt of judgements/ decisions pending with relevant authorities.

b) Capital and other commitments:

- Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account - ₹ 1,649.91 Lakhs (As at March 31, 2016: ₹ 1,802.16 Lakhs and April 1, 2015: ₹ 715.94 Lakhs).

c) Non-cancellable operating leases:

The group 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.

	March 31, 2017	March 31, 2016	April 1, 2015
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year	14,880.08	11,914.33	9,475.87
Later than one year but not later than five years	43,412.58	42,807.47	28,871.83
Later than five years	39,229.69	35,359.57	17,372.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Rental expense relating to operating lease

	March 31, 2017	March 31, 2016
Minimum lease payments	14,317.96	10,808.15
Total rental expense relating to operating leases	14,317.96	10,808.15

d) Non-cancellable finance leases:

Particulars	March 31, 2017	March 31, 2016
Present Value	415.33	1,896.57
Finance Charge	38.89	143.45

The minimum lease payment is payable as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Minimum lease payments in relation to non-cancellable finance leases are payable as follows:			
Within one year	193.43	937.12	1,026.81
Later than one year but not later than five years	221.90	959.45	1,491.03
Later than five years	-	-	-
Less: amounts representing finance charges	(38.89)	(143.45)	(196.57)
Present value of minimum lease payments	376.44	1,753.12	2,321.27

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.	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Particulars	ESOP 2008	ESOP 2011
	- 1/2 of the options granted will vest on the third anniversary of 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.

Set out below is a summary of options granted under the plan:

ESOP 2008

Particulars	March 31, 2017		March 31, 2016	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening Balance	453.57	164,512	432.25	162,184
Granted during the year	-	-	471.00	42,095
Lapsed during the year	-	-	432.25	(34,901)
Exercised during the year	312.50	(4,717)	359.89	(4,866)
Forfeited during the year	453.57	(18,716)	-	-
Closing Balance		141,079		164,512
Vested and exercisable		49,558		44,380

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(All amounts are in Rupees Lakhs)

ESOP 2011

Particulars	March 31, 2017		March 31, 2016	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening Balance	441.60	171,149	414.95	166,918
Granted during the year	-	-	471.00	42,095
Lapsed during the year	441.60	(54,032)	414.95	(33,264)
Exercised during the year	359.89	(9,007)	359.89	(4,600)
Forfeited during the year	-	-	-	-
Closing Balance		108,110		171,149
Vested and exercisable		71,602		83,539

* The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2017 was ₹ 312.50 (March 31, 2016: ₹ 471.00)

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 (₹)	Share options (March 31, 2017)	Share options (March 31, 2016)	Share options (April 01, 2015)
June 1, 2011	ESOP 2008	May 30, 2018	400.65	-	-	17,770
June 3, 2013	ESOP 2008	June 2, 2020	285.05	19,466	25,999	35,098
November 11, 2013	ESOP 2008	November 10, 2020	416.65	47,204	50,555	61,406
July 2, 2014	ESOP 2008	July 1, 2021	527.25	25,364	28,363	30,410
September 29, 2014	ESOP 2008	September 28, 2021	649.25	9,500	17,500	17,500
November 6, 2015	ESOP 2008	November 5, 2020	471.00	39,545	42,095	-
November 11, 2011	ESOP 2011	November 10, 2018	340.20	-	53,154	87,658
June 28, 2012	ESOP 2011	June 28, 2019	340.25	-	1,270	1,270
November 11, 2013	ESOP 2011	November 10, 2018	416.65	22,680	25,000	25,000
January 18, 2014	ESOP 2011	January 17, 2019	572.75	4,200	5,000	5,000
July 2, 2014	ESOP 2011	Feb 2, 2019	527.25	38,185	41,131	44,490
September 29, 2014	ESOP 2011	September 28, 2019	649.25	3,500	3,500	3,500
November 6, 2015	ESOP 2011	November 5, 2020	471.00	39,545	42,095	-

(i) Fair value of options granted

No employee stock options were granted during the year ended March 31, 2017. The fair value of options granted during the year ended March 31, 2016 was ₹ 173 per option (adjusted for bonus issue). 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.

The model inputs for options granted during the year ended 31 March 2017 included:

- options are granted for a consideration and vest upon completion of vesting period as mentioned above.
- exercise price: Nil (March 31, 2016 - ₹ 471.00)
- grant date: Nil (March 31, 2016 - November 6, 2015)
- expiry date: Nil (March 31, 2016 - November 5, 2020)
- share price at grant date: Nil (March 31, 2016 - ₹ 471)
- expected price volatility of the company's shares: Nil (March 31, 2016 - 35.48%)
- expected dividend yield: Nil (March 31, 2016 - 4.25%)
- risk free interest rate: Nil (March 31, 2016 - 7.48%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

Particulars	March 31, 2017	March 31, 2016
Employee share based payment expenses	0.23	28.62

30 Earnings per share (EPS)

	March 31, 2017	March 31, 2016
Numerator for Basic and Diluted EPS		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS (₹ in Lakhs)	17,954.84	10,087.85
Denominator for Basic EPS:		
Weighted average number of equity shares	20,736,817	20,725,427
Denominator for Diluted EPS:		
Number of equity shares	20,771,503	20,754,064
Basic EPS attributable to the equity holders of the Company (₹)	86.58	48.67
Diluted EPS attributable to the equity holders of the Company (₹)	86.44	48.61
Nominal value of shares (₹)	10.00	10.00

Number of shares considered for basic EPS	20,736,817	20,725,427
Add: Effect of dilutive issues of stock options	34,686	28,637
Number of shares considered for diluted EPS	20,771,503	20,754,064

31 Offsetting financial assets and liabilities

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
March 31, 2017						
Financial assets						
Cash and cash equivalents	30,957.06	-	30,957.06	-	(30,957.06)	-
Trade receivables	46,288.70	-	46,288.70	-	(34,095.05)	12,193.65
Other bank balances	5,546.41	-	5,546.41	-	-	5,546.41
Loans	8,235.27	-	8,235.27	-	-	8,235.27
Other current financial assets	29,074.30	-	29,074.30	-	-	29,074.30
Derivative financial instruments	2,407.71	-	2,407.71	-	-	2,407.71
Total	122,509.45	-	122,509.45	-	(65,052.11)	57,457.34
Financial liabilities						
Derivative financial instruments	1,112.64	-	1,112.64	-	-	1,112.64

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
Total	1,112.64	-	1,112.64	-	-	1,112.64
March 31, 2016						
Financial assets						
Cash and cash equivalents	26,678.83	-	26,678.83	-	(26,678.83)	-
Trade receivables	45,877.10	-	45,877.10	-	(45,877.10)	-
Other bank balances	10,802.29	-	10,802.29	-	(9,341.06)	1,461.23
Loans	7,994.90	-	7,994.90	-	-	7,994.90
Other current financial assets	28,797.18	-	28,797.18	-	-	28,797.18
Derivative financial instruments	1,017.37	-	1,017.37	(25.86)	-	991.51
Total	121,167.67	-	121,167.67	(25.86)	(81,896.99)	39,244.82
Financial liabilities						
Derivative financial instruments	241.99	-	241.99	-	-	241.99
Total	241.99	-	241.99	-	-	241.99
April 1, 2015						
Financial assets						
Cash and cash equivalents	19,517.49	-	19,517.49	-	(19,517.49)	-
Trade receivables	40,929.62	-	40,929.62	-	(40,929.62)	-
Other bank balances	15,909.45	-	15,909.45	-	(931.06)	14,978.39
Loans	8,938.07	-	8,938.07	-	-	8,938.07
Other current financial assets	19,856.89	-	19,856.89	-	-	19,856.89
Derivative financial instruments	209.57	-	209.57	(64.59)	-	144.98
Total	105,361.09	-	105,361.09	(64.59)	(61,378.17)	43,918.33
Financial liabilities						
Derivative financial instruments	291.43	-	291.43	(75.95)	-	215.48
Total	291.43	-	291.43	(75.95)	-	291.43

(a) Offsetting arrangements

i) Master netting arrangements - not currently enforceable

Agreements with derivative counterparties are based on an International Swaps and Derivatives Associations (ISDA) Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

ii) Collateral against borrowings

The group has pledged financial instruments as collateral against number of its borrowings. Refer note 32 for further information on financial and non-financial collateral pledged as security against borrowings.

32 Assets pledged as security

The group has external borrowings from financial institutions and financial and non financial assets of respective subsidiary where loan has been procured have been pledged as security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

33 First-time adoption of Ind AS

These are the group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note no. 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the group's date of transition). In preparing its opening Ind AS balance sheet, the group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemption And Exception Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

a) Ind AS optional exemptions

i) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

ii) Prospective application of Ind AS 21 to business combinations

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. cases, where the entity does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the entity treats them as assets and liabilities of the acquirer entity and not as the acquiree.

iii) Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired.

The group elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

iv) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments all assets and liabilities whose recognition is required by Ind AS. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value adjusted for certain adjustments whose recognition is required by Ind AS.

v) Share based payments

Ind AS 101 permits a first-time adopter not to apply the requirements of Ind AS 102 to equity instruments vested before transition date. But it requires to disclose the information required by Ind AS 102 for all grants of equity instruments to which Ind AS 102 has not been applied.

The group has elected to apply this exemption and accordingly it has only accounted for the options granted but not vested before its transition date and it has disclosed the information for equity instruments vested before transition date as required by Ind AS 102.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

b) Ind AS mandatory exceptions

i) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 1, 2015 are reflected as hedges in the group's results under Ind AS.

The group had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the group continues to apply hedge accounting on and after the date of transition to Ind AS.

ii) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model.
- Financial assets as well as financial liability recognised at FVPL

iii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iv) Classification and measurement of financial assets

As required under Ind AS 101, the group has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

v) Non-controlling interests

Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. This requirement needs to be followed even if this results in the non-controlling interests having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from the date of transition.

B: Reconciliations between previous GAAP and Ind AS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101: – equity as at April 1, 2015; – equity as at March 31, 2016; – total comprehensive income for the year ended March 31, 2016; and – explanation of material adjustments to cash flow statements.

In the reconciliations mentioned above, certain reclassifications have been made to Previous GAAP financial information to align with the Ind AS presentation.

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Reconciliation of equity as at date of transition April 1, 2015

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipment	vii, viii	42,644.97	2,439.77	45,084.74
Capital work-in-progress		255.04	-	255.04
Intangible assets	viii	5,088.56	257.46	5,346.02
Intangible assets under development		95.53	-	95.53
Goodwill		29,428.87	-	29,428.87
Financial Assets				
(i) Investments		803.16	-	803.16
(ii) Other financial assets	v	4,541.11	(1,556.97)	2,984.14
Deferred tax assets (net)	iv, xii, xiii	336.87	1,866.66	2,203.53
Income Tax Assets (net)		5,008.55	-	5,008.55
Other non-current assets	v, vii, xii	9,192.77	(61.89)	9,130.88
Total non-current assets		97,395.43	2,945.03	100,340.46
Current assets				
Financial Assets				
(i) Investments		71.16	-	71.16
(ii) Trade receivables		40,929.62	-	40,929.62
(iii) Cash and cash equivalents		19,517.49	-	19,517.49
(iv) Bank balances other than (iii) above		15,909.45	-	15,909.45
(v) Loans		8,938.07	-	8,938.07
(v) Other financial assets		20,066.46	-	20,066.46
Other Current assets		4,788.15	-	4,788.15
Total current assets		110,220.40	-	110,220.40
Total assets		207,615.83	2,945.03	210,560.86
EQUITY AND LIABILITIES				
Equity				
Equity Share capital		2,071.96	-	2,071.96
Other Equity	i, iii, viii, xiii, xiv, iv	105,351.07	2,921.39	108,272.46
Total Equity		107,423.03	2,921.39	110,344.42
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	xiii	56,286.88	(330.58)	55,956.30
Provisions		851.84	-	851.84
Deferred tax liabilities (net)	iv	19.89	1,601.13	1,621.02
Other non-current liabilities		445.02	-	445.02
Total non-current liabilities		57,603.63	1,270.55	58,874.18
Current liabilities				
Financial Liabilities				
(i) Borrowings		2,627.77	-	2,627.77
(ii) Trade payables		16,793.64	-	16,793.64
(iii) Other financial liabilities		13,349.44	-	13,349.44
Provisions	i	4,798.08	(1,246.91)	3,551.17
Current tax liabilities		104.75	-	104.75
Other current liabilities		4,915.49	-	4,915.49
Total current liabilities		42,589.17	(1,246.91)	41,342.26
Total Liabilities		100,192.80	23.64	100,216.44
Total Equity and Liabilities		207,615.83	2,945.03	210,560.86

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

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(All amounts are in Rupees Lakhs)

Reconciliation of equity as at March 31, 2016

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipment	vii, viii	51,591.84	2,824.00	54,415.84
Capital work-in-progress		1,343.86	-	1,343.86
Intangible assets	viii	8,102.79	349.01	8,451.80
Intangible assets under development		83.55	-	83.55
Goodwill		30,742.73	-	30,742.73
Financial Assets				
(i) Investments		1,020.96	-	1,020.96
(ii) Other financial assets	v	6,286.60	(3,054.96)	3,231.64
Deferred tax assets (net)	iv, xii, xiii	152.90	2,546.56	2,699.46
Income Tax Assets (net)		4,981.39	-	4,981.39
Other non-current assets	v, vii, xii	11,107.97	491.31	11,599.28
Total non-current assets		115,414.59	3,155.92	118,570.51
Current assets				
Financial Assets				
(i) Trade receivables		45,877.10	-	45,877.10
(ii) Cash and cash equivalents		26,678.83	-	26,678.83
(iii) Bank balances other than (iii) above		10,802.29	-	10,802.29
(iv) Loans		7,994.90	-	7,994.90
(v) Other financial assets		29,814.55	-	29,814.55
Other Current assets		6,248.72	-	6,248.72
Total current assets		127,416.39	-	127,416.39
Total assets		242,830.98	3,155.92	245,986.90
EQUITY AND LIABILITIES				
Equity				
Equity Share capital		2,072.90	-	2,072.90
Other Equity	i, iii, viii, xiii, xiv, iv	115,761.38	1,015.55	116,776.93
Non-controlling interest	xiv	-	(53.45)	(53.45)
Total Equity		117,834.28	962.10	118,796.38
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	xiii	54,146.73	(295.23)	53,851.50
Provisions		1,497.10	-	1,497.10
Deferred tax liabilities (net)	iv	281.17	2,079.33	2,360.50
Other non-current liabilities	vi	1,132.81	481.02	1,613.83
Total non-current liabilities		57,057.81	2,265.12	59,322.93
Current liabilities				
Financial Liabilities				
(i) Borrowings		22,354.51	-	22,354.51
(ii) Trade payables		17,202.72	-	17,202.72
(iii) Other financial liabilities		17,981.86	-	17,981.86
Provisions	i	4,931.24	(311.81)	4,619.43
Current tax liabilities		235.71	-	235.71
Other current liabilities	vi	5,232.85	240.51	5,473.36
Total current liabilities		67,938.89	(71.30)	67,867.59
Total Liabilities		124,996.70	2,193.82	127,190.52
Total Equity and Liabilities		242,830.98	3,155.92	245,986.90

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
Income				
Revenue from operations	vi	332,821.34	(721.54)	332,099.80
Other income	v, viii	1,941.77	696.82	2,638.59
Total Income		334,763.11	(24.72)	334,738.39
Expenses				
Employee benefit expense	ii	224,304.61	(791.98)	223,512.63
Finance cost	xiii	4,007.49	35.36	4,042.85
Depreciation and amortisation expense	vii	13,642.35	(2.75)	13,639.60
Other Expenses	v, vii	77,214.06	307.43	77,521.49
Total expenses		319,168.51	(451.94)	318,716.57
Profit before tax		15,594.60	427.22	16,021.82
Income Tax expense				
Current tax	xii	5,184.72	736.99	5,921.71
Deferred tax	iv, xii	310.13	(247.67)	62.46
Total tax expense		5,494.85	489.32	5,984.17
Profit for the year		10,099.75	(62.10)	10,037.65
Other comprehensive income	x	-	2,994.68	2,994.68
Total comprehensive income for the year		10,099.75	2,932.58	13,032.33

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Notes to first-time adoption as mentioned in point C	March 31, 2016	April 01, 2015
Total equity (shareholder's funds) as per previous GAAP		117,834.28	107,423.03
Adjustments:			
Fair valuation of security deposits and amortisation of advance rental	v	(205.11)	-
Reversal of proposed dividend and incidental dividend distribution tax	i	311.86	1,246.91
Impact of change in functional currency of foreign operation	viii	3,423.68	2,950.63
Impact of deferred revenue recognition	vi	(721.54)	-
Deferred Tax impact on undistributed profits of a subsidiary	iv	(2,079.33)	(1,601.13)
Adjustment of deferred financing cost on borrowings, net of tax	xiii	344.21	367.89
Deferred Tax impact on hedge reserve	iv	(111.67)	(42.91)
Total adjustments		962.10	2,921.39
Total equity as per Ind AS		118,796.38	110,344.42

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first-time adoption as mentioned in point C	March 31, 2016
Profit after tax as per previous GAAP		10,099.75
Adjustments:		
Fair valuation of security deposits and amortisation of advance rental	v	(205.11)
Impact of change in functional currency of foreign operation	viii	597.25
Remeasurements of post-employment benefit obligations	ii	820.59
Impact of deferred revenue recognition	vi	(721.54)
Other adjustments	iii	(63.97)
Tax impact on Ind AS adjustments	iv	(489.32)
Total adjustments		(62.10)
Profit after tax as per Ind AS		10,037.65
Other Comprehensive Income	x	2,994.68
Total comprehensive income as per Ind AS		13,032.33

Impact of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

	Notes to first-time adoption as mentioned in point C	Pervious GAAP	Adjustments	Ind AS
Net cash flow from operating activities		14,582.12	9.93	14,592.05
Net cash flow from investing activities		(19,728.93)	(9.93)	(19,738.86)
Net cash flow from financing activities	xi	11,210.64	(18,072.51)	(6,861.87)
Net increase/(decrease) in cash and cash equivalents		6,063.83	(18,072.51)	(12,008.68)
Cash and cash equivalents as at 1 April 2015	xi	19,517.49	(2,627.77)	16,889.72
Effects of exchange rate changes on cash and cash equivalents		1,097.51	-	1,097.51
Cash and cash equivalents as at 31 March 2016	xi	26,678.83	(20,700.28)	5,978.55

Analysis of changes in cash and cash equivalents for the purposes of statement of cash flows under Ind AS

	Notes to first-time adoption as mentioned in point C	March 31, 2016	April 01, 2015
Cash and cash equivalents as per previous GAAP		26,678.83	19,517.49
Bank overdrafts	xi	(20,700.28)	(2,627.77)
Cash and cash equivalents for the purpose of statement of cash flows		5,978.55	16,889.72

C. Notes to first-time adoption

These are the companies first financial statements prepared in accordance with Ind AS.

i) Proposed dividend - Short Term Provisions

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

ii) Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. There is no impact on the total equity and profit.

iii) Employee stock option expense

Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date using graded vesting method. There is no impact on total equity.

iv) Deferred tax

Under previous GAAP, tax expense in the consolidated financial statements was computed by performing line by line addition of tax expense of the parent and its subsidiaries. No adjustments to tax expense was made on consolidation. Under Ind AS, deferred taxes are also recognised on undistributed profits of subsidiaries.

Under previous GAAP no deferred tax was created on hedging reserve. Under Ind AS deferred tax is required to be created on adjustment to hedging reserve. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

v) Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Prepaid rent is recognised as an expense over the period of lease with corresponding recognition of interest income on the outstanding amount.

vi) Deferred revenue

The group has entered into a contract with customer where specific facility was developed for the customer. Under the previous GAAP, non refundable amount received against the development activities was recognised as a revenue. Under Ind AS, sales consideration received has been recognised over the period of contract over which the group will provide the services. Accordingly, the group has recognised deferred revenue

vii) Property, plant and equipment

Under Indian GAAP, land is excluded from the provisions of AS 18 and therefore accounted as asset based on general accounting framework and cost paid towards land is disclosed as fixed asset and apportioned over the lease period. Under Ind-AS land is covered under standard on accounting for lease and contract is required to be assessed under provisions of standard. For the lands held under lease where there is no clause for renewal has been classified as operating lease transaction. Therefore leasehold land has been derecognised and lease rental paid is recognised as deferred rent.

viii) Functional currency assessment

The group has availed the exemption provided under the Ind AS 101 First Time Adoption of Indian Accounting Standard not to apply the requirements of Ind AS 21 with respect to classification of the exchange differences arising from translation of balances and transaction of foreign operations with functional currency different from the group's functional currency. Consequently, the Cumulative Translation Reserve balance as at the transition date has been set to zero as of the transition date. All non monetary assets have been restated at the exchange rate on transition date with corresponding increase in the value of non monetary assets.

ix) Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

x) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

xi) Bank overdrafts

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities.

xii) MAT Credit entitlement

Under previous GAAP, MAT credit entitlement under the Income tax act, 1961 was disclosed as non current asset. Under Ind AS all tax credits are required to be disclosed as deferred tax asset. The adjustments to deferred tax asset includes the tax impact of the transition date adjustments and classification of MAT Credit entitlement as deferred tax asset.

xiii) Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were recognised as an expense in the year when borrowings were taken. Accordingly, borrowings as at transition date have been reduced with a corresponding adjustment to equity. Resultant to this equity as at 1 April, 2015 as well as profit for the year ended as on 31 March 2016 is increased.

xiv) Non controlling interest

Under previous GAAP, losses in excess of value of non-controlling interest were absorbed by the owners of the group. Under Ind AS all losses attributable to non-controlling interest are showed as a part of interest of non-controlling interest.

34 Impairment

Goodwill is tested for impairment on an annual basis. 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.

Goodwill movement:

	Amount
As on April 1, 2015	29,428.87
Add: Translation difference	1,313.86
As on March 31, 2016	30,742.73
Add: Translation difference	(878.38)
As on March 31, 2017	29,864.35

The Group has single reportable segment and as at March 31, 2017, March 31, 2016 and April 1, 2015 goodwill has been allocated to the single reportable segment:

	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Business process management	29,864.35	30,742.73	29,428.87
Total	29,864.35	30,742.73	29,428.87

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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 recoverable amount was computed based on value-in-use being higher than fair value less cost to sell. The carrying amount was computed by allocating the net assets to operating segments for the purpose of impairment testing. Value-in-use is calculated using after tax assumptions. The use of after tax assumptions 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 before tax assumptions. The average range of key assumptions used for the calculations are as follows:

(in %)

	March 31, 2017	March 31, 2016	April 1, 2015
Long term growth rate	5% to 12%	5% to 25%	5% to 25%
After tax discount rate	11.5% to 18.5%	12.3% to 17.0%	12.0% to 17.0%
Terminal growth rate	3% to 4%	3% to 4%	3% to 4%

Based on the above, no impairment was identified as of March 31, 2017, March 31, 2016 and April 1, 2015 as the recoverable value of the CGUs exceeded the 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.

35 Income Tax Expense

This note provides an analysis of the Group's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

	March 31, 2017	March 31, 2016
a) Income Tax Expense		
Current tax		
Current tax on profits for the year	8,785.54	5,921.71
Total Current tax expense	8,785.54	5,921.71
Total Deferred Tax expense	(1,238.09)	62.46
Income Tax expense	7,547.45	5,984.17

b) Reconciliation of income tax expense and the accounting profit multiplied by India's tax rate

	March 31, 2017	March 31, 2016
Profit before income tax expense	25,468.19	16,021.81
Tax at Indian tax rate of 34.61% (2015-16 - 34.61%)	8,814.54	5,545.15
Tax effects of amounts which are not deductible (taxable) in calculating taxable income		
- Dividend Income	(520.29)	(462.48)
- Expenses towards corporate social responsibility	139.51	111.90
- Exemption u/s 10AA	(2,877.96)	(1,723.20)
- Others	(285.07)	334.20
Other items		
- Difference in overseas tax rate for foreign operation	217.12	30.42
- Reversal of deferred tax in prior years	2,019.01	2,973.45
- Tax credit on profit earned by foreign operation	(26.71)	(910.28)
- Other adjustments	67.31	85.01
Income Tax expense	7,547.45	5,984.17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

36a Deferred tax Liabilities

The balance comprises temporary differences attributable to:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Plant, Property and Equipment	2,665.52	737.66	1,295.24
Intangible Assets	3,313.83	-	2,560.26
Hedging Reserve	673.37	-	-
Undistributed profits of subsidiary	2,903.65	2,079.32	1,601.14
Others	999.51	26.82	283.96
Total Deferred tax liabilities	10,555.88	2,843.80	5,740.60
Set-off of deferred tax assets pursuant to set-off provisions	(6,700.36)	(483.30)	(4,119.57)
Net Deferred Tax Liabilities	3,855.52	2,360.50	1,621.03

36b Deferred tax Assets

The balance comprises temporary differences attributable to:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Property, Plant and Equipment	91.38	67.65	79.87
Intangible assets	249.65	-	-
Defined Benefit Obligations	619.68	470.75	1,048.23
Brought forward losses	3,433.97	-	110.65
MAT Credit	4,004.70	2,609.26	1,872.27
Others	4,784.12	35.10	3,212.08
Total Deferred Tax Assets	13,183.50	3,182.76	6,323.10
Set-off of deferred tax liabilities pursuant to set-off provisions	(6,700.36)	(483.30)	(4,119.57)
Net deferred tax assets	6,483.14	2,699.46	2,203.53

37 Employee Benefit obligations

(i) Leave obligations

The leave obligations cover the Group's liability for sick and earned leave.

The amount of the provision of ₹ 3,509.05 Lakhs (March 31, 2016: ₹ 3,422.70 Lakhs, April 1, 2015: ₹ 2,725.78 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 salary 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.

b) Pension benefits

The Group operates defined benefit pension plans at a foreign branch under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed lump sum amount of pension payable at the time of retirement. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The Plan assets are administered by the Investment department of Deutsche Bank AG.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(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

Amounts recognized in the Statement of Profit and Loss pertaining to the contribution to the above contribution plans is as follows:

	2016- 2017	2015- 2016
Employers' Contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	2,749.74	1,959.74
Employers' Contribution to Superannuation Fund*	4.00	1.00
Employers' Contribution to Employee's State Insurance*	1,313.90	891.03
Employer's Contribution to Other Employees' Benefit Scheme*	10,801.13	10,289.84
Total	14,868.77	13,141.61

*Included in Contribution to Provident and Other Funds (Refer Note 24)

(iv) Defined 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 obligation	Fair value of plan assets	Net Amount
April 1, 2015	2,502.43	(1,345.08)	1,157.35
Current service cost	286.77	-	286.77
Interest Expense/(Income)	153.45	(67.26)	86.19
Total amount recognised in profit or loss	440.22	(67.26)	372.96
Remeasurements			
- (Gain)/loss from change in financial assumptions	410.61	38.07	448.68
Total amount recognised in other comprehensive income	410.61	38.07	448.68
Exchange differences	84.11	(36.95)	47.16
Payments from plan:			
Benefit payments [Includes benefits paid and not claimed from plan assets ₹ 7.07 Lakhs (Previous Year Nil)]	(457.30)	450.23	(7.07)
March 31, 2016	2,980.07	(960.99)	2,019.09

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Present value of obligation	Fair value of plan assets	Net Amount
April 1, 2016	2,980.07	(960.99)	2,019.09
Current service cost	319.31	-	319.31
Net Interest cost	165.01	(48.65)	116.36
Expected return on plan assets			
Total amount recognised in profit or loss	484.33	(48.65)	435.68
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	35.56	35.56
-(Gain)/loss from change in financial assumptions	258.82	-	258.82
- Experience (gains)/losses	191.37	-	191.37
Total amount recognised in other comprehensive income	450.19	35.56	485.75
Exchange differences	(358.01)	89.19	(268.81)
Payments from plan:			
Benefit payments	(158.41)	158.41	-
March 31, 2017	3,398.17	(726.48)	2,671.69

The net liability disclosed above relates to funded and unfunded plans are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of funded obligations	3,398.17	2,980.07	2,502.43
Fair value of plan assets	(726.48)	(960.99)	(1,345.08)
Surplus/(Deficit) - Pension	2,671.69	2,019.09	1,157.35

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 at a rate of 14% of salaries in line with the actuary's latest recommendations.

Balance sheet amounts - Gratuity

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 obligation	Fair value of plan assets	Net Amount
April 1, 2015	863.26	(534.30)	328.96
Current Service Cost	115.18	-	115.18
Interest expense/(income)	68.49	(42.37)	26.12
Total Amount recognised in profit or loss	183.67	(42.37)	141.30
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	24.28	24.28
- (Gain)/loss from change in financial assumptions	41.37	-	41.37
- Experience (gains)/losses	306.76	-	306.76
Total amount recognised in other comprehensive income	348.14	24.28	372.42
Employer contributions	-	(268.62)	(268.62)
Benefit payments	(143.52)	123.23	(20.29)
March 31, 2016	1,251.55	(697.78)	553.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Present value of obligation	Fair value of plan assets	Net Amount
April 1, 2016	1,251.55	(697.78)	553.76
Current Service Cost	173.78	-	173.78
Interest expense/(income)	91.92	(51.49)	40.42
Total Amount recognised in profit or loss	265.70	(51.49)	214.21
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	27.59	27.59
- (Gain)/loss from change in financial assumptions	73.73	-	73.73
- Experience (gains)/losses	291.20	-	291.20
Total amount recognised in other comprehensive income	364.92	27.59	392.51
Employer contributions	-	(464.09)	(464.09)
Benefit payments	(235.89)	218.42	(17.47)
March 31, 2017	1,646.29	(967.36)	678.93

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2017	March 31, 2016	April 01, 2015
Present value of funded obligations	1,646.29	1,251.55	863.26
Fair value of plan assets	(967.36)	(697.78)	(534.30)
Deficit - Gratuity plan	678.93	553.77	328.96

The following table shows the breakdown of the defined benefit obligation and and plan assets:

	March 31, 2017			March 31, 2016			April 1, 2015		
	Gratuity	Pension	Total	Gratuity	Pension	Total	Gratuity	Pension	Total
Present Value of Obligation	1,646.29	3,398.17	5,044.46	1,251.55	2,980.07	4,231.62	863.26	2,502.43	3,365.69
Fair value of plan assets	(967.36)	(726.48)	(1,693.84)	(697.78)	(960.99)	(1,658.77)	(534.30)	(1,345.08)	(1,879.38)
Total Liability	678.93	2,671.69	3,350.62	553.77	2,019.08	2,572.85	328.96	1,157.35	1,486.31

(v) Post-Employment benefit (pension and gratuity)

The significant actuarial assumptions were as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount Rate	5.16% ~ 7.38%	5.76% ~ 7.96%	6.04% ~ 7.96%
Salary growth rate	3.00% ~ 5.00%	3.00% ~ 5.00%	3.00% ~ 5.00%
Rate of return on Plan assets	2.00% ~ 7.38%	3.00% ~ 7.38%	6.11% ~ 7.93%

(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, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount Rate	1%	1%	(935.19)	(852.63)	1,231.32	1,031.67
Salary Growth rate	1%	1%	1,177.24	990.86	(911.32)	(836.40)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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.

(vii) The major categories of plan assets are as follows:

	March 31, 2017			March 31, 2016			April 1, 2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Debt Instruments									
- Government Bonds	-	346.67	346.67	-	550.65	550.65	-	920.44	920.44
- Corporate Bonds	-	188.52	188.52	-	230.44	230.44	-	209.56	209.56
Investment funds									
- Insurance Funds (LIC Pension and Group Schemes fund)	-	967.36	967.36	-	697.78	697.78	-	534.30	534.30
Cash and cash equivalents	161.13	-	161.13	168.27	-	168.27	209.97	-	209.97
Others	-	30.15	30.15	-	11.63	11.63	-	5.11	5.11
Total	161.13	1,532.70	1,693.83	168.27	1,490.50	1,658.77	209.97	1,669.41	1,879.38

(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.
Inflation risks	In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.
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. The Group uses derivatives to manage some of its risk. 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 2017 consists of government bonds and LIC Pension and Group Scheme Fund, 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, 2018 are ₹ 669.10 Lakhs.

The weighted average duration of Gratuity plan obligation is 7.87 years (2016 - 7.68 years, 2015 - 7 years).

The weighted average duration of Pension plan obligation is 22.1 years (2016 - 22.2 years, 2015- 21.3 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
March 31, 2017					
Pension plan benefit obligation	36.36	14.05	544.20	1,321.29	1,915.90
Gratuity plan benefit obligation	176.16	168.48	526.10	682.48	1,553.22
Total	212.52	182.53	1,070.30	2,003.77	3,469.12
March 31, 2016					
Pension plan benefit obligation	8.91	29.21	545.42	1,276.25	1,859.79
Gratuity plan benefit obligation	150.55	131.60	387.66	545.93	1,215.74
Total	159.46	160.81	933.08	1,822.18	3,075.53
April 1, 2015					
Pension plan benefit obligation	207.82	11.86	135.78	915.00	1,270.46
Gratuity plan benefit obligation	121.78	96.00	268.20	388.34	874.32
Total	329.60	107.86	403.98	1,303.34	2,144.78

38 Capital management

A) Risk management

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 stakeholders, 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) divided by

Total 'equity' as shown in the balance sheet, including non-controlling interests).

The Group's strategy is to maintain a gearing ratio in the range of 50-70%. The gearing ratios were as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Net Debt	34,592.97	57,114.63	44,378.52
Total Equity	133,680.28	118,796.38	110,344.42
Net Debt to Equity ratio	26%	48%	40%

Loan covenants

The Group has complied with financial covenants implied as a part of external borrowing facilities throughout the reporting period and management is confident of meeting these covenants in future years as well.

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(All amounts are in Rupees Lakhs)

B) Dividends

Particulars	As at March 31, 2017	As at March 31, 2016
(i) Equity shares		
Final dividend for the year ended March 31, 2016 of ₹ 1.25 (March 31, 2015 - ₹ 5.00) per fully paid equity share	259.11	1,035.98
Interim dividend for the year ended March 31, 2017 of ₹ 7.50 (March 31, 2016 - ₹ 13.75) per fully paid equity share	1,555.44	2,850.38
(ii) Dividends not recognised at the end of the reporting period		
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 (March 31, 2016 - ₹ 1.25). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	518.57	259.11

39 Related Party Transactions

I Individual having control with his relatives and associates

Mr. Ashok P. Hinduja

II Key Management Personnel

Mr. Partha DeSarkar, Chief Executive Officer and Manager

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 (w.e.f. September 21, 2016)

Mr. Pradeep Mukerjee (w.e.f. September 21, 2016)

III Enterprises where common control exists

- 1 Hinduja Group Limited
- 2 Hinduja Ventures Limited
- 3 IndusInd Media and Communication Limited
- 4 Hinduja Hospital Limited

IV Enterprises where Significant Influence is exercised by Directors

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

V Relatives of Key Management personnel

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)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Nature of Transaction	Parties referred to in II and V above		Parties referred to in III and IV above	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Rendering of Services				
IndusInd Media and Communication Limited	-	-	106.07	153.02
Others	-	-	-	1.50
Total	-	-	106.07	154.52
Professional Fees				
Rangan Mohan Associates	-	3.11	-	-
D. M. Harish & Co.	-	2.07	-	-
HBI Inc.	-	-	200.92	196.78
Atlantic International BPO Colombia S.A.S	-	-	160.74	157.43
Total	-	5.18	361.66	354.21
Rent Expense				
Hinduja Group Limited	-	-	111.81	102.42
Mr. Pabitra DeSarkar	3.40	3.66	-	-
Total	3.40	3.66	111.81	102.42
Director's sitting fees				
Sitting fees paid to Director's	80.00	57.50	-	-
Total	80.00	57.50	-	-
Commission				
HBI Inc.	-	-	2,979.17	4,781.96
Total	-	-	2,979.17	4,781.96
Executive Remuneration				
Mr. Partha DeSarkar	347.23	254.44	-	-
Total	347.23	254.44	-	-
Consultancy Charges				
Hinduja Group Limited	-	-	281.93	212.01
Total	-	-	281.93	212.01
Advance Paid to Key Managerial Personnel				
Mr. Partha DeSarkar	0.26	-	-	-
Total	0.26	-	-	-
Purchase of Fixed Assets				
Hinduja Group Limited	-	-	75.31	42.08
Total	-	-	75.31	42.08

Nature of Transaction	Parties referred to in II and V above			Parties referred to in III and IV above		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Receivable net of payable as at the year-end						
Hinduja ventures Limited	-	-	-	3,318.99	5,550.00	5,550.00
Others	-	-	-	7.86	238.06	356.37
Total	-	-	-	3,326.85	5,788.06	5,906.37
Payable net of Receivables as at year-end						
Hinduja Group Limited	-	-	-	9.87	5.43	8.82
HBI Inc.	-	-	-	294.27	302.68	35.30
Total	-	-	-	304.14	308.11	44.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

40 Fair Value Measurements

(a) Financial instruments by category

Particulars	31-Mar-17			31-Mar-16			01-Apr-15		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
- Treasury bills	-	-	535.95	-	-	1,020.96	-	-	803.16
- Mutual funds	-	-	-	-	-	-	71.16	-	-
Security deposits	-	-	4,475.24	-	-	4,129.60	-	-	3,208.69
Bank deposits with maturity exceeding 12 month	-	-	1,022.91	-	-	1,052.26	-	-	834.05
Trade receivables	-	-	46,288.70	-	-	45,877.10	-	-	40,929.62
Cash and cash equivalents	-	-	30,957.06	-	-	26,678.83	-	-	19,517.49
Bank balances other than Cash and cash equivalents	-	-	5,546.41	-	-	10,802.29	-	-	15,909.45
Unbilled revenue	-	-	27,290.34	-	-	26,509.08	-	-	18,238.20
Other receivables	-	-	252.42	-	-	337.88	-	-	560.09
Derivative financial assets	-	2,407.71	-	-	1,017.37	-	-	209.57	-
Loans to third parties	-	-	8,235.27	-	-	7,994.90	-	-	8,938.07
Total Financial assets	-	2,407.71	124,604.30	-	1,017.37	124,402.90	71.16	209.57	108,938.82
Financial liabilities									
Borrowings	-	-	59,694.66	-	-	76,206.01	-	-	58,584.06
Trade payables	-	-	16,055.96	-	-	17,202.74	-	-	16,793.63
Derivative financial liabilities	-	1,112.64	-	-	241.99	-	-	291.43	-
Other financial liabilities	-	-	18,904.15	-	-	17,739.87	-	-	13,058.01
Total Financial liabilities	-	1,112.64	94,654.77	-	241.99	111,148.62	-	291.43	88,435.70

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised 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
Financial assets						
Financial Investments at FVPL						
Mutual funds	March 31, 2017	4b	-	-	-	-
	March 31, 2016		-	-	-	-
	April 1, 2015		71.16	-	-	71.16
Derivatives designated as hedges						
Foreign exchange forward contracts	March 31, 2017	11	-	2,407.71	-	2,407.71
	March 31, 2016		-	1,017.37	-	1,017.37
	April 1, 2015		-	209.57	-	209.57
Total financial assets			71.16	3,634.65	-	3,705.81
Financial liabilities						
Derivatives designated as hedges						
Foreign exchange forward contracts	March 31, 2017	19	-	1,112.64	-	1,112.64
	March 31, 2016		-	241.99	-	241.99
	April 1, 2015		-	291.43	-	291.43
Total financial liabilities			-	1,646.06	-	1,646.06

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Assets and liabilities which are measured at amortised cost for which fair values are disclosed	Date of Valuation	Notes	Level 1	Level 2	Level 3	Total
Financial assets						
Treasury bills	March 31, 2017		-	-	535.95	535.95
	March 31, 2016	4a	-	-	1,020.96	1,020.96
	April 1, 2015		-	-	803.16	803.16
Security deposits	March 31, 2017		-	-	4,475.24	4,475.24
	March 31, 2016	5,11	-	-	4,129.60	4,129.60
	April 1, 2015		-	-	3,208.69	3,208.69
Total financial assets			-	-	14,173.61	14,173.61

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.

(ii) Valuation technique used to fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Fair value of the current financial assets and current financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of the expected future cash flows.

(iv) Valuation processes

The finance department of the group includes a team that performs the valuations of financial assets and liabilities required for reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every three months, in line with the Company's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities, contingent considerations and indemnification asset used by the group are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties are derived from credit risk grading determined by the Company's internal credit risk management group.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(v) Fair value of financial assets and liabilities measured at amortised cost

	31-Mar-17		31-Mar-16		01-Apr-15	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Investments						
- Treasury bills	535.95	535.95	1,020.96	1,020.96	803.16	803.16
Security deposits	4,475.24	4,475.24	4,129.60	4,129.60	3,208.69	3,208.69
Total financial assets	5,011.19	5,011.19	5,150.56	5,150.56	4,011.85	4,011.85

The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents, borrowings and loans to third parties are considered to be the same as their fair values, due to their short-term nature.

The fair values for security deposits and investment in treasury bills were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

41 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 amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits
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 (₹)	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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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 forwarding-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 ₹ 46,288.70 Lakhs (March 31, 2016 - ₹ 45,877.10 Lakhs) and unbilled revenue amounting to ₹ 27,290.34 Lakhs (March 31, 2016 - ₹ 26,509.08 Lakhs) as at reporting date. Trade receivables and unbilled revenue 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 immaterial based on historical trend and the nature of business. No provision is considered necessary as at reporting date and management continuously assesses the requirement for provision on ongoing basis. During the period, the Group made write-offs of ₹ 13.52 lakhs (Previous year ₹ 108.84 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.

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 equivalentson 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 and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements 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, 2017	March 31, 2016	April 01, 2015
Expiring within one year (bank overdraft and other facilities)	11,002.85	17,090.36	26,565.63
Expiring beyond one year (bank loans)	2,967.75	3,083.19	10,835.18
Total	13,970.60	20,173.55	37,400.81

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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 - 31 March 2017	Within 1 year	between 1 to 2 years	between 2 to 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	36,138.52	141.00	16,537.64	6,738.39	59,555.55
Obligations under finance lease	193.43	221.90	-	-	415.33
Trade payables	16,055.96	-	-	-	16,055.96
Other financial liabilities	18,710.72	-	-	-	18,710.72
Total non-derivative liabilities	71,098.63	362.90	16,537.64	6,738.39	94,737.56
Derivatives					
Foreign exchange forward Contracts	1,112.64	-	-	-	1,112.64
Total derivative liabilities	1,112.64	-	-	-	1,112.64

Contractual maturities of financial liabilities - 31 March 2016	Within 1 year	between 1 to 2 years	between 2 to 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	22,448.31	5,579.76	47,311.68	-	75,339.75
Obligations under finance lease	937.12	193.43	766.02	-	1,896.57
Trade payables	17,202.74	-	-	-	17,202.74
Other financial liabilities	16,802.75	-	-	-	16,802.75
Total non-derivative liabilities	57,390.92	5,773.19	48,077.70	-	111,241.81
Derivatives					
Foreign exchange forward Contracts	241.99	-	-	-	241.99
Total derivative liabilities	241.99	-	-	-	241.99

Contractual maturities of financial liabilities - 1 April 2015	Within 1 year	between 1 to 2 years	between 2 to 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	2,757.56	6,556.63	47,908.50	-	57,222.69
Obligations under finance lease	1,026.81	937.12	553.91	-	2,517.84
Trade payables	16,793.63	-	-	-	16,793.63
Other financial liabilities	12,031.20	-	-	-	12,031.20
Total non-derivative liabilities	32,609.20	7,493.75	48,462.41	-	88,565.36
Derivatives					
Foreign exchange forward Contracts	291.43	-	-	-	291.43
Total derivative liabilities	291.43	-	-	-	291.43

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 the USD, EUR and CAD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (INR and Philippines Peso for Manila branch). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

The company's risk management policy is to hedge upto 75% of forecasted foreign currency sales for the subsequent 15 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 hedge 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, 2017	March 31, 2016	April 01, 2015
Financial assets				
Trade receivables	USD	151.81	1,648.17	1,864.24
	GBP	1.74	-	-
	SGD	2.31	2.44	2.26
	CAD	242.23	204.47	560.17
Unbilled revenue	USD	2.59	0.99	-
	GBP	1.29	-	-
Bank balance in EEFC accounts	USD	3,270.11	1,522.40	517.75
	CAD	228.00	-	-
Financial liabilities				
Trade payable	USD	1,415.45	1,571.93	2,344.61
	GBP	-	-	1.24
Finance Lease liability	USD	-	1,302.25	1,600.31
Foreign currency loan	USD	-	7,421.09	3,185.34

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, 2017	March 31, 2016
USD sensitivity		
INR/USD -Increase by 4% (March 31, 2016-5%)*	80.36	(356.19)
INR/USD -Decrease by 4% (March 31, 2016-5%)*	(80.36)	356.19
CAD sensitivity		
INR/CAD -Increase by 4% (March 31, 2016-4%)*	18.81	8.18
INR/CAD -Decrease by 4% (March 31, 2016-4%)*	(18.81)	(8.18)

* Holding all other variables constant

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

ii) Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group policy is to manage its borrowings to ensure lower interest outflow.

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Group manages its finance cost in a manner where significant portion of interest expenses can be predicted with reasonable certainty.

(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:

	March 31, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	17,058.03	20,700.28	2,627.77
Fixed rate borrowings	48,077.28	59,542.48	58,750.40
Total borrowings	65,135.31	80,242.76	61,378.17

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

Particulars	Impact on profit after tax		Impact on other components of equity	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Interest rates - increase by 70 basis points (60 bps)*	(484.53)	(488.34)	-	-
Interest rates - decrease by 70 basis points (60 bps)*	484.53	488.34	-	-

* Holding all other variables constant

Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position:

March 31, 2017

Types of hedge and risks	Nominal Value		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	Assets	Liabilities				
Cash flow hedge								
Foreign exchange risk								
Foreign exchange forward contracts	62,908.10	-	2,407.71	1,095.24	April 2017 - March 2018	1:1	365.19	(365.19)
Interest rate risk								
Interest rate swap	-	235.72	-	17.40	January 2014 - September 18	1:1	230.79	(230.79)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

March 31, 2016

Types of hedge and risks	Nominal Value		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	Assets	Liabilities				
Cash flow hedge								
Foreign exchange risk								
Foreign exchange forward contracts	58,629.98	-	1,017.37	-	April 2016 - March 2017	1:1	864.70	(864.70)
Interest rate risk								
Interest rate swap	-	240.56	-	241.99	January 2014 - September 18	1:1	(58.17)	58.17

April 1, 2015

Types of hedge and risks	Nominal Value		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	Assets	Liabilities				
Cash flow hedge								
Foreign exchange risk								
Foreign exchange forward contracts	55,222.80	-	209.57	107.61	April 2015 - March 2016	1:1	(1,007.37)	1,007.37
Interest rate risk								
Interest rate swap	-	226.56	-	183.82	January 2014 - September 18	1:1	2.41	(2.41)

*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

Type of hedge	Change in the value of hedging instrument recognised in Other comprehensive income	Hedge ineffectiveness recognised 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
March 31, 2017				
Cash flow hedge				
Foreign exchange risk	355.39	(12.43)	746.08	Other expenses
Interest rate risk	230.79	-	-	Finance cost
March 31, 2016				
Cash flow hedge				
Foreign exchange risk	864.67	47.82	(12.44)	Other expenses
Interest rate risk	(58.17)	-	-	Finance cost

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, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the group uses the hypothetical derivative method to assess effectiveness.

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. In hedges of foreign currency forecast sale and hedge of interest risk may arise if:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Refer note 14b for the details related to movement in cash flow hedging reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

42 Interests in other entities

(a) Subsidiaries

The Group's subsidiaries at March 31, 2017 are set below. 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, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
		%	%	%	%	%	%
HGS International	Mauritius	100	100	100	-	-	-
HGS International Services Private Limited	India	100	100	100	-	-	-
Hinduja Global Solutions Inc.	United States of America	100	100	100	-	-	-
HGS Properties LLC		100	100	100	-	-	-
HGS Canada Holdings LLC		100	100	100	-	-	-
HGS Colibrium Inc.		95.20	89.98	89.98	4.80	10.02	10.02
HGS Healthcare (Previously RMT L.L.C.)		100	100	100	-	-	-
HGS EBOS LLC		100	100	100	-	-	-
HGS (USA), LLC		100	100	100	-	-	-
HGS Canada Inc.		100	100	100	-	-	-
Affina Company, Canada	Canada	100	100	100	-	-	-
C-Cubed B.V.	Netherlands	100	100	100	-	-	-
C-Cubed N.V.	Curacao	100	100	100	-	-	-
Customer Contact Centre Inc.	Philippines	100	100	100	-	-	-
Hinduja Global Solutions Europe Limited	United Kingdom	100	100	100	-	-	-
Hinduja Global Solutions UK Limited		100	100	100	-	-	-
HGS France, S.A.R.L.	France	100	100	100	-	-	-
HGS St. Lucia Ltd	Saint Lucia	100	100	100	-	-	-
Team HGS Limited	Jamaica	100	100	100	-	-	-
HGS Italy, S.A.R.L.	Italy	100	100	100	-	-	-
HGS Mena FZ LLC	United Arab Emirates	100	100	100	-	-	-
HGS Extensya Holdings Ltd	Cayman Islands	100	100	100	-	-	-
Extensya Investment Holdings Ltd	Cayman Islands	100	100	100	-	-	-
HGS Extensya Cayman Ltd	Cayman Islands	100	100	100	-	-	-

(b) Non-controlling interests (NCI)

There are no material non-controlling interest to the group.

43 Business combinations

(a) Summary of acquisition

Effective September 1, 2015 the Group has acquired significant portion of the domestic BPO business from Mphasis Limited and its wholly owned subsidiary Msource India Private Limited. Details of Net assets acquired, purchase consideration and bargain purchase are as follows:

Details of the purchase consideration, the net assets acquired are as follows:

Purchase Consideration	Amount
Cash Paid	1,605.74
Total Purchase Consideration	1,605.74

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Amount
Fixed Assets:	
- Tangible Assets	1,653.23
- Intangible Assets	76.55
Other assets	9.05
Vendors liability	(94.26)
Net identifiable assets acquired	1,644.57

Calculation of bargain purchase	Amount
Consideration transferred	1,605.74
Less: Net identifiable assets acquired	1,644.57
Bargain purchase (Refer note 14a)	(38.83)

44 Segment reporting

The Group's board of directors along with its chief operating officer and manager, 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	March 31, 2017	March 31, 2016
USA	271,599.05	248,609.47
India	53,977.14	36,528.84
Europe	31,873.87	35,049.50
Others	13,649.36	11,911.99
Total	371,099.42	332,099.80

Revenue from major customers	March 31, 2017	March 31, 2016
Revenue from five major customers (more than 10% of total revenue)	159,830.80	132,237.20
Others	211,268.62	199,862.60
Total	371,099.42	332,099.80

Non current assets used in the Group's business across the locations are used interchangeably between segments and accordingly management is of the view that separate disclosure of assets located in geographical location is not relevant.

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

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.58	115.00	35.47
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-	1.22
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	0.05	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-	0.05
Further interest remaining due and payable for earlier years	-	-	0.05

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

46 Additional Information required by Schedule III

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
Subsidiaries								
India								
HGS International Services Private Limited								
March 31, 2017	16%	22,011.71	54%	9,630.60	-21%	209.33	58%	9,839.93
March 31, 2016	12%	13,981.12	62%	6,187.05	-1%	(16.48)	47%	6,170.57
Foreign								
HGS International								
March 31, 2017	74%	98,367.95	7%	1,295.49	0%	-	8%	1,295.49
March 31, 2016	90%	107,298.90	13%	1,338.44	0%	-	10%	1,338.44
Hinduja Global Solutions Inc.								
March 31, 2017	-19%	(25,475.90)	-31%	(5,598.96)	0%	-	-33%	(5,598.96)
March 31, 2016	-19%	(22,641.05)	-44%	(4,421.48)	0%	-	-34%	(4,421.48)
C-Cubed N.V.								
March 31, 2017	0%	35.30	0%	(3.96)	0%	-	0%	(3.96)
March 31, 2016	0%	39.53	0%	(4.32)	0%	-	0%	(4.32)
HGS St.Lucia Limited								
March 31, 2017	0%	(15.43)	0%	-	0%	-	0%	-
March 31, 2016	0%	(15.75)	0%	-	0%	-	0%	-
Hinduja Global Solutions Europe Limited								
March 31, 2017	4%	5,294.96	-1%	(134.70)	0%	-	-1%	(134.70)
March 31, 2016	-2%	(2,864.38)	-3%	(328.64)	0%	-	-3%	(328.64)
HGS Properties LLC.								
March 31, 2017	3%	3,984.78	5%	839.25	0%	-	5%	839.25
March 31, 2016	3%	3,236.41	8%	794.25	0%	-	6%	794.25
HGS EBOS LLC								
March 31, 2017	-4%	(4,711.37)	-3%	(456.34)	0%	-	-3%	(456.34)
March 31, 2016	-4%	(5,277.13)	-19%	(1,915.18)	0%	-	-15%	(1,915.18)
HGS(USA)LLC								
March 31, 2017	30%	40,074.64	54%	9,744.04	0%	-	58%	9,744.04
March 31, 2016	26%	31,254.54	38%	3,806.71	0%	-	29%	3,806.71
HGS Canada Holdings LLC								
March 31, 2017	16%	21,961.22	0%	-	0%	-	0%	-
March 31, 2016	19%	22,406.95	0%	-	0%	-	0%	-
HGS Canada Inc								
March 31, 2017	-14%	(18,112.62)	-14%	(2,595.32)	0%	-	-15%	(2,595.32)
March 31, 2016	-14%	(16,386.26)	-36%	(3,654.78)	0%	-	-28%	(3,654.78)
HGS Health Care								
March 31, 2017	0%	87.83	0%	(76.67)	0%	-	0%	(76.67)
March 31, 2016	0%	132.28	0%	(0.20)	0%	-	0%	(0.20)
Affina Company								
March 31, 2017	-2%	(2,457.37)	0%	-	0%	-	0%	-
March 31, 2016	-2%	(2,507.25)	0%	-	0%	-	0%	-
Hinduja Global Solutions UK Limited								
March 31, 2017	1%	1,421.30	-6%	(1,106.54)	0%	-	-7%	(1,106.54)
March 31, 2016	2%	2,870.21	-1%	(148.82)	0%	-	-1%	(148.82)

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
HGS Italy S.A.R.L.								
March 31, 2017	0%	189.06	0%	4.76	0%	-	0%	4.76
March 31, 2016	0%	200.47	0%	44.28	0%	-	0%	44.28
HGS France S.A.R.L.								
March 31, 2017	0%	(600.20)	-1%	(144.19)	0%	-	-1%	(144.19)
March 31, 2016	0%	(503.75)	0%	(36.44)	0%	-	0%	(36.44)
C-Cubed B.V.								
March 31, 2017	-2%	(2,126.59)	-1%	(146.55)	0%	-	-1%	(146.55)
March 31, 2016	-2%	(2,057.24)	-1%	(140.38)	0%	-	-1%	(140.38)
Customer Contact Center Inc.								
March 31, 2017	2%	3,001.52	1%	264.45	0%	-	2%	264.45
March 31, 2016	3%	3,070.23	-1%	(147.14)	0%	-	-1%	(147.14)
Team HGS Limied Jamaica.								
March 31, 2017	0%	225.38	2%	418.51	0%	-	2%	418.51
March 31, 2016	0%	(59.15)	1%	97.94	0%	-	1%	97.94
HGS Mena FZ LLC.								
March 31, 2017	-2%	(2,230.05)	-5%	(857.41)	0%	-	-5%	(857.41)
March 31, 2016	-1%	(1,428.08)	-9%	(915.12)	0%	-	-7%	(915.12)
HGS Colibrium Inc.								
March 31, 2017	-6%	(7,963.09)	-4%	(710.46)	0%	-	-4%	(710.46)
March 31, 2016	-7%	(8,386.05)	-5%	(501.06)	0%	-	-4%	(501.06)
HGS Extensya Holdings Limited								
March 31, 2017	0%	-	0%	-	0%	-	0%	-
March 31, 2016	0%	-	0%	-	0%	-	0%	-
Extensya Investment Holdings Limited								
March 31, 2017	0%	-	0%	-	0%	-	0%	-
March 31, 2016	0%	-	0%	-	0%	-	0%	-
HGS Extensya Cayman Limited								
March 31, 2017	0%	-	0%	-	0%	-	0%	-
March 31, 2016	0%	-	0%	-	0%	-	0%	-

As per our report of even date
For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 048125

Place : Mumbai
Date : May 22, 2017

For and on behalf of the Board

Ramkrishan P. Hinduja
Chairman
DIN : 00278711

Srinivas Palakodeti
Chief Financial Officer

Makarand D. Dewal
Company Secretary

Place : Mumbai
Date : May 22, 2017

Partha DeSarkar
Chief Executive Officer
and Manager

Rajendra P. Chitale
Director
DIN: 00015986

Rangan Mohan
Director
DIN: 01116821

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

(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 share holding
1	HGS International	31.03.2017	USD	B/S 64.8589 P/L 66.9730	21,088.37	87,134.14	108,431.35	208.84	Nil	2,301.29	786.43	125.55	660.88	Nil	100
2	HGS International Services Private Limited	31.03.2017	INR	-	111.36	21,900.35	25,440.52	3,428.81	Nil	36,646.93	10,354.67	724.07	9,630.60	Nil	100
3	Hinduja Global Solutions Inc.	31.03.2017	USD	B/S 64.8589 P/L 66.9730	0.01	(25,519.38)	75,894.46	101,413.83	Nil	2,201.86	(3,831.28)	328.67	(4,159.95)	Nil	100
4	HGS Properties LLC	31.03.2017	USD	B/S 64.8589 P/L 66.9730	-	3,984.78	3,994.73	9.95	Nil	1,066.44	839.25	-	839.25	Nil	100
5	HGS Canada Holdings LLC	31.03.2017	USD	B/S 64.8589 P/L 66.9730	21,961.22	(0.01)	21,961.22	-	Nil	-	-	-	-	Nil	100
6	HGS Canada Inc.	31.03.2017	CAD	B/S 48.6925 P/L 50.9479	12,840.22	(30,952.84)	18,691.69	36,804.31	Nil	39,228.17	(3,595.06)	(999.74)	(2,595.32)	Nil	100
7	HGS EBOS LLC	31.03.2017	USD	B/S 64.8589 P/L 66.9730	-	(4,711.37)	989.59	5,700.96	Nil	17,260.76	(456.34)	-	(456.34)	Nil	100
8	HGS (USA), LLC	31.03.2017	USD	B/S 64.8589 P/L 66.9730	3,437.52	36,714.94	80,227.88	40,075.42	Nil	210,378.08	9,744.04	-	9,744.04	Nil	100
9	HGS Healthcare LLC	31.03.2017	USD	B/S 64.8589 P/L 66.9730	162.80	(74.96)	137.12	49.28	Nil	-	(76.67)	-	(76.67)	Nil	100
10	Affina Company	31.03.2017	CAD	B/S 48.6925 P/L 50.9479	0.10	(2,071.33)	-	2,071.23	Nil	-	-	-	-	Nil	100
11	Hinduja Global Solutions Europe Limited	31.03.2017	GBP	B/S 81.2948 P/L 87.2426	781.55	5,727.25	11,216.20	4,707.40	Nil	1,102.29	(134.70)	-	(134.70)	Nil	100
12	Hinduja Global Solutions UK Limited	31.03.2017	GBP	B/S 81.2948 P/L 87.2426	11.81	1,409.49	9,424.13	8,002.83	Nil	31,701.32	(1,131.63)	(25.09)	(1,106.54)	Nil	100
13	HGS Italy, S.A.R.L	31.03.2017	EUR	B/S 69.3840 P/L 73.3241	6.94	182.12	190.49	1.43	Nil	57.33	5.79	1.03	4.76	Nil	100
14	HGS France S.A.R.L	31.03.2017	EUR	B/S 69.3840 P/L 73.3241	5.55	(605.75)	111.64	711.84	Nil	102.63	(144.19)	-	(144.19)	Nil	100
15	C-Cubed N.V	31.03.2017	USD	B/S 64.8589 P/L 66.9730	3.89	39.56	3,295.74	3,252.29	Nil	133.10	(3.96)	-	(3.96)	Nil	100
16	C-Cubed B.V	31.03.2017	EUR	B/S 69.3840 P/L 73.3241	15.75	(390.10)	3,019.74	3,394.09	Nil	-	(89.86)	-	(89.86)	Nil	100
17	Customer Contact Centre Inc.	31.03.2017	PHP	B/S 1.2921 P/L 1.3844	1,292.10	1,709.42	3,018.56	17.04	Nil	-	264.45	-	264.45	Nil	100
18	HGS St. Lucia Limited	31.03.2017	XCD	B/S 24.0218 P/L 24.8048	0.00	(15.43)	6,594.74	6,610.17	Nil	-	-	-	-	Nil	100
19	Team HGS Limited	31.03.2017	JMD	B/S 0.5062 P/L 0.5263	0.01	619.66	8,835.89	8,216.22	Nil	12,558.56	441.11	15.43	425.68	Nil	100
20	HGS Mena FZ LLC	31.03.2017	AED	B/S 17.6590 P/L 18.2347	194.48	(2,424.53)	1,246.15	3,476.20	Nil	1,296.60	(857.41)	-	(857.41)	Nil	100
21	HGS Colibrium Inc	31.03.2017	USD	B/S 64.8589 P/L 66.9730	3,099.97	(3,029.40)	17,803.37	17,732.80	Nil	8,138.37	(2,504.94)	(947.87)	(1,557.07)	Nil	95.20
22	HGS Extensya Holdings Limited	31.03.2017	USD	B/S 64.8589 P/L 66.9730	-	-	-	-	Nil	-	-	-	-	Nil	100
23	Extensya Investment Holdings Limited	31.03.2017	USD	B/S 64.8589 P/L 66.9730	-	-	-	-	Nil	-	-	-	-	Nil	100
24	HGS Extensya Cayman Limited	31.03.2017	USD	B/S 64.8589 P/L 66.9730	-	-	-	-	Nil	-	-	-	-	Nil	100

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HINDUJA GLOBAL SOLUTIONS LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of **Hinduja Global Solutions Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which is incorporated the Return for the year ended on that date audited by the branch auditors of the Company's branch at Philippines.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to 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 accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The financial information of the Company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2016 and March 31, 2015 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 25, 2016 and May 20, 2015, respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the IndAS have been audited by us.

AUDITORS' REPORT

10. We did not audit the Ind AS financial statements of one Branch included in the standalone Ind AS financial statement of the Company, which constitute total assets of ₹ 35,595. 91 Lakhs and net assets of ₹ 20,614. 96 Lakhs as at March 31, 2017, total revenue of ₹68,373. 11 Lakhs, net profit of ₹ 2,114. 12 Lakhs and net cash flows amounting to ₹ 2,028. 20 Lakhs for the year then ended. This financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion on the standalone Ind AS financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
12. As required by Section 143 (3) of the Act, we report that:
- 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.
 - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
 - The reports on the accounts of the branch office 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.
 - The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the return received from the branch not visited by us.
 - In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - 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.
 - With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone Ind AS financial statements -Refer Note 27;
 - The company has long-term contracts as at March 31, 2017 for which there were no material foreseeable losses. The Company did not have any long-term derivative contract as at March 31, 2017.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.
 - The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management -Refer Note 10(C).

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Place : Mumbai
Date : May 22, 2017

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(g) of the Independent Auditors' Report of even date to the members of Hinduja Global Solutions Limited on the standalone Ind AS financial statements for the year ended March 31, 2017

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

1. We have audited the internal financial controls over financial reporting of Hinduja Global Solutions Limited ("the Company") as of March, 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

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

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Jeetendra Mirchandani

Partner

Membership Number: 048125

Place: Mumbai

Date: May 22, 2017

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Hinduja Global Solutions Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2017

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax liability including interest and penalty, where applicable	114. 56	Assessment year 2011-12	CIT (Appeals)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3 (xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3 (xvi) of the Order are not applicable to the Company.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership Number: 048125

Place: Mumbai
Date: May 22, 2017

BALANCE SHEET AS AT

(All amounts are in Rupees Lakhs)

Particulars	Notes	March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-current assets				
Property, Plant and Equipment	2	26,837.86	27,386.28	23,439.44
Capital work-in-progress	2	72.08	116.04	69.60
Intangible assets	3	4,790.35	4,816.91	3,518.95
Intangible assets under development	3	28.33	77.96	76.43
Financial Assets				
(i) Investments	4a	43,361.85	43,846.86	43,629.06
(ii) Other financial assets	5	2,189.54	1,395.28	1,727.81
Deferred tax assets (net)	34	62.42	69.56	103.74
Income Tax Assets (net)	6a	3,630.00	4,169.78	4,028.78
Other non-current assets	7	5,974.60	9,731.33	8,630.89
Total non-current assets		86,947.03	91,610.00	85,224.70
Current assets				
Financial Assets				
(i) Investments	4b	—	—	13.95
(ii) Trade receivables	8	28,836.88	27,856.45	14,941.08
(iii) Cash and cash equivalents	9a	4,291.44	2,809.00	942.80
(iv) Bank balances other than (iii) above	9b	38.03	39.10	38.59
(v) Other financial assets	10	18,235.28	19,345.14	10,945.49
Other Current assets	11	2,686.44	2,427.30	1,905.90
Total current assets		54,088.07	52,476.99	28,787.81
Total assets		141,035.10	144,086.99	114,012.51
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	12a	2,074.27	2,072.90	2,071.96
Other Equity	12b	96,994.74	91,203.24	83,387.60
Total Equity		99,069.01	93,276.14	85,459.56
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	13a	333.52	5,931.44	6,037.79
Provisions	14	2,641.68	1,352.11	660.47
Other non current liabilities	15	240.51	481.02	—
Deferred tax liabilities (net)	33	951.88	387.85	68.00
Total non-current liabilities		4,167.59	8,152.42	6,766.26
Current liabilities				
Financial Liabilities				
(i) Borrowings	13b	14,129.38	17,842.47	1,608.96
(ii) Trade payables	16	8,060.33	8,002.87	6,505.63
(iii) Other financial liabilities	17	10,992.83	11,808.63	10,372.68
Provisions	18	2,414.24	2,829.56	2,019.21
Current tax liabilities	6b	166.54	155.10	96.91
Other current liabilities	19	2,035.18	2,019.80	1,183.30
Total current liabilities		37,798.50	42,658.43	21,786.69
Total Liabilities		41,966.09	50,810.84	28,552.95
Total Equity and Liabilities		141,035.10	144,086.99	114,012.51

The above Balance Sheet should be read in conjunction with accompanying notes.
This is the Balance Sheet referred to in our report of the even date.

As per our report of even date
For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 048125

For and on behalf of the Board

Ramkrishan P. Hinduja
Chairman
DIN : 00278711

Srinivas Palakodeti
Chief Financial Officer

Makarand D. Dewal
Company Secretary

Place : Mumbai
Date : May 22, 2017

Partha DeSarkar
Chief Executive Officer
and Manager

Rajendra P. Chitale
Director
DIN: 00015986

Rangan Mohan
Director
DIN: 01116821

Place : Mumbai
Date : May 22, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

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

Particulars	Notes	March 31, 2017	March 31, 2016
Income			
Revenue from operations	20	159,753.65	137,566.85
Other income	21	2,728.61	3,120.89
Total Income		162,482.26	140,687.74
Expenses			
Employee benefit expense	22	103,972.73	85,568.83
Finance cost	23	1,563.43	1,496.14
Depreciation and amortisation expense	24	7,830.17	8,183.79
Other Expenses	25	33,514.01	27,990.31
Total expenses		146,880.34	123,239.07
Profit before tax		15,601.92	17,448.67
Income Tax expense			
Current tax		5,307.33	4,918.06
Deferred tax		141.99	288.53
Total tax expense		5,449.32	5,206.59
Profit for the year		10,152.60	12,242.08
Other comprehensive income			
A. Items that will be reclassified to profit or loss			
Deferred gains/ (losses) on cash flow hedges		(16.79)	824.01
Effect of change in functional currency of Foreign operation		(1,345.77)	(124.22)
Income tax on above items		(539.88)	(65.49)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		(1,902.44)	634.30
B. Items that will not be reclassified to profit or loss			
Remeasurements of post-employee benefit obligation		(824.44)	(648.81)
Income tax on above item		117.84	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (B)		(706.60)	(648.81)
Other comprehensive income for the year, net of tax [A+B]		(2,609.04)	(14.51)
Total comprehensive income for the year		7,543.56	12,227.57
Earning per equity share [nominal value per share ₹ 10/- each]			
Basic		48.96	59.07
Diluted		48.88	58.99

The above Statement of Profit and Loss should be read in conjunction with accompanying notes.

This is the Statement of Profit and Loss referred to in our report of the even date.

As per our report of even date
For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 048125

Place : Mumbai
Date : May 22, 2017

For and on behalf of the Board

Ramkrishan P. Hinduja
Chairman
DIN : 00278711

Srinivas Palakodeti
Chief Financial Officer

Makarand D. Dewal
Company Secretary

Place : Mumbai
Date : May 22, 2017

Partha DeSarkar
Chief Executive Officer
and Manager

Rajendra P. Chitale
Director
DIN: 00015986

Rangan Mohan
Director
DIN: 01116821

STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

A. Equity Share Capital

Particulars	Notes	Amount
Balance as at April 1, 2015		2,071.96
Changes in equity share capital during the year	12a	0.94
Balance as at March 31, 2016		2,072.90
Changes in equity share capital during the year	12a	1.37
Balance as at March 31, 2017		2,074.27

B. Other Equity

Particulars	Capital Reserve	Securities Premium Reserve	General Reserve	Foreign currency translation Reserve	Cash Flow Hedging Reserve Account	Employee stock options outstanding	Retained Earnings	Share application money pending allotment	Total
As at April 1, 2015	-	621.43	53,294.87	-	(12.44)	82.92	29,400.82	-	83,387.60
Profit for the year	-	-	-	-	-	-	12,242.08	-	12,242.08
Total Other Comprehensive Income	-	-	-	(124.22)	758.52	-	(754.73)	-	(120.43)
Total	-	621.43	53,294.87	(124.22)	746.08	82.92	40,888.17	-	95,509.25
Transfer on acquisition of business	38.83	-	-	-	-	-	-	-	38.83
Transaction with owners in their capacity as owners:	-	-	-	-	-	-	-	-	-
Additions/ Adjustment during the year	-	-	-	-	-	-	-	-	-
Employee stock options	-	32.04	-	-	-	28.62	-	-	60.66
Dividends	-	-	-	-	-	-	(4,405.50)	-	(4,405.50)
As at March 31, 2016	38.83	653.47	53,294.87	(124.22)	746.08	111.54	36,482.67	-	91,203.24
Profit for the year	-	-	-	-	-	-	10,152.60	-	10,152.60
Total Other Comprehensive Income	-	-	-	(1,345.77)	(556.67)	-	(706.60)	-	(2,609.04)
Total	38.83	653.47	53,294.87	(1,469.99)	189.41	111.54	45,928.67	-	98,746.80
Transaction with owners in their capacity as owners:	-	-	-	-	-	-	-	-	-
Additions/ Adjustment during the year	-	-	-	-	-	-	-	-	-
Employee stock options	-	45.78	-	-	-	0.23	-	-	125.85
Dividends	-	-	-	-	-	-	(1,877.91)	-	(1,877.91)
As at March 31, 2017	38.83	699.25	53,294.87	(1,469.99)	189.41	111.77	44,050.76	79.84	96,994.74

CASH FLOW STATEMENT FOR THE YEAR ENDED

(All amounts are in Rupees Lakhs)

Cash Flow from Operating Activities:

Profit before tax from

- Continuing Operations

Profit before tax

Adjustments for:

Depreciation and amortization expenses

Employee share-based payment expense

Loss/ (Gain) on disposal of property, plant and equipment

Liabilities/ Provision no longer required written-back

Unwinding of discount on security deposits

Dividend income classified as investing cash flows

Interest income classified as investing cash flows

Finance costs

Bad Debts

Provision for doubtful debts/advances

Net exchange differences

Change in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary:

(Increase)/Decrease in trade receivables

(Increase)/decrease in other financial assets

(Increase)/decrease in other non-current assets

(Increase)/decrease in other current assets

Increase in trade payables

Increase/(decrease) in other financial liabilities

Increase/(decrease) in provisions

Increase/(decrease) in other liabilities

Cash generated from operations

Income taxes paid

Net cash inflow from operating activities

Cash flows from investing activities

Payment for acquisition of business

Payments for property, plant and equipment

Payments for purchase of investments

Proceeds from sale of investments

Proceeds from sale of property, plant and equipment

Dividends received

Interest received

Net cash outflow from investing activities

March 31, 2017	March 31, 2016
15,601.92	17,448.68
15,601.92	17,448.68
7,832.92	8,186.54
0.23	28.62
15.27	(21.22)
(14.92)	(16.01)
(98.20)	(69.67)
(1,503.30)	(1,337.07)
(820.81)	(31.83)
1,563.43	1,496.14
2.28	15.17
128.48	—
(881.07)	(604.33)
(1,111.19)	(12,915.37)
1,500.02	(7,332.14)
2,810.58	(846.24)
(258.07)	(521.91)
72.39	1,497.24
1,805.69	820.53
874.25	1,501.99
15.38	595.98
27,535.28	7,895.10
(4,756.11)	(5,000.88)
22,779.17	2,894.22
(170.00)	(1,530.00)
(8,522.65)	(11,708.42)
—	(217.80)
485.01	13.95
136.44	57.73
1,503.30	1,337.07
813.07	27.78
(5,754.83)	(12,019.69)

CASH FLOW STATEMENT FOR THE YEAR ENDED

(All amounts are in Rupees Lakhs)

Cash flows from financing activities

Proceeds from issues of shares
 Proceeds from Share application pending allotment
 Proceeds from borrowings
 Repayment of borrowings
 Interest paid
 Dividends paid to company's shareholders

Net cash outflow from financing activities

Net increase/ (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the financial year

Cash and cash equivalents at end of the year

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following:

Cash and cash equivalents (Refer Note 9a)

Bank Overdraft (Refer Note 13)

Balances per statement of cash flows

March 31, 2017	March 31, 2016
43.73	32.98
79.84	-
-	2,301.54
(10,149.40)	-
(1,578.24)	(1,517.14)
(1,878.98)	(4,404.99)
(13,483.05)	(3,587.61)
3,541.30	(12,713.08)
(13,379.24)	(666.16)
(9,837.94)	(13,379.24)
4,291.44	2,809.00
(14,129.38)	(16,188.24)
(9,837.94)	(13,379.24)

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date
For Price Waterhouse
 Firm Registration No. 301112E
 Chartered Accountants

Jeetendra Mirchandani
 Partner
 Membership No. 048125

For and on behalf of the Board

Ramkrishan P. Hinduja
 Chairman
 DIN : 00278711

Srinivas Palakodeti
 Chief Financial Officer

Makarand D. Dewal
 Company Secretary

Partha DeSarkar
 Chief Executive Officer
 and Manager

Rajendra P. Chitale
 Director
 DIN: 00015986

Rangan Mohan
 Director
 DIN: 01116821

Place : Mumbai
 Date : May 22, 2017

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 Date : May 22, 2017

NOTES TO THE FINANCIAL STATEMENTS

Background

Hinduja Global Solutions Limited ("HGS"), is engaged in Business Process Management. HGS with its subsidiaries offer voice and non-voice based services such as contact centre solutions and back office transaction processing across North America, Europe, Asia and Middle East. HGS is a public limited company, listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. The address of its registered office is 171, Hinduja House, Dr. Annie Besant Road, Worli, Mumbai 400018. These financial statements were approved for issue by the board of directors on May 22, 2017.

Note 1 Significant accounting policies

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.

a Basis of preparation

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2016 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act. (hereinafter referred as 'Previous GAAP')

These financial statements are the first financial statements of the Company under Ind AS. Refer note 31 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(ii) Historical cost convention

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 Critical 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) Estimation of Provisions & Contingent Liabilities.

The Company exercises judgement in measuring and recognising 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 14 and 27).

ii) 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 35 for the details of the assumptions used in estimating the defined benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS

c 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 43 for segment information.

d 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.

(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 recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

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) 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 recognised in other comprehensive income.

e Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The revenue is net of rebates, trade allowances and taxes as applicable.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- a. the amount of revenue can be measured reliably
- b. it is probable that the economic benefits associated with the transaction will flow to the entity;
- c. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- d. the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

NOTES TO THE FINANCIAL STATEMENTS

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 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.

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 financial statements. 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 realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and MAT credit entitlements only if it is probable that future taxable amounts will be available to utilise those temporary differences, losses and credit.

Deferred tax liabilities are not recognised 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.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in branches where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

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 realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised 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 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 capitalised 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 of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

i Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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 recognised initially at fair value and subsequently measured at amortised 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:

- a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b. those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

(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. 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 company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

NOTES TO THE FINANCIAL STATEMENTS

Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Investment in equity instruments of subsidiaries is recognised at cost on the date of acquisition as per Ind-AS 27.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its investment in subsidiaries recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the investments.

(iii) Impairment of financial assets

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the company determines whether there has been a significant increase in credit risk.

For trade receivables only, the company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- 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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

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 derecognised 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 recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Interest income:

Interest income from debt instruments is recognised 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 recognised 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 recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

The company 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 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. Trading derivatives are classified as a current asset or liability.

(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 recognised 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 recognised immediately in profit or loss, within other income.

When forward contracts are used to hedge forecast transactions, the company generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in other comprehensive income in cash flow hedging reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

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.

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 recognised amounts and there is an intention to settle on a net basis or realise 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. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised 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 FINANCIAL STATEMENTS

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

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.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

o **Intangible assets**

(i) Computer software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Other Intangible assets

Costs associated with acquisition of intangible assets is capitalised when it is controlled by entity and probable future economic benefits are expected to flow.

(iii) Amortisation methods and periods

The company amortises 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 recognised as income or expense in the Statement of Profit and Loss.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

p 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 recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

q Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 recognised in profit or loss.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

r Borrowing costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

s Provisions

Provisions are recognised 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 not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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 recognised as interest expense.

t 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 recognised 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.

(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 recognised in profit or loss.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year.

(iii) Post-employment obligations

The company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and
- (b) defined contribution plans such as provident fund.

Gratuity obligations

The liability or asset recognised 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 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 statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised 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 recognised immediately in profit or loss as past service cost.

NOTES TO THE FINANCIAL STATEMENTS

Defined contribution plans

The company pays provident fund contributions to publicly administered provident funds as per indian 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 recognised as employee benefit expense when they are due. Prepaid contributions are recognised 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 recognised 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:

- a. including any market performance conditions
- b. excluding the impact of any service and non-market performance vesting conditions, and
- c. including the impact of any non-vesting conditions.

The total expense is recognised 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 recognises 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 recognises 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 recognises 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.

U 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.

V Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised 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.

W 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.

NOTES TO THE FINANCIAL STATEMENTS

(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.

x 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.

y 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:

Amendments to Ind AS 7, 'Statement of cash flows' on disclosure initiative:

The amendment to Ind AS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. This includes changes arising from cash flows (e. g. draw downs and repayments of borrowings) and non-cash changes (i. e. changes in fair values), Changes resulting from acquisitions and disposals and effect of foreign exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. The Company is currently assessing the potential impact of this amendment. These amendments are mandatory for the reporting period beginning on or after April 1, 2017.

Amendments to Ind AS 102, 'Share-based Payment':

The amendment to Ind AS 102 clarifies the measurement basis for cash settled share-based payments and the accounting for modifications that change an award from cash-settled to equity settled. It also introduces an exception to the principles in Ind AS 102 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The Company is currently assessing the potential impact of this amendment. These amendments are mandatory for the reporting period beginning on or after April 1, 2017. The Company intends to adopt the amendments when it becomes effective. There are no other standards or amendments that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE 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
Year ended March 31, 2016										
Gross carrying amount										
Deemed cost As at 01. 04. 2015	100.97	2,476.51	2,053.02	2,752.85	200.57	402.03	8,716.85	6,736.64	23,439.44	69.60
Exchange differences	-	-	-	141.26	8.66		459.30	289.47	898.69	-
Additions during the Year	-	-	-	746.64	84.32	478.39	4,089.36	3,318.00	8,716.71	3,791.06
Assets taken over on Business acquisition (Refer note 41)	-	-	-	44.34	-	89.55	818.68	700.66	1,653.23	-
Deductions/ Transfers	-	-	-	(56.58)	-	(45.93)	(152.29)	(71.83)	(326.63)	(3,744.62)
Closing gross carrying amount	100.97	2,476.51	2,053.02	3,628.51	293.55	924.04	13,931.90	10,972.94	34,381.44	116.04
Accumulated depreciation										
Charge for the year	-	46.37	39.39	795.56	43.98	222.41	2,889.73	2,730.55	6,767.99	-
Deductions	-	-	-	(47.94)	-	(45.04)	(146.12)	(51.01)	(290.11)	-
Exchange differences	-	-	-	78.69	3.18	-	249.91	185.49	517.27	-
Closing accumulated depreciation	-	46.37	39.39	826.31	47.16	177.37	2,993.52	2,865.03	6,995.15	-
Net carrying amount as at March 31, 2016	100.97	2,430.14	2,013.63	2,802.20	246.39	746.67	10,938.38	8,107.91	27,386.28	116.04
Year ended March 31, 2017										
Opening gross carrying amount	100.97	2,476.51	2,053.02	3,628.51	293.55	924.04	13,931.90	10,972.94	34,381.44	116.04
Additions during the Year	-	-	-	806.21	78.30	750.75	2,668.60	2,965.39	7,269.25	4,435.13
Exchange differences	-	-	-	(527.98)	(35.59)	-	(1,793.48)	(1,134.12)	(3,491.17)	-
Deductions/ Transfers	-	-	-	(178.19)	(17.03)	(288.93)	(683.20)	(608.11)	(1,775.46)	(4,479.09)
Closing gross carrying amount	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
Accumulated depreciation										
Opening accumulated depreciation	-	46.37	39.39	826.31	47.16	177.37	2,993.52	2,865.03	6,995.15	-
Charge for the year	-	46.37	39.39	582.92	62.37	302.61	3,225.03	2,177.46	6,436.15	-
Exchange differences	-	-	-	(314.11)	(22.07)	-	(1,099.33)	(815.71)	(2,251.22)	-
Deductions	-	-	-	(155.44)	(0.72)	(264.47)	(641.13)	(572.12)	(1,633.88)	-
Closing accumulated depreciation	-	92.74	78.78	939.68	86.74	215.51	4,478.09	3,654.66	9,546.20	-
Net carrying amount as at March 31, 2017	100.97	2,383.77	1,974.24	2,788.87	232.49	1,170.35	9,645.73	8,541.44	26,837.86	72.08

(i) Leased assets

Computer includes following amounts where the company is a lessee under a finance lease

	31.03.2017	31.03.2016	31.03.2015
Computers			
Cost/ Deemed cost	1,122.22	1,250.76	1,212.98
Accumulated depreciation	(477.82)	(474.01)	(301.26)
Net carrying amount	644.40	776.75	911.72

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

3 Intangible Assets

	Computer Software	Non Compete fees	Total	Intangible assets under development
<u>Year ended March 31, 2016</u>				
Gross Carrying Amount				
Deemed cost As at 01. 04. 2015	3,498.88	20.07	3,518.95	76.43
Exchange differences	163.41	—	163.41	—
Additions during the Year	2,545.64	—	2,545.64	1,318.33
Assets taken over on Business acquisition (Refer note 41)	76.55	—	76.55	—
Deductions/ Transfers	—	—	—	(1,316.80)
Closing gross carrying amount	6,284.48	20.07	6,304.55	77.96
Accumulated amortisation				
Exchange differences	71.84	—	71.84	—
Charge for the year	1,395.73	20.07	1,415.80	—
Closing accumulated amortisation	1,467.57	20.07	1,487.64	—
Net carrying amount as at March 31, 2016	4,816.91	—	4,816.91	77.96
<u>Year ended March 31, 2017</u>				
Opening gross carrying amount	6,284.48	20.07	6,304.55	77.96
Exchange differences	(705.62)	—	(705.62)	—
Additions during the Year	1,739.52	—	1,739.52	478.33
Deductions/ Transfers	(13.33)	—	(13.33)	(527.96)
Closing gross carrying amount	7,305.05	20.07	7,325.12	28.33
Accumulated amortisation				
Opening accumulated amortisation	1,467.57	20.07	1,487.64	—
Charge for the year	1,394.02	—	1,394.02	—
Exchange differences	(343.69)	—	(343.69)	—
Deductions/ Transfers	(3.21)	—	(3.21)	—
Closing accumulated amortisation	2,514.69	20.07	2,534.76	—
Net carrying amount as at March 31, 2017	4,790.35	—	4,790.35	28.33

(i) Leased assets

Computer software includes following amounts where the company is a lessee under a finance lease

	31.03.2017	31.03.2016	31.03.2015
Computers			
Cost/ Deemed cost	718.11	800.36	776.19
Accumulated depreciation	(279.39)	(271.13)	(158.68)
Net carrying amount	438.72	529.23	617.51

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

4 Financial Assets - Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2017		As at 31.03.2016		As at 31.03.2015	
			Quantity Nos.	Amount	Quantity Nos.	Amount	Quantity Nos.	Amount (₹ in Lakhs)
[a]	Non-Current Investments							
(i)	Investment in Equity Instruments (fully paid up):							
	In Wholly Owned Subsidiaries (Unquoted and Non-Trade):							
	HGS International, Mauritius	USD 1	32,514,228	38,880.28	32,514,228	38,880.28	32,514,228	38,880.28
	HGS International Services Private Limited, India	₹10	1,113,555	3,945.62	1,113,555	3,945.62	1,113,555	3,945.62
(ii)	Others (Unquoted and Non-Trade):							
	Treasury Bills (At Philippines branch) [Deposited with Securities and Exchange Commission in Philippines]			535.95		1,020.96		803.16
	Aggregate Value of Unquoted Investments			43,361.85		43,846.86		43,629.06
[b]	Current Investment (Quoted)							
	Investment in Mutual Funds:							
	PNB Principal Cash Management Fund - Liquid Option - Institutional Plan-Dividend Reinvestment - Daily	₹1,000		—		—	164	1.64
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan)	₹ 10		—		—	106,670	12.31
	Aggregate Value of quoted Investments and market value thereof			—		—		13.95
	Total current/ non-current investments							
	Aggregate Value of quoted Investments and market value thereof			—		—		13.95
	Aggregate Value of Unquoted Investments			43,361.85		43,846.86		43,629.06
	Aggregate amount of impairment in the value of investments			—		—		—

5 Other financial asset

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security Deposit	2,113.24	1,320.58	1,653.85
Deposits with bank for Margin Money*	76.30	74.70	68.97
Deposits with maturity exceeding 12 months	—	—	4.99
Total	2,189.54	1,395.28	1,727.81

* Under lien with bank towards guarantees issued by them on behalf of the company.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

6a Income Tax Assets (net)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance tax, tax deducted at source and Fringe benefit tax for Indian Jurisdiction	28,150.39	23,770.48	19,170.02
Less: Provision for Income tax pertaining to Indian Jurisdiction	24,520.39	19,600.70	15,141.24
Total	3,630.00	4,169.78	4,028.78

6b Current tax liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for Income tax and Fringe benefit tax for an overseas branch	166.54	155.10	96.91
Total	166.54	155.10	96.91

7 Other non current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Capital Advances	10.03	1,036.16	781.96
Other receivable (Refer note 27)	3,319.06	5,592.97	5,591.40
Balances with Government Authorities	296.69	638.09	633.08
Prepaid Expenses	281.26	316.57	270.32
Deferred Rent	2,064.38	2,144.36	1,350.92
Miscellaneous	3.18	3.18	3.21
Total	5,974.60	9,731.33	8,630.89

8 Trade receivable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Receivables	8,123.01	5,594.98	4,151.85
Receivables from related parties (Refer note 37)	20,851.76	22,274.46	10,809.38
Less: Allowance for doubtful debts	(137.89)	(12.99)	(20.15)
Total	28,836.88	27,856.45	14,941.08
Current portion	28,836.88	27,856.45	14,941.08
Non-current portion	—	—	—

Break-up of security details

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured, considered good	—	—	—
Unsecured, considered good	28,836.88	27,856.45	14,941.08
Doubtful	137.89	12.99	20.15
Total	28,974.77	27,869.44	14,961.23
Allowance for doubtful debts	(137.89)	(12.99)	(20.15)
Total trade receivables	28,836.88	27,856.45	14,941.08

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

9a Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks:			
- in current accounts	4,232.53	1,789.02	898.59
- in EEFC accounts	51.64	1,012.61	37.25
Cash on hand	7.27	7.37	6.96
Total	4,291.44	2,809.00	942.80

Cash at banks earns interest at floating rates based on daily bank deposit rates. 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 and prior periods

9b Bank balances other than Cash and cash equivalents

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Earmarked Balances with Banks			
- Unpaid dividend	36.21	37.28	36.77
- Unpaid bonus	1.82	1.82	1.82
Total	38.03	39.10	38.59

9c Disclosure on specified bank notes (SBNs) :

During the year, the Company had specified bank notes or denomination note as defined in the MCA notification G. S. R. 308 (E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination	Total
Closing cash in hand as on November 8, 2016	1.31	0.01	1.32
(+) Permitted receipts	—	4.14	4.14
(-) Permitted payments	—	3.89	3.89
(-) Amount deposited in Banks	1.31	—	1.31
Closing cash in hand as on December 30, 2016	—	0.26	0.26

* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S. O. 3407 (E) dated the 8th November, 2016.

10 Other current financial asset

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled revenue	14,828.38	16,340.30	9,910.87
Security Deposit	988.44	1,408.25	201.67
Interest accrued on deposits/ loans	27.76	20.02	15.97
Derivatives - Foreign Exchange Forward Contracts	1,945.59	927.40	196.47
Other receivables	445.11	649.17	620.51
Total	18,235.28	19,345.14	10,945.49

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

11 Other Current assets

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured and considered good, unless otherwise stated			
Balances with Government Authorities	143.73	233.73	33.04
Advance to employees			
- Good	348.22	304.95	230.07
- Doubtful	7.68	7.68	7.68
	355.90	312.63	237.75
Less: Provision for Doubtful Advances	(7.68)	(7.68)	(7.68)
	348.22	304.95	230.07
Advance to Vendors	1,397.73	988.40	636.54
Prepaid Expenses	796.76	887.96	1,006.25
Others	—	12.26	—
Total	2,686.44	2,427.30	1,905.90

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.

12a Equity Share capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised:			
25,000,000 (March 31, 2016: 25,000,000; March 31, 2015: 25,000,000) Equity shares of ₹ 10/- each fully paid	2,500.00	2,500.00	2,500.00
	2,500.00	2,500.00	2,500.00

(i) Movements in equity share capital

	No. of shares	Equity share Capital (par value)
As at April 1, 2015	20,719,573	2,071.96
Shares issued to Employees under Employee Stock Option Plan	9,466	0.94
As at April 1, 2016	20,729,039	2,072.90
Shares issued to Employees under Employee Stock Option Plan	13,724	1.37
As at March 31, 2017	20,742,763	2,074.27

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

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Number of shares reserved for issue under the Employee Stock Option Plan (Refer Note 26)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	141,079	164,512	162,184
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	108,110	171,149	166,918

(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, 2017		As at March 31, 2016		As at March 31, 2015	
	Number of Shares	% held	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.71	5,748,541	27.73	5,748,541	27.74
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited (as the Demat account holder and partner of Aasia Exports)	3,424,490	16.51	3,424,490	16.52	2,624,490	12.67
Amas Mauritius Limited	2,761,427	13.31	2,761,427	13.32	2,761,427	13.33

12b Other Equity

	As at March 31, 2017	As at March 31, 2016
(a) Reserves and Surplus		
Capital Reserve		
Opening Balance	38.83	—
Add: Additions during the year (Refer Note 41)	—	38.83
	38.83	38.83
Securities Premium Reserve		
Opening Balance	653.47	621.43
Add: Additions during the year on exercise of employee stock options	45.78	32.04
	699.25	653.47
General Reserve		
As at beginning and end of the year	53,294.87	53,294.87
	53,294.87	53,294.87
Employee Stock Options Outstanding		
Opening Balance	111.54	82.92
Add/ (Less): Employee stock option expenses	0.23	28.62
	111.77	111.54
Retained Earnings		
Opening Balance	36,482.67	29,400.82
Add: Profit for the year	10,152.60	12,242.08
<u>Items of other comprehensive income recognised directly in retained earnings</u>		
- Re-measurements of post-employment benefit obligation (net of tax)	(706.60)	(754.73)
Less: Dividend	1,814.55	3,886.36
Less: Dividend Tax (net)	63.36	519.14
	44,050.76	36,482.67

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	As at March 31, 2017	As at March 31, 2016
Shares application money pending allotment		
Opening Balance	—	—
Add: Amounts received on exercise of Employee Stock Options	79.84	—
	79.84	—
(b) Other Reserves		
Foreign Currency Translation Reserve		
Opening Balance	(124.22)	—
Add: Adjustment during the year	(1,345.77)	(124.22)
	(1,469.99)	(124.22)
Cash Flow Hedging Reserve Account		
Opening Balance	746.08	(12.44)
Add/ (Less): Change in fair value of hedging instruments	(16.79)	824.01
Less: Deferred Tax	(539.88)	(65.49)
	189.41	746.08
Total	96,994.74	91,203.24

Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised 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 40. 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 recognised in the cash flow hedging reserve. Amounts recognised 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 recognise the grant date fair value of options issued to employees under Hinduja Global Solutions Employee stock option plan.

Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

13 Borrowings

	Maturity date	Terms of repayment	Coupon/ Interest rate	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
a. Borrowings - non-current						
Secured						
Term loans from banks						
Project loan *	June 30, 2017	Repayable in 16 equal quarterly instalments	9.60%	143.26	710.78	1,280.27
Corporate loan **	July 31, 2018	Repayable in 60 equal monthly instalments	9.60%	1,431.72	2,354.26	3,368.13
Finance Lease Obligations***	January 31, 2019	Monthly instalments	6.00%	—	1,075.50	1,631.07
Unsecured						
Term loans from a bank						
Tranche 1	March 2, 2019	14 equal quaterly instalments	3.625%	—	2,543.68	3,179.18
Tranche 2	August 25, 2019	14 equal quaterly instalments	3.625%	—	3,311.88	—
Tranche 3	May 28, 2018	36 equal monthly instalments	5.023%	—	88.86	—
Total non current borrowings				1,574.98	10,084.96	9,458.65
Less: Current maturities of long-term debt (included in note 17)				1,228.07	3,542.02	2,782.38
Less: Current Maturities of Finance Lease Obligations (included in note 17)				—	583.30	589.28
Less: Interest accrued (included in note 17)				13.39	28.20	49.20
Non-current borrowings				333.52	5,931.44	6,037.79
b. Borrowings - current						
Secured						
Bank Overdrafts ****	Payable on demand	Payable on demand	8.40% and 8.90%	14,129.38	16,188.24	1,608.96
Unsecured						
Term loans from a bank	May 24, 2016	90 days from drawdown date i.e.) February 24, 2016	2.90%	—	1,654.23	—
Others						
Total Current borrowings				14,129.38	17,842.47	1,608.96
Less: Interest accrued				—	—	—
Current borrowings				14,129.38	17,842.47	1,608.96
Aggregate Secured loans				14,462.90	16,175.26	4,467.57
Aggregate Unsecured loans				—	7,598.65	3,179.18

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Secured borrowings and assets pledged as security

- * Secured by exclusive charge on the entire asset of the project.
- ** Secured by first charge on entire moveable fixed assets of the company (both present and future).
- *** Secured by respective assets under lease.
- **** 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).

- a. The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 30.

14 Provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Pension	2,558.39	1,268.82	577.18
Others (Refer note below)	83.29	83.29	83.29
Total	2,641.68	1,352.11	660.47

Note

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

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Opening Provision	83.29	83.29	83.29
Add: Additional provision during the year	—	—	—
Less: Provision utilised/ reversed during the year	—	—	—
Closing Provision	83.29	83.29	83.29

15 Other non current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income received in advance	240.51	481.02	—
Total	240.51	481.02	—

16 Trade Payables

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
i. Total outstanding dues of micro enterprises and small enterprises (Refer note 42)	1.58	115.00	3.47
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	8,058.75	7,887.87	6,502.16
Total	8,060.33	8,002.87	6,505.63

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

17 Other current financial liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current Maturities of Long-Term Debt	1,228.07	3,542.02	2,782.38
Current Maturities of Finance Lease Obligations	—	583.30	589.28
Interest Accrued	13.39	28.20	49.20
Capital Creditors	3,337.25	3,970.85	4,114.77
Unpaid Dividend [Refer note (a) below]	36.21	37.28	36.77
Purchase consideration payable (Refer note 41)	—	170.00	—
Derivatives - Foreign Exchange Forward Contracts	1,095.24	—	143.83
Employee benefits payable	5,282.67	3,476.98	2,656.45
Total	10,992.83	11,808.63	10,372.68

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

18 Provisions

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gratuity	486.49	391.53	224.56
Pension	111.49	750.26	580.18
Compensated Absences	1,816.26	1,687.77	1,214.47
Total	2,414.24	2,829.56	2,019.21

19 Other Current liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances from customers	23.08	100.28	23.20
Statutory dues payable	1,760.52	1,661.38	1,152.36
Income received Advance	240.52	240.52	—
Other Payables	11.06	17.62	7.74
Total	2,035.18	2,019.80	1,183.30

20 Revenue from operations

	Year ended March 31, 2017	Year ended March 31, 2016
Sale of services		
Business Process Management	159,753.65	137,566.85
Total	159,753.65	137,566.85

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

21 Other income

	Year ended March 31, 2017	Year ended March 31, 2016
Interest income from financial assets at amortised cost		
- On Fixed deposits	63.61	31.83
- On Income tax refund (Refer note 27)	757.20	—
Unwinding of discount on security deposits	98.20	69.67
Dividend income from:		
- Subsidiary	1,503.30	1,336.27
Investment mandatorily measured at fair value through profit or loss	—	0.80
Profit on Sale of property, plant and equipment	—	21.22
Foreign Exchange Gain (net)	—	965.79
Provision for Doubtful Debts no longer required written-back	—	7.16
Miscellaneous income	306.30	688.15
Total	2,728.61	3,120.89

22 Employee benefits expense

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and wages	96,744.55	79,869.61
Contribution to provident and other funds	5,561.67	4,415.85
Employee share based payment expenses	0.23	28.62
Staff welfare expenses	1,666.28	1,254.75
Total	103,972.73	85,568.83

23 Finance costs

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expense on		
- Term loans from bank	728.40	675.84
- Cash credit and others	835.03	820.30
Total	1,563.43	1,496.14

24 Depreciation and Amortisation expenses

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation on property, plant and equipment	6,436.15	6,767.99
Amortisation of Intangibles	1,394.02	1,415.80
Total	7,830.17	8,183.79

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

25 Other expenses

	Year ended March 31, 2017	Year ended March 31, 2016
Power and Fuel	4,349.88	3,822.09
Rent	8,281.56	6,770.92
Repairs and Maintenance - Leased Premises	1,779.67	1,416.70
Repairs and Maintenance - Others	3,041.81	2,708.97
Insurance	214.95	205.54
Rates and Taxes	340.74	372.65
Directors' Sitting Fees	80.00	57.50
Payment to the Auditors:		
- as Auditors [including payment to Branch Auditors ₹ 34.54 lakhs (Previous Year ₹ 41.58 lakhs)]	123.54	130.58
- for other services [including payment to Branch Auditors Nil (Previous Year ₹ 9.22 lakhs)]	11.00	20.22
- for reimbursement of expenses	3.89	3.12
Connectivity Cost	1,278.41	1,185.32
Advertisement and Business Promotion	353.22	229.90
Communication	903.35	834.80
Travelling, Conveyance and Car Hire Charges	1,403.76	1,055.71
Legal and Professional	3,102.15	3,136.64
Training and Recruitment	2,404.68	2,863.40
Commission	18.75	8.33
Donations	5.09	1.86
Software Expenses	551.76	349.79
Corporate Social Responsibility (Refer note 25a)	303.00	251.63
Bad Debts/ Advances Written off	2.28	15.17
Provisions for Doubtful Debts/ Advances	128.48	-
Security Expenses	1,926.66	1,371.61
Foreign Exchange Loss (net)	1,804.69	-
Loss on Sale of Assets (net)	15.27	-
Miscellaneous Expenses	1,085.42	1,177.86
Total	33,514.01	27,990.31

25a Corporate Social Responsibility (CSR)

	March 31, 2017	March 31, 2016
Gross amount required to be spent by the Company during the year	302.19	251.58
Total	302.19	251.58

Amount spent during the year	In cash*	
	March 31, 2017	March 31, 2016
a. Construction/ acquisition of any asset	-	-
b. On purposes other than (a) above	303.00	251.63
Total	303.00	251.63

* There are no amounts yet to be paid in cash.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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.
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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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	March 31, 2017		March 31, 2016	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening Balance	453.57	164,512	432.25	162,184
Granted during the year	–	–	471.00	42,095
Lapsed during the year	–	–	432.25	(34,901)
Exercised during the year	312.50	(4,717)	359.89	(4,866)
Forfeited during the year	453.57	(18,716)	–	–
Closing Balance		141,079		164,512
Vested and exercisable		49,558		44,380

ESOP 2011

Particulars	March 31, 2017		March 31, 2016	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening Balance	441.60	171,149	414.95	166,918
Granted during the year	–	–	471.00	42,095
Lapsed during the year	441.60	(54,032)	414.95	(33,264)
Exercised during the year	359.89	(9,007)	359.89	(4,600)
Forfeited during the year	–	–	–	–
Closing Balance		108,110		171,149
Vested and exercisable		71,602		83,539

* The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2017 was ₹ 312.50 (March 31, 2016: ₹ 471.00)

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 (₹)	Share options (March 31, 2017)	Share options (March 31, 2016)	Share options (April 01, 2015)
June 1, 2011	ESOP 2008	May 30, 2018	400.65	–	–	17,770
June 3, 2013	ESOP 2008	June 2, 2020	285.05	19,466	25,999	35,098
November 11, 2013	ESOP 2008	November 10, 2020	416.65	47,204	50,555	61,406
July 2, 2014	ESOP 2008	July 1, 2021	527.25	25,364	28,363	30,410
September 29, 2014	ESOP 2008	September 28, 2021	649.25	9,500	17,500	17,500
November 6, 2015	ESOP 2008	November 5, 2020	471.00	39,545	42,095	–
November 11, 2011	ESOP 2011	November 10, 2018	340.20	–	53,154	87,658
June 28, 2012	ESOP 2011	June 28, 2019	340.25	–	1,270	1,270
November 11, 2013	ESOP 2011	November 10, 2018	416.65	22,680	25,000	25,000
January 18, 2014	ESOP 2011	January 17, 2019	572.75	4,200	5,000	5,000
July 2, 2014	ESOP 2011	Feb 2, 2019	527.25	38,185	41,131	44,490
September 29, 2014	ESOP 2011	September 28, 2019	649.25	3,500	3,500	3,500
November 6, 2015	ESOP 2011	November 5, 2020	471.00	39,545	42,095	–

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(i) Fair value of options granted

No employee stock options were granted during the year ended March 31, 2017. The fair value of options granted during the year ended March 31, 2016 was ₹ 173 per option. 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.

The model inputs for options granted during the year ended 31 March 2017 included:

- options are granted for a consideration and vest upon completion of vesting period as mentioned above.
- exercise price: Nil (March 31, 2016 - ₹ 471.00)
- grant date: Nil (March 31, 2016 - November 6, 2015)
- expiry date: Nil (March 31, 2016 - November 5, 2020)
- share price at grant date: Nil (March 31, 2016 - ₹ 471.00)
- expected price volatility of the company's shares: Nil (March 31, 2016 - 35.48%)
- expected dividend yield: Nil (March 31, 2016 - 4.25%)
- risk free interest rate: Nil (March 31, 2016 - 7.48%)

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) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

	March 31, 2017	March 31, 2016
Employee share based payment expenses	0.23	28.62

27 Contingent Liabilities

a) Contingent Liabilities

A) Claims against the Company not acknowledged as debts:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
(i) Service Tax demand raised by authorities against which appeal has been filed by the Company (Refer Note 1 below)	—	—	633.08
(ii) Income Tax demand raised by authorities against which appeal has been filed by the Company	2,377.29	4,654.92	9,607.60
(iii) ESIC demand raised by authorities	—	—	329.38
(iv) Other matters (Refer Note 2 below)	7,144.06	7,173.48	7,173.48

Notes:

- The Company had deposited amount of ₹ 633.08 Lakhs with the service tax authorities towards demand raised by them. Further, the Central Excise and Service Tax Appellate Tribunal South Zonal Bench, Bangalore in its final hearing on January 19, 2016 had allotted the appeal of the Company on merits in favour of the Company. Pursuant to this, during the current year, the Company has availed the credit of service tax paid ₹ 359.00 Lakhs (Previous year : ₹ Nil) from the service tax authorities. Accordingly, the net outstanding balance as at March 31, 2017 of ₹ 274.08 Lakhs (As at March 31, 2016 : ₹ 633.08 Lakhs and April 1, 2015 : ₹ 633.08 Lakhs) is included in " Balance with Government Authorities - Note 7".
- Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹7,144.06 Lakhs (As at March 31, 2016: ₹ 7,173.48 Lakhs and April 1, 2015: ₹ 7,173.48 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

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

dues pertaining to IT/ITES business. Out of this amount, the Company has received refund of ₹ 2,231.01 Lakhs (including interest of ₹ 606.72 Lakhs) during the current year and the net outstanding amount as at March 31, 2017 of ₹ 3,318.99 Lakhs (As at March 31, 2016: ₹ 5,550 Lakhs and April 1, 2015: ₹ 5,550 Lakhs) is included in "Other Receivable - Note 7". Hinduja Ventures Limited has filed an appeal against the said demand. In view of Management and based on the legal advice obtained, the Company has strong case to succeed.

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

b) Capital and other commitments:

- (i) Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account – ₹ 1,542.66 Lakhs (As at March 31, 2016: ₹ 1,118.88 Lakhs and April 1, 2015: ₹ 523.02 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.
- HGS Mena FZ LLC
 - C-Cubed B. V
 - Hinduja Global Solutions Europe Limited
 - HGS St. Lucia
 - HGS Colibrium Inc.
 - Hinduja Global Solutions Inc
 - C-Cubed N. V
 - 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, 2017	March 31, 2016	April 1, 2015
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
Within one year	7,780.36	6,390.26	4,236.69
Later than one year but not later than five years	21,436.06	23,635.17	12,710.05
Later than five years	26,067.30	21,765.96	10,718.49

Rental expense relating to operating lease

	March 31, 2017	March 31, 2016
Minimum lease payments	7,733.55	6,516.51

d) Non-cancellable finance leases:

Particulars	March 31, 2017	March 31, 2016
Present Value	—	1,075.50
Finance Charge	—	65.27

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The minimum lease payment is payable as follows:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Minimum lease payments in relation to non-cancellable finance leases are payable as follows:			
Within one year	—	583.30	589.28
Later than one year but not later than five years	—	492.20	1,041.79
Later than five years	—	—	1,631.07
Less: amounts representing finance charges	—	(65.27)	(282.24)
Present value of minimum lease payments	—	426.93	2,390.60

28 Earnings per share (EPS)

	March 31, 2017	March 31, 2016
Numerator for Basic and Diluted EPS		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS (₹ in Lakhs)	10,152.60	12,242.09
Denominator for Basic EPS:		
Weighted average number of equity shares	20,736,817	20,725,427
Denominator for Diluted EPS:		
Number of equity shares	20,771,503	20,754,064
Basic EPS attributable to the equity holders of the Company (₹)	48.96	59.07
Diluted EPS attributable to the equity holders of the Company (₹)	48.88	58.99
Nominal value of shares (₹)	10.00	10.00

Number of shares considered for basic EPS	20,736,817	20,725,427
Add: Effect of dilutive issues of stock options	34,686	28,637
Number of shares considered for diluted EPS	20,771,503	20,754,064

29 Offsetting financial assets and liabilities

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
March 31, 2017						
Financial assets						
Cash and cash equivalents	4,291.44	—	4,291.44	—	(4,291.44)	—
Other Bank balances	38.03	—	38.03	—	(38.03)	—
Other financial assets	18,235.28	—	18,235.28	—	—	18,235.28
Trade receivables	28,836.88	—	28,836.88	—	(11,374.53)	17,462.35
Derivative financial instruments	1,945.59	—	1,945.59	—	—	1,945.59
Total	53,347.22	—	53,347.22	—	(15,704.00)	37,643.22
Financial liabilities						
Derivative financial instruments	1,095.24	—	1,095.24	—	—	1,095.24
Total	1,095.24	—	1,095.24	—	—	1,095.24

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Effects of offsetting on the balance sheet			Related amounts not offset		
	Gross amount	Gross amounts set off in the balance sheet	Net amounts presented in the balance sheet	Amounts subject to master netting arrangements	Financial instrument collateral	Net amount
March 31, 2016						
Financial assets						
Cash and cash equivalents	2,809.00	-	2,809.00	-	(2,809.00)	-
Other Bank balances	39.10	-	39.10	-	(39.10)	-
Other financial assets	19,345.14	-	19,345.14	-	(19,345.14)	-
Trade receivables	27,856.45	-	27,856.45	-	(4,658.69)	23,197.76
Derivative financial instruments	927.40	-	927.40	(25.86)	-	901.54
Total	50,977.09	-	50,977.09	(25.86)	(26,851.93)	24,099.30
April 1, 2015						
Financial assets						
Cash and cash equivalents	942.80	-	942.80	-	(942.80)	-
Other Bank balances	38.59	-	38.59	-	(38.59)	-
Other financial assets	10,945.49	-	10,945.49	-	(8,455.15)	2,490.34
Trade receivables	14,941.08	-	14,941.08	-	-	14,941.08
Derivative financial instruments	196.47	-	196.47	(64.59)	-	131.88
Total	27,064.43	-	27,064.43	(64.59)	(9,436.54)	17,563.30
Financial liabilities						
Derivative financial instruments	143.83	-	143.83	(75.95)	-	67.88
Total	143.83	-	143.83	(75.95)	-	67.88

(a) Offsetting arrangements

i) Master netting arrangements - not currently enforceable

Agreements with derivative counterparties are based on an International Swaps and Derivatives Associations (ISDA) Master Agreement. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/ receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Company does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet, but have been presented separately in the table above.

ii) Collateral against borrowings

The Company has pledged financial instruments as collateral against number of its borrowings. Refer Note 30 for further information on financial and non-financial collateral pledged as security against borrowings.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

30 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	March 31, 2017	March 31, 2016	April 1, 2015
Current			
Financial Assets			
First Charge			
Current Assets	54,088.07	52,476.99	28,787.81
Total current assets pledged as security	54,088.07	52,476.99	28,787.81
Non-Current			
Second Charge			
Movable fixed assets	13,837.47	14,733.65	12,072.30
Total non-current assets pledged as security	13,837.47	14,733.65	12,072.30
Total assets pledged as security	67,925.54	67,210.64	40,860.11

31 First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions And Exceptions Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

a) Ind AS optional exemptions

i) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

ii) Prospective application of Ind AS 21 to business combinations

Ind AS 101 allows a first-time adopter not to apply Ind AS 21 Effects of changes in Foreign Exchange Rates retrospectively for business combinations that occurred before the date of transition to Ind AS. Cases, where the Company does not apply Ind AS 21 retrospectively to fair value adjustments and goodwill, the Company treats them as assets and liabilities of the acquirer entity and not as the acquiree.

iii) Cumulative translation differences

Ind AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind AS 21 from the date a subsidiary or equity method investee was formed or acquired.

The Company elected to reset all cumulative translation gains and losses to zero by transferring it to opening retained earnings at its transition date.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

iv) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments to all assets and liabilities whose recognition is required by Ind AS. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value adjusted for certain adjustments whose recognition is required by Ind AS.

v) Share based payments

Ind AS 101 permits a first-time adopter not to apply the requirements of Ind AS 102 to equity instruments vested before transition date. But it requires to disclose the information required by Ind AS 102 for all grants of equity instruments to which Ind AS 102 has not been applied.

The Company has elected to apply this exemption and accordingly it has only accounted for the options granted but not vested before its transition date and it has disclosed the information for equity instruments vested before transition date as required by Ind AS 102.

vi) Investments in subsidiaries

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its investment in subsidiaries as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments to all assets and liabilities whose recognition is required by Ind AS.

Accordingly, the Company has elected to measure all its investments in subsidiaries at their previous GAAP carrying value adjusted for adjustments whose recognition is required by Ind AS.

b) Ind AS mandatory exceptions

i) Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of April 1, 2015 are reflected as hedges in the Company's balance sheet under Ind AS.

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the Company had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

ii) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model.
- Financial assets as well as financial liability recognised at FVPL

iii) De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

iv) Classification and measurement of financial assets

As required under Ind AS 101, the Company has classified and measured the financial assets on the basis of the facts and circumstances existing at the date of transition to Ind AS.

B. Reconciliations between previous GAAP and Ind AS

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition April 1, 2015

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipment	vii, viii	20,999.67	2,439.77	23,439.44
Capital work-in-progress		69.60	—	69.60
Intangible assets	viii	3,261.49	257.46	3,518.95
Intangible assets under development		76.43	—	76.43
Financial Assets				
(i) Investments		43,629.06	—	43,629.06
(ii) Other financial assets	v	3,078.73	(1,350.92)	1,727.81
Deferred tax assets (net)		103.74	—	103.74
Income Tax Assets (net)		4,028.78	—	4,028.78
Other non-current assets	v, vii	7,026.55	1,604.34	8,630.89
Total non-current assets		82,274.05	2,950.64	85,224.70
Current assets				
Financial Assets				
(i) Investments		13.95	—	13.95
(ii) Trade receivables		14,941.08	—	14,941.08
(iii) Cash and cash equivalents		942.80	—	942.80
(iv) Bank balances other than (iii) above		38.59	—	38.59
(v) Other financial assets		10,945.49	—	10,945.49
Other Current assets		1,905.90	—	1,905.90
Total current assets		28,787.81	—	28,787.81
Total assets		111,061.86	2,950.64	114,012.51
EQUITY AND LIABILITIES				
Equity				
Equity Share capital		2,071.96	—	2,071.96
Other Equity	i, viii, xii	79,258.04	4,129.56	83,387.60
Total Equity		81,330.00	4,129.56	85,459.56
Non-current liabilities				
Financial Liabilities				
(i) Borrowings		6,037.79	—	6,037.79
Provisions		660.47	—	660.47
Deferred tax liabilities (net)	iv	—	68.00	68.00
Total non-current liabilities		6,698.26	68.00	6,766.26

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
Current liabilities				
Financial Liabilities				
(i) Borrowings		1,608.96	—	1,608.96
(ii) Trade payables		6,505.63	—	6,505.63
(iii) Other financial liabilities		10,372.68	—	10,372.68
Provisions	i	3,266.12	(1,246.91)	2,019.21
Current tax liabilities		96.91	—	96.91
Other current liabilities		1,183.30	—	1,183.30
Total current liabilities		23,033.60	(1,246.91)	21,786.69
Total Liabilities		29,731.86	(1,178.91)	28,552.95
Total Equity and Liabilities		111,061.86	2,950.65	114,012.51

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of equity as at March 31, 2016

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, Plant and Equipment	vii, viii	24,562.35	2,823.93	27,386.28
Capital work-in-progress		116.04	—	116.04
Intangible assets	viii	4,467.88	349.03	4,816.91
Intangible assets under development		77.96	—	77.96
Financial Assets				
(i) Investments		43,846.86	—	43,846.86
(ii) Other financial assets	v	3,724.37	(2,329.09)	1,395.28
Deferred tax assets (net)		69.56	—	69.56
Income Tax Assets (net)		4,169.78	—	4,169.78
Other non-current assets	v, vii	7,336.30	2,395.03	9,731.33
Total non-current assets		88,371.10	3,238.90	91,610.00
Current assets				
Financial Assets				
(i) Trade receivables		27,856.45	—	27,856.45
(ii) Cash and cash equivalents		2,809.00	—	2,809.00
(iii) Bank balances other than (iii) above		39.10	—	39.10
(iv) Other financial assets		19,345.14	—	19,345.14
Other Current assets		2,427.30	—	2,427.30
Total current assets		52,476.99	—	52,476.99
Total assets		140,848.09	3,238.90	144,086.99
EQUITY AND LIABILITIES				
Equity				
Equity Share capital		2,072.90	—	2,072.90
Other Equity	i, viii	88,507.47	2,695.77	91,203.24
Total Equity		90,580.37	2,695.77	93,276.14
Non-current liabilities				
Financial Liabilities				
(i) Borrowings		5,931.44	—	5,931.44
Provisions		1,352.11	—	1,352.11
Deferred tax liabilities (net)	iv	254.36	133.49	387.85
Other non-current liabilities	vi	—	481.03	481.03
Total non-current liabilities		7,537.91	614.52	8,152.43

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
Current liabilities				
Financial Liabilities				
(i) Borrowings		17,842.47	—	17,842.47
(ii) Trade payables		8,002.86	—	8,002.86
(iii) Other financial liabilities		11,808.63	—	11,808.63
Provisions	i	3,141.46	(311.90)	2,829.56
Current tax liabilities		155.10	—	155.10
Other current liabilities	vi	1,779.29	240.51	2,019.80
Total current liabilities		42,729.81	(71.39)	42,658.42
Total Liabilities		50,267.72	543.13	50,810.85
Total Equity and Liabilities		140,848.09	3,238.90	144,086.99

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
Income				
Revenue from operations	vi	138,288.39	(721.54)	137,566.85
Other income	v, viii	2,453.97	666.92	3,120.89
Total Income		140,742.36	(54.62)	140,687.74
Expenses				
Employee benefit expense	ii	86,294.94	(726.11)	85,568.83
Finance cost		1,496.14	—	1,496.14
Depreciation and amortisation expense	vii	8,186.54	(2.75)	8,183.79
Other Expenses	v, vii	27,733.15	257.16	27,990.31
Total expenses		123,710.77	(471.70)	123,239.07
Profit before tax		17,031.59	417.08	17,448.67
Income Tax expense				
Current tax		4,918.06	—	4,918.06
Deferred tax		288.53	—	288.53
Total tax expense		5,206.59	—	5,206.59
Profit for the year		11,825.00	417.08	12,242.08
Other comprehensive income	x	—	(14.51)	(14.51)
Total comprehensive income for the year		11,825.00	402.57	12,227.57

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Reconciliation of total equity as at March 31, 2016 and April 1, 2015

	Notes to first-time adoption as mentioned in point C	March 31, 2016	April 01, 2015
Total equity (shareholder's funds) as per previous GAAP		90,580.37	81,330.00
Adjustments:			
Fair valuation of security deposits and amortisation of advance rental	v	(184.73)	–
Reversal of proposed dividend and incidental dividend distribution tax	i	311.90	1,246.91
Impact of change in functional currency of foreign operation	viii	3,423.63	2,950.65
Impact of deferred revenue recognition	vi	(721.54)	–
Deferred Tax impact on hedge reserve	iv	(133.49)	(68.00)
Total adjustments		2,695.77	4,129.56
Total equity as per Ind AS		93,276.14	85,459.56

Reconciliation of total comprehensive income for the year ended March 31, 2016

	Notes to first-time adoption as mentioned in point C	April 01, 2015
Profit after tax as per previous GAAP		11,825.00
Adjustments:		
Fair valuation of security deposits and amortisation of advance rental	v	(184.74)
Impact of change in functional currency of foreign operation	viii	597.25
Remeasurements of post-employment benefit obligations	ii	754.73
Impact of deferred revenue recognition	vi	(721.54)
Other adjustments	iii	(28.62)
Total adjustments		417.08
Profit after tax as per Ind AS		12,242.08
Other Comprehensive Income	x	(14.51)
Total comprehensive income as per Ind AS		12,227.57

Impact of Ind AS adoption on the statement of cash flows for the year ended March 31, 2016

	Notes to first-time adoption as mentioned in point C	Pervious GAAP*	Adjustments	Ind AS
Net cash flow from operating activities		2,894.22	–	2,894.22
Net cash flow from investing activities		(12,019.69)	–	(12,019.69)
Net cash flow from financing activities	xi	10,991.67	(14,579.28)	(3,587.61)
Net increase/(decrease) in cash and cash equivalents		1,866.20	–	(12,713.08)
Cash and cash equivalents as at 1 April 2015	xi	942.80	(1,608.96)	(666.16)
Effects of exchange rate changes on cash and cash equivalents				
Cash and cash equivalents as at 31 March 2016	xi	2,809.00	(16,188.24)	(13,379.24)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Analysis of changes in cash and cash equivalents for the purposes of statement of cash flows under Ind AS

	Notes to first-time adoption as mentioned in point C	March 31, 2016	April 01, 2015
Cash and cash equivalents as per previous GAAP		2,809.00	942.80
Bank overdrafts	xi	(16,188.24)	(1,608.96)
Cash and cash equivalents for the purpose of statement of cash flows		(13,379.24)	(666.16)

C. Notes to first-time adoption

These are the companies first financial statements prepared in accordance with Ind AS.

i) Proposed dividend - Short Term Provisions

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased.

ii) Re-measurements of post-employment benefit obligations

Under Ind AS, re-measurements i. e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. There is no impact on the total equity and profit.

iii) Employee stock option expense

Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date using graded vesting method. There is no impact on total equity.

iv) Deferred tax

Adjustment to deferred tax is related to Ind AS adjustments which will be reversed in the future. Under previous GAAP no deferred tax was created on hedging reserve. Under Ind AS deferred tax is required to be created on adjustment to hedging reserve.

v) Security deposits

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Prepaid rent is recognised as an expense over the period of lease with corresponding recognition of interest income on the outstanding amount.

vi) Deferred revenue

The Company has entered into a contract with customer where specific facility was developed for the customer. Under the previous GAAP, non refundable amount received against the development activities was recognised as a revenue. Under Ind AS, sales consideration received has been recognised over the period of contract over which the Company will provide the services. Accordingly, the Company has recognised deferred revenue

vii) Property, plant and equipment

Under Indian GAAP, land is excluded from the provisions of AS 19 and therefore accounted as asset based on general accounting framework and cost paid towards land is disclosed as fixed asset and apportioned over the lease period. Under Ind-AS land is covered under standard on accounting for lease and contract is required to be assessed under provisions of standard. For the lands held under lease where there is no clause for renewal, the same has been classified as operating lease transaction. Therefore leasehold land has been derecognised and cost paid towards land is recognised as deferred rent.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

viii) Functional currency assessment

The Company has availed the exemption provided under the Ind AS 101 First Time Adoption of Indian Accounting Standard not to apply the requirements of Ind AS 21 with respect to classification of the exchange differences arising from translation of balances and transaction of foreign operations with functional currency different from the Company's functional currency. Consequently, the Cumulative Translation Reserve balance as at the transition date has been set to zero as of the transition date. All non monetary assets have been restated at the exchange rate on transition date with corresponding increase in the value of non monetary assets.

ix) Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

x) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

xi) Bank overdrafts

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities.

32 Income Tax Expense

This note provides an analysis of the company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

	March 31, 2017	March 31, 2016
a) Income Tax Expense		
Current tax		
Current tax on profits for the year	5,307.33	4,918.06
Total Current tax expense	5,307.33	4,918.06
Total Deferred Tax expense	141.99	288.53
Income Tax expense	5,449.32	5,206.59

b) Reconciliation of income tax expense and the accounting profit multiplied by India's tax rate

	March 31, 2017	March 31, 2016
Profit before income tax expense	15,601.92	17,448.67
Tax at Indian tax rate of 34. 61% (2015-16 - 34. 61%)	5,399.82	6,038.98
Tax effects of amounts which are not deductible (taxable) in calculating taxable income		
- Dividend Income	(520.29)	(462.48)
- Expenses towards corporate social responsibility	104.87	87.09
- Re-measurements of post-employment benefit obligations routed through OCI	—	(261.21)
- Fair valuation of security deposits	82.53	63.94
- Deferred income	(83.24)	249.72
- Others	6.92	9.91
Difference in overseas tax rate for foreign operation	391.39	423.60
Tax credit on profit earned by foreign operation	—	(852.10)
Reversal of deferred tax in prior years	—	(175.87)
Other adjustments	67.32	85.00
Income Tax expense	5,449.32	5,206.59

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

33 Deferred tax Liabilities

The balance comprises temporary differences attributable to:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Plant, Property and Equipment	1,126.83	193.67	490.45
Intangible Assets	—	543.99	386.86
Hedging Reserve	673.37	133.49	68.00
Total Deferred tax liabilities	1,800.20	871.15	945.31
Set-off of deferred tax assets pursuant to set-off provisions	(848.32)	(483.30)	(877.31)
Net Deferred Tax Liabilities	951.88	387.85	68.00

34 Deferred tax Assets

The balance comprises temporary differences attributable to:

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Intangible assets	249.65	—	—
Provision for Compensated Absences	399.90	335.25	222.29
Provision for Gratuity	168.37	135.50	676.27
Allowances for doubtful debts - trade and other receivables	30.40	12.55	15.03
Others	62.42	69.56	67.46
Total Deferred Tax Assets	910.74	552.86	981.05
Set-off of deferred tax liabilities pursuant to set-off provisions	(848.32)	(483.30)	(877.31)
Net deferred tax assets	62.42	69.56	103.74

35 Employee Benefit obligations

(i) Leave obligations

The leave obligations cover the Company's liability for earned leave.

The amount of the provision of ₹1,816.26 Lakhs (March 31, 2016: ₹ 1,687.77 Lakhs, April 1, 2015: ₹ 1,214.47 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 leave or require payment 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 salary 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.

b) Pension benefits

The Company operates defined benefit pension plans at a foreign branch under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed lump sum amount of pension payable at the time of retirement. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The Plan assets are administered by the Investment department of Deutsche Bank AG.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(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

Amounts recognised in the Statement of Profit and Loss pertaining to the contribution to the above contribution plans is as follows:

	2016-17	2015-16
Employers' Contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	2,085.55	1,482.15
Employers' Contribution to Superannuation Fund*	4.00	1.00
Employers' Contribution to Employee's State Insurance*	1,038.74	748.30
Employer's Contribution to Other Employees' Benefit Scheme*	1,826.30	1,696.35
Total	4,954.59	3,927.80

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

(iv) Defined 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 obligation	Fair value of plan assets	Net Amount
April 1, 2015	2,502.44	(1,345.08)	1,157.36
Current service cost	286.77	—	286.77
Interest Expense/(Income)	153.45	(67.26)	86.19
Total amount recognised in profit or loss	440.22	(67.26)	372.96
Re-measurements			
- (Gain)/loss from change in financial assumptions	410.61	38.07	448.68
- Experience (gains)/losses	—	—	—
Total amount recognised in other comprehensive income	410.61	38.07	448.68
Exchange differences	84.11	(36.95)	47.16
Payments from plan:			
Benefit payments [Includes benefits paid and not claimed from plan assets ₹ 7.07 Lakhs (Previous Year Nil)]	(457.30)	450.23	(7.07)
March 31, 2016	2,980.08	(960.99)	2,019.09

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Present value of obligation	Fair value of plan assets	Net Amount
April 1, 2016	2,980.08	(960.99)	2,019.09
Current service cost	319.31	–	319.31
Net Interest cost	165.01	(48.65)	116.36
Expected return on plan assets	–	–	–
Total amount recognised in profit or loss	484.32	(48.65)	435.68
Re-measurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	–	33.76	33.76
- (Gain)/loss from change in financial assumptions	258.82	–	258.82
- Experience (gains)/losses	191.36	–	191.36
Total amount recognised in other comprehensive income	450.18	33.76	483.94
Exchange differences	(358.01)	89.19	(268.82)
Payments from plan:			
Benefit payments	(158.41)	158.41	–
March 31, 2017	3,398.16	(728.28)	2,669.88

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Present value of funded obligations	3,398.16	2,980.08	2,502.44
Fair value of plan assets	(728.28)	(960.99)	(1,345.08)
Deficit - Pension	2,669.88	2,019.09	1,157.36

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.

Balance sheet amounts - Gratuity

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 obligation	Fair value of plan assets	Net Amount
April 1, 2015	758.87	(534.31)	224.56
Current Service Cost	97.28	–	97.28
Interest expense/(income)	60.18	(42.37)	17.81
Total Amount recognised in profit or loss	157.46	(42.37)	115.09
Re-measurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	–	22.78	22.78
- (Gain)/loss from change in demographic assumptions	–	–	–
- (Gain)/loss from change in financial assumptions	35.58	–	35.58
- Experience (gains)/losses	247.68	–	247.68
Total amount recognised in other comprehensive income	283.26	22.78	306.04
Employer contributions	–	(254.16)	(254.16)
Benefit payments	(123.26)	123.26	–
March 31, 2016	1,076.33	(684.80)	391.53

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Present value of obligation	Fair value of plan assets	Net Amount
April 1, 2016	1,076.33	(684.80)	391.53
Current Service Cost	142.52	–	142.52
Interest expense/(income)	79.43	(50.54)	28.89
Total Amount recognised in profit or loss	221.95	(50.54)	171.41
Re-measurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	–	25.03	25.03
- (Gain)/loss from change in demographic assumptions	–	–	–
- (Gain)/loss from change in financial assumptions	69.84	–	69.84
- Experience (gains)/losses	245.62	–	245.62
Total amount recognised in other comprehensive income	315.46	25.03	340.49
Employer contributions	–	(416.94)	(416.94)
Benefit payments	(206.79)	206.79	–
March 31, 2017	1,406.95	(920.46)	486.49

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2017	March 31, 2016	April 01, 2015
Present value of funded obligations	1,406.95	1,076.33	758.87
Fair value of plan assets	(920.46)	(684.80)	(534.31)
Deficit - Gratuity plan	486.49	391.53	224.56

The following table shows the breakdown of the defined benefit obligation and plan assets:

	March 31, 2017			March 31, 2016			April 1, 2015		
	Gratuity	Pension	Total	Gratuity	Pension	Total	Gratuity	Pension	Total
Present Value of Obligation	1,406.95	3,398.16	4,805.11	1,076.33	2,980.08	4,056.41	758.87	2,502.44	3,261.31
Fair value of plan assets	(920.46)	(728.28)	(1,648.74)	(684.80)	(960.99)	(1,645.79)	(534.31)	(1,345.08)	(1,879.39)
Total Liability	486.49	2,669.88	3,156.37	391.53	2,019.09	2,410.62	224.56	1,157.36	1,381.92

(v) Post-Employment benefit (pension and gratuity)

The significant actuarial assumptions were as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount Rate	5.16% ~ 7.38%	5.76% ~ 7.38%	6.04% ~ 7.93%
Salary growth rate	3.00% ~ 5.00%	3.00% ~ 5.00%	3.00% ~ 5.00%
Rate of return on Plan assets	2.00% ~ 7.38%	3.00% ~ 7.38%	6.11% ~ 7.93%

(vi) Sensitivity 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, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Discount Rate	1%	1%	(920.44)	(842.89)	1,216.66	1,020.64
Salary Growth rate	1%	1%	1,162.41	979.68	(896.19)	(826.37)

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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.

(vii) The major categories of plan assets are as follows:

	March 31, 2017			March 31, 2016			April 1, 2015		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Debt Instruments									
- Government Bonds	–	347.53	347.53	–	550.65	550.65	–	920.44	920. 44
- Corporate Bonds	–	188.99	188.99	–	230.44	230.44	–	209.56	209. 56
Investment funds									
- Insurance Funds (LIC Pension and Group Schemes fund)	–	920.46	920.46	–	684.80	684.80	–	534.31	534. 31
Cash and cash equivalents	161.53	–	161.53	168.27	–	168.27	209.97	–	209. 97
Others	–	30.22	30.22	–	11.63	11.63	–	5.11	5. 11
Total	161.53	1,487.20	1,648.73	168.27	1,477.52	1,645.79	209.97	1,669.42	1,879.39

(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.
Inflation risks	In the pension plans, the pensions in payment are not linked to inflation, so this is a less material risk.
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 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. The Company uses derivatives to manage some of its risk. 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 2017 consists of government bonds and LIC Pension and Group Scheme Fund. The plan asset mix is in compliance with the requirements of the respective local regulations.

NOTES TO THE 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, 2018 are ₹ 669.10 Lakhs.

The weighted average duration of Gratuity plan obligation is 7.87 years (2016 - 7.68 years, 2015 - 7 years).

The weighted average duration of Pension plan obligation is 22.1 years (2016 - 22.2 years, 2015 - 21.3 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
March 31, 2017					
Pension plan benefit obligation	36.36	14.05	544.20	1,321.29	1,915.89
Gratuity plan benefit obligation	144.21	142.72	455.91	586.61	1,329.45
Total	180.57	156.77	1,000.11	1,907.90	3,245.34
March 31, 2016					
Pension plan benefit obligation	8.91	29.21	545.42	1,276.25	1,859.79
Gratuity plan benefit obligation	122.66	115.54	334.38	472.07	1,044.65
Total	131.57	144.75	879.80	1,748.32	2,904.44
April 1, 2015					
Pension plan benefit obligation	207.82	11.86	135.78	915.00	1,270.48
Gratuity plan benefit obligation	101.13	86.26	236.84	344.00	768.23
Total	308.95	98.12	372.62	1,259.00	2,038.71

36 Capital management

A) Risk management

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 stakeholders, 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 shareholders, return capital to shareholders, 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 net of cash and cash equivalents) divided by

Total 'equity' as shown in the balance sheet, including non-controlling interests.

The Company's strategy is to maintain a gearing ratio in the range of 45-50%. The gearing ratios were as follows:

Particulars	31 March, 2017	31 March, 2016	01 April, 2015
Net Debt	11,399.53	25,090.23	10,075.61
Total Equity	99,069.01	93,276.14	85,459.56
Net Debt to Equity ratio	12%	27%	12%

Loan covenants

Under the terms of the major borrowing facilities, there are no financial covenants mentioned by financial institution and therefore risk on account of non-fulfillment of financial covenant is not applicable to company.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

B) Dividends

Particulars	31 March, 2017	31 March, 2016
(i) Equity shares		
Final dividend for the year ended March 31, 2016 of ₹ 1.25 (March 31, 2015 - ₹ 5.00) per fully paid equity share	259.11	1,035.98
Interim dividend for the year ended March 31, 2017 of ₹ 7.50 (March 31, 2016 - ₹ 13.75) per fully paid equity share	1,555.44	2,850.38
(ii) Dividends not recognised at the end of the reporting period		
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 (March 31, 2016 - ₹ 1.25). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	518.57	259.11

37 Related Party Transactions

I Individual having control with his relatives and associates

Mr. Ashok P. Hinduja

II Subsidiaries of Hinduja Global Solutions Limited (Includes step-down subsidiaries)

- 1 HGS International, Mauritius
- 2 HGS International Services Private Limited, India
- 3 Hinduja Global Solutions Inc. , U.S.A.
- 4 HGS Canada Inc. , Canada
- 5 C-Cubed B.V. , Netherlands
- 6 C-Cubed N.V. , Curacao
- 7 Customer Contact Centre Inc. , Philippines
- 8 Hinduja Global Solutions Europe Limited, U.K.
- 9 Hinduja Global Solutions UK Limited, U.K.
- 10 HGS France, S.A.R.L
- 11 HGS (USA), LLC
- 12 HGS Healthcare (Previously RMT LLC., U.S.A.)
- 13 Affina Company, Canada
- 14 HGS St. Lucia Ltd, Saint Lucia
- 15 Team HGS Limited, Jamaica
- 16 HGS Properties LLC, U.S.A.
- 17 HGS Canada Holdings LLC, U.S.A.
- 18 HGS Italy, S.A.R.L
- 19 HGS EBOS LLC , U.S.A.
- 20 HGS Mena FZ LLC, U.A.E
- 21 HGS Colibrium Inc
- 22 HGS Extensya Holdings Ltd (w. e. f November 25, 2015)
- 23 Extensya Investment Holdings Ltd (w. e. f November 25, 2015)
- 24 HGS Extensya Cayman Ltd (w. e. f November 25, 2015)

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

III Key Management Personnel

Mr. Partha DeSarkar, Chief Executive Officer and Manager

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 (w. e. f. September 21, 2016)

Mr. Pradeep Mukerjee (w. e. f. September 21, 2016)

IV Enterprises where common control exists

- 1 Hinduja Group Limited
- 2 Hinduja Ventures Limited
- 3 IndusInd Media and Communication Limited
- 4 Hinduja Hospital Limited

V Relatives of Key Management personnel

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)

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

Transactions with related parties	Parties referred to in II above		Parties referred to in III and V above		Parties referred to in IV above	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Rendering of Services						
Hinduja Global Solutions Inc.	99,667.37	92,365.05	—	—	—	—
Others	7,607.50	7,634.03	—	—	—	250.43
Total	107,274.87	99,999.08	—	—	—	250.43
Dividend Income						
HGS International Services Private Limited	1,503.30	1,336.27	—	—	—	—
Total	1,503.30	1,336.27	—	—	—	—
Other non-operating income						
HGS International Services Private Limited	3.20	522.90	—	—	—	—
Total	3.20	522.90	—	—	—	—
Rent Expense						
Hinduja Group Limited	—	—	—	—	111.81	102.42
Mr. Pabitra DeSarkar	—	—	3.40	3.66	—	—
Total	—	—	3.40	3.66	111.81	102.42
Training and Recruitment Expense						
HGS International Services Private Limited	1,089.82	2,034.40	—	—	—	—
Total	1,089.82	2,034.40	—	—	—	—

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(All amounts are in Rupees Lakhs)

Transactions with related parties	Parties referred to in II above		Parties referred to in III and V above		Parties referred to in IV above	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Connectivity Cost						
IndusInd Media and Communication Limited	–	–	–	–	2.75	–
Total	–	–	–	–	2.75	–
Consultancy charges						
Hinduja Group Limited	–	–	–	–	281.93	212.01
Others	34.53	20.95	0.30	2.00	–	–
Total	34.53	20.95	0.30	2.00	281.93	212.01
Remuneration						
Mr. Partha DeSarkar	–	–	347.23	254.44	–	–
Total	–	–	347.23	254.44	–	–
Advance Paid to Key Managerial Personnel						
Mr. Partha DeSarkar	–	–	0.26	–	–	–
Total	–	–	0.26	–	–	–
Expenses reimbursed to Other Companies						
Hinduja Global Solutions UK Limited	0.64	8.27	–	–	–	–
Hinduja Global Solutions Inc.	37.19	–	–	–	–	–
HGS (USA), LLC	–	11.97	–	–	–	–
Team HGS Limited	–	36.61	–	–	–	–
HGS Canada Inc.	–	10.85	–	–	–	–
Others	–	–	–	–	4.95	–
Total	37.83	67.70	–	–	4.95	–
Expenses reimbursed by Other Companies						
HGS (USA), LLC	52.56	132.87	–	–	–	–
HGS Canada Inc.	1.86	77.28	–	–	–	–
Hinduja Global Solutions Inc.	69.93	114.95	–	–	–	–
HGS International Services Private Limited	71.81	31.47	–	–	–	–
Team HGS Limited	11.00	10.96	–	–	–	–
Hinduja Global Solutions UK Limited	26.01	73.00	–	–	–	–
HGS Mena FZ LLC	147.52	66.54	–	–	–	–
Others	–	–	–	–	–	5.11
Total	380.69	507.07	–	–	–	5.11
Purchase of Fixed Assets						
Hinduja Group Limited	–	–	–	–	75.31	42.08
HGS International Services Private Limited	35.39	7.80	–	–	–	–
Total	35.39	7.80	–	–	75.31	42.08
Director's sitting fees						
Sitting fees paid to Director's	–	–	80.00	57.50	–	–
Total	–	–	80.00	57.50	–	–

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(All amounts are in Rupees Lakhs)

Nature of Transaction	Parties referred to in II above			Parties referred to in III and V above			Parties referred to in IV above		
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Receivable net of payable as at the year-end									
Hinduja Global Solutions Inc.	31,168.31	24,935.75	16,596.76	–	–	–	–	–	–
Hinduja Ventures Limited [Refer footnote 2 of Note 27(a)(A) above]	–	–	–	–	–	–	3,318.99	5,550.00	5,550.00
HGS (USA), LLC	498.19	298.21	675.74	–	–	–	–	–	–
HGS Canada Inc.	418.38	263.88	839.20	–	–	–	–	–	–
HGS International Services Private Limited	–	–	49.38	–	–	–	–	–	–
HGS Mena FZ LLC	639.91	439.14	297.02	–	–	–	–	–	–
HGS EBOS LLC	954.00	702.81	–	–	–	–	–	–	–
HGS UK Limited	118.73	–	–	–	–	–	–	–	–
Team HGS Limited	148.74	–	–	–	–	–	–	–	–
IndusInd Media and Communication Limited	–	–	–	–	–	–	7.86	66.00	159.61
Hinduja Hospital Limited	–	–	–	–	–	–	23.25	–	–
Others	–	214.25	155.05	2.50	–	2.50	4.90	17.69	–
Total	33,946.26	26,854.04	18,613.15	2.50	–	2.50	3,355.00	5,633.69	5,709.61
Payable net of Receivables as at year-end									
Customer Contact Centre Inc.	3,013.06	3,075.72	3,122.56	–	–	–	–	–	–
HGS International Services Private Limited	63.95	298.72	–	–	–	–	–	–	–
Others	44.82	–	–	–	–	–	10.34	5.43	5.50
Total	3,121.83	3,374.44	3,122.56	–	–	–	10.34	5.43	5.50
Investments in Equity Shares at the year end									
HGS International Services Private Limited	3,945.62	3,945.62	3,945.62	–	–	–	–	–	–
HGS International	38,880.28	38,880.28	38,880.28	–	–	–	–	–	–
Total	42,825.90	42,825.90	42,825.90	–	–	–	–	–	–

Notes:

1. There are no transactions with parties referred in I above.

38 Fair Value Measurements

(a) Financial instruments by category

Particulars	31-Mar-17			31-Mar-16			01-Apr-15		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
- Treasury bills	–	–	535.95	–	–	1,020.96	–	–	803.16
- Mutual funds	–	–	–	–	–	–	13.95	–	–
Security deposits	–	–	3,101.68	–	–	2,728.83	–	–	1,855.52
Bank deposits	–	–	76.30	–	–	74.70	–	–	68.97
Trade receivables	–	–	28,836.88	–	–	27,856.45	–	–	14,941.08
Cash and cash equivalents	–	–	4,291.44	–	–	2,809.00	–	–	942.80
Bank balances other than Cash and cash equivalents	–	–	38.03	–	–	39.10	–	–	38.59
Unbilled revenue	–	–	14,828.38	–	–	16,340.30	–	–	9,910.87
Other receivables	–	–	472.87	–	–	669.19	–	–	636.48
Derivative financial assets	–	1,945.59	–	–	927.40	–	–	196.47	–
Total Financial assets	–	1,945.59	52,181.53	–	927.40	51,538.53	13.95	196.47	29,197.47

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Particulars	31-Mar-17			31-Mar-16			01-Apr-15		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial liabilities									
Borrowings	—	—	14,462.90	—	—	23,773.91	—	—	7,646.75
Trade payables	—	—	8,060.33	—	—	8,002.86	—	—	6,505.62
Derivative financial liabilities	—	1,095.24	—	—	—	—	—	143.83	—
Other financial liabilities	—	—	9,897.59	—	—	11,808.63	—	—	10,228.85
Total Financial liabilities	—	1,095.24	32,420.82	—	—	43,585.40	—	143.83	24,381.22

(i) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised 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
Financial assets						
Financial Investments at FVPL						
Mutual funds	March 31, 2017	4 b	—	—	—	—
	March 31, 2016		—	—	—	—
	April 1, 2015		13.95	—	—	13.95
Derivatives designated as hedges						
Foreign exchange forward contracts	March 31, 2017	10	—	1,945.59	—	1,945.59
	March 31, 2016		—	927.40	—	927.40
	April 1, 2015		—	196.47	—	196.47
Total financial assets			13.95	3,069.46	—	3,083.41
Financial liabilities						
Derivatives designated as hedges						
Foreign exchange forward contracts	March 31, 2017	17	—	1,095.24	—	1,095.24
	March 31, 2016		—	—	—	—
	April 1, 2015		—	143.83	—	143.83
Total financial liabilities			—	1,239.07	—	1,239.07

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.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(ii) Valuation technique used to fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts and principal swap is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(iii) Fair value measurements using significant unobservable inputs (level 3)

Fair value of the current financial assets and current financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of the expected future cash flows.

(iv) Valuation processes

The finance department of the group includes a team that performs the valuations of financial assets and liabilities required for reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every three months, in line with the Company's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities, contingent considerations and indemnification asset used by the group are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties are derived from credit risk grading determined by the Company's internal credit risk management group.

Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO and the valuation team. As part of this discussion the team presents a report that explains the reason for the fair value.

The carrying amounts of trade receivables, treasury bills, security deposits, trade payables, capital creditors, cash and cash equivalents and borrowings are considered to be the same as their fair values, due to their short-term nature.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

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39 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 amortised cost.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits
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 (₹)	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 counter party 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 recognised 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 forwarding-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 counter party's ability to meet its obligations
- Other applicable macroeconomic information such as regulatory changes

A default on a financial asset is when the counter party 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 ₹ 28,836.88 Lakhs (March 31, 2016 - ₹ 27,856.45 Lakhs) and unbilled revenue amounting to ₹14,828.38 Lakhs (March 31, 2016 - ₹16,340.30 Lakhs) as at reporting date. Trade receivables and unbilled revenue

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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 immaterial based on historical trend and the nature of business. No provision is considered necessary as at reporting date other than disclosed in Note 8 and Management continuously assesses the requirement for provision on ongoing basis. During the period, the Company made no write-offs of trade receivables except for those disclosed in Note 25.

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 an internal process, Management performs background check of counter party 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.

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 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 against internal and external regulatory requirements and maintaining debt financing plans.

i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Ageing	March 31, 2017	March 31, 2016	April 01, 2015
Expiring within one year (Cash Credits and other facilities)	5,870.62	3,811.76	10,891.04
Total	5,870.62	3,811.76	10,891.04

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 - 31 March 2017	Within 1 year	between 1 to 2 years	between 2 to 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	14,129.38	333.52	—	—	14,462.90
Trade payables	8,060.33	—	—	—	8,060.33
Other financial liabilities	9,897.59	—	—	—	9,897.59
Total non-derivative liabilities	32,087.30	333.52	—	—	32,420.82
Derivatives					
Foreign exchange forward Contracts	1,095.24	—	—	—	1,095.24
Total derivative liabilities	1,095.24	—	—	—	1,095.24

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Contractual maturities of financial liabilities - 31 March 2016	Within 1 year	between 1 to 2 years	between 2 to 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	21,223.93	1,140.96	333.52	–	22,698.41
Obligations under finance lease	583.30	492.20	–	–	1,075.50
Trade payables	8,002.86	–	–	–	8,002.86
Other financial liabilities	11,225.33	–	–	–	11,225.33
Total non-derivative	41,035.42	1,633.16	333.52	–	43,002.10

Contractual maturities of financial liabilities - 1 April 2015	Within 1 year	between 1 to 2 years	between 2 to 5 years	More than 5 years	Total
Non-derivatives					
Borrowings	3,682.24	999.96	1,333.48	–	6,015.68
Obligations under finance lease	589.28	1,041.79	–	–	1,631.07
Trade payables	6,505.62	–	–	–	6,505.62
Other financial liabilities	9,639.57	–	–	–	9,639.57
Total non-derivative	20,416.71	2,041.75	1,333.48	–	23,791.94
Derivatives					
Foreign exchange forward Contracts	143.83	–	–	–	143.83
Total derivative liabilities	143.83	–	–	–	143.83

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 the USD, EUR and CAD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR and Phillipines Peso for Manila branch). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions.

The company's risk management policy is to hedge upto 75% of forecasted foreign currency sales for the subsequent 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 hedge exposure and assesses the effectiveness of the hedged item and hedging relationship based on economic relationship.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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, 2017	March 31, 2016	April 01, 2015
Financial assets				
Trade receivables	USD	24,653.67	24,022.75	12,268.62
	GBP	31.85	69.15	37.48
	SGD	2.31	2.44	2.26
	CAD	242.23	204.47	560.17
Unbilled revenue	USD	4,109.22	4,428.82	3,583.05
	GBP	2.72	6.44	0.44
Bank balance in EEFC accounts	USD	1,901.14	1,499.39	517.75
	CAD	228.00	–	–
Financial liabilities				
Trade payable	USD	6,165.93	6,429.08	3,333.16
	GBP	0.62	–	14.75
Finance Lease liability	USD	–	1,302.25	1,600.31
Foreign currency loan	USD	–	7,421.09	3,185.34

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, 2017	March 31, 2016
USD sensitivity		
INR/USD -Increase by 4% (March 31, 2016-5%)*	979.94	739.94
INR/USD -Decrease by 4% (March 31, 2016-5%)*	(979.94)	(739.94)
CAD sensitivity		
INR/CAD -Increase by 4% (March 31, 2016-4%)*	18.81	8.18
INR/CAD -Decrease by 4% (March 31, 2016-4%)*	(18.81)	(8.18)
GBP sensitivity		
INR/GBP -Increase by 8% (March 31, 2016 - 3%)*	2.72	2.27
INR/GBP -Decrease by 8% (March 31, 2016 - 3%)*	(2.72)	(2.27)

* Holding all other variables constant

iv) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. The Company's policy is to manage its borrowings to ensure lower interest outflow.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. Company manages it's finance cost in a manner where significant portion of interest expenses can be predicted with reasonable certainty.

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(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, 2017	March 31, 2016	April 01, 2015
Variable rate borrowings	14,129.38	17,842.47	1,608.96
Fixed rate borrowings	1,561.59	10,056.76	9,409.45
Total borrowings	15,690.97	27,899.23	11,018.41

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

	Impact on profit after tax	
	March 31, 2017	March 31, 2016
Interest rates - increase by 70 basis points (60 bps)*	(143.73)	(139.36)
Interest rates - decrease by 70 basis points (60 bps)*	143.73	139.36

* Holding all other variables constant

40 Financial risk management

Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position:

March 31, 2017

Types of hedge and risks	Nominal Value		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	Assets	Liabilities				
Cash flow hedge Foreign exchange risk Foreign exchange forward contracts	54,768.64	–	1,945.59	1,095.24	April 2017 - March 2018	1:1	(16.79)	16.79

March 31, 2016

Types of hedge and risks	Nominal Value		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	Assets	Liabilities				
Cash flow hedge Foreign exchange risk Foreign exchange forward contracts	52,905.83	–	927.40	–	April 2016 - March 2017	1:1	824.01	(824.01)

April 1, 2015

Types of hedge and risks	Nominal Value		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	Assets	Liabilities				
Cash flow hedge Foreign exchange risk Foreign exchange forward contracts	50,822.59	–	196.47	143.83	April 2015 - March 2016	1:1	(886.70)	886.70

*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 FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(b) Disclosure of effects of hedge accounting on financial performance

March 31, 2017

Type of hedge	Change in the value of hedging instrument recognised in Other comprehensive income	Hedge ineffectiveness recognised 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
Cash flow hedge Foreign exchange risk	(16.79)	(12.43)	746.08	Other expenses

March 31, 2016

Type of hedge	Change in the value of hedging instrument recognised in Other comprehensive income	Hedge ineffectiveness recognised 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
Cash flow hedge Foreign exchange risk	824.01	47.82	(12.44)	Other expenses

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, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Company uses the hypothetical derivative method to assess effectiveness.

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. In hedges of foreign currency forecast sale may arise if:

- the critical terms of the hedging instrument and the hedged item differ (i.e. nominal amounts, timing of the forecast transaction, interest resets changes from what was originally estimated), or
- differences arise between the credit risk inherent within the hedged item and the hedging instrument.

Refer note 12b for the details related to movement in cash flow hedging reserve.

41 Business combinations

(a) Summary of acquisition

Effective September 1, 2015 the Company has acquired significant portion of the domestic BPO business from Mphasis Limited and its wholly owned subsidiary Msource India Private Limited. Details of Net assets acquired, purchase consideration and bargain purchase are as follows:

Details of the purchase consideration, the net assets acquired are as follows:

Purchase Consideration	Amount
Cash Paid	1,605.74
Total Purchase Consideration	1,605.74

NOTES TO THE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Amount
Fixed Assets:	
- Tangible Assets	1,653.23
- Intangible Assets	76.55
Other assets	9.05
Vendors liability	(94.26)
Net identifiable assets acquired	1,644.57

Calculation of bargain purchase	Amount
Consideration transferred	1,605.74
Less: Net identifiable assets acquired	1,644.57
Bargain purchase (Refer note 12b)	(38.83)

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

Particulars	31-03 2017	31-03 2016	31-03, 2015
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	1.58	115.00	3.47
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	—	—	—
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	—	—	0.88
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	—	0.05	—
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	—	—	—
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	—	—	0.05
Further interest remaining due and payable for earlier years	—	—	0.05

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

43 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 44 of the Consolidated financial statements).

As per our report of even date
For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. 048125

Place : Mumbai
Date : May 22, 2017

www.teamhgs.com

For and on behalf of the Board

Ramkrishnan P. Hinduja
Chairman
DIN : 00278711

Srinivas Palakodeti
Chief Financial Officer

Makarand D. Dewal
Company Secretary

Place : Mumbai
Date : May 22, 2017

Partha DeSarkar
Chief Executive Officer
and Manager

Rajendra P. Chitale
Director
DIN: 00015986

Rangan Mohan
Director
DIN: 01116821

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