

October 16, 2018

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 Third Annual General Meeting (AGM) of the Members of the Company held on September 29, 2018 - Submission of Annual Report 2017-18 of the Company pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Twenty Third Annual General Meeting (AGM) of the Members of the Company was held on September 29, 2018 and the business mentioned in the Notice dated August 24, 2018 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, 2018, and the Report of the Directors and Auditors thereon was passed by the Members with requisite majority.

Accordingly, we are enclosing herewith Annual Report 2017-18 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



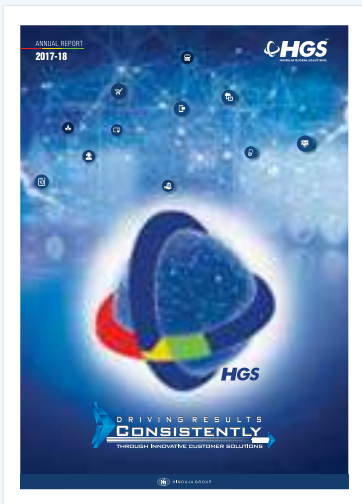
Makarand Dewal  
Company Secretary

Encl : a/a.



**HGS**

DRIVING RESULTS  
**CONSISTENTLY**  
THROUGH INNOVATIVE CUSTOMER SOLUTIONS



## DRIVING RESULTS. CONSISTENTLY. Through Innovative Customer Solutions

At HGS, making clients more competitive is our mission. We have always put the client first, evolving and partnering with them in their transformation journey in a world led by constant technology shifts and ever-changing consumer preferences. A key reason to our longevity with our top 10 clients!

As we stride deeper into today's digital era, we are focused on pushing the boundaries to make a more meaningful impact on our clients... indeed every stakeholder we engage with. Be it through our ability to generate new ideas, open up new markets, provide fresh perspectives or adopt new approaches, HGS is giving a fresh new spin to how our clients are enhancing their customer experience. The theme for this year's Annual Report, **Driving Results. Consistently. Through Innovative Customer Solutions**, encapsulates the way we do this – innovative, client-centric and adaptive.

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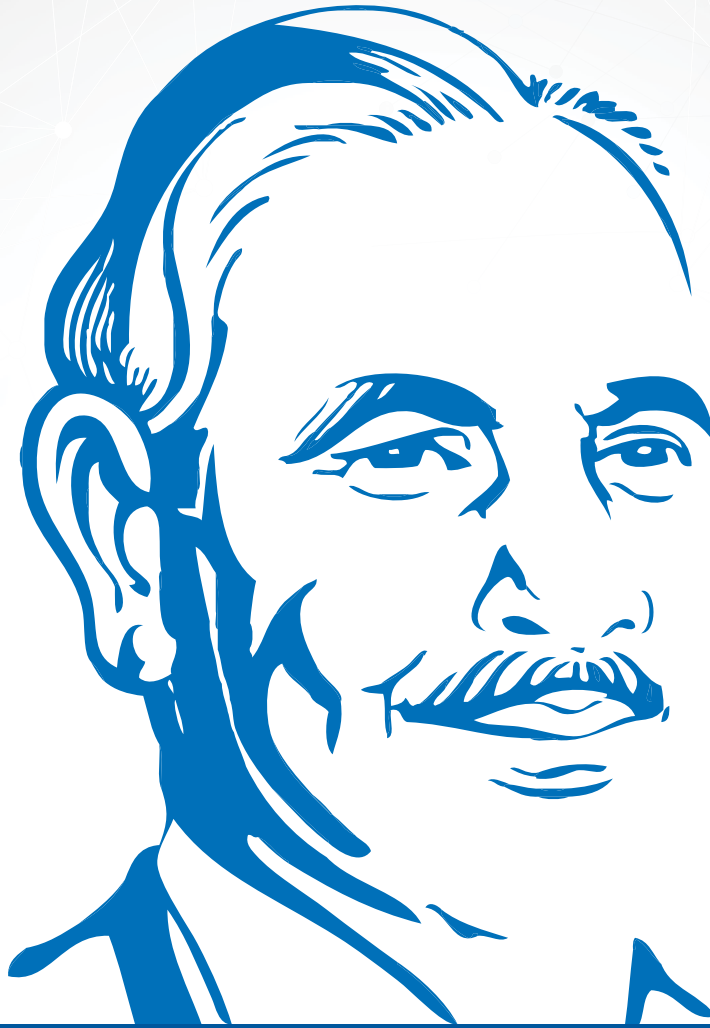
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## SHRI PARMANAND DEEPCHAND HINDUJA

FOUNDER - HINDUJA GROUP

The five principles, distilled from the lifetime experiences 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, government or the communities we serve.



### Customer Focus

Our customer is at the centre of what we do.



### Empowerment

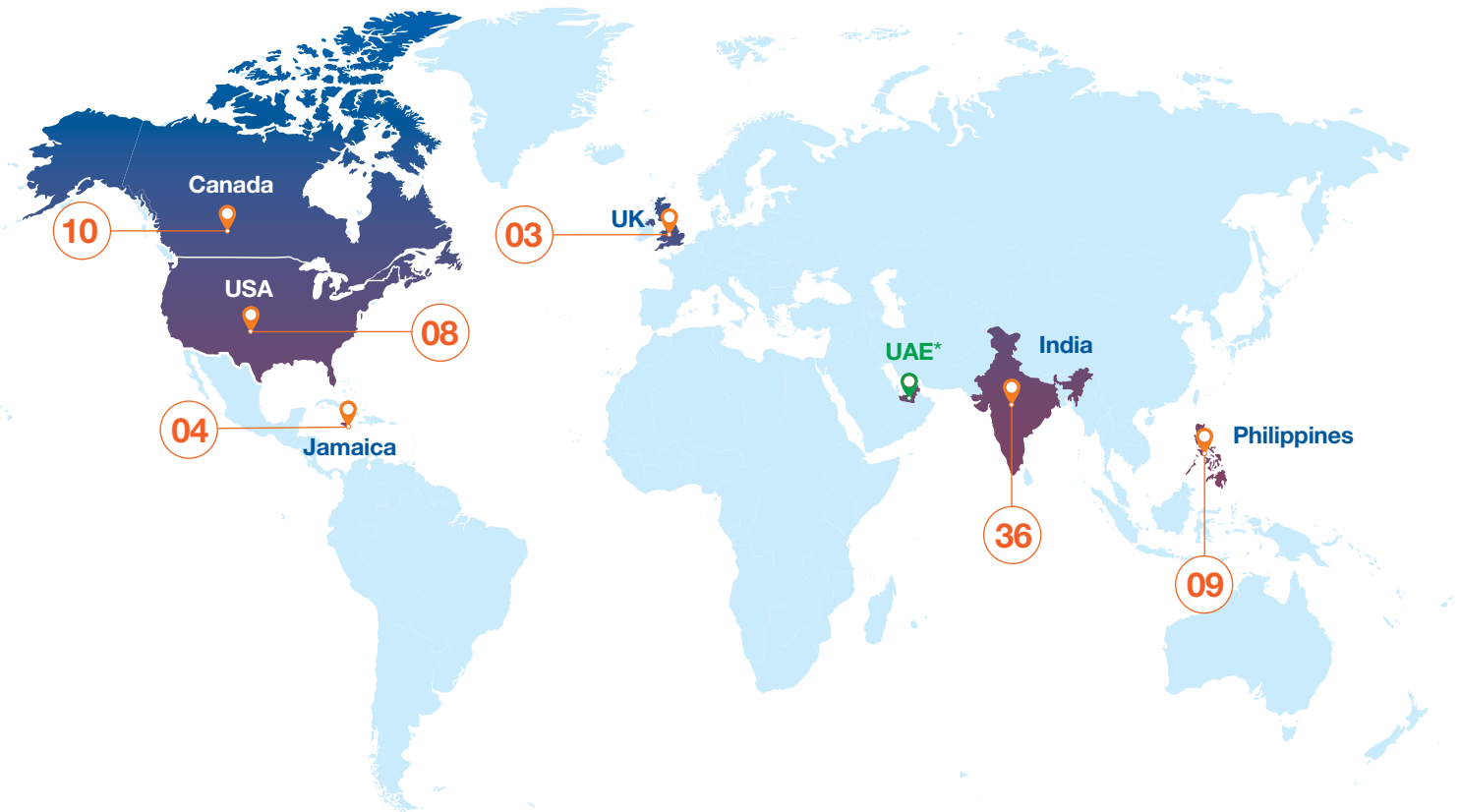
We encourage employees to take ownership of their actions, be proud of their achievements and celebrate successes.

# HGS AT A GLANCE

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

## HGS' Presence

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



Operating since 1973**	70 Delivery Centers	07 Countries	\$597 Million in Revenue	44,265 Employees
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\* UAE – Marketing Office

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



# HGS AT A GLANCE

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**90%** of our revenue comes from Healthcare, Telecom & Technology, Consumer, and Banking & Financial Services

**250 mn** consumer interactions each year...

**50 mn** data transactions per annum...

**68% of HGS'** revenue comes from clients who have been with the company **>10 years**

**190 core BPM** clients...

**636 HRO & F&A** clients

**37 languages** supported

**44,265** employees globally...

**500,000** Voice conversations resolved per day

**1,100+** Nurses employed

Global diversity ratio at HGS:

**51.6%** Male employees

**48.4%** Female employees



# BOARD OF DIRECTORS

Hinduja Global Solutions Limited



**Mr. Ramkrishan P. Hinduja**  
Chairman



**Ms. Shanu S. P. Hinduja**  
Co-Chairperson



**Ms. Vinoo S. Hinduja**  
Director



**Mr. Anil Harish**  
Independent Director



**Mr. Rajendra P. Chitale**  
Independent Director



**Mr. Rangan Mohan**  
Independent Director



**Mr. Yashodhan Madhusudan Kale**  
Director



**Mr. Pradeep Mukerjee**  
Independent Director

## CHAIRMAN'S MESSAGE

Dear Shareholders,

Some of you may recall that your company began in 2000 as a division of Hinduja TMT Limited with the inspiration of S. P. Hinduja, chairman of the Hinduja Group. Starting from a single self-funded contract, it crossed \$117 million in annualized revenue and around 9,500 employees in FY 2006-07 after its demerger effective October 1, 2006. Your company has grown this year to almost \$600 million in revenue and over 44,000 employees operating in 7 countries through 70 delivery centers.

The idea for your company has always been to be a trusted partner for the world's leading corporations across industries to manage their mission critical functions. Under the able leadership of the CEO, Partha DeSarkar, your company now handles annually 250 million customer interactions in 37 languages and 50 million data interactions for 190 Business Process Management (BPM) clients. Additionally, it serves another 630 clients for Human Resource Outsourcing (HRO) and Finance & Accounting (F&A) services.

The US remains by far the largest market served by your company, contributing 68% of its revenue, of which 49% is from the Healthcare vertical. The US market continues to

be the growth engine of your company, while investments for diversification have been made in Canada and the UK markets. To further diversify, your management has made M&A investments to expand the range of services provided to the existing customers and to acquire new ones. These investments are aimed at making significant longer-term contribution to earnings.

Your company had \$318m in total capital employed at the end of FY 2017-18. Of this, just under \$90m was funded by debt which amounted to less than trade receivables. The remaining \$228m represents a \$75m increase in book value since demerger, after paying \$72m in dividends. The opening book value of about \$153m included \$136m treasury cash from the sale of a non-core investment prior to the demerger.

Of the \$318m in total capital employed, about \$40m was in treasury investments at year-end. The ROCE (Return on Capital Employed, which is pre-interest pre-tax income return on average total capital) in the latest fiscal year was 17.4% excluding the treasury investments, and 15.4% including it.

The strategy of Right Shore, One Experience and Collaborative Approach ('ROC strategy') has been the

“ HGS’s digital transformation disrupts the traditional voice-based services with the integration of online, social media and self-service digital communications with live person sales and support services. Along with analytics, this enhances business results for our clients and provides high service satisfaction for their customers. ”



core driver for the growth of the business. It helped a customer, for the first time, to exceed \$100m revenue this year. This customer started with offshore services, leveraging the back-office capabilities from India, then added Philippines off-shore delivery for customer contact services, and followed it by on-shore delivery from the US, along with near-shore delivery. Your company delivered the ‘One HGS’ experience while optimizing value for the customer through its collaborative approach.

HGS recently launched a successful Work-at-Home capability with a high level of customer satisfaction, allowing its Customer Contact Management business in North America to overcome geographical limitations of labour availability. Additionally, the fast evolving digital and mobile channels are a great opportunity to differentiate ourselves as we optimize customer satisfaction with our unified customer experience strategy through the ‘DigiCX’ offering. HGS’s digital transformation disrupts the traditional voice-based services with the integration of online, social media and self-service digital communications with live person sales and support services. Along with analytics, this enhances business results for our clients and provides high service satisfaction for their customers.

Your company’s financial performance is very much driven by the satisfaction of its clients, who appreciate the consistency with which innovative solutions are delivered in a cost-effective manner to serve their strategic objectives. This is evidenced by the numerous accolades and the client endorsements that your company has received, and by the fact that 68% of our revenues come from clients who have tenures of 10 years or more; and by our ability to retain clients from the acquired businesses, who now have tenure of up to 48 years.

The theme of this annual report, ‘Driving Results. Consistently. Through Innovative Customer Solutions’, emphasizes that the central aspect of your Company’s DNA is to constantly innovate to improve the outcome for the client as measured by the performance matrices. This in turn requires employees who are happy

to be part of ‘Team HGS’, requiring critical people management skill in an industry with annual attrition rate averaging around 100%. While doing so, HGS has trained around a quarter of a million people since 2008 and helped many of them enter the organized job market.

On behalf of the Board, I would like to thank our customers for their confidence in Hinduja Global Solutions as their partner of choice. The credit goes to our CEO, Partha DeSarkar who deserves to be congratulated, along with his management team and each and every member of ‘Team HGS’, for the hard work and dedication in making the HGS success story a reality. This leadership team has a proven track record of navigating your company through difficult economic times.

I remain grateful to the Group Chairman, S. P. Hinduja, for his continued support and guidance during the significant growth of your Company. Such growth would not have been possible without the dedication and commitment of the Co-Chairperson, Shanu S. P. Hinduja, and board member, Vinoo S. Hinduja, both of whom were a tremendous support during my absence for medical reasons for part of the last year. I would like to thank Mr. Y. M. Kale, member of the board, for his contributions; as well as thank the other members of the Hinduja Group and family, in particular the Chairman Emeritus, A. P. Hinduja. Special thanks to our esteemed independent board members for their invaluable guidance and time commitment. I would like to express our gratitude to all our shareholders and other stakeholders for their confidence in HGS.

Yours sincerely,



**Ramkrishan P. Hinduja**  
Chairman

August 24, 2018

# CEO'S MESSAGE

“ In FY2018, we steadily accelerated on our path to become a technology-led BPM provider, continuing to make investments and realigning our solutions to meet constantly changing needs of the clients. ”

**Partha DeSarkar**  
Chief Executive Officer



Dear Shareholders,

We are today in a new world of business... a world where everything from the way enterprises work to how consumers buy and behave is becoming increasingly digital. The big D's impact is being seen across industries and regions, and our clients – many of whom count amongst the top Fortune 500 companies – are asking for something different from their BPM partners... way different from the asks seen when I first addressed you as your Company's CEO some 12 years ago.

The concept of customer experience has come of age. Consumers don't just want to buy a product today; they want to buy an experience and they are unabashedly blunt about it. To give a perspective, the American Express 2017 Customer Service Barometer reported that seven out of ten US consumers say they have paid more to do business with a company that delivers a great service. The result of the trend: customer experience is top-of-the-mind for our clients, who are asking us – how do we enhance customer experience, increase brand loyalty and generate more revenue while improving productivity?

In line with this, HGS has been going through a transformation over the past couple of years. The focus is on:

- Performance: Grow the company aggressively

- Preparedness: Adopt technology-led solutions
- Future-proofing: Strengthen the foundation – capabilities, delivery

We are making strategic interventions – some completed and some still in the process – to build a stronger position for HGS in a competitive BPM market. These include launching smart, intelligent solutions (eg: DigiCX®, Bots&Brains™) to meet industry context and drive disruptive outcomes, investing in deeper client mining, changing selling and pricing models, verticalizing healthcare, and converging our domain expertise with technology to build SME (Subject Matter Expert) teams and CoEs (Centres of Excellence).

The impact can't be gauged just in financial terms but in how we have evolved into a stronger position in a competitive BPM market... because our goal is to be more relevant to our clients by supporting them in their journey of digitization. I believe that we have made significant progress on this front but there is more to be done, as we evolve from labor arbitrage to an era of value arbitrage.

## FY2018 – A Steady Progress

HGS delivered another good year, with growth in revenue and PAT powered by a robust performance in the healthcare vertical, volume growth from the top 10 clients and from new logos

# CEO'S MESSAGE

won in the previous fiscal year.

Your Company recorded a revenue growth of 6.6% in constant currency terms and 3.7% in Rupee terms for FY2018 at ₹38,494 million (\$597 million). We posted some firsts for HGS: achieved over \$150 million in revenue in a quarter (for Q3 and Q4) and crossed ₹10,000 million in a quarter (for Q4). Profit after tax (PAT) rose by 7.2% to ₹1,921 million, the highest-ever PAT for the company. However, EBITDA margins (computed excluding foreign exchange gains and losses) dropped from 11.9% in FY2017 to 10.5% in FY2018, due to three key factors: minimum wage increases in different states and countries, profitability pressures in the UK and India domestic businesses and one-time costs of acquisitions made at end of March 2018.

HGS' Board has recommended a final dividend of ₹2.50 per share for the year, bringing the total dividend to ₹ 10 per share for FY2018.

## Business Updates

HGS saw good growth across most of our geographies, especially the US, India International and the Philippines. In terms of verticals, healthcare continued its business momentum led by strong onshore delivery – accounting for over 50% of overall revenue contribution for two quarters in a row (Q3 and Q4 FY2018). We also reported robust performance in consumer, BFSI and Media & Entertainment verticals.

HGS is investing heavily in strengthening our client-facing organization, thus helping build a stronger pipeline across existing and new verticals. We signed 29 new logos across BPM and HRO in FY2018. Major wins include: Provide DigiCX services (chat and email) for a leading digital (mobile) payments company in the US; Support a telecommunications major with a unified customer experience model in English and Spanish languages; Social CRM support for a media company in India; an artificial intelligence/ natural language processing (AI/ NLP) led engagement for a large confectionary company; and robotic process automation (RPA)

consulting & implementation for a supply chain solutions company in the Middle East. As of March 31, 2018, the total number of active clients was 190 BPM clients and 636 payroll processing, HRO and F&A clients. During the year, we registered our first \$100-million account, which is a tenured healthcare payer client.

Continuing to organically expand operations, HGS set up six new centers in the year: Indore, Bangalore, Hyderabad (2), Durgapur and Mumbai. After some consolidation in India, HGS had 70 global delivery centers as of March 31, 2018.

At the end of March 2018, HGS took significant steps in acquisition-based growth. In line with our stated goal of building a stronger market position and be more relevant to clients, we announced two acquisitions –

- HGS, through its subsidiary, HGS Population Health LLC, USA, acquired CMH Services Subsidiary LLC, USA, operating under the trade name of Axis Point Health, a leading population health management company. The transaction was completed in early April 2018.
- HGS, through its subsidiary Hinduja Global Solutions UK Limited, acquired 57% stake in Element Solutions LLC, USA, a digital consulting services company. The transaction was completed in early April 2018.

## The People Connect

The overall employee headcount at end FY2018 stood at 44,265. During the year, we crossed the milestone of 8,000 employees in Philippines, demonstrating the growing demand for offshore delivery from there.

As an organization, HGS is committed to upskill our people constantly and ensure that we have the right talent to help us make our clients more competitive. We launched a training initiative designed to cater to various cultural and country specific needs called 'Ready Now'. The objective of Ready Now is to invest

# CEO'S MESSAGE

in employees and prepare them for the upcoming roles even before moving them in the specific role, which is a significant change in approach. In FY2018, over 17,400 participants enrolled in the program across India, Philippines, North America and Jamaica.

HGS' progressive policies and practices are helping establish us as a preferred employer. During FY2018, we conducted the Employee Satisfaction (ESAT) Survey – Voice of the People 2017 and received an overwhelming 86% response. The overall employee experience index (EX Index) improved to 59.3 (compared with 58.9 in 2017 and 41.1 in 2016), which is a very positive indicator when benchmarked with the industry.

Our Diversity ratio continues to grow. In FY2018, women accounted for 48.4% of HGS' workforce globally and 40% in India.

## Work to Give to Society

Rooted in the passion of our group founder, our Corporate Social Responsibility (CSR) philosophy is **Work to Give for a Better Tomorrow** and we aim to create a better future through our CSR programs. HGS focuses on four areas – education, healthcare, skill development of underserved youth and empowerment of Persons with Disabilities (PwDs) – that we believe will impact India's future growth and prosperity. We have partnered with several renowned NGOs in diverse work areas in the past few years, who share a similar vision to achieve a positive impact on society holistically. These include mid-day meal program, school infrastructure repair, teachers' training, holistic Tuberculosis care to the underprivileged, operating an Advance Mobile Health Unit in tribal areas, skill development for underserved youth and employability skills training to PwDs. Over 150,000 people have benefited from these programs. In FY2018, HGS spent ₹29.1 million on CSR programs across India.

Our employees continue to make an impact beyond the business by extending their time and skills to improve the lives of those in need. In the past year, 7,500+ employees spent 21,000 hours to positively impact 50,000 lives.

## Driving Results. Consistently. Through Innovative Customer Solutions

The theme for this year's Annual Report, '**Driving Results. Consistently. Through Innovative Customer Solutions**', encapsulates the way HGS is evolving each day to make an impact on our clients – innovative, client-centric and adaptive. In FY2018, we steadily accelerated on our path to become a technology-led BPM provider, continuing to make investments and realigning our solutions to meet constantly changing needs of the clients. The new year has begun on a positive note, and offers many opportunities to build on our strengths and drive a purpose-led performance.

Finally, I would like to thank you for your continued confidence in HGS. I look forward to meeting you at the AGM.

Yours sincerely,



**Partha DeSarkar**  
Chief Executive Officer  
Hinduja Global Solutions (HGS)

August 24, 2018

# MANAGEMENT TEAM



**Partha DeSarkar**  
Global CEO



**Srinivas Palakodeti**  
Global Chief Financial Officer



**Pushkar Mishra**  
CEO & President, HGS Philippines



**Ramesh Gopalan**  
President - Global Healthcare  
and Head of India Business



**Sridhar Krishnamurthy**  
CEO, HGS MENA



**Adam Foster**  
CEO, HGS Europe



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



**B. N. Narasimha Murthy**  
President - Jamaica and  
Latin America



**Anthony Joseph**  
President, Global Human Resources



**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

# WHAT'S NEW @ HGS

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## A New Chapter in HGS' Brand Evolution

HGS has a new look!

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In May 2018, HGS launched an all-new logo and identity, where Dark Blue, Scarlet Red, Sunbeam Yellow and Chartreuse Green colors come together to symbolize the new brand. This avatar is a dynamic brand of unity, competitiveness and forward thinking, and depicts a clear visual change without losing out on the values, legacy, culture or brand recognition built over the years.

Each color in the logo is anchored in a core value/s, uniquely individual but also part of a whole... Just like One HGS. Notice that the shape of the Energy Ring, which we have retained, is different too... we are obviously open to embrace the new while not totally giving up on the old.

Why now? Technology led by digitization is creating a world that was unthinkable when HGS was set up two decades ago. Clients and their customers are in the midst of drastic change – be it in the way business is conducted, channels used or the power shifting to the latter. HGS is responding to these trends by charting a path of evolution ourselves. And while we build innovative capabilities and reset our business models, the new logo will help us signal the transformational change we are driving.

The updated look with its solid colors better matches what we have become today... and shows the world, our willingness to adapt, grow and thrive as we carry on our work with passion and commitment.

# WHAT'S NEW @ HGS

## Adding Capabilities through New Acquisitions to deliver Value to Clients

### 1. AxisPoint Health

- Provides Population Health Services that transform Care Management
- Headquartered in Denver, Colorado in the US
- Clientele: 26 Health Plan and Provider Plan clients
- Support for over 40 Million covered lives across the US
- Total Headcount: 400 including 275 Work from Home nurses
- Population health management products and services that support the Triple Aim – Lower Cost, Enhance Outcomes and Improve Patient Experience



**CAREPOINT:** Condition and case management programs that provide quantified results for payers and their members with predictive intelligence, laser-focused targeting, pulsed interventions and a digital health experience



**GUIDEPOINT:** Clinically-led, logic-based nurse triage, guidance, navigation and member engagement services designed to improve utilization and lower costs for a health plan



**ANALYTIX:** Powerful analytics and predictive intelligence that help organizations accurately identify the health needs of members to improve outcomes while reducing medical costs. Tools for member identification, stratification and reporting deliver the ability to zoom in on cadres and individuals to identify gaps as well as opportunities for appropriate interventions.

### 2. Element Solutions

- HGS has acquired 57 percent stake in Element Solutions LLC, USA
- Provides high-end digital strategy and solutions in customer digital experience, data-driven marketing and cloud managed services areas
- Strengthens HGS' Buy-side portfolio by adding new capabilities and expertise in customer digital experience and digital marketing
- Clientele: over 35 top Fortune 500 brands, primarily in healthcare, manufacturing and retail verticals
- Over 160 successful digital engagements implemented
- Adds significant onshore presence
- Expert team of 75+ employees
- Technology Partners: Oracle, Salesforce, Amazon Web Services, Microsoft, Tealium



# INNOVATION @ HGS

**INNOVATION  
FRAMEWORK**

**INNOVATION  
IDEOLOGY**

**INNOVATION  
FOCUS AREAS**



**Get the  
Right  
Answer  
Fast**



**DIGITAL SOLUTIONS**  
Improve 'CX and EX' Index

**ANALYTICS SOLUTIONS**  
Predictive, Proactive,  
Personalized

**AUTOMATION SOLUTIONS**  
'Bots and Brain' Integration

## Creating Internal and External Focused Innovation Solutions

**Digital Solutions at Play**  
Forcing brands to transform the way they communicate and service their customers

---

Driving web self serve for one of the large global printer brands with over **97%** resolution rate and **50%** reduction in contacts

Using Whatsapp as channel for servicing a large FMCG company with CSAT scores of **>90%** and NPS scores of **8.1** (out of 10)

**Automation at Play**  
Augmented, non-invasive process automation solution

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**20+** processes automated for one of the largest US Health Insurance companies resulting in over **20%** cost savings

Dedicated Centre of Excellence for RPA design and delivery set for one of the largest global Insurance company

**Analytics at Play**  
Focus on Integrated Model in Service Delivery with Advanced Analytics

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Working with a large Insurance client on reducing fraud, waste and abuse for claims pay-out by **~10%**

Working with a large provider client to increase claim collections by **20%** & reduce receivables by **15%** using Predictive Analytics

# SHAPING CUSTOMER EXPERIENCE IN THE DIGITAL WORLD IS THE FUTURE

## An interview with Partha DeSarkar, Global CEO – Hinduja Global Solutions



### 1. What does innovation mean to you, especially in a BPM set up?

**Partha:** Innovation is an idea with the potential to make a big impact. Fundamentally, it is about doing things differently to achieve better results or differentiation. Since BPM focuses primarily on processes, this could range from incremental innovation and process innovation to investing in a new technology or going for a big disruption. The two factors that can drive this are people and deep understanding of the domain.

### 2. Can you describe the innovation journey at HGS?

**Partha:** HGS started off small in 2010. We launched an initiative called All Ideas Matter (AIM), which has evolved from a mail asking for improvement ideas for the process they work on, to a global platform that captures ideas – both big and small – from our employees. For example in FY2018, we received over 13,400 ideas from our employees globally. We funnel the best ideas and bring together a team to work on each of them.

In 2015, we put a structure to how HGS would look at innovation –

- Market facing innovation – those that extend today’s business or generate new growth by reaching new customer segments or new markets
- Internal innovation – tools/platforms to make internal processes more efficient, analytics that drive efficiencies and empower line managers to take smarter decisions

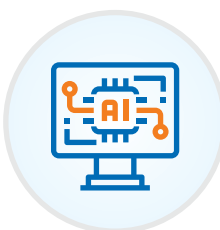
Based on this agenda, we have invested in several initiatives. We set up the Innovation Network – a collective for open sharing of knowledge, inventive ideas and inspired problem solving. This Network consists of 20-plus HGS experts but also draws on crowdsourced ideas and access to resources spanning the organizational chart. HGS has identified certain key focus areas – RPA, analytics, digital, social media – and established centres of excellence (CoEs) to build capabilities. These solutions are seeing good traction with clients... Today, we are working with 20+ clients on multiple engagements led by our innovative solutions. HGS has also partnered with several product start-ups to jointly go to market.

### 3. The new world is being influenced by data and AI... How do you see it making an impact?

**Partha:** Shaping customer experience (CX) in the digital world is the future and I believe that the way to do it is directly linked to data. Whoever can find a way to use data effectively will be the winner!

To explain in a BPM context, many of our clients are following the Blue-sky thinking theory where reputation management has gone digital. They are looking to create a multi- or omni-channel CX, especially when it comes to the millennial generation or the digital natives. HGS is reimagining the way customer support and experience is happening at present and in the future. Today’s focus is on connecting with an individual and to be instantly available to him or her. Hence, we are investing significantly in creating smart, personalized solutions and domain skills – people from engineering and data sciences to drive differentiated CX.

With the scope of work undertaken by BPM becoming more complex, AI is proving to be a great enabler. For example, AI and analytics can help in better population mapping and individual care management... preventive measures can be taken faster, which can lead to drop in healthcare premiums. Basically, AI can drive preventive maintenance instead of breakdown maintenance.



# INDUSTRY RECOGNITION

At HGS, we have great stories to tell – be it the way we offer value and innovation to our clients every day or the proactive delivery support powered by our employees, which have been recognized by external organizations. In FY2018, HGS was honored with several awards and accolades, some of which are mentioned below:

**Stevie Awards:**

- Best Customer Service Department of the Year
- Woman of the Year – Business Services



**ET Now – CSR Leadership Awards 2018**

- Community Development category
- Concern for Health category

**Contact Center World Awards**



**Gold Winner for**

- Best Outsourcing Partnership - Americas 2017
- Best Use of Self-Service Technology - Americas 2017
- Best Use of Self-Service Technology – World 2017

**Bronze Winner for**

- Best Outsourcing Partnership – World 2017



**NASSCOM**  
Customer Service Excellence Awards 2017  
Winner in Transformation category

**Golden Bridge Awards**

Gold winner – Customer Service Team of the Year



Winner in Omnichannel Social CRM category at the APAC Customer Engagement Forum (ACEF)



Named “Leader” in the 2018 Global Outsourcing 100® by International Association of Outsourcing Professionals (IAOP)



**UBS Business Transformation Summit & Awards 2017 (India)**

- Cultural Transformation Leader of the Year
- Business Transformation Leader of the Year

# ANALYST RECOGNITION



- “Star Performer” in Everest Healthcare Payer BPO - Service Provider Landscape with Services PEAK Matrix™ Assessment 2018 (December 2017)
- “Major Contender” in Everest Group Healthcare Provider BPO – Service Provider Landscape with Services PEAK Matrix™ Assessment 2017 (November 2017)
- Named in Everest Group BPS Top 50 List 2017 for the third year in a row (July 2017)
- “Major Contender” in Everest Group Contact Center Outsourcing Service Provider Landscape with PEAK Matrix Assessment 2017 (June 2017)



- Americas Top 15 status in the Breakthrough Sourcing Standouts in ISG Outsourcing Index Global for multiple quarters including: 1Q 2018 (April 2018), 3Q 2017 (October 2017), 2Q 2017 (July 2017), 1Q 2017 (April 2017)
- “Rising Star” in ISG Provider Lens™ Quadrant Report Contact Center Services Trends and Provider Positioning (December 2017)
- “Leader” in ISG Provider Lens Contact Center Customer Experience – Archetype Report 2017 under category “Digital Enthusiast” Archetype and “Automation Seekers” Archetype (October 2017).



- “High Performer” in HfS Research Blueprint Report - Retail Customer Engagement Services 2018 (March 2018)
- “Winners Circle” in HfS Blueprint Report: Healthcare Business Operations 2017 (December 2017)
- Named in HfS BPO Top 50 Service Provider List (July 2017)



- “Leader” in NelsonHall Digital Marketing Services NEAT 2018 (January 2018)
- “Leader” in NelsonHall Multi-channel CMS NEAT 2017 for “Self-service Enablement Focus” and “CX Improvement Focus” (June 2017)
- “Leader” in NelsonHall CMS in Telecommunication NEAT 2017 (May 2017)

# WHAT OUR CLIENTS SAY ABOUT US

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

## Leading Consumer Products Company in the US

As the client, I feel HGS understands the importance of taking care of our end-user first. HGS is quick to provide a solution/alternative when addressing an issue or situation. When coming across an issue that we as the client failed to or is non-existent, HGS will discuss openly and provide ideas and not wait for an instruction. The team has consistently shown great positive attitude on all business aspects.

**Consumer Support Manager**  
Delivery - US



## Japanese Consumer Electronics Company

HGS has been a 'trusted advisor' since we started our partnership, and they continue to play a mission critical role in spear heading advancements in our multi-channel customer engagements as we work together on improving the customer experience and reduce operating costs. We couldn't be more delighted in our HGS partnership and we look forward to the future and what it holds for our customers.

**Director - Customer Experience**  
Delivery - Philippines



## Canada's Leading Telecom Company

HGS is a great partner with a strong and experienced team of operations. The team has a deep knowledge of the business and is good at responsiveness and problem resolution. There's a flexibility in the face of evolving business needs as well as willingness to be involved in testing new processes/methodologies and pilots.

**Director**  
Delivery - Canada



## Leading Telecom Service Provider in India

HGS is a valued partner associated with us for many years now. HGS as a team is proactive and always stands up to expectation. They keep evaluating our systems and processes, and recommend improvement areas. They also keep sharing best practices for us to evolve better. They are an excellent team led by able leaders.

**Vertical Head**  
Delivery - India



## Leading Global etailer

HGS is great at process execution, making relevant investments in line with business requirements. Leadership involvement is a plus. The folks in the team are extremely passionate and go-getters.

**Business Manager - Customer Services**  
Delivery - India



## Leading Consumer Goods Company

HGS reacts and adapts to change with minimal interruption to the service provided. The team is willing to go the extra mile even when extraordinary call levels are being experienced and engages with consumers to reduce AR and AHT.

**Head - Consumer Affairs**  
Delivery - Philippines



# WHAT OUR CLIENTS SAY ABOUT US

## Leading Fitness Products Company in the US

HGS not only provides cost-efficient services but also makes earnest attempts at adding value with a genuine intent to help improve our business. They understand our strategic objective, and are highly responsive and easy to work with.

**Customer Services Manager**  
 Delivery - Philippines



## US Fortune 100 Healthcare Insurance Company

HGS has deep knowledge of our requirements for calls and correspondence. It's been a strong relationship since we started, and I will call out the high quality of work and consistent results delivered as well as the agility to be flexible. I see the HGS team essentially as an extension of my team.

**Quality Manager**  
 Delivery – Philippines



## Leading Consumer Goods Company

Overall, HGS is a great partner with leadership who understand our business. I think the team provides an excellent experience for our customers and represents our brand in a friendly and professional manner. I have a lot of confidence in the leadership and the team leads are very strong and committed partners. Operationally, they run the program very well.

**Director - Vendor Management**  
 Delivery - Philippines



## US Fortune 100 Healthcare Insurance Company

We are extremely excited by HGS' proactive approach. It is great to know that HGS is looking out for us and working to find ways to improve our process and save us money. We very much appreciate all that the whole team does for us on a daily basis.

**Production Manager**  
 Delivery - India



## Top Digital Payments Company in the US

HGS shares our values and has achieved a positive partnership with our team. I appreciate the open and honest communication with the team and have enjoyed working cross-functionally with various members in the organization.

**Vendor Manager**  
 Delivery - US



## India's Leading Telecom Company

HGS has successfully secured quality team members who have, in turn, aligned well with my brand. Despite facing some initial teething problems, HGS has become a strong business partner and works with us as we continue to develop our customer strategy.

**Business Head**  
 Delivery - India



# WHAT OUR CLIENTS SAY ABOUT US

## Leading Insurance Company in India

HGS has been our strategic partner for many years and we have enjoyed a very good relationship for delivering our entire customer services (Inbound / Outbound). We have trusted HGS in successfully partnering and driving key business metrics for us.

### Head - Customer Service

Delivery - India



## US Fortune 100 Healthcare Insurance Company

HGS is very responsive to our business needs and adapts accordingly. With its strong and engaged leadership, the team has been meeting metrics and driving cost savings. I like that when they say they will do something, it gets done.

### Director - Customer Service

Delivery - US



## Leading Telecom Company in the UK

HGS' agents are brilliant at delivering an exceptional service to our customers; this is confirmed in the NPS survey results we get weekly from our customers. The team has a great work ethic, a can-do attitude and always strives to go the extra mile for us and our customers. I am proud to say I work alongside them and feel we respect one another and work well together. I have built good working relationships with many of the agents and we can approach each other for help or assistance in getting to the bottom of a problem. I am really happy with HGS overall. We all get on well which I believe is key to making a business work, we communicate with each other effectively and are a great team.

### Account Manager

Delivery - UK



## US Healthcare Plan Provider Company

HGS is very attuned to the business needs in my organization and has often offered ideas and their services in areas I didn't even realize they could help with!

### Senior Director

Delivery - India



## US Healthcare Plan Provider Company

HGS' team demonstrates great compassion for our patients/customers, listens to the needs of our business owners, and offers the appropriate solutions. They also manage and oversee our project launches with high quality.

### Services Manager

Delivery - India



## Leading Consumer Electronic Goods Company

I cannot say that there is anything that my HGS partners do not do well! I am extremely satisfied with our partnership.

### Supervisor

Delivery - Jamaica







# OUR COMMUNITY INITIATIVES

Rooted in the passion of our group founder, our CSR philosophy is **Work to Give for a Better Tomorrow** and we aim to create a better future through our CSR programs. In India, HGS made a contribution of ₹43.71 million (inclusive of HGSISPL) during FY2017-18. Below is a view of our overall effort and initiatives across our locations.

## EDUCATION

Given the significance of education in the lives of children, HGS has undertaken a number of projects to not only increase the literacy levels but also the health and nutrition of the underserved. Through the mid-day meal program, we encourage poor children to attend school more regularly and help them concentrate on classroom activities. HGS has undertaken school infrastructure repair, teachers' training and also provides technology that is not only making learning enjoyable but also improving the learning levels amongst the children. All our projects continue to focus on ensuring that children remain at school through various interventions including Sports as a mechanism to teach communities the value of education. HGS also promotes education by providing scholarships to meritorious and needy students.



## HEALTHCARE

HGS continues to work toward building a healthy community with an aim to provide quality healthcare to those who cannot afford it. Our projects include providing holistic Tuberculosis care to the underprivileged, operating an Advance Mobile Health Unit to help maintain health amongst the most vulnerable sections of the society and also provide safe and clean drinking water to the underserved communities. In addition to curative healthcare focus, our projects also focus on preventive healthcare practices.



# OUR COMMUNITY INITIATIVES

## SKILL DEVELOPMENT

HGS' CSR efforts are focused toward equipping and empowering the marginalized youth by providing them with market driven skill sets for productive employment, which HGS believes is key to India's growth. This program aims to create opportunities for underserved youth to learn, grow and achieve financial and social freedom. As an inclusive corporate citizen, HGS also provides employability skills training to Persons with Disabilities (PwD). This training focuses on domain-specific skills, soft skills and interview & communication skills to make them job-ready. The program endeavors to achieve the goals of poverty reduction, vulnerability while helping PwDs become contributing members of the community.



## EMPLOYEE VOLUNTEERING

As a socially responsible organization, HGS is giving back to society by extending our employees' time and skills to deepen our reach and enrich our engagement with all the stakeholders. Through volunteering programs across all our centres, our employees have an opportunity to make an impact beyond their desks. Our volunteering programs are tailored to focus on four causes that resonate with the ethos of our company- Education, Health, Skill development for the underserved youth and Persons with Disabilities (PwDs). In the past one year, 7,500+ employees in India spent 21,000 hours to positively impact 50,000 lives.

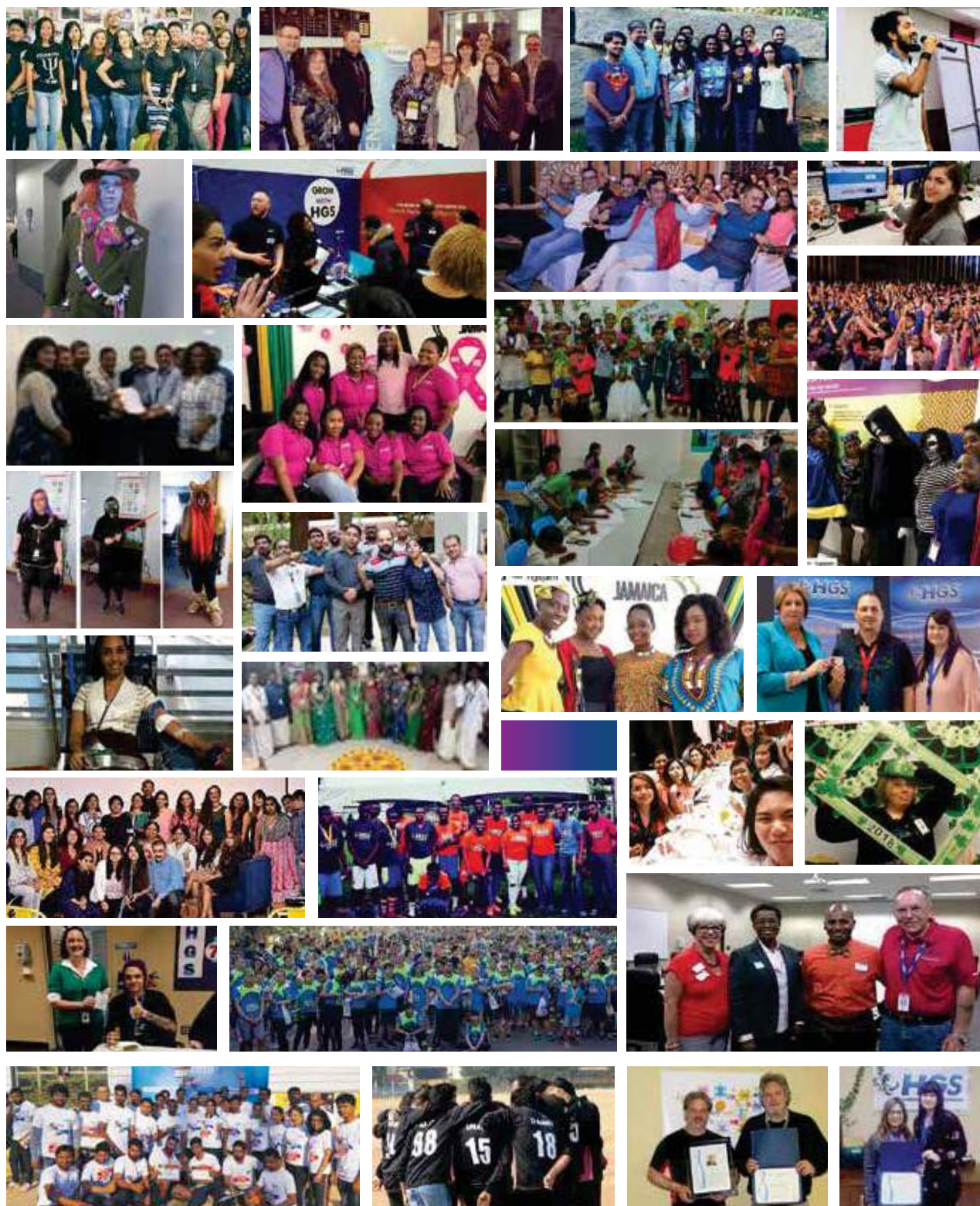


# OUR COMMUNITY INITIATIVES

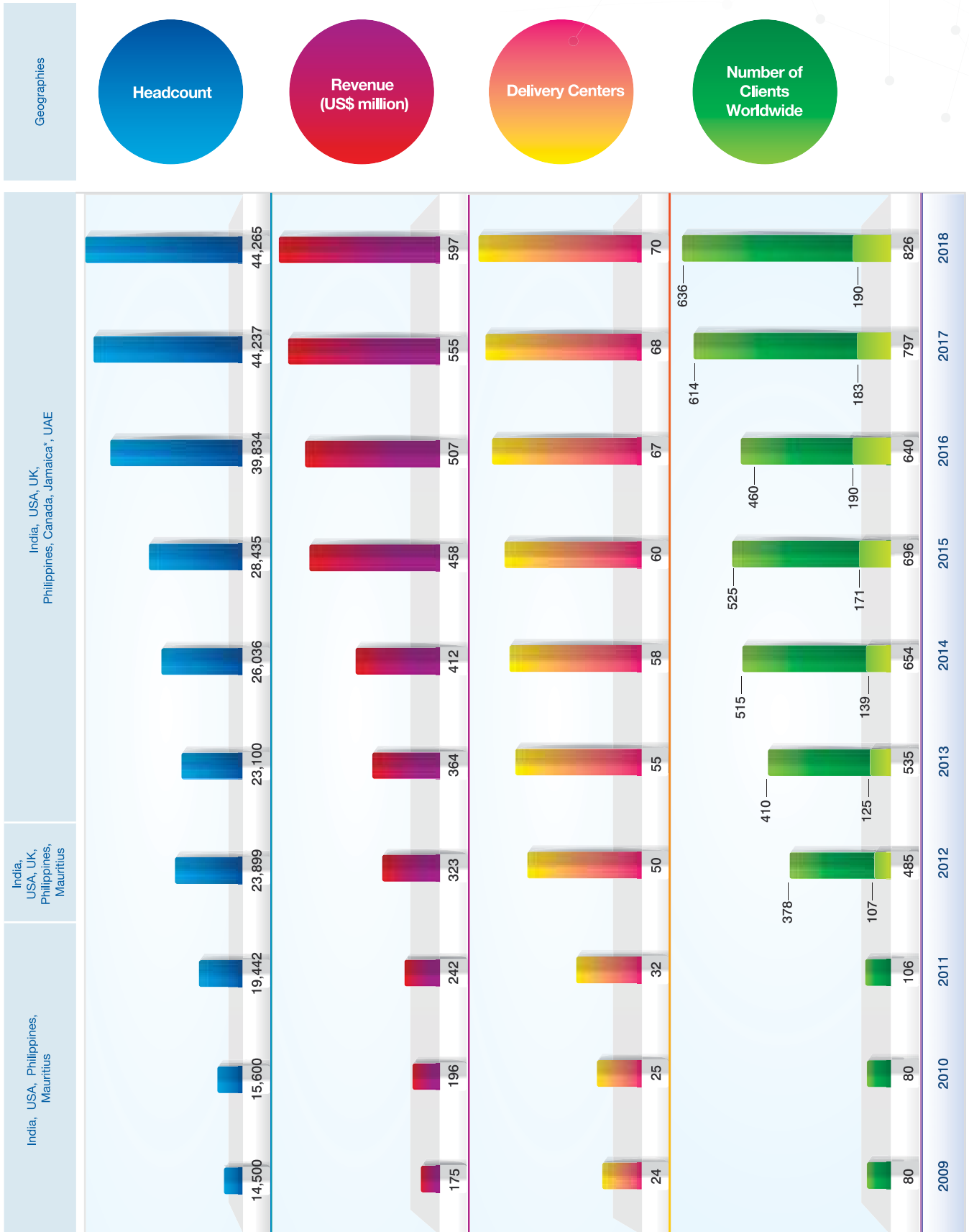


# ENGAGING OUR EMPLOYEES

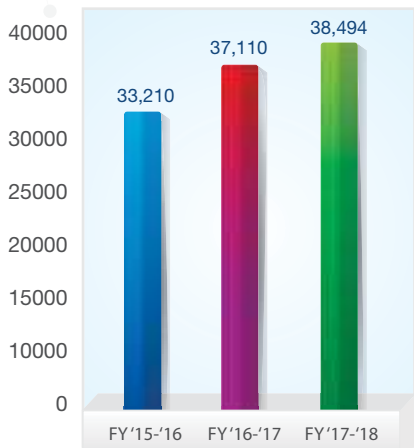
Our 44,000-plus family of employees is key to HGS' success. While they strive to deliver a seamless customer experience to clients and their customers, we believe that creating an environment of inclusion and value-based fun during work hours only adds to the impact. Here's a glimpse into our fun @ work activities.



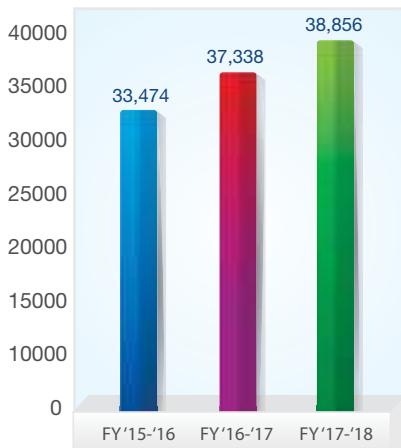
# 10 YEARS OF GROWTH



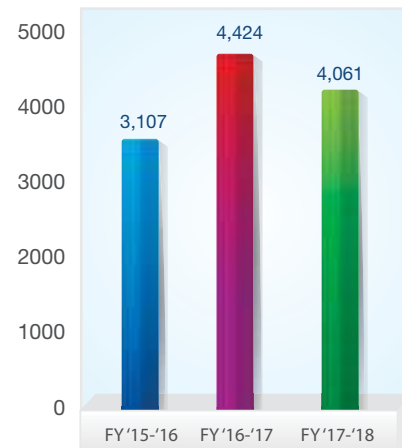
# FINANCIAL & GENERAL HIGHLIGHTS



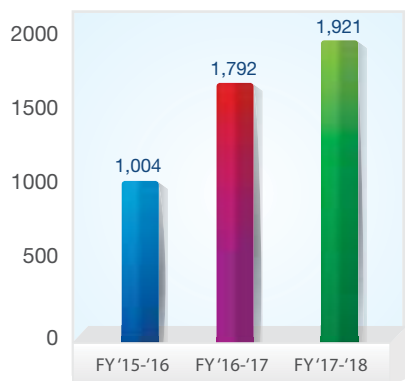
Operating Revenue (₹ million)



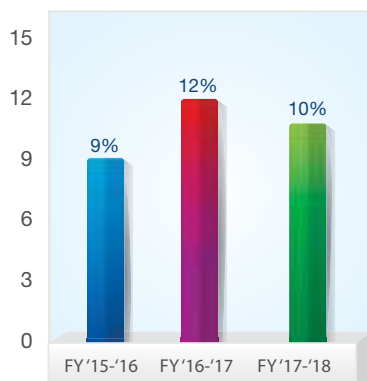
Total Revenue (₹ million)



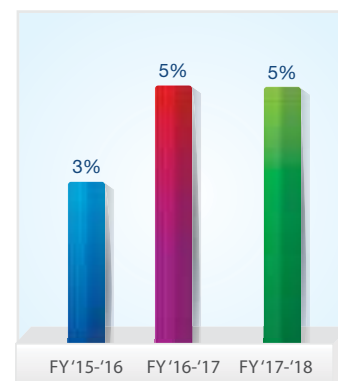
EBITDA (₹ million)



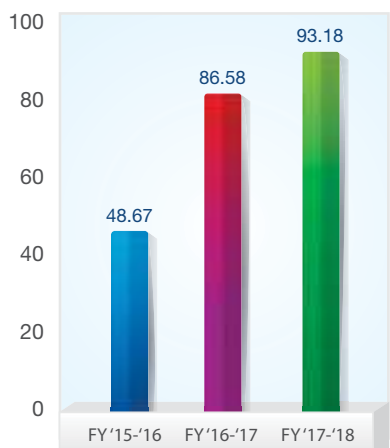
PAT (₹ million)



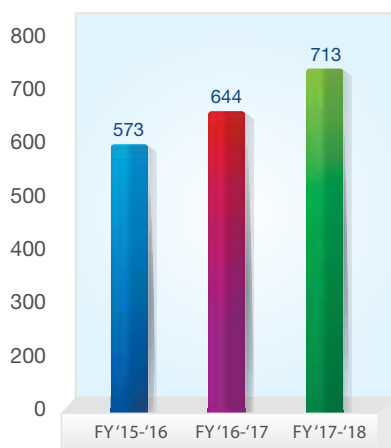
Operations Profit/Total Revenue



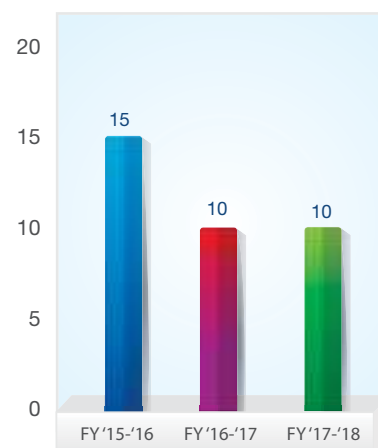
PAT/Total Revenue



Basic EPS (in ₹)

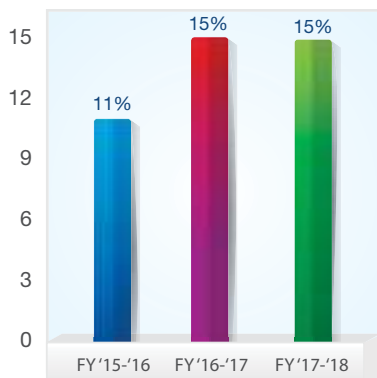
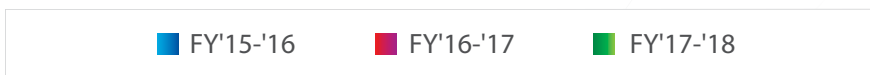


Book value per share (in ₹)

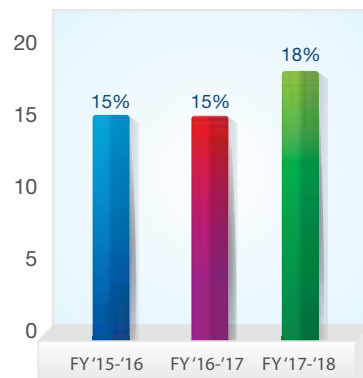


Dividend per share (in ₹)

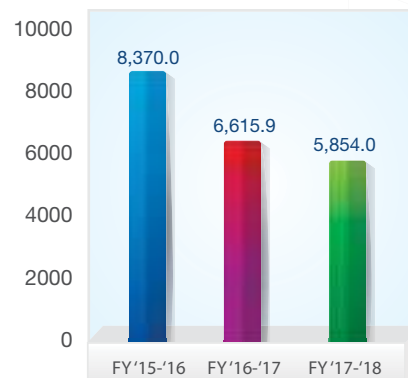
# FINANCIAL & GENERAL HIGHLIGHTS



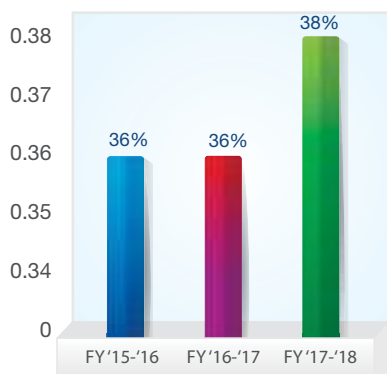
ROCE (PBIT/Av. Capital Employed)



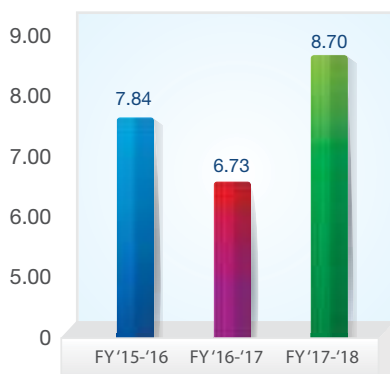
Cash and Bank Balances/  
Total Assets



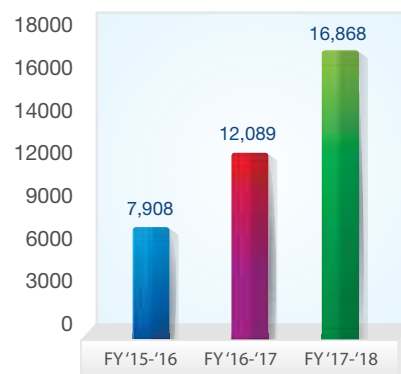
Total Gross Debt (₹ million)



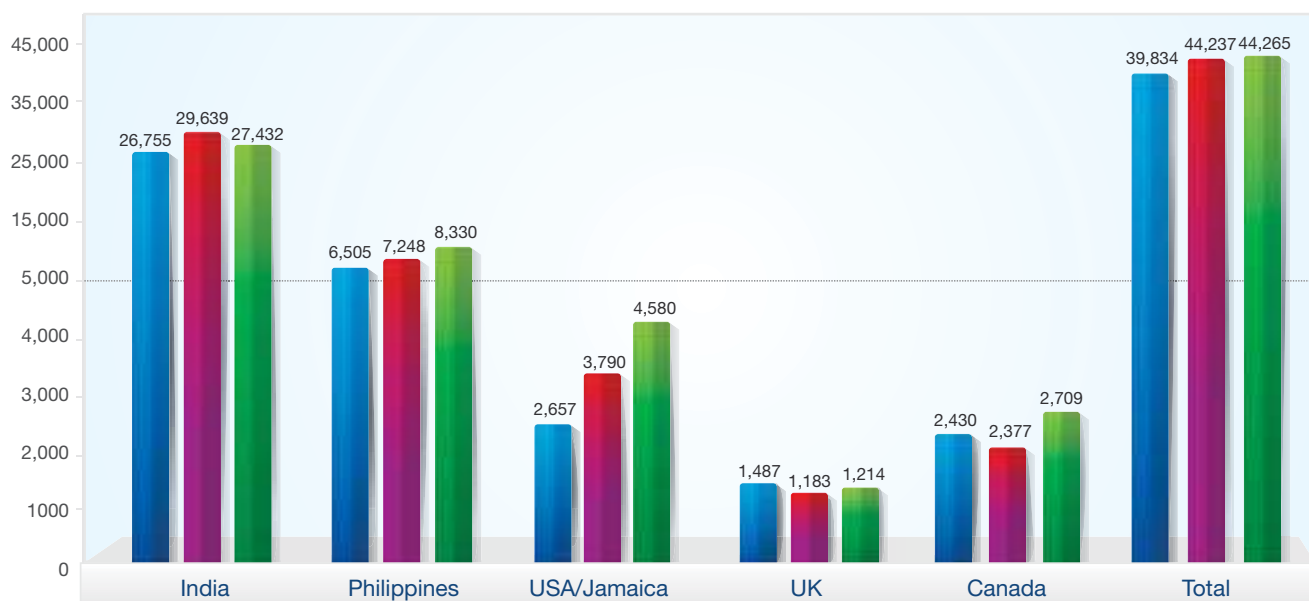
Capital/Output Ratio



Year end Price/Earnings Ratio



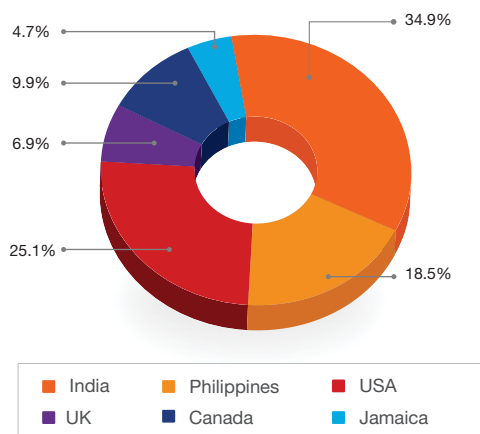
Market Capitalisation (₹ million)



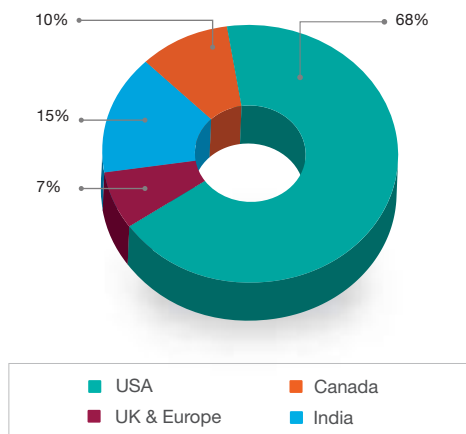
Headcount - by Geography

# FINANCIAL & GENERAL HIGHLIGHTS

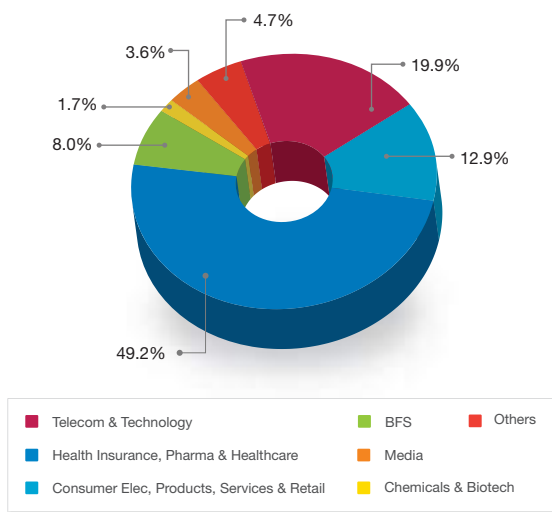
Revenue Split - by Delivery Location



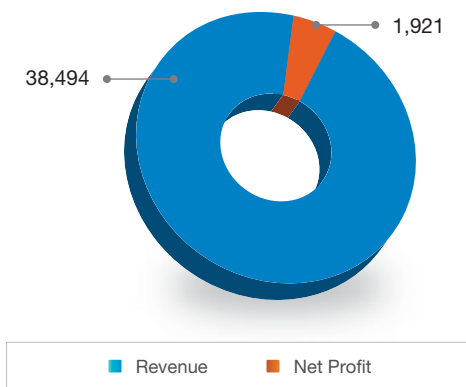
Revenue Origination by Geography



Revenue Split - by Vertical

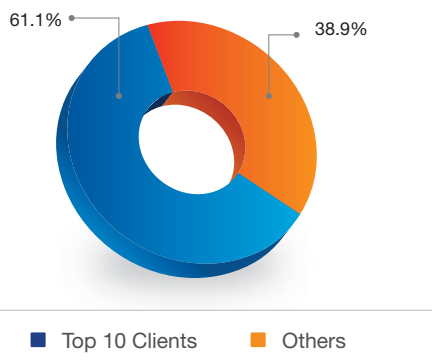


Revenue & Net Profit (FY'17-'18', ₹ Million)

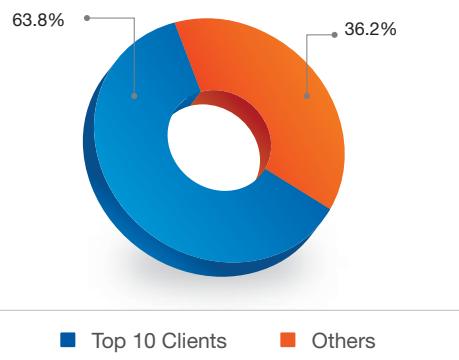


## Client Concentration

FY '16-'17

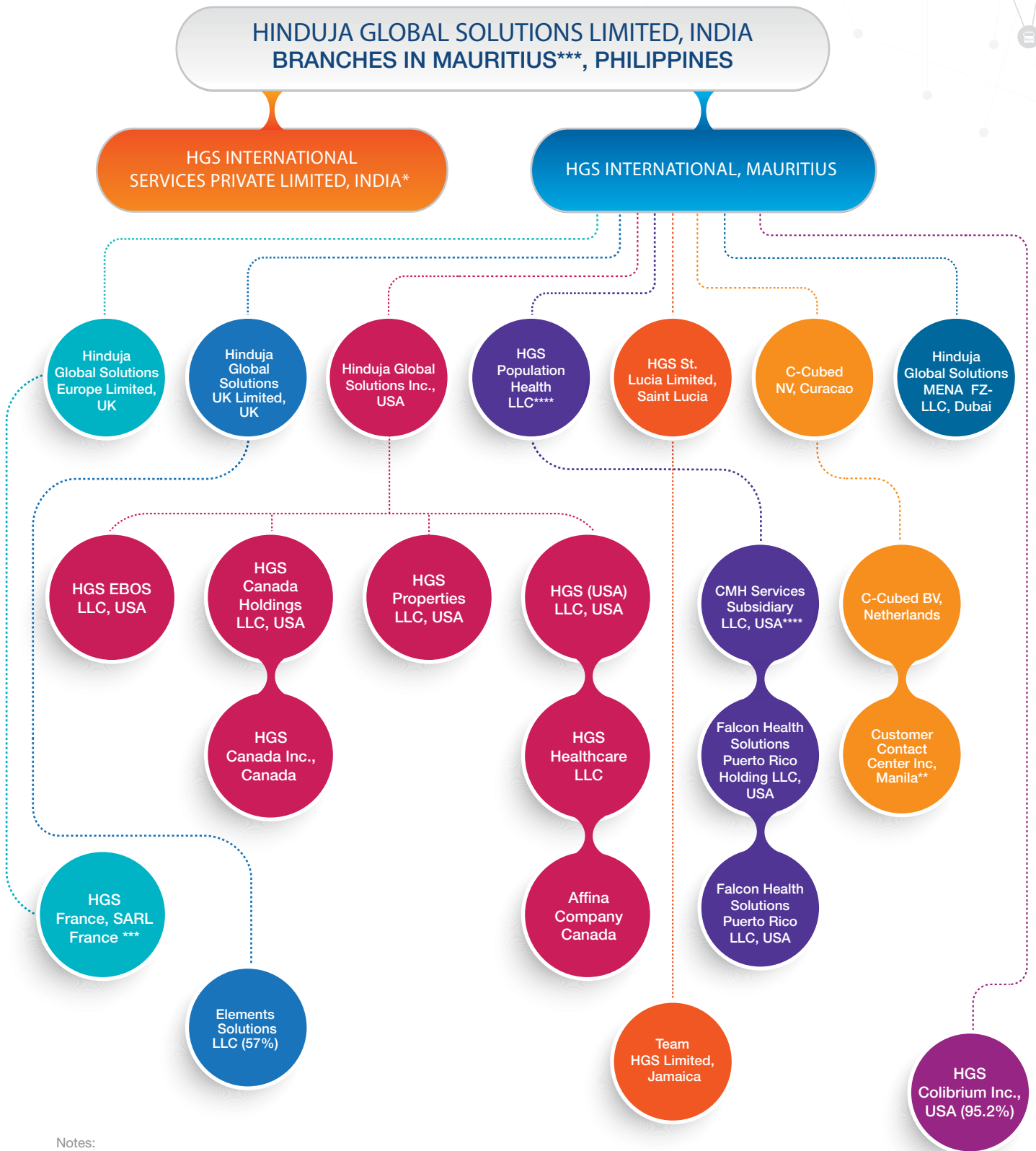


FY '17-'18





# HOLDING STRUCTURE



Notes:

\* HGSISPL was merged with Hinduja Global Solutions Limited effective August 1, 2018

\*\* Liquidated effective April 3, 2018

\*\*\* Under Liquidation

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

# 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

### Internal Audit & Systems

India Operations – Rakesh S. Jain, GM - Internal Audit

Philippines – P & A Grant Thornton Philippines

HGS USA – RSM US LLP, Oexeman Consulting LLC  
and Linda Hollensbe Consulting LLC

HGS Canada – RSM US LLP

HGS UK – KPMG NI, UK

### Key Managerial Personnel

Partha DeSarkar

Manager & Chief Executive Officer

Srinivas Palakodeti

Chief Financial Officer

Makarand D. Dewal

Company Secretary

### Bankers

AXIS Bank Limited

Bank of America

Bank of Baroda

Bank of Saint Lucia International Limited.

Barclays Bank PLC

Canadian Imperial Bank of Commerce

Canara Bank

Central Bank of India

China Trust Commercial Bank Corporation

Citi Bank

DCB Bank Limited

HDFC Bank Limited

Hinduja Bank (Switzerland) Ltd

HSBC Bank (Mauritius) Limited

ICICI Bank Limited

IndusInd Bank Limited

ING Bank France SA

International Exchange Bank

JP Morgan Chase Bank N.A.

LaSalle Bank

Metrobank

National Commercial Bank Jamaica Limited

Pacific Continental Corporation

State Bank of India

State Bank of Mauritius

UnionBank of Philippines

Wells Fargo

Yes Bank Limited

### Auditors

Deloitte Haskins & Sells, LLP

Chartered Accountants

### Registered Office

Hinduja House

171, Dr. Annie Besant Road

Worli, Mumbai - 400 018

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

(All amounts are in USD 000's)

Particulars	March 31, 2018	March 31, 2017
<b>ASSETS</b>		
<b>Non-current assets</b>		
a) Property, plant and equipment	85,238	84,971
b) Capital work-in-progress	162	4,865
c) Other intangible assets	11,588	15,375
d) Goodwill	44,261	46,045
e) Financial Assets		
(i) Investments	1,717	826
(ii) Loans	13,020	12,697
(iii) Other financial assets	6,935	4,656
f) Deferred tax assets (net)	11,134	9,996
g) Income tax assets (net)	5,972	5,899
h) Other non-current assets	10,714	10,696
<b>Total non-current assets</b>	<b>190,741</b>	<b>196,027</b>
<b>Current assets</b>		
a) Financial Assets		
(i) Trade receivables	99,713	71,368
(ii) Cash and cash equivalents	70,861	47,730
(iii) Bank balances other than (ii) above	2,647	10,011
(iv) Other financial assets	29,287	48,539
b) Other Current assets	9,946	8,535
<b>Total current assets</b>	<b>212,454</b>	<b>186,183</b>
<b>Total assets</b>	<b>403,194</b>	<b>382,210</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
a) Equity share capital	3,193	3,198
b) Other equity	224,483	202,980
Equity attributable to the equity holders of the company	227,676	206,178
c) Non-controlling interest	(111)	(69)
<b>Total Equity</b>	<b>227,566</b>	<b>206,109</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
a) Financial Liabilities		
(i) Borrowings	31,473	55,460
b) Provisions	5,913	5,135
c) Deferred tax liabilities (net)	6,513	5,944
d) Other non-current liabilities	1,341	1,895
<b>Total non-current liabilities</b>	<b>45,239</b>	<b>68,434</b>
<b>Current liabilities</b>		
a) Financial Liabilities		
(i) Borrowings	37,287	37,643
(ii) Trade payables	28,520	23,690
(iii) Other financial liabilities	44,657	30,862
b) Provisions	6,786	5,585
c) Current Tax Liabilities (Net)	3,051	317
d) Other current liabilities	10,088	9,570
<b>Total current liabilities</b>	<b>130,389</b>	<b>107,667</b>
<b>Total liabilities</b>	<b>175,628</b>	<b>176,101</b>
<b>Total equity and liabilities</b>	<b>403,194</b>	<b>382,210</b>

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

(All amounts are in USD 000's)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
I Revenue from operations	596,886	554,103
II Other income	5,623	3,401
<b>III Total income (I+II)</b>	<b>602,509</b>	<b>557,504</b>
<b>IV Expenses</b>		
a) Employee benefit expenses	402,578	366,684
b) Finance costs	5,373	6,411
c) Depreciation and amortization expenses	21,906	21,377
d) Other Expenses	131,345	125,004
<b>Total expenses</b>	<b>561,203</b>	<b>519,476</b>
<b>Profit before exceptional items and tax</b>	<b>41,306</b>	<b>38,028</b>
V Exceptional items (Refer note 43)	1,861	-
<b>VI Profit before tax</b>	<b>39,445</b>	<b>38,028</b>
<b>VII Tax expense</b>		
a) Current tax	8,308	13,118
b) Deferred tax	1,354	(1,849)
<b>Total tax expense</b>	<b>9,662</b>	<b>11,269</b>
<b>VIII Profit for the year</b>	<b>29,783</b>	<b>26,758</b>
<b>IX Other comprehensive income</b>		
<b>A. Items that will not be reclassified to profit and loss</b>		
a) Remeasurements of defined benefit plans	(639)	(1,309)
c) Income tax on above item	398	203
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)</b>	<b>(241)</b>	<b>(1,106)</b>
<b>B. Items that may be reclassified to profit or loss</b>		
a) Deferred gains/ (losses) on cash flow hedges	(1,656)	890
b) Exchange differences in translating the financial statements of foreign operation	(2,665)	(249)
c) Income tax on above items	965	(1,062)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)</b>	<b>(3,355)</b>	<b>(422)</b>
<b>X Other comprehensive income for the year, net of tax [A + B]</b>	<b>(3,596)</b>	<b>(1,528)</b>
<b>XI Total comprehensive income for the year</b>	<b>26,187</b>	<b>25,230</b>

# CASH FLOW STATEMENT

(All amounts are in USD 000's)

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A. Cash Flow from Operating Activities</b>	<b>53,003</b>	<b>60,864</b>
Cash Flow from investing activities:		
Payments/ Proceeds from Property, Plant and Equipment	(20,576)	(27,170)
Payment for acquisition of business	-	(254)
others	11,262	10,739
<b>B. Net cash outflow from investing activities</b>	<b>(9,314)</b>	<b>(16,684)</b>
Cash Flow from financing activities:		
Proceeds from issues of shares	265	65
Repayment of borrowings	(14,295)	(29,433)
Others	(6,796)	(7,361)
<b>C. Net cash outflow from financing activities</b>	<b>(20,826)</b>	<b>(36,728)</b>
<b>D. Net increase/ decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>22,863</b>	<b>7,452</b>

# DIRECTORS' REPORT

To  
The Members,

Your Directors are pleased to present their Report on the business and operations of your Company along with the Audited Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2018.

## Financial Results

(₹ in million\* except per share data)

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Operating Income	16,699	15,975	38,494	37,110
Other Income	400	273	363	228
<b>Total Income</b>	<b>17,100</b>	<b>16,248</b>	<b>38,857</b>	<b>37,338</b>
Operating Expenses	14,588	13,749	34,433	32,930
Depreciation and Amortization	747	783	1,413	1,432
Financial Expenses	95	156	347	429
<b>Profit Before Tax and Exceptional items</b>	<b>1,669</b>	<b>1,560</b>	<b>2,664</b>	<b>2,547</b>
Exceptional item	-	-	120	-
<b>Profit Before Tax</b>	<b>1,669</b>	<b>1,560</b>	<b>2,544</b>	<b>2,547</b>
Provision for tax (incl. deferred tax)	248	545	623	755
<b>Profit After Tax</b>	<b>1,422</b>	<b>1,015</b>	<b>1,921</b>	<b>1,792</b>
Less: Non-controlling Interest		-	(15)	(3)
Add: Balance brought forward from Previous year	4,551	3,724	5,063	3,486
<b>Profit Available for Appropriation</b>	<b>5,972</b>	<b>4,739</b>	<b>6,999</b>	<b>5,281</b>
Less: Adjustments and Appropriation				
- Dividend	208	182	208	182
- Dividend Tax	-	6	42	36
<b>Balance Carried Forward</b>	<b>5,764</b>	<b>4,551</b>	<b>6,749</b>	<b>5,063</b>
<b>Earnings per share (₹)</b>				
- Basic	68.42	48.96	93.18	86.58
- Diluted	68.24	48.88	92.94	86.44

\*(1 million = ₹ 10 lakhs)

The Standalone and Consolidated Financial Statements for the year ended March 31, 2018, have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (IndAS) and Companies (Indian Accounting Standards) Amendment Rules, 2016 prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.

## Operating Performance

On a Consolidated basis, your Company registered a satisfactory performance during the financial year ended March 31, 2018. Compared to the previous financial year, the Operating Income increased by 3.7% from ₹37,110 million to ₹38,494 million. While there was strong growth in various verticals, especially the healthcare vertical, the strengthening of the Indian Rupee vis-a-vis the US Dollars, softened revenue growth in rupee terms.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) declined by 8.2% from ₹4,424 million to ₹4,061 million, due to drop in profitability of the UK business, pressure on margins of the India domestic CRM business on account of drop in volumes from telecom clients, increase in manpower cost due to provision made for steep increase in minimum wages in the state of Karnataka and increase in other operating expenses.

EBITDA for FY2018 has been computed on the same basis as used for computing EBITDA for FY2017 (i.e. excluding gains and losses on account of fluctuations in foreign exchange currencies).

PAT (Profit after Tax) increased from ₹1,792 million to ₹1,921 million, a growth of 7.2% due to increase in other income (on account of interest on tax refunds received), lower depreciation, lower interest costs on account debt reduction and overall lower tax costs. The PAT of ₹1,921 million was achieved after factoring an exceptional item charge of ₹120 million on account of impairment of goodwill in respect of the UK Business.

On a Standalone basis, Operating Income was ₹16,699 million for the financial year ended March 31, 2018, compared to ₹15,975 million in the previous financial year, an increase of 4.5%. EBITDA decreased by 12.3% from ₹2,407 million to ₹2,111 million. PAT increased by 40% from ₹1,015 million to ₹1,422 million.

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

### Other financial highlights:

- Cash flow from operations and after working capital changes: ₹3,415 million as compared to ₹4,092 million in FY2017, a decrease of 19.8%;
- CAPEX: ₹1,214 million as compared to ₹1,806 million in FY2017, a decrease of 33%;
- Gross Debt of ₹5,854 million as at March 31, 2018 as compared to ₹6,616 million as at March 31, 2017, i.e. a reduction of ₹762 million (12%) during the year;
- Net Worth: ₹14,823 million as at March 31, 2018 as compared to ₹13,368 million as at March 31, 2017, an increase of 11%.

### Revenue Summary:

- Revenue by Geography – US: 68%; Canada: 10%; UK & Europe: 7% and India: 15%

- Revenue by Vertical – Healthcare: 49.2%; Telecom and Technology: 19.9%; Consumer: 12.9%; Banking and Financial Services: 8.0% and Others: 10.0%

### Business Highlights:

- Client Wins: 29 new clients across BPM and HRO.
- Active Clients: 190 core BPM clients and 636 Payroll processing, HRO and F&A clients.
- Delivery Centres: 70 global delivery centres across seven countries at the end of the year FY2018. During the year, six new centres were opened.
- Employee Headcount: 44,265 as on March 31, 2018; India: 62% (India offshore: 20% and India Domestic: 42%), Philippines: 19%, USA: 10%, Canada: 6% and Europe: 3%.

### Dividend

Your Directors are pleased to recommend a Final Dividend of ₹2.50 per equity share (25% on face value of ₹10/- each) for the year ended March 31, 2018, 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 2017-18 declared by the Board of Directors on August 11, 2017, November 8, 2017 and February 8, 2018, respectively and have been duly paid. The total dividend for the financial year ended March 31, 2018 would be ₹10 per equity share (100% on face value of ₹10/- each), if approved by the Members.

### Business Review

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

The Global BPM spend continues to be moderate, growing by 3.4% in 2017 to touch USD189 billion. The share of India continues to grow and is estimated at 15% of the global spend in 2017. As per NASSCOM, the growth of the Indian BPM industry remains steady, reaching an estimated USD 32.5 billion in revenue for FY2018, a 7.9% increase on year-on-year basis. Exports accounted for USD 28.4 billion while the domestic market revenue stood at USD 4.1 billion.

Philippines BPM business continues to grow and is estimated to have reached USD 23 billion in 2017 and was the highest job generator in the year in Philippines.

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

## Key Subsidiaries

**HGS International**, Mauritius, a wholly-owned subsidiary of your Company, is primarily engaged in investment activity. HGS International owns 100% of the share capital of Hinduja Global Solutions Inc., USA, C-Cubed N.V., Curacao, Hinduja Global Solutions Europe Ltd., UK, HGS St. Lucia Ltd., Saint Lucia and Hinduja Global Solutions MENA FZ- LLC, Dubai. HGS International owns 100% of HGS Axis Point Health LLC jointly with HGS UK Limited.

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

Revenue for FY2018 was USD 4.5 million as against USD 3.4 million for FY2017.

**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 USD 431.8 million for FY2018 as compared to USD 398.8 million in FY2017.

**HGS (USA), LLC**, a wholly-owned subsidiary of HGS Inc., USA, operates in three cities in the US. It partners with Fortune 1000 companies and Government agencies to provide comprehensive Customer Relationship Management programs in the verticals of consumer goods and services, e-commerce, telecom and media. HGS (USA), LLC also sub contracts work to HGS entities in India, Philippines and Jamaica. For FY2018, it recorded total revenue of USD 86.7 million as against total revenue of USD 313.9 million in FY2017. Until March 31, 2017, HGS (USA), LLC had clients in healthcare as well as other sectors. Effective April 1, 2017, the healthcare business was transferred to its wholly-owned subsidiary - HGS Healthcare LLC, and hence all revenues and costs of healthcare clients are accounted for by HGS Healthcare. In view of this, there is a drop in revenues of HGS (USA), LLC as compared to FY2017.

**HGS Healthcare, LLC** is a wholly-owned subsidiary of HGS (USA), LLC, and renders business process management services to healthcare clients, primarily in the Payer segment. HGS Healthcare renders services from three cities in the US as well as sub contracts work to HGS entities in India, Philippines and Jamaica. For FY2018, it recorded total revenues of USD 251.9 million.

**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 Banking and Financial Services. 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 2,709 associates at 10 centers in Canada. For FY2018, it

recorded revenue of CAD 77.2 million, a slight increase compared to revenue of FY2017.

**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 24% stake in Hinduja Global Solutions UK Ltd. and 100% stake in HGS France SARL, France. HGS Italy, SRL, its erstwhile wholly-owned subsidiary, was liquidated during FY2018, since inoperative.

For FY2018, it recorded standalone revenue of GBP 1.6 million as compared to GBP 1.3 million in FY2017.

**Hinduja Global Solutions UK Ltd.** is a leading contact center company with 1,214 employees in London, Preston and Selkirk (Scotland). It offers a range of services for inbound and outbound interactions to marquee customers across verticals such as Government, FMCG, Financial Services, Automobiles and Retail. Its inoperative branch in Rotterdam (Netherlands) was wound up in FY2018 while the other inoperative branch in Hamburg (Germany) is in the process of being wound up.

For FY2018, it reported revenue of GBP 33.1 million as compared to GBP 36.3 million in FY2017.

**HGS St. Lucia Ltd., Saint Lucia** is the holding company of Team HGS Ltd., Jamaica. **Team HGS Ltd, Jamaica**, began call center operations in FY2013 at Kingston, Jamaica and continues to show strong performance. Revenue for FY2018 was Jamaican Dollars 3,586.7 million compared to Jamaican Dollars 2,386.2 million in FY2017.

**Hinduja Global Solutions MENA FZ-LLC** (previously known as HGS MENA FZ-LLC) has a marketing office in Dubai Internet City with the objective to build sales pipeline. In FY2018, it recorded revenues of AED 2.0 million as compared to AED 7.1 million in FY2017.

As reported last year, HGS Extensya Cayman Limited, Extensya Investment Holdings Limited and HGS Extensya Holdings Limited, which were its wholly-owned subsidiaries, were closed and struck-off from the Registrar of Companies on July 1, 2017.

**HGS Colibrium Inc., USA:** Revenue for FY2018 was USD 4.9 million as compared to USD 12.2 million for FY2017.

**HGS International Services Private Limited, India (HGSISPL):** HGSISPL, a wholly-owned subsidiary of the Company, recorded revenue of ₹4,019.3 million in FY2018 as compared to ₹3,649.3 million in FY2017, a growth of 10.1%. The SEZ division of HGSISPL is presently operating in five units viz. 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, 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 accounts in respect of subsidiaries, as may be applicable, are available on the website of the Company at [www.teamhgs.com](http://www.teamhgs.com).

#### **Scheme of Amalgamation of HGS International Services Private Limited (HGSISPL) with the Company**

During the year under review, a Scheme of Amalgamation of HGSISPL (Transferor Company), a wholly owned subsidiary of the Company with the Company (Transferee Company) and their respective Shareholders ("the Scheme"), pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 ("the Act") and all other applicable provisions of the Act, if any, was approved by the Board of Directors of your Company and the Board of Directors of HGSISPL. The National Company Law Tribunal, Mumbai Bench ("NCLT") sanctioned the Scheme on June 20, 2018. The Scheme became effective from August 1, 2018, being the date on which the certified copy of the Order of the NCLT was filed by both the Companies with the Registrar of Companies, Mumbai, Maharashtra. A copy of the Scheme and the NCLT Order are uploaded on the website of the Company at [www.teamhgs.com](http://www.teamhgs.com)

The Appointed Date of the Scheme is April 1, 2017. On the Effective Date i.e. on August 1, 2018, HGSISPL stands amalgamated with the Company and dissolved without winding up. In terms of the Scheme with effect from the Appointed Date, the entire business and whole of the undertaking of HGSISPL stands transferred to and vested in the Company, on a going concern basis, without any further deed or act.

On the Effective Date, the Authorized Share Capital of HGSISPL stands consolidated with the Authorized Share Capital of the Company pursuant to the approval of the Members of the Company received via Postal Ballot process on June 7, 2018 and pursuant to the provisions of the Scheme. The entire issued and paid up capital of HGSISPL, since held by the Company, stands cancelled and since no shares are required to be allotted by the Company to the Members of HGSISPL in terms of the Scheme, there is no increase in the issued and paid up equity share capital of the Company.

#### **Acquisitions through subsidiaries**

##### **a) CMH Services Subsidiary LLC, USA : Trade Name - AxisPoint Health**

In April 2018, your Company through its step down subsidiary, HGS Population Health LLC, USA, acquired 100% of CMH Services Subsidiary LLC, USA, operating under the trade name of AxisPoint Health, a leading population health management company.

In July 2018, HGS Population Health LLC, USA merged into CMH Services Subsidiary LLC, USA. Thereafter, the name of CMH Services Subsidiary LLC, USA was changed to HGS AxisPoint Health LLC.

##### **b) Element Solutions LLC, USA**

Your Company through its step down subsidiary Hinduja Global Solutions UK Limited, acquired 57% stake in Element Solutions LLC, USA, a digital consulting services company in April 2018. The Indian operations of Element Solutions LLC, USA are exclusively carried out by Elements115 Computech Private Limited from its offices (delivery centers) located in Vishakhapatnam and Chennai. As a part of the acquisition, your Company acquired the assets of Elements115 Computech Private Limited and employees of the said company based in India joined the Company as new employees on closing of the transaction.

#### **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**

HGS is evolving its positioning in the market place to emphasize the unique ways the Company creates value for its clients by putting the customer first, being excellent at the basics, leveraging its deep domain expertise and intelligently innovating to support its clients' business process optimization and digital transformation. HGS helps consumers get the right answer fast while delivering great customer experiences and operational efficiencies that reduce costs. This messaging is resonating among its key stakeholders, through media such as Forbes.com, Healthcare Call Center Times and Becker's Hospital Review. In an independent report by Apollo Research (February 2018) measuring market share of voice in select media, among the top 30 BPO competitors, HGS ranked in the top 5 across North America and the UK on key topics relevant to its industry.

In India, HGS continues to leverage media as a key channel to enhance visibility and thought leadership amongst key stakeholders including investors, clients, employees and government. The annual Investor Meet has helped increase awareness and engagement with investors and communicate HGS' perspectives to the market.

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

In FY2018, HGS has been recognized by industry analysts and third-party organizations. HGS won a record 14 awards including:

- Leader: The Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP), for the 8th consecutive year.
- Stevie Awards for Customer Service Department of the Year and Business-to-Business Services Innovation.
- Contact Center World's Best Outsourcing Partnership and Best Self-Service Technology.
- Golden Bridge Award for Customer Service Team of the Year.
- NASSCOM Customer Service Excellence Award 2017 in the Transformation Category.
- Best in the Omnichannel Social CRM category at the APAC Customer Engagement Forum (ACEF), Mumbai.

HGS was also included in 14 industry analyst ratings and recognized with four leadership positions:

- NelsonHall's Digital Marketing NEAT and MultiChannel CMS NEAT for Self-service Enablement Focus and CX Improvement Focus.
- HfS Blueprint for Healthcare Business Operations.
- ISG's Provider Lens for Contact Center Customer Experience for the buyer segments of Digital Enthusiast and Automation Seeker.

HGS has leveraged these distinctions as credentials to reach industry influencers, analysts, advisers, potential customers and potential employees.

HGS is working continuously to create an inclusive environment at the workplace. HGS leverages different communication tools and the company intranet to share information in an interactive and highly engaging way.

### Corporate Social Responsibility (CSR)

Your Company is a socially-responsible corporate entity and has been involved in CSR activities aimed at the upliftment of the economically and socially disadvantaged communities since many years. The prioritized areas of focus for CSR activities include Education, Sustainable Development and Healthcare, amongst other activities. Your Company is also making efforts to maximize employee participation in CSR activities, through the 'CSR Volunteering Portal - Work to Give' launched during the year by the CSR Forum set up by the Management. The 'Volunteering Portal' covers CSR activities and volunteer details across all locations in India.

During the year, your Company was recognized at the ET Now – CSR Leadership Awards 2018 in two categories – Community Development and Concern for Health.

The Corporate Social Responsibility Committee ("CSR Committee") of the Company 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 2017-18, one Meeting of CSR Committee was held on February 22, 2018.

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

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

### 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, 2018, the applicable accounting standards have been followed and there have been no material departures in the adoption and application thereof;
- They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for that period;
- They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- They have prepared the Annual Accounts on a going concern basis;
- They have laid down adequate internal financial controls to be followed by the Company and they are operating effectively;

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

The Company has in place internal financial controls framework which *inter alia* consist of Function wise Status of Testing (Risk and Control Matrix, Test of Design, Test of Operating Effectiveness), Summary of Controls (Key and Non-Key), Process level controls (Process/ Function wise), IT General controls (Application wise and Process wise) and Summary of Gaps in Process Level Controls and IT General Controls, etc. The controls in FY2017-18 have been increased to include GST controls and change in payroll process. 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 FY2017-18.

#### Number of Meetings of the Board

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

#### Declaration by Independent Directors

Pursuant to the Companies (Amendment) Act, 2017, the definition of 'Independent Directors' has been widened and made more inclusive. As required under Section 149(7) of the Companies Act, 2013, the Company has received the declaration (including additional 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 amendment thereto and in 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 during the Financial Year ended March 31, 2018 of the Individual Directors (Independent, Non-Independent Directors and the Chairman), the Board as a whole and its Committees, for the Financial Year 2017-18. The evaluation was carried out through 'Rating Documents' which contain criteria/ parameters on which the evaluation has been carried out.

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

discussions and deliberations based on his/ her expertise and domain knowledge; non-partisan appraisal of issues, etc.

Evaluation of the performance of the Board as a whole and Committees was *inter alia* based on the following criteria: structure of the Board/ Committees, frequency, regularity and discussions at the meetings of the Board/ Committees, functioning of the Board/ Committees, mandate and composition of the Board/ 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, 2018, performance evaluation of Non-Independent Directors, the Chairman of the Company and the Board as a whole was carried out for the Financial Year 2017-18 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 more than satisfactory and there has been constructive contribution from each of the Directors and they contribute a lot to the Board. The Committees and the Board as a whole are performing well, contribute to the well-being of the Company and aimed at enhancing the performance of the Company. The Management is proactive in providing detailed and requisite information on a timely basis, which enables fruitful discussions at the Meetings of the Committees and the Board.

#### Directors

Mr. Yashodhan Madhusudan Kale, Director (DIN 00013782), is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

#### Audit Committee

The Board has constituted an Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI LODR Regulations. 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 and Chief Executive Officer); Mr. Srinivas

Palakodeti (Chief Financial Officer) and Mr. Makarand D. Dewal (Company Secretary) as the Key Managerial Personnel of the Company.

There was no change in the Key Managerial Personnel during the Financial Year 2017-18.

#### Manager and Chief Executive Officer's Certification

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

#### 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

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 2017-18. 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 <https://www.teamhgs.com/investors/other-reports>. There were no changes made to the aforesaid ESOP Schemes during the Financial Year 2017-18.

#### 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, 2018, in the prescribed format, is annexed as **Annexure 'F'** to this Report.

#### Related Party Transactions

Transactions entered into/ with the related parties during the Financial Year 2017-18 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 as **Annexure 'C'**.

#### Whistle Blower Policy

The Company has a Whistle Blower Policy and Vigil Mechanism in place and is available on the Company's website at [www.teamhgs.com](http://www.teamhgs.com). This matter is covered in the Corporate Governance Report, which forms part of this Report as **Annexure 'C'**.

Under the Whistle Blower Policy and Vigil Mechanism, no complaints were received during the Financial Year 2017-18. One complaint was received after year ended March 31, 2018. It was investigated and action taken as deemed appropriate.

#### Constitution of Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Internal Complaints Committee under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and thus, has complied with the provisions of the said Act.

#### Risk Management Policy

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

The Risk Management Committee consisting of the Chief Executive Officer, Chief Financial Officer and Executive Vice President - Legal Compliance and Risk Management, periodically review the Enterprise Risk Management Framework, as well as the risks that matter and update on the same is provided to the Members of the Audit Committee and the Board. The Risk Management Committee met six times during the year to review and update the Company's Enterprise Risk Management Framework. 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 22nd Annual General Meeting (AGM) of the Company held on September 28, 2017, M/s Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) were appointed as the Statutory Auditors of the Company for a period of five consecutive years, i.e. from the conclusion of the 22nd AGM up to the conclusion of the 27th AGM of the Company, subject to the ratification of their appointment by the Members at every AGM held after the 22nd AGM.

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

#### 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 2017-18.

The Secretarial Audit Report in the prescribed format, for the Financial Year 2017-18, forms part of this Report as **Annexure 'I'**. The Report does not contain any qualifications, reservations or adverse remarks.

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

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

#### Employees' Particulars

Disclosures as required under section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments thereto are given in **Annexure 'J'** to this Report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3)

of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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 Annual Report.

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

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

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

#### Acknowledgements

Your Directors take this opportunity to thank the 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, for their co-operation and support. Your Directors place on record their sincere appreciation to employees at all levels of the Company and its subsidiary companies for their hard work, commitment and dedication. Their efforts and competence have enabled the Company to achieve its goals.

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

Place: Mumbai  
Date : August 24, 2018

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

## 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, 2018.

Place : Mumbai  
Date : August 24, 2018

**Partha DeSarkar**  
Manager & Chief Executive Officer

Annexure 'A' to Directors' Report

## Annexure 'B'

# TO THE DIRECTORS' REPORT

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

#### a. Conservation of energy:

Your Company constantly endeavors to make our carbon footprint smaller with each passing year, and is making sustained efforts to reduce and optimize the use of energy consumption. HGS has adopted IPM+ (Intelligent Power Plus), which is an innovative power savings activity that combines the best of its offerings by applying Screen Lock, Monitor Off and resource throttling but remembers and retains all sessions and Network connections. HGS is expected to save on energy costs and increase efficiency of the systems across geographies.

#### b. Technology absorption

In the journey of offering services to its customers, HGS continued provisioning of an omni-channel experience – unified inbound, outbound, chat and email communication to deliver proactive, contextual interactions with an effortless experience. This has enabled our end-clients to receive the right omni-channel experience and seamless, personalized engagements across all channels throughout the customer journey. HGS has enhanced its capabilities in Analytics, RPA (Robotic Process Automation) and Social Media command center by providing services on these new technologies to its customers.

HGS has internally transformed its digitization journey by implementing RMS (Recruitment Management System) for identifying resources across the globe and creating a seamless experience to its employees from onboarding to exit processes. HGS has also embraced the journey to cloud by migrating all its email users on O365 (Microsoft Cloud offering) and increasing usage of communication and collaboration through internet, thereby reducing cost on telecommunication. HGS has implemented enterprise wide collaboration through Skype and internal calls on its own MPLS network. (Multiprotocol Label Switching is a protocol-agnostic routing technique designed to speed up and shape traffic flows across enterprise wide area and service provider networks and route voice calls with less latency to all geographies.)

Your company has invested in migrating all its telephony solutions to a common platform bringing

in synergies for optimization of licenses and resources across geographies. This investment has enhanced our Contact Centre offering, allowing our clients to improve self-service capabilities, speech recognition and omni-channel services. HGS has also invested in a hyper converged infrastructure appliance with a scale out architecture, which brings compute and storage together as a converged infrastructure solution with 100% software-defined and no-dependency-on-propriety hardware. This migration has enabled HGS to reduce the footprint of servers, and enabled significant reduction in power consumption and management overheads.

#### 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	2017-18	2016-17
Export as a:		
% of Operating Income	30.8%	31.3%
% of Total Income	30.1%	30.7%

##### > Foreign Exchange Earnings and Outgo

(₹ in million)

For the Year	2017-18	2016-17
Total Foreign Exchange Earned	5140.5	4,994.3
Total Foreign Exchange Outgo	73.1	51.1

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

Place : Mumbai  
 Date : August 24, 2018

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

# Annexure 'C' to the Directors' Report

## REPORT ON CORPORATE GOVERNANCE

For the Financial Year ended March 31, 2018

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

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

Your Company is committed to abide by the Code of Governance and seeks to achieve this by being transparent, ethical in its business dealings and operations, fair to all stakeholders as well as by disclosure of relevant information. The Company's activities are managed by a professionally competent management team under the advice and guidance of the diversified and independent Board of Directors. As a socially responsible corporate citizen, your Company strives to serve the best interest of all stakeholders, viz. shareholders, employees, customers, vendors and the society at large.

### 2. BOARD OF DIRECTORS

#### • Composition of the Board

As at March 31, 2018, 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/ represent 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/ representing the Promoter Group.

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

The Manager designated as Chief Executive Officer 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 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, 2018, attendance of Directors at the said Meetings and at the last AGM and details of Directorships and Memberships of the Board and of the Committees (including that of the Company)

During the financial year ended March 31, 2018, seven Board Meetings were held as follows: May 22, 2017 (two meetings), August 11, 2017, August 24, 2017, November 8, 2017, February 8, 2018 and March 19, 2018. The time gap between any two meetings did not exceed 120 days and as such the Company has complied with the provisions of the Companies Act, 2013 and of the SEBI (LODR) Regulations. Video conferencing facility has been provided to facilitate Directors travelling/ residing abroad and/ or at other locations to participate in the meetings of the Board and the Committees of the Board.

Name of the Director	Attendance at Board Meetings	Attendance at the last AGM held on September 28, 2017	Board Membership		Committee Membership	
			Chairman	Member	Chairman	Member
Mr. Ramkrishan P. Hinduja, Chairman (Non-Executive, Non-Independent Director) DIN: 00278711	3	No	1	2	Nil	2
Ms. Shanu S. P. Hinduja, Co-Chairperson (Non-Executive, Non-Independent Director) DIN : 06512872	4	No	Nil	1	Nil	1
Ms. Vinoo S. Hinduja, (Non-Executive Non-Independent Director) DIN : 00493148	4	No	Nil	1	Nil	1
Mr. Anil Harish, (Independent Director) DIN: 00001685	5	Yes	Nil	6*	2	4
Mr. Rajendra P. Chitale, (Independent Director) DIN: 00015986	7	Yes	Nil	8#	5^	9
Mr. Rangan Mohan, (Independent Director) DIN: 01116821	7	Yes	Nil	4\$	4	5\$

Name of the Director	Attendance at Board Meetings	Attendance at the last AGM held on September 28, 2017	Board Membership		Committee Membership	
			Chairman	Member	Chairman	Member
Mr. Yashodhan Madhusudan Kale (Non-Executive Non-Independent Director) DIN : 00013782	7	Yes	Nil	2	Nil	2
Mr. Pradeep Mukerjee (Independent Director) DIN: 02287773	7	Yes	Nil	2	Nil	2

\* Includes one unlisted public company

# Includes four unlisted public companies

^ Includes two unlisted public companies

\$ Includes three unlisted public companies

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 <https://www.teamhgs.com/investors/corporate-policies>
- IV. The details of familiarization programme imparted to Independent Directors during the Financial Year ended March 31, 2018 have been uploaded on the website of the Company at <https://www.teamhgs.com/investors/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 <https://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, 2018. 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, 2018 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 and reports to the Board of Directors ("the Board") of the Company with respect to the 'Terms of Reference' as specified by the Board, which *inter alia* includes:

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

#### • 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 with 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, 2018, six Meetings were held as follows: May 22, 2017 (two Meetings), August 11, 2017, August 24, 2017, November 8, 2017 and February 7, 2018. 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	4
Mr. Ramkrishan P. Hinduja	2
Mr. Rajendra P. Chitale	6
Mr. Rangan Mohan	6

Mr. Anil Harish, Chairman of the Audit Committee, chaired the last Annual General Meeting of the Company held on September 28, 2017.

#### 4. **NOMINATION AND REMUNERATION COMMITTEE**

- **Terms of Reference**

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

Formulation of criteria for determining qualifications, positive attributes and independence of directors; Identification of persons who are qualified to become Directors and who may be appointed in Senior Management and recommendation to the Board their appointment/ re-appointment and removal; formulate criteria for evaluation of performance of 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; 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 with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations.

- **Meetings**

During the financial year ended March 31, 2018, six Meetings of the NRC were held as follows: July 13, 2017, August 11, 2017, August 17, 2017, February 7, 2018, March 19, 2018 and March 30, 2018. During the year certain proposals/ Resolutions were passed by circulation.

- **Attendance:**

Name of the Member	No. of Meetings Attended
Mr. Anil Harish, Chairman	6
Mr. Ramkrishan P. Hinduja	3
Ms. Shanu S. P. Hinduja	3
Mr. Rajendra P. Chitale	6
Mr. Rangan Mohan	6

Mr. Anil Harish, Chairman of the NRC, chaired the last Annual General Meeting of the Company held on September 28, 2017.

- **Performance Evaluation Criteria for Independent Directors**

Evaluation of the performance of Independent Directors for FY2017-18 was carried out by the NRC and the Board (excluding the Member / Director being evaluated), with

specific focus on 'independence', 'objectivity' and 'performance'. The evaluation was *inter alia* based on criteria such as: 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 objective of the Remuneration Policy is to attract, motivate and retain qualified and expert individuals that the Company needs and to ensure that they perform effectively to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of HGS stakeholders.

Pursuant to the Companies (Amendment) Act, 2017, the Remuneration Policy for Directors, Chief Executive Officer, Key Managerial Personnel and Senior Executives is placed on the website of the Company at <https://www.teamhgs.com/investors/corporate-policies>

- **REMUNERATION OF DIRECTORS**

- Remuneration by way of sitting fees:

Remuneration by way of sitting fees, for attending Meetings of the Board 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, 2018, was as under:

Name of the Director	Sitting Fee (₹)
Mr. Ramkrishan P. Hinduja	7,00,000
Ms. Shanu S. P. Hinduja	5,50,000
Ms. Vinoo S. Hinduja	4,50,000
Mr. Anil Harish	11,00,000
Mr. Rajendra P. Chitale	13,00,000
Mr. Rangan Mohan	13,50,000
Mr. Yashodhan Madhusudan Kale	6,00,000
Mr. Pradeep Mukerjee	6,00,000

During the Financial Year 2017-18, two meetings of the Audit Committee and two meetings of the Board

were held on May 22, 2017. The Members/ Directors agreed to waive fees in respect of one meeting of the Audit Committee and one meeting of the Board held on that date and further agreed to waive fees for attending the Audit Committee Meeting held on August 24, 2017.

- Remuneration by way of Commission:

At the 20th Annual General Meeting of the Members of the Company held on September 29, 2015, the Members had approved payment of commission to Directors (in addition to sitting fees being paid for attending the meetings of the Board/ Committees of the Board) for a period of five years commencing from April 1, 2015 to be divided amongst the Directors as may be determined by the NRC/ Board. The total commission, as per the provisions of the Companies Act, 2013 ("the Act") not to exceed 1% of the net profits of the Company in any financial year as computed in the manner specified under Section 198 of the Act. Remuneration by way of commission was not proposed by NRC in respect of previous financial years 2015-16 and 2016-17. The proposal relating to payment of commission to Directors for FY2017-18 was recommended by the NRC and approved by the Board, as under, based on parameters such as tenure as a Director, attendance and participation in Board meetings during the year, etc.:

Name of the Director	Commission (₹)
Mr. Ramkrishan P. Hinduja	18,21,000
Ms. Shanu S. P. Hinduja	12,60,000
Ms. Vinoo S. Hinduja	17,90,000
Mr. Anil Harish	21,53,000
Mr. Rajendra P. Chitale	24,84,000
Mr. Rangan Mohan	24,06,000
Mr. Yashodhan Madhusudan Kale	13,43,000
Mr. Pradeep Mukerjee	13,43,000
<b>Total</b>	<b>1,46,00,000</b>

The commission will be paid after the adoption of Audited Accounts for the year ended March 31, 2018 at the forthcoming AGM of the Company to be held on September 29, 2018.

- **Material pecuniary relationships or transactions:**

During the financial year ended March 31, 2018, 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 with the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations. Mr. Makarand D. Dewal, Company Secretary acts as Compliance Officer. During the financial year ended March 31, 2018, one Meeting was held on March 30, 2018. Except Ms. Shanu S.P. Hinduja, all Members of the Committee attended the said meeting. 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 the ESOP Schemes of the Company. During the financial year ended March 31, 2018, one complaint for non-receipt of dividend was received from a shareholder which was satisfactorily resolved and no complaints were pending against the Company as on March 31, 2018.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee comprises of the following Members:

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

The details relating to role and functioning of the Committee and the CSR programmes/ initiatives undertaken by the Company are provided under 'Annexure G' which forms part of the Directors' Report.

## 7. GENERAL BODY MEETINGS

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

AGM	Date	Time	Venue
20th	September 29, 2015	3:00 p.m.	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
21st	September 21, 2016	3:00 p.m.	
22nd	September 28, 2017	3:00 p.m.	

- No extraordinary general meeting of the members was held during the Financial Year ended March 31, 2018.
- Special Resolutions, as under, were passed at the AGM held on September 29, 2015. No Special Resolution was proposed for the approval of the Members at the last two Annual General Meetings of the Company held on September 21, 2016 and September 28, 2017.

AGM held on	Summary of Special Resolutions
September 29, 2015	<ol style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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</li> <li>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.</li> </ol>

- 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) during the Financial Year 2017-18. 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. Ms. Rupal D. Jhaveri, Practicing Company Secretary, was appointed as the Scrutinizer for the Postal Ballot process to scrutinize the process in a fair and transparent manner and the services of Karvy Computershare Private Limited, the Company's R&T Agent was used to provide e-voting facility to the Members to cast their vote on the Special Resolutions through electronic means. 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.

Details of voting pattern are as under:

Proposals / Special Resolutions	No. of Votes Polled	No. of Votes cast in favour	No. of Votes Cast Against	% of Votes Cast in Favour on Votes Polled	% of Votes Cast Against on Votes Polled
Hinduja Global Solutions Limited - Employee Stock Appreciation Rights Plan 2017 and grant of Employee Stock Appreciation Rights (ESARs) to the employees of the Company	1,09,14,779	15,65,027	93,49,752	14.339	85.661
Hinduja Global Solutions Limited - Employee Stock Appreciation Rights Plan 2017 and grant of Employee Stock Appreciation Rights (ESARs) to employees of the Subsidiary companies of the Company	1,09,14,736	15,64,922	93,49,814	14.338	85.662

There is no immediate proposal for any Special Resolution to be conducted through Postal Ballot.

#### Postal Ballot Procedure :

The postal ballot is conducted in accordance with the provisions contained in Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (Act), read with Rule 22 of the Companies (Management and Administration) Rules, 2014. The Members are provided the facility to vote either by physical ballot or through remote e-voting. The Postal Ballot Notice along with a postage prepaid self addressed business reply envelope is sent in physical form to all the Members of the Company and also in electronic form to the those Members whose email addresses are registered with the Company / Depositories/ Registrar and Transfer Agents of the Company – Karvy Computershare Private Limited. The Company also publishes a notice in the newspapers as required under the Act.

The Company fixes a cut-off date for voting. Members are given an option to cast their votes through e-voting during

the voting period fixed for this purpose or may cast their votes through physical ballot by sending duly completed and signed forms so as to reach the Scrutinizer before a specified date and time mentioned in the Notice. After completion of scrutiny of votes, the Scrutinizer submits Report to the Chairman or any authorized Director and the results of voting by postal ballot and e-voting are announced by the Chairman or authorized Director within 48 hours of the conclusion of the voting period. The results of the voting are displayed on the Company's Notice Board and website, also communicated to the Stock Exchanges, Depositories and Registrar & Share Transfer Agents. The resolution if passed by requisite majority, are deemed to have been passed on the last date specified for receipt of duly completed Postal Ballot form or e-voting.

#### 8. DISCLOSURES

- A. There were no material significant related party transactions during the year ended March 31, 2018 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 report any matter of substance. Quarterly Report on Whistle Blower Policy and Vigil Mechanism is placed before the meetings of the Audit Committee and the Board. The said policy has been uploaded on the website of the Company at the following link: <https://www.teamhgs.com/investors/corporate-policies>
- D. Your Company has complied with all the mandatory requirements of Corporate Governance as required by the SEBI (LODR) Regulations.

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

- **The Board:** The Non- Executive, Non- Independent Chairman does not have a separate office.
- **Shareholder Rights:** Your Company publishes its quarterly unaudited and yearly audited financial

results in the newspapers and also displays it on its website [www.teamhgs.com](http://www.teamhgs.com). Communication relating to financial results, dividend and business and operations of the Company are sent to the shareholders of the Company periodically.

- **Opinion(s) in Audit Report:** Audit Reports (Standalone and Consolidated Financial Statements) for the financial year ended March 31, 2018 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 a separate post of Chairman and CEO in the Company.
- **Reporting of Internal Auditor:** Internal Auditor reports to the Audit Committee.

#### E. CEO/CFO Certification:

A certificate from the CEO and CFO in terms of Regulation 17(8) of the SEBI (LODR) Regulations was placed before the Board Meeting held on May 30, 2018 for approval of the financial statements for the year ended March 31, 2018.

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: <https://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 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, 2018.

## 9. MEANS OF COMMUNICATION

- A. The quarterly, half-yearly and annual results are published in leading newspapers (Business Standard and Sakal). The results are simultaneously displayed on the Company's website [www.teamhgs.com](http://www.teamhgs.com). The website is updated regularly with the official news releases, presentations made to Institutional Investors and Analysts and disclosures as required from time to time.
- 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 (23rd AGM)	
	Date	September 29, 2018
	Time	3:00 p.m.
	Venue	Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai - 400 018
	Financial Year	April 01 to March 31
2	Financial Calendar for 2018-19 (Tentative)	
	Unaudited results for the quarter ended June 30, 2018	August 9, 2018 (actual date of meeting)
	Unaudited results for the quarter/ half year ending September 30, 2018	On or before November 14, 2018
	Unaudited results for the quarter/ nine months ending December 31, 2018	On or before February 14, 2019
	Audited results for the year ending March 31, 2019	On or before May 30, 2019
3	Book Closure Date	September 28, 2018 to September 29, 2018 (both days inclusive)
4	Final Dividend payment date for the financial year 2017-18, if approved at the 23rd AGM	October 12, 2018
5	Listing of Equity Shares	<b>BSE Limited (BSE)</b> P. J. Towers, Dalal Street, Mumbai - 400 001. <b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, G. Block, Bandra-Kurla Complex, Mumbai - 400 051.
6	Stock Code	BSE: 532859 NSE: HGS
7	ISIN	INE170I01016
8	CIN	L92199MH1995PLC084610

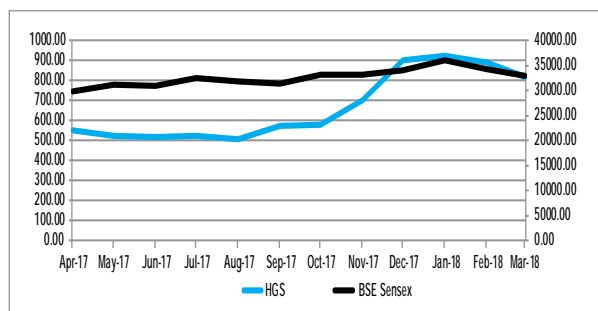
Note: Annual Listing fee for the financial year 2018-19 was paid to BSE and NSE

### • STOCK MARKET DATA

Month	BSE		NSE	
	Month's High (₹)	Month's Low (₹)	Month's High (₹)	Month's Low (₹)
Apr-17	602.45	542.25	604.90	539.60
May-17	574.00	501.00	566.95	505.00
Jun-17	586.00	508.50	587.50	507.45
Jul-17	547.95	515.00	598.90	512.40
Aug-17	555.00	490.65	559.95	486.65
Sep-17	595.00	495.00	596.45	494.65
Oct-17	600.00	552.50	600.00	552.00
Nov-17	752.75	574.00	750.00	572.35
Dec-17	945.00	692.70	945.00	687.00
Jan-18	1,012.00	869.00	1,014.70	868.00
Feb-18	1,042.00	793.00	1,037.80	800.55
Mar-18	910.75	751.15	913.65	751.00

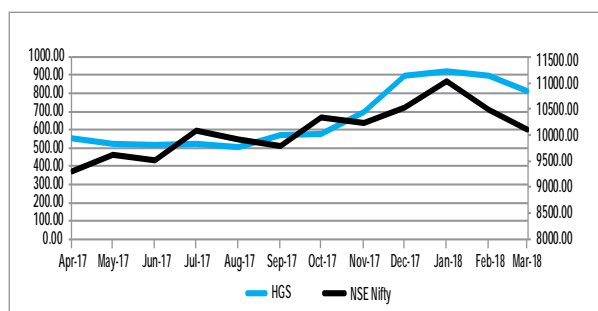
• **SHARE PRICE MOVEMENT (BSE)**

Your Company's closing share price movement on the BSE relative to BSE Sensex closing prices (April, 2017 to March, 2018)



• **SHARE PRICE MOVEMENT (NSE)**

Your Company's closing share price movement on the NSE relative to NSE Nifty closing prices (April, 2017 to March, 2018)



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

• **REGISTRAR AND SHARE TRANSFER AGENT (“R&T Agent”)**

Karvy Computershare Private Limited - R&T Agent

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  
 Toll Free No. : 1800-3454-001  
 Fax: (91 40) 2300 1153  
 E-Mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

• **SHARE TRANSFER SYSTEM**

Your Company's equity shares are compulsorily traded in dematerialized form. As on March 31, 2018, 20752827 equity shares, i.e. about 99.77% of your Company's equity 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. During the Financial Year ended March 31, 2018, no proposal for transfer of physical shares was received by the Committee for approval.

**Shareholding Pattern as on March 31, 2018:**

Particulars	No. of shares	% of shareholding
Promoters	1,40,29,452	67.45
FII's	17,00,393	8.18
NRI's/ OCB's/ Non Domestic Companies	57,481	0.28
Mutual Funds, Banks, Financial Institutions,, Insurance Companies, Central Government	4,67,599	2.25
Private Corporate Bodies	7,62,941	3.67
Individuals/ Others	37,75,151	18.14
Investor Education and Protection Fund*	6,223	0.03
<b>Total</b>	<b>2,07,99,240</b>	<b>100</b>

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

**Distribution Schedule as of March 31, 2018:**

Distribution	No. of shareholders		Shareholding	
	No of share-holders	% to Total	No of shares	% to Total
Up to 500	14,717	94.27	7,64,075	3.67
501 - 1000	357	2.29	2,74,680	1.32
1001 - 2000	220	1.41	3,33,316	1.60
2001 - 3000	81	0.52	2,05,533	0.99
3001 - 4000	35	0.22	1,23,636	0.59
4001 - 5000	35	0.22	1,55,968	0.75
5001 - 10000	72	0.46	5,28,656	2.54
Above 10000	95	0.61	1,84,13,376	88.54
<b>TOTAL</b>	<b>15,612</b>	<b>100.00</b>	<b>2,07,99,240</b>	<b>100.00</b>

• The Company has not issued any ADRs/ GDRs/ Warrants or any convertible instruments in the past and hence as on March 31, 2018, 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 designed 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 recognized on a cash flow hedge where the cumulative change in

the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

### Transfer of unclaimed/ unpaid dividend and transfer of shares 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 2009-10, 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 12, 2017.

Dividend for the year 2010-11 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, 2018 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 28, 2017 (date of the last Annual General Meeting) on the website of the Company ([www.teamhgs.com](http://www.teamhgs.com)), as also on the website of the Ministry of Corporate Affairs ([www.mca.gov.in](http://www.mca.gov.in)).

Pursuant to Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereto, shares, in respect of which dividend has not been encashed or claimed for a period of seven consecutive years, are required to be transferred by the Company in the name of IEPF in accordance with the aforesaid Rules. During the financial year 2017-18, 6,223 shares, in respect of which dividend had not been claimed for a period of seven consecutive years, were transferred to IEPF. The details of shares so transferred are placed on the website of the Company. Any claimant of such shares shall be entitled to claim the transferred shares from IEPF in accordance with the procedure laid down in the aforesaid Rules. Shares in respect of which dividend for FY 2010-11 remains unclaimed/ unpaid for a period of seven consecutive years, will be transferred to the IEPF in the first week of September, 2018.

Relevant communication for encashment of unclaimed/ unpaid dividend and transfer of shares to IEPF was sent to the concerned Members and also Notices have been published in the Newspapers.

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

#### 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](mailto: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](mailto:einward.ris@karvy.com) to enable the Company to send notices, documents, communications, Annual Reports, etc. through email and also advise any changes in their email address from time to time to the RTA.

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

Place: Mumbai  
Date : August 24, 2018

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



**Annexure 'D'****TO THE DIRECTORS' REPORT****Auditors' Certificate regarding compliance of conditions of Corporate Governance**

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

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

1. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Hinduja Global Solutions Limited ('the Company'), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

**Managements' Responsibility**

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

**Auditor's Responsibility**

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

**Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.
8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W / W-100018)

Bengaluru, August 24, 2018

**Vikas Bagaria**  
Partner  
(Membership No. 060408)

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Overview

The financial statements for the period 2017–18, 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 by 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 the various estimates and judgments used therein. 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 last 18 months have seen a global economic upswing, with the International Monetary Fund's (IMF) World Economic Outlook pegging global GDP growth for 2017 at 3.7%. This broad-based growth was 0.5% faster than in 2016 and the strongest since 2011. Two-thirds of countries accounting for about three-fourths of global output posted faster growth in 2017, the highest share of countries experiencing a year-over-year growth pickup since 2010.

The improvement was driven by factors such as faster growth in the Euro area, Japan, China and the US – all of whom grew above expectations, continued strong growth in Emerging Asia, and a rebound in industrial production, investments, trade and commodity market. Labour markets have seen a reasonable recovery while business and consumer confidence remain elevated. Financial conditions remain supportive of the recovery, with Central Bank monetary policy moves absorbed smoothly by markets, including in the US, UK and Canada.

**Outlook** - Short-term strengthening, Medium-term moderation: Both groups – advanced economies and emerging markets & developing countries – are expected to expand their growth rates to 2.5% and 4.9%, respectively in 2018, leading to a global growth rate of to 3.9% before levelling off post that. The synchronized expansion will help to dispel some remaining legacies of the earlier financial crisis by speeding the exit from unconventional monetary policies in advanced economies, encouraging investment and healing labour market scars.

There are some concerns however: a possible build-up of financial vulnerabilities as financial conditions remain easy, growing protectionist trends and an erosion of support for global economic integration that could spur an inward shift in policies as seen in some advanced economies, and non-economic risks such as geo-political strain, political discord and climate shocks. The risks are interlinked as the imposition of broader barriers to cross-border trade would not only take a direct toll on economic

activity but also weaken confidence, with further adverse repercussions. (Source: IMF's World Economic Outlook, media reports)

### United States (US)

The US is enjoying faster growth, record numbers of job openings and a stock market near an all-time high. Growth in 2018 is expected to rise from 2.3% in 2017 to 2.9%... The upward revision of over 0.5% is faster than projected earlier and reflects a stronger-than-expected activity in 2017, firmer external demand, robust contribution from business investment, the expected macroeconomic impact of the recent tax reform—particularly lower corporate tax rates and temporary allowance for full expensing of investment that's anticipated to stimulate short-term activity, and higher federal government spending following the February 2018 bipartisan budget agreement. The labour market continues to create jobs at a rapid clip helping to drive the unemployment rate.

However, uncertainty around trade policy could cause businesses to delay investments while tightening labour market conditions, possibility of further wage acceleration and inflation trends will play a critical role in shaping economic conditions. (Source: IMF's World Economic Outlook, Conference Board forecast, US media reports)

### Canada

After a breakout year of rapid growth in 2017, the Canadian economy is expected to slow down amid the prospect of rising interest rates and lower consumer spending. GDP is projected to grow at 2.1% in 2018, primarily export-led. Adjustment to the fall in commodity prices, which commenced in mid-2014 is now complete, with energy sector rebound boosting growth. Private consumption is expanding, supported by wealth gains and accommodative monetary policy. Business investment will be supported by capacity constraints, high profitability and still low financing costs. Employment growth has been strong, reducing the unemployment rate to a 40-year low, and is expected to only improve.

The projected slowdown compared to last year is mainly due to the trade uncertainty, rising interest rates and measures to cool the Toronto and Vancouver housing markets. (Source: IMF, OECD)

### Jamaica

Jamaica continues to show macroeconomic stability, with ongoing fiscal consolidation and public debt firmly on a downward trajectory. Unemployment rate is at a 10-year low, inflation and the current account are modest, international reserves are at a comfortable level while external borrowing costs are at historical lows. Overall GDP growth is expected to increase in 2018-19 to 1.9%, driven by agriculture and mining. (Source: IMF Executive Board Review, The Economist Intelligence Unit)

### United Kingdom (UK)

The UK is projected to see a modest growth of 1.5% in 2018 and 2019, implying that the region will remain among the worst performing economies in the G7 until

2020 at the earliest. Export growth is expected to remain robust as stronger global economic growth continues to support demand for UK goods and services. However, with little evidence of import substitution by consumers or businesses despite their high cost, the contribution of net trade to UK GDP growth over the next few years is likely to remain moderate.

Brexit or Britain's exit from the European Union (EU), which is due in March 2019 and the uncertain shape of their future relationship, is weighing on the economy. Higher prices, caused by a weaker Pound, have limited increases in people's spending, even as some business investments are on hold. Analysts view the implementation of Brexit at a minimum cost and securing comprehensive free trade agreements with the EU member countries as the key challenges ahead. Currently, about 45% of UK exports are destined for other EU countries, greatly facilitated by EU membership. (Source: IMF, British Chambers of Commerce)

### India

After slowing for five consecutive quarters, India's GDP growth bottomed out in the middle of 2017 and has since then, improved significantly and carried over the momentum into 2018 on the back of a recovery in investment. The economy has also moved past the disruptions caused by the implementation of Goods and Services Tax (GST) in mid-2017, and manufacturing output and industrial production have continued to firm up. Increase in wages, pensions and various allowances for public servants are also boosting private consumption, particularly in urban areas. Recent efforts to move away from the informal economy and to digitize transactions are boosting the tax revenue. India's GDP clocked in at \$2.6 trillion for 2017 and is now the world's sixth largest economy.

Growth is expected to accelerate in the current and next fiscal years, consolidating the country's position as the world's fastest-growing major economy and opening a wider gap with China, which is projected to slowdown. Continued implementation of structural reforms will help raise productivity and incentivise private investment. However, rising oil prices and a stronger US dollar will challenge India's inflation outlook and the continued need for fiscal prudence. (Source: IMF, World Bank, OECD, *Crisil India Outlook - 2018*)

### Philippines

In 2017, the Philippines was among the top three growth performers in the region, behind only Vietnam and China. The Philippines economy grew at 6.7% in the year, led by a sharp rise in exports even as investment growth significantly slowed and consumption growth moderated.

Looking ahead, the economy is expected to sustain its quick pace as the government's infrastructure program is rolled out. Rising domestic demand, remittances and employment, in addition to infrastructure spending, will drive growth. This will further lift wage employment numbers, add to household incomes and benefit more poor families across the archipelago. However,

inflationary pressure is expected to intensify in 2018 due to both domestic and external factors. The implementation of the public infrastructure program is vital to the country's growth outlook as private investment is expected to weaken while prudent fiscal management and the implementation of the government's tax reform agenda could help secure the country's fiscal sustainability. (Source: World Bank, Asian Development Bank (ADB))

### Industry Overview – Business Process Management

The global economy continues to witness an upswing as financial conditions remain reasonably buoyant and enterprises show greater confidence. At the same time, the business environment is being reshaped by innumerable technology and consumer changes, with crowded marketplaces giving customers more options. Business leaders are struggling to identify the right trends and solutions that would help differentiate themselves and compete better even as the smart ones are positioning their businesses to compete and win, based on their customer experiences. They are changing the way their business works, including leaning toward a more value-driven and technology-led outsourcing model for meeting the needs of Business Process Management (BPM) services. Enterprises are widening the scope of functions that is considered for BPM but are expecting vendors to deliver better value. As business and customer experience (CX) leaders seek to expand channels, leverage analytics, adopt automation and integrate the front office with back office operations, the shift from labor arbitrage to value arbitrage in BPM has become mainstream across client industries; some faster than others.

The BPM industry is experiencing its biggest digital shift, with a surge in the adoption of disrupter technologies like artificial intelligence (AI), digital self-service, data-driven insights solutions and bot tools. These digital capabilities will help some businesses, with the right unified engagement strategy and delivery expertise, to unlock transformational potential for optimizing customer experience – and balancing the cost of service with frictionless engagement.

Some of the trends that are being seen today include: (Source: NASSCOM IT/ BPM Strategic Review 2018, HGS' Top 10 CX Trends in 2018)

- Focus on improving profitability and productivity continues; Emphasis turning to driving growth through technology enablers – analytics, process automation, digital, self-service etc
- Increased activity in high value services, analytics and redesign of existing processes driving spend and sourcing growth
- Adoption of artificial intelligence (AI), machine learning and robotic process automation (RPA) revolutionizing the customer service industry
- Smart Bots & Brains™ strategy is at the heart of CX transformation – using intelligent automation to create optimized CX and intelligently integrating people at key moments of truth. For example,

Chatbots along with digital customer care agents can increase revenue generation and boost savings.

- Higher acceptance of gain sharing and outcome-based pricing
- BPM companies are hiring new skills – data scientists, business analysts, etc., to drive value-led engagements

Contact center services form a big part of the BPM space that HGS plays in. With customer obsession becoming the new normal, brands are looking to leverage CX through various means like – omnichannel transformation, advanced call center analytics, automated customer self-service, strategic process outsourcing, hyper-personalization and more. HGS recently released a study in partnership with Canam Research, which interviewed several CX leaders in the C-suite globally. According to this report,

- 39% of companies identify omnichannel expansion as the single most important consideration for the future performance of their organization
- 49% reported that increasing or improving the use of analytics for actionable insights is very important for the future performance of their organization
- 91% called containing costs as the business scales either their toughest challenge, or difficult
- 32% of companies say that increasing the use of self-service with AI is very important to future performance. Similarly, 32% attach the same long-term importance to adopting RPA while 55% agree that customer self-service is important to optimizing their customer experience.

**Analysis of the Global BPM Market:** The global BPM spend continues to be moderate, growing by 3.4% in 2017 to reach USD 189 billion. India's share has been consistently rising over the last few years – increasing from 11% in 2012 to 15% in 2017, even as the focus shifts to high-end services. All service segments posted growth despite an unpredictable environment, including customer care growing at 4.4% yoy.

About 75% of all BPM deal value in 2017 came from Customer Resource Management (CRM), Supply Chain Management (SCM) and HR Outsourcing (HRO). Those focusing on SMAC received an impetus as clients sought value. (Source: NASSCOM IT/ BPM Strategic Review 2018)

**Review of the Indian BPM Market:** The growth of the Indian BPM industry remains steady, reaching an estimated USD 32.5 billion in revenue, a 7.9% increase yoy. Exports accounted for USD 28.4 billion while the domestic market revenue stood at USD 4.1 billion.

In exports, APAC and emerging regions are driving growth, though the US and UK remain the largest markets. BPaaS and analytics are leading to a strategic shift in traditional verticals; Retail, Healthcare and Utilities

are expected to generate significant opportunities going forward.

Banking & Financial Services and Telecom verticals are driving domestic demand for outsourcing, and now account for about 2/3rd of the domestic BPM market. eCommerce is the sunrise segment while there is high demand from e-governance projects and other welfare schemes. Customer services and high-end analytics account for about 81% of the total domestic BPM market while the rest of the revenue is contributed by knowledge services and finance & accounting. The Top 15 BPM vendors in India account for about 80% of the domestic BPM outsourcing market in value and 70% in terms of headcount.

BPM players are at the tipping point of an enormous opportunity as digital technologies continue to be embedded in an ever-widening range of products and services. 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. With the Government stepping up digitization efforts of various initiatives, the domestic BPM industry is likely to see a shift in their vertical focus, especially in the non-voice space, with the Government emerging as an important customer (Source: NASSCOM IT-BPM Strategic Review 2018, Value Notes).

**Review of the Philippine BPM market:** The Philippines BPO industry continues to prosper as more industries look to outsource and offshore different specialized functions. With an enviable reputation as a provider of affordable, talented and offshore resources, the industry grew moderately in 2017 to reach a revenue of approximately USD 23 billion. While the contact centres – which are primarily voice, are still growing, the non-voice segment of the industry (includes technical outsourcing services for Healthcare, IT and KPO) has shown strong growth. BPO was also the highest job generator in the country last year.

According to ITBPAP's (IT and Business Process Association of Philippines) IT-BPM 2022 Roadmap, the local industry is seen to generate revenues of \$38.9 billion by end-2022. The voice component, which accounts for about 85% of the total outsourcing services, is expected to decline to 67% by 2022, as non-voice outsourcing services are expected to double their share to over 30% (Source: ITBPAP – IT BPM 2022 Roadmap, Media reports in the Philippines).

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

### Healthcare

It's a pretty tumultuous time for the global healthcare industry, especially in the US – from dealing with reforms & policy changes and M&As to profound technology disruptions and adopting a 'patient at the center of care' approach. The industry is looking for innovative, cost-effective ways to deliver patient-centered and technology-enabled services with quality outcomes.

According to Deloitte's 2018 Global Healthcare Outlook report, global health care spending is projected to increase at an annual rate of 4.1% in the period of 2017-2021, up from just 1.3% in 2012-2016. In fact, combined health care spending in the world's major regions is expected to reach USD 8.7 trillion by 2020, up from USD 7 trillion in 2015. The increase in spending will be led by aging and increasing populations, developing market expansion, advances in medical treatments and rising labor costs. US health spending now exceeds USD 3 trillion per year, with growth rates projected to accelerate through 2024, with major spending categories led by hospital care (USD 1 trillion) and physicians (USD 634.9 billion).

Some key trends in healthcare include –

- The industry has been making steady progress on moving the patient closer to the center of the healthcare ecosystem. The goal is to improve patient satisfaction scores and engagement. The shift is not just about creating or re-imagining innovative new services and technology but also about giving consumers access to decision support tools, wellness and participation in programs that reward healthy behaviors. Healthcare organizations – both payer and provider – will focus on areas such as population health management innovation and chronic disease management, and continue to heavily invest in capabilities and infrastructure to support unified, multi-channel customer engagement. For example, many providers are yet to tap self service or social media to build relationships with customers... this is set to change, with patients beginning to shop for healthcare services like they shop for other consumer products, i.e., online.
- Healthcare industry generates enormous quantities of data; the next frontier is to analyze this data to uncover insights and trends to drive transformation and cost reductions. Both payers and providers are expected to invest significantly in strengthening their analytical capabilities to convert data into actionable information that benefits both them and their customers. For instance, Deloitte's 2018 Global Healthcare Outlook report projects hospital expenditures on analytics to reach USD 18.7 billion by 2020, up from USD 5.8 billion in 2015.
- With the need for higher market stability, consolidation through M&As and partnerships is set to accelerate. One could see more provider organizations building and managing their own health plans, offering patients an integrated approach of medical services and insurance coverage.
- Providers will seek more efficient ways to collect what they are owed, and mitigate the effects and costs of high denial rates. There will be an increased focus on reimbursement via electronic transactions, with automation being a big part of the solution.
- Healthcare continues its transition from fee-for-service (FFS) reimbursement to outcomes and value-based payment models. The focus is on maximizing value – lower cost and higher quality – through alignment of incentives and management of risk.

- The industry is increasingly advocating a healthcare model focused on prevention and overall holistic health of populations rather than episodic and transaction-based treatments. Consumers have also embraced this model, devoting more time and money to staying healthy – including use of apps and wearables.

The new reality of balancing a rapidly-changing and complex industry with growing consumer expectations is driving the growth of healthcare BPO. According to Markets and Markets, the healthcare BPO market is estimated to grow at a CAGR of 10.2% from 2017 to 2022 to reach USD 312.43 billion by 2022 from USD 191.68 billion in 2017 (*Source: Markets and Markets' report on Healthcare BPO Market Provider (RCM, Patient Care), Payer (Claims Repricing), Pharmaceutical (R&D, Manufacturing, Sales and Marketing Services) (Forecasting, Performance Reporting), Outsourcing Approaches, Models (Multisourcing) - Global Forecasts to 2022*).

#### Telecom and Media

There's a revolution brewing in the telecom industry, where the rise of content providers, social media and app makers is forcing telecom companies to go beyond their traditional role to become broadcasters and content creators. Underpinning this trend are the ongoing technology innovations such as artificial intelligence, machine learning (ML), augmented reality (AR)/ virtual reality (VR), cloud, etc., that are set to drive the market.

Growth of mobile connectivity is far outpacing fixed line connectivity, led by growth in the developing world and amongst poorer populations. 4G LTE deployment, network upgrades and even 5G trials have gained pace across the world. With real-time social media services and video streaming platforms helping in sky-rocketing mobile data usage of consumers, similar applications like AR and VR are expected to only further push the demand. The addition of artificial intelligence (AI) capabilities to smartphones will bring the next shift in technology. AI allows smartphones to perform highly sophisticated functions such as speech recognition, indoor navigation, and even learning the daily tasks and preferences of an individual to enable digital assistants.

Today, telecom companies are focusing on customer retention and churn in the face of dwindling revenues led by market saturation and the disruptive rise of the Over The Top (OTT) players. They are undertaking a range of initiatives to retain customers, including offering bundled digital services such as fintech, video and lifestyle propositions, and hyper-competitive pricing, as evidenced currently in the India market. The concept of enhanced customer experience has gained credence, with digitization in customer support going mainstream. Tools such as self-service based on a Machine Learning

(ML)-trained knowledge-base, real-time chatbots and voice apps for customers to explore or buy content by speaking are growing in usage, reflecting the demand for service personalization.

### Consumer

The consumer industry is witnessing a disruption, with the rise of a new retail world. Digitization is reshaping shopping behavior, with technology allowing consumers to lead their experiences – from real-time access to product information and reviews, benchmarking against competition to the actual buy phase, both physical or online. The point of engagement and the point of transaction are converging, with a focus on whether the brand can offer personalization, instant gratification and high access. This is driving consumer packaged goods (CPG) companies and retailers to adopt new initiatives and technologies to better understand and engage with consumers. They are taking advantage – and in some cases, they are early adopters – of industry trends such as the internet of things, machine learning and blockchain to digitally transform and deliver the experiences consumers today expect. Many CPG companies are leveraging social media and other digital channels such as chatbots and video assist to engage directly with their consumers.

According to KPMG’s Global Retail Trends 2018 report, with customer experience becoming more important than ever, experience per square foot will soon be the new retail metric to measure success. The report also has some executive respondents predicting that 85% of all transactions will be AI-based by 2020.

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

Banking, financial services and insurance (BFSI) companies are amongst the most consumer facing verticals today. However, these organizations – bogged down by legacy challenges in technology – continue to have difficulty in handling the evolving consumer relationships. They are also faced with the emergence of new competitors in the form of retail chains, fintech companies, internet service providers and Near Field Communications (NFC)-payment systems, who are now leveraging technology to provide simple and cost-effective products and services.

Today, there is a growing trend of BFSI organizations focusing on innovation by leveraging new technologies such as biometrics and robotic process automation to drive efficiency and faster response. Banks are looking for new revenue streams and ways to unlock the value of the enormous amount of customer data that they store. They are looking at using open Application Programming Interfaces (APIs) to monetize their digital assets and data, leveraging the Banks as a Platform (BaaP) model – which directly links to FinTechs for their innovative solutions, investing in augmented reality to provide enhanced customer experience, and adopting blockchain and distributed ledger technology.

With mobile devices (notably tablets and smartphones) increasingly becoming a channel of choice for consumers, BFSI organizations are investing significantly on mobile

platforms to deliver a personalized and anytime-anywhere availability. They are also investing in new value-added services such as online channels and loyalty programs to increase the customer base. Digital services also offer an opportunity to maximize revenue by target profiling and proactive selling.

In the next few years, BFSI-targeted BPM services are expected to grow significantly, led by demand for providing an omnichannel experience (mobile, social, personal), differentiated customer service and programs specific to high-value consumers, self service, need to increase revenue through cross-selling and up-selling etc. A new development is enhancing consumers’ IVR experience by placing visual menus on the company website or smartphone apps. Visual IVR provides customers with a convenient menu-driven interface to the IVR, allowing them to quickly select the options they need, saving valuable time.

### Public/Government

With consumers, especially the millennials, expecting customer service from the public sector that’s on par with the private sector, governments and related organizations are revamping their outreach programs. The sector is moving toward providing more customer friendly and interactive services, leveraging tools such as omnichannel to increase accessibility of end-consumers. Apart from strengthening customer relationships, these tools help governments to synchronize and store data.

The BPM services in public sector support governments to perform various functions such as e-governance initiatives, taxation, asset registration, pensions and welfare programs, including financial assistance for the unemployed, and in a cost-effective manner. Organizations are now looking at how to leverage technology and BPM services to digitize and automate processes as well as use this stored data to create a more efficient, productive, cost-effective and user-friendly – both internally and customer-facing. The objective is to widen the scope of activities and deliver a superior customer experience even as the organization’s internal resources focus on core activities.

### Business Overview

Part of the multi-billion dollar Hinduja Group, Hinduja Global Solutions (HGS), is a global leader in business process management (BPM) and optimizing the customer experience lifecycle. HGS’ mission is to help make its clients more competitive every day. HGS combines technology-powered services in automation, analytics and digital with domain expertise focusing on back office processing, contact centres and HRO solutions to deliver transformational impact to clients. 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, packaged goods industries, retail, technology and public sector.

HGS operates on a global landscape with about 44,265 employees in 70 delivery centres 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 31st March, 2018 was satisfactory. HGS achieved the highest ever Profit after Tax in the year ended March 31, 2018. The financial performance for FY2018 was driven by organic growth in some of the business verticals and improvement to operations in some of the overseas geographies, especially the US. Financial performance of the UK business was an area of concern on account of client exits and delays in signing new clients. Profitability of the India Domestic CRM business came under pressure due to drop in volumes from telecom clients and rise in costs due to increase in minimum wages.

### Revenue by Origination

In FY2018, US-originated business accounted for 68% of the total revenues, as compared to 66% in the previous year. The trend of US-originated revenues continued its linear trend for the fifth year in succession. In FY2014, the US-originated revenues were at 59%, which increased to 68 % in FY2018. US-originated revenues are delivered from the US, India, Philippines and Jamaica.

The India Domestic business, which was 11% of FY2016 total revenues has moved up to 15% in FY2018.

For FY2018, business originating from Canada in CAD terms was 10% while UK-originated business was 7%.

### 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 53% to 47%. The offshore/near shore ratio has improved by 10 percentage points over the past five years.

### Voice to Non-voice Revenue Mix

In FY 2014, Voice CRM revenues accounted for 79% of total HGS revenues. The share of Voice CRM revenues has dropped to around 73% in FY2018. Digital CRM accounts for around 4 % of FY2018 revenues while the balance revenues come from transaction processing.

### Revenue by Vertical

Healthcare vertical sustained its growth momentum. In terms of contribution, it accounted for 49% of FY2018 revenues, up from 46% in FY2017. Revenue buoyancy from healthcare continues to be strong over the past five years with growth across on shore, near shore and offshore delivery .

Drop in volumes from clients has led to share of revenues from the telecom & technology vertical to drop from 23 % in FY2017 to 20 % in FY2018. Revenues from this vertical

stood at 26 % in FY 2016. 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 as well as drop in volumes from some clients. Share of revenues from the consumer vertical dropped from 14 % in FY2017 to 13 % in FY2018. Share of revenues from BFS vertical increased from 7 % in FY2017 to 8 % in FY2018. Share of revenues from other verticals remained unchanged at 10 %.

### Discussion on Financial Position

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

The net block of assets as of March 31, 2018 was ₹ 6,307 million as compared to ₹ 6,508 million in March 31, 2017, representing an absolute decrease of ₹ 201 million during the year under review and in percentage terms, it was 3.1%

#### Goodwill:

As of March 31, 2018, goodwill was ₹ 2,883 million as compared to ₹ 2,986 million in March 31, 2017. Goodwill is tested for impairment.

#### Investments (Non-current):

It mainly comprises of Treasury bills at overseas location. As of March 31, 2018, investments were ₹ 112 million as compared to ₹ 54 million in March 31, 2017.

#### Loans (Non-current):

As of March 31, 2018, the amounts were ₹ 848 million as compared to ₹ 824 million in March 31, 2017. It comprises of loan given to a third party at an overseas entity.

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

It comprises of security deposit, margin money deposit and other long-term deposits. As of March 31, 2018, the amounts were ₹ 452 million as compared to ₹ 302 million in March 31, 2017.

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

DTA as of March 31, 2018 were ₹ 725 million as compared to ₹ 648 million in March 31, 2017.

#### Income tax assets (net):

As of March 31, 2018 the amounts were ₹ 389 million as compared to ₹ 383 million in March 31, 2017.

#### Other non-current assets:

Other non-current assets comprises of capital advance, deferred rent, prepaid expenses and other receivables. As of March 31, 2018, the amounts were ₹ 698 million as compared to ₹ 694 million in March 31, 2017.

#### Trade receivables:

As of March 31, 2018, trade receivables from customers were at ₹ 6,495 million as compared to ₹ 4,629 million in March 31, 2017, after making allowance for doubtful debts.

#### Cash and Bank balances:

As of March 31, 2018, cash and bank balances were at ₹ 4,788 million as compared to ₹ 3,745 million in March 31, 2017.

#### Other financial assets (Current):

It comprises of unbilled revenues, security deposit, interest accrued and derivative gains. As of March 31, 2018, the amounts were ₹ 1,908 million as compared to ₹ 3,148 million in March 31, 2017.

#### Other current assets:

The Other Current Assets comprises of balance with government authorities, vendor advances and prepaid expenses. As of March 31, 2018, the amounts were ₹ 648 million as compared to ₹ 554 million in March 31, 2017.

#### 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, 2018 was ₹ 208 million, an increase of 57,475 shares compared to previous year. The Company issued 34,607 equity shares pursuant to the exercise of stock options by certain employees under the "Employees Stock Option Plan, 2008" and 22,868 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 ₹ 13,165 million in March 31, 2017 to ₹ 14,622 million in March 31, 2018.

#### Borrowing (Non-current):

As of March 31, 2018, the total long term borrowings were ₹ 2,050 million as compared to ₹ 3,597 million in March 31, 2017. 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, 2018 provisions were ₹ 385 million as compared to ₹ 333 million in March 31, 2017.

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

DTL as of March 31, 2018 were ₹ 424 million as compared to ₹ 386 million in March 31, 2017. 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, 2018, the amounts were ₹ 87 million as compared to ₹ 123 million in March 31, 2017.

#### Borrowing (Current):

As of March 31, 2018, the total short term borrowings were ₹ 2,429 million as compared to ₹ 2,442 million in March 31, 2017.

#### Trade Payables:

As of March 31, 2018, the trade payables were ₹ 1,858 million as compared to ₹ 1,536 million in March 31, 2017.

#### 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, 2018 those amounts were ₹ 2,909 million as compared to ₹ 2,002 million in March 31, 2017.

#### Provisions (Current):

Provision comprises of pension obligation and leave encashment liabilities (as per actuarial valuation performed by an independent actuary). As of March 31, 2018 provisions were ₹ 442 million as compared to ₹ 362 million in March 31, 2017.

#### Current tax liabilities:

As of March 31, 2018 the amount was ₹ 199 million and March 31, 2017, the amount was ₹ 21 million.

#### Other current liabilities:

Other current liabilities comprises of advance from customers, statutory dues payable and deferred revenue. As of March 31, 2018 the amounts were ₹ 657 million as compared to ₹ 621 million in March 31, 2017.

#### Operational Review

During the year under review, the Company has been communicating to all its stakeholders, that the focus of the Company is to grow the profitable businesses, reprice or exit unprofitable accounts, generate free cash flows, reduce debt and improve return ratios.

Looking at the financial numbers of the year under review, FY2018 has seen organic revenue growth of 6.6 %. As the rupee appreciated against the dollar during FY 18, revenue growth in Indian Rupees was around 3.7%

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

On the profitability side, EBITDA margins (computed excluding exchange gains and losses) have dropped from 11.9 % in FY2017 to 10.5 % in FY2018. EBITDA margins in FY2018 have dropped on account of increase in minimum wages in different states and countries, profitability pressures of the UK and India domestic business and onetime costs of acquisitions made in end FY2018.

Depreciation costs, interest costs and tax expenses in FY2018 were lower than in FY2018. Reduction in these costs coupled with increase in other income primarily due to interest on tax refunds helped the Company increase its Profit After Tax by 7.2%.



During FY2018, HGS signed 29 new clients across BPM and HRO. The total number of active clients at the end of FY2018 was 190 BPM clients and 636 HRO/payroll / F&A clients. At the end of FY2018, HGS had 70 delivery centres in seven countries.

During FY2018, HGS opened six new centres Indore, Bangalore, Hyderabad (2), Durgapur and Mumbai. During the year, HGS also consolidated the old centres in Hyderabad and Durgapur into the new ones. Keeping in view the business requirements, the Siliguri centre was shut down. At the end of FY2018, HGS has 70 active delivery centres in seven countries.

The employee headcount stood at 44,265 as of 31st of March 2018, with India accounting for 62 % of the workforce.

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.

During FY2018, from the free cash flow generated, HGS repaid debt of Rs 700 million, enabling net debt to equity at 0.01 as against 0.22 x in FY2017.

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 Telecom & Media, Financial Services and healthcare sectors. In Canada, HGS expanded business in Telecom and Media verticals. In US, HGS centres were operating at near peak levels of utilization.

During FY2018, we have significantly expanded our home agent footprint in Canada, which is helping HGS overcome labor shortages that we have faced in Canada in the past.

Jamaica continues to be an attractive near-shore location for the company, mainly due to its proximity to the US and available talent pool. During FY2018 Jamaica revenues grew by over 54 % over FY2017. There is scope for further growth with increase in utilization of existing capacities.

Revenues from UK in FY2018 were around 15 % lower than the previous year on account of client exits, drop in volumes from existing clients and delays in signing new contracts. This resulted in a one-time charge of Rs 120 million towards goodwill impairment.

There has been a change in leadership team of HGS UK during FY2018 and performance in FY 2019 is expected to improve.

India international business experienced moderate growth led by volumes from the healthcare vertical. The EBOS Business (Provider Business) showed strong revenue growth. The outlook for the Indian international business continues to be bright.

FY2018 was a very challenging year for the India Customer Relations Management (CRM) business. Intense competition among the telecom companies led to drop in volumes and pricing pressure. Steep increase

in minimum wages in Karnataka has added to the profitability pressure on the India CRM business.

To mitigate the business and profitability changes, the Company has initiated several measures. These include consolidation of a part of the volumes and transfer of employees from Siliguri to Durgapur.

Dependence on telecom clients is expected to reduce based on several wins from verticals such as financial services, consumer, retail, consumer goods, etc. in FY2018. To cater to the growing demand from non-telecom clients, we plan to set up a new centre in Pune.

To mitigate the adverse impact of the minimum wage increases, the company has initiated several measures, including focus on premium services with higher price points in wages above the minimum wage level, and expansion in non-telecom sectors like financial services, consumer sector, etc. where the price points are better.

The Company has initiated steps to negotiate rate increases from clients to offset the increase in minimum wages and or exit low margin accounts.

The Company has also initiated steps to achieve better utilization and cost management measures such as size consolidation wherever appropriate.

Given the uncertainties in the business environment and the time taken to implement the cost management measures, the India CRM business is likely to face headwinds during FY 2019.

The India HRO business, in contrast, continues to do very well and add clients for its payroll processing, staffing, and compliance services. Revenues of the HRO business grew by about 29% in FY2018. This business, which had started with only payroll processing, has expanded its service offering to include compliant services, staffing, managed services, recruitment and Finance & Accounting Services.

Philippines continued its business expansion, reporting a 7.3% YoY growth. HGS expanded its Iloilo centre and looking at the demand, expects to add capacity in FY 2019 as well. 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.

Over the last three years, HGS has made significant investments in developing new capabilities such as Robotic Process Automation (RPA), digital services like social care and DigiCX, analytics, work at home and platform services. These investments are showing results and HGS is engaged in several engagements related to this area while supporting over 20 clients.

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

From FY2016, HGS has focused on three big solution areas: HGS RPA, DigiCX and Analytics.

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

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

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

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

The traction for these three solution areas, and the use of automation and analytics internally within HGS, is expected to add non-linearity.

## Acquisitions

### a) Axis Point

In end March 2018, HGS through its subsidiary, HGS Population Health LLC, USA, entered into a definitive agreement to acquire CMH Services Subsidiary LLC, USA, operating under the trade name of AxisPoint Health, a leading population health management company. The transaction was completed in early April 2018.

AxisPoint Health offers industry-leading care management, nurse advice line and analytics services, including CarePoint, GuidePoint and Analytix. The company has around 400 employees, including over 280 US registered nurses in the US providing condition and case management programs, a 24/7 nurse advice line, and powerful tools for member identification, stratification and reporting.

### b) Element Solutions

In end March 2018, HGS, through its subsidiary Hinduja Global Solutions UK Limited, has acquired 57 percent stake in Element Solutions LLC, USA, a digital consulting services company. The transaction was completed in early April 2018.

Element Solutions provides high-end digital strategy and solutions in customer digital experience, data-driven marketing and cloud managed services areas.

With over 160 successful digital engagements, the company supports more than 35 top Fortune 500 brands, primarily in the healthcare, manufacturing and retail industries.

## Customer Additions

As of 31st March, 2018, the company had 190 core BPM clients. Taking into account the 636 HRO and F&A clients, the total number of clients stood at 826. During the year, HGS saw net addition of 29 clients across BPM and HRO.

## Human Capital

HGS had 44,265 employees across 70 delivery centers in seven countries as of March 31, 2018.

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

HGS' people policies and practices are helping establish us as a preferred employer. During FY2018, we conducted our Employee Satisfaction (ESAT) Survey – Voice of the People 2017 and received an overwhelming 86% response rate. The overall employee experience index (EX Index) improved to 59.3 (compared with 58.9 in 2017 and 41.1 in 2016), which is a very positive indicator when benchmarked with the industry globally.

As a company operating in a people-centric industry, HGS is focused on evolving our workforce to align with the changes in client needs, market trends and technology adoption. We continue to invest in our employee competency development by focusing on bringing positive behavioral changes that result in improved individual, team and organizational performance. During FY2018, HGS launched a training initiative called 'Ready Now', that includes associates, team leaders and managers, and covers subjects such as functional skills, time management and cross-cultural customization. In FY2018, over 17,400 participants went through the Ready Now program across India, Philippines, North America and Jamaica.

The clients whom we serve are assigning us with more complex work that require new skillsets, domain knowledge and expertise to manage the work with advanced technologies. In line with this, HGS is leveraging technologies like automation, machine learning and social media to re-engineer our recruitment process by launching a customized Recruitment Management System (RMS) for not only sourcing and hiring the right way, but also for engaging with the talent community. In FY2018, we had over 220,000 applicants registering on the RMS globally.

During the year, we automated our leadership performance management system through the implementation of Success Factors, which has standardized our process globally and improved efficiencies while providing greater transparency for coaching and reviews.

### Compliance

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

In line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has adopted a policy for prevention and redressal of complaints related to sexual harassment at the workplace. During the financial year 2017-18, the Company has received 15 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, 2018.

### Global Marketing

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

### Trademarked transformational solutions

HGS earned the business of some of the largest brands in the world, helping them to transform their customer experience with our trademarked DigiCX® suite of services that is designed to help brands engage customers via an expanded set of communication channels, leverage analytics for deeper insights, and personalize and automate in a way that balances the cost to serve with the ideal customer experience – getting the right answer fast.

To continue to grow revenues under this digital transformation 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 first-of-their-kind

programs, one of which changes the way large brands approach social media care with the use of artificial intelligence. Another HGS-designed solution leverages advanced analytics and deep domain expertise in the area of healthcare payment integrity to achieve new levels of ROI.

Transformational offerings continue to drive revenue and relevance in the sales cycle as more brands adopt a digital transformation strategy and seek to optimize their business processes with better customer engagement. The “lead with self-service” approach and intelligently integrating human assistance when it adds value is combining Bots&Brains™ in a way that will help optimize CX and make the brands we serve more competitive. DigiCX® advancements made in FY2018 contributed to six contracted deals in the year.

### Brand recognition – amongst the best

HGS' brand recognition over the past three 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 FY2018, several analyst and advisor published reports that 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 to The Global Outsourcing 100 by the International Association of Outsourcing Professionals (IAOP), and also brought home multiple awards including two Stevie Awards for Customer Service Department of the Year and Business-to-Business Innovation.

### Competitive Advantage

HGS is a solution provider at heart, solving businesses problems by improving processes. From digital channel expansion to adopting data analytics and automation, HGS supports clients to drive growth, improve cost to serve, grow promoters, improve customer loyalty, slow customer churn, increase operating efficiency or reduce errors. HGS is helping our clients be more competitive.

HGS grows with our clients and helps them along the digital transformation journey... creating value through innovation. From crawl to walk to run, transformation requires trust. Our clients' customers are their most valuable asset, and they continue to trust HGS to balance the cost to service customers with the opportunity make them more loyal, more satisfied, and more valuable. HGS' competitive advantage is in our promise to earn our clients trust through consistently meeting and exceeding expectations. This means being so brilliant at the basics today that clients can focus on the intelligent innovations required to compete tomorrow and leveraging our deep domain expertise to reimagine ways to always get better.

HGS success begins with “customer first” thinking, treating each employee like a customer, every client like a partner and the consumer the way we want to be treated – with empathy and respect. This is why approximately 68% of HGS customers 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 a proven method 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 70 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; decentralized decision-making accelerates response to market opportunities.

### Risk and Concerns

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

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

- Regulatory enactments restricting the offshoring of services by any country in which HGS operates.
- Cost-based competition from companies based in emerging economies.
- Adverse currency fluctuations
- Lack/loss of skilled manpower can result in productivity loss.
- Technology changes related to robotic process automation (RPA), Analytics and Multi-Channel Digital transaction which may impact volumes and ability to deliver traditional services.
- Increase in minimum wages across geographies that HGS operates in might impact its profitability.
- Absence of integrated end-to-end solutions might impact the ability of HGS to attract new customers.
- HGS’ efforts to comply with GDPR (General Data Protection Regulations) and other privacy and data protection laws may impose significant costs and challenges that are likely to increase over time. Failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in impairment to our reputation in the marketplace and HGS could

incur substantial penalties or litigation related to violation of existing or future data privacy laws and regulations, which could have a material adverse effect on its business, financial condition and results of operations.

HGS has designed and established a robust ERM (Enterprise Risk Management) framework comprising of practices related to identification, assessment, monitoring and mitigation of risks to its business. ERM practices enables HGS to leverage upcoming market opportunities effectively through risk-oriented assessment and mitigation methods that minimize adverse impact of risks. HGS’ ERM objectives include risk management of areas related to strategic factors (both external and internal), operations, finance, client and market space, technology and human resources. Our risk practices seek to enhance long-term competitive advantage. Risk management processes are monitored, reviewed and revised as appropriate to adapt to the changing global risk scenario and landscape. The Risk Management Committee reviews the identified risk and actions taken to mitigate them on a quarterly basis.

### Risk Categories

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

1. **Strategy Risks:** Risks emanating out of choices that HGS makes on markets, business portfolio, resource allocation, life cycle planning, delivery model, clients and suppliers, mergers and acquisitions and joint ventures, which can potentially impact its long term competitive advantage;
2. **Counterparty Risks:** Risks arising out of HGS’ association with entities like clients, vendors and business partners for conducting business, which may potentially incur a risk of default on obligations;
3. **Operations Risks:** Risks inherent to business operations including service delivery to clients, business support activities, information security and data privacy, intellectual property, physical security and business continuity of service delivery, which can lead to potential loss resulting from inadequate or failed processes, people and systems or from external events;
4. **Financial Risks:** Risks arising from foreign exchange volatility, interest rates, credit conditions, treasury, taxes as per statutory laws in each country of operation and client concentration, which can potentially impact the company through uncertainty of returns and potential financial loss; and
5. **Regulatory & Compliance Risks:** Risks arising out of inadequate compliance to regulations, contractual obligations and violations leading to potential litigation and loss of reputation.

## HGS Risk Management Practices

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

### Risk Identification and Impact Analysis

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

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

**Risk Mitigation & Monitoring:** Identified top risks are tracked through external and internal indicators to track risk levels and likelihood of occurrence. Analysis, exposure and assessment of top risks are carried out periodically with emerging risks if-any being included. Mitigation plans are finalized, owners are identified and progress of mitigation actions are monitored and reviewed. The Risk Management Committee ultimately reports to the Board of Directors on the effectiveness of risk management across the enterprise.

**Risk Reporting and Disclosures:** Risks impacting achievement of business objectives, movement of risk levels, impact and mitigation status are reported and discussed with the Risk Management Committee periodically. This committee further reports to the board through periodic updates highlighting key risks, their impact and mitigation status.

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

## Internal Controls

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

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

Based on the current structure of internal financial controls and compliance systems established and maintained by the Company, work performed by the Statutory, Internal and Secretarial Auditors, including audit of internal financial controls over financial reporting by the Statutory Auditors, and the reviews performed by Management, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY2018 .

### 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 March 31, 2018**

[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) 2300 1153 E-Mail: <a href="mailto:einward.ris@karvy.com">einward.ris@karvy.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

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

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/ GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	HGS International, Mauritius	-	Foreign Subsidiary	100	Section 2(87)(i)
2.	HGS International Services Private Limited*	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.	Hinduja Global Solutions 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.	Elements Solutions LLC, USA	-	Foreign Subsidiary	57	Section 2(87)(ii)
23.	HGS Axis Point Health LLC	-	Foreign Subsidiary	100	Section 2(87)(ii)
24.	Falcon Health Solutions – Puerto Rico Holding LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)
25.	Falcon Health Solutions – Puerto Rico LLC, USA	-	Foreign Subsidiary	100	Section 2(87)(ii)

\* merged with the Company

\*\* liquidated

\*\*\* under liquidation

#### 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 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year*	
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares		
<b>A. Promoters</b>										
<b>(1) Indian</b>										
a) Individual/HUF	16,17,185	0	16,17,185	7.80	16,17,185	0	16,17,185	7.78	(0.02)	
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.	57,48,541	0	57,48,541	27.71	57,48,541	0	57,48,541	27.64	(0.07)	
e) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00	
f) Any Other	39,02,299	0	39,02,299	18.82	39,02,299	0	39,02,299	18.76	(0.06)	
<b>Sub-total (A) (1)</b>	<b>1,12,68,025</b>	<b>0</b>	<b>1,12,68,025</b>	<b>54.32</b>	<b>1,12,68,025</b>	<b>0</b>	<b>1,12,68,025</b>	<b>54.18</b>	<b>(0.15)</b>	
<b>(2) Foreign</b>										
a) NRIs-Individuals	0	0	0	0.00	0	0	0	0.00	0.00	
b) Other-Individuals	0	0	0	0.00	0	0	0	0.00	0.00	
c) Bodies Corp.	27,61,427	0	27,61,427	13.32	27,61,427	0	27,61,427	13.28	(0.04)	
d) Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00	
<b>e) Any Other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	
<b>Sub-total (A) (2)</b>	<b>27,61,427</b>	<b>0</b>	<b>27,61,427</b>	<b>13.32</b>	<b>27,61,427</b>	<b>0</b>	<b>27,61,427</b>	<b>13.28</b>	<b>(0.04)</b>	
<b>Total Shareholding of Promoter (A)= (A)(1)+ (A)(2)</b>	<b>1,40,29,452</b>	<b>0</b>	<b>1,40,29,452</b>	<b>67.64</b>	<b>1,40,29,452</b>	<b>0</b>	<b>1,40,29,452</b>	<b>*67.45</b>	<b>(0.19)</b>	
<b>B. Public Shareholding</b>										
<b>1. Institutions</b>										
a) Mutual Funds	620,671	0	620,671	2.99	448,643	0	448,643	2.16	(0.84)	
b) Banks/ FI	8,429	0	8,429	0.04	17,030	0	17,030	0.08	0.04	
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00	
d) State Govt. (s)	0	0	0	0.00	0	0	0	0.00	0.00	
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00	
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00	
g) FIs/ FPIs	15,32,118	0	15,32,118	7.39	17,00,393	0	17,00,393	8.18	0.79	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00	



Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2017)				No. of Shares held at the end of the year (as on 31.03.2018)				% Change during the year*	
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares		
	i) Others (specify)									
	- Foreign National	4,705	0	4,705	0.02	4,705	0	4,705	0.02	0.00
	- Foreign Companies	0	15,000	15,000	0.07	0	15,000	15,000	0.07	0.00
	<b>Sub - total (B) (1)</b>	<b>21,65,923</b>	<b>15,000</b>	<b>21,80,923</b>	<b>10.51</b>	<b>21,70,771</b>	<b>15,000</b>	<b>21,85,771</b>	<b>10.51</b>	<b>0.00</b>
<b>2. Non-Institutions</b>										
	a) Bodies Corp.									
	- Indian	3,86,900	3,700	3,90,600	1.88	7,60,041	2,900	7,62,941	3.67	1.79
	- Overseas	0	0	0	0.00	0	0	0	0.00	0.00
	b) Individuals									
	- Individual shareholders holding nominal share capital upto ₹ 1 lakh	20,65,716	34,064	20,99,780	10.12	17,23,723	28,513	17,52,236	8.42	(1.70)
	- Individual shareholders holding nominal share capital in excess of ₹1 lakh	16,91,944	0	16,91,944	8.16	17,90,164	0	17,90,164	8.61	0.45
	c) Others (specify)									
	- NRIs	61,297	0	61,297	0.29	37,776	0	37,776	0.18	(0.11)
	- Trusts	4,718	0	4,718	0.02	825	0	825	0.00	(0.02)
	-Clearing Members	14,631	0	14,631	0.07	10,271	0	10,271	0.05	(0.02)
	HUF	2,56,853	0	256,853	1.24	2,21,655	0	2,21,655	1.07	(1.07)
	IEPF	0	0	0	0.00	6,223	0	6,223	0.03	0.03
	NBFCs	12,565	0	12,565	0.06	1,926	0	1,926	0.01	(0.05)
	Alternate Investment Funds	0	0	0	0	70,992	0	70,992	0.34	0.34
	<b>Sub-Total (B)(2):-</b>	<b>44,94,624</b>	<b>37,764</b>	<b>45,32,388</b>	<b>21.85</b>	<b>45,52,604</b>	<b>31,413</b>	<b>45,84,017</b>	<b>22.04</b>	<b>0.19</b>
	<b>Total Public Shareholding (B) = (B)(1)+ (B)(2)</b>	<b>66,60,547</b>	<b>52,764</b>	<b>67,13,311</b>	<b>32.36</b>	<b>67,23,375</b>	<b>46,413</b>	<b>67,69,788</b>	<b>32.55</b>	<b>0.19</b>
<b>C.</b>	Shares held by Custodian for GDRs and ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C)</b>	<b>2,06,89,999</b>	<b>52,764</b>	<b>2,07,42,763</b>	<b>100.00</b>	<b>2,07,52,827</b>	<b>46,413</b>	<b>2,07,99,240</b>	<b>100.00</b>	<b>0.00</b>

\* 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 01.04.2017)			Shareholding at the end of the year (as on 31.03.2018)			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1.	Ashok P. Hinduja	31,600	0.15	0.00	31,600	0.15	0.00	0.00
2.	Harsha Ashok Hinduja	16,695	0.08	0.00	16,695	0.08	0.00	0.00
3.	Harsha Ashok Hinduja/ Jt. Ashok Parmanand Hinduja	5,57,498	2.69	0.00	5,57,498	2.68	0.00	(0.01)
4.	Ashok P. Hinduja/ Jt. Harsha Ashok Hinduja	45,313	0.22	0.00	45,313	0.22	0.00	0.00
5.	Vinoo Srichand Hinduja	61,065	0.29	0.00	61,065	0.29	0.00	0.00
6.	Ambika Ashok Hinduja	1,77,242	0.85	0.00	1,77,242	0.85	0.00	0.00
7.	Shom Ashok Hinduja	1,40,007	0.68	0.00	1,40,007	0.67	0.00	(0.01)
8.	Shanoo Mukhi	955	0.00	0.00	955	0.00	0.00	0.00
9.	Ashok P. Hinduja Karta of A.P. Hinduja (HUF)	54,327	0.26	0.00	54,327	0.26	0.00	0.00
10.	Ashok P. Hinduja Karta of S P Hinduja (HUF bigger)	5,32,483	2.57	0.00	5,32,483	2.56	0.00	0.00
11.	Hinduja Group Limited	57,48,541	27.71	0.00	57,48,541	27.64	0.00	(0.07)
12.	Hinduja Group Limited jointly with Hinduja Realty Ventures Ltd. (as the Demat account holder & partner of Aasia Exports)	34,24,490	16.51	0.00	34,24,490	16.46	0.00	(0.05)
13.	Amas Mauritius Limited	27,61,427	13.32	0.00	27,61,427	13.28	0.00	(0.04)
14.	Aasia Corporation LLP	4,77,809	2.31	0.00	4,77,809	2.30	0.00	(0.01)
	<b>Total</b>	<b>1,40,29,452</b>	<b>67.64</b>	<b>0.00</b>	<b>1,40,29,452</b>	<b>67.45*</b>	<b>0.00</b>	<b>*(0.19)</b>

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

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

Particulars	Shareholding at the beginning of the year (01.04.2017)		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	1,40,29,452	67.64	1,40,29,452	67.64
Date wise increase/ decrease in Promoters shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc.)	Nil	0.00	Nil	0.00
At the end of the year	1,40,29,452	*67.45	1,40,29,452	67.45

\*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 (01.04.2017)	Bridge India Fund	4,74,147	2.29	4,74,147	2.29
	Reliance Capital Trustee Co. Ltd- A/C Small Cap Fund	3,66,292	1.77	3,77,651	1.82
	Grandeur Peak International Opportunities Fund	3,40,600	1.64	3,03,026	1.46
	Seetha Kumari	1,28,634	0.62	2,66,280	1.28
	Birla Sun Life Trustee Company Private Limited	2,78,000	1.34	2,09,823	1.01
	Grandeur Peak Global Opportunities Fund	2,88,100	1.39	2,12,100	1.02
	Madanlal Jawanmalji Jain	0	0.00	2,07,000	1.00
	Veluru Girinatha Prakash	73,067	0.35	1,77,875	0.86
	Grandeur Peak Emerging Markets Opportunities Fund	1,94,500	0.94	1,61,184	0.78
	Dilipkumar Lakhi	45,265	0.22	1,15,805	0.56
	<b>21,88,605</b>	<b>10.56</b>	<b>25,04,891</b>	<b>12.08</b>	

For Each of the Top 10 Shareholders	Name of Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the end of the year (or on the date of separation, if separated during the year)	Bridge India Fund	4,74,147	2.29	4,74,147	2.28
	Reliance Capital Trustee Co. Ltd- A/C Small Cap Fund	3,77,651	1.82	3,77,651	1.82
	Reliance Value Services Private Limited	0	0.00	3,50,000	1.68
	Grandeur Peak International Opportunities Fund	3,03,026	1.46	0	0.00
	Seetha Kumari	2,66,280	1.28	6,63,155	3.19
	Grandeur Peak Global Opportunities Fund	212100	1.02	0	0.00
	Birla Sun Life Trustee Company Private Limited A/C	2,09,823	1.01	0	0.00
	Madanlal Jawanmalji Jain	2,07,000	1.00	0	0.00
	India Acorn Fund Ltd	0	0.00	1,95,000	0.94
	Veluru Girinatha Prakash	1,77,875	0.86	1,36,628	0.66
	Girish Kumar Sharda	1,07,584	0.52	1,62,218	0.78
	Grandeur Peak Emerging Markets Opportunities Fund	1,61,184	0.78	0	0.00
	Dilipkumar Lakhi	1,15,805	0.56	17,545	0.08
	Manish Lakhi	1,12,743	0.54	0	0.00
	Abu Dhabi Investment Council- (Whiting)	0	0.00	86,842	0.42
	Ram (Lux) Systematic Funds - Emerging Markets Equities	0	0.00	73,510	0.35
			<b>27,25,218</b>	<b>13.14</b>	<b>26,49,461</b>

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

Sl. No.	Name of Directors and KMP	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>A.</b>	<b>DIRECTORS</b>					
	<b>1. Ramkrishan P. Hinduja</b>					
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	Nil	0.00
	<b>2. Shanu S.P. Hinduja</b>					
	At the beginning of the year	-	955	0.00	955	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	955	0.00
	<b>3. Vinoo S. Hinduja</b>					
	At the beginning of the year	-	61,065	0.29	61,065	0.29
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	61,065	0.29
	<b>4. Anil Harish</b>					
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	Nil	0.00

Sl. No.	Name of Directors and KMP	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>5. Rajendra P. Chitale</b>						
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	Nil	0.00
<b>6. Rangan Mohan</b>						
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	Nil	0.00
<b>7. Yashodhan Madhusudan Kale</b>						
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	Nil	0.00
<b>8. Pradeep Mukerjee</b>						
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	Nil	0.00	Nil	0.00
	At the End of the year	-	-	-	Nil	0.00

Sl. No.	Name of Directors and KMP	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>B.</b>	<b>KEY MANAGERIAL PERSONNEL</b>					
	<b>1. Partha DeSarkar</b>					
	At the beginning of the year	-	17120	0.08	17120	0.08
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	25.04.2017	5302 (Allotted under ESOP)	0.03	22,422	0.11
		07.12.2017	4590 (Allotted under ESOP)	0.02	27,012	0.13
		05.01.2018	756 (Allotted under ESOP)	0.00	27,768	0.13
	At the End of the year	-	-	-	27,768	0.13
	<b>2. Srinivas Palakodeti</b>					
	At the beginning of the year	-	9887	0.05	9887	0.05
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	25.04.2017	280 (Allotted under ESOP)	0.00	10,167	0.05
		07.12.2017	297 (Allotted under ESOP)	0.00	10,464	0.05
		05.01.2018	297 (Allotted under ESOP)	0.00	10,761	0.05
	At the End of the year	-	-	-	10,761	0.05
	<b>3. Makarand D. Dewal</b>					
	At the beginning of the year	-	Nil	0.00	Nil	0.00
	Date wise increase/ decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	05.01.2018	1510	0.01	1510	0.01
	At the End of the year	-	-	-	1510	0.01

## V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	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
<b>Total (i+ii+iii)</b>	<b>14,87,87,445</b>	-	-	<b>14,87,87,445</b>
<b>Change in Indebtedness during the Financial Year</b>				
• Addition	4,16,00,00,000	-	-	4,16,00,00,000
• Reduction	(4,27,40,96,000)	-	-	(4,27,40,96,000)
<b>Net Change</b>	<b>(11,40,96,000)</b>	-	-	<b>(11,40,96,000)</b>
<b>Indebtedness at the end of the Financial Year</b>				
i) Principal Amount	3,33,52,000	-	-	3,33,52,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,64,061	-	-	2,64,061
<b>Total (i+ii+iii)</b>	<b>3,36,16,061</b>	-	-	<b>3,36,16,061</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Manager

Sl. No.	Particulars of Remuneration	Name of Manager (designated as CEO): Partha DeSarkar
1.	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹ 2,26,32,482
	(b) Annual Performance incentive /Enterprise performance incentive for FY 2016-17 paid in FY 2017-18	₹ 2,69,00,000
	(c) Annual Performance incentive /Enterprise performance incentive payable for FY 2017-18	₹ 64,01,000
	(d) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 26,79,508
	(e) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	Nil
2.	Stock Option	Nil
3.	Sweat Equity	Nil
4.	Commission - As % of profit - Others, specify	Nil
5.	Other, please specify (Employers contribution towards Provident Fund, Gratuity Fund and Superannuation Fund and Medical Insurance)	₹ 15,72,355
	<b>Total (A)</b>	<b>₹ 6,01,85,345</b>
	Ceiling as per the Act	The remuneration payable to any one Managing Director or Whole-Time-Director or Manager shall not exceed five per cent of the net profits of the company.



**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors:	<b>Anil Harish</b>	<b>Rajendra Chitale</b>	<b>Rangan Mohan</b>	<b>Pradeep Mukerjee</b>	
	• Fee for attending Board/ Committee meetings	₹ 11,00,000	₹ 13,00,000	₹ 13,50,000	₹ 6,00,000	₹ 43,50,000
	• Commission	₹ 21,53,000	₹ 24,84,000	₹ 24,06,000	₹ 13,43,000	₹ 83,86,000
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	<b>32,53,000</b>	<b>37,84,000</b>	<b>37,56,000</b>	<b>19,43,000</b>	<b>₹ 1,27,36,000</b>
2.	Other Non-Executive Directors	<b>Ramkrishan P. Hinduja</b>	<b>Shanu S. P. Hinduja</b>	<b>Vinoo S. Hinduja</b>	<b>Yashodhan Madhusudan Kale</b>	
	• Fee for attending Board/ Committee meetings	₹ 7,00,000	₹ 5,50,000	₹ 4,50,000	₹ 6,00,000	₹ 23,00,000
	• Commission	₹ 18,21,000	₹ 12,60,000	₹ 17,90,000	₹ 13,43,000	₹ 62,14,000
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	<b>25,21,000</b>	<b>18,10,000</b>	<b>22,40,000</b>	<b>19,43,000</b>	<b>₹ 85,14,000</b>
	<b>Total (B)= (1+2)</b>					<b>₹ 2,12,50,000</b>
	<b>Total Managerial Remuneration (A+B)</b>					<b>₹ 8,14,35,345</b>
	<b>Overall Ceiling as per the Act</b>	Total managerial remuneration payable shall not exceed 11% of the net profits of the Company				

**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/ WTD**

Sl. No.	Particulars of Remuneration	Company Secretary Makarand D. Dewal	CFO Srinivas Palakodeti	Total
	Gross Salary			
1.	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	₹ 58,17,317	₹ 1,58,25,645	₹ 2,16,42,962
	b) Annual Performance incentive /Enterprise performance incentive for FY 2016-17 paid in FY 2017-18	₹ 10,00,000	₹ 1,23,00,000	₹ 1,33,00,000
	c) Annual Performance incentive /Enterprise performance incentive payable for FY 2017-18	*	₹ 29,81,000	₹ 29,81,000
	d) Value of perquisite u/s 17(2) of the Income-tax Act, 1961	₹ 6,94,833	₹ 3,54,608	₹ 10,49,441
	e) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission	-	-	-
	- As % of profit			
	- Others, specify			
5.	Other, please specify (Employers contribution towards Provident Fund & Gratuity Fund)	₹ 6,500	₹ 10,12,321	₹ 10,18,821
	<b>Total</b>	<b>₹ 75,18,650</b>	<b>₹ 3,24,73,574</b>	<b>₹ 3,99,92,224</b>

\*as may be determined by NRC out of provisions made for FY 2017-18

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

There were no penalties, punishments, compounding of offences for the Financial Year ended March 31, 2018.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : August 24, 2018

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

## Annexure 'G' to the Directors' Report

# ANNUAL REPORT ON CSR ACTIVITIES

At the core of Hinduja Global Solutions (HGS)' philanthropic philosophy is its founder Shri Parmanand Deepchand Hinduja's commitment to treating work as a bond between the enterprise and the larger society. HGS inherited the same philanthropic DNA from its parent group, Hinduja Group. Inspired by the pioneering thoughts of our founder, "My dharma (duty) is to work so that I can give," HGS' CSR philosophy is to *Work to Give for a Better Tomorrow*. The program reinforces its pledge to work towards the betterment of the society and the communities it operates in. The framework primarily focuses on four areas – Education, Healthcare, Skill Development and Empowering Differently-abled – that HGS believes will impact India's future growth and prosperity.

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. In the past year, HGS has taken its community engagement to the next level by investing more and targeting its engagements to reach out to those who need more.

### CSR Committee:

HGS has constituted a CSR committee that provides direction to the execution of the CSR policy and 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. Rajendra P. Chitale, Member
- Mr. Rangan Mohan, 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	14,559.47
Prescribed CSR Expenditure (as two percent of the average net profit computed above)	291.19
Details of CSR spent during the financial year	291.30
Total amount to be spent during the financial year	291.30
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; Hyderabad- Telangana; Durgapur- West Bengal.	100.00	(1) 95.00 (2) 5.00	100.00	Through Magic Bus India Foundation
2	Yuva Unstoppable	Promoting education	Indore- Madhya Pradesh; Chennai- Tamil Nadu	51.30	51.30	51.30	Through Yuva Unstoppable
3	Jaldhaara Foundation	Preventive health care and sanitation Making safe drinking water available	Bangalore- Karnataka	25.00	(1) 24.00 (2) 1.00	25.00	Through Jaldhaara Foundation
4	The Akshaya Patra Foundation	Promoting education & eradicating hunger	Bangalore- Karnataka; Mysore- Karnataka; Mangalore- Karnataka; Hyderabad -Andhra Pradesh; Raipur- Chhattisgarh	85.00	(1) 82.45 (2) 2.55	85.00	Through Akshaya Patra Foundation
5	Hinduja Foundation	Promoting education	Pune- Maharashtra; Chennai- Tamil Nadu; Raipur- Chhattisgarh	30.00	30.00	30.00	Through Hinduja Foundation
	<b>Total</b>			<b>291.30</b>	<b>(1) 282.75 (2) 8.55</b>	<b>291.30</b>	<b>291.30</b>

**Our CSR Responsibility:**

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

Place : Mumbai  
Date : August 24, 2018

**Anil Harish**  
Chairman, CSR Committee  
(DIN:0001685)

**Partha DeSarkar**  
Manager & Chief Executive Officer

## Annexure 'H' to the Directors' Report

### Particulars of Contracts/ Arrangements with Related Parties

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2018, 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, 2018

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

# Annexure 'I' to the Directors' Report

## SECRETARIAL AUDIT REPORT

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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, 2018 ('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, 2018 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 issued pursuant to section 118(10) of the Act, by The Institute of Company Secretaries of India.

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

**I further report that**

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

Adequate Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on

agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting, to the extent practicable.

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

**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

FCS No: 5441

Place: Mumbai

Date : August 24, 2018 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 records is the responsibility of the management of the company.  
My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Mumbai  
Date : August 24, 2018

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

## Annexure 'J'

# TO THE DIRECTORS' REPORT

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

- (i) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year; and the percentage increase in remuneration of each director in the financial year 2017-18;**

Name of Director	Ratio of Remuneration to MRE	% increase in remuneration in FY2017-18
Mr. Ramkrishan P. Hinduja - Chairman	14.28	NA
Ms. Shanu S.P. Hinduja - Co-Chairperson	10.25	NA
Ms. Vinoo S. Hinduja - Non-Executive Director	12.69	NA
Mr. Anil Harish - Independent Director	18.43	NA
Mr. Rajendra P. Chitale - Independent Director	21.44	NA
Mr. Rangan Mohan - Independent Director	21.28	NA
Mr. Yashodhan Madhusudan Kale - Non-Executive Director	11.01	NA
Mr. Pradeep Mukerjee - Independent Director	11.01	NA

\* MRE = Median Remuneration of Employees

\*\*In FY 2016-17, no remuneration was paid to the Directors, apart from sitting fees for attending meetings of the Board and the Committees of the Board of which they were Members. No commission was paid to the Directors for any year, prior to FY 2017-18. In view of this the percentage increase in remuneration in FY 2017-18 is not comparable / applicable. The commission will be paid after the adoption of Audited Accounts for the year ended March 31, 2018 at the forthcoming AGM of the Company to be held on September 29, 2018.

- (ii) **The percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager (KMP) in the financial year 2017-18;**

Name of KMP	Designation	% increase in remuneration in FY2017-18
Mr. Partha DeSarkar	Manager and Chief Executive Officer	89.72
Mr. Srinivas Palakodeti	Chief Financial Officer	59.33
Mr. Makarand D. Dewal	Company Secretary	30.56

The remuneration is exclusive of taxable value of perquisite on stock options exercised during the year.

- (iii) **The percentage increase in the median remuneration of employees in the financial year 2017-18**

The median remuneration of employees (MRE) for the FY 2017-18 increased by 3.52% as compared to the FY 2016-17.

- (iv) **The number of permanent employees on the rolls of the Company: 27,432.**

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

The average percentage increase in the salaries of employees, other than KMPs in the last financial year is 9%, and the percentage increase in the remuneration of key managerial personnel is 73.13%. There has been a significant increase in the remuneration of key managerial personnel in FY 2017-18 compared with the previous year, FY 2016-17 due to the higher earnings from the Performance Linked Incentive. The payouts during the year considered have been higher since the business performance exceeded budgets approved by the Board. This is on the back of a lower pay out in the preceding year which had lower pay outs since the performance was lower than the approved budgets.

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

For and on behalf of the Board of Directors

Place : Mumbai  
Date : August 24, 2018

Ramkrishan P. Hinduja  
Chairman  
(DIN: 00278711)

# AUDITORS' REPORT

## INDEPENDENT AUDITOR'S REPORT

### To The Members of HINDUJA GLOBAL SOLUTIONS LIMITED

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hinduja Global Solutions Limited (hereinafter referred to as "the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the branch of the Group located at Philippines.

#### Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. 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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the branch auditors and other auditors on financial information of the branches and the subsidiaries referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.



# AUDITORS' REPORT

## Other Matters

- (a) We did not audit the financial information of one branch included in the standalone financial statements of the Company included in the Group whose financial information reflect total assets of ₹ 43,109 Lakhs as at March 31, 2018, total revenues of ₹ 71,283 Lakhs, total profit after tax of ₹ 5,775 Lakhs and total comprehensive income of ₹ 6,739 Lakhs for the year ended March 31, 2018, as considered in the respective standalone financial statements of the Company included in the Group. The financial information of this branch have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch is based solely on the report of such branch auditors.
- (b) We did not audit the financial information of 3 subsidiaries included in the consolidated financial statements, whose financial information reflect total assets of ₹ 72,319 as at March 31, 2018, total revenues of ₹ 32,051 Lakhs, total loss of ₹ 4,543 Lakhs, total comprehensive loss of ₹ 4,543 Lakhs and net cash inflows amounting to ₹ 1,060 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (c) We did not audit the financial information of 10 subsidiaries included in the consolidated financial statements, whose financial information reflect total assets of ₹ 38,716 Lakhs as at March 31, 2018, total revenues of ₹ 40,606 Lakhs, total profit after tax of ₹ 2,271 Lakhs, total comprehensive income of ₹ 2,271 Lakhs and net cash inflows amounting to ₹ 807 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

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

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the branch auditors and other auditors on separate financial statements and the other financial information of subsidiaries incorporated in India, referred in the Other Matters paragraph above we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept and proper returns adequate for the purposes of our audit have been received from the branches so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The reports on the accounts of the branch office of the Companies included in the Group audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
- (d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and with the returns received by us from the branch not visited.
- (e) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company and its subsidiary incorporated in India, and the reports of statutory auditors of its Subsidiary Company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- (g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' report of the Company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary company incorporated in India.

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

**Vikas Bagaria**  
Partner  
(Membership No. 060408)

Singapore, May 30, 2018

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph "g" under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Hinduja Global Solutions Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Hinduja Global Solutions Limited (hereinafter referred to as "Company") and its subsidiary company which is incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Company and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary company, which is a company incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the branch auditors and subsidiary company which is a company incorporated in India, 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 internal financial controls system over financial reporting of the Company.

### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

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## Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors referred in other matters paragraph below, the Company and its subsidiary company which is a company 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, 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matters

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

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

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

**Vikas Bagaria**  
Partner  
(Membership No.060408)

Singapore, May 30, 2018

# CONSOLIDATED BALANCE SHEET AS AT

(All amounts are in Rupees Lakhs)

Particulars	Notes	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	55,520.82	55,111.30
b) Capital work-in-progress	2	105.50	3,155.16
c) Other intangible assets	3a	7,548.07	9,971.86
d) Goodwill	3b	28,830.25	29,864.35
e) Financial Assets			
(i) Investments	4	1,118.17	535.95
(ii) Loans	5	8,480.74	8,235.27
(iii) Other financial assets	6	4,517.54	3,020.00
f) Deferred tax assets (net)	33	7,252.55	6,483.14
g) Income tax assets (net)	7a	3,889.86	3,826.35
h) Other non-current assets	8	6,978.45	6,937.52
<b>Total non-current assets</b>		<b>124,241.95</b>	<b>127,140.90</b>
<b>Current assets</b>			
a) Financial Assets			
(i) Trade receivables	9	64,949.48	46,288.70
(ii) Cash and cash equivalents	10a	46,156.22	30,957.06
(iii) Bank balances other than (ii) above	10b	1,723.91	6,493.02
(iv) Other financial assets	11	19,076.79	31,482.01
b) Other Current assets	12	6,478.74	5,535.60
<b>Total current assets</b>		<b>138,385.14</b>	<b>120,756.39</b>
<b>Total assets</b>		<b>262,627.09</b>	<b>247,897.29</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	13	2,080.02	2,074.27
b) Other equity		146,220.63	131,650.50
Equity attributable to the equity holders of the company		148,300.65	133,724.77
Non-controlling interest		(71.98)	(44.49)
<b>Total Equity</b>		<b>148,228.67</b>	<b>133,680.28</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial Liabilities			
(i) Borrowings	14a	20,500.18	35,970.57
b) Provisions	15	3,851.39	3,330.40
c) Deferred tax liabilities (net)	33	4,242.36	3,855.52
d) Other non-current liabilities	16	873.24	1,228.88
<b>Total non-current liabilities</b>		<b>29,467.17</b>	<b>44,385.37</b>
<b>Current liabilities</b>			
a) Financial Liabilities			
(i) Borrowings	14b	24,287.41	24,415.11
(ii) Trade payables	17	18,577.14	15,364.93
(iii) Other financial liabilities	18	29,088.00	20,016.79
b) Provisions	19	4,420.28	3,622.35
c) Current Tax Liabilities (Net)	7b	1,987.26	205.31
d) Other current liabilities	20	6,571.16	6,207.15
<b>Total current liabilities</b>		<b>84,931.25</b>	<b>69,831.64</b>
<b>Total liabilities</b>		<b>114,398.42</b>	<b>114,217.01</b>
<b>Total equity and liabilities</b>		<b>262,627.09</b>	<b>247,897.29</b>

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

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Firm registration no. 117366W/W-100018  
Chartered Accountants

Vikas Bagaria  
Partner  
Membership No.060408

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

Ramkrishan P. Hinduja  
Chairman  
DIN: 00278711

Anil Harish  
Director  
DIN: 00001685

Rangan Mohan  
Director  
DIN: 01116821

Srinivas Palakodeti  
Chief Financial Officer

Place : Mumbai  
Date : May 30, 2018

Shanu S.P. Hinduja  
Co-Chairperson  
DIN: 06512872

Rajendra P. Chitale  
Director  
DIN: 00015986

Partha DeSarkar  
Manager and  
Chief Executive Officer

Makarand D. Dewal  
Company Secretary

Place : Singapore  
Date : May 30, 2018

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

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

Particulars	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
I Revenue from operations	21	384,936.75	371,099.42
II Other income	22	3,626.34	2,277.45
<b>III Total income (I+II)</b>		<b>388,563.09</b>	<b>373,376.87</b>
<b>IV Expenses</b>			
a) Employee benefit expenses	23	259,625.90	245,579.27
b) Finance costs	24	3,465.39	4,293.59
c) Depreciation and amortization expenses	25	14,127.57	14,317.12
d) Other Expenses	26	84,705.67	83,718.70
<b>Total expenses</b>		<b>361,924.53</b>	<b>347,908.68</b>
<b>Profit before exceptional items and tax</b>		<b>26,638.56</b>	<b>25,468.19</b>
V Exceptional items (Refer note 43)		1,200.01	-
<b>VI Profit before tax</b>		<b>25,438.55</b>	<b>25,468.19</b>
<b>VII Tax expense</b>			
a) Current tax		5,357.78	8,785.54
b) Deferred tax		873.38	(1,238.09)
<b>Total tax expense</b>		<b>6,231.16</b>	<b>7,547.45</b>
<b>VIII Profit for the year</b>		<b>19,207.39</b>	<b>17,920.74</b>
<b>IX Other comprehensive income</b>			
<b>A. Items that will not be reclassified to profit and loss</b>			
a) Remeasurements of defined benefit plans		(412.04)	(876.46)
c) Income tax on above item		256.72	135.85
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)</b>		<b>(155.32)</b>	<b>(740.61)</b>
<b>B. Items that may be reclassified to profit or loss</b>			
a) Effective Portion of designated portion of hedging instruments in a cash flow hedge		(1,067.66)	595.98
b) Exchange differences in translating the financial statements of foreign operation		(1,718.68)	(166.98)
c) Income tax on above items		622.36	(711.56)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods (B)</b>		<b>(2,163.98)</b>	<b>(282.56)</b>
<b>X Other comprehensive income for the year [A + B]</b>		<b>(2,319.30)</b>	<b>(1,023.17)</b>
<b>XI Total comprehensive income for the year</b>		<b>16,888.09</b>	<b>16,897.57</b>
<b>XII Profit for the year attributable to:</b>			
a) Equity holders of the company		19,360.04	17,954.84
b) Non-controlling interests		(152.65)	(34.10)
		<b>19,207.39</b>	<b>17,920.74</b>
<b>XIII Other comprehensive income for the year attributable to:</b>			
a) Equity holders of the company		(2,444.46)	(1,066.22)
b) Non-controlling interests		125.16	43.06
		<b>(2,319.30)</b>	<b>(1,023.16)</b>
<b>XIV Total Other comprehensive income attributable to:</b>			
a) Equity holders of the company		16,915.58	16,888.62
b) Non-controlling interests		(27.49)	8.96
		<b>16,888.09</b>	<b>16,897.57</b>
<b>Earning per equity share [equity share par value ₹10/- each]</b>			
Basic	29	93.18	86.58
Diluted	29	92.94	86.44

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

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

Vikas Bagaria

Partner

Membership No.060408

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

Ramkrishan P. Hinduja

Chairman  
DIN: 00278711

Anil Harish  
Director  
DIN: 00001685

Rangan Mohan  
Director  
DIN: 01116821

Srinivas Palakodeti  
Chief Financial Officer

Shanu S.P. Hinduja  
Co-Chairperson  
DIN: 06512872

Rajendra P. Chitale  
Director  
DIN: 00015986

Partha DeSarkar  
Manager and  
Chief Executive Officer

Makarand D. Dewal  
Company Secretary

Place : Singapore  
Date : May 30, 2018

Place : Mumbai  
Date : May 30, 2018

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

## A. Equity Share Capital

Particulars	Notes	Amount
Balance as at April 1, 2016		2,072.90
Changes in equity share capital during the year	13	1.37
Balance as at March 31, 2017		2,074.27
Changes in equity share capital during the year	13	5.75
Balance as at March 31, 2018		2,080.02

## B. Other Equity

Particulars	Reserves and Surplus						Other comprehensive income				Total attributable to equity holders of the company	Non-controlling interest	Total
	Capital reserve	Securities Premium reserve	General reserve	Capital redemption reserve	Retained Earnings	Share application money pending allotment	Employee stock options outstanding	Foreign currency translation reserve	Cash Flow Hedging Reserve Account	Other items of Other comprehensive income			
<b>As at April 1, 2016</b>	24,273.83	653.47	53,996.98	12.00	34,856.31	-	111.54	3,054.70	615.90	(797.80)	116,776.93	(53.45)	116,723.48
Profit for the year	-	-	-	-	17,954.84	-	-	-	-	(740.61)	17,954.84	(34.10)	17,920.74
Other Comprehensive Income	-	-	-	-	-	-	-	(166.98)	(115.58)		(1,023.17)	43.06	(980.11)
<b>Total</b>	<b>24,273.83</b>	<b>653.47</b>	<b>53,996.98</b>	<b>12.00</b>	<b>52,811.15</b>	<b>-</b>	<b>111.54</b>	<b>2,887.72</b>	<b>500.32</b>	<b>(1,538.41)</b>	<b>133,708.60</b>	<b>(44.49)</b>	<b>133,664.11</b>
Transaction with owners in their capacity as Equity holders of the company:													
Additions/ Adjustment during the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee stock options	-	45.78	-	-	-	79.84	0.23	-	-	-	125.85	-	125.85
Dividends(including dividend tax thereon)	-	-	-	-	(2,183.95)	-	-	-	-	-	(2,183.95)	-	(2,183.95)
<b>As at March 31, 2017</b>	<b>24,273.83</b>	<b>699.25</b>	<b>53,996.98</b>	<b>12.00</b>	<b>50,627.20</b>	<b>79.84</b>	<b>111.77</b>	<b>2,887.72</b>	<b>500.32</b>	<b>(1,538.41)</b>	<b>131,650.50</b>	<b>(44.49)</b>	<b>131,606.01</b>
Profit for the year	-	-	-	-	19,360.04	-	-	-	-	-	19,360.04	(152.65)	19,207.39
Other Comprehensive Income	-	-	-	-	-	-	-	(1,718.68)	(445.30)	(155.32)	(2,319.30)	125.16	(2,194.14)
<b>Total</b>	<b>24,273.83</b>	<b>699.25</b>	<b>53,996.98</b>	<b>12.00</b>	<b>69,987.24</b>	<b>79.84</b>	<b>111.77</b>	<b>1,169.04</b>	<b>55.02</b>	<b>(1,693.73)</b>	<b>148,691.24</b>	<b>(71.98)</b>	<b>148,619.26</b>
Transaction with owners in their capacity as Equity holders of the company:													
Additions/ Adjustment during the year	-	-	(99.38)	(12.00)	-	(79.84)	-	-	-	-	(111.38)	-	(111.38)
Employee stock options	-	244.78	-	-	-	-	(22.39)	-	-	-	142.55	-	142.55
Dividends(including dividend tax thereon)	-	-	-	-	(2,501.78)	-	-	-	-	-	(2,501.78)	-	(2,501.78)
<b>As at March 31, 2018</b>	<b>24,273.83</b>	<b>944.03</b>	<b>53,897.60</b>	<b>-</b>	<b>67,485.46</b>	<b>-</b>	<b>89.38</b>	<b>1,169.04</b>	<b>55.02</b>	<b>(1,693.73)</b>	<b>146,220.63</b>	<b>(71.98)</b>	<b>146,148.65</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

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

	As at March 31, 2018	As at March 31, 2017
<b>Balance as at the beginning of the year</b>	<b>500.32</b>	<b>615.90</b>
Changes in fair value of effective portion of derivatives	4,589.37	2,777.31
Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	(5,657.03)	(2,181.33)
<b>Balance as at the end of the year</b>	<b>(567.34)</b>	<b>1,211.88</b>
Deferred tax thereon	622.36	(711.56)
<b>Balance as at the end of the year, net of deferred tax</b>	<b>55.02</b>	<b>500.32</b>

## Nature and purpose of reserves

### Securities premium reserve

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

### General Reserve

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

### Cash flow hedging reserve

The Group uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale, as described within note 38. For hedging foreign currency risk, the group uses foreign currency forward contracts which are designated as cash flow hedges. To the extent these hedges are effective; the change in fair value of the hedging instrument is recognized in the cash flow hedging reserve. Amounts recognized in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss.

### Employee Stock Options Outstanding

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

### Foreign currency translation reserve

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



# CONSOLIDATED CASH FLOW STATEMENT

(All amounts are in Rupees Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash Flow from Operating Activities</b>		
Profit before tax from continuing operations	25,438.55	25,468.19
<b>Profit before tax</b>	<b>25,438.55</b>	<b>25,468.19</b>
Adjustments for:		
Depreciation and amortization expenses	14,127.57	14,317.12
Employee share-based compensation (income)/expense	(22.39)	0.23
Loss on disposal of property, plant and equipment and Other intangible assets net	309.26	16.49
Dividend income	(173.77)	-
Unwinding of discount on security deposits	(204.71)	(133.95)
Liabilities/ Provision no longer required written back	(35.87)	(27.61)
Interest income	(1,689.94)	(1,544.02)
Finance costs	3,465.39	4,293.59
Provision for doubtful debts	-	128.48
Bad Debts	321.84	13.52
Deferred rent and deferred revenue	240.66	175.09
Net exchange differences	(1,329.64)	485.73
Mark to market gain on derivatives	(756.42)	(635.28)
Non cash exceptional items	1,200.01	-
<b>Change in operating assets and liabilities</b>		
(Increase) in trade receivables	(19,011.04)	(553.60)
Decrease in other financial assets	9,003.80	(876.43)
(Increase) in other non-current assets	(4.58)	2,959.21
(Increase) in other current assets	(943.14)	713.13
Increase in trade payables	3,219.66	(1,119.17)
Increase in other financial liabilities	2,907.97	3,476.29
Increase in provisions	1,474.24	836.22
Increase in other liabilities	248.88	589.36
<b>Cash generated from operations</b>	<b>37,786.33</b>	<b>48,582.59</b>
Income taxes paid	(3,639.34)	(7,660.90)
<b>Net cash generated from operating activities</b>	<b>34,146.99</b>	<b>40,921.69</b>

# CONSOLIDATED CASH FLOW STATEMENT

(All amounts are in Rupees Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flows from investing activities</b>		
Payment for acquisition of business	-	(170.00)
Payments for property, plant and equipment	(13,269.90)	(18,196.32)
Payments for purchase of investments	(1,061.17)	(523.19)
Proceeds from sale of investments	478.95	1,008.20
Proceeds from sale of property, plant and equipment	1,127.12	138.23
Bank Deposits	4,769.11	5,255.88
Dividends received	173.77	-
Interest received	1,810.57	1,154.29
<b>Net cash used in investing activities</b>	<b>(5,971.55)</b>	<b>(11,332.91)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	170.69	43.73
Proceeds from Share application pending allotment	-	79.84
Proceeds from borrowings	1,600.00	1,480.00
Repayment of borrowings	(9,218.93)	(19,711.90)
Interest paid on Borrowings	(3,479.35)	(4,304.60)
Dividends paid ( including dividend tax thereon)	(2,503.25)	(2,185.02)
<b>Net cash used in financing activities</b>	<b>(13,430.84)</b>	<b>(24,597.95)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>14,744.60</b>	<b>4,990.83</b>
Cash and cash equivalents at the beginning of the financial year	30,957.06	26,678.83
Effects of exchange rate changes on cash and cash equivalents	454.56	(712.60)
<b>Cash and cash equivalents at end of the year(Refer Note 10a)</b>	<b>46,156.22</b>	<b>30,957.06</b>
<b>Balances per statement of cash flows</b>	<b>46,156.22</b>	<b>30,957.06</b>

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

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Firm registration no. 117366W/W-100018  
Chartered Accountants

**Vikas Bagaria**  
Partner  
Membership No.060408

Place : Singapore  
Date : May 30, 2018

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

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

**Anil Harish**  
Director  
DIN: 00001685

**Rangan Mohan**  
Director  
DIN: 01116821

**Srinivas Palakodeti**  
Chief Financial Officer

Place : Mumbai  
Date : May 30, 2018

**Shanu S.P. Hinduja**  
Co-Chairperson  
DIN: 06512872

**Rajendra P. Chitale**  
Director  
DIN: 00015986

**Partha DeSarkar**  
Manager and  
Chief Executive Officer

**Makarand D. Dewal**  
Company Secretary

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 Background

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

These Consolidated financial statements were authorized to be approved by the Board of Directors on 30.05.2018. Amounts as at and for the year ended March 31, 2017 financial statements were audited by Price Waterhouse.

### a Basis of preparation of financial statements

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

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

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

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

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

#### (ii) Basis of Measurement

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

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

### b Use of estimates and judgements

The preparation of Consolidated 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 group exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision. (Refer Note 15 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 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,

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer note 34 for the details of the assumptions used in estimating the defined benefit obligation.

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

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

## iv) Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

## v) Deferred taxes

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

## vi) Impairment testing

Goodwill is required to be assessed for impairment for every Cash Generating Unit (CGU) on a yearly basis. For the purposes of the same, the group calculates the recoverable amount of the CGU. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of the CGU 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 and involves use of significant estimates and assumptions including turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions. Assessment of impairment Refer note 31 for the for the details of assumptions used in estimation of impairment of goodwill.

## vii) Other estimates

The share based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest. Accounting of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction.

## 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 unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

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

## d Foreign currency translation

### (i) Functional and presentation currency

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

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

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

### (iii) Group companies

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

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

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

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

## e Revenue recognition and measurement

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.

The group recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured.

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## f Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

## g Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses. Deferred tax liabilities are not recognized 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 recognized 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 utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

The Company has thus disclosed the Income Tax Assets/ Liabilities on a net basis to the extent that the same is settled within the same tax jurisdictions, which is in line with Accounting statements prescribed under Ind AS 12.

## h Leases

### As a lessee

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## i Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the group; and
- fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognized directly in equity as capital reserve.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently premeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is premeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss or other comprehensive income, as appropriate.

## j Impairment

### i) Impairment of non financial assets

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than carrying value. The goodwill impairment test is performed at the level of cash generating unit or group of cash generating units, which represent the lowest level at which goodwill is monitored for internal management purposes. An impairment in respect of goodwill is not reversed. Long lived assets such as Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### ii) Impairment of financial assets

The group applies the expected credit loss model for recognizing impairment loss on trade receivables measured at amortized cost. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate. Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on historical credit loss experience adjusted for forward looking information.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## **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.

## **l Trade receivables**

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

## **m Investments and other financial assets**

### **(i) Classification**

The group classifies its financial assets in the following measurement categories:

- a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b. those measured at amortized cost.

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

### **(ii) Measurement**

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Currently there are no debt instruments measured at Fair value.

### **(iii) Derecognition of financial assets**

A financial asset is derecognized only when

- a. The Company has transferred the rights to receive cash flows from the financial asset or
- b. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### **(iv) Income recognition**

- a. Interest income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

b. Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

**n Derivatives and hedging activities**

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The group designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions and variable interest rate risk associated with borrowings (cash flow hedges).

The group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

**(i) Cash flow hedges that qualify for hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains/(losses).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

**o Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

**p Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Assets costing less than ₹ 5000 each are depreciated fully in the year of acquisition.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

The cost of property, plant and equipment not available for use before such date are disclosed under capital work-in-progress.

## q Intangible assets

### (i) Goodwill

Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the 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 recognized as an expense as incurred. Cost associated with acquisition of intangible assets is capitalized when it is controlled by entity and probable future economic benefits are expected to flow.

### (iii) Commercial Rights

These rights were acquired as part of erstwhile business combination.

### (iv) Amortization methods and periods

The group amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Particulars	Useful life
Computer Software	3 to 6 years
Commercial rights	10 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

## 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 recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## s Borrowings

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains/(losses).

## t Provisions

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

## u Employee benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### (ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### (iii) Post-employment obligations

The group operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and pension
- (b) defined contribution plans such as provident fund

#### Defined benefit obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

## Defined contribution plans

The group pays contributions to publicly administered funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (iv) Share-based payments

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

#### Employee options

The fair value of options granted under the Hinduja Global Solutions Limited Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### (v) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

### v Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### w Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### x Earnings per share

#### (i) Basic earning per share

Basic earnings per share is calculated by dividing:

- a. the profit attributable to owners of the company
- b. by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

# NOTES TO THE CONSOLIDATED 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.

## y 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 43 for segment information.

## 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.

## za 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:

### Amendment to Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

**Step 1:** Identify the contract(s) with a customer

**Step 2:** Identify the performance obligation in contract

**Step 3:** Determine the transaction price

**Step 4:** Allocate the transaction price to the performance obligations in the contract

**Step 5:** Recognize revenue when (or as) the entity satisfies a performance obligation.

Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognized as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

### Amendment to Ind AS 21 - The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 2 Property, Plant And Equipment and Capital work- in - Progress

	Land	Building	Leasehold Building	Furniture and Fixtures	Vehicle	Office Equipment	Computers	Leasehold Improvements	Total	Capital work-in-progress
<b>March 31, 2017</b>										
<b>Gross carrying amount</b>	2,101.03	12,827.11	2,053.02	6,495.71	306.48	4,167.33	18,667.85	17,333.21	63,951.74	1,343.86
Additions	-	11.01	-	1,596.48	78.30	2,554.65	3,434.61	6,796.09	14,471.14	11,211.65
Effect of Foreign currency differences	(41.90)	(259.09)	-	(756.79)	(35.59)	(471.18)	(2,176.57)	(1,645.49)	(5,386.61)	(308.23)
Disposals	-	-	-	(178.81)	(17.03)	(297.39)	(696.78)	(608.11)	(1,798.12)	(9,092.12)
<b>Gross carrying amount</b>	<b>2,059.13</b>	<b>12,579.03</b>	<b>2,053.02</b>	<b>7,156.59</b>	<b>332.16</b>	<b>5,953.41</b>	<b>19,229.11</b>	<b>21,875.70</b>	<b>71,238.15</b>	<b>3,155.16</b>
<b>Accumulated depreciation</b>	-	381.10	39.39	1,330.02	51.99	271.50	3,769.52	3,692.37	9,535.89	-
Depreciation (Refer note 25)	-	347.15	39.39	1,196.23	66.45	2,008.42	4,072.24	3,711.83	11,441.71	-
Effect of Foreign currency differences	-	(41.24)	-	(423.94)	(22.07)	(320.18)	(1,393.43)	(1,013.98)	(3,214.84)	-
Disposals	-	-	-	(156.02)	(0.72)	(272.73)	(651.94)	(572.12)	(1,653.53)	-
Adjustment	-	-	-	3.90	-	2.89	10.11	0.72	17.62	-
<b>Accumulated depreciation</b>	-	<b>687.01</b>	<b>78.78</b>	<b>1,950.19</b>	<b>95.65</b>	<b>1,689.90</b>	<b>5,806.50</b>	<b>5,818.82</b>	<b>16,126.85</b>	-
<b>Net carrying amount as at March 31, 2017</b>	<b>2,059.13</b>	<b>11,892.02</b>	<b>1,974.24</b>	<b>5,206.40</b>	<b>236.51</b>	<b>4,263.51</b>	<b>13,422.61</b>	<b>16,056.88</b>	<b>55,111.30</b>	<b>3,155.16</b>
<b>March 31, 2018</b>										
<b>Gross carrying amount</b>	2,059.13	12,579.03	2,053.02	7,156.59	332.16	5,953.41	19,229.11	21,875.70	71,238.15	3,155.16
Additions	-	101.62	-	1,229.25	79.85	2,884.29	3,851.77	4,284.54	12,431.32	2,327.64
Transfers from Furniture & fixtures to Office equipment	-	-	-	(624.80)	-	624.80	-	-	-	-
Effect of Foreign currency differences	10.97	93.43	-	89.95	(11.58)	156.72	(286.57)	(61.65)	(8.73)	(93.91)
Disposals	-	-	-	(1,003.68)	(34.64)	(2,818.00)	(2,606.67)	(2,454.82)	(8,917.81)	(5,283.39)
<b>Gross carrying amount</b>	<b>2,070.10</b>	<b>12,774.08</b>	<b>2,053.02</b>	<b>6,847.31</b>	<b>365.79</b>	<b>6,801.22</b>	<b>20,187.64</b>	<b>23,643.77</b>	<b>74,742.93</b>	<b>105.50</b>
<b>Accumulated depreciation</b>	-	687.01	78.78	1,950.19	95.65	1,689.90	5,806.50	5,818.82	16,126.85	-
Depreciation (Refer note 25)	-	343.55	39.39	1,081.35	70.85	2,317.79	3,501.85	3,955.07	11,309.85	-
Effect of Foreign currency differences	-	21.92	-	(13.63)	(5.24)	142.02	(158.66)	(132.58)	(146.17)	-
Disposals	-	-	-	(822.72)	(23.56)	(2,282.47)	(2,580.88)	(2,358.79)	(8,068.42)	-
<b>Closing accumulated depreciation</b>	-	<b>1,052.48</b>	<b>118.17</b>	<b>2,195.19</b>	<b>137.70</b>	<b>1,867.24</b>	<b>6,568.81</b>	<b>7,282.52</b>	<b>19,222.11</b>	-
<b>Net carrying amount as at March 31, 2018</b>	<b>2,070.10</b>	<b>11,721.60</b>	<b>1,934.85</b>	<b>4,652.12</b>	<b>228.09</b>	<b>4,933.98</b>	<b>13,618.83</b>	<b>16,361.25</b>	<b>55,520.82</b>	<b>105.50</b>

### Leased assets

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

	As at 31.03.2018	As at 31.03.2017
Cost/ Deemed cost	2,063.27	2,941.12
Accumulated depreciation	(1,348.39)	(1,668.85)
<b>Net carrying amount</b>	<b>714.88</b>	<b>1,272.28</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 3a Other intangible assets and intangible assets under development

	Computer Software	Commercial Rights	Non Compete fees	Intangible assets under development	Total
<b>March 31, 2017</b>					
<b>Gross carrying amount</b>	11,663.50	75.00	20.07	83.55	11,842.12
Additions	3,398.59	-	-	635.10	4,033.69
Effect of Foreign currency differences	(1,062.94)	-	-	-	(1,062.94)
Disposals	(13.33)	-	-	(690.32)	(703.65)
<b>Gross carrying amount</b>	<b>13,985.82</b>	<b>75.00</b>	<b>20.07</b>	<b>28.33</b>	<b>14,109.22</b>
<b>Accumulated amortization</b>	<b>3,249.15</b>	<b>37.53</b>	<b>20.07</b>	-	<b>3,306.75</b>
Amortization expenses(Refer note 25)	2,837.93	37.47	-	-	2,875.40
Effect of Foreign currency differences	(2,043.25)	-	-	-	(2,043.25)
Disposals	(3.21)	-	-	-	(3.21)
Adjustment	1.67	-	-	-	1.67
<b>Accumulated amortization</b>	<b>4,042.29</b>	<b>75.00</b>	<b>20.07</b>	-	<b>4,137.36</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>9,943.53</b>	-	-	<b>28.33</b>	<b>9,971.86</b>
<b>March 31, 2018</b>					
<b>Gross carrying amount</b>	<b>13,985.82</b>	<b>75.00</b>	<b>20.07</b>	<b>28.33</b>	<b>14,109.22</b>
Additions	2,042.91	-	-	558.73	2,601.64
Effect of Foreign currency differences	(265.23)	-	-	-	(265.23)
Disposals	(69.13)	-	-	(586.99)	(656.12)
<b>Gross carrying amount</b>	<b>15,694.37</b>	<b>75.00</b>	<b>20.07</b>	<b>0.07</b>	<b>15,789.51</b>
<b>Accumulated amortization</b>	<b>4,042.29</b>	<b>75.00</b>	<b>20.07</b>	-	<b>4,137.36</b>
Amortization expenses(Refer note 25)	2,817.72	-	-	-	2,817.72
Effect of Foreign currency differences	1,355.48	-	-	-	1,355.48
Disposals	(69.12)	-	-	-	(69.12)
<b>Accumulated amortization</b>	<b>8,146.37</b>	<b>75.00</b>	<b>20.07</b>	-	<b>8,241.44</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>7,548.00</b>	-	-	<b>0.07</b>	<b>7,548.07</b>

### Leased assets

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

	As at 31.03.2018	As at 31.03.2017
Cost/ Deemed cost	693.55	909.09
Accumulated depreciation	(304.63)	(470.32)
<b>Net carrying amount</b>	<b>388.92</b>	<b>438.77</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 3b Goodwill

	Goodwill on Consolidation
<b>March 31, 2017</b>	
Gross carrying amount	30,742.73
<b>Gross carrying amount</b>	<b>30,742.73</b>
Effect of Foreign currency differences	(878.37)
<b>Net carrying amount as at March 31, 2017</b>	<b>29,864.36</b>
<b>March 31, 2018</b>	
Gross carrying amount	29,864.36
Impairment of goodwill	1,200.01
<b>Gross carrying amount</b>	<b>28,664.35</b>
Effect of Foreign currency differences	165.90
<b>Net carrying amount as at March 31, 2018</b>	<b>28,830.25</b>

## 4 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2018		As at 31.03.2017	
			Quantity Nos.	Amount	Quantity Nos.	Amount
[a]	<b>Non-Current Investments</b>					
(i)	<b>Treasury Bills (Unquoted and Non-Trade):</b>					
	[Deposited with Securities and Exchange Commission in Philippines]			1,118.17	-	535.95
	<b>Aggregate Value of Unquoted Investments</b>			<b>1,118.17</b>		<b>535.95</b>
	<b>Total non-current investments</b>					
	Aggregate Value of Unquoted Investments			1,118.17	-	535.95

### Terms of Treasury bill

Sr. No.	Name of Bank	Face Value in' PHP as on March 31, 2018 (PHP. in Lakhs)	Face Value in' INR as on March 31, 2018 (₹ in Lakhs)
1	Union Bank of the Philippines	52.70	65.76
2	CTBC Bank (Philippines) Corp.	325.00	405.57
3	Union Bank of the Philippines	200.00	249.58
4	Union Bank of the Philippines	318.34	397.26
	<b>Total</b>	<b>896.04</b>	<b>1,118.17</b>

These investments carry a market rate on interest and it is maturing by November 2019.

## 5 Loans

	As at March 31, 2018	As at March 31, 2017
Loan to related parties (Refer note 36)	8,480.74	8,235.27
<b>Total</b>	<b>8,480.74</b>	<b>8,235.27</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 6 Other non current financial asset

	As at March 31, 2018	As at March 31, 2017
Security Deposit	4,006.59	2,943.70
Deposits with bank for Margin Money*	11.79	76.30
Deposits with maturity exceeding 12 months	499.16	-
<b>Total</b>	<b>4,517.54</b>	<b>3,020.00</b>

\* Under lien with bank towards guarantees issued by them on behalf of the company.

## 7a Income Tax Assets (net)

	As at March 31, 2018	As at March 31, 2017
Advance tax and tax deducted at source	31,274.38	34,685.44
Less: Provision for Income tax	27,384.52	30,859.09
<b>Total</b>	<b>3,889.86</b>	<b>3,826.35</b>

## 7b Current tax liabilities

	As at March 31, 2018	As at March 31, 2017
Provision for Income tax	8,212.81	205.31
Less: Advance Tax and Tax deducted at source	6,225.55	-
<b>Total</b>	<b>1,987.26</b>	<b>205.31</b>

## 8 Other non current assets

	As at March 31, 2018	As at March 31, 2017
Capital Advances	55.88	19.53
Receivable from related party (Refer note 27)	3,318.99	3,318.99
Deferred Rent	2,695.81	2,713.53
Balances with Government Authorities	311.78	296.69
Prepaid Expenses	559.90	516.72
Others	36.09	72.06
<b>Total</b>	<b>6,978.45</b>	<b>6,937.52</b>

## 9 Trade receivable

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	64,949.48	46,288.70
Considered doubtful	133.29	168.34
Less: Allowance for bad and doubtful debts	(133.29)	(168.34)
<b>Total</b>	<b>64,949.48</b>	<b>46,288.70</b>
Current portion	64,949.48	46,288.70
Non-current portion	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 10a Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Balances with banks:		
in current accounts	35,691.16	29,038.69
in Exchange Earners Foreign Currency Account (EEFC) accounts	756.53	1,420.61
in Demand deposits	8,831.70	411.07
in cash credit accounts	863.02	46.69
Cash on hand	13.81	40.00
<b>Total</b>	<b>46,156.22</b>	<b>30,957.06</b>

Cash at banks in current account and Exchange Earners Foreign Currency Account (EEFC) account does not bear any interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

## 10b Bank balances other than Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Earmarked Balances with Banks		
Unpaid dividend	34.74	36.21
Unpaid bonus	1.82	1.82
Margin money deposits #	384.90	264.41
Bank Deposits maturing more than 3 months but less than 12 months	-	5,188.71
Restricted Bank Balances	1,302.45	1,001.87
<b>Total</b>	<b>1,723.91</b>	<b>6,493.02</b>

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

## 11 Other current financial asset

	As at March 31, 2018	As at March 31, 2017
Unbilled revenue	17,450.71	27,290.34
Security Deposit	304.84	1,009.03
Interest accrued on deposits/ loans	191.67	522.51
Derivatives - Foreign Exchange Forward Contracts (Refer note 38)	834.67	2,407.71
Other receivables	294.90	252.42
<b>Total</b>	<b>19,076.79</b>	<b>31,482.01</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 12 Other Current assets

	As at March 31, 2018	As at March 31, 2017
<b>Unsecured and considered good, unless otherwise stated</b>		
Balances with Government Authorities	294.42	510.41
Advance to employees		
- Good	357.41	457.13
- Doubtful	7.68	7.68
	365.09	464.81
Less: Provision for doubtful Advances	(7.68)	(7.68)
	357.41	457.13
Advance to Vendors	1,389.46	1,552.77
Prepaid Expenses	4,111.73	2,921.78
Others	325.72	93.51
<b>Total</b>	<b>6,478.74</b>	<b>5,535.60</b>

There were no loans due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

## 13 Equity Share capital

	As at March 31, 2018	As at March 31, 2017
<b>Authorised:</b>		
25,000,000 (March 31, 2017: 25,000,000) Equity shares of ₹ 10/- each fully paid	2,500.00	2,500.00
	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, subscribed and Paid up :</b>		
20,800,238 (March 31, 2017: 20,742,763) Equity shares of ₹ 10/- each fully paid	2,080.02	2,074.27
<b>Total</b>	<b>2,080.02</b>	<b>2,074.27</b>

### (i) Movements in equity share capital

	No. of shares	Equity share Capital (par value)
<b>As at April 1, 2016</b>	<b>20,729,039</b>	<b>2,072.90</b>
Shares issued to Employees under Employee Stock Option Plan (Refer note 28)	13,724	1.37
<b>As at March 31, 2017</b>	<b>20,742,763</b>	<b>2,074.27</b>
Shares issued to Employees under Employee Stock Option Plan (Refer note 28)	57,475	5.75
<b>As at March 31, 2018</b>	<b>20,800,238</b>	<b>2,080.02</b>

### (a) Terms and rights attached to equity shares

Equity Shares: The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend Which are approved by Board of Directors in Board Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of equity shares held by the shareholders. The share options granted under the Company's employee stock option plan carry dividend as well as voting rights upon exercise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(b) Number of shares reserved for issue under the Employee Stock Option Plan (Refer Note 28)

Particulars	As at March 31, 2018	As at March 31, 2017
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	72,103	141,079
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	85,833	108,110

(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, 2018		As at March 31, 2017	
	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.64%	5,748,541	27.71
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited	3,424,490	16.46%	3,424,490	16.51
Amas Mauritius Limited	2,761,427	13.28%	2,761,427	13.31

## 14 Borrowings

	Maturity date	Terms of repayment	Interest rate	As at March 31, 2018	As at March 31, 2017
<b>a. Borrowings - non-current</b>					
<b>Secured</b>					
Term loans from banks					
Project loan <sup>a</sup>	June, 2017	Repayable in 16 equal quarterly instalments	9.60%	-	143.26
Corporate loan <sup>b</sup>	July, 2018	Repayable in 60 equal monthly instalments	9.60%	-	1,431.72
Corporate loan <sup>c</sup>	October, 2020	Tranche 1 -Repayable in 21 quarterly instalments	5.00%	-	224.57
Corporate loan <sup>c</sup>	October, 2021	Repayable in equal quarterly instalments	5.25%	143.97	224.57
Corporate loan <sup>d</sup>	October, 2019	Repayable in 8 equal quarterly instalments			
Corporate loan <sup>d</sup>	September, 2018	Repayable equal quarterly instalments	3 months LIBOR+3.65% P.a. (Effective interest rate as at March 31, 2018 was 5.43%)	10,168.10	12,987.44
Corporate loan <sup>e</sup>	November, 2023	Repayable equal quarterly instalments	3 months LIBOR+310bps (Effective interest rate as at March 31, 2018 was 4.75%) and '6months LIBOR+310bps(Effective interest rate as at March 31, 2018 was 4.56%)	23,384.46	25,708.65
Long Term Maturities of Finance Lease Obligations <sup>f</sup>				231.70	415.33
[Refer note 27(c)(ii)]					

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Maturity date	Terms of repayment	Interest rate	As at March 31, 2018	As at March 31, 2017
<b>Unsecured</b>					
Others				393.13	691.01
<b>Total borrowings</b>				<b>34,321.36</b>	<b>41,826.55</b>
Less: Current maturities of long-term debt (included in note 18)				13,642.82	5,579.76
Less: Current Maturities of Finance Lease Obligations (included in note 18)				109.53	193.43
Less: Interest accrued (included in note 18)				68.83	82.79
<b>Non-current borrowings</b>				<b>20,500.18</b>	<b>35,970.57</b>
<b>B. Borrowings - current</b>					
<b>Secured</b>					
Bank Overdrafts <sup>a</sup>	Payable on demand	Payable on demand	7.85% - 8.15%	13,823.58	14,129.38
Bank Overdrafts <sup>c</sup>	Payable on demand	Payable on demand	5.25%	98.64	99.66
Bank Overdrafts <sup>h</sup>	Payable on demand	Payable on demand	LIBOR	2,976.61	2,828.99
Revolver Loan <sup>d</sup>	Payable on demand	Payable on demand	LIBOR+ 3.65% p.a (Effective interest rate as at March 31,2018 was 5.59%)	7,388.58	7,357.08
<b>Total Current borrowings</b>				<b>24,287.41</b>	<b>24,415.11</b>
Aggregate Secured loans				58,215.64	65,550.65
Aggregate Unsecured loans				393.13	691.01

## **Secured borrowings and assets pledged as security (Refer note 30)**

- Secured by exclusive charge on the entire asset of the project. The loan was taken for renovation of corporate office, Bangalore.
- 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, Hinduja Global Solutions Inc. and its subsidiaries. (except for HGS Canada Inc.)
- 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 charge on all assets of the company.

## **15 Non current - provisions**

	As at March 31, 2018	As at March 31, 2017
Pension (Refer note 34)	2,586.60	2,556.58
Gratuity(Refer note 34)	1,200.38	680.74
Others	64.41	93.08
<b>Total</b>	<b>3,851.39</b>	<b>3,330.40</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 16 Other non current liabilities

	As at March 31, 2018	As at March 31, 2017
Unearned Income	873.24	1,228.88
<b>Total</b>	<b>873.24</b>	<b>1,228.88</b>

## 17 Trade Payables

	As at March 31, 2018	As at March 31, 2017
i. Total outstanding dues of micro enterprises and small enterprises (Refer note 41)	124.86	1.58
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	18,452.28	15,363.35
<b>Total</b>	<b>18,577.14</b>	<b>15,364.93</b>

## 18 Other financial liabilities

	As at March 31, 2018	As at March 31, 2017
Current Maturities of Long-Term Debt*	13,642.82	5,579.76
Current Maturities of Finance Lease Obligations*	109.53	193.43
Interest accrued	68.83	82.79
Capital creditors	599.29	1,849.54
Unpaid dividend [Refer note (a) below]	34.74	36.21
Derivatives - Foreign Exchange Forward Contracts (Refer note 38)	562.40	1,112.64
Employee benefits payable	14,070.39	11,162.42
<b>Total</b>	<b>29,088.00</b>	<b>20,016.79</b>

a. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year-end.

\* For rate of interest and other terms and conditions , refer to note 14.

## 19 Current - provisions

	As at March 31, 2018	As at March 31, 2017
Pension (Refer note 34)	29.44	113.30
Compensated absences (Refer note 34)	4,390.84	3,509.05
<b>Total</b>	<b>4,420.28</b>	<b>3,622.35</b>

## 20 Other Current liabilities

	As at March 31, 2018	As at March 31, 2017
Advances from customers	806.00	1,818.97
Statutory dues payable	4,901.25	3,560.84
Other Payables	863.91	827.34
<b>Total</b>	<b>6,571.16</b>	<b>6,207.15</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 21 Revenue from operations

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sale of services</b>		
Business Process Management	384,936.75	371,099.42
<b>Total</b>	<b>384,936.75</b>	<b>371,099.42</b>

## 22 Other income

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on financial assets carried at amortised cost	1,689.94	1,544.02
Unwinding of discount on security deposits	204.71	133.95
Dividend income on Mutual Funds	173.77	-
Foreign Exchange Gain (net)	1,207.82	-
Provision for Doubtful Debts no longer required written-back	35.87	27.61
Miscellaneous income	314.23	571.87
<b>Total</b>	<b>3,626.34</b>	<b>2,277.45</b>

## 23 Employee benefits expense

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	242,143.01	227,000.85
Contribution to provident and other funds	14,685.08	15,518.65
Employee share based payment expenses	-	0.23
Gratuity expense	63.06	29.20
Staff welfare expenses	2,734.75	3,030.34
<b>Total</b>	<b>259,625.90</b>	<b>245,579.27</b>

## 24 Finance costs

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on		
- Term loans from bank	2,296.72	2,686.78
- Cash credit and others	483.26	1,041.03
Other borrowing costs	685.41	565.78
<b>Total</b>	<b>3,465.39</b>	<b>4,293.59</b>

## 25 Depreciation and Amortisation expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment (Refer Note 2)	11,309.85	11,441.71
Amortization of intangibles (Refer Note 3a)	2,817.72	2,875.41
<b>Total</b>	<b>14,127.57</b>	<b>14,317.12</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 26 Other expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Power and Fuel	6,873.83	6,054.97
Rent	17,113.21	15,904.11
Repairs and Maintenance - Leased Premises	3,569.17	3,029.44
Repairs and Maintenance - Others	5,166.11	4,500.99
Insurance	1,009.21	716.44
Rates and Taxes	1,043.60	1,214.10
Directors' Sitting Fees	76.90	91.60
Connectivity Cost	7,452.57	8,301.52
Advertisement and Business Promotion	1,711.55	1,432.02
Communication	3,480.07	2,140.42
Travelling, Conveyance and Car Hire Charges	5,917.87	5,183.25
Legal and Professional	10,589.53	11,584.26
Training and Recruitment	3,172.42	5,016.39
Commission	7,231.33	6,722.22
Donations	66.56	57.03
Software Expenses	1,805.50	1,437.64
Fulfillment Cost	294.18	428.13
Corporate Social Responsibility (Refer note 26a)	437.14	403.00
Bad Debts/ Advances Written off	321.84	13.52
Allowance for bad and doubtful debts/ advances	-	128.48
Foreign Exchange Loss (net)	-	2,435.18
Loss on Sale of Assets (net)	307.37	16.49
Fixed Assets Written Off	1.89	-
Miscellaneous Expenses	7,063.82	6,907.50
<b>Total</b>	<b>84,705.67</b>	<b>83,718.70</b>

### 26a Corporate Social Responsibility (CSR)

	March 31, 2018	March 31, 2017
Gross amount required to be spent by the Company during the year	436.31	403.00
<b>Total</b>	<b>436.31</b>	<b>403.00</b>

	In Cash*	In Cash*
	March 31, 2018	March 31, 2017
a. On various activities (Refer note below)	437.14	403.00
<b>Total</b>	<b>437.14</b>	<b>403.00</b>

\* There are no amounts yet to be paid in cash.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

**Note:**

Vendor Name	Nature of CSR Activity	Amount spent during the year
Magic Bus India Foundation	Youth Livelihood Program	100.00
The Akshaya Patra Foundation	Mid-Day Meal Programme	85.00
Hinduja Foundation	Dharam Hinduja Merit cum Means Scholarships	30.00
Jaldhaara Foundation	Providing safe and clean drinking water	25.00
Yuva Unstoppable	Smart Class Education in Municipal Schools Chennai & Indore (four schools each)	51.30
National Health and Education Society	For providing quality healthcare for the needy.	50.00
The Akshaya Patra Foundation	Contribution to facilitating education to underprivileged children through abundant, school meals for deprived children who come to school.	10.00
Plan International(India Chapter)	Contribution towards making quality education accessible to children through setting up of model schools in Mumbai and Pune.	56.84
Nasscom Foundation	Contribution to empowering persons with disabilities	29.00
<b>Total amount spent during the year</b>		<b>437.14</b>

## 27 Contingent Liabilities

### a) Contingent Liabilities

A) Claims against the group not acknowledged as debts:

Particulars	March 31, 2018	March 31, 2017
(i) Income Tax demand raised by authorities against which appeal has been filed by the Group (Refer note below)	12,093.36	2,377.29
(ii) Other matters (Refer note below)	16,572.27	7,173.43

**Notes:**

Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹ 7,144.66 Lakhs (As at March 31, 2017: ₹7,144.06 Lakhs) in respect of period prior to October 1, 2006 which is reimbursable by the Company pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ITES business into the Company sanctioned by High Court of Judicature of Bombay and made effective on March 7, 2007. In this regard, the Company had paid ₹ 5,550 Lakhs to Hinduja Ventures Limited to discharge part payment of disputed income tax dues pertaining to IT/ITES business. Out of this amount, the Company has received refund of ₹ 2,231.01 Lakhs (including interest of ₹ 606.72 Lakhs) during the Previous year and the net outstanding amount as at March 31, 2018 of ₹ 3,318.99 (As at March 31, 2017: ₹ 3,318.99 Lakhs) is included in "Receivable from Related Party - Note 8". 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.

The honourable Supreme Court of India has admitted a special leave petition (SLP) against section 10A matter under Income Tax Act, 1961 and the contingent liability as disclosed for financial year ended March 31, 2018 is recomputed considering all the open assessment years.

Future cash outflow in respect of above, if any, is determinable only on receipt of judgements/ decisions pending with relevant authorities.

### b) Capital and other commitments:

(i) Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account - ₹ 736.52 Lakhs (As at March 31, 2017: ₹ 1,649.91 Lakhs).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

**c) Assets taken as lease**

**(i) Non-cancellable operating leases:**

- a) The group leases various offices premises, vehicals and equipments 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, 2018	March 31, 2017
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	15,555.00	14,880.08
Later than one year but not later than five years	44,503.22	43,412.58
Later than five years	30,900.01	39,229.69

Rental expense relating to operating lease

Particulars	March 31, 2018	March 31, 2017
Minimum lease payments	16,607.30	14,317.96
<b>Total rental expense relating to operating leases</b>	<b>16,607.30</b>	<b>14,317.96</b>

- (b) Liabilities recognized in respect of Non cancellable operating leases.

Particulars	March 31, 2018	March 31, 2017
Lease Incentives		
Current	143.93	138.75
Non current	873.04	989.13

The group leases computers, office equipment, furniture & fixtures and computer software under non-cancellable finance leases expiring not beyond five years.

**ii) Non-cancellable finance leases:**

Particulars	March 31, 2018	March 31, 2017
Present Value	231.70	415.33
Finance Charge	19.03	38.89

The minimum lease payment is payable as follows:

Particulars	March 31, 2018	March 31, 2017
Minimum lease payments in relation to non-cancellable finance leases are payable as follows:		
Within one year	109.53	193.43
Later than one year but not later than five years	122.17	221.90
Later than five years	-	-
Less: amounts representing finance charges	(19.03)	(38.89)
<b>Present value of minimum lease payments</b>	<b>212.67</b>	<b>376.44</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 28 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 CONSOLIDATED 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, 2018		March 31, 2017	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening balance	469.84	141,079	453.57	164,512
Granted during the year	536.95	21,000	-	-
Lapsed during the year	489.01	(55,369)	-	-
Exercised during the year	433.16	(34,607)	312.50	(4,717)
Forfeited during the year	-	-	453.57	(18,716)
<b>Closing balance</b>		<b>72,103</b>		<b>141,079</b>
Vested and exercisable		37,446		49,558

## ESOP 2011

Particulars	March 31, 2018		March 31, 2017	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening Balance	527.38	108,111	441.60	171,150
Granted during the year	536.95	25,500	-	-
Lapsed during the year	530.11	(24,911)	441.60	(54,032)
Exercised during the year	520.93	(22,868)	359.39	(9,007)
<b>Closing balance</b>		<b>85,832</b>		<b>108,111</b>
Vested and exercisable		47,777		71,602

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2018 - ESOP 2008: ₹ 693.01 and ESOP 2011: ₹ 734.75 [March 31, 2017 - (ESOP 2008: ₹ 507.57 and ESOP 2011: ₹ 519.72)]

Shares options outstanding at the end of the year have the following expiry dates and exercise prices

Grant date	ESOP Plan	Expiry Date	Exercise Price (INR)	Share options (March 31, 2018)	Share options (March 31, 2017)
June 3, 2013	ESOP 2008	June 2, 2017	285.05	-	19,466
November 11, 2013	ESOP 2008	November 11, 2017	416.65	-	47,204
July 2, 2014	ESOP 2008	July 2, 2018	527.25	16,654	25,364
September 29, 2014	ESOP 2008	September 29, 2018	649.25	5,650	9,500
November 6, 2015	ESOP 2008	November 6, 2019	471.00	32,999	39,545
April 21, 2017	ESOP 2008	April 21, 2021	565.05	11,800	-
August 10, 2017	ESOP 2008	August 10, 2021	508.85	5,000	-
November 11, 2013	ESOP 2011	November 11, 2018	416.65	13,500	22,680
January 18, 2014	ESOP 2011	January 18, 2019	572.75	-	4,200
July 2, 2014	ESOP 2011	July 2, 2019	527.25	16,371	38,185
September 29, 2014	ESOP 2011	September 29, 2019	649.25	2,260	3,500
November 6, 2015	ESOP 2011	November 6, 2020	471.00	33,502	39,545
April 21, 2017	ESOP 2011	April 21, 2022	565.05	15,200	-
August 10, 2017	ESOP 2011	August 10, 2022	508.85	5,000	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Stock options outstanding at the end of the year have the following Remaining life (In months)

Grant date	ESOP Plan	Expiry Date	Remaining life (months)	Share options (March 31, 2018)	Remaining life (months)	Share options (March 31, 2017)
June 3, 2013	ESOP 2008	June 2, 2017	-	-	2	19,466
November 11, 2013	ESOP 2008	November 11, 2017	-	-	7	47,204
July 2, 2014	ESOP 2008	July 2, 2018	3	16,654	15	25,364
September 29, 2014	ESOP 2008	September 29, 2018	6	5,650	18	9,500
November 6, 2015	ESOP 2008	November 6, 2019	19	32,999	31	39,545
April 21, 2017	ESOP 2008	April 21, 2021	37	11,800	-	-
August 10, 2017	ESOP 2008	August 10, 2021	40	5,000	-	-
November 11, 2013	ESOP 2011	November 11, 2018	7	13,500	19	22,680
January 18, 2014	ESOP 2011	January 18, 2019	-	-	22	4,200
July 2, 2014	ESOP 2011	July 2, 2019	15	16,371	27	38,185
September 29, 2014	ESOP 2011	September 29, 2019	18	2,260	30	3,500
November 6, 2015	ESOP 2011	November 6, 2020	31	33,502	43	39,545
April 21, 2017	ESOP 2011	April 21, 2022	49	15,200	-	-
August 10, 2017	ESOP 2011	August 10, 2022	52	5,000	-	-

## (i) Fair value of options granted

The fair value of options granted during the year ended March 31, 2018 is as below. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

ESOP Scheme	Grant date	Fair value
ESOP 2008	April 21, 2017	158.89
ESOP 2008	August 10, 2017	143.81
ESOP 2011	April 21, 2017	159.93
ESOP 2011	August 10, 2017	145.70

The model inputs for options granted during the year ended 31 March 2018 included:

Particulars	ESOP 2008 scheme		ESOP 2011 scheme	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
i) Exercise price	₹ 565.05 and ₹ 508.85	-	₹ 565.05 and ₹ 508.85	-
ii) Grant date	April 21, 2017 and August 10, 2017	-	April 21, 2017 and August 10, 2017	-
iii) Expiry date	April 21, 2021 and August 10, 2021	-	April 21, 2022 and August 10, 2022	-
iv) Share price at grant date	₹ 548.27	-	₹ 550.37	-
v) Expected price volatility	31.54%	-	32.53%	-
vi) Expected dividend yield	1.37%	-	1.37%	-
vii) Risk free interest rate	6.54%	-	6.55%	-

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (b) (Income)/expense arising from share-based payment transactions

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

Particulars	March 31, 2018	March 31, 2017
Employee share based payment (Income)/expenses	(22.39)	0.23

## 29 Earnings per share (EPS)

Particulars	March 31, 2018	March 31, 2017
<b>Numerator for Basic and Diluted EPS</b>		
Profit attributable to the equity holders of the company used in calculating basic and diluted EPS (₹ in Lakhs)	19,360.04	17,954.84
Weighted average number of equity shares (Nos.) for calculating basic earnings per share	20,777,643	20,736,817
Weighted average number of equity shares (Nos.) for calculating Diluted earnings per share	20,831,294	20,771,503
Basic EPS attributable to the equity holders of the Company (₹)	93.18	86.58
Diluted EPS attributable to the equity holders of the Company (₹)	92.94	86.44
Nominal value of shares (₹)	10.00	10.00

Particulars	Net carrying amount as at March 31, 2018	Net carrying amount as at March 31, 2017
Number of shares considered for basic EPS	20,777,643	20,736,817
Add: Effect of dilutive issues of stock options	53,651	34,686
Number of shares considered for diluted EPS	20,831,294	20,771,503

## 30 Assets pledged as security

The group has external borrowings from financial institutions. The carrying amounts of assets pledged as security for current and non-current borrowings are:

Particulars	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Financial assets		
First Charge		
Current assets	159,372.20	124,641.31
<b>Total current assets pledged as security</b>	<b>159,372.20</b>	<b>124,641.31</b>
<b>Non-current</b>		
Second charge		
Non-current assets	27,535.91	31,426.54
<b>Total non-current assets pledged as security</b>	<b>27,535.91</b>	<b>31,426.54</b>
<b>Total assets pledged as security</b>	<b>186,908.11</b>	<b>156,067.85</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 31 Impairment

### Goodwill movement:

	As at March 31, 2018	As at March 31, 2017
<b>Opening Balance</b>	<b>29,864.35</b>	<b>30,742.73</b>
Less: Impairment of Goodwill relating to UK operations	1,200.01	-
Add: Translation adjustments	165.91	(878.38)
<b>Closing Balance</b>	<b>28,830.25</b>	<b>29,864.35</b>

Goodwill is tested for impairment at each reporting date. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's Cash Generating Unit ("CGU") or groups of CGUs expected to benefit from the synergies arising from the business combinations. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Impairment occurs when the carrying amount of a CGU, including the goodwill, exceeds the estimated recoverable amount of the CGU. The recoverable amount of CGU is higher of its fair value less cost to sell and its value-in-use. Value-in-use is the present value of the future cash flows expected to be derived from the CGU.

The carrying value of goodwill translated at year end exchange rates, is allocated to the following GGU's

	As at March 31, 2018	As at March 31, 2017
Business process management - Healthcare and CET operations, USA	13,082.31	14,050.77
Business process management - EBOS business, USA	4,236.77	4,218.71
Business process management - UK operations	9,018.06	9,101.75
Business process management - India Human resource operations	2,493.11	2,493.11
<b>Total</b>	<b>28,830.25</b>	<b>29,864.34</b>

The recoverable amount was computed based on value-in-use calculations. Value-in-use is calculated using which uses post tax cash flows. The use of post tax discount rates does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using pre-tax discount rates.

The future cash flows are based on the medium and long-term business plans approved by the Management and reviewed by the board of directors.

The average range of key assumptions used for the calculations are as follows:

	March 31, 2018	March 31, 2017
Growth rate	5% to 12%	5% to 12%
Post Tax discount rate	11.5% to 18.5%	11.5% to 18.5%
Terminal growth rate	3% to 4%	3% to 4%

The recoverable amount of the USA and India operations have significantly exceeded their carrying value and no impairment was recognised. No reasonable change in the assumptions (revenue growth, operating margin, discount rate and long-term growth rate) could lead to a potential impairment charge. During that year, the group experienced significant attrition in its UK operations due to which it was unable to bid for new business opportunities. The UK operations also experienced a decrease in volume of and loss of business from certain clients which has reduced its profitability compared to estimates.

The group has revised the expected future performance of its UK operations and based on the above, impairment of ₹ 1,200.01 Lakhs was identified as of March 31, 2018 (As at March 31, 2017 - Nil), since the carrying value of the CGU exceeded the recoverable value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 32 Income Tax Expense

### a) Tax Expense

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Current tax</b>		
Current tax on profits for the year	7,041.37	8,785.54
Adjustments for current tax of prior periods	(1,683.59)	-
<b>Total Current tax expense</b>	<b>5,357.78</b>	<b>8,785.54</b>
<b>Deferred Tax</b>		
Decrease / (Increase) in Deferred tax assets	1,915.55	157.35
Mat credit (Availed) / Utilized	(1,042.17)	(1,395.44)
<b>Total Deferred Tax expense</b>	<b>873.38</b>	<b>(1,238.09)</b>
<b>Tax expense</b>	<b>6,231.16</b>	<b>7,547.45</b>

### b) Reconciliation of tax expense and the accounting profit multiplied by the Indian statutory income tax rate

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before income tax expense	25,438.55	25,468.19
<b>Tax at Indian tax rate of 34.61% (2016-17 - 34.61%)</b>	<b>8,804.28</b>	<b>8,814.54</b>
Tax effects of amounts which are not deductible (taxable) in calculating taxable income		
Exempt Incomes [Refer Note (i) below]	(2,866.54)	(3,398.25)
Expenses Disallowed	241.41	139.51
Impairment of Goodwill	412.98	-
Others	-	(285.07)
Other items		
Tax on undistributed earnings of subsidiaries	747.74	824.33
Difference in overseas tax rate for foreign operation	(315.60)	217.12
Tax credit on profit earned by foreign operation [Refer Note (ii) below]	(1,813.73)	(26.71)
Deferred Tax Assets not recognised/written off [Refer Note 33(ii)]	2,508.91	1,194.68
Adjustment of current tax of prior years	(1,683.59)	-
Other adjustments	195.30	67.30
<b>Income Tax expense</b>	<b>6,231.16</b>	<b>7,547.45</b>

#### Notes:

- (i) A substantial portion of the profits of the Group's operations in India are exempt from income taxes being profits attributable to export operations and profits from units established under the Special Economic Zone Act, 2005 scheme. Units designated in special economic zones will be eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50 percent of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the unit meeting defined conditions. Profits from certain other operations (including Philippines and Jamaica) are also eligible for similar tax treatment. The tax holiday period being currently available to the Company expires in various years through fiscal 2024-25. The expiration period of tax holiday for each unit is determined based on the number of years that have lapsed following year of commencement of production by that unit. The impact of tax holidays has resulted in a decrease of current tax expense of ₹ 2,468.67 and ₹ 2,727.51 for the years ended March 31, 2018 and 2017, respectively.
- (ii) This amount represents the benefit received by certain entities of Group in respect of taxes payable by the foreign operations.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 33 Deferred tax liabilities & Deferred tax assets

The deferred tax balance comprises temporary differences attributable to:

	Deferred tax assets/ (liabilities) as on April 01, 2017	(Charge)/ Credit through Profit and Loss	(Charge)/ Credit through OCI	(Charge)/ Credit through FCTR	Deferred tax assets/ (liabilities) as on March 31, 2018
<b>Deferred Tax Liabilities</b>					
Property, Plant and Equipment	(2,665.52)	626.70	-	(10.39)	(2,049.21)
Intangible Assets	(4,165.49)	1,101.40	-	(10.31)	(3,074.40)
Undistributed profits of subsidiary	(2,903.65)	(747.74)	-	-	(3,651.39)
Derivatives	(827.11)	(12.50)	622.36	-	(217.25)
Others	5.89	(5.89)	-	-	-
<b>Total Deferred Tax Liabilities</b>	<b>(10,555.88)</b>	<b>961.97</b>	<b>622.36</b>	<b>(20.70)</b>	<b>(8,992.25)</b>
Less: Set off	(6,700.36)				(4,749.89)
<b>Net Deferred Tax Liabilities</b>	<b>(3,855.52)</b>				<b>(4,242.36)</b>
<b>Deferred Tax Assets</b>					
Property, Plant and Equipment	91.38	(56.46)	-	-	34.92
Intangible assets	249.65	(249.65)	-	-	-
Defined Benefit Obligation and Compensated Absences	1,438.52	381.04	256.72	3.34	2,079.62
Brought forward losses	3,433.97	(848.70)	-	12.16	2,597.43
MAT Credit	4,004.70	1,042.17	-	-	5,046.87
Accrued Interest	2,165.85	(517.11)	-	8.49	1,657.23
Others	1,799.43	(1,600.21)	-	387.15	586.37
<b>Total Deferred Tax Assets</b>	<b>13,183.50</b>	<b>(1,848.92)</b>	<b>256.72</b>	<b>411.14</b>	<b>12,002.44</b>
Less: Set off	(6,700.36)				(4,749.89)
<b>Net Deferred Tax Assets</b>	<b>6,483.14</b>				<b>7,252.55</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Deferred tax assets/ (liabilities) as on April 01, 2016	(Charge)/ Credit through Profit and Loss	(Charge)/ Credit through OCI	(Charge)/ Credit through FCTR	Deferred tax assets/ (liabilities) as on March 31, 2017
<b>Deferred Tax Liabilities</b>					
Property, Plant and Equipment	(737.66)	(1,860.21)	-	(67.65)	(2,665.52)
Intangible Assets	-	(3,313.83)	-	(851.66)	(4,165.49)
Undistributed profits of subsidiary	(2,079.32)	(824.33)	-	-	(2,903.65)
Derivatives	-	(115.55)	(711.56)	-	(827.11)
Others	(26.82)	32.71	-	-	5.89
<b>Total Deferred Tax Liabilities</b>	<b>(2,843.80)</b>	<b>(6,081.21)</b>	<b>(711.56)</b>	<b>(919.31)</b>	<b>(10,555.88)</b>
Less: Set off	(483.30)				(6,700.36)
<b>Net Deferred Tax Liabilities</b>	<b>(3,327.10)</b>				<b>(3,855.52)</b>
<b>Deferred Tax Assets</b>					
Property, Plant and Equipment	67.65	23.73	-	-	91.38
Intangible Assets	-	249.65	-	-	249.65
Defined Benefit Obligation and Compensated Absences	470.75	831.92	135.85	-	1,438.52
Brought forward losses	-	3,330.39	-	103.58	3,433.97
MAT Credit	2,609.26	1,395.44	-	-	4,004.70
Accrued Interest	-	2,060.18	-	105.67	2,165.85
Others	35.10	(572.01)	-	2,336.34	1,799.43
<b>Total Deferred Tax Assets</b>	<b>3,182.76</b>	<b>7,319.30</b>	<b>135.85</b>	<b>2,545.59</b>	<b>13,183.50</b>
Less: Set off	(483.30)				(6,700.36)
<b>Net Deferred Tax asset</b>	<b>2,699.46</b>				<b>6,483.14</b>

**Notes:**

- (i) The "Tax Cuts and Jobs Act," was signed into law on December 22, 2017 ('US Tax Reforms') which among other things, makes significant changes to the rules applicable to the taxation of corporations, such as changing the corporate tax rate from 35% to 21% rate effective January 1, 2018. For the year ended March 2018, the Company took a positive impact of ₹ 264.77 Lakhs on account of re-statement of deferred tax items pursuant to US Tax Reforms.
- (ii) In assessing the realizability of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on this, the Company believes that it is probable that the Company will realize the benefits of the recognized deductible differences. The amount of deferred tax asset considered realizable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

The group has recognized deferred tax assets of ₹ 2,597.43 and ₹ 3,433.97 in respect of carry forward losses of its various subsidiaries as at March 31, 2018 and 2017 respectively. Management's projections of future taxable income and tax planning strategies support the assumption that it is probable that sufficient taxable income will be available to utilize these deferred tax assets. Deferred tax asset amounting to ₹1,866.61 and

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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₹ 183.02 as at March 31, 2018 and 2017, respectively in respect of unused tax losses of subsidiaries have not been recognized because there is a lack of reasonable certainty that these subsidiaries may generate future taxable profits. These tax loss carry-forwards expires in various years through fiscal 2037-38.

The group has recognised deferred tax assets of ₹ 5,046.87 and ₹ 4,004.70 in respect of MAT credit as at March 31, 2018 and 2017 respectively. The MAT credit expires in various years through fiscal 2027-28.

- (iii) Deferred income tax liabilities are recognized for all taxable temporary differences except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Accordingly, deferred income tax liabilities on cumulative earnings of subsidiaries amounting to ₹ 13,037.68 and ₹ 9,404.47 as of March 31, 2018 and 2017, respectively have not been recognized. Further, it is not practicable to estimate the amount of the unrecognized deferred tax liabilities for these undistributed earnings.

## 34 Employee Benefit obligations

### (i) Leave obligations

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

The amount of the provision of ₹ 4,390.84 Lakhs (March 31, 2017: ₹ 3,509.05 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 Branch has a noncontributory and actuarially computed defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and compensation as the date of retirement, as defined in the policies of the Company.

The plan provides lump sum benefits upon retirement, death, total and permanent disability and separation from service from completion of five years of service. Under the provisions of the retirement plan, the normal retirement age is 60, but employees reaching age 50 with at least 10 years of credited service and latest salary. Effective April, 2009, employees with less than five years of service are entitled to benefits calculated based on 1.5 days for every year of credited service while for employees with at least 5 years of service are entitled to benefits calculated based on 22.5 days for every year of credited service.

Plan assets are held in trust by a trustee bank, which is governed by local regulations and practice in the Philippines.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in debt securities. The Branch believes that debt securities offer the best returns over long term with an acceptable level of risk.

### (iii) Defined contribution plans

The Group has classified various benefits provided to employees as under:

- a) Provident Fund
- b) Superannuation Fund

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- c) State Defined Contribution Plans:
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employer's Contribution to Employee's Pension Scheme
- d) Other Statutory contribution schemes

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

	Year ended March 31, 2018	Year ended March 31, 2017
Employers' Contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	3,158.85	2,749.74
Employers' Contribution to Superannuation Fund*	4.00	4.00
Employers' Contribution to Employee's State Insurance*	1,776.27	1,313.90
Employer's Contribution to Other Employees' Benefit Scheme*	9,066.39	10,801.13
<b>Total</b>	<b>14,005.51</b>	<b>14,868.77</b>

\*Included in Contribution to Provident and Other Funds (Refer Note 23)

## (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 obligations	Fair value of plan assets	Net Amount
<b>April 1, 2016</b>	<b>2,980.08</b>	<b>(960.99)</b>	<b>2,019.09</b>
Current service cost	319.31	-	319.31
Net Interest cost	165.01	(48.65)	116.36
Expected return on plan assets	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>484.32</b>	<b>(48.65)</b>	<b>435.67</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	33.76	33.76
- Actuarial (gain)/loss from change in financial assumptions	258.82	-	258.82
- Actuarial (gain)/loss arising from experience adjustments	191.36	-	191.36
<b>Total amount recognised in other comprehensive income</b>	<b>450.18</b>	<b>33.76</b>	<b>483.94</b>
Exchange differences (recognised in Foreign Currency translation reserve)	(358.01)	89.19	(268.82)
Payments from plan:			
Benefit payments	(158.41)	158.41	-
<b>March 31, 2017</b>	<b>3,398.16</b>	<b>(728.28)</b>	<b>2,669.88</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Present value of obligations	Fair value of plan assets	Net Amount
<b>April 1, 2017</b>	<b>3,398.16</b>	<b>(728.28)</b>	<b>2,669.88</b>
Current service cost	309.97	-	309.97
Net Interest cost	171.98	(35.16)	136.82
Expected return on plan assets	-	-	-
<b>Total amount recognised in profit or loss</b>	<b>481.95</b>	<b>(35.16)</b>	<b>446.79</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
- Actuarial (gain)/loss from change in demographic assumptions	(554.04)	-	(554.04)
- Actuarial (gain)/loss from change in financial assumptions	(967.45)	23.01	(944.45)
- Actuarial (gain)/loss arising from experience adjustments	1,122.61		1,122.61
<b>Total amount recognised in other comprehensive income</b>	<b>(398.88)</b>	<b>23.01</b>	<b>(375.88)</b>
Exchange differences (recognised in Foreign Currency translation reserve)	(122.18)	24.45	(97.73)
Payments from plan:			
Benefit payments	(92.65)	65.63	(27.02)
<b>March 31, 2018</b>	<b>3,266.39</b>	<b>(650.35)</b>	<b>2,616.05</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

	As at March 31, 2018	As at March 31, 2017
Present value of funded obligations	3,266.39	3,398.16
Fair value of plan assets	(650.35)	(728.28)
Surplus/(Deficit) - Pension	2,616.05	2,669.88

## 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 obligations	Fair value of plan assets	Net Amount
<b>April 1, 2016</b>	<b>1,251.52</b>	<b>(697.75)</b>	<b>553.77</b>
Current service cost	173.79	-	173.79
Interest expense/(income)	92.36	(51.50)	40.86
<b>Total amount recognised in profit or loss</b>	<b>266.15</b>	<b>(51.50)</b>	<b>214.65</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	25.03	25.03
- Actuarial (gain)/loss from change in financial assumptions	73.72	2.54	76.26
- Actuarial (gain)/loss arising from experience adjustments	291.21	-	291.21
<b>Total amount recognised in other comprehensive income</b>	<b>364.93</b>	<b>27.57</b>	<b>392.50</b>
Transfers	(0.44)	(8.98)	(9.42)
Contributions:			
Employer contributions	-	(455.10)	(455.10)
Benefit payments	(234.08)	218.42	(15.66)
<b>March 31, 2017</b>	<b>1,648.08</b>	<b>(967.34)</b>	<b>680.74</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Present value of obligations	Fair value of plan assets	Net Amount
<b>April 1, 2017</b>	<b>1,648.08</b>	<b>(967.34)</b>	<b>680.74</b>
Current service cost	251.49	-	251.49
Interest expense/(income)	107.90	(63.55)	44.35
<b>Total amount recognised in profit or loss</b>	<b>359.39</b>	<b>(63.55)</b>	<b>295.84</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	29.79	29.79
- Actuarial (Gain)/loss from change in demographic assumptions	141.83	-	141.83
- Actuarial (Gain)/loss from change in financial assumptions	73.08	-	73.08
- Actuarial (gain)/loss arising from experience adjustments	538.48	-	538.48
- Change in asset ceiling, excluding amounts included in interest expense	-	4.74	4.74
<b>Total amount recognised in other comprehensive income</b>	<b>753.39</b>	<b>34.53</b>	<b>787.92</b>
Employer contributions	-	(550.21)	(550.21)
Benefit payments	(244.46)	230.55	(13.91)
<b>March 31, 2018</b>	<b>2,516.40</b>	<b>(1,316.02)</b>	<b>1,200.38</b>

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2018	March 31, 2017
Present value of funded obligations	2,516.40	1,648.08
Fair value of plan assets	(1,316.02)	(967.34)
<b>Deficit - Gratuity plan</b>	<b>1,200.38</b>	<b>680.74</b>

The following table shows the breakdown of the defined benefit obligation and and plan assets:

	March 31, 2018			March 31, 2017		
	Gratuity	Pension	Total	Gratuity	Pension	Total
Present Value of Obligation	2,516.40	3,266.39	5,782.79	1,648.08	3,398.16	5,046.24
Fair value of plan assets	(1,316.02)	(650.35)	(1,966.37)	(967.34)	(728.28)	(1,695.62)
<b>Total Liability</b>	<b>1,200.38</b>	<b>2,616.04</b>	<b>3,816.42</b>	<b>680.74</b>	<b>2,669.88</b>	<b>3,350.62</b>

(v) **Post-Employment benefit (pension and gratuity)**

The significant actuarial assumptions were as follows:

	As at March 31, 2018	As at March 31, 2017
Discount Rate	6.93% ~7.91%	5.16% ~ 7.38%
Salary growth rate	3.00% ~6.00%	3.00% ~ 5.00%
Rate of return on Plan assets	1.72% ~ 6.93%	2.00% ~ 7.38%
Rate of Employee turnover (Gratuity)	For agents 80.00% p.a. and others 10.00% p.a.	For service 4 years and below 50.00% p.a. For service 5 years and above 10.00% p.a.

Assumptions regarding mortality experience are set based on advice from published statistics.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The discount rate is primarily based on the prevailing market yields of government securities for the estimated term of the obligations. The estimates of future salary increases takes into account the inflation seniority and other relevant factors. Attrition rate considered is the Management estimate based on employee turnover. The expected return on plan assets is based on expectation of the average rate of return expected on investment of the fund.

## (vi) Sensivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

### Impact on defined benefit obligation

	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount Rate	1%	1%	(394.41)	(935.19)	454.94	1,231.32
Salary Growth rate	1%	1%	434.78	1,177.24	(383.39)	(911.32)

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, 2018			March 31, 2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Pension</b>						
Debt Instruments						
- Government Bonds	-	297.73	297.73	-	346.67	346.67
- Corporate Bonds	-	199.66	199.66	-	188.52	188.52
Cash and cash equivalents	37.66	-	37.66	161.13	-	161.13
Others	-	115.31	115.31	-	30.15	30.15
<b>Gratuity</b>						
Investment funds (Gratuity)						
- Insurance Funds (LIC Pension and Group Schemes fund)	-	1,316.02	1,316.02	-	967.34	967.34
<b>Total</b>	<b>37.66</b>	<b>1,928.72</b>	<b>1,966.38</b>	<b>161.13</b>	<b>1,532.68</b>	<b>1,693.81</b>

## (viii) Risk Exposure

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities.
Changes in bond yields	A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Life expectancy	The pension is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets in 2018 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.

## (ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2019 are ₹ 1300.36 Lakhs.

The weighted average duration of Gratuity plan obligation is 3.00 years (2017 - 7.87 years). The weighted average duration of Pension plan obligation is 8.70 years (2017 - 22.1 years). The expected maturity analysis of undiscounted pension and gratuity is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>March 31, 2018</b>					
Pension plan benefit obligation	287.10	593.63	819.24	2,156.28	3,856.25
Gratuity plan benefit obligation	495.56	274.46	725.38	2,682.56	4,177.96
<b>Total</b>	<b>782.66</b>	<b>868.09</b>	<b>1,544.62</b>	<b>4,838.84</b>	<b>8,034.21</b>
<b>March 31, 2017</b>					
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
<b>Total</b>	<b>212.52</b>	<b>182.53</b>	<b>1,070.30</b>	<b>2,003.77</b>	<b>3,469.12</b>

The Group has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Group intends to continue to contribute the defined benefit plans based on short term expected payouts in line with the actuary's recommendations.

## 35 Capital management

### A) Capital Structure

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholder's and benefits for other 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 Company's strategy is to maintain a gearing ratio upto 50%. The gearing ratios were as follows:



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Total outstanding borrowings (Refer Note 14 & 18 )	58,608.77	66,241.66
Cash and cash equivalents (Refer Note 10 a)	(46,156.22)	(30,957.06)
<b>Net Debt</b>	<b>12,452.55</b>	<b>35,284.60</b>
<b>Total Equity</b>	<b>148,228.67</b>	<b>133,680.28</b>
Net Debt to Equity ratio	8%	26%

## Loan covenants

The Group except one subsidiary Hinduja Global Solutions Inc. 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. The entity where loan covenants are not complied with received a partial waiver and consent dated as of April 25, 2018 from ICICI bank Canada.

## B) Dividends

Particulars	As at March 31, 2018	As at March 31, 2017
<b>(i) Equity shares</b>		
Final dividend for the year ended March 31, 2017 ₹ 2.50 (March 31, 2016 - ₹ 1.25) per fully paid equity share	519.29	259.11
Interim dividend for the year ended March 31, 2018 of ₹ 7.50 (March 31, 2017 - ₹ 7.50) per fully paid equity share	1,558.27	1,555.44
<b>(ii) Dividends not recognised at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended payment of a final dividend of ₹2.50 per fully paid equity share (March 31, 2017 - ₹ 2.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	520.01	519.29

## 36 Related Party Transactions

### I Individual having control with his relatives and associates

Mr. Ashok P. Hinduja

### II Key Management Personnel

Mr. Partha DeSarkar, Manager and Chief Executive Officer

#### Non executive directors:

Mr. Ramkrishan P. Hinduja, Chairman

Ms. Shanu S. P. Hinduja, Co-chairperson

Ms. Vinoo S. Hinduja

Mr. Anil Harish

Mr. Rajendra P. Chitale

Mr. Rangan Mohan

Mr. Yashodhan M. Kale

Mr. Pradeep Mukerjee

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## III Enterprises where common control exists

- 1 Hinduja Group Limited
- 2 Hinduja Ventures Limited
- 3 IndusInd Media and Communication Limited
- 4 National Health and Education Society
- 5 Hinduja Healthcare Limited
- 6 Hinduja Realty Ventures Limited
- 7 Gulf Oil Lubricant India Limited
- 8 Gulf Oil International Limited
- 9 UActiv Technology Private Limited
- 10 Cyqurex Systems Private Limited
- 11 Hinduja Foundation
- 12 Trunk Digital Studios LLC
- 13 Hinduja Automotive Limited

## IV Enterprises where Significant Influence is exercised by Directors

- 1 HBI Group Inc
- 2 Atlantic International BPO Colombia S.A.S
- 3 Atlantic International BPO Caymen Inc
- 4 Mesilla Office Solutions LLC
- 5 Synergy Global outsourcing LLC
- 6 Caytel Contracting Limited
- 7 Finac Services Limited
- 8 Hinduja Capital Advisors Inc
- 9 Jobs America Inc
- 10 Hinduja Bank Switzerland Limited

## V Relatives of Key Management personnel

- Mr. Pabitra DeSarkar (Father of Mr. Partha DeSarkar)  
Rangan Mohan Associates (Firm in which Mr. Rangan Mohan is a Partner)  
D M Harish & Co (Firm in which Mr. Anil Harish is a Partner)  
Satya A Hinduja

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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

	Parties referred to in II and V above		Parties referred to in III and IV above	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Rendering of Services</b>				
IndusInd Media and Communication Limited	-	-	56.05	106.07
National Health and Education Society	-	-	96.56	91.62
Trunk Digital Studios LLC	-	-	152.19	32.00
Mesilla Office Solutions LLC	-	-	151.84	210.24
Hinduja Automotive Limited	-	-	92.23	68.47
Jobs America Inc	-	-	28.80	127.85
Others	0.20	-	34.62	1.35
<b>Total</b>	<b>0.20</b>	<b>-</b>	<b>612.29</b>	<b>637.60</b>
<b>Interest income</b>				
Atlantic International BPO Caymen Inc.	-	-	409.42	412.43
<b>Total</b>	<b>-</b>	<b>-</b>	<b>409.42</b>	<b>412.43</b>
<b>Professional Fees</b>				
HBI Group Inc	-	-	996.38	200.92
Finac Services Limited	-	-	0.86	0.87
Hinduja Capital Advisors Inc	-	-	161.23	167.43
Atlantic International BPO Colombia S.A.S	-	-	154.77	160.74
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,313.24</b>	<b>529.96</b>
<b>Rent Expense</b>				
Hinduja Group Limited	-	-	121.20	111.81
Mr. Pabitra DeSarkar	3.15	3.40	-	-
Hinduja Realty ventures Limited	-	-	113.00	31.29
Satya A Hinduja	49.86	24.27	-	-
<b>Total</b>	<b>53.01</b>	<b>27.67</b>	<b>234.20</b>	<b>143.10</b>
<b>Corporate social responsibility (CSR)</b>				
Hinduja Foundation	-	-	30.00	-
National Health and Education Society	-	-	50.00	50.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>80.00</b>	<b>50.00</b>
<b>Connectivity cost</b>				
Caytel Contracting Limited	-	-	1,479.56	96.23
Jobs America Inc	-	-	552.74	2,506.76
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,032.30</b>	<b>2,602.99</b>
<b>Director's sitting fees</b>				
Sitting fees paid to Director's	66.50	80.00	-	-
<b>Total</b>	<b>66.50</b>	<b>80.00</b>	<b>-</b>	<b>-</b>
<b>Commission</b>				
HBI Group Inc	-	-	3,050.41	2,979.17
Hinduja Bank Switzerland Limited	-	-	73.09	49.94
Synergy Global outsourcing LLC	-	-	3,297.85	3,040.38
<b>Total</b>	<b>-</b>	<b>-</b>	<b>6,421.35</b>	<b>6,069.49</b>
<b>Executive Remuneration*</b>				
Mr. Partha DeSarkar	601.85	347.23	-	-
<b>Total</b>	<b>601.85</b>	<b>347.23</b>	<b>-</b>	<b>-</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Parties referred to in II and V above		Parties referred to in III and IV above	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Consultancy Charges</b>				
Hinduja Group Limited	-	-	256.22	281.93
<b>Total</b>	-	-	<b>256.22</b>	<b>281.93</b>
<b>Advance Paid to Key Managerial Personnel</b>				
Mr. Partha DeSarkar	0.60	0.26	-	-
<b>Total</b>	<b>0.60</b>	<b>0.26</b>	-	-
<b>Purchase of Fixed Assets</b>				
Hinduja Group Limited	-	-	-	75.31
<b>Total</b>	-	-	-	<b>75.31</b>
<b>Loans Receivable</b>				
Atlantic International BPO Cayman Inc	-	-	8,480.74	8,235.27
<b>Total</b>	-	-	<b>8,480.74</b>	<b>8,235.27</b>
<b>Receivable net of payable as at the year-end</b>				
Mesilla Office Solutions LLC	-	-	171.99	-
Hinduja ventures Limited	-	-	3,318.99	3,318.99
Trunk Digital Studios LLC	-	-	44.51	-
Caytel Contracting Limited	-	-	39.08	90.80
Jobs America Inc	-	-	72.12	20.81
Others	-	-	64.69	7.86
<b>Total</b>	-	-	<b>3,711.38</b>	<b>3,438.46</b>
<b>Payable net of Receivables as at year-end</b>				
Synergy Global outsourcing LLC	-	-	814.21	745.27
Hinduja Group Limited	-	-	5.13	9.87
HBI Group Inc	-	-	1,683.78	760.74
<b>Total</b>	-	-	<b>2,503.11</b>	<b>1,515.88</b>

**Note:**

\* The above Executive remuneration excludes Gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 37 Fair value measurements

(a) Financial instruments by category

Particulars	March 31, 2018			March 31, 2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
<b>Financial assets</b>						
Investments						
- Treasury bills	-	-	1,118.17	-	-	535.95
Security deposits	-	-	4,311.43	-	-	3,952.73
Deposits with bank for Margin Money	-	-	11.79	-	-	76.30
Bank deposits with maturity exceeding 12 month	-	-	499.16	-	-	-
Trade receivables	-	-	64,949.48	-	-	46,288.70
Cash and cash equivalents	-	-	46,156.22	-	-	30,957.06
Other Bank balances	-	-	1,723.91	-	-	6,493.02
Unbilled revenue	-	-	17,450.71	-	-	27,290.34
Interest accrued on deposits/ loans	-	-	191.67	-	-	522.51
Other receivables	-	-	294.90	-	-	252.42
Derivative financial assets	-	834.67	-	-	2,407.71	-
Loans to third parties	-	-	8,480.74	-	-	8,235.27
<b>Total Financial assets</b>	-	<b>834.67</b>	<b>145,188.18</b>	-	<b>2,407.71</b>	<b>124,604.30</b>
<b>Financial liabilities</b>						
Borrowings	-	-	44,787.59	-	-	60,385.68
Trade payables	-	-	18,577.14	-	-	15,364.93
Derivative financial liabilities	-	562.40	-	-	1,112.64	-
Other financial liabilities	-	-	28,525.60	-	-	18,904.15
<b>Total Financial liabilities</b>	-	<b>562.40</b>	<b>91,890.33</b>	-	<b>1,112.64</b>	<b>94,654.76</b>

### (i) Fair value hierarchy

Financial assets and liabilities include cash and cash equivalents, trade receivables, unbilled revenues, long and short-term loans and borrowings, finance lease payables, bank overdrafts, trade payable. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

The fair value of cash and cash equivalents, trade receivables, unbilled revenues, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Date of Valuation	Notes	Level 1	Level 2	Level 3	Total
Derivatives designated as hedges						
Foreign exchange forward contracts*	March 31, 2018	11	-	834.67	-	834.67
	March 31, 2017		-	2,407.71	-	2,407.71
<b>Total financial assets</b>			-	<b>3,242.38</b>	-	<b>3,242.38</b>
<b>Financial liabilities</b>						
Derivatives designated as hedges						
Foreign exchange forward contracts*	March 31, 2018	19	-	562.40	-	562.40
	March 31, 2017		-	1,112.64	-	1,112.64
<b>Total financial liabilities</b>			-	<b>1,675.04</b>	-	<b>1,675.04</b>

\*The fair value of derivative financial instruments is determined based on the observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

## 38 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	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits for customers
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts

The Group's risk management is carried out by a finance department under direction of the Board of Directors. The Group's finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The board provides direction for overall risk management as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and managing the liquidity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## A) Credit risk

Credit risk arises from trade receivables, cash and cash equivalents and deposits with banks and financial institutions.

### i) Credit risk management:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Credit risk is managed on a financial asset basis. For banks and financial institutions, only high rated banks/institutions are accepted.

Group's maximum exposure to credit risk for each class of financial asset is the carrying amount of the financial assets recognised in the statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- Historical trend default in case applicable financial asset
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- Other applicable macroeconomic information such as regulatory changes

A default on a financial asset is when the counterparty fails to make contractual payments within agreed credit terms from the date when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 64,949.48 Lakhs (March 31, 2017 - ₹ 46,288.70 Lakhs) and unbilled revenue amounting to ₹ 17,450.71 Lakhs (March 31, 2017 - ₹ 27,290.34 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 not significant based on historical trend and the nature of business. The provision made as at the reporting date is considered to be adequate as management continuously assesses the requirement for provision on ongoing basis. During the year, the Group made write-offs of ₹ 321.84 lakhs (March 31, 2017 - ₹ 13.52 lakhs) of trade receivables.

Exposure of credit loss on security deposits given against the rented premises is considered to be low as recovery of these deposits is supported by contractual agreement. As a internal process management performs background check of counterparty before entering into contractual agreement where credit risk assessment is carried out. As at reporting date credit risk has not increased significantly since initial recognition.

- a) The following table gives details in respect of percentage of revenues generated from top customer and top five customers.

	March 31, 2018	March 31, 2017
Revenue from top customer	17.95%	17.68%
Revenue from top five customers	50.59%	49.52%

## B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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 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, 2018	March 31, 2017
Expiring within one year (bank overdraft and other facilities)	9,700.58	11,002.85
Expiring beyond one year (bank loans)	-	2,967.75
<b>Total</b>	<b>9,700.58</b>	<b>13,970.60</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

## ii) Maturities of financial liabilities

The tables below analyse the Group's financial liabilities into relevant maturity Groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities - 31 March 2018	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Borrowings	24,287.41	4,300.21	16,077.80	-	44,665.42
Obligations under finance lease	109.53	122.17	-	-	231.70
Trade payables	18,577.14	-	-	-	18,577.14
Other financial liabilities	28,416.07	-	-	-	28,416.07
<b>Total non-derivative liabilities</b>	<b>71,390.15</b>	<b>4,422.38</b>	<b>16,077.80</b>	<b>-</b>	<b>91,890.33</b>
<b>Derivatives</b>					
Foreign exchange forward Contracts-net settled	562.40	-	-	-	562.40
<b>Total derivative liabilities</b>	<b>562.40</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>562.40</b>

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
<b>Non-derivatives</b>					
Borrowings	36,401.23	486.52	16,537.64	6,738.39	60,163.78
Obligations under finance lease	193.43	221.90	-	-	415.33
Trade payables	15,364.93	-	-	-	15,364.93
Other financial liabilities	18,710.72	-	-	-	18,710.72
<b>Total non-derivative liabilities</b>	<b>70,670.31</b>	<b>708.42</b>	<b>16,537.64</b>	<b>6,738.39</b>	<b>94,654.76</b>
<b>Derivatives</b>					
Foreign exchange forward Contracts-net settled	1,112.64	-	-	-	1,112.64
<b>Total derivative liabilities</b>	<b>1,112.64</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,112.64</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## C) Market risk

### i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD, EUR and CAD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency. The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the functional currency 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 next 15 months. As per the risk management policy, foreign exchange forward contracts are taken to hedge upto 75% of the forecasted sales /transactions.

In accordance with its risk management policies and procedures, the Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecasted transactions. When derivative is entered into for the purpose of being a hedge, the company negotiates the terms of those derivatives to match the terms of the 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, 2018	March 31, 2017
<b>Financial assets</b>			
Trade receivables/ Inter-company balances	USD	42,671.43	31,568.20
	GBP	50.00	31.85
	SGD	2.47	2.31
	CAD	560.36	242.23
	AED	0.14	-
Unbilled revenue/ Inter-company balances	USD	16,479.84	13,132.98
	CAD	77.95	94.24
	GBP	1.38	2.72
Bank balance in EEFC accounts	USD	3,670.61	3,270.11
	CAD	4.60	228.00
<b>Financial liabilities</b>			
Trade payable/ Inter-company balances	USD	3,460.86	6,234.64
	GBP	15.99	0.62
	CAD	2.59	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## iii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

Particulars	Impact on profit after tax	
	March 31, 2018	March 31, 2017
<b>USD sensitivity</b>		
INR/USD - Increase by 4% (March 31, 2017 - 4%)*	1,552.67	1,396.31
INR/USD - Decrease by 4% (March 31, 2017 - 4%)*	(1,552.67)	(1,396.31)
<b>CAD sensitivity</b>		
INR/CAD - Increase by 4% (March 31, 2017 - 4%)*	16.75	18.81
INR/CAD - Decrease by 4% (March 31, 2017 - 4%)*	(16.75)	(18.81)

\* Holding all other variables constant

## iv) Interest rate risk

The Groups'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 has also entered into an interest rate swap contract to fix the rate of one of the floating rate loan.

### (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, 2018	March 31, 2017
Variable rate borrowings	58,539.94	66,158.87
Fixed rate borrowings	-	-
<b>Total borrowings</b>	<b>58,539.94</b>	<b>66,158.87</b>

### (b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	March 31, 2018	March 31, 2017
Interest rates - increase by 70 basis points (70 bps)*	(285.39)	(484.53)
Interest rates - decrease by 70 basis points (70 bps)*	285.39	484.53

\* Holding all other variables constant

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position:

The group's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item.

Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

Refer Statement of changes in equity.

### March 31, 2018

Types of hedge and risks	Foreign Currency Notional Amount (USD Mn)	Carrying amount of hedging instrument		Maturity date	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
Foreign exchange forward contracts							
Sell USD, buy INR	93.00	798.95	(109.62)	April 2018 - May 2019	1:1	689.33	(689.33)
Sell USD, buy PHP	58.50	8.33	(452.78)	April 2018 - April 2019	1:1	(444.46)	444.46
<b>Interest rate risk</b>							
Interest rate swap	20.19	27.39	-			27.39	(27.39)

### March 31, 2017

Types of hedge and risks	Foreign Currency Notional Amount (USD Mn)	Carrying amount of hedging instrument		Maturity date	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
Foreign exchange forward contracts							
Sell USD, buy INR	61.00	2,407.71	-	April 2017 - March 2018	1:1	2,407.71	(2,407.71)
Sell USD, buy PHP	33.50	-	1,095.24	April 2017 - March 2018	1:1	(1,095.24)	1,095.24
<b>Interest rate risk</b>							
Interest rate swap	20.19	-	17.40	January 2014 - September 18	1:1	(17.40)	17.40

\*The foreign exchange forward contracts are denominated in the same currency as the highly probable future sales therefore the hedge ratio is 1:1.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (b) Disclosure of effects of hedge accounting on financial performance

March 31, 2018

Types 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
<b>Cash flow hedge</b>				
Foreign exchange risk	4,561.99	-	5,657.03	Revenue
Interest rate risk	27.39	-	-	Finance cost

March 31, 2017

Types 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
<b>Cash flow hedge</b>				
Foreign exchange risk	2,794.71	(12.43)	2,181.33	Revenue & Other expenses
Interest rate risk	(17.40)	-	-	Finance cost

## 39 Interests in other entities

### a) Subsidiaries

The Group's subsidiaries at March 31, 2018 are set out below and were engaged in the business process management business. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of Business/ Country of Incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
		March 31, 2018 %	March 31, 2017 %	March 31, 2018 %	March 31, 2017 %
HGS International	Mauritius	100	100	-	-
HGS International Services Private Limited	India	100	100	-	-
Hinduja Global Solutions Inc.		100	100	-	-
HGS Properties LLC		100	100	-	-
HGS Canada Holdings LLC		100	100	-	-
HGS Colibrium Inc.	United States of America	95.2	95.2	4.8	4.8
HGS Healthcare LLC		100	100	-	-
HGS EBOS LLC		100	100	-	-
HGS (USA), LLC		100	100	-	-
HGS Population Health LLC		100	100	-	-
HGS Canada Inc.	Canada	100	100	-	-
Affina Company, Canada		100	100	-	-
C-Cubed B.V.	Netherlands	100	100	-	-
C-Cubed N.V.	Curacao	100	100	-	-
Customer Contact Centre Inc.	Philippines	100	100	-	-
Hinduja Global Solutions Europe Limited	United Kingdom	100	100	-	-
Hinduja Global Solutions UK Limited		100	100	-	-
HGS France, S.A.R.L	France	100	100	-	-
HGS St. Lucia Limited	Saint Lucia	100	100	-	-
Team HGS Limited	Jamaica	100	100	-	-
HGS Mena FZ LLC	United Arab Emirates	100	100	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The following wholly owned subsidiaries were voluntarily wound up during the year:

1. HGS Extensya Holdings Ltd
2. Extensya Investment Holdings Ltd
3. HGS Extensya Cayman Ltd
4. HGS Italy, S.A.R.L

## b) Non-controlling interests (NCI)

There are no material non-controlling interest to the group.

## 40 Segment reporting

The Group's board of directors along with its chief executive 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	Year ended March 31, 2018	Year ended March 31, 2017
USA and Canada	281,059.06	271,599.05
India	62,720.24	53,977.14
Europe	26,819.89	31,873.87
Rest of the world	14,337.56	13,649.36
<b>Total</b>	<b>384,936.75</b>	<b>371,099.42</b>

Revenue from major customers	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from five major customers (more than 10% of total revenue)	194,721.13	183,807.46
Others	190,215.62	187,291.96
<b>Total</b>	<b>384,936.75</b>	<b>371,099.42</b>

Non current assets and liabilities used in the Group's business across the locations are not identified any of the segment as these are used interchangeably between segments. Accordingly management is of the view that separate disclosure of assets located in geographical location is not relevant.

## 41 Disclosure Under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	124.86	1.58
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	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

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

## 42 Additional Information pursuant to para 2 of general information for the preparation of consolidated financial statements

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Parent</b>								
<b>Hinduja Global Solutions Limited</b>								
March 31, 2018	74%	110,276.08	73%	14,215.04	46%	(1,078.39)	78%	13,136.65
March 31, 2017	74%	99,069.01	57%	10,152.60	245%	(2,609.04)	45%	7,543.55
<b>Subsidiaries</b>								
<b>India</b>								
<b>HGS International Services Private Limited</b>								
March 31, 2018	19%	28,416.18	47%	9,124.35	9%	(213.53)	53%	8,910.82
March 31, 2017	16%	22,011.71	54%	9,630.60	-20%	209.33	58%	9,839.93
<b>Foreign</b>								
<b>HGS International</b>								
March 31, 2018	67%	100,008.48	6%	1,139.94	0%	-	7%	1,139.94
March 31, 2017	74%	98,367.95	7%	1,295.49	0%	-	8%	1,295.49
<b>Hinduja Global Solutions Inc.</b>								
March 31, 2018	-21%	(30,972.86)	-28%	(5,342.25)	-1%	31.27	-31%	(5,310.98)
March 31, 2017	-19%	(25,475.90)	-31%	(5,598.96)	0%	-	-33%	(5,598.96)
<b>C-Cubed N.V.</b>								
March 31, 2018	0%	35.88	0%	0.51	0%	-	0%	0.51
March 31, 2017	0%	35.30	0%	(3.96)	0%	-	0%	(3.96)
<b>HGS St.Lucia Limited</b>								
March 31, 2018	0%	(15.51)	0%	-	0%	-	0%	-
March 31, 2017	0%	(15.43)	0%	-	0%	-	0%	-
<b>Hinduja Global Solutions Europe Limited</b>								
March 31, 2018	4%	5,231.48	0%	(57.31)	0%	-	0%	(57.31)
March 31, 2017	4%	5,294.96	-1%	(134.70)	0%	-	-1%	(134.70)
<b>HGS Properties LLC</b>								
March 31, 2018	3%	4,770.44	4%	760.98	-	-	4%	760.98
March 31, 2017	3%	3,984.78	5%	839.25	0%	-	5%	839.25
<b>HGS EBOS LLC</b>								
March 31, 2018	-3%	(4,038.57)	7%	1,269.26	0%	-	8%	1,269.26
March 31, 2017	-4%	(4,711.37)	-3%	(456.34)	0%	-	-3%	(456.34)
<b>HGS (USA) LLC</b>								
March 31, 2018	28%	41,980.61	8%	1,639.60	0%	-	10%	1,639.60
March 31, 2017	30%	40,074.64	54%	9,744.04	0%	-	58%	9,744.04

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>HGS Canada Holdings LLC</b>								
March 31, 2018	15%	22,055.25	0%	-	0%	-	0%	-
March 31, 2017	16%	21,961.22	0%	-	0%	-	0%	-
<b>HGS Canada Inc.</b>								
March 31, 2018	-14%	(21,390.18)	-13%	(2,591.97)	0%	-	0%	(2,591.97)
March 31, 2017	-14%	(18,112.62)	-14%	(2,595.32)	0%	-	-15%	(2,595.32)
<b>HGS Health Care LLC</b>								
March 31, 2018	6%	8,392.98	38%	7,450.88	0%	-	44%	7,450.88
March 31, 2017	0%	87.83	0%	(76.67)	0%	-	0%	(76.67)
<b>Affina Company</b>								
March 31, 2018	-2%	(2,467.89)	0%	-	0%	-	0%	-
March 31, 2017	-2%	(2,457.37)	0%	-	0%	-	0%	-
<b>Hinduja Global Solutions UK Limited</b>								
March 31, 2018	26%	37,984.53	-1%	(173.22)	0%	-	-1%	(173.22)
March 31, 2017	1%	1,421.30	-6%	(1,106.54)	0%	-	-7%	(1,106.54)
<b>HGS Italy S.A.R.L</b>								
March 31, 2018	0%	-	-1%	(207.33)	0%	-	-1%	(207.33)
March 31, 2017	0%	189.06	0%	4.76	0%	-	0%	4.76
<b>HGS France S.A.R.L</b>								
March 31, 2018	0%	(650.73)	0%	41.43	0%	-	0%	41.43
March 31, 2017	0%	(600.20)	-1%	(144.19)	0%	-	-1%	(144.19)
<b>C-Cubed B.V.</b>								
March 31, 2018	-2%	(2,299.33)	-1%	(139.37)	0%	-		(139.37)
March 31, 2017	-2%	(2,126.59)	-1%	(146.55)	0%	-	-1%	(146.55)
<b>Customer Contact Center Inc.</b>								
March 31, 2018	2%	3,003.58	1%	106.37	0%	-	1%	106.37
March 31, 2017	2%	3,001.52	1%	264.45	0%	-	2%	264.45
<b>Team HGS Limied Jamaica</b>								
March 31, 2018	1%	1,018.68	3%	673.82	0%	-	4%	673.82
March 31, 2017	0%	225.38	2%	418.51	0%	-	2%	418.51
<b>HGS Mena FZ LLC</b>								
March 31, 2018	-2%	(3,441.79)	-6%	(1,189.87)	0%	-	-7%	(1,189.87)
March 31, 2017	-2%	(2,230.05)	-5%	(857.41)	0%	-	-5%	(857.41)
<b>HGS Colibrum Inc.</b>								
March 31, 2018	-1%	(1,499.58)	-16%	(3,180.20)	0%	-	-19%	(3,180.20)
March 31, 2017	-6%	(7,963.09)	-4%	(710.46)	0%	-	-4%	(710.46)
<b>HGS Population Health LLC</b>								
March 31, 2018	1%	1,644.78	-1%	(267.55)	0%	-	-2%	(267.55)
March 31, 2017	0%	-	0%	-	0%	-	0%	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Name of the entity in the group	Net Assets (total assets minus total liabilities)		Share in profit or (Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
<b>Less: Consolidation, Elimination and GAAP Adjustments</b>								
March 31, 2018	-101%	(149,813.84)	-21%	(4,065.80)	43%	(1,058.67)	-30%	(5,124.47)
March 31, 2017	-74%	(98,351.78)	-14%	(2,597.86)	-129%	1,376.54	-7%	(1,221.32)
<b>Less: Non-controlling interest</b>								
March 31, 2018		(71.98)		(152.65)		125.16		(27.49)
March 31, 2017		(44.49)		(34.10)		43.06		8.96
<b>Grand Total</b>								
March 31, 2018		148,300.65		19,360.04		(2,444.46)		16,915.58
March 31, 2017		133,724.77		17,954.84		(1,066.22)		16,888.62

43 Exceptional items of ₹1,200.01 lakhs for the year ended March 31, 2018, represents impairment of Goodwill allocated to UK cash generating unit, pursuant to the annual impairment assessment as required under Ind AS 36 Impairment of Assets (Refer note 31).

44 The Board of Directors at their meeting held on February 8, 2018 considered and approved amalgamation of HGS International Services Private Limited ('the Transferor Company' or 'HGSISPL'), wholly owned subsidiary of Hinduja Global Solutions Limited ('HGS') with HGS pursuant to a Scheme of Amalgamation in accordance with Section 232(2)(c) of the Companies Act, 2013. The Scheme has been filed with the National Company Law Tribunal (NCLT) and the company is awaiting approval.

45 Effective April 2, 2018 and April 3, 2018, the Group has acquired 100% stake of CMH Services Subsidiary LLC and 57% stake of Element Solutions LLC for an aggregate consideration of ₹8,714.65 lakhs and ₹ 3,000.32 lakhs respectively. The company incurred acquisition related costs of ₹641.51 lakhs and 205.19 lakhs on the acquisitions respectively, the same has been recognized as legal and professional expenses for the year ended March 31, 2018. CMH Services Subsidiary LLC was acquired through HGS Population Health LLC ( an entity, incorporated by the group in United States of America, Delaware on February 20, 2018). Element Solutions LLC was acquired through Hinduja Global Solutions UK Limited.

CMH Services Subsidiary LLC offers industry-leading care management, nurse advice line and analytics services. The acquisition will add to the strategic capability of health care portfolio of the group.

Element Solutions LLC provides high-end digital strategy and solutions in customer digital experience, data-driven marketing and cloud managed services. The acquisition will strengthen the digital services capabilities of the group.

CMH Services Subsidiary LLC offers industry-leading care management, nurse advice line and analytics services. The acquisition will add to the strategic capability of health care portfolio of the group.

Element Solutions LLC provides high-end digital strategy and solutions in customer digital experience, data-driven marketing and cloud managed services. The acquisition will strengthen the digital services capabilities of the group.

46 Previous year figures have been regrouped / rearranged wherever considered necessary, to conform to current year's classification.

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

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Firm registration no. 117366W/W-100018  
Chartered Accountants

Vikas Bagaria  
Partner  
Membership No.060408

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

Ramkrishan P. Hinduja  
Chairman  
DIN: 00278711

Anil Harish  
Director  
DIN: 00001685

Rangan Mohan  
Director  
DIN: 01116821

Srinivas Palakodeti  
Chief Financial Officer

Place : Mumbai  
Date : May 30, 2018

Shanu S.P. Hinduja  
Co-Chairperson  
DIN: 06512872

Rajendra P. Chitale  
Director  
DIN: 00015986

Partha DeSarkar  
Manager and  
Chief Executive Officer

Makarand D. Dewal  
Company Secretary

Place : Singapore  
Date : May 30, 2018



**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	31.03.2018	USD	B/S 65.1366 P/L 64.4908	21,178.66	81,773.42	103,656.00	703.92	Nil	2,882.67	(5,564.25)	112.69	(5,676.95)	Nil	100
2	HGS International Services Private Limited	31.03.2018	INR	-	222.72	28,193.53	32,806.58	4,390.33	Nil	40,487.32	9,988.78	864.44	9,124.34	Nil	100
3	Hinduja Global Solutions Inc.	31.03.2018	USD	B/S 65.1366 P/L 64.4908	0.01	(30,972.87)	140,628.99	171,601.85	Nil	2,205.73	(5,322.25)	-	(5,322.25)	Nil	100
4	HGS Properties LLC	31.03.2018	USD	B/S 65.1366 P/L 64.4908	-	4,821.35	5,353.14	531.78	Nil	1,026.91	811.38	-	811.38	Nil	100
5	HGS Canada Holdings LLC	31.03.2018	USD	B/S 65.1366 P/L 64.4908	22,055.25	(0.01)	22,055.25	-	Nil	-	-	-	-	Nil	100
6	HGS Canada Inc.	31.03.2018	CAD	B/S 50.5082 P/L 50.3058	13,319.02	(34,709.20)	18,760.22	40,150.40	Nil	38,902.50	(2,780.31)	(188.34)	(2,591.97)	Nil	100
7	HGS EBOS LLC	31.03.2018	USD	B/S 65.1366 P/L 64.4908	-	(3,449.57)	11,907.99	15,357.56	Nil	20,993.01	1,269.26	1,269.26	1,269.26	Nil	100
8	HGS (USA), LLC	31.03.2018	USD	B/S 65.1366 P/L 64.4908	3,452.24	38,528.37	111,665.82	69,685.21	Nil	55,922.11	1,737.16	97.56	1,639.60	Nil	100
9	HGS Healthcare LLC	31.03.2018	USD	B/S 65.1366 P/L 64.4908	163.49	5,912.98	82,670.41	76,593.93	Nil	162,457.48	9,108.82	3,179.93	5,928.90	Nil	100
10	Affina Company	31.03.2018	CAD	B/S 50.5082 P/L 50.3058	0.10	(2,148.57)	-	2,148.47	Nil	-	-	-	-	Nil	100
11	Hinduja Global Solutions Europe Limited	31.03.2018	GBP	B/S 91.2655 P/L 86.3060	877.41	6,813.06	12,918.55	5,228.08	Nil	1,368.22	(57.31)	-	(57.31)	Nil	100
12	Hinduja Global Solutions UK Limited	31.03.2018	GBP	B/S 91.2655 P/L 86.3060	50.20	37,934.33	56,811.83	18,827.30	Nil	28,546.12	(173.22)	-	(173.22)	Nil	100
13	HGS Italy, S.A.R.L	31.03.2018	EUR	B/S 80.2777 P/L 76.0890	8.03	(8.03)	-	-	Nil	-	(208.05)	(0.72)	(207.33)	Nil	100
14	HGS France S.A.R.L	31.03.2018	EUR	B/S 80.2777 P/L 76.0890	6.42	(659.26)	87.80	740.64	Nil	65.93	39.43	-	39.43	Nil	100
15	C-Cubed N.V	31.03.2018	USD	B/S 65.1366 P/L 64.4908	3.91	40.24	3,439.30	3,395.15	Nil	128.17	0.51	-	0.51	Nil	100
16	C-Cubed B.V	31.03.2018	EUR	B/S 80.2777 P/L 76.0890	18.22	(571.51)	3,016.47	3.21	Nil	-	437.58	-	437.58	Nil	100
17	Customer Contact Centre Inc.	31.03.2018	PHP	B/S 1.2479 P/L 1.2673	1,247.90	1,755.68	3,025.62	22.03	Nil	112.04	106.37	-	106.37	Nil	100
18	HGS St. Lucia Limited	31.03.2018	XCD	B/S 24.1392 P/L 23.8882	-	(15.51)	7,498.41	7,513.92	Nil	-	-	-	-	Nil	100
19	Team HGS Limited	31.03.2018	JMD	B/S 0.5192 P/L 0.5081	0.01	1,327.77	9,980.71	8,652.93	Nil	18,221.82	677.94	0.61	677.33	Nil	100
20	HGS Mena FZ LLC	31.03.2018	AED	B/S 17.7363 P/L 17.5577	195.33	(3,637.12)	614.13	4,055.91	Nil	353.38	(1,189.87)	-	(1,189.87)	Nil	100
21	HGS Colibrium Inc	31.03.2018	USD	B/S 65.1366 P/L 64.4908	3,113.11	(5,618.59)	13,931.25	16,436.74	Nil	3,308.29	(4,048.53)	(1,497.72)	(2,550.81)	Nil	95.20
22	HGS Population LLC	31.03.2018	USD	B/S 65.1366 P/L 64.4908	1,915.02	(270.23)	10,812.65	9,167.87	Nil	-	(267.55)	-	(267.55)	Nil	100

# AUDITORS' REPORT

## INDEPENDENT AUDITOR'S REPORT

### To The Members of HINDUJA GLOBAL SOLUTIONS LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HINDUJA GLOBAL SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branch located at Philippines.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone 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 financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

# AUDITORS' REPORT

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the branch auditors on financial information of the branch referred to in the Other Matters paragraph below, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

## Other Matters

a) We did not audit the financial information of one branch included in the standalone financial statements of the Company whose financial information reflect total assets of ₹ 43,109 Lakhs as at March 31, 2018, total revenue of ₹ 71,283 Lakhs, total profit after tax of ₹ 5,775 Lakhs and total comprehensive income of ₹ 6,739 Lakhs for the year ended March 31, 2018, as considered in the standalone financial statements. The financial information of the branch have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of the branch and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, is based solely on the report of such branch auditors.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the branch auditors on the standalone financial information of the branch referred to in the Other Matters paragraph above we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company and so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branch not visited by us.
  - c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.
  - d) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), 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 returns received from the branch not visited by us.
  - e) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

# AUDITORS' REPORT

- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

**Vikas Bagaria**  
Partner  
(Membership No. 060408)

Singapore, May 30, 2018

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Hinduja Global Solutions Limited of even date)

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

We have audited the internal financial controls over financial reporting of **HINDUJA GLOBAL SOLUTIONS LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company which includes internal financial controls over financial reporting of the Company's branch for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and the audit evidence obtained by the branch auditors of branch located at Philippines in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

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

### Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the branch auditors on internal financial controls system over financial reporting of the branch, referred to in the Other Matters paragraph below, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering

# ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other Matters**

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

Our opinion is not modified in respect of this matter.

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

**Vikas Bagaria**  
Partner  
(Membership No.060408)

Singapore, May 30, 2018

# ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Hinduja Global Solutions Limited of even date)

- (i) In respect of the company's fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / Assignment cum conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of building that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company is in the business of rendering services, and consequently, does not hold any physical inventory. Therefore, the provisions of Clause 3(ii) of the said Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made 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 is not applicable.
- (v) The Company has not accepted any deposit during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the said Order is not applicable to the company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the company. Thus reporting under clause 3(vi) of the said Order is not applicable to the company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
  - Details of dues of Income-tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)	Amount Unpaid (₹ in Lakhs)
The Income Tax Act, 1961	Income Tax liability including interest and penalty, where applicable	CIT (Appeals)	Assessment Year 2011-12	140.23	140.23

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) 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 said Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the said Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the said Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

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

**Vikas Bagaria**  
Partner  
(Membership No.060408)

Singapore, May 30, 2018



# BALANCE SHEET AS AT

(All amounts are in Rupees Lakhs)

Particulars	Notes	March 31, 2018	March 31, 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	2	24,111.97	26,837.86
b) Capital work-in-progress	2	67.58	72.08
c) Intangible assets	3	3,767.56	4,818.68
d) Financial assets			
i) Investments	4	43,944.07	43,361.85
ii) Other financial assets	5	3,653.60	2,189.54
e) Deferred tax assets (net)	31	179.27	62.42
f) Income tax assets (net)	6a	3,316.69	3,630.00
g) Other non-current assets	7	6,175.75	5,974.60
<b>Total non-current assets</b>		<b>85,216.49</b>	<b>86,947.03</b>
<b>Current assets</b>			
a) Financial Assets			
i) Trade receivables	8	45,000.63	28,836.88
ii) Cash and cash equivalents	9a	4,585.54	4,291.44
iii) Bank balances other than (ii) above	9b	36.56	38.03
iv) Other financial assets	10	17,488.68	18,235.28
b) Other Current assets	11	3,532.67	2,686.44
<b>Total current assets</b>		<b>70,644.08</b>	<b>54,088.07</b>
<b>Total assets</b>		<b>155,860.57</b>	<b>141,035.10</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity Share capital	12	2,080.02	2,074.27
b) Other Equity		108,196.08	96,994.74
<b>Total Equity</b>		<b>110,276.10</b>	<b>99,069.01</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
a) Financial Liabilities			
i) Borrowings	13a	-	333.52
b) Provisions	14	3,502.47	3,128.17
c) Other non current liabilities	15	-	240.51
d) Deferred tax liabilities (net)	31	-	951.88
<b>Total non-current liabilities</b>		<b>3,502.47</b>	<b>4,654.08</b>
<b>Current liabilities</b>			
a) Financial liabilities			
i) Borrowings	13b	13,823.58	14,129.38
ii) Trade payables	16	11,398.47	8,060.33
iii) Other financial liabilities	17	9,958.37	10,992.83
b) Provisions	18	3,249.58	1,927.75
c) Current tax liabilities(net)	6b	1,317.07	166.54
d) Other current liabilities	19	2,334.93	2,035.18
<b>Total current liabilities</b>		<b>42,082.00</b>	<b>37,312.01</b>
<b>Total Liabilities</b>		<b>45,584.47</b>	<b>41,966.09</b>
<b>Total Equity and Liabilities</b>		<b>155,860.57</b>	<b>141,035.10</b>

See accompanying notes to the financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
Firm registration no. 117366W/W-100018  
Chartered Accountants

Vikas Bagaria  
Partner  
Membership No.060408

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

Ramkrishan P. Hinduja  
Chairman  
DIN: 00278711

Anil Harish  
Director  
DIN: 00001685

Rangan Mohan  
Director  
DIN: 01116821

Srinivas Palakodeti  
Chief Financial Officer

Place : Mumbai  
Date : May 30, 2018

Shanu S.P. Hinduja  
Co-Chairperson  
DIN: 06512872

Rajendra P. Chitale  
Director  
DIN: 00015986

Partha DeSarkar  
Manager and  
Chief Executive Officer

Makarand D. Dewal  
Company Secretary

Place : Singapore  
Date : May 30, 2018

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

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

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
I Revenue from operations	20	166,993.78	159,753.65
II Other income	21	4,002.41	2,728.61
<b>III Total income (I+II)</b>		<b>170,996.19</b>	<b>162,482.26</b>
<b>IV Expenses</b>			
a) Employee benefit expenses	22	111,185.70	103,871.73
b) Finance costs	23	948.74	1,563.43
c) Depreciation and amortization expenses	24	7,471.93	7,830.17
d) Other Expenses	25	34,697.98	33,615.01
<b>Total expenses</b>		<b>154,304.35</b>	<b>146,880.34</b>
<b>V Profit before tax</b>		<b>16,691.84</b>	<b>15,601.92</b>
<b>VI Income Tax expense</b>			
a) Current tax	30	2,769.72	5,307.33
b) Deferred tax (credit) / charge	30	(292.92)	141.99
<b>Total tax expense</b>		<b>2,476.80</b>	<b>5,449.32</b>
<b>VII Profit for the year</b>		<b>14,215.04</b>	<b>10,152.60</b>
<b>VIII Other comprehensive income</b>			
<b>A. Items that will not be reclassified to profit and loss</b>			
a) Remeasurements of defined benefit plans		(300.91)	(824.44)
b) Income tax on above item		217.89	117.84
<b>Net other comprehensive income not to be reclassified to profit and loss in subsequent periods (A)</b>		<b>(83.02)</b>	<b>(706.60)</b>
<b>B. Items that may be reclassified to profit or loss</b>			
a) Effective Portion of designated portion of hedging instruments in a cash flow hedge		(862.95)	(16.79)
b) Exchange differences in translating the financial statements of foreign operation		(678.93)	(1,345.77)
c) Income tax on cash flow hedges		546.51	(539.88)
<b>Net other comprehensive income may be reclassified to profit or loss in subsequent periods (B)</b>		<b>(995.37)</b>	<b>(1,902.44)</b>
<b>IX Other comprehensive income for the year, net of tax [A+B]</b>		<b>(1,078.39)</b>	<b>(2,609.04)</b>
<b>X Total comprehensive income for the year</b>		<b>13,136.65</b>	<b>7,543.56</b>
<b>Earning per equity share [nominal value per share ₹ 10/- each]</b>			
Basic (in ₹)	28	68.42	48.96
Diluted (in ₹)	28	68.24	48.88

See accompanying notes to the financial statements.

As per our report of even date  
For Deloitte Haskins & Sells LLP  
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**Makarand D. Dewal**  
Company Secretary

Place : Singapore  
Date : May 30, 2018

Place : Mumbai  
Date : May 30, 2018

# STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

## A. Equity Share Capital

	Notes	Amount
Balance as at April 01, 2016		2,072.90
Changes in equity share capital during the year	12	1.37
Balance as at March 31, 2017		2,074.27
Changes in equity share capital during the year	12	5.75
Balance as at March 31, 2018		2,080.02

## B. Other Equity

	Reserves and Surplus						Other comprehensive income			Total
	Capital reserve	Securities premium reserve	General reserve	Retained Earnings	Share application money pending allotment	Employee stock options outstanding	Foreign currency translation reserve	Cash flow hedging reserve account	Other items of Other comprehensive income	
As at April 1, 2016	38.83	653.47	53,294.87	37,237.40	-	111.54	(124.22)	746.08	(754.73)	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)
<b>Total</b>	<b>38.83</b>	<b>653.47</b>	<b>53,294.87</b>	<b>47,390.01</b>		<b>111.54</b>	<b>(1,469.99)</b>	<b>189.41</b>	<b>(1,461.33)</b>	<b>98,746.80</b>
Transaction with owners in their capacity as owners:										
Employee stock options	-	45.78	-	-	79.84	0.23	-	-	-	125.85
Dividends paid	-	-	-	(1,877.91)	-	-	-	-	-	(1,877.91)
As at March 31, 2017	38.83	699.25	53,294.87	45,512.10	79.84	111.77	(1,469.99)	189.41	(1,461.33)	96,994.74
Profit for the year	-	-	-	14,215.04	-	-	-	-	-	14,215.04
Total Other Comprehensive Income	-	-	-	-	-	-	(678.93)	(316.44)	(83.02)	(1,078.39)
<b>Total</b>	<b>38.83</b>	<b>699.25</b>	<b>53,294.87</b>	<b>59,727.14</b>	<b>79.84</b>	<b>111.77</b>	<b>(2,148.92)</b>	<b>(127.03)</b>	<b>(1,544.35)</b>	<b>110,131.39</b>
Transaction with owners in their capacity as owners:										
Employee stock options	-	244.78	-	-	(79.84)	(22.39)	-	-	-	142.55
Dividends paid	-	-	-	(2,077.86)	-	-	-	-	-	(2,077.86)
As at March 31, 2018	38.83	944.03	53,294.87	57,649.27	-	89.38	(2,148.92)	(127.03)	(1,544.35)	108,196.08

# STATEMENT OF CHANGES IN EQUITY

(All amounts are in Rupees Lakhs)

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

	As at	
	March 31, 2018	March 31, 2017
<b>Balance as at the beginning of the year</b>	<b>189.41</b>	<b>746.08</b>
Changes in fair value of effective portion of derivatives	3,912.84	1,943.05
Net (gain)/loss reclassified to statement of profit and loss on occurrence of hedged transactions	<b>(4,775.79)</b>	<b>(1,959.84)</b>
<b>Balance as at the end of the year</b>	<b>(673.54)</b>	<b>729.29</b>
Deferred tax thereon	546.51	(539.88)
<b>Balance as at the end of the year, net of deferred tax</b>	<b>(127.03)</b>	<b>189.41</b>

## **Nature and purpose of reserves**

### **Securities premium reserve**

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

### **Cash flow hedging reserve**

The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale, as described within note 36. For hedging foreign currency risk, the company uses foreign currency forward contracts which are designated as cash flow hedges.

To the extent these hedges are effective; the change in fair value of the hedging instrument is recognized in the cash flow hedging reserve. Amounts recognized in the cash flow hedging reserve is reclassified to profit or loss when the hedged item affects profit or loss.

### **Employee stock options outstanding**

The Employee stock options outstanding account is used to recognize the grant date fair value of options issued to employees under Hinduja Global Solutions Employee stock option plan.

### **Foreign currency translation reserve**

Exchange differences relating to the translation of the results and net assets of the Company foreign operations from their functional currencies to the Company presentation currency (i.e. ₹) are recognized directly in other comprehensive income and accumulated in Foreign currency translation reserve.

# CASH FLOW STATEMENT

(All amounts are in Rupees Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash Flow from Operating Activities</b>		
Profit before tax from continuing operations	16,691.84	15,601.92
<b>Profit before tax</b>	<b>16,691.84</b>	<b>15,601.92</b>
Adjustments for:		
Depreciation and amortization expenses	7,471.93	7,832.92
Employee share-based payment expense	(22.39)	0.23
Loss on disposal of property, plant and equipment	69.66	15.27
Liabilities/ Provision no longer required written-back	(28.42)	(14.92)
Unwinding of discount on security deposits	(153.14)	(98.20)
Dividend income classified as investing cash flows	(2,082.35)	(1,503.30)
Interest income classified as investing cash flows	-	(820.81)
Finance costs	948.74	1,563.43
Bad debts	63.62	2.28
Provision for doubtful debts/advances	-	128.48
Net exchange differences	1,046.92	(977.22)
Amortization of rent expense and deferred revenue	157.90	96.17
<b>Change in operating assets and liabilities, net of effects from purchase of controlled entities and sale of subsidiary:</b>		
(Increase) in trade receivables	(17,138.59)	(1,111.19)
(Increase) in other financial assets	(2,156.17)	1,500.02
(Increase) in other non-current assets	(185.82)	2,810.58
(Increase) in other current assets	(844.76)	(258.07)
Increase in trade payables	3,373.44	72.39
Increase in other financial liabilities	1,667.16	1,805.69
Increase in provisions	1,172.59	874.25
Increase in other liabilities	299.75	15.38
<b>Cash generated from operations</b>	<b>10,351.91</b>	<b>27,535.30</b>
Income taxes paid	(1,305.88)	(4,756.11)
<b>Net cash inflow from operating activities</b>	<b>9,046.03</b>	<b>22,779.18</b>

# CASH FLOW STATEMENT

(All amounts are in Rupees Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>Cash flows from investing activities</b>		
Payment for acquisition of business	-	(170.00)
Payments for property, plant and equipment	(6,003.19)	(8,522.65)
Payments for purchase of investments	(1,061.17)	(523.19)
Proceeds from sale of investments	478.95	1,008.20
Proceeds from sale of property, plant and equipment	133.40	136.44
Dividends received	2,082.35	1,503.30
Interest received	19.75	813.07
<b>Net cash outflow from investing activities</b>	<b>(4,349.92)</b>	<b>(5,754.83)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	170.69	43.73
Proceeds from Share application pending allotment	-	79.84
Proceeds from borrowings	1,600.00	1,480.00
Repayment of borrowings	(3,133.87)	(13,688.26)
Interest paid	(959.49)	(1,578.24)
Dividends paid	(2,079.33)	(1,878.98)
<b>Net cash outflow from financing activities</b>	<b>(4,402.00)</b>	<b>(15,541.91)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>294.11</b>	<b>1,482.44</b>
Cash and cash equivalents at the beginning of the financial year	4,291.44	2,809.00
<b>Cash and cash equivalents at end of the year</b>	<b>4,585.54</b>	<b>4,291.44</b>
<b>Balances per statement of cash flows</b>	<b>4,585.54</b>	<b>4,291.44</b>

See accompanying notes to the financial statements.

As per our report of even date

For Deloitte Haskins & Sells LLP

Firm registration no. 117366W/W-100018

Chartered Accountants

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Partner

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Srinivas Palakodeti

Chief Financial Officer

Place : Mumbai

Date : May 30, 2018

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Co-Chairperson

DIN: 06512872

Rajendra P. Chitale

Director

DIN: 00015986

Partha DeSarkar

Manager and

Chief Executive Officer

Makarand D. Dewal

Company Secretary

Place : Singapore

Date : May 30, 2018

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## 1 Background

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

These financial statements were authorized to be approved by the Board of Directors on 30.05.2018. Amounts as at and for the year ended March 31, 2017 financial statements were audited by Price Waterhouse.

## a Basis of preparation of financial statements

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

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

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

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

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

### (ii) Basis of Measurement

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

- a. certain financial assets and liabilities (including derivative instruments) that are measured at fair value;
- b. defined benefit plans - plan assets/ liability measured at fair value; and
- c. Share-based payments

## b Use of estimates and judgements

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

### i) Estimation of provisions & contingent liabilities.

The Company exercises judgement in measuring and recognizing provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual liability may be different from the originally estimated as provision. (Refer note 14 and 27).

### ii) Estimation of defined benefit plans

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,

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

the Company considers the interest rates of government bonds of maturity approximating the terms of the related plan liability. Refer note 32 for the details of the assumptions used in estimating the defined benefit obligation.

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

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

### iv) Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

### v) Deferred taxes

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

### vi) Impairment testing

Investments in subsidiaries are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

### vii) Other estimates

The share based compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest. Accounting of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction.

## c Foreign currency translation

### (i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Indian Rupees (INR), which is Company's functional and presentation currency.

### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

### (iii) Foreign operations

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

- a. assets and liabilities are translated at the closing rate at the date of that balance sheet.
- b. income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- c. All resulting exchange differences are recognized in other comprehensive income.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## d Revenue recognition and measurement

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

The Company recognizes revenue when the significant terms of the arrangement are enforceable, services have been delivered and the collectability is reasonably assured.

Revenues and costs relating to time and materials contracts are recognized as the related services are rendered.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period.

## e Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and adjustment for unused tax losses.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its branch operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

## f Deferred taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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 realized or the deferred income tax liability is settled.

Deferred tax assets are recognized 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 utilize those temporary differences, losses and credits.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in branches where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized 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 utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

The Company has thus disclosed the Income Tax Assets/ Liabilities on a net basis to the extent that the same is settled within the same tax jurisdictions, which is in line with Accounting statements prescribed under Ind AS 12.

## g Leases

### As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## **h Impairment**

### **i) Impairment of non financial assets**

Long-lived assets such as Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **ii) Impairment of financial assets**

The Company applies the expected credit loss model for recognizing impairment loss on trade receivables measured at amortized cost. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive discounted using effective interest rate. Loss allowances for trade receivables are measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes in to the account historical credit loss experience adjusted for forward looking information.

## **i Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with bank in current accounts, Exchange Earners Foreign Currency (EEFC) Accounts, other short-term, highly liquid deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## **j Trade receivables**

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

## **k Investments and other financial assets**

### **(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- a. those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b. those measured at amortized cost.

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

### **(ii) Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### **Debt instruments**

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Currently there are no debt instruments measured at fair value.

### (iii) Derecognition of financial assets

A financial asset is derecognized only when

- a. The Company has transferred the rights to receive cash flows from the financial asset or
- b. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### (iv) Income recognition

- a. Interest income

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument.

- b. Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

## I Derivatives and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The company designates their derivatives as hedges of foreign exchange risk associated with the cash flows of highly probable forecast transactions.

The company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

### (i) Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other income.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

## m Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## n Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

### Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

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

Assets costing less than ₹ 5000 each are depreciated fully in the year of acquisition.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets given to employees on contractual obligations are depreciated to the extent of 50% of the value over a period of four years, at the end of which these assets are transferred to the respective employees at the residual book value.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/ expenses.

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The cost of property, plant and equipment not available for use before such date are disclosed under capital work-in-progress.

## o Intangible assets

Costs associated with maintaining software programs are recognized as an expense as incurred.

Costs associated with acquisition of intangible assets is capitalized when it is controlled by entity and probable future economic benefits are expected to flow.

Amortization methods and periods

The company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

Particulars	Useful life
Computer Software	3 to 6 years

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

## p Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

## q Borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## r Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

## s Employee benefits

### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### (ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## (iii) Post-employment obligations

The company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity; and Pension
- (b) defined contribution plans such as provident fund

### Defined benefit obligation

The liability or asset recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to government bond that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### Defined contribution plans

The company pays contributions to publicly administered funds as per local regulations. The company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Superannuation Fund applicable to certain employees, constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

## (iv) Share-based payments

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

### Employee options

The fair value of options granted under the Hinduja Global Solutions Limited Employee Stock Option Plan is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## (v) Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The company recognizes termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## t 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.

## u Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## v 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.

## w 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 39 for segment information.

## 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:

### Amendment to Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

**Step 1:** Identify the contract(s) with a customer

**Step 2:** Identify the performance obligation in contract

**Step 3:** Determine the transaction price

**Step 4:** Allocate the transaction price to the performance obligations in the contract

**Step 5:** Recognize revenue when (or as) the entity satisfies a performance obligation.

Under Ind AS 115, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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the standard recognized at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognized as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

## **Amendment to Ind AS 21 - The effect of changes in Foreign Exchange rates**

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 2 Property, plant and equipment and Capital work-in-progress

	Land	Building	Leasehold Building	Furniture and Fixtures	Vehicle	Office Equipment	Computers	Leasehold Improvements	Total	Capital work-in-progress
<b>March 31, 2017</b>										
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
Effect of Foreign currency differences	-	-	-	(527.98)	(35.59)	-	(1,793.48)	(1,134.12)	(3,491.17)	-
Additions	-	-	-	806.21	78.30	750.75	2,668.60	2,965.39	7,269.25	4,435.13
Disposals	-	-	-	(178.19)	(17.03)	(288.93)	(683.20)	(608.11)	(1,775.46)	(4,479.09)
<b>Gross carrying amount</b>	<b>100.97</b>	<b>2,476.51</b>	<b>2,053.02</b>	<b>3,728.55</b>	<b>319.23</b>	<b>1,385.86</b>	<b>14,123.82</b>	<b>12,196.10</b>	<b>36,384.06</b>	<b>72.08</b>
<b>Accumulated depreciation</b>	<b>-</b>	<b>46.37</b>	<b>39.39</b>	<b>826.31</b>	<b>47.16</b>	<b>177.37</b>	<b>2,993.52</b>	<b>2,865.03</b>	<b>6,995.15</b>	<b>-</b>
Depreciation (Refer Note 24)	-	46.37	39.39	582.92	62.37	302.61	3,225.03	2,177.46	6,436.15	-
Disposals	-	-	-	(155.44)	(0.72)	(264.47)	(641.13)	(572.12)	(1,633.88)	-
Effect of Foreign currency differences	-	-	-	(314.11)	(22.07)	-	(1,099.33)	(815.71)	(2,251.22)	-
<b>Accumulated depreciation</b>	<b>-</b>	<b>92.74</b>	<b>78.78</b>	<b>939.68</b>	<b>86.74</b>	<b>215.51</b>	<b>4,478.09</b>	<b>3,654.66</b>	<b>9,546.20</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>100.97</b>	<b>2,383.77</b>	<b>1,974.24</b>	<b>2,788.87</b>	<b>232.49</b>	<b>1,170.35</b>	<b>9,645.73</b>	<b>8,541.44</b>	<b>26,837.86</b>	<b>72.08</b>
<b>March 31, 2018</b>										
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
Additions	-	-	-	188.42	79.85	182.69	2,656.81	397.62	3,505.39	2,327.65
Transfers from Furniture & fixtures to Office equipment	-	-	-	(624.80)	-	624.80	-	-	-	-
Effect of Foreign currency differences	-	-	-	-	-	(11.58)	-	(566.01)	(1,093.18)	-
Disposals	-	-	-	(727.58)	(34.64)	(453.28)	(2,595.00)	(2,452.17)	(6,262.68)	(2,332.15)
<b>Gross carrying amount</b>	<b>100.97</b>	<b>2,476.51</b>	<b>2,053.02</b>	<b>2,489.33</b>	<b>352.86</b>	<b>1,651.94</b>	<b>13,619.62</b>	<b>9,789.35</b>	<b>32,533.60</b>	<b>67.58</b>
<b>Accumulated depreciation</b>	<b>-</b>	<b>92.74</b>	<b>78.78</b>	<b>939.68</b>	<b>86.74</b>	<b>215.51</b>	<b>4,478.09</b>	<b>3,654.66</b>	<b>9,546.20</b>	<b>-</b>
Depreciation (Refer Note 24)	-	46.37	39.39	450.03	68.33	434.31	2,756.63	1,899.30	5,694.35	-
Effect of Foreign currency differences	-	-	-	(99.01)	(5.24)	(2.64)	(377.78)	(274.61)	(759.28)	-
Disposals	-	-	-	(671.78)	(23.56)	(432.96)	(2,574.14)	(2,357.20)	(6,059.64)	-
<b>Accumulated depreciation</b>	<b>-</b>	<b>139.11</b>	<b>118.17</b>	<b>618.91</b>	<b>126.26</b>	<b>214.21</b>	<b>4,282.81</b>	<b>2,922.16</b>	<b>8,421.63</b>	<b>-</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>100.97</b>	<b>2,337.40</b>	<b>1,934.85</b>	<b>1,870.41</b>	<b>226.60</b>	<b>1,437.74</b>	<b>9,336.80</b>	<b>6,867.19</b>	<b>24,111.97</b>	<b>67.58</b>

### Leased assets

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

	As at 31.03.2018	As at 31.03.2017
<b>Computers</b>		
Cost/ Deemed cost	1,083.83	1,122.22
Accumulated depreciation	(512.21)	(477.82)
<b>Net carrying amount</b>	<b>571.62</b>	<b>644.40</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 3 Intangible Assets

	Computer Software	Non Compete fees	Intangible assets under development	Total
<b>March 31, 2017</b>				
<b>Gross carrying amount</b>	6,284.48	20.07	77.96	6,382.51
Effect of Foreign currency differences	(705.62)	-	-	(705.62)
Additions	1,739.52	-	478.33	2,217.85
Disposals	(13.33)	-	(527.96)	(541.29)
<b>Gross carrying amount</b>	<b>7,305.05</b>	<b>20.07</b>	<b>28.33</b>	<b>7,353.45</b>
<b>Accumulated amortization</b>	1,467.57	20.07	-	1,487.64
Effect of Foreign currency differences	(343.69)	-	-	(343.69)
Amortization expense (Refer Note 24)	1,394.02	-	-	1,394.02
Disposals	(3.21)	-	-	(3.21)
<b>Accumulated amortization</b>	<b>2,514.69</b>	<b>20.07</b>	-	<b>2,534.76</b>
<b>Net carrying amount as at March 31, 2017</b>	<b>4,790.35</b>	-	<b>28.33</b>	<b>4,818.68</b>
<b>March 31, 2018</b>				
<b>Gross carrying amount</b>	7,305.05	20.07	28.33	7,353.45
Effect of Foreign currency differences	(230.98)	-	-	(230.98)
Additions	854.82	-	558.73	1,413.55
Disposals	(69.13)	-	(586.99)	(656.12)
<b>Gross carrying amount</b>	<b>7,859.76</b>	<b>20.07</b>	<b>0.07</b>	<b>7,879.90</b>
<b>Accumulated amortization</b>	2,514.69	20.07	-	2,534.76
Amortization expense (Refer Note 24)	1,777.58	-	-	1,777.58
Effect of Foreign currency differences	(130.89)	-	-	(130.89)
Disposals	(69.11)	-	-	(69.11)
<b>Accumulated amortization</b>	<b>4,092.28</b>	<b>20.07</b>	-	<b>4,112.35</b>
<b>Net carrying amount as at March 31, 2018</b>	<b>3,767.48</b>	-	<b>0.07</b>	<b>3,767.56</b>

### Leased assets

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

	As at 31.03.2018	As at 31.03.2017
<b>Computer software</b>		
Cost/ Deemed cost	693.55	718.11
Accumulated depreciation	(304.63)	(279.39)
<b>Net carrying amount</b>	<b>388.92</b>	<b>438.72</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 4 Investments

Sr. No.	Particulars	Face Value Per Share/ Unit	As at 31.03.2018		As at 31.03.2017	
			Quantity Nos.	Amount	Quantity Nos.	Amount
[a]	<b>Non-Current Investments</b>					
(i)	<b>Investment in Equity Instruments (fully paid up): In Wholly Owned Subsidiaries (Unquoted and Non-Trade):</b>					
	HGS International, Mauritius	USD 1	32,514,228	38,880.28	32,514,228	38,880.28
	HGS International Services Private Limited, India	₹10	1,113,555	3,945.62	1,113,555	3,945.62
(ii)	<b>Others (Unquoted and Non-Trade):</b>					
	Treasury Bills (At Philippines branch) (Refer note 35) [Deposited with Securities and Exchange Commission in Philippines]	-	-	1,118.17	-	535.95
	<b>Aggregate Value of Unquoted Investments</b>			<b>43,944.07</b>		<b>43,361.85</b>
	<b>Total non-current investments</b>					
	Aggregate Value of quoted Investments and market value thereof			-		-
	Aggregate Value of Unquoted Investments			<b>43,944.07</b>		<b>43,361.85</b>
	Aggregate amount of impairment in the value of investments			-		-

### Terms of Treasury bill

Sr. No.	Name of Bank	Face Value in PHP as on March 31,2018 (PHP in Lakhs)	Face Value in INR as on March 31,2018 (₹ in Lakhs)
1	Union Bank of the Philippines	52.70	65.76
2	CTBC Bank (Philippines) Corp.	325.00	405.57
3	Union Bank of the Philippines	200.00	249.58
4	Union Bank of the Philippines	318.34	397.26
	<b>Total</b>	<b>896.04</b>	<b>1,118.17</b>

These investments carry a market rate on interest and it is maturing by November 2019.

## 5 Other non-current financial asset

	As at March 31, 2018	As at March 31, 2017
Security Deposit	3,142.65	2,113.24
Deposits with bank for Margin Money*	11.79	76.30
Deposits with maturity exceeding 12 months	499.16	-
<b>Total</b>	<b>3,653.60</b>	<b>2,189.54</b>

\* Under lien with bank towards guarantees issued by them on behalf of the company.

### 6a Income Tax Assets (net)

	As at March 31, 2018	As at March 31, 2017
Advance tax and tax deducted at source	24,489.59	28,150.39
Less: Provision for Income tax	21,172.90	24,520.39
<b>Total</b>	<b>3,316.69</b>	<b>3,630.00</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 6b Current tax liabilities

	As at March 31, 2018	As at March 31, 2017
Provision for Income tax	5,911.91	166.54
Less: Advance tax & tax deducted at source	4,594.84	-
<b>Total</b>	<b>1,317.07</b>	<b>166.54</b>

## 7 Other non current assets

	As at March 31, 2018	As at March 31, 2017
Capital Advances	25.36	10.03
Receivable from related party (Refer note 27)	3,318.99	3,318.99
Balances with Government Authorities	311.78	296.69
Prepaid Expenses	413.67	281.26
Deferred Rent	2,100.70	2,064.38
Others	5.25	3.25
<b>Total</b>	<b>6,175.75</b>	<b>5,974.60</b>

## 8 Trade receivable

	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good	45,000.63	28,836.88
Considered doubtful	59.42	137.89
Less: Allowance for doubtful debts	(59.42)	(137.89)
<b>Total</b>	<b>45,000.63</b>	<b>28,836.88</b>
Current portion	45,000.63	28,836.88
Non-current portion	-	-

## 9a Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Cash on hand	5.89	7.27
Balances with banks		
in current accounts	2,267.76	4,232.53
in Exchange Earners Foreign Currency Account (EEFC) accounts	9.76	51.64
In Demand deposits	2,302.13	-
<b>Total</b>	<b>4,585.54</b>	<b>4,291.44</b>

Cash at banks in current account and EEFC account does not bear any interest. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

## 9b Bank balances other than Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017
Earmarked Balances with Banks:		
Unpaid dividend	34.74	36.21
Unpaid bonus	1.82	1.82
<b>Total</b>	<b>36.56</b>	<b>38.03</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 10 Other current financial asset

	As at March 31, 2018	As at March 31, 2017
Unbilled revenue	16,156.62	14,828.38
Security Deposit	247.14	988.44
Interest accrued on deposits/ loans	8.01	27.76
Derivatives - Foreign Exchange Forward Contracts (Refer note 37)	526.63	1,945.59
Other receivables	550.28	445.11
<b>Total</b>	<b>17,488.68</b>	<b>18,235.28</b>

## 11 Other Current assets

	As at March 31, 2018	As at March 31, 2017
<b>Unsecured and considered good, unless otherwise stated</b>		
Balances with Government Authorities	170.90	143.73
Advance to employees		
Good	317.69	348.22
Doubtful	7.68	7.68
	325.37	355.90
Less: Provision for doubtful Advances	(7.68)	(7.68)
	317.69	348.22
Advance to Vendors	1,206.67	1,397.73
Prepaid Expenses	1,837.41	796.76
<b>Total</b>	<b>3,532.67</b>	<b>2,686.44</b>

There were no loans due by directors or other officers of the company or any of them severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a member.

## 12 Equity Share capital

	As at March 31, 2018	As at March 31, 2017
<b>Authorised:</b>		
25,000,000 (March 31, 2017: 25,000,000) equity shares of ₹10/- each fully paid	2,500.00	2,500.00
<b>Total</b>	<b>2,500.00</b>	<b>2,500.00</b>
<b>Issued, subscribed and Paid up :</b>		
20,800,238 (March 31, 2017: 20,742,763) equity shares of ₹ 10/- each fully paid	2,080.02	2,074.27
<b>Total</b>	<b>2,080.02</b>	<b>2,074.27</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (i) Movements in equity share capital

	No.of shares	Equity share Capital (par value)
<b>As at April 1, 2016</b>	<b>20,729,039</b>	<b>2,072.90</b>
Shares issued to Employees under Employee Stock Option Plan (Refer note 26)	13,724	1.37
<b>As at March 31, 2017</b>	<b>20,742,763</b>	<b>2,074.27</b>
Shares issued to Employees under Employee Stock Option Plan (Refer note 26)	57,475	5.75
<b>As at March 31, 2018</b>	<b>20,800,238</b>	<b>2,080.02</b>

### Terms and rights attached to equity shares

Equity Shares: The company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend Which are approved by Board of Directors in Board Meeting . In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The share options granted under the Company 's employee stock option plan carry dividend as well as voting rights upon exercise.

### Number of shares reserved for issue under the Employee Stock Option Plan (Refer Note 26)

Particulars	As at March 31, 2018	As at March 31, 2017
i) Hinduja Global Solutions Limited Employee Stock Option Plan 2008	72,103	141,079
ii) Hinduja Global Solutions Limited Employee Stock Option Plan 2011	85,833	108,110

## (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, 2018		As at March 31, 2017	
	Number of Shares	% held	Number of Shares	% held
Hinduja Group Limited	5,748,541	27.64%	5,748,541	27.71
Hinduja Group Limited jointly with Hinduja Realty Ventures Limited	3,424,490	16.46%	3,424,490	16.51
Amas Mauritius Limited	2,761,427	13.28%	2,761,427	13.31

## 13 Borrowings

	Maturity date	Terms of repayment	Interest rate	As at March 31, 2018	As at March 31, 2017
<b>a. Borrowings - non-current</b>					
<b>Secured</b>					
Term loans from banks					
Project loan *	June 30, 2017	Repayable in 16 equal quarterly instalments	9.60%	-	143.26
Corporate loan **	July 31, 2018	Repayable in 60 equal monthly instalments	8.50%	336.16	1,431.72
<b>Total borrowings</b>				<b>336.16</b>	<b>1,574.98</b>
Less: Current maturities of long-term debt (included in note 17)				333.52	1,228.07
Less: Interest accrued (included in note 17)				2.64	13.39
<b>Non-current borrowings</b>				<b>-</b>	<b>333.52</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Maturity date	Terms of repayment	Interest rate	As at March 31, 2018	As at March 31, 2017
<b>b. Borrowings - current</b>					
<b>Secured</b>					
Bank Overdrafts ***	Payable on demand	Payable on demand	7.85% and 8.15%	13,823.58	14,129.38
<b>Total Current borrowings</b>				<b>13,823.58</b>	<b>14,129.38</b>
Less: Interest accrued				-	-
<b>Current borrowings</b>				<b>13,823.58</b>	<b>14,129.38</b>
Aggregate Secured loans				13,823.58	14,462.90
Aggregate Unsecured loans				-	-

## **Secured borrowings and assets pledged as security (Refer note 29)**

- \* Secured by exclusive charge on the entire asset of the project. The loan was taken for renovation of corporate office, Bangalore.
- \*\* Secured by first charge on entire moveable fixed assets of the company (both present and future).
- \*\*\* 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).

## 14 Provisions

	As at March 31, 2018	As at March 31, 2017
Pension (Refer note 32)	2,586.60	2,558.39
Gratuity (Refer note 32)	851.46	486.49
Others	64.41	83.29
<b>Total</b>	<b>3,502.47</b>	<b>3,128.17</b>

## 15 Other non current liabilities

	As at March 31, 2018	As at March 31, 2017
Income received in advance	-	240.51
<b>Total</b>	<b>-</b>	<b>240.51</b>

## 16 Trade Payables

	As at March 31, 2018	As at March 31, 2017
i. Total outstanding dues of micro enterprises and small enterprises (Refer note 38)	93.43	1.58
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	11,305.04	8,058.75
<b>Total</b>	<b>11,398.47</b>	<b>8,060.33</b>

## 17 Other current financial liabilities

	As at March 31, 2018	As at March 31, 2017
Current Maturities of Long-Term Debt	333.52	1,228.07
Interest accrued	2.64	13.39
Capital creditors	2,110.84	3,337.25
Unpaid dividend [Refer note (a) below]	34.74	36.21
Derivatives - foreign exchange forward contracts (Refer note 37)	526.80	1,095.24
Employee benefits payable	6,949.83	5,282.67
<b>Total</b>	<b>9,958.37</b>	<b>10,992.83</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

- a. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year-end.

## 18 Provisions

	As at March 31, 2018	As at March 31, 2017
Pension (Refer note 32)	29.44	111.49
Compensated absences (Refer note 32)	3,220.14	1,816.26
<b>Total</b>	<b>3,249.58</b>	<b>1,927.75</b>

## 19 Other Current liabilities

	As at March 31, 2018	As at March 31, 2017
Advances from customers	293.47	263.60
Statutory dues payable	1,984.70	1,760.52
Other Payables	56.76	11.06
<b>Total</b>	<b>2,334.93</b>	<b>2,035.18</b>

## 20 Revenue from operations

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Sale of services</b>		
Business Process Management	166,993.78	159,753.65
<b>Total</b>	<b>166,993.78</b>	<b>159,753.65</b>

## 21 Other income

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on financial assets carried at amortised cost	1,060.70	820.81
Unwinding of discount on security deposits	153.14	98.20
Dividend income from a subsidiary	2,082.35	1,503.30
Foreign Exchange Gain (net)	503.04	-
Provision for Doubtful Debts no longer required written-back	28.42	-
Miscellaneous income	174.76	306.30
<b>Total</b>	<b>4,002.41</b>	<b>2,728.61</b>

## 22 Employee benefits expense

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	103,422.09	96,643.55
Contribution to provident and other funds	6,112.84	5,561.67
Employee share based payment expenses (Refer note 26)	-	0.23
Staff welfare expenses	1,650.77	1,666.28
<b>Total</b>	<b>111,185.70</b>	<b>103,871.73</b>



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 23 Finance costs

	Year ended March 31, 2018	Year ended March 31, 2017
Interest expense on		
Term loans from bank	124.28	302.81
Cash credit and others	292.05	835.03
Other borrowing costs	532.41	425.59
<b>Total</b>	<b>948.74</b>	<b>1,563.43</b>

## 24 Depreciation and Amortisation expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation on property, plant and equipment (Refer Note 2)	5,694.35	6,436.15
Amortization of intangibles (Refer Note 3)	1,777.58	1,394.02
<b>Total</b>	<b>7,471.93</b>	<b>7,830.17</b>

## 25 Other expenses

	Year ended March 31, 2018	Year ended March 31, 2017
Power and Fuel	4,596.70	4,349.88
Rent	9,513.38	8,281.56
Repairs and Maintenance - Leased Premises	2,225.28	1,779.67
Repairs and Maintenance - Others	3,244.09	3,041.81
Insurance	311.57	214.95
Rates and Taxes	301.98	340.74
Directors' Sitting Fees	66.50	80.00
Payment to the Auditors:		
- As auditors [including payment to Branch Auditors ₹ 19.39- lakhs (Previous Year ₹ 34.54 lakhs)]	88.90	123.54
- for other services [including payment to Branch Auditors (Previous Year ₹ Nil lakhs)]	-	11.00
- for reimbursement of expenses	2.71	3.89
Connectivity Cost	1,139.66	1,278.41
Advertisement and Business Promotion	325.86	353.22
Communication	852.91	903.35
Travelling, Conveyance and Car Hire Charges	1,710.18	1,403.76
Legal and Professional	3,533.84	3,203.15
Training and Recruitment	2,481.54	2,404.68
Commission	7.99	18.75
Donations	12.45	5.09
Software Expenses	713.19	551.76
Corporate Social Responsibility (Refer note 25a)	291.30	303.00
Bad Debts/ Advances Written off	63.62	2.28
Allowance for bad and doubtful debts/ advances	-	128.48
Security Expenses	2,119.66	1,926.66
Foreign Exchange Loss (net)	-	1,804.69
Loss on Sale of Assets (net)	69.66	15.27
Miscellaneous Expenses	1,025.01	1,085.42
<b>Total</b>	<b>34,697.98</b>	<b>33,615.01</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 25a Corporate Social Responsibility (CSR)

	March 31, 2018	March 31, 2017
Gross amount required to be spent by the Company during the year	291.19	302.19
<b>Total</b>	<b>291.19</b>	<b>302.19</b>

	In Cash*	In Cash*
	March 31, 2018	March 31, 2017
a. On various activities (Refer note below)	291.30	303.00
<b>Total</b>	<b>291.30</b>	<b>303.00</b>

\* There are no amounts yet to be paid in cash.

### Note:

Vendor Name	Nature of CSR Activity	Amount spent during the year
Magic Bus India Foundation	Youth Livelihood Program	100.00
The Akshaya Patra Foundation	Mid-Day Meal Programme	85.00
Hinduja Foundation	Dharam Hinduja Merit cum Means Scholarships	30.00
Jaldhaara Foundation	Providing safe and clean drinking water	25.00
Yuva Unstoppable	Smart Class Education in Municipal Schools Chennai & Indore (four schools each)	51.30
<b>Total Amount spent during the year</b>		<b>291.30</b>

## 26 Share Based Payments

### a) Employee Option Plan

Details of the employee stock option plan are as given below.

Particulars	ESOP 2008	ESOP 2011
Details of the plan	The Shareholders of the Company at their Annual General Meeting held on September 27, 2008 granted approval to the HTMT Global Solutions Limited Employees Stock Option Plan 2008 (now Hinduja Global Solutions Limited Employees Stock Option Plan 2008) ("ESOP 2008"). Subsequently, the Nomination and Remuneration Committee (formerly Compensation Committee) approved the terms and conditions relating to ESOP 2008 and options were granted on July 31, 2009.	The Shareholders of the Company at their Annual General Meeting held on August 1, 2011 granted approval to the Hinduja Global Solutions Limited Employees Stock Option Plan 2011 ("ESOP 2011"). Subsequently, the Nomination and Remuneration Committee (formerly Compensation Committee) approved the terms and conditions relating to ESOP 2011 and options were granted on November 11, 2011.
Maximum grant of options	The maximum number of options that could be issued under ESOP 2008 is 205,380 (being 1% of the outstanding equity shares of the Company as at April 1, 2009).	The maximum number of options that could be issued under ESOP 2011 is 308,838 (being 1.5% of outstanding paid up capital of the Company as at April 1, 2011).

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Particulars	ESOP 2008	ESOP 2011
Vesting period	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest on the first anniversary of the grant date. - 1/3rd of the options granted will vest on the second anniversary of the grant date. - 1/2 of the options granted will vest on the third anniversary of the grant date.	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest at the end of one year from the grant date. - 1/6th of the options granted will vest at the end of 18 months from the grant date. - 1/6th of the options granted will vest at the end of 24 months from the grant date. - 1/4th of the options granted will vest at the end of 30 months from the grant date. - 1/4th of the options granted will vest at the end of 36 months from the grant date.
Exercise period	Options vested with an employee will be exercisable prior to completion of the 48th month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.	Options vested with an employee will be exercisable prior to completion of the 24th month from the date of vesting of options by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise price	₹ 400.10 per share	₹ 340.20 per share
Grant/re-grant options	The Nomination and Remuneration Committee (formerly Compensation Committee) approved the request of lapsed options which were subsequently granted to specific employees. The term for vesting and exercise period are as stated above.	The Nomination and Remuneration Committee (formerly Compensation Committee) approved the request of lapsed options which were subsequently granted to specific employees. The term for vesting and exercise period are as stated above.

The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the grant date. The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.

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

## ESOP 2008

Particulars	As at March 31, 2018		As at March 31, 2017	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening Balance	469.84	141,079	453.57	164,512
Granted during the year	536.95	21,000	-	-
Lapsed during the year	489.01	(55,369)	-	-
Exercised during the year	433.16	(34,607)	312.50	(4,717)
Forfeited during the year	-	-	453.57	(18,716)
<b>Closing Balance</b>		<b>72,103</b>		<b>141,079</b>
Vested and exercisable		37,446		49,558

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## ESOP 2011

Particulars	As at March 31, 2018		As at March 31, 2017	
	Average exercise Price Per share (₹)	Number of Options	Average exercise Price Per share (₹)	Number of Options
Opening Balance	527.38	108,111	441.60	171,150
Granted during the year	536.95	25,500	-	-
Lapsed during the year	530.11	(24,911)	441.60	(54,032)
Exercised during the year	520.93	(22,868)	359.39	(9,007)
<b>Closing Balance</b>		<b>85,832</b>		<b>108,111</b>
Vested and exercisable		47,777		71,602

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2018 - ESOP 2008: ₹ 693.01 and ESOP 2011: ₹ 734.75 [March 31, 2017 - (ESOP 2008: ₹ 507.57 and ESOP 2011: ₹ 519.72)].

Shares options outstanding at the end of the year have the following expiry dates and exercise prices

Grant Date	ESOP Plan	Expiry Date	Exercise Price (INR)	Share options (March 31, 2018)	Share options (March 31, 2017)
June 3, 2013	ESOP 2008	June 3, 2017	285.05	-	19,466
November 11, 2013	ESOP 2008	November 11, 2017	416.65	-	47,204
July 2, 2014	ESOP 2008	July 2, 2018	527.25	16,654	25,364
September 29, 2014	ESOP 2008	September 29, 2018	649.25	5,650	9,500
November 6, 2015	ESOP 2008	November 6, 2019	471.00	32,999	39,545
April 21, 2017	ESOP 2008	April 21, 2021	565.05	11,800	-
August 10, 2017	ESOP 2008	August 10, 2021	508.85	5,000	-
November 11, 2013	ESOP 2011	November 11, 2018	416.65	13,500	22,680
January 18, 2014	ESOP 2011	January 18, 2019	572.75	-	4,200
July 2, 2014	ESOP 2011	July 2, 2019	527.25	16,371	38,185
September 29, 2014	ESOP 2011	September 29, 2019	649.25	2,260	3,500
November 6, 2015	ESOP 2011	November 6, 2020	471.00	33,502	39,545
April 21, 2017	ESOP 2011	April 21, 2022	565.05	15,200	-
August 10, 2017	ESOP 2011	August 10, 2022	508.85	5,000	-

Stock options outstanding at the end of the year have the following Remaining life (In months)

Grant Date	ESOP Plan	Expiry Date	Remaining life (months)	Share options (March 31, 2018)	Remaining life (months)	Share options (March 31, 2017)
June 3, 2013	ESOP 2008	June 2, 2017	-	-	2	19,466
November 11, 2013	ESOP 2008	November 11, 2017	-	-	7	47,204
July 2, 2014	ESOP 2008	July 2, 2018	3	16,654	15	25,364
September 29, 2014	ESOP 2008	September 29, 2018	6	5,650	18	9,500
November 6, 2015	ESOP 2008	November 6, 2019	19	32,999	31	39,545
April 21, 2017	ESOP 2008	April 21, 2021	37	11,800	-	-
August 10, 2017	ESOP 2008	August 10, 2021	40	5,000	-	-
November 11, 2013	ESOP 2011	November 11, 2018	7	13,500	19	22,680
January 18, 2014	ESOP 2011	January 18, 2019	-	-	22	4,200
July 2, 2014	ESOP 2011	July 2, 2019	15	16,371	27	38,185
September 29, 2014	ESOP 2011	September 29, 2019	18	2,260	30	3,500
November 6, 2015	ESOP 2011	November 6, 2020	31	33,502	43	39,545
April 21, 2017	ESOP 2011	April 21, 2022	49	15,200	-	-
August 10, 2017	ESOP 2011	August 10, 2022	52	5,000	-	-

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (i) Fair value of options granted

The fair value of options granted during the year ended March 31, 2018 is as below. The fair value as at grant date is determined using the Black Scholes Merton Model which takes into account the exercise price, term of option, share price at grant date, expected price volatility of underlying share, expected dividend yield and risk free interest rate for the term of option.

ESOP Scheme	Grant date	Fair value
ESOP 2008	April 21, 2017	158.89
ESOP 2008	August 10, 2017	143.81
ESOP 2011	April 21, 2017	159.93
ESOP 2011	August 10, 2017	145.70

The model inputs for options granted during the year ended March 31, 2018 included:

		ESOP 2008 scheme		ESOP 2011 scheme	
		As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
i)	Exercise price	₹ 565.05 and ₹ 508.85	-	₹ 565.05 and ₹ 508.85	-
ii)	Grant date	April 21, 2017 and August 10, 2017	-	April 21, 2017 and August 10, 2017	-
iii)	Expiry date	April 21, 2021 and August 10, 2021	-	April 21, 2022 and August 10, 2022	-
iv)	Share price at grant date	₹ 548.27	-	₹ 550.37	-
v)	Expected price volatility	31.54%	-	32.53%	-
vi)	Expected dividend yield	1.37%	-	1.37%	-
vii)	Risk free interest rate	6.54%	-	6.55%	-

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## (b) (Income)/Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognized in profit or loss as part of employee benefit (Income)/expense were as follows:

Particulars	March 31, 2018	March 31, 2017
Employee share based payment (Income)/expenses	(22.39)	0.23

## 27 Contingent Liabilities

### a) Contingent Liabilities

A) Claims against the Company not acknowledged as debts:

Particulars	March 31, 2018	March 31, 2017
(i) Income Tax demand raised by authorities against which appeal has been filed by the Company (Refer note below)	12,015.68	2,377.29
(ii) Other matters (Refer note below)	16,572.27	7,144.06

#### Notes:

Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating ₹ 7,144.66 Lakhs (As at March 31, 2017: ₹ 7,144.06 Lakhs) in respect of period prior to October 1, 2006 which is reimbursable by the Company pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ITES business into the Company sanctioned by High Court of Judicature of Bombay and made effective on March 7, 2007. In this regard, the Company had paid ₹ 5,550 Lakhs to Hinduja Ventures Limited to discharge part payment of disputed income tax dues pertaining to IT/ITES business. Out of this amount, the Company has received refund of ₹ 2,231.01 Lakhs (including interest of ₹ 606.72 Lakhs) during

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

the Previous year and the net outstanding amount as at March 31, 2018 of ₹ 3,318.99 Lakhs ( As at March 31, 2017: ₹ 3,318.99 Lakhs) is included in “Receivable from related party - 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.

The honourable Supreme Court of India has admitted a special leave petition (SLP) against section 10A matter under Income Tax Act, 1961 and the contingent liability as disclosed for financial year ended March 31, 2018 is recomputed considering all the open assessment years.

Future cash outflow in respect of above, if any, is determinable only on receipt of judgements/ decisions pending with relevant authorities.

## b) Capital and other commitments:

- (i) Estimated Amount of Contracts (net of capital advances) remaining to be executed on capital account ₹ 617.69 Lakhs (As at March 31, 2017: ₹ 1,542.66 Lakhs).
- (ii) The Company has issued an Undertaking to provide need based financial support and is committed, if needed, to continue such support to meet the ongoing obligations of its following step-down subsidiaries.
  - i. HGS Mena FZ LLC
  - ii. C-Cubed B.V
  - iii. Hinduja Global Solutions Europe Limited
  - iv. HGS St. Lucia
  - v. HGS Colibrium Inc.
  - vi. Hinduja Global Solutions Inc
  - iv. C-Cubed N.V
  - viii. HGS Canada Inc

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

## c) Non-cancellable operating leases:

The Company leases various offices premises under non-cancellable operating leases expiring within twenty years from the date inception. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Particulars	March 31, 2018	March 31, 2017
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	8,683.80	7,780.36
Later than one year but not later than five years	27,528.34	21,436.06
Later than five years	20,501.85	26,067.30

Rental expense relating to operating lease

Particulars	March 31, 2018	March 31, 2017
Minimum lease payments	9,513.38	8,281.56

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 28 Earnings per share (EPS)

	March 31, 2018	March 31, 2017
<b>Numerator for Basic and Diluted EPS</b>		
Profit attributable to the equity holders of the company (₹ in Lakhs)	14,215.04	10,152.60
Weighted average number of equity shares (Nos.) for calculating basic earnings per share	20,777,643	20,736,817
Number of equity shares (Nos.) for calculating diluted earnings per share	20,831,294	20,771,503
Basic EPS attributable to the equity holders of the Company (₹)	68.42	48.96
Diluted EPS attributable to the equity holders of the Company (₹)	68.24	48.88
Nominal value of shares (₹)	10.00	10.00

Number of shares considered for basic EPS (Nos.)	20,777,643	20,736,817
Add: Shares deemed to be issued for no considered in respect of Employee stock options (Nos.)	53,651	34,686
Number of shares considered for diluted EPS (Nos.)	20,831,294	20,771,503

## 29 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	As at March 31, 2018	As at March 31, 2017
<b>Current</b>		
Financial Assets		
First Charge		
Current Assets	70,644.08	54,088.07
<b>Total current assets pledged as security</b>	<b>70,644.08</b>	<b>54,088.07</b>
<b>Non-Current</b>		
Second Charge		
Movable fixed assets (Refer note below)	12,871.55	13,837.44
<b>Total non-current assets pledged as security</b>	<b>12,871.55</b>	<b>13,837.44</b>
<b>Total assets pledged as security</b>	<b>83,515.63</b>	<b>67,925.51</b>

Particulars	Net carrying amount as at March 31, 2018	Net carrying amount as at March 31, 2017
Furniture and Fixtures (Refer note 2)	1,870.41	2,164.07
Vehicles (Refer note 2)	226.60	232.49
Office Equipment (Refer note 2)	1,437.74	1,795.15
Computers (Refer note 2)	9,336.80	9,645.73
<b>Total</b>	<b>12,871.55</b>	<b>13,837.44</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 30 Income tax expense

### a) Tax expense

	Year ended March 31, 2018	Year ended March 31, 2017
<b>Current tax</b>		
Current tax on profits for the year	4,278.94	5,307.33
Adjustments for current tax of prior periods	(1,509.22)	-
<b>Total current tax expense</b>	<b>2,769.72</b>	<b>5,307.33</b>
<b>Total deferred tax (credit)/charge</b>	<b>(292.92)</b>	<b>141.99</b>
<b>Income tax expense</b>	<b>2,476.80</b>	<b>5,449.32</b>

### b) Reconciliation of income tax expense and the accounting profit multiplied by the Indian statutory union tax rate

	Year ended March 31, 2018	Year ended March 31, 2017
Profit before income tax expense	16,691.84	15,601.92
Tax at Indian tax rate of 34.61% (2016-17 - 34.61%)	5,777.05	5,399.82
Tax effects of amounts which are not deductible (taxable) in calculating taxable income		
Dividend income	(720.70)	(520.29)
Expenses towards corporate social responsibility	50.53	104.87
Difference in overseas tax rate for foreign operation	364.69	391.39
Tax credit on profit earned by foreign operation	(1,713.17)	-
Adjustments for current tax of prior periods	(1,509.22)	-
Other adjustments	227.62	67.31
<b>Income Tax expense</b>	<b>2,476.80</b>	<b>5,449.32</b>

## 31 Deferred tax liabilities & Deferred tax assets

The balance comprises temporary differences attributable to:

The components of deferred tax assets/ liabilities are follows

	March 31, 2018	March 31, 2017
Property, plant and equipment	1,048.06	1,126.83
Derivatives	126.86	673.37
<b>Total Deferred tax liabilities</b>	<b>1,174.92</b>	<b>1,800.20</b>
Intangible assets	-	249.65
Provision for compensated absences	699.81	399.90
Provision for gratuity/ pension	544.60	168.37
Allowances for doubtful debts - trade and other receivables	20.76	30.40
Others	89.02	62.42
<b>Total Deferred Tax Assets</b>	<b>1,354.19</b>	<b>910.74</b>
<b>Net deferred tax assets/ (liabilities)</b>	<b>179.27</b>	<b>(889.46)</b>



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Movement in Deferred Tax Assets/ Liabilities

	April 1, 2017	Credit/ (Charge) in the statement of profit and loss	Credit/ (Charge) in the other comprehensive income	Effect of Foreign currency differences	March 31, 2018
Property, Plant & Equipment	(1,126.83)	78.77	-	-	(1,048.06)
Provision for Gratuity / Pension	168.37	158.34	217.89	-	544.60
Provision for Compensated Absences	399.90	299.91	-	-	699.81
Derivatives	(673.37)	-	546.51	-	(126.86)
Allowance for Doubtful Debts	30.40	(9.64)	-	-	20.76
Others	62.42	15.19	-	11.41	89.02
Intangible Assets	249.65	(249.65)	-	-	-
<b>Total</b>	<b>(889.46)</b>	<b>292.92</b>	<b>764.40</b>	<b>11.41</b>	<b>179.27</b>

	April 1, 2016	Credit/ (Charge) in the statement of profit and loss	Credit/ (Charge) in the other comprehensive income	Effect of Foreign currency differences	March 31, 2017
Property, Plant & Equipment	(193.67)	(933.16)	-	-	(1,126.83)
Provision for Gratuity / Pension	135.50	(84.97)	117.84	-	168.37
Provision for Compensated Absences	335.25	64.65	-	-	399.90
Derivatives	(133.49)	-	(539.88)	-	(673.37)
Allowance for Doubtful Debts	12.55	17.85	-	-	30.40
Others	69.56	-	-	(7.14)	62.42
Intangible Assets	(543.99)	793.64	-	-	249.65
<b>Total</b>	<b>(318.29)</b>	<b>(141.99)</b>	<b>(422.04)</b>	<b>(7.14)</b>	<b>(889.46)</b>

## 32 Employee benefit obligations

### (i) Leave obligations

The leave obligations cover the Company's liability for earned leaves of employees.

The amount of the provision of ₹ 3,220.14 Lakhs (March 31, 2017: ₹ 1,816.26 Lakhs) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leaves to make payments in lieu of accrued leaves within the next 12 months.

### (ii) Post-employment obligations

#### a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days 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 Branch has a noncontributory and actuarially computed defined benefit pension plan covering substantially all of its employees. The benefits are based on years of service and compensation as the date of retirement, as defined in the policies of the Company.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The plan provides lump sum benefits upon retirement, death, total and permanent disability and separation from service from completion of five years of service. Under the provisions of the retirement plan, the normal retirement age is 60, but employees reaching age 50 with at least 10 years of credited service and latest salary. Effective April, 2009, employees with less than five years of service are entitled to benefits calculated based on 1.5 days for every year of credited service while for employees with at least 5 years of service are entitled to benefits calculated based on 22.5 days for every year of credited service.

Plan assets are held in trust by a trustee bank, which is governed by local regulations and practice in the Philippines.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The largest proportion of assets is invested in debt securities. The Branch believes that debt securities offer the best returns over long term with an acceptable level of risk.

### (iii) Defined contribution plans

The Company has classified various benefits provided to employees as under:

- a) Provident Fund
- b) Superannuation Fund
- c) State Defined Contribution Plans:
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employer's Contribution to Employee's Pension Scheme
- d) Other Statutory contribution schemes

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

	Year ended March 31,2018	Year ended March 31,2017
Employers' contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	2,282.80	2,085.55
Employers' Contribution to Superannuation Fund*	4.00	4.00
Employers' Contribution to Employee's State Insurance*	1,362.64	1,038.74
Employer's Contribution to Other Employees' Benefit Scheme*	1,802.03	1,826.30
<b>Total</b>	<b>5,451.46</b>	<b>4,954.59</b>

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (iv) Define Benefit plan

### Balance sheet amounts - Pension plan

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligations	Fair value of plan assets	Net Amount
<b>April 1, 2016</b>	<b>2,980.08</b>	<b>(960.99)</b>	<b>2,019.09</b>
Current service cost	319.31	-	319.31
Net interest cost/(income)	165.01	(48.65)	116.36
Expected return on plan assets	-	-	-
<b>Total amount recognized in profit or loss</b>	<b>484.32</b>	<b>(48.65)</b>	<b>435.67</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense	-	33.76	33.76
- Actuarial (gain)/loss arising loss from change in demographic assumptions	258.82	-	258.82
- Actuarial (gain)/loss arising experience adjustments	191.36	-	191.36
<b>Total amount recognized in other comprehensive income</b>	<b>450.18</b>	<b>33.76</b>	<b>483.94</b>
Exchange differences (recongised in foreign currency translation reserve)	(358.01)	89.19	(268.82)
Payments from plan:			
Benefit payments	(158.41)	158.41	-
Settlements	-	-	-
<b>March 31, 2017</b>	<b>3,398.16</b>	<b>(728.28)</b>	<b>2,669.88</b>

	Present value of obligations	Fair value of plan assets	Net Amount
<b>April 1, 2017</b>	<b>3,398.16</b>	<b>(728.28)</b>	<b>2,669.88</b>
Current service cost	309.97	-	309.97
Net Interest cost	171.98	(35.16)	136.82
Expected return on plan assets	-	-	-
<b>Total amount recognized in profit or loss</b>	<b>481.95</b>	<b>(35.16)</b>	<b>446.79</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-
- Actuarial (gain)/loss arising from change in demographic assumptions	(554.04)	-	(554.04)
- Actuarial (gain)/loss arising from change in financial assumptions	(967.45)	23.01	(944.45)
- Actuarial (gain)/loss arising from experience adjustments	1,122.60	-	1,122.60
<b>Total amount recognized in other comprehensive income</b>	<b>(398.89)</b>	<b>23.01</b>	<b>(375.89)</b>
Exchange differences (recongised in foreign currency translation reserve)	(122.22)	24.45	(97.77)
Payments from plan:			
Benefit payments	(92.65)	65.63	(27.02)
Settlements	-	-	-
<b>March 31, 2018</b>	<b>3,266.39</b>	<b>(650.35)</b>	<b>2,616.04</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2018	March 31, 2017
Present value of funded obligations	3,266.39	3,398.16
Fair value of plan assets	(650.35)	(728.28)
Deficit - Pension	2,616.04	2,669.88

## Balance sheet amounts - Gratuity

The amounts recognized in the balance sheet and the movements in the net defined benefit obligation over the year are as follows:

	Present value of obligations	Fair value of plan assets	Net Amount
<b>April 1, 2016</b>	<b>1,076.33</b>	<b>(684.80)</b>	<b>391.53</b>
Current Service Cost	142.52	-	142.52
Interest expense/(income)	79.43	(50.54)	28.89
<b>Total Amount recognized in profit or loss</b>	<b>221.95</b>	<b>(50.54)</b>	<b>171.41</b>
Remeasurements			
- Return on plan assets, excluding amounts included in Interest expense	-	25.03	25.03
- Actuarial (gain)/loss arising from change in demographic assumptions	-	-	-
- Actuarial (gain)/loss arising from change in financial assumptions	69.84	-	69.84
- Actuarial (gain)/loss arising from experience adjustments	245.62	-	245.62
<b>Total amount recognized in other comprehensive income</b>	<b>315.46</b>	<b>25.03</b>	<b>340.49</b>
Employer contributions	-	(416.94)	(416.94)
Benefit payments	(206.79)	206.79	-
<b>March 31, 2017</b>	<b>1,406.95</b>	<b>(920.46)</b>	<b>486.49</b>

	Present value of obligations	Fair value of plan assets	Net Amount
<b>April 1, 2017</b>	<b>1,406.95</b>	<b>(920.46)</b>	<b>486.49</b>
Current Service Cost	182.61	-	182.61
Interest expense/(income)	92.44	(60.47)	31.97
<b>Total Amount recognized in profit or loss</b>	<b>275.05</b>	<b>(60.47)</b>	<b>214.58</b>
Remeasurements			
- Return on plan assets, excluding amounts included in interest expense/(income)	-	29.79	29.79
- Actuarial (gain)/loss arising from change in demographic assumptions	143.05	-	143.05
- Actuarial (gain)/loss arising from change in financial assumptions	75.19	-	75.19
- Actuarial (gain)/loss arising from Experience adjustments	428.76	-	428.76
<b>Total amount recognized in other comprehensive income</b>	<b>647.00</b>	<b>29.79</b>	<b>676.79</b>
Employer contributions	-	(526.40)	(526.40)
Benefit payments	(216.81)	216.81	-
<b>March 31, 2018</b>	<b>2,112.19</b>	<b>(1,260.73)</b>	<b>851.46</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The net liability disclosed above relates to funded and unfunded plans are as follows:

	March 31, 2018	March 31, 2017
Present value of funded obligations	2,112.19	1,406.95
Fair value of plan assets	(1,260.73)	(920.46)
<b>Deficit Gratuity plan</b>	<b>851.46</b>	<b>486.49</b>

The following table shows the breakdown of the defined benefit obligation and and plan assets:

	March 31, 2018			March 31, 2017		
	Gratuity	Pension	Total	Gratuity	Pension	Total
Present Value of Obligation	2,112.19	3,266.39	5,378.58	1,406.95	3,398.16	4,805.11
Fair value of plan assets	(1,260.73)	(650.35)	(1,911.08)	(920.46)	(728.28)	(1,648.74)
<b>Total Liability</b>	<b>851.46</b>	<b>2,616.04</b>	<b>3,467.50</b>	<b>486.49</b>	<b>2,669.88</b>	<b>3,156.37</b>

## (v) Post-Employment benefit (pension and gratuity)

The significant actuarial assumptions were as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Discount Rate	6.93% ~7.91%	5.16% ~ 7.38%
Salary growth rate	3.00% ~6.00%	3.00% ~ 5.00%
Rate of return on Plan assets	1.72% ~ 6.93%	2.00% ~ 7.38%
Rate of Employee turnover (Gratuity)	For agents 80.00% p.a. and others 10.00% p.a.	For service 4 years and below 50.00% p.a. For service 5 years and above 10.00% p.a.

Assumptions regarding mortality experience are set based on advice from published statistics.

The discount rate is primarily based on the prevailing market yields of government securities for the estimated term of the obligations. The estimates of future salary increases takes into account the inflation seniority and other relevant factors. Attrition rate considered is the Management estimate based on employee turnover. The expected return on plan assets is based on expectation of the average rate of return expected on investment of the fund.

## (vi) Sensivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

### Impact on defined benefit obligation

	Change in assumption		Increase in assumption		Decrease in assumption	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Discount Rate	1%	1%	(374.07)	(920.44)	431.89	1,216.66
Salary Growth rate	1%	1%	411.47	1,162.41	(362.48)	(896.19)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognized in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## (vii) The major categories of plan assets are as follows

	March 31, 2018			March 31, 2017		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
<b>Pension</b>						
Debt Instruments						
- Government Bonds	-	297.71	297.71	-	347.54	347.54
- Corporate Bonds	-	199.66	199.66	-	188.99	188.99
Cash and cash equivalents	37.66	-	37.66	161.53	-	161.53
Others	-	115.31	115.31	-	30.22	30.22
<b>Gratuity</b>						
Insurance Funds (LIC Pension and Group Schemes fund)	-	1,260.74	1,260.74	-	920.46	920.46
<b>Total</b>	<b>37.66</b>	<b>1,873.42</b>	<b>1,911.08</b>	<b>161.53</b>	<b>1,487.21</b>	<b>1,648.74</b>

## (viii) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income securities with high grades and in government securities.
Changes in bond yields	A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Life expectancy	The pension is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

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 2018 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.

## (ix) Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2019 are ₹ 1,172.34 lakhs.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

The weighted average duration of Gratuity plan obligation is 3 years (2017 - 7.87 years). The weighted average duration of Pension plan obligation is 8.70 years (2017 - 22.10 years). The expected maturity analysis of undiscounted pension and gratuity is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
<b>March 31, 2018</b>					
Pension plan benefit obligation	287.10	593.63	819.24	2,156.28	3,856.25
Gratuity plan benefit obligation	404.29	231.80	609.84	2,273.97	3,519.91
<b>Total</b>	<b>691.40</b>	<b>825.43</b>	<b>1,429.08</b>	<b>4,430.25</b>	<b>7,376.16</b>
<b>March 31, 2017</b>					
Pension plan benefit obligation	36.36	14.05	544.20	1,321.29	1,915.90
Gratuity plan benefit obligation	144.21	142.72	455.91	586.61	1,329.45
<b>Total</b>	<b>180.57</b>	<b>156.77</b>	<b>1,000.11</b>	<b>1,907.90</b>	<b>3,245.35</b>

The company has no legal obligation to settle the deficit in the funded plans with an immediate contribution or additional one off contributions. The Company intends to continue to contribute the defined benefit plans based on short term expected payouts in line with the actuary's recommendations.

### 33 Capital management

#### A) Capital Structure

The Company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholder's and benefits for other stakeholder's, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholder's, return capital to shareholder's, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings offset by net of cash and cash equivalents)/Total 'equity' as shown in the balance sheet, including non-controlling interests.

The Company's strategy is to maintain a gearing ratio upto 50%. The gearing ratios were as follows:

	As at March 31, 2018	As at March 31, 2017
Total outstanding borrowings (Refer Note 13& 17)	14,157.10	15,690.97
Cash and cash equivalents (Refer Note 9a)	(4,585.54)	(4,291.44)
<b>Net Debt</b>	<b>9,571.56</b>	<b>11,399.53</b>
<b>Total Equity</b>	<b>110,276.10</b>	<b>99,069.01</b>
Net Debt to Equity ratio	9%	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 STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## B) Dividends

	As at March 31, 2018	As at March 31, 2017
<b>(i) Equity shares</b>		
Final dividend for the year ended March 31, 2017 of ₹ 2.50 (March 31, 2016 - ₹ 1.25) per fully paid equity share	519.29	259.11
Interim dividend for the year ended March 31, 2018 of ₹ 7.50 (March 31, 2017 - ₹ 7.50) per fully paid equity share	1,558.57	1,555.44
<b>(ii) Dividends not recognized at the end of the reporting period</b>		
In addition to the above dividends, since year end the directors have recommended payment of a final dividend of ₹ 2.50 per fully paid equity share (March 31, 2017 - ₹ 2.50). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	520.01	519.29

## 34 Related Party Transactions and Balances

### I) Individual having control with his relatives and associates

Mr. Ashok P. Hinduja

### II) Subsidiaries of Hinduja Global Solutions Limited (Includes step-down subsidiaries)

- 1 HGS International
- 2 HGS International Services Private Limited
- 3 Hinduja Global Solutions Inc.
- 4 HGS Canada Inc.
- 5 C-Cubed N.V.
- 6 C-Cubed B.V.
- 7 Customer Contact Centre Inc.
- 8 Hinduja Global Solutions Europe Limited
- 9 Hinduja Global Solutions UK Limited
- 10 HGS France, S.A.R.L
- 11 HGS (USA) LLC
- 12 HGS Healthcare LLC.
- 13 Affina Company
- 14 HGS St. Lucia Limited
- 15 Team HGS Limited
- 16 HGS Properties LLC
- 17 HGS Canada Holdings LLC
- 18 HGS Italy, S.A.R.L (Liquidated effective July 31, 2017)
- 19 HGS EBOS LLC
- 20 HGS Mena FZ LLC
- 21 HGS Colibrum Inc
- 22 HGS Population Health LLC (w.e.f. February 20, 2018)



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## III) Key Management Personnel

Mr. Partha DeSarkar, Manager and Chief Executive Officer

### Non executive directors:

Mr. Ramkrishan P. Hinduja, Chairman

Ms. Shanu S. P. Hinduja, Co-chairperson

Ms. Vinoo S. Hinduja

Mr. Anil Harish

Mr. Rajendra P. Chitale

Mr. Rangan Mohan

Mr. Yashodhan M. Kale

Mr. Pradeep Mukerjee

## IV) Enterprises where common control exists

- 1 Hinduja Group Limited
- 2 Hinduja Ventures Limited
- 3 IndusInd Media and Communication Limited
- 4 National Health and Education Society
- 5 Hinduja Healthcare Limited
- 6 Hinduja Realty Ventures Limited
- 7 Gulf Oil Lubricant India Limited
- 8 Gulf Oil International Limited
- 9 UActiv Technology Private Limited
- 10 Cyqurex Systems Private Limited
- 11 Hinduja Foundation
- 12 Trunk Digital Studios LLC

## V) Relatives of key management personnel

Mr. Pabitra DeSarkar (Father of Mr. Partha DeSarkar)

Rangan Mohan Associates (Firm in which Mr. Rangan Mohan is a Partner)

D M Harish & Co (Firm in which Mr. Anil Harish is a Partner)

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## Related Party transactions and balances

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

	Parties referred to in II above		Parties referred to in III and V above		Parties referred to in IV above	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Rendering of Services</b>						
Hinduja Global Solutions Inc. and its subsidiaries	98,543.04	99,770.92	-	-	-	-
HGS USA LLC	1,350.39	1,318.37	-	-	-	-
Hinduja Global Solutions UK Limited	104.99	136.54	-	-	-	-
HGS Canada Inc	1,246.87	1,012.24	-	-	-	-
Team HGS Limited	75.65	35.68	-	-	-	-
HGS EBOS LLC	7,281.22	3,789.70	-	-	-	-
HGS International Services Private Limited	140.75	124.56	-	-	-	-
HGS Mena FZ LLC	252.64	965.71	-	-	-	-
National Health and Education Society	-	-	-	-	96.56	91.62
IndusInd Media & Communications Limited	-	-	-	-	-	106.07
Trunk Digital Studios LLC	-	-	-	-	152.19	32.00
Others	-	-	-	-	34.62	1.35
<b>Total</b>	<b>108,995.55</b>	<b>107,153.72</b>	<b>-</b>	<b>-</b>	<b>283.37</b>	<b>231.04</b>
<b>Dividend Income</b>						
HGS International Services Private Limited	2,082.35	1,503.30	-	-	-	-
<b>Total</b>	<b>2,082.35</b>	<b>1,503.30</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Rent Expense</b>						
Hinduja Group Limited	-	-	-	-	121.20	111.81
Mr. Pabitra DeSarkar	-	-	-	3.15	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3.15</b>	<b>3.40</b>	<b>121.20</b>	<b>111.81</b>
<b>Training and Recruitment Expense</b>						
HGS International Services Private Limited	1,338.16	1,124.35	-	-	-	-
<b>Total</b>	<b>1,338.16</b>	<b>1,124.35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Connectivity Cost</b>						
HGS International Services Private Limited	2.75	2.75	-	-	-	-
<b>Total</b>	<b>2.75</b>	<b>2.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Corporate social responsibility (CSR)</b>						
Hinduja Foundation	-	-	-	-	30.00	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30.00</b>	<b>-</b>
<b>Consultancy charges</b>						
Hinduja Group Limited	-	-	-	-	256.22	281.93
Others	-	-	-	0.30	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.30</b>	<b>256.22</b>	<b>281.93</b>
<b>Executive Remuneration*</b>						
Mr. Partha DeSarkar	-	-	601.85	347.23	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>601.85</b>	<b>347.23</b>	<b>-</b>	<b>-</b>

\* The above Executive remuneration excludes Gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Parties referred to in II above		Parties referred to in III and V above		Parties referred to in IV above	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Advance Paid to Key Managerial Personnel</b>						
Mr. Partha DeSarkar	-	-	0.60	0.26	-	-
<b>Total</b>	-	-	<b>0.60</b>	<b>0.26</b>	-	-
<b>Expenses reimbursed to Other Companies</b>						
Hinduja Global Solutions UK Limited	23.73	0.64	-	-	-	-
Hinduja Global Solutions Inc.	3.05	37.19	-	-	-	-
HGS (USA), LLC	45.99	-	-	-	-	-
HGS Canada Inc.	2.59	-	-	-	-	-
Others	-	-	-	-	-	4.95
<b>Total</b>	<b>75.37</b>	<b>37.83</b>	-	-	-	<b>4.95</b>
<b>Expenses reimbursed by Other Companies</b>						
HGS (USA), LLC	251.03	52.56	-	-	-	-
HGS Canada Inc.	126.67	1.86	-	-	-	-
Hinduja Global Solutions Inc.	53.52	69.93	-	-	-	-
HGS International Services Private Limited	131.85	71.81	-	-	-	-
Team HGS Limited	40.51	11.00	-	-	-	-
Hinduja Global Solutions UK Limited	77.82	26.01	-	-	-	-
HGS Mena FZ LLC	39.11	147.52	-	-	-	-
Others	2.36	-	-	-	3.00	-
<b>Total</b>	<b>722.86</b>	<b>380.69</b>	-	-	<b>3.00</b>	-
<b>Purchase of Fixed Assets</b>						
Hinduja Group Limited	-	-	-	-	-	75.31
HGS International Services Private Limited	3.26	-	-	-	-	-
<b>Total</b>	<b>3.26</b>	-	-	-	-	<b>75.31</b>
<b>Sale of fixed assets</b>						
HGS International Services Private Limited	3.68	35.39	-	-	-	-
<b>Total</b>	<b>3.68</b>	<b>35.39</b>	-	-	-	-
<b>Director's sitting fees</b>						
Sitting fees paid to Director's	-	-	66.50	80.00	-	-
<b>Total</b>	-	-	<b>66.50</b>	<b>80.00</b>	-	-

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

	Parties referred to in II above		Parties referred to in III and V above		Parties referred to in IV above	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
<b>Receivable net of payable as at the year-end</b>						
Hinduja Global Solutions Inc.	39,795.80	31,168.31	-	-	-	-
Hinduja Ventures Limited [Refer footnote 1 of Note 27(A) above]	-	-	-	-	3,318.99	3,318.99
HGS (USA), LLC	514.26	498.19	-	-	-	-
HGS Canada Inc.	864.38	418.38	-	-	-	-
HGS International Services Private Limited	14.06	-	-	-	-	-
HGS Mena FZ LLC	339.71	639.91	-	-	-	-
HGS EBOS LLC	3,723.72	954.00	-	-	-	-
HGS UK Limited	58.44	118.73	-	-	-	-
Team HGS Limited	126.30	148.74	-	-	-	-
Trunk Digital Studios LLC	-	-	-	-	44.51	-
Others	-	-	-	2.50	46.20	31.11
<b>Total</b>	<b>45,436.67</b>	<b>33,946.26</b>	<b>-</b>	<b>2.50</b>	<b>3,409.70</b>	<b>3,350.10</b>
<b>Payable net of Receivables as at year-end</b>						
Customer Contact Centre Inc.	3,020.22	3,013.06	-	-	-	-
HGS International Services Private Limited	-	63.95	-	-	-	-
Others	-	44.82	-	-	5.13	5.44
<b>Total</b>	<b>3,020.22</b>	<b>3,121.83</b>	<b>-</b>	<b>-</b>	<b>5.13</b>	<b>5.44</b>
<b>Investments in Equity Shares at the year end</b>						
HGS International Services Private Limited	3,945.62	3,945.62	-	-	-	-
HGS International	38,880.28	38,880.28	-	-	-	-
<b>Total</b>	<b>42,825.90</b>	<b>42,825.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes:**

1. There are no transactions with parties referred in I above.

## 35 Fair Value Measurements

(a) Financial instruments by category

Particulars	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial assets</b>						
Investments						
- Treasury bills (Refer note 4)	-	-	1,118.17	-	-	535.95
Security deposits (Refer note 5)	-	-	3,389.79	-	-	3,101.68
Bank deposits (Refer note 5)	-	-	510.95	-	-	76.30
Trade receivables (Refer note 8)	-	-	45,000.63	-	-	28,836.88
Cash and cash equivalents (Refer note 9a)	-	-	4,585.54	-	-	4,291.44
Bank balances other than Cash and cash equivalents (Refer note 9b)	-	-	36.56	-	-	38.03
Unbilled revenue (Refer note 10)	-	-	16,156.62	-	-	14,828.38
Other receivables (Refer note 10)	-	-	558.29	-	-	472.87
Derivative financial assets (Refer note 10)	-	526.63	-	-	1,945.59	-
<b>Total Financial assets</b>	<b>-</b>	<b>526.63</b>	<b>71,356.55</b>	<b>-</b>	<b>1,945.59</b>	<b>52,181.53</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Particulars	March 31, 2018			March 31, 2017		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
<b>Financial liabilities</b>						
Borrowings (Refer note13a&13b)	-	-	13,823.58	-	-	14,462.90
Trade payables (Refer note16)	-	-	11,398.47	-	-	8,060.33
Derivative financial liabilities (Refer note17)	-	526.80	-	-	1,095.24	-
Other financial liabilities (Refer note17)	-	-	9,431.57	-	-	9,897.59
<b>Total Financial liabilities</b>	-	<b>526.80</b>	<b>34,653.62</b>	-	<b>1,095.24</b>	<b>32,420.82</b>

## (i) Fair Value Hierarchy

Financial assets and liabilities include cash and cash equivalents, trade receivables, unbilled revenues, long and short-term loans and borrowings, finance lease payables, bank overdrafts, trade payable. This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

The fair value of cash and cash equivalents, trade receivables, unbilled revenues, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

Financial assets and liabilities measured at fair value - recurring fair value measurements	Date of Valuation	Notes	Level 1	Level 2	Level 3	Total
Derivatives designated as hedges	March 31, 2018	10	-	526.63	-	526.63
Foreign exchange forward contracts*	March 31, 2017		-	1,945.59	-	1,945.59
<b>Total financial assets</b>			-	<b>2,472.22</b>	-	<b>2,472.22</b>
<b>Financial liabilities</b>						
Derivatives designated as hedges	March 31, 2018		-	526.80	-	526.80
Foreign exchange forward contracts*	March 31, 2017	17	-	1,095.24	-	1,095.24
<b>Total financial liabilities</b>			-	<b>1,622.04</b>	-	<b>1,622.04</b>

\*The fair value of derivative financial instruments is determined based on the observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There have been no transfers among Level 1, Level 2 and Level 3 during the period.

## 36 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.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortized cost	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits for customers
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - foreign exchange	Future commercial transactions Recognized financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts

The Company's risk management is carried out by a finance department under direction of the Board of Directors. The company's finance department identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The board provides direction for overall risk management as well as policies covering specific areas, such as foreign exchange risk, credit risk, use of derivative financial instruments and managing the liquidity.

## A) Credit risk

Credit risk arises from trade receivables, cash and cash equivalents and deposits with banks and financial institutions.

### i) Credit risk management:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. Credit risk is managed on a financial asset basis. For banks and financial institutions, only high rated banks/institutions are accepted.

Company's maximum exposure to credit risk for each class of financial asset is the carrying amount of the financial assets recognized in the statement of financial position.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default at the date of initial recognition. It considers available reasonable and supportive forward looking information. Especially the following indicators are incorporated:

- Historical trend default in case of applicable financial asset
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- Other applicable macroeconomic information such as regulatory changes

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 ₹ 45,000.63 Lakhs (March 31, 2017 - ₹ 28,836.88 Lakhs) and unbilled revenue amounting to ₹16,156.62 Lakhs (March 31, 2017 - ₹14,828.38 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 Company grants credit terms in the normal course of business. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 120 days past due from agreed credit terms with customer. The Company expects that estimate of expected credit loss for impairment is not significant based on historical trend and the nature of business. The provision made as at reporting date is considered to be adequate as Management continuously assesses the requirement for provision on ongoing basis. During the year, the Company made write-offs of ₹ 63.62 lakhs (March 31, 2017 - ₹ 2.28 lakhs) of trade receivables.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

- a) The following table gives details in respect of percentage of revenues generated from top customer and top five customers.

	March 31, 2018	March 31, 2017
Revenue from top customer	26.23%	27.74%
Revenue from top five customers	68.76%	71.21%

Ageing of Receivables	March 31, 2018	March 31, 2017
With in the Credit Period	26,737.49	22,142.01
1-30 day past due	6,025.38	2,765.28
31-60 day past due	4,412.84	3,382.63
60-90 day past due	3,927.52	143.97
More than 90 day past due	3,897.40	403.00
<b>Total</b>	<b>45,000.63</b>	<b>28,836.88</b>

#### Movement in excepted credit loss allowance

	March 31, 2018	March 31, 2017
Balances at beginning of the year	137.89	12.99
Movement in excepted credit loss Allowance on trade receivables calculated at life time excepted credit losses	(78.47)	124.90
Balances at closing of the year	59.42	137.89

## B) Liquidity risk

Prudent Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities' to meet obligation's when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. These limits vary by location to take into account the Liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet Liquidity ratios and maintaining debt financing plans.

### i) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Ageing	March 31, 2018	March 31, 2017
Expiring within one year (Cash Credits and other facilities)	6,176.42	5,870.62
<b>Total</b>	<b>6,176.42</b>	<b>5,870.62</b>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice subject to the continuance of satisfactory credit ratings.

### ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

Contractual maturities of financial liabilities - 31 March 2018	Within 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
<b>Non-derivatives</b>					
Borrowings	13,823.58	-	-	-	13,823.58
Trade payables	11,398.47	-	-	-	11,398.47
Other financial liabilities	9,431.57	-	-	-	9,431.57
<b>Total non-derivative liabilities</b>	<b>34,653.62</b>	-	-	-	<b>34,653.62</b>
<b>Derivatives</b>					
Foreign exchange forward Contracts - net settled	526.80	-	-	-	526.80
<b>Total derivative liabilities</b>	<b>526.80</b>	-	-	-	<b>526.80</b>

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
<b>Non-derivatives</b>					
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
<b>Total non-derivative liabilities</b>	<b>32,087.30</b>	<b>333.52</b>	-	-	<b>32,420.82</b>
<b>Derivatives</b>					
Foreign exchange forward Contracts - net settled	1,095.24	-	-	-	1,095.24
<b>Total derivative liabilities</b>	<b>1,095.24</b>	-	-	-	<b>1,095.24</b>

The average credit period of trade payables is 45 days.

## C) Market risk

### i) Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD, EUR and CAD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency (INR 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 STANDALONE 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, 2018	March 31, 2017
<b>Financial assets</b>			
Trade receivables	USD	35,826.01	24,653.67
	GBP	50.00	31.85
	SGD	2.47	2.31
	CAD	560.36	242.23
	AED	0.14	-
Unbilled revenue	USD	14,392.66	10,938.79
	CAD	77.95	94.24
	GBP	1.38	2.72
Bank balance in EEFC accounts	USD	2,923.85	1,901.14
	CAD	4.60	228.00
Trade payable	USD	3,460.86	6,165.93
	GBP	15.99	0.62
	CAD	2.59	-

## 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, 2018	March 31, 2017
<b>USD sensitivity</b>		
INR/USD - Increase by 4% (March 31, 2017 - 4%)*	1,299.49	979.94
INR/USD - Decrease by 4% (March 31, 2017 - 4%)*	(1,299.49)	(979.94)
<b>CAD sensitivity</b>		
INR/CAD - Increase by 4% (March 31, 2017 - 4%)*	16.75	18.81
INR/CAD - Decrease by 4% (March 31, 2017 - 4%)*	(16.75)	(18.81)
<b>GBP sensitivity</b>		
INR/GBP -Increase by 8% (March 31, 2017 - 8%)*	1.85	2.72
INR/GBP -Decrease by 8% (March 31, 2017 - 8%)*	(1.85)	(2.72)

\* 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.

### (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:

Ageing	March 31, 2018	March 31, 2017
Variable rate borrowings	14,157.10	15,690.97
<b>Total borrowings</b>	<b>14,157.10</b>	<b>15,690.97</b>

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on profit before tax	
	March 31, 2018	March 31, 2017
Interest rates - increase by 70 basis points (March 31, 2017 -70 bps)*	(104.47)	(143.73)
Interest rates - decrease by 70 basis points (March 31, 2017 -70 bps)*	104.47	143.73

\* Holding all other variables constant

## 37 Financial risk management

### Impact of hedging activities

(a) Disclosure of effects of hedge accounting on financial position:

The Company's hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item.

Ineffectiveness is recognized on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk.

#### March 31, 2018

Types of hedge and risks	Foreign Currency Notional Amount (USD Mn)	Carrying amount of hedging instrument		Maturity date	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
Foreign exchange forward contracts:							
Sell USD, buy INR	60.50	518.30	(74.02)	April 2018 - April 2019	1:1	444.28	(444.28)
Sell USD, buy PHP (included in Other Current Financial Assets/ liabilities)	58.50	8.33	(452.78)	April 2018 - April 2019	1:1	(444.46)	444.46

#### March 31, 2017

Types of hedge and risks	Foreign Currency Notional Amount (USD Mn)	Carrying amount of hedging instrument		Maturity date	Hedge ratio*	Changes in fair value of hedging instrument	Change in the value of hedged item used as the basis for recognizing hedge effectiveness
		Assets	Liabilities				
<b>Cash flow hedge</b>							
<b>Foreign exchange risk</b>							
Foreign exchange forward contracts:							
Sell USD, buy INR	49.50	1,945.59	-	April 2017 - March 2018	1:1	1,945.59	(1,945.59)
Sell USD, buy PHP (included in Other Current Financial Assets/ liabilities)	33.50	-	1,095.24	April 2017 - March 2018	1:1	(1,095.24)	1,095.24

\*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 STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

(b) Disclosure of effects of hedge accounting on financial performance

**March 31, 2018**

Type of hedge	Change in the value of hedging instrument recognized in Other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	3,912.84	-	(4,775.79)	Revenue

**March 31, 2017**

Type of hedge	Change in the value of hedging instrument recognized in Other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss	Line item affected in statement of profit and loss because of the reclassification
<b>Cash flow hedge</b>				
Foreign exchange risk	1,943.05	(12.43)	(1,959.84)	Revenue & Other expenses

**38 Disclosure Under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)**

Particulars	March 31, 2018	March 31, 2017
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	93.43	1.58
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	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(All amounts are in Rupees Lakhs)

## 39 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 40 of the Consolidated financial statements).

**40** The Board of Directors at their meeting held on February 8, 2018 considered and approved amalgamation of HGS International Services Private Limited (‘the Transferor Company’ or ‘HGSISPL’), wholly owned subsidiary of Hinduja Global Solutions Limited (‘HGS’) with HGS pursuant to a Scheme of Amalgamation in accordance with Section 232(2)(c) of the Companies Act, 2013. The Scheme has been filed with the National Company Law Tribunal (NCLT) and the company is awaiting approval.

**41** Previous year figures have been regrouped / rearranged wherever considered necessary, to conform to current year’s classification.

See accompanying notes to the financial statements.

As per our report of even date  
 For Deloitte Haskins & Sells LLP  
 Firm registration no. 117366W/W-100018  
 Chartered Accountants

**Vikas Bagaria**  
 Partner  
 Membership No.060408

Place : Singapore  
 Date : May 30, 2018

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

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

**Anil Harish**  
 Director  
 DIN: 00001685

**Rangan Mohan**  
 Director  
 DIN: 01116821

**Srinivas Palakodeti**  
 Chief Financial Officer

Place : Mumbai  
 Date : May 30, 2018

**Shanu S.P. Hinduja**  
 Co-Chairperson  
 DIN: 06512872

**Rajendra P. Chitale**  
 Director  
 DIN: 00015986

**Partha DeSarkar**  
 Manager and  
 Chief Executive Officer

**Makarand D. Dewal**  
 Company Secretary

# CONTACT US

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**Investor Related:** [investor.relations@teamhgs.com](mailto:investor.relations@teamhgs.com)

# A GLIMPSE OF HGS' PRESENCE GLOBALLY



## CANADA



BELLEVILLE



CHARLOTTETOWN



KENTVILLE

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NOIDA



BANGALORE

## PHILIPPINES



MUNTINLUPA



QUEZON

## UK



PRESTON



SELKIRK

## JAMAICA



KINGSTON

## US



PEORIA



ST. LOUIS



KINGSTON



CIN: L92199MH1995PLC084610

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