

Inspired  
Team

**DRIVING  
BUSINESS TRANSFORMATION**



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# MISSION

“ Make our Customers  
More Competitive ”



# VISION

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





Shri. Parmanand Deepchand Hinduja  
Founder - Hinduja Group

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

Work to Give

Word is a Bond

Act Local; Think Global

Partnership for Growth

Advance Fearlessly

## VALUES

Based on these principles, Hinduja Global Solutions has evolved the following set of Seven Values that inspire and energize every employee of the Company and its subsidiaries:

### Customer Focus

Our customer is in the centre of whatever we do. We listen to our customers, anticipate and consistently meet and exceed their expectations. We create value in partnership with client.

### Total Quality

We are passionate about quality. We believe in continuous improvements through innovation, process improvement and team work.

### People Empowerment

We encourage employees to take risk and ownership for all their actions, take pride in their achievements and celebrate small success.

### Integrity

We act ethically, honestly and with transparency. Honesty is the cornerstone in all our dealings, be it with our employees, customers, suppliers, partners, shareholders, the communities we serve or the Government.

### Global Mindset

We think globally and the world is our stage to play in. In all our operating geographies, we respect cultural diversity and provide equal opportunities for all of our employees to voice their opinions, to learn, contribute and to grow.

### Pride in Execution

Our work is our passion. We deliver consistently superior business results by excelling in whatever we do for our clients.

### Sustained Growth

We are driven to grow our businesses rapidly and profitably to create value for all our stakeholders viz. shareholders, customers, employees, and society as a whole.

# Message from Chairman



Dear Shareholders,

Over the last three years, HGSL has more than doubled its revenue from Rs. 432 crore to Rs. 923 crore (US\$ 196 million), with a 50% increase in the employee base from about 10,000 to over 15,000 and a tripling of Profit After Tax from Rs. 41 crore to Rs. 130 crore (US\$27.6 million).

This performance has been achieved despite world economic slowdown. FY '09-'10 was labeled by the IMF as a year of 'sluggish recovery', especially in the developed economies, following the financial storms of the prior year. Unemployment remained high and the economic growth remained unimpressive in much of the developed world including North America where your Company has most of its clients.

The weak revenue growth intensified the need to manage costs, and the outsourcing industry plays a major role in this effort. With a well balanced mix of onshore, near shore and offshore delivery capabilities, your Company is well positioned to partner with its clients to 'make them more competitive' in line with your Company's mission.

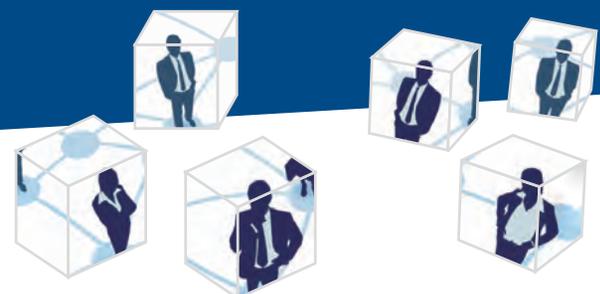
Our global delivery model provides our clients with access to a diversified pool of human resource talent at different price points. About a half of the revenue from our North America clients is delivered from our centres in the U. S. and Canada and the other half is serviced off-shore in India, Philippines and Mauritius. In FY '09-'10,

your Company succeeded in its goal to have more of its clients take advantage of the global delivery model by using a mix of our delivery capabilities across multiple geographies.

After entering the U.K. market earlier during FY '09-'10, your Company expanded its presence in that market with the strategic acquisition, in June 2010, of Careline Services Ltd. This acquisition will enable HGSL to serve the continental European market. Your Company continues to look for attractive opportunities to enter new geographic markets and to further diversify its delivery locations in existing markets.

Your company's strategy to deliver services onshore in the US, Canada and the UK is a competitive advantage in the current economic environment. This leads to a better balance between creating domestic jobs and providing our clients the advantage of access to global resources. In the same stride, inspired by the vision of the Hinduja Group Chairman S. P. Hinduja, your company has made pioneering efforts in expanding delivery centers for domestic India business into Tier III cities to make us more competitive while supporting inclusive development and creating employment opportunities beyond the metro cities.

The building blocks, that have paved the foundation for the successful growth of your Company, are made up of an 'inspired team'



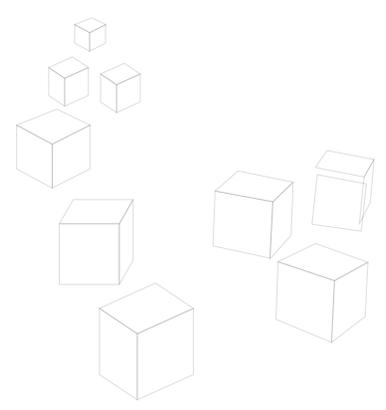
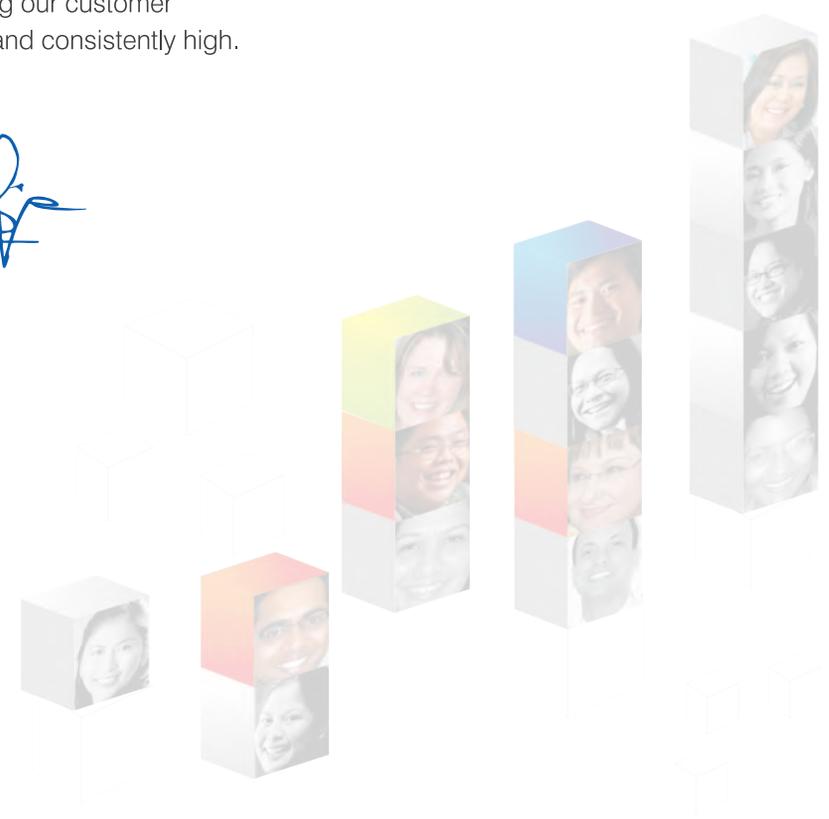
which is singularly focused on 'business transformation' rather than simply providing outsourced services. This annual report salutes our 'inspired team'.

On behalf of the Board, I congratulate the HGSL team for another record year in terms of financial performance whilst keeping our customer satisfaction exceptionally and consistently high.

Yours sincerely,

**Ramkrishan P Hinduja**  
Chairman

June 30, 2010



# Message from CEO



Dear Shareholders,

I am very pleased to write to all of you at the end of a very successful year for your Company. While numerous events made it a roller-coaster year for the world economy and especially the Indian economy; HGSL was able to deliver steady improvements in performance. In FY '09-'10, your Company registered a near 11.2% increase in revenues to Rs. 923 crores and a 39% increase in net profit to Rs. 130 crore. In keeping with the improved performance, the Board of Directors has recommended a dividend of Rs. 20 per share, an increase from last year's Dividend of Rs. 15 per share. This translates into a payout of Rs. 48 crore, including Rs. 7 crore as dividend distribution tax.

Your Company has structured its business model and service offerings to be able to deliver real, sustained value to its clients. HGSL has delivered a steady performance through these volatile operating conditions and has established itself as a key delivery partner to its clients, constantly striving to build long term relationships with them to refine and optimize their processes. In doing so, it has become an integral part of the back office of its clients.

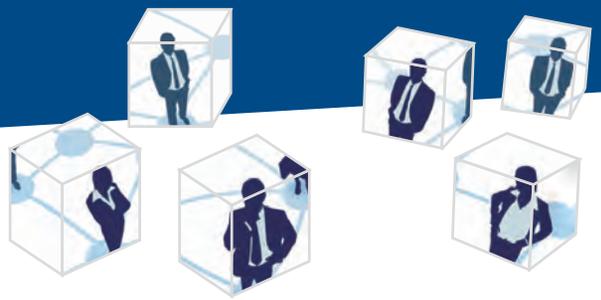
Your Company has joined the ranks of a select group of Indian companies to cross Rs. 100 crore in profits after tax. It is indeed a milestone in its history. The journey has been exciting and your Company proudly reflects on the many 'firsts' on the way forward - inaugurating the first facility, welcoming the first client, arrival of the first employee; signing of the first million dollar contract, opening of the first overseas office; receiving the first letter of appreciation and making the first acquisition. Amongst the Indian BPO companies to go truly global, your Company was the first to invest in Philippines, first in Mauritius, amongst the first to invest in US and an early mover into the India domestic space in 2005, when the India market did not have recognized players. It is the ability to think out of the box, question conventional wisdom and implement new plans that has contributed to the strong foundation that has been built. Looking forward, as your Company crosses the Rs 1,000 crore turnover next year, it is this strong foundation

that will help it grow from strength to strength in the years to come.

All this has been achieved by a high performing team that works with rare passion to deliver these results. They live by the mission statement everyday 'Make our Customers more Competitive'. Your Company's operational excellence continues to be its most important differentiator in the marketplace. It is the reason why it keeps getting more and more business from existing clients, year on year. This year your Company has been ranked among the Global Best 10 in Sales Services by the International Association of Outsourcing Professionals (IAOP). It conducted a 'Global Customer Satisfaction Survey' through an independent agency this year. The results of this survey confirmed what is already well known to you the customers are delighted with your Company's services. To recognize this inspired team, the Annual Report cover design this year has photographs of the Company's team-members, celebrating their contribution towards such a success.

North America market remains the biggest contributor to your Company's revenues. It contributes 85% of global revenues. Despite recent challenges in the US economy in the last two years, it has managed to grow the business in this region by 14% last year. The Company has a strong onshore and near shore delivery capability in 5 cities of the U.S. and in Montreal, Canada. Its North America headcount has grown by 13% during the same period. Your Company has thereby contributed to employment creation in North America, which is the priority for the new Government there. In the coming year, the Company will continue to focus on the Americas and invest in growing its business there.

Your Company provides offshore delivery from Philippines besides India. Its business in Philippines has continued to grow in FY '09-'10. Its second site in Manila was inaugurated by the President of Philippines Her Excellency Gloria Macapagal Arroyo in January, 2010. It is a 1,000



seat state-of-the-art facility, and it is already running close to full capacity! In 2010 the Company will be looking for further expansion in Philippines. As on March 31, 2010, your Company employs 2,312 people in Philippines.

In India, for its domestic business, your Company took a decision to move into Tier III cities to service its domestic clients. It has opened two new centers in Nagercoil and Guntur. This enhances its cost efficiency in the domestic market. More importantly, it taps into the local talent pool and generates local employment which prevents migration to metro cities. In 2010, your Company will continue its efforts to grow its business from Tier III cities. The talent pool availability and the economics of operating from such low cost centres make them very attractive for the price sensitive Indian market.

Your Company had taken its first big step in the UK by bringing on board a new sales team there in 2009. In June 2010 it acquired 100 per cent stake in UK-based customer relationship management company Careline Services, a contact centre provider that has over 1,000 employees, servicing more than 20 customers across verticals such as Government, FMCG, financial services, automobiles, telecom and retail. Considering its socio-cultural affinity with the UK, your Company sees a substantial potential there. It is also looking at the UK as the gateway to the rest of Europe. Post recession, most firms are seeking cost reduction and agility solutions. The long term growth prospect of UK BPO industry remains bullish as organizations are starting to review their business models and are acknowledging the benefits of outsourcing. Other geographies where your Company sees potential are Latin America and China and it will continue to study these markets carefully to identify good opportunities to deliver value.

Your Company's Mauritius centre also continues to do well. The Company is exploring expansion into Africa and hopes to leverage its presence in Mauritius to act as a stepping stone into Africa, if

and when it decides to start business there.

On the social front, your Company is reaching out to the society by partnering with leading NGOs. It has in the past year, actively associated with CRY, an organization dedicated to championing the cause of children in India, particularly with reference to the 'Right of Children to Free and Compulsory Education Act 2009', aimed at increasing the coverage and spend under this Act. Among other NGOs, your Company has funded Arunodaya Charitable Trust towards its philanthropic activities and Hinduja Foundation towards its humanitarian activities in the field of Healthcare, Education, Arts, Culture, Inter-faith Understanding and Social Welfare. Its employees contributed to the relief efforts for Typhoon Ketsana in Manila and the floods in Andhra Pradesh (AP Chief Minister's Relief Fund) and Karnataka in 2009.

Your Company is proud of its success, year on year. The journey hasn't been smooth all along, particularly in the last two years of economic uncertainties. But your Company has raised the bar even higher and worked with greater patience and persistence to realize your dreams of making HGSL a Global Leader in the industry.

I am grateful to the Board of Directors for their constant support and guidance, and I am thankful to our shareholders for their unwavering faith in the sustainability of our growth story. I look forward to continue receiving such support for many more successful years to come.

Yours sincerely,

**Partha De Sarkar**  
Chief Executive Officer

June 30, 2010

# Business Verticals



Healthcare



Banking & Finance



Telecommunications



Consumer Electronics



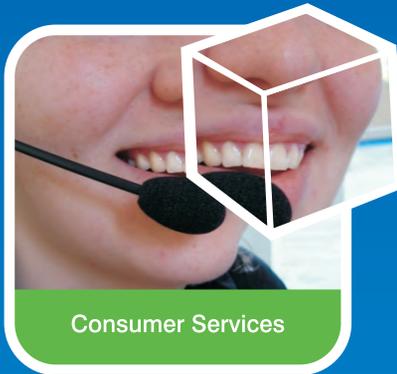
Health Insurance



Chemicals & Biotech



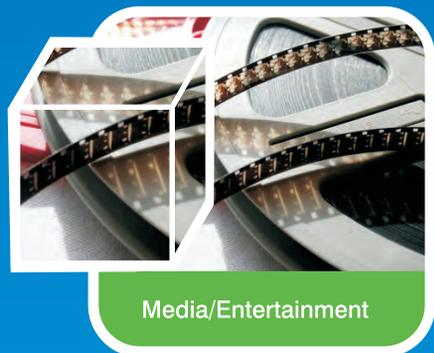
Consumer Products



Consumer Services



Logistics & Transportation



Media/Entertainment



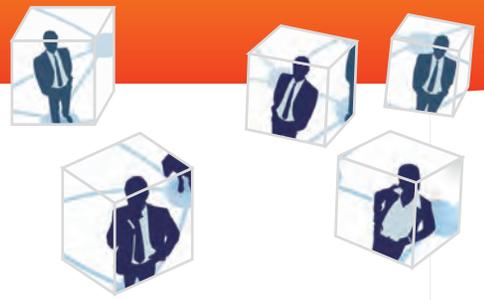
Technology



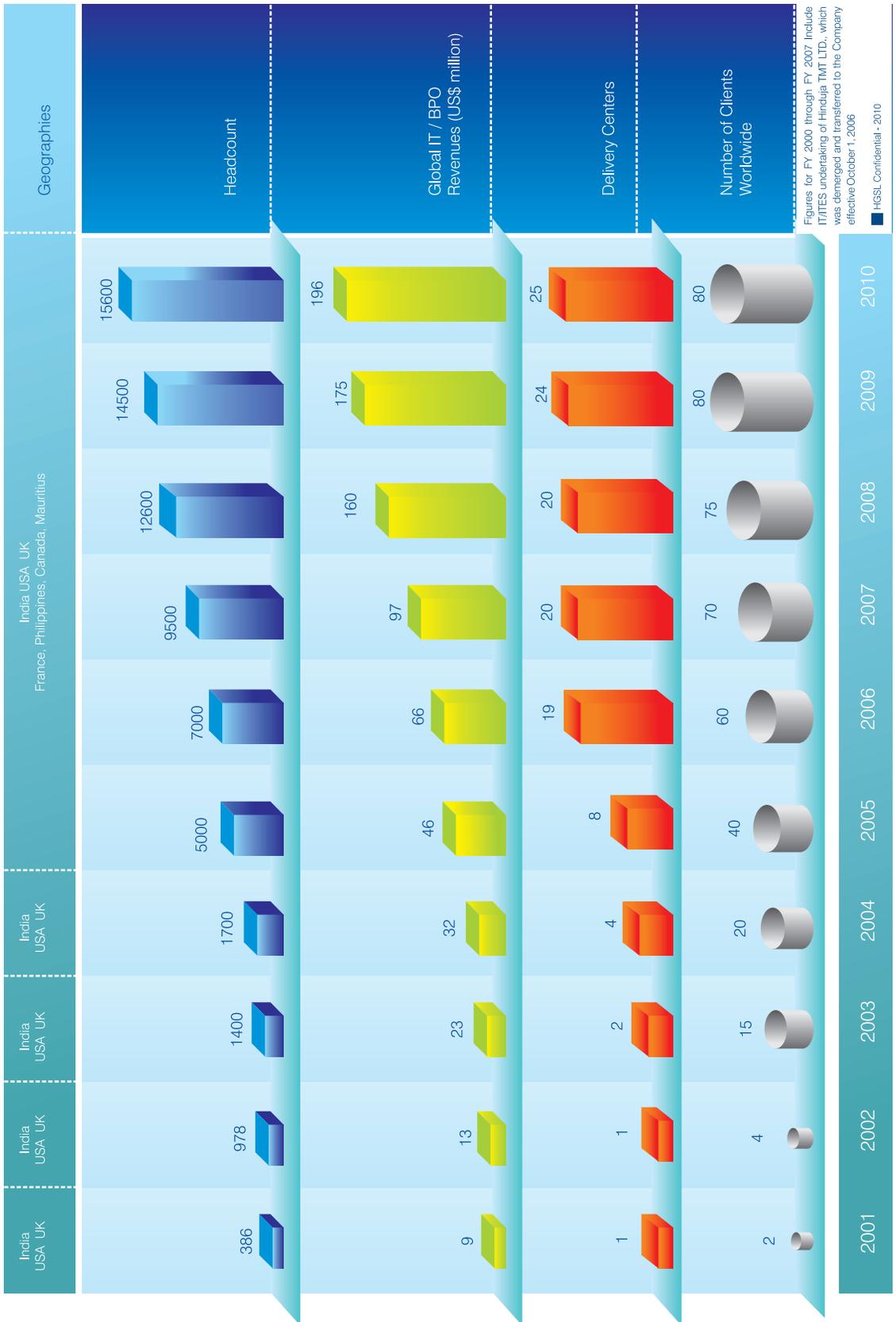
Automotive

# Advance Fearlessly

With an Inspired Team



## 10 Years of Growth



Figures for FY 2000 through FY 2007 include IT/ITES undertaken by Hinduja TMT LTD, which was demerged and transferred to the Company effective October 1, 2006

HGSIL Confidential - 2010

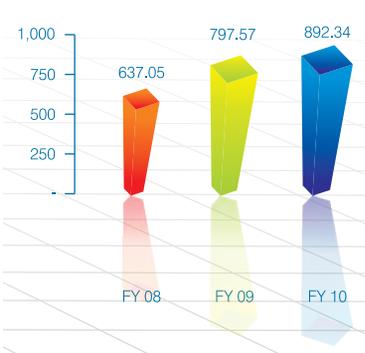


# Financial & General Highlights

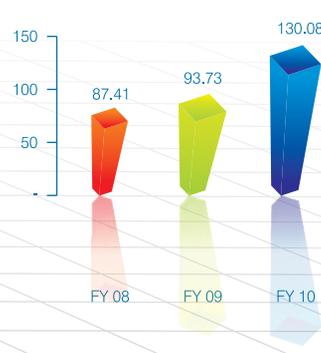
### Head Count - By Geography



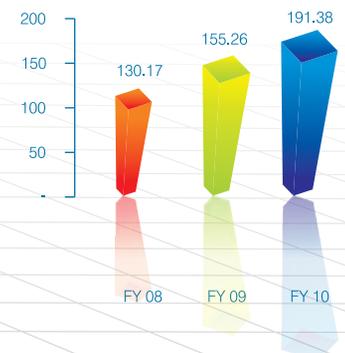
### Operating Revenue (Rs. Cr.)



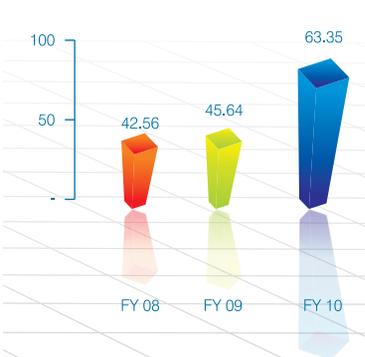
### PAT (Rs. Cr.)



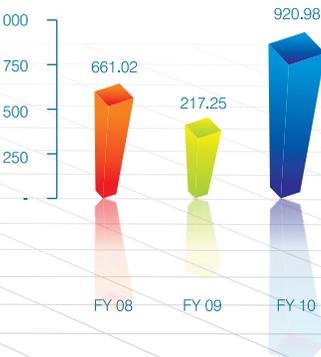
### EBIDTA (Rs. Cr.)



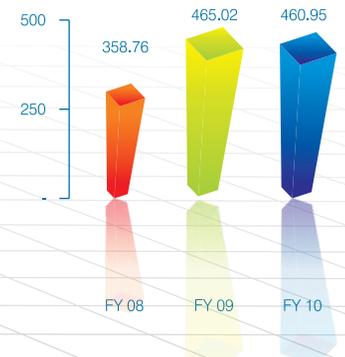
### Basic EPS (in Rs.)



### Market Capitalisation (Rs. Cr.)

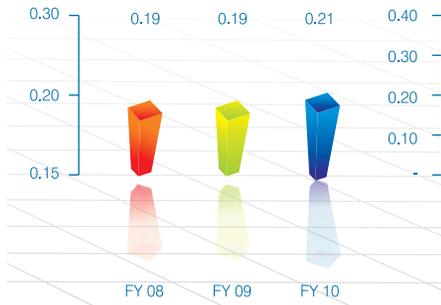


### Book Value Per Share (in Rs.)

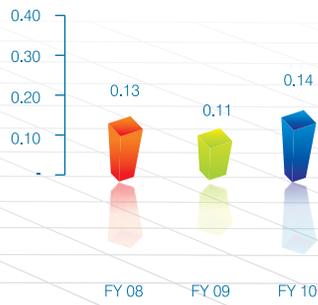




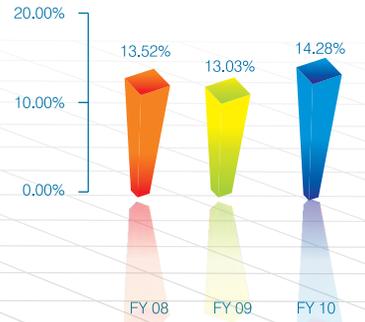
Operating Profit/Total Revenue



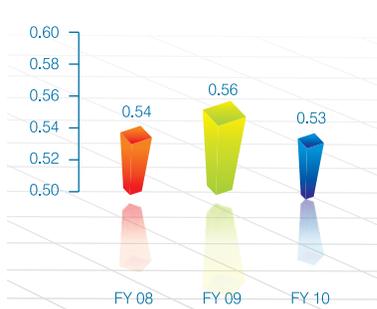
PAT/Total Revenue



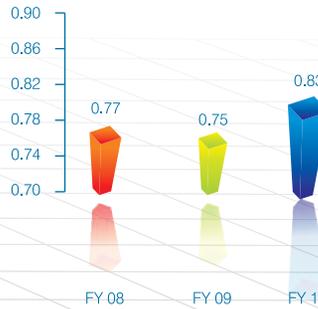
ROCE (PBIT/Avg.Capital Employed)



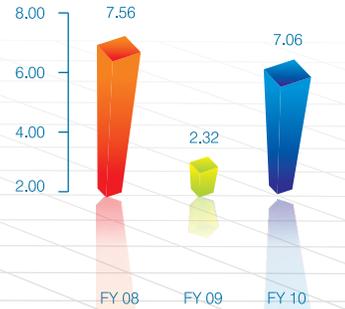
Cash and Equivalents / Total Assets



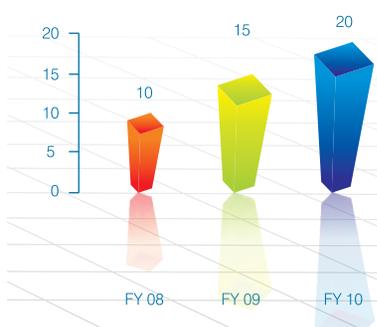
Capital Output Ratio



Price/Earning per Share End of Year

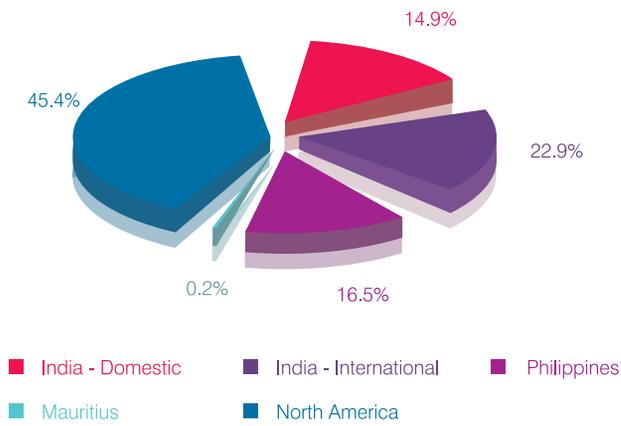


Dividend per Share(in Rs.)

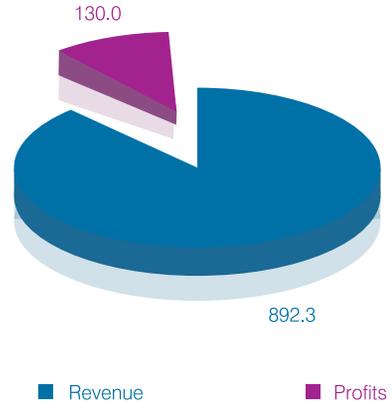


# Financial & General Highlights

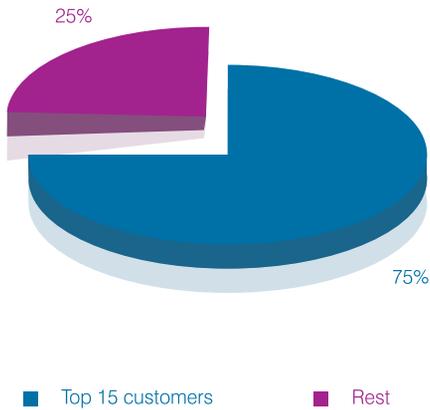
Revenues Split- By Geography (FY 09-10)



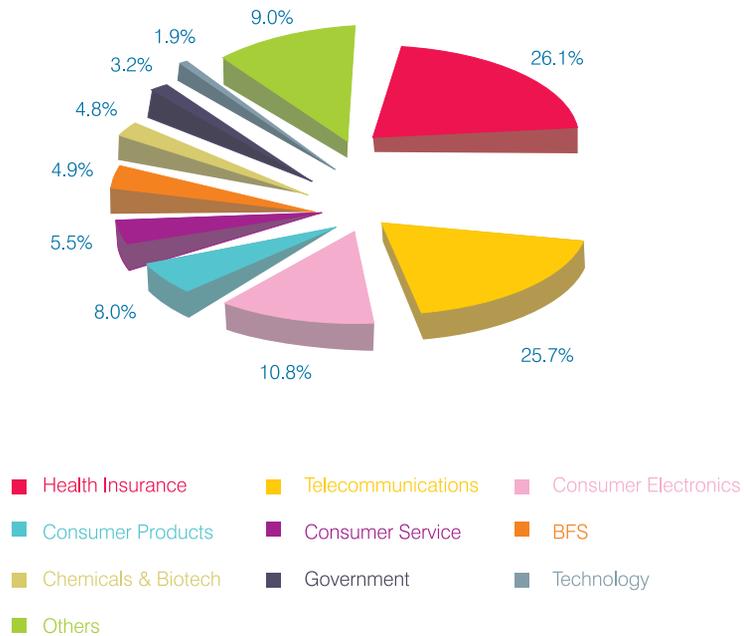
Revenue and Profitability (Rs. Cr)



Customer Concentration (FY 09-10)



Revenues Split- By Vertical (FY 09-10)



# Employee Speak



## Deepti Prashanth

Assistant Manager

At HGSL, it's a rewarding and **fulfilling experience** for any individual seeking a steady and **full-fledged career growth**. Peers support and help shape your career by creating and building opportunities to showcase your individual talents, be it professional or cultural skills



## Fatima Benboujemaa

Customer Service Representative

What I like the most about working here is the **friendly environment**. I can speak openly with my boss and my coworkers are very supportive. I like my shift as well.



## Vimal B.

Senior Customer Processing Executive

Working in HGSL has always filled me with a feeling of pride, everyday has opened new vistas for me to learn experiment and grow. The work and work culture here has given me **immense personal and professional satisfaction**. Yes, there are **challenges** and responsibilities but **supportive and compassionate management**, good teamwork gives ample opportunity to shape my career. It is a place where **your competence is valued** more than experience.

## Chitaranjan S.

Senior Benefit Management Analyst

This organization means a lot to me as I started my career in this company. As this is my first job, it was quite **challenging** at the beginning, but the support I got from here made it much easier. The training conducted by L&D department played a very important role in **imparting confidence and molding my career**. Getting opportunity to go abroad and working with clients was an exciting experience. HGSL has given me the **opportunity to grow as a professional**. I enjoy the working environment and the **many fun activities** which are conducted to take out the stress levels.



## Rhaymond Zamorro

Shift Manager

There were many times in the past when I was presented with other career opportunities some place else, but there is always something in this company that keep me here - its culture. Self worth and the sense of belonging and fulfillment have constantly refreshed my respect to the organization and it continues to make me feel so valued. I am now on my 10th year and still counting.



## Bob Rafferty

Director - Operations

I've been **really fortunate** that there has always been an opportunity in HGSL that I have been able to take advantage of. With the company growing and changing like it has, and continues to, there seems like there's **always a new chance to be successful**.

# Employee Speak

## Ashish Tiwari

Team Leader

It's **great working here** from day one. In fact, it has been the longest stint of my professional career experience. HGSL has taught me a lot of things in my life from learning things at micro level to **scaling new heights**. Also would like to take an opportunity to thank all my colleagues and seniors for their kind support. **HGSL ROCKS!!!!!!**



## Sherry Lyn Pagkalinawan

Manager- Operations

I take pride in being part of one of the **most innovative BPO in the country today**. In my more than 8 years with HGSL, I have found not only a **life-changing career**, but also a second home. I started out being a Customer Service Representative, and then eventually moved up the corporate ladder in less than 3 years time because of the **many opportunities** the company has offered me. HGSL also provided me a venue to showcase my passion for theater – through its annual events. The company definitely ensures that employees have fun while at work.



## Dakshayini P.

Team Leader-Operations

Three years in HGSL has been a **magical journey**. It's a **lot of fun**. Here my colleagues have become my family. It's a blend of everything: sharing of emotions, love, laughter, sadness, excitement, challenges. **Something worth experiencing!** My life here is an exposure to a rich variety of ideas and knowledge. Experience as a team leader for me is a big knock; it has enriched my knowledge and skills. I am very fortunate to be a part of such a **wonderful and caring organization**.

## Bharath H.S.

Team Leader –  
Operations

I must say that I am fortunate to start my career with HGSL. I have always been **blessed with challenges** which have made me a strong leader. I joined here as a Customer Relation Officer and now I am able to handle a process within 3 years. HGSL taught me, "Winning doesn't always mean being first; winning means you're doing better than you've done before"



## Julie Lavallee

Sr. Human Resources Representative

I can't believe it's already been 10 years I've been working at HGSL. I've **learned so much**, and I can say that I still learn new things everyday!



## Tabraze Ahmed M. B.

Team Leader

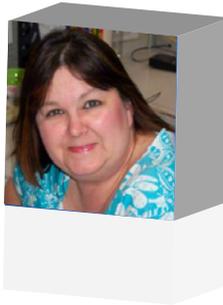
I started my Career as a CRO in HGSL and HGSL gave me an **opportunity to expedite my skills** as a Team Leader. Challenges were more during my tenure here but the support and atmosphere in HGSL has helped me to overcome all the hurdles. In all my **successful achievements** here in HGSL, my **ideas were brought to reality** only because of the support provided to me.



### Hollie Altpeter

Customer Service Representative

I like the **ability to relate and interact** with various types of people!



### Asha

Customer Relation Officer

In the area of my working, have a **healthy atmosphere** and a **great team to work with** all the CRO, TLs and Managers. Various training programs have been organized by HGSL to enhance the abilities and the competencies of employees which **motivate me a lot**.



### Pat Gomez

Human Resources Manager

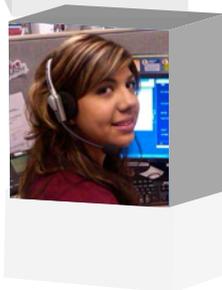
I **love working at HGSL** because of our employees, the **friendly environment** and the opportunities it provides our employees.



### Frances Zamora

Customer Service Representative

What I like mainly about HGSL is management and how **supportive and motivating** they are. Also, I can't help to mention **how comfortable and friendly** the environment is here at work.



### Arun Kumar Ghosh

Assistant Manager – Technical Support Group

As TSG member I am very much fortunate to have a **very good and healthy work environment** and also a good team to work with. HGSL has initiated various training programs in order to **enhance the job knowledge** and competencies of employees, which in turn **yield good results** from the employees. The leadership team always strives to motivate the employees.

### Roopesh Kumar Mahendrakar

Customer Relationship Officer

I started my career as a Customer Relation Officer. The best thing about HGSL is the **learning curve** it provides to all...also the **quick career growth**. It is a combo pack of **"WORK & FUN"**. HGSL has played a crucial role in my development. I have been bestowed with **total support** and aid at all times and it is the factor which has motivated me to love the work I do to the best of my ability.



# Employee Speak

## Julie Anne Cua

Team Leader -  
Operations

I have been working with the company for almost three years now and there was never a time I felt abandoned.

The way HGSL **takes care of its employees** makes me **feel loved and appreciated**. HGSL also gave me the **opportunity to grow** personally and professionally. When my friends ask me why I am still with the company, my only answer is, "HGSL is my second family".



## Anand Biradar

Vice President - Business Development

What I like mainly about HGSL is management and how supportive and motivating they are. Also, I can't help mention how comfortable and friendly the environment is here at work.

Life in HGSL has been very pleasing. In just four years, I have learnt a lot and **utilized my expertise** to add value very consistently. For me it is critical to work for a company that is run by **insightful management**.



## Georgene Mills

Director - Operations

My favorite HGSL experience is seeing the **daily dedication** of our CSRs, Team Leaders and Trainers. They **truly care about our clients** and their customers, and they are **absolutely passionate** about providing quality service.

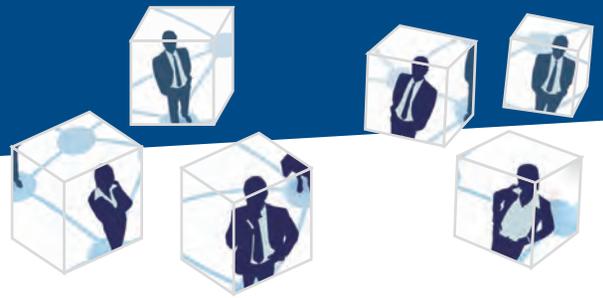
## Vijay Ramaswamy

Senior Claims Processing Executive

HGSL gave me an **opportunity to develop my skills**, be it professional or personal. By making me one of the prospects for the onsite training the firm made me feel important! HGSL **rewards employees** for their performance and I have been part of such rewards. HGSL has an **automated appraisal system** which is an exceptional tool compared to other listed companies! HGSL is one such firm which never gives its employees Job Insecurity even during difficult times of market.



# Testimonials



## Fortune 50 Insurance Company

I shared your **success** with benefits team during our last quarterly meeting a few weeks ago. They were very **impressed** and wanted to congratulate you too.

Thanks again for all your **hard work**. Take a moment to pat yourselves on the back, but remember that the **pursuit of superior quality** is not a destination. It's a journey, so stay on the path."

Congratulations to the team for a **superlative performance!**

**Director, Wholesale Account**

## Leading US based Broadband Communications Company

Sindi is an extra-ordinary representative, genuine, true to her word, highly intelligent, in full command of English, very, very courteous, and **deeply committed** to affording her clients the satisfaction she clearly believes they deserve. In a word, she is a person of **great integrity** and **intelligence**. In our American culture, such qualities are increasingly rare. So, her person and her behavior are an **exceptional delight**.

I personally believe very strongly (as I feel our President does, as well) that we are one world, one planet, and one global economy. I am **delighted** to encounter someone thousands of miles from here who is gainfully employed, and who does her job so very well. I am **deeply appreciative** of all Sindi has done and continues to do.

I cannot thank her enough.

**Manager Customer Service**

## Leading US based Broadband Communications Company

I thought I should bring to your attention a **remarkable employee**, who is servicing our customers through the migration. This is her "**3rd**" **commendation** letter since the start of the migration...

This is perhaps one of the most flattering write ups I've had the pleasure of reading and really describes the **dedication and loyalty to our customers**. This is **quite impressive!!**

**Director Customer Operations**

## Leading US Transport & Logistics Company

When an unexpected failure occurs for one of our customers it could be physically or financially catastrophic. For this reason, it was critical that we find a provider in which they could build a **strong long term relationship**. Our partner needed to develop a strong understanding of our diverse customer base, logistics of the business as well as terminology not typically used in a call center or help desk environment. It was equally important that quality was at the forefront of the agenda not only from a customer interface perspective but also from technology resource. Our program had to be managed both on shore and off shore, twenty four hours a day, seven days a week without fail. It has been a pleasure to know that HGSL understood our needs, **built enhanced processes** including recruiting, training, quality and IT infrastructure to meet all our expectations. HGSL **has continually partnered** to recommend and enhance our processes through out the years making our program of even **greater benefit to our internal and external customers**.

**Senior Program Manager**

## Fortune 50 Insurance Company

Customer audit results were **exceptional**. Backlog management has been solid and volumes kept in control.

The **performance** of the Bangalore team has a very direct impact on our customers as well as our employees. When you do well not only are our **customers satisfied** so is the management team here in our office. I know how hard you work to **ensure our customers are being serviced** well and the team is very quick to work towards a solution when problems occur.

# Testimonials

Please accept this **thank you** from here as well as my **heartfelt appreciation** for all that you do for us. Keep up the **wonderful work** that you do!

Manager

## Leading US Health Insurance Company

... It was quite a journey to get the provider billing relocated from our internal operations and the other Indian vendor to HGSL. As you know, we had 5 other vendors bidding for the work. We were very **impressed** when we made our site visit. The **professionalism** and **dedication** to learning our processes, staffing team members we had an opportunity to jointly identify and hire, and **value added knowledge** were key. We "bought" into the idea that this would be more than a vendor relationship, a partnership of two companies that each had something to offer the other. I have never been disappointed in that decision. We were convinced that HGSL had the **financial stability**, knowledge and **executive level commitment** to **deliver on the promises** made during the RFP process.

Your team has repeatedly brought **improvement initiatives**, sales leads and never failed us on your commitment to our processing requirements for volume and quality... Any concerns that I have raised have been immediately resolved. It's not just listening, but follow up that makes this **successful**. Thanks.

Vice President of Operations

## Leading US Commercial Insurance Company

Over the years, the **team** has done an **amazing job**. I know they will continue to do so. Anyone who works with HGSL is very lucky to get such a **dedicated** team. HGSL is very **supportive** of its employees. The time you invest in making a good employee into a great employee is a rarity in this industry.

Manager

## India's largest integrated private telecom service provider

High on Enthusiasm, Fully focused and Relentless

**Passion & Extremely Customer Centric** are "synonyms" for HGSL.

National Head Service Recovery

## Fortune 50 Insurance Company

I cannot believe it has been a year! Your team is **wonderful** with and we appreciate all of the **hard work** and **dedication** you have given to our department. We look forward to many years of partnership with your team!! Thank you for sharing and for everything you are doing for us!!

National Lead

## Fortune 500 Consumer Electronics Company

Our **success** in customer service could not have been done without HGSL. Each of you is such a **pleasure** to work with, and I am glad our paths did not just cross, but came **together in the relationship** we have with one another.

Director Operations

## Fortune 50 Telecommunications Company

HGSL continues to be a **top provider** for our organization year after year. HGSL **delivers results consistently** in both sales and service. What distinguishes HGSL from others is their **relentless pursuit of excellence**, their willingness and desire to model and replicate our vision for our customers, and most importantly the investment they are willing to make in their people to make both of those things happen.

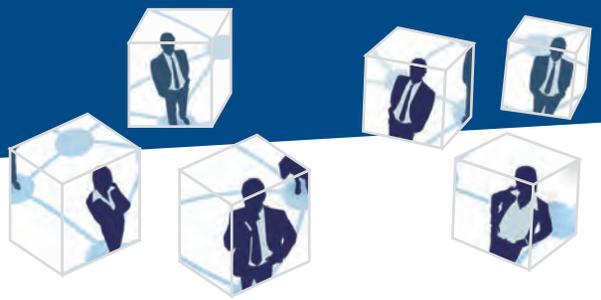
Center Sales Manager

## India's largest integrated private telecom service provider

HGSL stood No. 1 in Pan India for Pre-paid in NSS scores for August 2009. Below mentioned is the **appreciation** from the client.

Congratulations to the Entire Prepaid Team at HGSL





and Support Team Hoping to see another letter of appreciation in the Board room from Managed services Team.

#### Customer Service Delivery

### Fortune 500 Consumer Electronics Company

Over the past years our relationship with HGSL has grown from a small part of our business to a much larger **successful** piece. They have been an asset with their **professional support** and understanding of what needs to be done and how to accomplish it. We have a **fantastic team** and I **enjoy working** with them.

Director of Customer and Consumer Services

### Fortune 50 Insurance Company

Your **production was outstanding, exceeding** YTD target by 105.9%. ...

**Quality was incredible**, with the team achieving a new record of excellence in the month of December! As you reported, the team only incurred 4 errors in the month of December and that was the lowest number ever achieved by your team!

...you were able to bring down the error rate per processor per month from 1.02% in the 2nd half of 2008 to 0.40% in the 2nd half of 2009. That is a 60% reduction!!

Scorecard average for the year was 4.98 out of 5.0, with 7 months of the year posting a perfect 5, including last 5 consecutive months of the year!

I consider it an **honor and privilege** to work with such a **dedicated team** ...

Claim Workflow Management

### Fortune 500 Consumer Services Company

HGSL has been a **valued partner** for many years, helping us **achieve consistently** high satisfaction scores from consumers, as a result of their **skill** and

**professionalism.**

As we compared HGSL with other suppliers that could offer us a contact center, we felt that, in addition to **offering excellent value** and **flexibility**, their people, corporate culture, and work atmosphere meshed best with us.

Director, Consumer Services

### Leading US Consumer Packaged Goods Company

Making the decision to change providers after 10 plus years was not one we took lightly. Hinduja Global Solutions truly stood out as a partner of choice and amazingly, the easiest part of the process has been the **actual implementation.**

While it was no doubt a **tremendous undertaking**, HGSL took the lead and managed each step with precision and expertise. **Expectations** of the implementation team, both in house and at HGSL, were clearly communicated with a detailed understanding of the overall goals and implications. On the official day of go live, we could not have been more pleased with the technology, front line staff and most importantly **seamless service to our consumers."**

Manager - Consumer Insights

### Fortune 500 Insurance Company

What a way to kick those claims out, with some **quality driven processing!** I am so proud of our success. It has been a **complete pleasure** working with each of you.

Manager - Claims Operations

### Fortune 500 Insurance Company

I am very **impressed** with the TOC team! They are doing an **excellent job** of managing the inventory and completing work timely. Please extend my **praise** and **gratitude** for the excellent work you are doing!!

Manager

# Testimonials

## Fortune 100 Global Driver Risk Management Company

Through **continuous professional and quality services**, Hinduja Global Solutions (HGSL) has allowed us to scale our **business more effectively** and provide excellent service to our end customers. They are a **trusted and experienced BPO**, but most imperative, they are a **valued partner** that helps to make my organization stronger.

The quality and timeliness of this service is mission critical to our recurring revenue business model and our customer satisfaction. In order to scale, we started outsourcing the review in mid-2006 with a US based BPO. In early 2007, we started evaluating alternate BPO partners for a lower cost solution. Two years ago, we chose HGSL as a 2nd BPO partner and we split our workload between the two BPOs.

After working with the two BPOs side-by-side, it was evident that HGSL provided us a better opportunity to scale, better quality, and provided a **better partnership** to improve our own company. Due to HGSL's **continued quality service**, we transferred 100% of our business to them over a year ago.

Vice President-Operations & Program Management

## Fortune 50 Insurance Company

Team 74 would like to say **thank you** to each and every one of you for your hard work and **dedication** to processing our member's claims timely and accurately. We want you to know that you are **appreciated!** Thank you for being part of our team!

Customer Service Coordinator

## Fortune 50 Insurance Company

I first want to **thank you** very much for doing such a **great job!** I couldn't have asked for better testers! Your responses were clear and concise and you followed directions perfectly - which, not only made my life easier, it **assisted the business analysts** in determining defects and knowing what was needed to fix. Just wanted you to know I appreciate your **time and efforts** very much.

Internal Data Entry & Maintenance

## Fortune 50 Insurance Company

Eight years ago I was planning for my first trip to India. Armed with tools and tips to build a strong foundation, a foundation that would withstand storm after storm after storm. What your office had produced and continues to produce is commendable....

Continue to strive for moments that make you shine and stand out as a **World Class Organization**.

Command Control & Claim Call

## Fortune 50 Insurance Company

WOW! **SIGNIFICANT improvement** in the proactive call return error rate. I know you've deployed several resources, and, from a management perspective it is not easy carving out resources to perform non-production work. I want you all to know that we really appreciate it. You all are an **AWESOME team!**

Manager

## Fortune 50 Insurance Company

I just want to thank you for your **personal excellence!!** We are winding down on this Open Enrollment and you guys did an incredible job---pass it on to your teams and co-workers!!

Manager Support Team

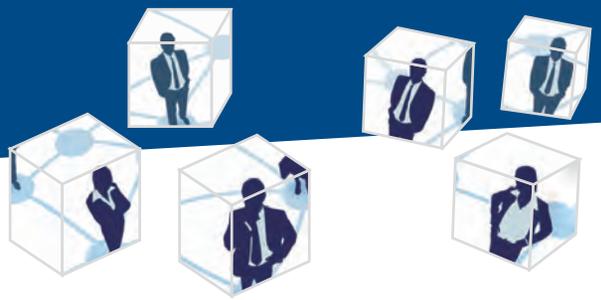
## Fortune 50 Insurance Company

**Many thanks** to those of you who worked on the 1st and 2nd to ensure that our Integrated Pharmacy accounts were **coded correctly!** Many thanks to all of you who coded these Integrated RX cases ahead of time so that customers were able to get their prescriptions.

Manager Support Team

## Non Profit Organization

When we decided to partner with a service provider who would understand our needs and come up with innovative ways of fundraising the first name that



struck us was HGSL, and since then it has been a **success story** for both partners

We are **extremely satisfied** with the **continued improvement in performance**, with the help of key persons involved with our partnership with HGSL.

**Founder Managing Trustee**

September-October'09. The **hardships and vision** to turn around the face of our process is very satisfying and bang-on to our expectations.

**Assistant Vice President - Operations**

### Fortune 50 Insurance Company

First, I want to take the time to thank all of you; including the testers for your **patience, time, hard work and perseverance**. They learned very quickly and retained a considerable amount of knowledge in a short period of time. I am happy and very satisfied in their work and I hope we are able to continue this arrangement and working relationship.

**National Accounts Customer Operations**

### Fortune 50 Global Investment Bank

The overall performance from November has been **very consistent** in all processes. This was achieved through a **good level of professionalism** and hard work even on holidays. Upgrades & Renewals in particular have gone very well with results yielded in both the paid model as well as the free model. Even on loans, despite the constraint in the resources and lack of focus by the bank the team has not dropped individual productivity levels.

**Manager Premium Cards**

### India' Leading Retail Chain of Stores

Be it Diwali, Christmas, Valentines day or our End Of Season Sale, Team HGSL has always kept our **Flag Flying High**. Kudos team... keep **the great work going**, you guys rock....

**Assistant Manager Customer Care**

### Fortune 500 Global Investment Bank

HGSL has been a **vital part** of our telesales business. The foundation to **make our partnership with HGSL got bigger** in terms of business benefits started in

# Inspired Leadership





# Industry Recognition

## The Journey So Far....

Ranked 30 in Deloitte Fast 50 Companies in India

Top 100 in the Global Outsourcing 100 Survey by IAOP, 2010

- Top 10 in Sales Services
- Top 20 in CRM
- Top 20 in Health Care
- Top 20 in Retail and Consumer Goods
- Top 20 companies 'by region served' in South East Asia

Top 10 - IDC / Dataquest Best BPO Employers in India in 2008, 2005, 2004, 2003.

Top 20 - BPO Companies in India – NASSCOM 2009, 2008, 2007, 2005

Best Performing Call Center Firms Worldwide - Global Services 100 Survey - Neo-IT & Global

Services Magazine (2008 – Ranked # 2, 2007 - Ranked # 1, 2006 - Ranked # 8).

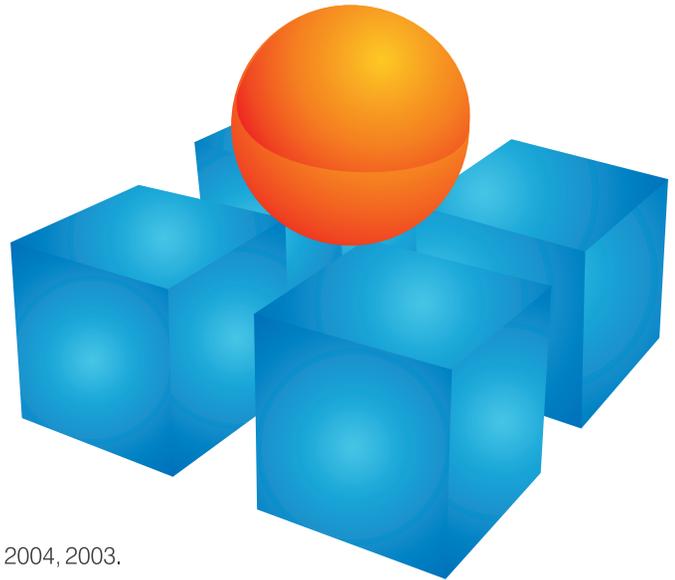
Lean Services Excellence Awards - SCMHRD- Sakaal Lean and Six Sigma Excellence Awards - 2008.

Winner of the Most Innovative BPO 2008 - ICT Philippines

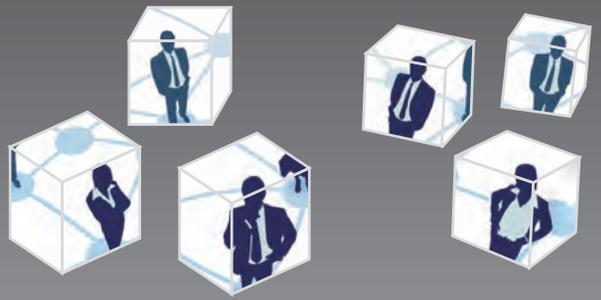
Winner of the "Intelligent Enterprise Award 2006 IT/ ITES" - Technology Senate 2006 among Indian companies, (Managed by Ernst & Young).

Best BPO Entry - "Intelligent Enterprise Awards" - Technology Senate 2005 – Bangkok.

Philippines center awarded "Seal of Product Quality" in October 2005



# An Inspired team Work to Give



An Inspired team

# At Work and Play

Nagarcoil, Opening



Manila Site 2, Opening

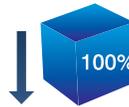




# Holding Structure

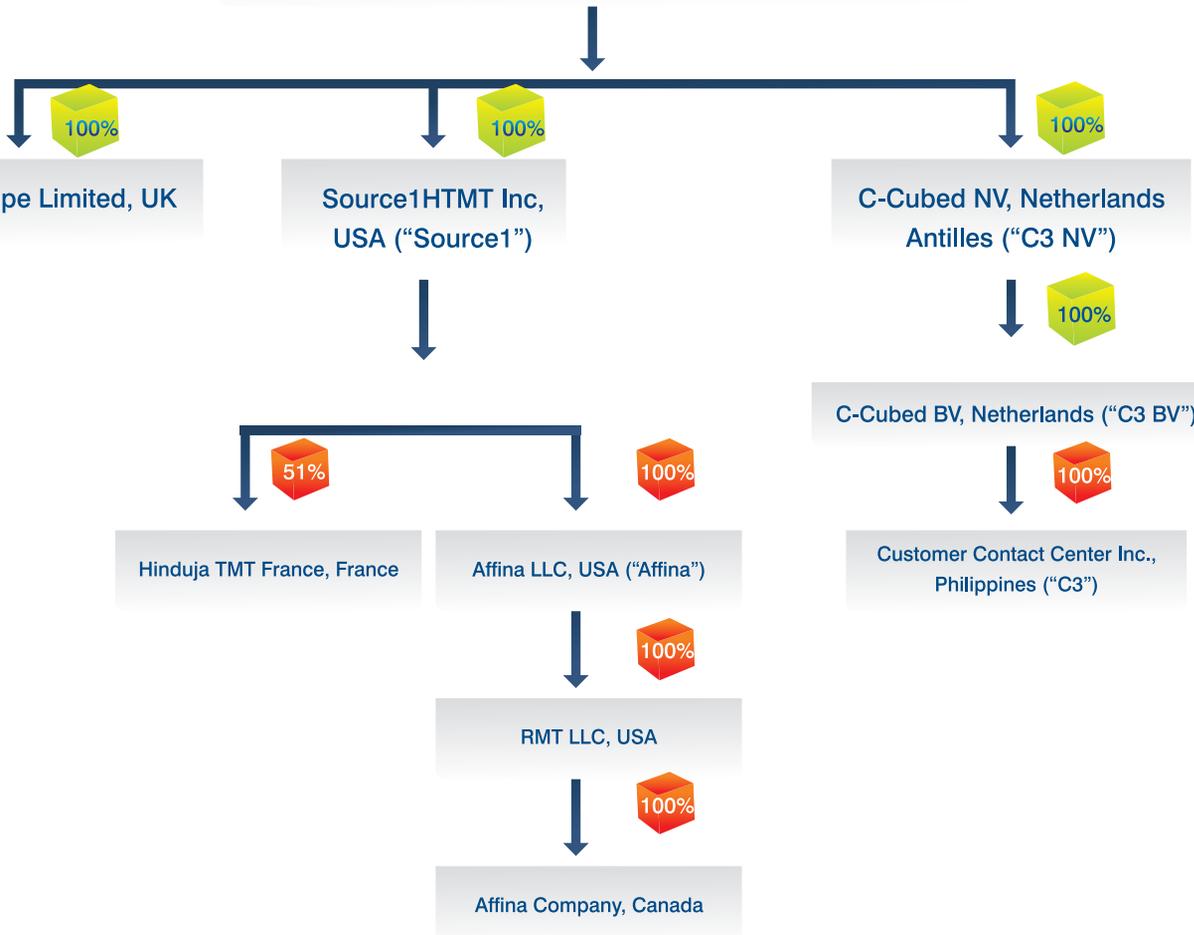
## Hinduja Global Solutions Limited

Branches in Canada, US & Philippines

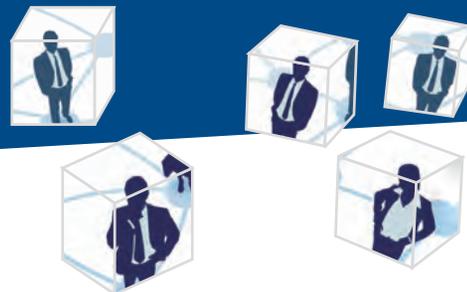


## Pacific Horizon Limited, Mauritius (PH)

(Holding Company of International Subsidiaries)



# General Information



Hinduja Global Solutions Limited

## Chairman Emeritus

Ashok P. Hinduja

## Board of Directors

Ramkrishan P. Hinduja, Chairman

Vinoo S. Hinduja

Dheeraj G. Hinduja

Anil Harish

Rajendra P. Chitale

Rangan Mohan

Kailashchandra Samdani

(Alternate Director to Vinoo S. Hinduja)

## Committees of the Board

### Audit Committee

Anil Harish, Chairman

Rajendra P. Chitale

Ramkrishan P. Hinduja

### Investors' Grievance Committee

Anil Harish, Chairman

Dheeraj G. Hinduja

### Compensation Committee

Anil Harish, Chairman

Rajendra P. Chitale

Dheeraj G. Hinduja

Rangan Mohan

### Committee of Directors

Ramkrishan P. Hinduja, Chairman

Vinoo S. Hinduja (w.e.f 27/01/2010)

Rangan Mohan

### Chief Executive Officer

Partha De Sarkar

### Executive Committee

Anand Vora - Chief Financial Officer  
 Anthony Joseph - Executive Vice President  
 Global Head - Human Resources  
 Ashwin Y. Hoskote - Senior Vice President  
 Global Business Excellence  
 Deepak Rastogi - Senior Vice President  
 Business Planning & Finance  
 Narasimha Murthy B.N.- President, North America

Partha De Sarkar

- CEO & Chairman  
 Executive Committee

Sanjay Sinha

- Executive Vice President  
 Human Resources - M & A

Prasenjit Guha

- Vice President -  
 Legal & Company Secretary

Pushkar Misra

- President & CEO -  
 HGSL - Philippines

Subramanya C.

- Chief Technology Officer

Sudhir Kumar

- Vice President - Projects &  
 Planning

Viswanath Rao

- Executive Vice President -  
 National & International  
 Operations

## Key Personnel

### India (in alphabetical order)

Anand Vora

- Chief Financial Officer

Anthony Joseph

- Executive Vice President  
 Global Head - Human Resources

Anup Goel

- Associate Vice President  
 Business Development

Ashwin Y. Hoskote

- Senior Vice President  
 Global Business Excellence

Ajay Bakshi

- Assistant Vice President -  
 Process Improvement & Automation

Hasmukh Shah

- Vice President - Legal & Secretarial

Hemant Kapre

- Vice President Transitions & Solutioning  
 Design

Hiro G. Soneji

- General Manager - Operations

Kannan Ramakrishnan - General Manager Technical Services  
 Group

Karthikeyan S.

- Assistant Vice President Operations

J. Jessy Christin

- Vice President - Human Resources

Mohan P.

- General Manager - Administration

Mukund R.S

- General Counsel &  
 Corporate Communications

Partha De Sarkar

- Chief Executive Officer

Prasad G. S. G.

- General Manager Business Excellence

Prasenjit Guha

- Vice President Legal & Company  
 Secretary

R. Dhakshina Murthy

- General Manager - Procurement

Rajaram Natarajan

- Vice President - Operations

Ramesh B. S.

- General Manager - Finance

Sanjay Sinha

- Executive Vice President,  
 Human Resources - M & A

# General Information

|                     |  |
|---------------------|--|
| Siby Joy            | - Assistant Vice President<br>Operations, Bangalore                    |
| Soumen N. Choudhury | - Vice President - Operations  |
| Srinivasan S.D.     | - Assistant Vice President -<br>Finance                                |
| Subramanya C.       | - Chief Technology Officer   |
| Sudhir Kumar        | - Vice President-Projects &<br>Planning                                |
| Viswanath Rao       | - Executive Vice President -<br>National & International<br>Operations |

## Philippines

|                         |   |
|-------------------------|---|
| Antonio Dela Cruz       | - Senior Vice President<br>Chief Financial Officer  |
| Bettina Salmo           | - Senior Vice President<br>International Operations |
| Jocelyn D. Padlan       | - Vice President<br>International Operations        |
| Pushkar Misra           | - President & CEO                                   |
| Sandeep Marwah          | - Senior Director - IT                              |
| Vida Candida S. Arciaga | - Assistant Vice President<br>Human Resources       |

## North America

|                       |  |
|-----------------------|--|
| Bryce Hayes           | - Head - Sales   |
| Deepak Rastogi        | - Senior Vice President<br>Business Planning & Finance |
| Donna Malone          | - President Client Services                            |
| Gopinath Narayanan    | - Controller - Finance                                 |
| Narasimha Murthy B.N. | - President - North America                            |
| Polly Sappington      | - Vice President - Finance, Affina                     |
| Prasanna Kumar V.     | - Senior Vice President<br>Customer Relations          |
| Sreepathy V.          | - Vice President<br>Mergers & Acquisition              |
| Tina Carlson          | - Vice President, Operations,<br>Affina                |
| Wendy Basham          | - Vice President<br>Human Resources, Affina            |

## United Kingdom

|                 |                 |
|-----------------|-----------------|
| Subhankar Ghosh | - Head - Europe |
|-----------------|-----------------|

## Internal Audit & Systems

|             |                            |
|-------------|----------------------------|
| Rakesh Jain | - Manager - Internal Audit |
|-------------|----------------------------|

## Auditors

Price Waterhouse  
Chartered Accountants

## Solicitors

Crawford Bayley & Co.

## Bankers

Axis Bank  
BNP Paribas  
Canara Bank  
HDFC Bank  
IndusInd Bank  
Bank of Baroda  
State Bank of India  
State Bank of Mauritius  
Chinatrust (Phils.) Commercial Bank Corp.  
Union Bank of the Philippines  
Bank of America  
HSBC Bank  
Hinduja Bank(Switzerland) Ltd.

## Registered Office

Hinduja House  
171, Dr. Annie Besant Road  
Worli, Mumbai 400018

## Registrar & Share Transfer Agent

Sharepro Services (India) Pvt. Ltd.  
13AB, Samhita Warehousing Complex  
Second Floor, Sakinaka Telephone Exchange Lane  
Off Andheri Kurla Road, Sakinaka  
Andheri (East), Mumbai 400072



# Directors' Report

To the Members,

Your Directors are pleased to present their Report on the business and operations of your Company for the year ended March 31, 2010.

## Financial Results

(Rs. in lakhs except share data)

| For the year ended 31st March                   | 2010             | 2009             | 2010             | 2009             |
|---|------------------|------------------|------------------|------------------|
|   | Standalone       |                  | Consolidated     |                  |
| Operating Income                                | 48,681.35        | 44,476.46        | 89,234.15        | 79,756.60        |
| Other Income                                    | 270.98           | 367.89           | 3,113.35         | 3,306.19         |
| <b>Total Income</b>                             | <b>48,952.33</b> | <b>44,844.35</b> | <b>92,347.50</b> | <b>83,062.79</b> |
| Operating Expenses                              | 35,231.63        | 32,638.42        | 73,785.11        | 66,474.96        |
| Depreciation                                    | 3,360.38         | 2,814.59         | 3,856.99         | 3,268.48         |
| Financial Expenses                              | 764.75           | 858.66           | 992.53           | 859.10           |
| <b>Profit before Exceptional Items and Tax</b>  | <b>9,595.57</b>  | <b>8,532.68</b>  | <b>13,712.87</b> | <b>12,460.25</b> |
| Exceptional Items                               | (576.05)         | 1,061.40         | (576.05)         | 1,061.40         |
| <b>Profit before Tax</b>                        | <b>10,171.62</b> | <b>7,471.28</b>  | <b>14,288.92</b> | <b>11,398.85</b> |
| Provision for tax (incl. deferred tax)          | 657.30           | 1,279.88         | 1,280.70         | 2,026.32         |
| <b>Profit after tax</b>                         | <b>9,514.32</b>  | <b>6,191.40</b>  | <b>13,008.22</b> | <b>9,372.53</b>  |
| Add: Share of Profit in Associates              | —                | —                | 2.42             | 3.99             |
| Add: Balance brought forward from Previous year | 5,353.09         | 3,385.10         | 12,315.32        | 7,162.21         |
| <b>Profit Available for Appropriation</b>       | <b>14,867.41</b> | <b>9,576.50</b>  | <b>25,325.96</b> | <b>16,538.73</b> |
| <b>Dividend</b>                                 |                  |                  |                  |                  |
| — Final (Proposed)                              | 4,117.84         | 3,080.70         | 4,117.84         | 3,080.70         |
| — Dividend Tax                                  | 699.83           | 523.57           | 699.83           | 523.57           |
| Transferred to General Reserve                  | 951.44           | 619.14           | 951.44           | 619.14           |
| <b>Balance Carried Forward</b>                  | <b>9,098.30</b>  | <b>5,353.09</b>  | <b>19,556.85</b> | <b>12,315.32</b> |
| <b>Earnings per share (Rs.) - Basic</b>         | <b>46.32</b>     | <b>30.15</b>     | <b>63.35</b>     | <b>45.64</b>     |
| - Diluted                                       | 46.16            | 30.15            | 63.12            | 45.64            |

## Review of Financials

On a standalone basis, Total Income for FY'09-'10 was Rs. 489.52 crore, an increase of 9.2% over the Total Income of Rs. 448.44 crore in FY'08-'09. Profit Before Tax (PBT) (pre-exceptional items) was Rs. 95.96 crore, an increase of 12.5% from Rs. 85.33 crore in the previous Financial Year. The PBT Margin (pre-exceptional items) improved by 60 basis points to 19.6% in FY'09-'10 from 19.0% in FY'08-'09. Profit after Tax (PAT) for the year was Rs. 95.14 crore as against Rs. 61.91 crore during the previous year. The PAT Margin improved considerably from 13.8% last year to 19.4% in the current year.

On a Consolidated basis, Total Income was Rs. 923.48 crore in the current year against Rs. 830.63 crore during the previous year, an increase of 11.2%. The PBT (pre-exceptional items) was Rs. 137.13 crore in FY'09-'10 compared to Rs. 124.60 crore in the previous financial year, an increase of 10.1%. The PBT Margin (pre-exceptional items) was maintained at 14.8%. The PAT was Rs. 130.08 crore in the current year against Rs. 93.73 crore in the previous year. The PAT Margin improved from 11.3% in the previous year to 14.1% in the current year.

### The highlights during the year were:

- Growth of 11.2% in Consolidated Revenues.
- Employee headcount at 15,615 associates (Previous Year 13,787).
- 80 clients at the end of the year.
- Consolidated PAT for FY'09-'10 - Rs. 130.08 crore translating into a Diluted EPS of Rs. 63.12 per share.
- Cash & Cash equivalents as on March 31, 2010 - Rs. 642.31 crore translating to Cash & Cash Equivalents of Rs. 312 per share.
- Net Worth as on March 31, 2010 - Rs. 949.06 crore translating to a Book Value of Rs. 461 per share.

## Dividend

Your Directors have recommended a dividend of Rs. 20/- per share (200% on the face value of Rs.10/-) for the current year.

The dividend payout will absorb Rs. 4,817.67 lakh, including dividend tax. The dividend payout ratio for the year (including dividend distribution tax), as a percentage of net profits, would be 37%.

## Business Review

### BPO Industry Overview

Over the past decade, the Indian IT-BPO sector has become the country's premier growth engine, crossing significant milestones in terms of revenue growth, employment generation and value creation, in addition to becoming the global brand ambassador for India.

India's fundamental advantages—abundant talent and cost—are sustainable over the long term. With a young demographic profile and over 3.5 million graduates and postgraduates that are added annually to the talent

base, no other country offers a similar mix and scale of human resources.

While the sector as a whole has delivered impressive growth rates over the past decade, the financial crisis of 2008 brought about a slowdown in blended growth rates for the IT & ITeS industry in FY'09-'10. A Nasscom study estimates the industry to report 12% growth in domestic revenues at Rs. 662 billion and 5.5% growth in export revenues to US\$ 49.7 billion in FY'09-'10. Within the overall industry, ITeS services exports are expected to increase by 18% and will be the fastest growing segment across software and services exports driven by scale as well as scope. The ITeS service portfolio has been strengthened by vertical specialisation and global delivery capabilities.

Another highlight for the ITeS sector is the emergence of domestic BPO operations which recorded a growth of over 40% in INR terms in FY'09-'10. The growth is led by the BFSI, Telecom and Airline industries and a greater vendor focus with specific service offering.

The IT Sector was more affected by the effects of the financial crisis as IT budgets were frozen and implementation of discretionary spends was delayed. The ITeS Sector was not impacted as severely since it focuses on improving operating efficiencies and reducing operating expenditure for its customers.

The changing demand outlook, customer conversations and requirements acted as a driver to build in greater efficiencies and flexibility within the service delivery and the business models - which is here to stay. 2009 was also instrumental in compelling vendors to re-configure their offerings in view of the altered landscape. The industry was forced to diversify beyond core offerings and markets through new business and pricing models, provide end-to-end service offerings with deeper penetration across verticals and transform the process delivery through re-engineering and enabling technology and drive inclusive growth in India by developing targeted solutions for the domestic market. All these measures, along with India's game changing value proposition, have helped it to widen its leadership position in the global sourcing market.

The outlook for the ensuing financial year is promising as Nasscom has projected healthy growth for the IT & ITeS sector on a blended basis. It anticipates export revenues to grow 13-15% and domestic revenues to grow 15-17%. The Total IT & ITeS industry is expected to aggregate revenues of US\$ 73.1 billion in FY'09-'10. During this period, direct employment is expected to reach nearly 2.3 million, an addition of 90,000 employees, while indirect job creation is estimated at 8.2 million. As a proportion of national GDP, the sector revenues have grown from 1.2% in FY'97-'98 to an estimated 6.1% in FY'09-'10. Its share of total Indian exports (merchandise plus services) increased from less than 4% in FY'97-'98 to almost 26% in FY'09-'10.



The projections for the domestic ITeS industry, in particular, are higher. A Gartner study anticipates that the BPO market in India will grow 25% in 2010 and is estimated to grow 19% through 2013. Gartner estimates the Indian domestic BPO market will grow into a \$1.2 billion market by 2011 and into a \$1.8 billion market by 2013.

Other aspects of the Indian ITeS industry, besides the growing breadth and depth of the service portfolio that reflect its increasing maturity, include the increasing global delivery footprint and continuous emphasis on enhancing service delivery efficiency and productivity. Strong fundamentals, a robust enabling environment, and enhanced value delivery capability are the hallmarks of the Indian IT-ITeS industry.

India enjoys a cost advantage of around 60-70% as compared to source markets. Additional productivity improvements and the development of Tier II and Tier III cities as future delivery centres, are expected to enhance India's cost competitiveness.

The advent of 2010 has signaled the revival of outsourcing within core markets, along with the emerging markets increasingly adopting outsourcing for enhanced competitiveness. Key demand indicators in the last two quarters such as increased deal flow, volume growth, stable pricing, and faster decision making has made the industry post good results. Though full recovery is still forthcoming, development of new growth levers, improved efficiency and changing demand outlook signifies early signs of recovery which will help fuel the prospects for the industry.

#### Key trends in 2010

##### Recession Driven Changes

The events of the last two years have compelled organisations to place greater emphasis on cost optimisation. As the visibility of revenue growth diminished, organisations turned to prudent cost management to preserve their margins. The need for greater cost management compelled several organisations to evaluate the benefits of outsourcing thereby increasing the number of potential customers. Customers who had experienced benefits of outsourcing were also open to expanding the scale and scope of work as they sought to increase cost optimisation.

This change in approach by providers as well as customers is driving greater demand for Business Process Management and has placed it as a key component of business execution strategy even as the economic environment displays signs of stabilisation.

##### Deepening of Customer Engagements

Customers are exploring methods to expand the scale and scope of work as they seek to enhance the potential savings from outsourcing relationships. This would compel the industry to evolve into third-party 'transformational outsourcing' relationships from the existing captive dominated market structure. This implies that rather than merely running isolated processes for customers, BPOs would engage more

deeply to identify and transform core business processes to add greater market value in the 'creation and delivery of end products and services'.

Further, as organisations continue to embrace Business Process Management to improve business performance during challenging times, this quest is pushing Business Process Management offerings beyond their traditional focus on routine, predictable, sequential processes towards broader, cross-boundary processes that include more unstructured work.

##### Emergence of Domestic Markets

India's domestic BPO market, with nearly 500 players, is set to grow at a CAGR of 33.3% to touch revenues of US\$ 6.82 billion by 2013, up from US\$ 1.62 billion recorded in 2008. (source: IDC)

However, it is the non-English BPOs in Tier-II and Tier-III centres that can provide services to the Telecom and Aviation sectors at a lower overall cost that are expected to play an increasing role in the growth of the domestic outsourcing industry. Currently, such sub-regional / local BPOs are estimated to have capabilities to offer services in 10-15 Indian languages.

The domestic BPO market shows promise of growth, especially in verticals like BFSI and Telecom in the short term. Areas of concern for the BPO industry, that services overseas customers, such as Rupee-US Dollar volatility, rising infrastructure costs in Tier-I cities, over dependence on North American and European markets are expected to have minimal impact on the domestic BPO sector.

##### Penetration into Tier II & Tier III cities

With rapidly developing infrastructure, availability of trained manpower, better connectivity and lower real estate costs, several Tier-II and Tier-III cities in India have fast emerged as the new BPO 'go to' destinations. However, higher training costs in Tier-II and Tier-III cities and lack of availability of adequate talent pool continues to be an area of concern for players.

##### Attempts by neighboring countries to improve Competitiveness

India is the undisputed leader in offshore services in the Asia Pacific Region with China remaining the greatest challenger in terms of potential scale. However, a number of countries are making considerable investments in this area and positioning themselves as credible alternatives.

Countries such as Malaysia, Philippines and Vietnam have continued to strengthen their position against leading alternatives, while Indonesia has shifted up several notches. Some of these countries have invested considerably and leveraged increased demand for lower-cost services.

The mature markets of Australia, Singapore and New Zealand offer limited cost savings, but are competing on factors such as language, political and economic environment, cultural compatibility, globalisation and legal maturity, data and intellectual property, security and privacy.

### Performance of Hinduja Global Solutions

Your Company continued its strong performance despite the uncertainty and volatility of the operating environment. The Total Income for FY'09-'10 expanded by 11.2% to Rs. 923.48 crore from Rs. 830.63 crore in the previous year. PAT expanded by 38.8% to Rs. 130.08 crore in FY'09-'10 from Rs. 93.73 crore in the previous year.

This performance was more creditable in view of the challenges faced by the company during the year, viz.

- Uncertainty caused by the external environment
- Appreciation of the Indian Rupee and Philippine Peso against the U.S. Dollar
- Less than expected volumes from North American clients in the holiday season due to the economic challenges still prevalent in that region.
- Pricing pressure in the domestic market by domestic telecom clients due to heightened competition and a continued reduction in ARPUs.

This performance was due to initiatives by your Company to reduce cost of delivery in order to be more price competitive as it pursues more opportunities in the gradually improving operating environment.

During the year, your Company opened its second center in Manila which has a capacity of 1,000 seats. This is in addition to its existing center in Manila which has a capacity of 2,000 seats. In the domestic market, your Company is in the process of establishing new centers in Tier III cities of Nagercoil and Guntur. The total seat capacity for the company stands at 14,708 as of March 31, 2010.

Your Company was ranked as the top partner by its leading domestic client. This is favourable for the Company as it strives to garner incremental business while its client undertakes vendor consolidation.

Another notable development during the year has been an order win from a new Media Client in the U.K. This was the first order for your Company in this geography and it is significant as it diversifies operation through the addition of a new vertical, a new geography and a new currency.

Your Company has also been able to improve the performance of its subsidiaries notably Affina. When it was acquired, Affina was at a breakeven level and the contribution to overall profitability has been steadily increasing.

Your Company will continue to pursue growth from three areas. It will look to increase business volumes from existing customers, to increase business by approaching new customers in existing verticals and markets, and to identify and enter new verticals and markets. The reason for the consistent performance over the last few difficult quarters is attributed to its diversified business model.

In future your Company's outsourcing projects will be both operative and consultative in nature. It will work closely with clients to understand and determine various

outsourcing options, models and plans. Post recessionary period ITeS companies will continue to make giant strides as organisations will strive to sustain their cost savings and there will be an enhanced focus on non fruitful expenditures. In order to sustain the ongoing performance, your Company will have to concentrate on reducing costs, diversify in different markets / verticals, setup up new centres and to sustain best practices within the organisation.

### Subsidiaries

**Pacific Horizon Limited**, is a wholly owned subsidiary of your Company incorporated under the laws of Mauritius, its principle activity consists of investments in overseas subsidiary and investment of surplus funds in short-term financing activities. Pacific Horizon Limited owns 100% of the share capital of Source1HTMT Inc, USA, C-Cubed NV, Netherlands and HTMT Europe Ltd.

During the year under review, the total income is US\$ 6,810,527 as against US\$ 6,811,356 during the previous year. Profit after tax is US\$ 5,090,352 as against US\$ 5,974,929 during previous year. Pacific Horizon Limited had acquired 100% holding in HTMT Europe Ltd. w.e.f. 30-3-2010 and HTMT Europe Ltd became wholly owned subsidiary of Pacific Horizon Limited w.e.f. 30-3-2010.

**Source1HTMT Inc., USA**, a wholly owned subsidiary of Pacific Horizon Ltd., Mauritius, specialises in marketing and providing both voice and non-voice related Customer Contact and Business Process Outsourcing services to its clientele.

Source1HTMT Inc, USA, has a subsidiary in North America, Affina LLC and a subsidiary in Europe : Hinduja TMT France. Souce1HTMT Inc. is essentially a marketing outfit and operates on a fixed margin on the business secured for the Parent Company and hence its profit margins are not comparable to that of Affina, which is an operating call center company.

During the year under review, total revenues were US\$ 64,362,091 as compared to US\$ 51,798,381 during last year. Net Income/(Loss) was US\$ (3,444,841) as compared to loss of US\$ (2,180,301) during previous year. During the year under review, Source1HTMT Inc. sold its entire investment in HTMT Europe Ltd to Pacific Horizon Ltd.

**Affina LLC**, which was acquired in November 2006 by Source1HTMT Inc, USA, has two subsidiaries namely RMT LLC and Affina Company, and it operates in five cities in USA and Canada. Affina LLC partners with Fortune 1000 companies and government agencies to provide comprehensive Customer Relationship Management programs integrating inbound contact center, internet, database marketing, market research, close-loop lead management and fulfillment services.

During the year under review, total revenues are US\$ 79,233,758 as compared to US\$ 71,260,557 during last year. Net Income is US\$ 6,087,256 as compared to US\$ 4,854,295 during previous year.



### Addressing Social Concerns

Your Company is committed to doing well for all causes all the time, wherever it can. In the past year, it continued in this pursuit with great zeal. It reached out to the distressed and dispossessed sections of the society by partnering with leading NGOs. The Company partnered with CRY, an organisation dedicated to championing the cause of children in India, in a major campaign to increase the coverage and spend under the Right of Children to Free and Compulsory Education Act 2009, Act. Among other NGOs, the Company has funded Arunodaya Charitable Trust towards its philanthropic activities and Hinduja Foundation towards its humanitarian activities in the field of Healthcare, Education, Arts, Culture and Social Welfare. It contributed towards the relief efforts for Typhoon Ketsana in Manila and flood relief in Andhra Pradesh and Karnataka in 2009.

Your Company engages on a constant basis with the differently-abled section of the society. The recruitment team visits institutes for organising awareness programmes on ITeS sector and recruits from this section. Every process of the Company has its own community engagement team which donates cash, clothes, toiletries and books and stationeries for the orphanages. Regular blood donation camps are organised in all the facilities of the Company throughout the year.

In general, your Company engages with the society across all its geographies for improving the conditions in: community health - through awareness generation and vaccination, education - through training and sponsorships, environment - through recycling and no-plastic campaigns and community development - through interactive sessions.

As your Company grows bigger, its engagement with the society gets even bigger. It does so not do so because it is mandated by law, but because it is ingrained in its culture.

### Communication and Public Relations

Your Company continued to ensure that all the stakeholders are well-informed about the Company, and that the Company's perspective is represented in the media. The Company took the lead on media handling; proactively placing good news stories, dealing with enquiries and producing media releases. All its Public Relations activities were directed towards preserving the corporate brand, enhancing reputation, maximising organisational potential and overseeing communications to all functions to achieve consistency. Special efforts were made in brand management - ensuring that corporate identity standards are clear and followed and maintaining visual continuity and brand recognition across all physical representations of the brand.

Your Company used multiple tools like print publications, online communications, manuals, website content, blogs and internet initiatives. The CEO communicates with the employees directly through his blog on the intranet. The Company conducted a 'Global Customer Satisfaction Survey' through an independent agency. The results of

this survey confirmed that our customers are delighted with your Company's services. Town-hall meetings have evolved as an effective tool for real-time interaction of the employees with the CEO. With an increased frequency, it has become the perfect platform to seek feedback from staff and discuss important issues.

Your Company has continued to win coveted awards and industry recognitions. It was adjudged among the Global Best 10 in Sales Service in the 2010 Global Outsourcing 100 survey by the International Association of Outsourcing Professionals (IAOP). It figured in the 'Deloitte Technology Fast 50', which is a ranking of the country's 50 fastest-growing technology companies based on the percentage growth over the last five years. Your Company was once again ranked in the 'NASSCOM Top 15 BPO Exporters' list and the 'NASSCOM Top 20 IT-BPO Employers' list. The external endorsements of our business excellence were equally matched by internal affirmations by our clients. For the second time in the last four years, your Company won the most valued partner award of a major telecom client. These business awards endorse that the Company is moving in the right corporate direction and help in talent retention and public relations.

Your Company continued to maintain a strong flow of information throughout the breadth of the organisation to support teamwork and commitment to implement the objectives in an accurate and timely manner. It also continued to communicate information such as new staff, changes in policies and procedures, program updates and organisational developments through internal newsletters. "Global Connect", a quarterly publication, continues to be the Company's flagship newsletter for internal communication. The intranet is extensively used to provide access to shared files, resources and other information to staff who are located all around the world but have access to the internet.

Your Company's financial results, important developments and achievements are communicated and uploaded on its website [www.hindujagsl.com](http://www.hindujagsl.com)

### Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

Chief Executive Officer and Chief Financial Officer Certification as required under Clause 49 of the Listing Agreement and Chief Executive Officer declaration about Code of Conduct are furnished in Annexure A and A-1 to this Report.

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

The prescribed particulars as required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are furnished in Annexure - B to this Report.

### Corporate Governance

As required under Clause 49 of the Listing Agreements, a detailed report on Corporate Governance forms Annexure-C to this Report.

The Statutory Auditors of the Company have examined the Company's compliance and have certified the same as required under the Listing Agreements. The certificate is reproduced as Annexure-D to this Report.

#### Management Discussion and Analysis Report

Further, a separate Management Discussion and Analysis Report covering a wide range of issues relating to performance, outlook etc., is annexed as Annexure - E to this Report.

#### ESOP

The disclosures required to be made under the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given in Annexure - F to this Report.

#### Fixed Deposits

Your 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.

#### Directors

Mr. Rajendra Chitale and Mr. Rangan Mohan, Directors of your Company, are liable to retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

#### Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, based on the information and documents made available to them, confirm that:

- i) In the preparation of Annual Accounts for the year ending 31st March 2010, the applicable accounting standards have been followed. There are no material departures in the adoption and application of the accounting standards.
- ii) 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 your Company at the end of the financial year and of the profit of your Company for that period;
- iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv) They have prepared the Annual Accounts on a going concern basis.

#### Auditors

M/s Price Waterhouse, Chartered Accountants, the Statutory Auditors of your Company, retire at the conclusion of the forthcoming Annual General Meeting of your Company and being eligible offer themselves for re-appointment. The Board recommends the re-appointment of Auditors.

#### Exemption from attaching Accounts and other Documents of Subsidiaries

Your Company has made an application to the Central Government under Section 212(8) of the Companies Act, 1956 requesting for granting exemption from attaching the Annual Accounts and other documents of its subsidiary companies to the Annual Accounts of the Company, on March 31, 2010. The approval of the Central Government is expected shortly. Accordingly, the Annual Accounts and other documents for the year ended March 31, 2010 of the subsidiary companies are not attached to the Annual Report. The Accounts of the subsidiaries will be made available for inspection by any member of the Company at its Registered Office and also at the Registered Office of the concerned subsidiary. The Accounts of the subsidiary companies and detailed information will be made available to the members upon receipt of request from them. The summary of key financials of the Company's subsidiaries as provided in the approval is included in this Annual Report. The accounts of individual subsidiary companies would be available on Company's website [www.hindujagsl.com](http://www.hindujagsl.com)

#### Employee's Particulars

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules 1975 as amended, forms part of this Directors' Report. However, in accordance with the provisions of Section 219(1) (b) (iv) of the Companies Act 1956, this Report is being sent to all the shareholders of the Company excluding the aforesaid information. Members interested in obtaining the said information may write to the Company Secretary at the Registered Office of the Company.

#### Acknowledgements

Your Board takes this opportunity to thank the customers, vendors, business partners, shareholders and bankers for the faith reposed in the Company and also thank the Government of India, various regulatory authorities and agencies for their support and looks forward to their continued encouragement. Your Directors place on record their sincere appreciation of the contribution of the Company's most important asset, viz. the employees, who through their sheer competence, hard work and co-operation have enabled the Company to achieve consistent growth.

For and on behalf of the Board

Ramkrishan P. Hinduja

Place : Mumbai

Chairman

Date : April 27, 2010



## Annexure 'A' to the Directors' Report

### Certificate in terms of Clause 49 of the Listing Agreement.

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2010 and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal

controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- d. We have indicated to the Auditors and the Audit Committee:
  - i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**Anand Vora**  
Chief Financial Officer

**Partha De Sarkar**  
Chief Executive Officer &  
Manager

Place: Mumbai

Date: April 27, 2010

## Annexure "A-1" 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, 2010.

**Partha De Sarkar**  
Chief Executive Officer & Manager

Date: April 27, 2010

## Annexure 'B' to the Directors' Report

*Particulars pursuant to Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988.*

a. Conservation of energy:

Though the Company's operations are not energy intensive, significant measures are taken to reduce energy consumption by buying energy-efficient computers and other equipments. The best practices for energy conservation are always observed in your Company, through control on lighting, using green systems and control on air-conditioning, etc. In the coming years, the Company expects to achieve significant savings in energy costs with this drive. The new facilities being established in the Tier II/Tier III towns (Guntur and Nagercoil) would be optimised for energy performance & occupant comfort.

b. Research and Development:

Research and Development of new services, solutions and platforms of delivery continue to drive all our ventures. Newer and more effective frameworks have led to enhanced quality, productivity and customer satisfaction. As your Company has embarked on investing in Tier II and Tier III cities to cater to its domestic clients, it is eagerly exploring and implementing cost effective technology modules. It is also concentrating on knowledge-centric, collaborative processes to differentiate its offerings to the customers.

c. Technology absorption:

Your Company has increased its efforts towards providing end to end solutions to its customers through Customer Relationship Management (CRM) software, Feet on Street (FOS), Integrated Voice Response (IVR) and Payment-gateway through partners for the Insurance vertical. It has also initiated partnerships with Industry leaders in software development for enhancing its offerings through products and projects for providing versatile and flexible platforms. It has substantially enhanced its value proposition to its customers by putting the billing of its technical resources for projects under the Finance vertical.

Your Company has migrated one of its largest telecom customers in the domestic process in India on IP with Soft phones using the Hosted Model. This is an innovative initiative towards 'Voice as a Service'(a Cloud Offering) by its client. Your Company would take a quantum leap in moving towards Rural BPOs by opening a center at Nagercoil for handling inbound calls for one of its largest telecom customers. In line with this initiative, your Company has a target of opening two more centers in the coming year(s) in the Karnataka and Andhra Pradesh regions. It has struck an attractive contract with an alternate internet service provider for one of the businesses and is in the process of building BGP (Border Gateway Protocol) to ensure higher availability. It has moved voice switches and recording solutions from India to its delivery center in US, which has ensured technology optimisation across the organisation.

Your Company has inaugurated another delivery center at Manila with redundant Infrastructure for

the site, capable of Inbound and Outbound voice business. Your Company has also installed the High Availability solution for its Avaya Voice solution which will bolster organisation's strengths in the contact center technology. It has also added a second POP (Point of Presence) for its call aggregation in US, thereby providing diversity to its business delivery. It has migrated few of its telecom links from existing service providers to alternate carriers to ensure better cost advantage. It has enhanced the performance of its customers' businesses by reducing the AHT (Average Handle time) of the call by supporting the CTI (Computer Telephony Integration) build with CRM. It has initiated new business at the second site for a large telecom customer and is taking the incoming calls through a new telecom carrier. It has built a Disaster Recovery Center for a large Health Insurance client at no extra cost by optimisation of seats and rationalisation of technology resources. The delivery center at Manila is now compliant with PCI DSS and has invested in new tools and technologies for monitoring and managing customers' businesses.

Your Company has managed to reduce the telecom expenses by renegotiating the contract with a leading carrier and similar steps are being taken with other carriers. It has invested on Virtualisation with Storage Area Network for hosting a few of the customers' CRM applications. Customised Websites with service offerings for the management of a host of products have been designed for one of its largest existing insurance customers. Migration of the CRM platform from legacy lotus notes to net is underway through a partnership approach for its another large consumer electronics customer. Technology up-gradation across the US geography has ensured high availability and sufficient scalability to its customers.

e. Export Initiative, Foreign exchange earnings and Outgo.

➤ **Export initiatives and development of new export markets.**

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

| For the year          | 2009-2010 | 2008-2009 |
|-----------------------|-----------|-----------|
| Exports as a:         |           |           |
| % of Operating income | 72.48%    | 69.04 %   |
| % of Total income     | 72.08%    | 68.47 %   |

➤ **Foreign exchange Earnings and Outgo**

Rs. in lakhs

|                               | 2009-2010 | 2008-2009 |
|-------------------------------|-----------|-----------|
| Total Foreign Exchange Earned | 35,442.38 | 30,786.82 |
| Total Foreign Exchange Outgo  | 13,494.21 | 12,006.34 |

For and on behalf of the Board  
Ramkrishan P.Hinduja

Place: Mumbai

Chairman

Date: 27th April, 2010

Conservation of Energy, R&D and Technology Absorption etc.



Annexure 'C' to the Directors' Report

# Report on Corporate Governance

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") and the Management of your Company commit themselves to:

- Strive towards enhancement of shareholder value in the medium and long term through sound business decisions, prudent financial management and high standard of ethics throughout the organisation.
- Ensure transparency and professionalism in all decisions and transactions of the Company.
- Achieve excellence in Corporate Governance by
  - ❖ Conforming to, and exceeding wherever possible, prevalent guidelines on Corporate Governance.
  - ❖ Reviewing the Board processes and Management systems regularly to improve governance relating to all the above.

## 2. BOARD OF DIRECTORS

### A. Composition

#### Non-Executive Directors (Promoter Group)

Mr. Ramkrishan P. Hinduja, Chairman

Mr. Dheeraj G. Hinduja

Ms. Vinoo S. Hinduja

#### Independent Directors

Mr. Anil Harish

Mr. Rajendra P. Chitale

Mr. Rangan Mohan

#### Alternate Director

Mr. Kailashchandra Samdani  
(Alternate to Ms. Vinoo S. Hinduja)

#### Chairman Emeritus

Mr. Ashok P. Hinduja

#### Chief Executive Officer & Manager

Mr. Partha De Sarkar

The composition of the Board is in conformity with Clause 49 of the Listing Agreement with Stock Exchanges.

### B. Dates of Board Meetings held during the year

| Date of Board Meeting | Board Strength | No of Directors present |
|-----------------------|----------------|-------------------------|
| 13/05/2009            | 6              | 6                       |
| 27/07/2009            | 6              | 5                       |
| 27/10/2009            | 6              | 6                       |
| 27/01/2010            | 6              | 6                       |

The time gap between any two Meetings did not exceed four months. The information as prescribed under Clause 49 of the Listing Agreement was placed before the Board from time to time, as required.

### C. Attendance of Directors

| Name of the Director                                  | No. of Meetings Attended | Attendance previous AGM held on 29th July, 2009 |
|---|--------------------------|---|
| Mr. Ramkrishan P. Hinduja                             | 4                        | Yes   |
| Mr. Dheeraj G. Hinduja                                | 3                        | No  |
| Ms. Vinoo Hinduja (Alternate Kailash Chandra Samdani) | 4                        | No  |
| Mr. Anil Harish                                       | 4                        | Yes   |
| Mr. Rajendra P. Chitale                               | 4                        | Yes   |
| Mr. Rangan Mohan                                      | 4                        | Yes   |

Mr. Ashok P. Hinduja, Chairman Emeritus attended the Annual General Meeting held on 29th July, 2009.

### D. Details of Membership of the Directors of Boards and Board Committees (including Hinduja Global Solutions Limited)

| Name of the Director      | Boards* | Board** Committees | Chairmanship of Board Committees |
|---------------------------|---------|--------------------|----------------------------------|
| Mr. Ramkrishan P. Hinduja | 7       | 3                  | -                                |
| Mr. Dheeraj G. Hinduja    | 8       | 2                  | -                                |
| Ms. Vinoo S. Hinduja      | 3       | -                  | -                                |
| Mr. Anil Harish           | 14      | 10                 | 5                                |
| Mr. Rajendra P. Chitale   | 10      | 8                  | 2                                |
| Mr. Rangan Mohan          | 3       | 2                  | 2                                |

\* Excludes Foreign Companies, Private Limited Companies and Alternate Directorships.

\*\* Only the following Board Committees have been considered for this purpose: Audit Committee and Shareholders' / Investors' Grievance Committee.

#### • Secretarial Standards relating to Meetings

The Institute of Company Secretaries of India (ICSI) has established Secretarial Standards relating to Meetings of the Board and Committees thereof, General Meetings, Dividend, Registers and Records, Minutes and Transmission of Shares and Debentures. These Standards are presently recommendatory and may become mandatory in due course. The secretarial practices of your Company generally comply with these Standards.

### 3. AUDIT COMMITTEE

#### A. Terms of reference

- To oversee Company's financial reporting process and disclosure of its financial information;
- To recommend appointment of Statutory Auditors and to fix audit fee;
- To review and discuss with Auditors the following:
  - internal control systems, scope of audit including observations of auditors, adequacy of internal audit function, major accounting policies and practices,
  - compliance with accounting standards,
  - Compliance with Stock Exchange and legal requirements concerning financial statements and
  - related party transactions, if any;
- To review Company's fiscal and risk management policies;
- To discuss with internal auditors any significant findings for follow-up thereon;
- To review quarterly, half yearly and annual financial statements before submission to the Board; and
- To advise and guide operating management on specific issues/ transactions in co-ordination with Statutory Auditors;
- To review Management discussion and analysis of financial condition and results of operations;
- To review Statement of significant related party transactions.

The terms of reference and composition of the Audit Committee conform to the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

#### B. Composition

The Audit Committee was constituted by the Board of Directors of the Company on March 7, 2007. The composition of the Audit Committee is as follows:

Chairman: Mr. Anil Harish

Members: Mr. Rajendra P. Chitale

Mr. Ramkrishan P. Hinduja

The Company Secretary acts as Secretary to the Committee. The permanent invitees to Audit Committee meetings include representatives of the Statutory Auditor, representatives of the Internal Auditor, Chief Executive Officer and Chief Financial Officer.

#### C. Meetings and Attendance

The details of meetings held during the year and the attendance there at are as follows:

**Dates of Meetings:** 12/05/2009, 27/07/2009, 26/10/2009 and 25/01/2010

Attendance:

| Name of the Director      | No. of Meetings attended |
|---------------------------|--------------------------|
| Mr. Anil Harish           | 4                        |
| Mr. Ramkrishan P. Hinduja | 4                        |
| Mr. Rajendra P. Chitale   | 4                        |

### 4. COMMITTEE OF DIRECTORS

#### A. Terms of Reference

- The Committee of Directors is inter-alia empowered to oversee the functioning of the Company and its subsidiaries, to provide strategic direction to the subsidiaries / associates of the Company and to approve investments and borrowings within the limits prescribed by the Board.
- To approve capital expenditure schemes and to recommend to the Board capital budgets and other major capital schemes.
- To consider new businesses, acquisitions, divestments, changes in organisation structure and also to periodically review the Company's business plans and future strategies.
- To approve donations within the limits prescribed by the Board.
- The Committee would also take decisions on such matters as may be delegated to it by the Board and ensure their implementation by the Management within the guidelines fixed by the Board.

#### B. Composition

Chairman: Mr. Ramkrishan P. Hinduja

Members: Mr. Rangan Mohan

Ms. Vinoo S. Hinduja (w.e.f. 27/01/2010)

#### C. Meetings

During the year, 3 meetings were held to consider strategic, operational and financial matters, review of Company's and its subsidiaries operations and other matters.

### 5. INVESTORS' GRIEVANCE COMMITTEE

#### A. Terms of reference

The Investors' Grievance Committee shall specifically look into redressing shareholders' and investors' complaints in the following areas:

- Transfer of shares
- Non-receipt of financial statements and other documents under the Companies Act, 1956
- Non-receipt of declared dividends
- Non-receipt of Shares lodged for transfer
- Issue of Duplicate Shares
- Forged Transfers and
- any other matter of Shareholder's interest.



The Committee reviews the system of dealing with and responding to correspondence from all categories of investors. The details of complaint letters, if any, received from Stock Exchanges/ SEBI and responses thereto are reviewed by the Committee. The Committee also reviews /approves initiatives for further improvements in servicing investors.

During the year, two complaints were received from shareholders, which were duly attended to. There were no pending complaints against the Company as on March 31, 2010.

#### B. Composition

The Investors' Grievance Committee was constituted by the Board of Directors of the Company on March 7, 2007. The composition of the Investors' Grievance Committee is as follows:

Chairman: Mr. Anil Harish

Member: Mr. Dheeraj G. Hinduja

#### C. Meetings and Attendance

**Dates of Meeting: 31/07/2009**

Attendance:

| Name of the Director   | No. of Meetings attended |
|------------------------|--------------------------|
| Mr. Anil Harish        | 1                        |
| Mr. Dheeraj G. Hinduja | 1                        |

### 6. COMPENSATION COMMITTEE

#### A. Authority and Responsibilities of Compensation Committee:

The Compensation Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management, in accordance with its business judgment.

**Terms of Reference:**

- 1) The Compensation Committee was authorised to determine all the terms governing the HTMT Technologies Ltd. Compensatory Employees Stock Option Plan 2006 and HTMT Global Solution Ltd Employee Stock Option Plan 2008 including any variation thereof and, inter alia determining eligibility for grant, timing and number of option grant, vesting schedule, exercise price and other matters.
- 2) To review and approve, or recommend for approval to the Board of Directors, the compensation of the Company's Chief Executive Officer (the "CEO") and the Company's other executive officers, to be responsible for overseeing the evaluation of the Company's senior executives, to review periodically and make recommendations to the Board of

Directors with respect to incentive-compensation plans and equity-based plans, to exercise all rights, authority and functions of the Board of Directors under all of the Company's stock option, stock incentive, employee stock purchase and other equity-based plans, including without limitation, the authority to interpret the terms thereof, to grant options there under and to make stock awards thereunder, to review periodically and make recommendations to the Board of Directors with respect to director compensation and have such other duties as may be delegated from time to time by the Board of Directors.

#### B. Composition

The Compensation Committee was constituted by the Board of Directors of the Company on March 7, 2007. The composition of the Compensation Committee is as follows:

Chairman: Mr. Anil Harish

Members: Mr. Dheeraj G. Hinduja

Mr. Rajendra P. Chitale

Mr. Rangan Mohan

#### C. Meeting and Attendance

**Dates of Meetings: 1/06/2009, 31/07/2009, 23/09/2009 and 31/12/2009**

Attendance:

| Name of the Director    | No. of Meetings attended |
|-------------------------|--------------------------|
| Mr. Anil Harish         | 4                        |
| Mr. Dheeraj G. Hinduja* | 1                        |
| Mr. Rajendra P. Chitale | 4                        |
| Mr. Rangan Mohan**      | —                        |

\* Mr. Dheeraj G. Hinduja has attended all four Compensation Committee Meetings, of which the meetings held on 1/06/2009, 23/09/2009 and 31/12/2009 were attended through Video Conference/ Tele Conference. Hence, for the purpose of reckoning attendance, these meetings were excluded.

\*\* Mr. Rangan Mohan has attended all four Compensation Committee meetings through Video Conference/Tele Conference. Hence, for the purpose of reckoning attendance, these were excluded.

### 7. REMUNERATION OF DIRECTORS

No payments were made to Directors during the year under review except sitting fees.

There were no material pecuniary relationships or transactions with Non-Executive Directors.

**Sitting fees paid to Non-Executive Directors during the year under review.**

| Name of the Director   | Sitting Fees (Rs.) |
|--|--------------------|
| Mr. Ramkrishan P. Hinduja                                      | 1,60,000           |
| Mr. Dheeraj G. Hinduja   | 70,000             |
| Ms. Vinoo S. Hinduja   | 60,000             |
| Mr. Anil Harish  | 1,85,000           |
| Mr. Rajendra P. Chitale  | 1,80,000           |
| Mr. Rangan Mohan   | 80,000             |
| Mr. Kailashchandra Samdani (Alternate to Ms. Vinoo S. Hinduja) | 20,000             |

Fees for professional services rendered by Firms of Solicitors/Advocates/Chartered Accountants in which certain Independent Directors are partners are as under:

| Name of Firm            | Amount paid during the year under review | Name of Director who is partner |
|-------------------------|--|---------------------------------|
| Rangan Mohan Associates | Rs.11,60,554.51                          | Mr. Rangan Mohan                |

The increase in the remuneration of Chief Executive Officer and grant of options under HTMT Global Employees Stock Option Plan 2008 (now known as Hinduja Global Employees Stock Option Plan 2008) were reviewed by the Compensation Committee.

**8. GENERAL BODY MEETINGS**

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

| Financial Year | Location  | Date and Time                    |
|----------------|---|----------------------------------|
| 2006-2007      | Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018 | September 24, 2007 at 1.00 p.m.  |
| 2007-2008      | Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018 | September 27, 2008 at 11.00 a.m. |
| 2008-2009      | Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018 | July 29, 2009 at 11.00 a.m.      |

- b. There was no special resolution requiring voting through postal ballot during the year.
- c. The following are the Special Resolutions passed at the previous three AGMs

| AGM held on   | Summary   |
|---------------|---|
| July 29, 2009 | 1) Pursuant to provision of Section 81(1A) and other applicable provisions, if any, of Companies Act 1956, the Foreign Exchange Management Act, 1999 to create, offer, issue and allot Securities in the form of Equity |

| AGM held on        | Summary  |
|--------------------|--|
|                    | Shares, Warrants, Bonds or Debentures, Depository Receipt, whether Global Depository Receipt ("GDR"), American Depository Receipts ("ADR"). Provided aggregate issue price of Securities to be issued shall not exceed Rs 500 Crores (Rupees Five Hundred Crores).   |
| September 27, 2008 | 1) Pursuant to provisions of Section 81 and such other provisions of the Companies Act, 1956 to issue, offer for subscription and allot, in one or more tranches, new equity shares not exceeding 1% of the outstanding paid up capital of the Company at the beginning of the year, in any one year, for the benefit of such person(s) as may be in the employment of the Company, whether shareholders of the Company or not at such price and other terms as per the HTMT Global Solutions Limited Employees Stock Option Plan 2008.<br>2) Benefits of HTMT Global Solutions Limited Employees Stock Option Plan 2008 be extended to the eligible employees of the subsidiary(ies)/holding Company(ies).<br>3) Pursuant to provision of Section 81(1A) and other applicable provisions, if any, of Companies Act 1956, the Foreign Exchange Management Act, 1999 to create, offer, issue and allot Securities in the form of Equity Shares, Warrants, Bonds or Debentures, Depository Receipt, whether Global Depository Receipt ("GDR"), American Depository Receipts ("ADR"). Provided aggregate issue price of Securities to be issued shall not exceed Rs 500 Crores (Rupees Five Hundred Crores).<br>4) In accordance with the provisions of Section 21 and other applicable provisions, if any, of the Companies Act, 1956 to change the name of the Company from HTMT Global Solutions Limited to Hinduja Global Solutions Limited |
| September 24, 2007 | 1) Alteration of Articles of Association of the Company by inserting Article No. 167A towards provisions in respect of Chairman Emeritus.  |

**9. DISCLOSURES**

- a. There were no material significant related party transactions that may have a potential conflict with the interests of the Company at large. Transactions with related parties have been disclosed vide Note No. 5 in Schedule R to the financial statements.
- b. There have been no instances of non-compliance by the Company on any matter related to the capital markets, nor have any penalty/strictures been imposed on the 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. The Company has complied with all the mandatory requirements of Corporate Governance as required by the Listing Agreement.
- d. No personnel have been denied access to the Audit Committee of the Company to discuss any matter of substance.



### 10. MEANS OF COMMUNICATION

- A. The quarterly results are published in leading national newspapers (Economic Times, Financial Times, Navbharat Times and Maharashtra Times). The quarterly results are simultaneously displayed on [www.hindujagsl.com](http://www.hindujagsl.com), the Company's website. 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. Management Discussion and Analysis Report is given as an Annexure to the Directors' Report.

### 11. GENERAL SHAREHOLDER INFORMATION

|    |  |   |
|----|--|---|
| 1. | Next Annual General Meeting  |   |
|    | Date   | July 31, 2010   |
|    | Time   | 11.00 A.M.  |
|    | Venue  | Hall of Harmony, Nehru Centre, Worli Mumbai 400 018                                     |
| 2. | Financial Calendar for 2010-11 (Tentative)                               |   |
|    | Unaudited results for the quarter ended June 30, 2010.                   | 4th week of July 2010   |
|    | Unaudited results for the quarter / half year ending September 30, 2010. | 4th week of October 2010  |
|    | Unaudited results for the quarter ending December 31, 2010.              | 4th week of January 2011  |
|    | Audited results for the year ending March 31, 2011.                      | 4th week of April 2011  |
| 3. | Book Closure Dates   | From July 23, 2010 to July 31, 2010 (both days inclusive)                               |
| 4. | Dividend payment date for the financial year 2009-10                     | On or after 2nd August 2010   |
| 5. | Listing of Equity Shares   | Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE) |
| 6. | Stock Code   | BSE: 532859<br>NSE: HGSL  |

(Note: Annual Listing fee for the financial year 2010-11 has been paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited).

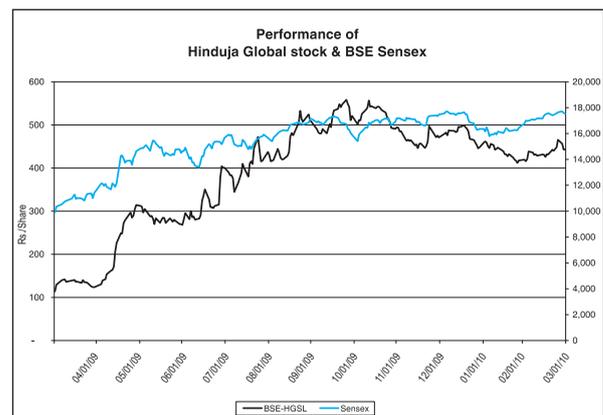
### 12. STOCK MARKET DATA

| Month      | Bombay Stock Exchange Limited |                   | National Stock Exchange of India Limited |                  |
|------------|-------------------------------|-------------------|--|------------------|
|            | Month's High (Rs.)            | Month's Low (Rs.) | Month's High(Rs.)                        | Month's Low(Rs.) |
| April 2009 | 148.00                        | 111.00            | 145.05                                   | 106.00           |
| May 2009   | 318.80                        | 122.50            | 317.60                                   | 124.50           |
| June 2009  | 316.90                        | 265.00            | 320.00                                   | 265.00           |
| July 2009  | 435.00                        | 265.00            | 435.00                                   | 262.00           |

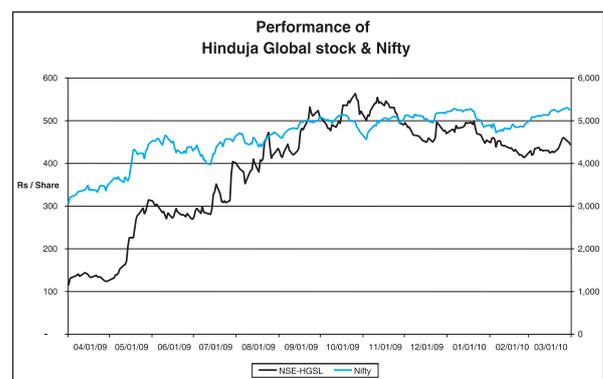
| Month          | Bombay Stock Exchange Limited |                   | National Stock Exchange of India Limited |                  |
|----------------|-------------------------------|-------------------|--|------------------|
|                | Month's High (Rs.)            | Month's Low (Rs.) | Month's High(Rs.)                        | Month's Low(Rs.) |
| August 2009    | 477.00                        | 331.10            | 497.40                                   | 335.00           |
| September 2009 | 545.00                        | 410.25            | 547.00                                   | 406.00           |
| October 2009   | 603.00                        | 470.25            | 604.50                                   | 470.00           |
| November 2009  | 565.05                        | 482.00            | 563.00                                   | 468.00           |
| December 2009  | 519.00                        | 442.60            | 514.00                                   | 444.10           |
| January 2010   | 551.10                        | 425.20            | 510.00                                   | 425.15           |
| February 2010  | 479.70                        | 400.50            | 470.00                                   | 407.00           |
| March 2010     | 474.80                        | 389.90            | 478.80                                   | 416.70           |

#### SHARE PRICE MOVEMENT (BSE)

Company's closing share price performance at BSE relative to BSE Sensex closing prices (April 2009 to March 2010).



Company's closing share price performance at NSE relative to NIFTY closing prices (April 2009 to March 2010)



### 13. SHARE TRANSFER SYSTEM

Your Company's equity shares are compulsorily traded in dematerialised form. As on March 31, 2010, about 99.70% of your Company's equity shares (comprising 2,05,26,632 shares) have been dematerialised. Shares of your Company are regularly traded on the BSE and NSE w.e.f. June 19, 2007.

The power to approve transfer of shares in physical form and attend to share transfer formalities has been delegated by the Board to a committee consisting of officers of the Company.

Transfer requests received for physical shares are processed / returned within 30 days from the date of receipt.

On March 31, 2010 there were no unprocessed transfers pending. The details of physical shares transferred during the last three years are as under:

| Particulars               | 2007-2008 | 2008-2009 | 2009-2010 |
|---------------------------|-----------|-----------|-----------|
| No. of transfer deeds     | 10        | 05        | 03        |
| No. of shares transferred | 1150      | 252       | 200       |

**Pattern of shareholding as of March 31, 2010:**

| Particulars  | No. of shares     | Percentage of shareholding |
|--|-------------------|----------------------------|
| Promoters  | 14,041,952        | 68.20                      |
| FII's  | 3,382,340         | 16.43                      |
| NRIs/OCBs/Non Domestic Companies                                 | 110,413           | 0.54                       |
| Mutual Funds, Banks, Financial Institutions, Insurance Companies | 693,328           | 3.37                       |
| Private Corporate Bodies   | 861,473           | 4.18                       |
| Individuals / Others   | 1,499,717         | 7.28                       |
| <b>Total Paid-up capital</b>                                     | <b>20,589,223</b> | <b>100.00</b>              |

**Distribution Schedule as of March 31, 2010:**

| Distribution  | No. of shareholders | No. of Shares     | Percentage of Shareholding |
|---------------|---------------------|-------------------|----------------------------|
| Less than 500 | 10,008              | 614,263           | 2.98                       |
| 501-1000      | 272                 | 206,741           | 1.00                       |
| 1001-2000     | 132                 | 194,170           | 0.94                       |
| 2001-3000     | 58                  | 144,464           | 0.70                       |
| 3001-4000     | 19                  | 66,950            | 0.33                       |
| 4001-5000     | 14                  | 61,855            | 0.30                       |
| 5001-10000    | 25                  | 170,470           | 0.83                       |
| Above 10000   | 60                  | 19,130,310        | 92.92                      |
| <b>Total</b>  | <b>10,588</b>       | <b>20,589,223</b> | <b>100.00</b>              |

Secretarial audit is carried out in line with SEBI requirements and reports submitted by an independent Company Secretary confirming that the aggregate number of equity shares of the Company held in NSDL, CDSL and in physical form tally with the issued/paid-up capital of the Company, were noted by the Board from time to time.

None of the Directors of the Company holds any shares of the Company as on March 31, 2010 except Ms. Vinoo Hinduja who holds 61,065 equity shares of the Company which is 0.30% of the total paid up capital of the Company.

**Code of Conduct:** The Company has adopted separate Code of Conduct for Executive Directors and Senior Management and/or Non-Executive Directors on March 7, 2007 and the same have been posted on the Company's website. As required under Clause 49 of the Listing Agreement, the Chief Executive Officer has given a declaration to the effect that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct as on March 31, 2010.

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

- **The Board:** The Company does not reimburse expenses incurred by the Non-Executive Chairman for maintenance of a separate Chairman's office. The Company has not provided for tenure of Independent Directors.
- **Remuneration Committee:** The Company has instituted a Compensation Committee. A detailed note on Compensation Committee/ Remuneration Committee is provided elsewhere in this report.
- **Shareholder Rights:** The Company publishes quarterly unaudited financial results in the newspapers and also displays it on the Company's website [www.hindujagsl.com](http://www.hindujagsl.com) apart from displaying it on Stock Exchange website. Accordingly, it does not envisage sending the same separately to the households of the shareholders.
- **Audit qualifications:** During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- **Training of Board Members:** The Company does not have any formal training program for Board Members. However, periodical presentations are made to the Board on changes made by SEBI and the Stock Exchanges in disclosure and other requirements. The Directors interact with the management in a very free and open manner on information that may be required by them on orientation and centre visits.
- **Mechanism for evaluating non-executive Board Members:** There is no separate mechanism for evaluating the performance of Non-Executive Board Members.
- **Whistle Blower Policy:** The Company does not have any Whistle Blower Policy. However, any employee, if he/she so desires, has free access to meet or communicate with the Senior Management and report any matter of concern.



#### 15. REGISTRAR AND SHARE TRANSFER AGENTS

Your Company's Registrar and Share Transfer Agents is Sharepro Services (India) Private Limited, Samhita Warehousing Complex, Gala No-52 to 56, Bldg No.13 A-B, Sakinaka Telephone Exchange, Andheri- Kurla Road, Sakinaka, Mumbai-400072.

Shareholders' correspondence should be addressed to the Registrar and Share Transfer Agent at the above address, marked to the attention of Ms. Indira Karkera/ Mr. Damodar K.

Tel: (91 22) 67720314, 67720300, 67720400,  
Fax: 022-2859 1568/28508927 or

E-Mail: [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

#### 16. ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

Queries relating to operational and financial performance of your Company may be addressed to: Mr. Anand Vora, Chief Financial Officer.

Address: HGSL House No 614, Vajpayee Nagar, Bommanahalli, Hosur Road, Bangalore 560068.

Tel: (91 80) 2573 2620 and 25733212;  
Fax: (91 80) 2573 1592

Shareholders may address queries relating to their holdings to Mr. Hasmukh Shah, Vice President-Legal & Secretarial at Hinduja House, 171 Dr. A.B.Road, Worli, Mumbai 400 018 or contact him on the following numbers:

Tel: (91 22) 24960707 (Ext : 333); Fax: 24974208,

Email: [investor.grievances@hindujagsl.com](mailto:investor.grievances@hindujagsl.com)

Plant Locations: Not applicable.

Pursuant to the SEBI Circular No. MIRSD/DPS III/ Cir-01/07 dated January 22, 2007, the Company has designated an exclusive e-mail ID [investor.grievances@hindujagsl.com](mailto:investor.grievances@hindujagsl.com), where the investors would be able to register their complaints and also take necessary follow-up actions as necessary.

#### 17. COMPLIANCE OFFICER

Mr. Prasenjit Guha, Vice President - Legal & Company Secretary.

For and on behalf of the Board

Place: Mumbai  
Date: April 27, 2010

**Ramkrishan P. Hinduja**  
Chairman

# Annexure 'D' to the Directors' Report

## Auditors' Certificate on Compliance with the Conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To

The Members of Hinduja Global Solutions Limited

1. We have examined the compliance of conditions of Corporate Governance by Hinduja Global Solutions Limited ("the Company") for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Partha Ghosh**

Partner

Membership Number: F-55913

Place: Mumbai

Date: April 27, 2010



## Annexure 'E' to the Directors' Report

# Management Discussion & Analysis Report

## Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India. The Management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein.

The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present our state of affairs, profits and cash flows for the year.

## Industry Overview

The Financial Year 2009-10 was multi-faceted as the first half witnessed continuation of the effects of the economic and financial slowdown whereas the second half displayed signs of recovery. Different regions are recovering at varying speeds with developing economies recovering at a faster pace than the developed economies. Private spending in developed economies is still at restrained levels, resulting in lower levels of inflation and increased stress on government support via monetary and fiscal stimulus. As the recovery is expected to be protracted, organisations are not yet reverting to a singular focus on revenue growth but continue to focus on cost-efficiencies and improved quality of products as a means for sustaining their performance. As per a recent Gartner Inc. survey, when the economy recovers, 85% of the organisations expect increased spending on external service providers. Thus, the growth opportunity available to the industry continues to remain sizeable.

The US remains the largest market for outsourcing and there is a misconception that the US Government is penalising corporations that outsource services. The reality is that regulators are evaluating ways to plug existing loopholes in the current regulations that allow tax breaks to corporations in their non-US operations even when those operations may enjoy healthy levels of profitability. Outsourcing, which should be distinguished from offshoring, enjoys a favourable outlook in the US as the organisations which currently outsource, understand the market dynamics and the fact that outsourcing delivers value beyond merely cost savings. This is expected to result in increased business flow from the developed nations. In fact, a study by the Everest Research Institute reports that the first quarter of 2010 was recorded as North America's best quarter as regards the activity in the outsourcing market since the fourth quarter of 2008. The North American outsourcing and offshoring transaction activity increased by 18% and the annual contract value (ACV) was higher by 36% over the fourth quarter of 2009. These signs support the outsourcing market and in turn give impetus to an imminent economic recovery.

According to Gartner, several countries in the Asia Pacific region are positioning themselves to be increasingly

competitive to garner a higher share of the potential business. While India and China remain the leaders for offshore IT and business process outsourcing services, the outsourcing activities in countries like Malaysia, Philippines, Vietnam, Thailand and Indonesia are gaining traction. Countries like Australia, New Zealand and Singapore are also trying to offer themselves as credible alternatives. While they may be able to provide limited cost benefits relative to Asian countries, they are stressing on issues such as political stability, cultural similarities and data security to make their case. Africa is also emerging as a high potential outsourcing and BPO hub.

While the developed regions are expected to increase their focus on outsourcing to drive competitiveness, the developing economies are also emerging as attractive regions to pursue opportunities. According to a Nasscom survey, the contribution from the untapped markets of Brazil, Russia, India and China (BRIC) and the Gulf Cooperation Council (GCC) regions will be 80% of the incremental growth during the period till 2020.

Clearly, the demand environment is dynamic and is compelling providers to revisit their delivery models to build in greater efficiencies and flexibility to enable them to cater to a diverse customer base. In order to remain competitive, the industry will need to identify areas for value addition beyond operational delivery. Innovators are expected to determine the next wave of growth which will be driven by objectives other than cost efficiencies, cost reduction and cost avoidance. They will need to look beyond core offerings and markets through new business and pricing models, will have to specialise to provide end-to-end service offerings with deeper penetration across verticals and transform the process delivery through re-engineering and enabling technologies. Successfully attaining these objectives will attract not only new clients but also enrich the processes of the existing clients.

## Performance of Indian Firms

As per NASSCOM's "IT BPO Sector in India; Strategic Review 2010" the Indian domestic IT-BPO market is estimated to aggregate revenues to the tune of US\$73.1 billion in FY'09-'10. For FY'09-'10, NASSCOM has estimated BPO segment at US\$ 12.4 billion export revenues for the industry recently crossed the landmark of US\$ 50 billion. The outlook for FY'10-'11 is positive and export revenues are expected to cross US\$ 56-57 billion, forecasting growth of nearly 15%.

The IT BPO sector makes a significant contribution towards the national GDP with sectoral revenues share having grown from 1.2% in FY'97-'98 to an estimated 6.1% in FY'09-'10. The contribution towards building up a favourable image in international markets, aggregating foreign exchanges reserves and the impact on domestic GDP through consumer demand by persons employed in the sector has been equally significant.

Although the year gone by has been extremely challenging, the Indian BPO market has shown remarkable resilience. As per a Nasscom study, the



Indian IT BPO Industry holds nearly 51% market share, continuing to dominate the global BPO market. The other clear trend emerging within the Industry is the identification of the domestic market as a key growth driver. As the Indian economy is the second fastest growing economy in the world the domestic demand for services is multiplying rapidly. The domestic BPO industry registered a growth of over 40% in INR terms in FY'09-'10. Projections for future growth are fairly buoyant and a Gartner study anticipates that the BPO market in India will grow 25% in 2010 and is estimated to grow 19% through 2013. Gartner estimates the Indian domestic BPO market will grow into a \$1.2 billion market by 2011 and into a \$1.8 billion market by 2013. The opportunity offered by this market is difficult to ignore and there is intense competition for market share between foreign multinationals, Indian multinationals, as well as regional players.

Indian ITeS providers are evolving in their quest to identify and capitalise on different avenues for growth. IDC India, a global IT intelligence firm, expects that the industry would evolve into third-party 'transformational outsourcing' relationships from the existing captive dominated market structure. This means that BPOs will innovate their ways and focus more on identification and transformation of the customer's core business processes to add greater market value in the 'creation and delivery of end products and services'.

The BPO industry is continuously churning out jobs and creating mass employment in the country. This spurt is supported by the addition of nearly 3.7 million graduates in FY'09-'10, which is among the highest in the world.

The IT BPO industry in India is expected to employ nearly 2.3 million in the year gone by, an increase of 90,000 employees as compared to the previous year, while employment via indirect job creation is estimated at 8.2 million. To take advantage of the economies of scale and cost efficiencies, to aid in employment generation and to address the burgeoning domestic opportunity there is a conscious shift from the Tier I cities to the Tier II and Tier III cities.

The industry also enjoys a well balanced vertical market mix consisting of a wide range of established and emerging sectors which help to reinforce the favourable outlook. A few new emerging verticals like retail, healthcare and utilities portrayed a spurt in growth in addition to the established sectors. Further, there are increasing opportunities provided by the Government IT spend in India which was estimated at INR 150 billion (about US\$ 3.3 billion) in 2009 and is expected to reach INR 250 billion (about US\$ 5.5 billion) by 2011 including a fairly significant business opportunity in e-Governance. Nasscom anticipates that the development of new opportunities can triple the current total addressable market, and can lead to Indian IT-BPO revenues of US\$ 225 billion by 2020.

### Challenges

Hinduja Global Solutions Limited (HGSL) may face the following risks and challenges:

- Though the economic scenario is gradually improving, there are still concerns of a reversion to a recession like situation. Further, economic crises led by sovereign default may result in deterioration in demand for products and services offered by our customers that would directly impact our volumes and performance.
- Export oriented risks: As the developed nations are recovering at a slow pace, the business from these geographies will gain traction in demand depending on the economic recovery in these nations. There exists a perennial risk of foreign exchange currency fluctuations which could negatively affect the Company's margins.
- Regulatory and Political risks: If tariff or non-tariff barriers are introduced to outsourcing or the BPO industry by governments, to spur growth in their economies, the industry would be seriously affected.
- Risk associated with seasonal trends: The Company gets business from various geographies and across different industries. Business could be affected in the off season periods.
- Competition from other countries: Several other countries have recognised the attractiveness of and benefits offered by our industry to their domestic economies and are undertaking several initiatives to increase their competitiveness and portray themselves as favourable alternatives for prospective customers.

### Risks and Concerns

Hinduja Global Solutions Limited (HGSL) regularly takes steps to manage business risks like:

- (a) concentration of business towards a single client, single geography, single industry or a single currency
- (b) client creditworthiness, (c) foreign exchange rate fluctuations, (d) contractual obligations, (e) project management, timely and satisfactory completion of assignments, (f) volatility of market demand for our services, (g) technological risk, (h) uncertainties, including government, political or economic events.

### Corporate Overview

HGSL is one of the leading global BPOs and is among the largest, listed pure play BPOs in the domestic market. Growth at HGSL has been robust and the company has been able to multiply the size and scale of its operations within a few years. From 1 centre in India and 386 associates in 2001 HGSL is today present in 25 centres spanning 6 countries. It services around 80 clients with a workforce of 15,615 associates (as of March 31, 2010) and has transitioned over 500 processes. Annual consolidated revenues are US\$195.58 million. (Rs. 923.48 crore) and consolidated profits are about US\$27.55 million (Rs. 130.10 crore).

HGSL has several marquee customers as its clients including leading telecom, consumer electronics and healthcare companies in India and the US. It has several pioneering initiatives to its credit including being the first Indian ITeS company to enter Philippines and



develop an alternate centre for these services HGSL is among the first few companies to cater to customers in the domestic markets. HGSL has achieved growth through both organic and inorganic means and is run by a professional management team with several years of experience in the Industry.

### Key Strengths/Competitive Edge

**Pedigree:** The Company is part of the Hinduja Group, a leading industrial group with a rich heritage and diverse interests ranging from international trade, banking and finance to automobiles.

**Vision:** The Company has always benefited from the vision provided by its promoters and its professional management team who enjoy rich experience in the industry. The guidance provided at various stages has helped the company to achieve impressive growth rates and bring it to its current position.

**Global Presence:** With a presence in 6 countries, the Company efficiently services various geographies. Customers get an option to choose from on shore, near shore and off shore centres for delivery.

**Diversified Clientele:** HGSL provides services for various sectors like healthcare, telecom and technology, insurance, consumer electronics, banking and finance, chemicals and biotech etc. This ensures that the overall business is not affected by adverse trends in any one vertical.

**Strong Financial Position:** The Company has strategically built a strong net worth position and has maintained a large amount of cash reserves. The planning and execution of financial decisions is undertaken with the aim of increasing shareholder value.

**Skilled Employee Base:** The Company employs workforce as per specific requirements and thereafter provides training, so as to ensure world class quality services. In depth knowledge is provided regarding each sector of operation. HGSL's key management personnel are very well experienced in the industry and it enjoys the support of a skilled and dedicated workforce.

### Strategy

The Company's vision is to be a globally preferred business process transformation partner for our clients and to create value in their businesses through innovative outsourcing solutions. To that end, our objective is to build sound customer franchises across our diverse verticals and to be the 'partner of choice' for a large global clientele. To achieve robust growth in revenues and profitability with a view to reward all our stakeholders in the attainment of this objective, we are employing the best of resources. We ensure the highest levels of ethical standards, professional integrity, corporate governance and regulatory compliance.

Our business strategy emphasises the following:

- Increase our global market share by following a disciplined growth strategy focusing on balancing volume growth with high quality customer service.
- Aim to be the partner of choice for a global

clientele and to seek more business from existing customers while simultaneously growing our customer base.

- To seek both organic and inorganic growth which will enable to either enter newer geographies or provides us with the capabilities of adding newer and distinct service lines.
- Focus on healthy earnings growth with low volatility

### People

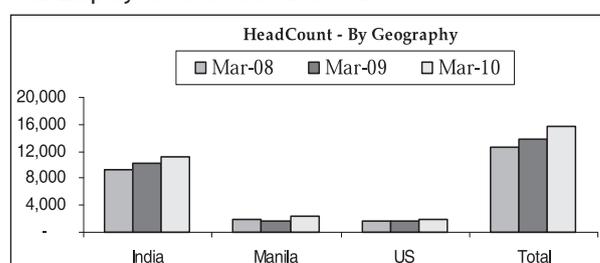
The workforce at HGSL is the prime capital of the Company. The Company carries forward excellence and customer delight through sourcing, selection and development of its employees. The base, which was created about ten years ago continues to be professional with a no-compromise attitude. During the year under review, FY 2010, the people strength increased to 15,615 employees from 13,787 employees in the previous year.

We at HGSL have put in additional efforts to create an environment which is geared to meet the stringent requirements of clients, innovate and improve operational efficiencies. The management encourages the employees to share their thoughts and feedback and takes steps towards motivating the employees to excel and achieve personal and professional aspirations.

The Company believes in creating real and meaningful value for every employee by adding momentum to their career path. Every employee goes through a strategic training program towards developing skills, behaviors and attitudes to promote operational excellence and to provide a supportive and nurturing environment.

The Company promotes transparent communication at all levels, so as to enhance skills around the key operating parameters to enhance team cohesiveness and build leadership depth. The Company ensures that cordial relationships are maintained at the higher levels, which provides a positive and encouraging outlook for all the associates. To give impetus to an open and transparent communication, initiatives such as Skip Level Meetings, Pulse Surveys, Career Development and Path Development and Floor Feedback (Voice of the employee) are encouraged.

Training and development programs are carried out incorporating the latest techniques and knowledge so as to build competencies among the employees. The Company has carried out structured programmes such as WOW! Orientation, buddy system for new hires, supervisory skill development and performance management. We have emphasised building a larger platform for the employees to access Human Resources and Employee Relations functions.



We have further developed our succession planning, with an aim to create and secure success for the future. We continue with the formal mentoring programme towards an aim of building our leadership pipeline, and to equip our future leaders with the right skills, behavior and values.

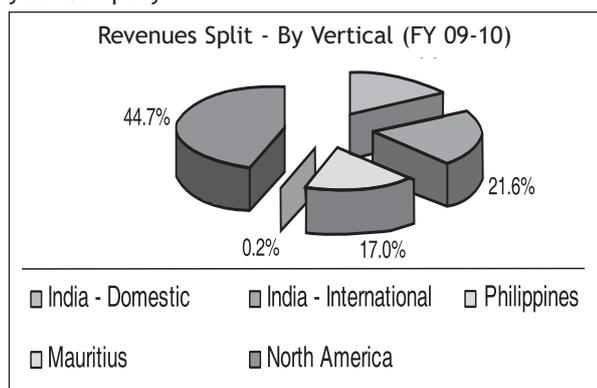
The Company has created a repository of best practices across global locations and has implemented them in all the operating geographies, to further sharpen the business perspective. The organisation has wide access to diverse cultures across its global locations, and caters to each culture with the appropriate skill set.

We are pleased to share that we continue to remain one of the top BPO employers in the country on Employee Satisfaction. The Company is working towards creating a global HGSL Family as the organisation is reporting higher levels of growth each year.

### Operational Overview

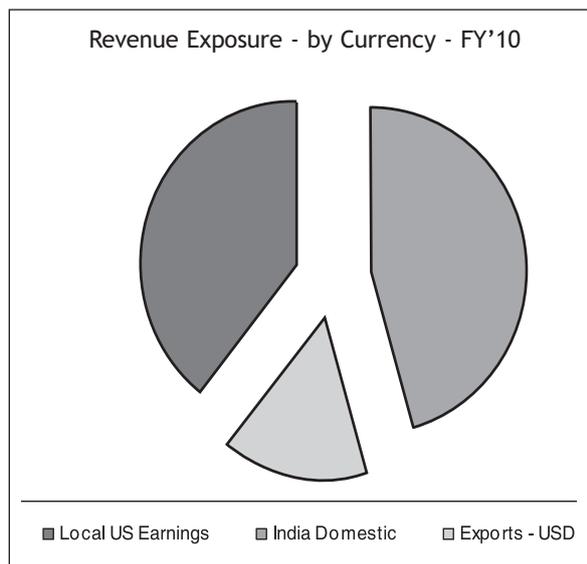
Our business registered a moderate growth as Consolidated revenues were up 11.2% from Rs. 830.62 crore in FY'08-'09 to Rs. 923.48 crore in FY'09-'10. Consolidated Net Profit for the year was at Rs. 130.10 crore around 38.8% higher than 2008-09. Net Profit margins stood at 14.6% of operating revenues, up from 11.8% in FY'08-'09.

The Company has been able to deliver growth across almost all of its business verticals and in each one of its geographies. There has been a healthy performance in the domestic business and continuous improvements in our overseas operations. We acquired our subsidiary Affina in 2006, and after the takeover and restructuring, Affina has performed very well this fiscal and has contributed positively to the overall profitability of your Company. The management will continue to focus on improving Affina's financial performance by reducing its operating costs over the next fiscal year. As business gains momentum, the capacity utilisation of the five Affina centers will increase, resulting in a further increase in contribution to the overall profitability of your Company.



The in-house treasury team of the Company has remained watchful and proactive in hedging dollar imports at attractive rates in Indian Rupee and the Philippine Peso to cushion the impact of the dollar depreciation this year. While the currency impact in longer term is not likely to be as severe as witnessed in

the year gone by, our hedging strategy is designed to protect us from any further dollar depreciation in the coming year. It is also worthwhile to note that the revenues earned in USA through our foreign subsidiaries such as Source1HTMT and Affina act as a natural hedge for the Company, as the revenues and costs are both in USD and therefore, not subject to margin contraction on account of the dollar depreciation of our income earned in the USA.

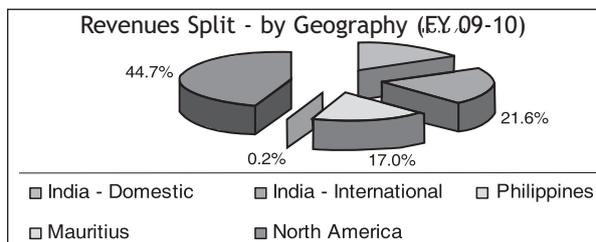


While export income tax exemptions under Section 10A and 10B of the Income-tax Act, 1961 have come to a close, your Company is exploring the possibility of setting up new operations in notified SEZ zones to continue to avail of fiscal benefits offered by the regulators.

The off-shoring businesses in India, Philippines and Mauritius have grown strongly this year. Our enduring relationship with our clients over several years has won us additional business from them across multiple centers and geographies. This is testament to the spirit of partnership with our clients, and reflects their trust and faith in our delivery capability. Going forward, your Company is poised to accelerate its pace in addressing the growing business demand.

Our global footprint has provided the Company with the ability to create a strong value proposition for our clients. We have been successful in offering our Manila call-centre services and have managed to fill up our second centre in that geography. For some of our other clients, we are now also doing work onshore in the US by utilising the delivery capability of Affina, our US subsidiary. Similarly, Affina has successfully offered a blended off-shore / onsite delivery model to some of our US based clients. On the whole, our on-shore presence in USA, near shore in Canada and offshore in India, Philippines and Mauritius has proved to be a resounding success in new business acquisition initiatives.

The performance of the domestic business of your Company in India has been mixed during the financial



year under consideration. While we continue to make further inroads into our existing verticals some of our clients notably telecom, are facing heightened competition in their businesses. As a measure to respond to the changing needs of our clients, as well as to create

### Financials Overview

A summary of our Standalone Financial Position as of March 31, 2010 and March 31, 2009 are given below:

(Rs. in Lakhs)

| Financial Condition:               | 31-Mar-10        | %              | 31-Mar-09        | %              | Growth %     |
|------------------------------------|------------------|----------------|------------------|----------------|--------------|
| <b>SOURCES OF FUNDS</b>            |                  |                |                  |                |              |
| Shareholders' Funds                |                  |                |                  |                |              |
| Share Capital                      | 2,058.92         | 3.00%          | 2,053.80         | 3.10%          | 0.00%        |
| Reserves and Surplus               | 59,310.72        | 87.80%         | 54,432.80        | 82.20%         | 0.10%        |
| Loan Funds                         | 5,140.60         | 7.60%          | 8,702.14         | 13.10%         | -0.40%       |
| Deferred Tax Liability (Net)       | 1,004.13         | 1.50%          | 1,046.40         | 1.60%          | 0.00%        |
| <b>TOTAL</b>                       | <b>67,514.37</b> | <b>100.00%</b> | <b>66,235.14</b> | <b>100.00%</b> | <b>0.00%</b> |
| <b>APPLICATION OF FUNDS</b>        |                  |                |                  |                |              |
| Fixed Assets                       |                  |                |                  |                |              |
| Original cost                      | 31,415.04        | 46.50%         | 29,303.49        | 44.20%         | 0.10%        |
| Depreciation                       | -11,916.33       | -17.70%        | -9,771.36        | -14.80%        | 0.20%        |
| Net book value                     | 19,498.71        | 28.90%         | 19,532.13        | 29.50%         | 0.00%        |
| Capital Work-in-Progress           | 74.27            | 0.10%          | 217              | 0.30%          | -0.70%       |
|                                    | 19,572.98        | 29.00%         | 19,749.13        | 29.80%         | 0.00%        |
| Investments                        | <b>39,006.26</b> | <b>57.80%</b>  | <b>39,005.57</b> | <b>58.90%</b>  | <b>0.00%</b> |
| Current Assets, Loans and Advances |                  |                |                  |                |              |
| Sundry Debtors                     | 10,258.15        | 15.20%         | 7,952.30         | 12.00%         | 0.30%        |
| Cash and Bank Balances             | 1,510.05         | 2.20%          | 1,945.69         | 2.90%          | -0.20%       |
| Other Current Assets               | 2,835.75         | 4.20%          | 3,231.86         | 4.90%          | -0.10%       |
| Loans and Advances                 | 6,791.88         | 10.10%         | 6,470.65         | 9.80%          | 0.00%        |
|                                    | 21,395.83        | 31.70%         | 19,600.50        | 29.60%         | 0.10%        |
| Current Liabilities and Provisions |                  |                |                  |                |              |
| Current Liabilities                | -6,552.47        | -9.70%         | -6,482.59        | -9.80%         | 0.00%        |
| Provisions                         | -5,908.23        | -8.80%         | -5,637.47        | -8.50%         | 0.00%        |
|                                    | -12,460.70       | -18.50%        | -12,120.06       | -18.30%        | 0.00%        |
| <b>Net Current Assets</b>          | <b>8,935.13</b>  | <b>13.20%</b>  | <b>7,480.44</b>  | <b>11.30%</b>  | <b>0.20%</b> |
| <b>TOTAL</b>                       | <b>67,514.37</b> | <b>100.00%</b> | <b>66,235.14</b> | <b>100.00%</b> | <b>0.00%</b> |

avenues for sustained improvements in our performance, we are in the process of setting up additional centers in Tier III cities in India such as Nagercoil in Tamil Nadu and Guntur in Andhra Pradesh. These new centers will provide us with cost advantages as well as bring about improvement in other metrics such as attrition. The success of these centres will inspire us to explore the possibility of opening more centers in other Tier III cities in India.

### Critical Accounting Policies

Details of the accounting policy adopted have been provided in Schedule Q, as "significant accounting policies", under schedules to Financial Statement for the year ended March 31, 2010.

## Sources of Funds

### 1. Share Capital

At Present we have only one class of shares namely - Equity Shares of Face value of Rs. 10 each. Our Authorised Capital is Rs. 25.00 crore divided into 2.5 crore shares of Rs. 10 each. The issued, subscribed and Paid up Capital as on March 31, 2010 was Rs. 20.59 crore.

Our equity shares are currently listed in India on the NSE and BSE. Market Capitalisation as of March 31, 2010 was Rs. 911.90 crore based on NSE Price. As on March 31, 2010 the total number of Shareholders on record was 10,578 and the total promoter holding was 68.2 %.

### 2. Reserves and Surplus

A summary of Reserves and Surpluses are detailed below:

#### a. General Reserve

The balance as on March 31, 2010 was Rs. 500.31 crore.

#### b. Profit and Loss Account

The balance retained in the Profit and Loss account as on March 31, 2010 is Rs. 90.98 crore after providing Final Dividend of Rs. 48.18 crore for the year including Dividend Distribution Tax,

The Total Shareholders Fund increased to Rs. 613.70 crore as on March 31, 2010 from Rs. 564.87 crore as on March 31, 2009.

The Book value per Share increased to Rs. 298.07 as on March 31, 2010 as compared to Rs.275.03 as on previous yearend.

### 3. Loan Funds

The total Loans outstanding as on March 31, 2010 stood at Rs. 51.41 crore (Previous year Rs. 87.02 crore). The loans were raised to meet the working capital requirements of the Company. Of the total loans, Rs. 37.15 crore were secured against First pari passu charge on the fixed assets of the company and Rs. 14.26 crore secured by a primary pari passu first charge on the current assets of the company (both present and future) and collateral pari passu first charge on the moveable fixed assets of the company.

All Secured Loans were borrowed from Banks.

### 4. Deferred Tax Assets

We recorded Deferred Tax liabilities of Rs. 10.04 crore as of March 31,2010 (Rs. 10.46 crore as of 31st March'09). Deferred Tax liabilities represent timing difference between financial and Tax books arising from depreciation on fixed Assets.

The tax liabilities would be paid would be charged to future years' profits as the Depreciation as per financial books and Tax books even out over a period of time.

## Application of Funds

### 5. Fixed Assets

A statement of movement of Fixed Assets is given below:

(Rs. in Lakhs)

|                                 | 2010             | 2009             | Growth %      |
|---------------------------------|------------------|------------------|---------------|
| <b>Intangible Assets</b>        |                  |                  |               |
| Computer Software               | 1,386.27         | 951.49           | 45.7%         |
| Commercial Rights               | 105.45           | 105.45           | 0.0%          |
| <b>Tangible Assets</b>          |                  |                  |               |
| Land                            | 100.97           | 100.97           | 0.0%          |
| Leasehold Land                  | 232.97           | 232.97           | 0.0%          |
| Building                        | 2,775.78         | 2,775.78         | 0.0%          |
| Leasehold Building              | 2,343.02         | 2,343.02         | 0.0%          |
| Leasehold Improvements          | 8,077.65         | 6,971.64         | 15.9%         |
| Office Equipments               | 2,652.29         | 2,616.94         | 1.4%          |
| Computers                       | 10,652.67        | 10,400.88        | 2.4%          |
| Furniture and Fixtures          | 2,976.91         | 2,682.10         | 11.0%         |
| Vehicles                        | 111.06           | 122.25           | -9.1%         |
| <b>Gross Block</b>              | <b>31,415.04</b> | <b>29,303.49</b> | <b>7.2%</b>   |
| <b>Depreciation</b>             | <b>11,916.33</b> | <b>9,771.36</b>  | <b>22.0%</b>  |
| <b>Net book value</b>           | <b>19,498.71</b> | <b>19,532.13</b> | <b>-0.2%</b>  |
| <b>Capital Work-in-Progress</b> | <b>74.27</b>     | <b>217.00</b>    | <b>-65.8%</b> |
| <b>Net Fixed Assets</b>         | <b>19,572.98</b> | <b>19,749.13</b> | <b>-0.9%</b>  |
| <b>Depreciation</b>             |                  |                  |               |
| as a % of Revenues              | 6.9%             | 6.3%             |               |
| as a % of Gross Block*          | 10.7%            | 9.6%             |               |
| <b>Accumulated Depreciation</b> |                  |                  |               |
| as a % of Gross Block*          | 37.9%            | 33.3%            |               |

\* Excluding Land

The details of built up area and the seats are provided in the table below:

|  | 2010   | 2009   |
|--|--------|--------|
| <b>Built-up area (sq.ft. - in lakhs)</b> |        |        |
| Completed                                | 8.54   | 7.52   |
| In Progress                              | 0.16   | —      |
| <b>Seats (Nos.)</b>                      |        |        |
| Completed                                | 14,708 | 13,091 |
| In Progress                              | 463    | —      |

We have incurred an amount of Rs. 34.99 crore on Capital expenditure during the year. The Capital expenditure has been funded out of Cash Profits generated for the year.

We have a Capital expenditure Commitment of Rs. 1.93 crore as compared to Rs. 0.4 crore at the end of previous year.



6. Investments

We make several strategic investments which are aimed at procuring business benefits for us besides investing our Surplus funds which are available abroad in Treasury instruments and other secured investment opportunities on short terms for a period not exceeding one year. The Funds would eventually be made available for acquisition of businesses.

The total investments as on 31st March were Rs. 390.06 crore

(Rs. in Lakhs)

| S.No.     | Company  | March 31,2009    | Additions   | Redeemed/<br>Written-off | March 31,2010    | % of Holding |
|-----------|--|------------------|-------------|--------------------------|------------------|--------------|
| <b>I</b>  | <b>Subsidiaries</b>  |                  |             |                          |                  |              |
|           | Pacific Horizon Limited, Mauritius   | 38,880.28        | —           | —                        | 38,880.28        | 100          |
| <b>II</b> | <b>Others</b>  |                  |             |                          |                  |              |
|           | <b>EQUITY SHARES - LONG TERM</b>   |                  |             |                          |                  |              |
|           | IndusInd Information Technologies Limited  | 40.00            | —           | —                        | 40.00            |              |
|           | Ashley Airways Limited   | 75.00            | —           | —                        | 75.00            |              |
|           | <b>MUTUAL FUNDS - CURRENT</b>  |                  |             |                          |                  |              |
|           | PNB Principal Income Fund - Short Term Plan (Institutional Weekly Dividend Reinvestment Plan)        | 9.12             | 0.66        | —                        | 9.78             |              |
|           | PNB Principal Cash Management Fund - Liquid Option -Institutional Plan-Dividend Reinvestment - Daily | 1.17             | 0.03        | —                        | 1.20             |              |
|           | <b>Total</b>   | <b>125.29</b>    | <b>0.69</b> | <b>—</b>                 | <b>125.98</b>    |              |
|           | <b>Grand Total</b>   | <b>39,005.57</b> | <b>0.69</b> | <b>—</b>                 | <b>39,006.26</b> |              |

Revenues, net profit and net worth of our subsidiaries are provided below:

(Rs. in Lakhs)

| Subsidiary - Performance | 2010   | 2009   |
|--------------------------|--------|--------|
| Revenue                  | 3,218  | 3,162  |
| Profits                  | 2,404  | 2,774  |
| Profit %                 | 74.7%  | 87.7%  |
| Networth                 | 69,933 | 76,497 |
| Return on Networth       | 3.4%   | 3.6%   |

7. Sundry Debtors

Sundry Debtors amount to Rs. 102.58 crore (Net of provision of doubtful debts of Rs. 3.45 crore) as on March 31, 2010 compared to Rs. 79.52 crore (Net of provision of Rs.2.74 crore) as on 31st March 31, 2009. These debtors are considered good and recoverable. Debtors are at 21.1% of the Operating Income for the year ended March 31, 2010 representing DSO (Days Sales Outstanding) of 77 days as compared to 65 days for the previous year.

Provisions are generally made for all debtors outstanding for more than One year as also others, depending up Management perception of the risk.

8. Cash and Bank Balances

The bank balances in India include both Rupee

accounts and Foreign Currency accounts. The bank balances in overseas bank account are maintained to meet the expenditure of the overseas branches and project related expenditure overseas.

The treasury policy is to keep the surplus cash in Short Term Investments with minimum risk and best returns. Accordingly, funds have been placed with foreign branches of Indian bank in short term deposits.

9. Other Current Assets

The balance stood at Rs. 28.36 crore for the year March 31, 2010 as compared to Rs. 32.32crore for the previous year. These Other Current Assets represent Interest and Other Income Accrued but not collected at end of each year.

The Management is confident of collecting the interest and Income accrued to the extent that pertains to Income for the current year.

10. Loans and Advances

During the year Loans and Advances have gone up to Rs. 67.92 crore from Rs. 64.71 crore.

Management assesses the risks for all outstanding Loans and Advances from time to time and expects to recover the outstanding loans and advances during the course of current year.

## 11. Current Liabilities

(Rs. in Lakhs)

| Current Liabilities          | 2010            | 2009            |
|------------------------------|-----------------|-----------------|
| Sundry Creditors             | 3,572.82        | 3,188.94        |
| Interest Accrued But not Due | 30.59           | 31.90           |
| Due to Subsidiaries          | 2,277.72        | 2,668.94        |
| Unclaimed Dividend           | 8.87            | 5.27            |
| Other Liabilities            | 662.47          | 587.54          |
| <b>TOTAL</b>                 | <b>6,552.47</b> | <b>6,482.59</b> |

Sundry Creditors include outstanding payments to suppliers, retention money kept for specific performance of contract, outstanding payments against salaries and other dues of employees.

Interest on loans taken which is accrued as on March 31, 2010 but not due as per the terms of these loans.

(Rs. in Lakhs)

| Provisions                                 | 2010            | 2009            |
|--|-----------------|-----------------|
| Leave Encashment                           | 378.28          | 299.83          |
| Gratuity                                   | 712.28          | 671.97          |
| Dividend                                   | 4,117.84        | 3,080.70        |
| Dividend Tax                               | 699.83          | 523.57          |
| Provision for Loss on Derivative Contracts | —               | 1,061.40        |
| <b>TOTAL</b>                               | <b>5,908.23</b> | <b>5,637.47</b> |

## Results from Operations

Summary of results (standalone) from operations for the year ended March 31, 2010 and March 31, 2009 are given below:

(Rs. in Lakhs)

| Results Of Operations:                           | 31-Mar-10   | %      | 31-Mar-09   | %      | Growth % |
|--|-------------|--------|-------------|--------|----------|
| Operating Income                                 | 48,681.35   | 100.0% | 44,476.46   | 100.0% | 0.1%     |
| Operating Expenses                               | (25,670.75) | -52.7% | (23,911.75) | -53.8% | 0.1%     |
| Gross Profit                                     | 23,010.60   | 47.3%  | 20,564.71   | 46.2%  | 0.1%     |
| Administrative Costs                             | (9,560.88)  | -19.6% | (8,726.67)  | -19.6% | 0.1%     |
| Operating Profit (PBITDA)                        | 13,449.72   | 27.6%  | 11,838.04   | 26.6%  | 0.1%     |
| Interest   | (764.75)    | -1.6%  | (858.66)    | -1.9%  | -0.1%    |
| Depreciation                                     | (3,360.38)  | -6.9%  | (2,814.59)  | -6.3%  | 0.2%     |
| Operating Profit (After Interest & Depreciation) | 9,324.59    | 19.2%  | 8,164.79    | 18.4%  | 0.1%     |
| Other Income                                     | 270.98      | 0.6%   | 367.89      | 0.8%   | -0.3%    |
| Exceptional Item                                 | 576.05      | 1.2%   | (1,061.40)  | -2.4%  | -1.5%    |
| Profit Before Tax                                | 10,171.62   | 20.9%  | 7,471.28    | 16.8%  | 0.4%     |
| Provision for Tax                                | (657.30)    | -1.4%  | (1,279.88)  | -2.9%  | -0.5%    |
| Profit After Tax                                 | 9,514.32    | 19.5%  | 6,191.40    | 13.9%  | 0.5%     |

## Quarterly Results of operations

The Quarterly results for the four quarters of Financial Year 2009-2010 are summarised below:

(Rs. in Lakhs)

| Quarterly Results of Operations: | Q1        | Q2        | Q3        | Q4        |
|----------------------------------|-----------|-----------|-----------|-----------|
| Operating Income                 | 12,038.70 | 12,313.90 | 12,275.48 | 12,053.27 |
| Gross Profit                     | 5,734.80  | 6,041.28  | 5,851.13  | 5,383.39  |
| Operating Profit (PBITDA)        | 3,361.28  | 3,673.40  | 3,403.49  | 3,011.55  |
| Profit after Tax                 | 2,633.65  | 2,685.65  | 2,340.31  | 1,854.71  |

Provisions include Provisions related to employee retirement benefits as per the Company policy, Dividends payable, Tax on Dividend and Fringe benefit Tax payments which are payable net of Advance tax already paid.

## 12. Other Liabilities

(Rs. in Lakhs)

|   | 2010          | 2009          |
|---|---------------|---------------|
| TDS/ With-holding taxes payable to Government | 251.47        | 177.76        |
| Provident Fund Payable                        | 117.26        | 114.44        |
| Profession Tax Payable                        | 17.92         | 14.71         |
| ESI Payable                                   | 32.77         | 33.33         |
| Labour Welfare Fund Payable                   | —             | 0.05          |
| CST/ MST/ KST/ VAT Payable                    | 0.38          | 0.04          |
| Service Tax Output                            | 242.67        | 247.21        |
| <b>TOTAL</b>                                  | <b>662.47</b> | <b>587.54</b> |



#### 1. Income

The Gross Income for the first full year was Rs. 489.52 crore representing an increase of 9.2% growth in sales on an annualised basis over that of previous year Sales of Rs.448.44 crore.

Our revenues are generated from a mix of take or pay contracts, voice and non voice contracts, contracts executed from Manila Branch as well as India branch. The parameters for charging customers varies from customer to customer in terms of billing being done on per minutes basis, on per claim processed, on per email answered, on number of Fully Trained Employees (FTE) being made available etc.

#### 2. Gross Profit

Gross Profit for the year ending March 31, 2010 stood at Rs. 230.11 crore. Gross margins were at 47.3% compared to 46.2% in the previous financial year. The increase in margins is due to improved efficiency in production, improvement in seat utilisation and reduction in operating expenses.

#### 3. Interest

Interest for the year ending March 31,2010 was Rs. 7.65 crore as compared to Rs. 8.59 crore for the period ending March 31, 2009. The decrease in interest costs are on account of repayment of term loans and other short-term borrowings by the Company.

#### 4. Depreciation/ Amortisation/ Impairment

There has been no significant change in the depreciation policy of the Company. Assets were depreciated at the same rates of depreciation as that of previous year and the entire increase in depreciation is on account of increase in Gross Block.

The Company has adopted a new strategy whereby land and building being used to set up call centers are bought on outright basis instead of leasing or taking the premises on rent. We believe that being a long term player in the BPO business, these assets will involve larger capital costs but will enable us to offer competitive pricing for our outsourcing services by lowering our operating costs.

#### 5. Operating Profit

Operating profit grew substantially, up 13.6 % to Rs. 134.50 crore from Rs. 118.38 crore in the previous financial year. Operating Margins were also higher at 27.6% from 26.6% over the same period. The rise in margins is due to better realisation, improved performance of our Manila branch.

#### 6. Tax liabilities

The Company has estimated a tax liability of Rs. 17.64 crore, (previous year - Rs. 11.31 crore) against which a MAT credit of Rs. 10.64 crore has been availed. Deferred tax component arising out of timing differences account for Rs. (0.42) crore (previous year - Rs. 0.80 crore). Fringe tax benefits amount to Rs. Nil crore (Previous year Rs. 0.42 crore)

#### 7. Profit After Tax

Profit after Tax for the year ending March 31,2010 stood at Rs. 95.14 crore against Rs. 61.91 crore for the previous year, registering a solid growth of 53.7%. This translates into profit margins of 19.5% compared to 13.9% in the previous year.

#### 8. Dividend

The Company increased the payout of dividend to its shareholders during the year as the Board of Directors recommended a dividend at the rate of 200% on face value of Rs. 10/- per share resulting in a dividend of Rs. 20/- per share. This translates into payout of Rs. 48.18 crore, including an amount of Rs. 7.00 crore as Dividend Distribution Tax.

In the previous financial year the company had paid a dividend at the rate of 150% on the face value of Rs. 10/- per share resulting in a dividend of Rs. 15/- per share.

#### Quality Initiation and Certification

Quality consciousness is a culture at HGSL. We ensure the best quality processes at every stage of operation by imbuing quality right from the beginning till the completion of each cycle. We have adapted Six Sigma and Lean philosophy, towards achieving internal efficiencies, which in turn reflect in superior quality services provided to our customers.

We have built expert knowledge and database in verticals like Telecom and Technology, Consumer Electronics, Health Insurance, Banking and Financial Services, Insurance, Pharmaceuticals and Others. This expertise has reduced the learning curve and response time to customers.

We have received ISO9001:2000 and ISO27001:2005 certifications which reflect our efforts towards this cause. M/s Bureau Veritas has certified our processes against these standards. We constantly work towards providing improved international quality services by benchmarking the internal and global standards.

We have been successful in delivering results beyond customer expectations and aim at adding further value to their processes and operations.

#### Risk Management and Internal Controls

The management of the Company focuses immensely on risk management and internal controls, as these factors are co-related with the business operations. The Company has in place a detailed Risk Management system covering legal, treasury, regulatory and financial reporting to name a few. Authority and responsibility have been clearly defined at all stages of the hierarchy to mitigate risks. Issues raised by the Internal and Statutory Auditors are addressed with utmost importance, so as to identify loopholes and de-bottleneck to processes.

### Risk Management Model

Various risk-related initiatives and activities form part of the Risk Management Model at HGSL:

- **Risk Identification:** Committed monitoring and identification of risks is carried out at regular intervals towards improving the processes and procedures. This assessment is based on risk perception survey, business environment scanning and inputs from stakeholders.
- **Risk measurement and Treatment:** Post identification of risks, measurement and treatment is a crucial step in operation of the business. Risk mitigation and solutions are defined, so as to bring in line the exposure levels to the risk appetite.
- **Risk reporting:** Risk reporting brings risk management back to the core business. The reporting at HGSL is aimed to be knowledge based and consistent with the organisation's outlook of rules, regulations and accounting conventions. Besides risk reporting, there is an established Risk Council which deals with the reported risks. In addition, a quarterly report is presented to the Risk Management Committee, which reviews the ERM program, the status and trends available on the material risks highlighted.

### Risk Management Framework

At HGSL, the Risk Management Framework encompasses risks under the following categories:

- **Strategy:** Relates to the choices we make regarding the direction in which we lead the organisation to enhance our competitive position.
- **Market:** Relates to the intrinsic characteristics of our industry, market and customers and the related challenges.
- **Business Associates:** Relates to the risk arising from our association with parties for conducting business, where the performance of such parties is not sufficient or not desirable to achieve our business objectives.
- **Resource:** Relates to the inability to achieve business objectives due to inappropriate sourcing or sub-optimal utilisation of key organisation resources such as talent and infrastructure.
- **Operations:** Relates to inefficient execution of core business activities including service delivery to clients as well as internal business processes. This also includes business activity disruptions arising out of external and internal factors including threat to physical security and information security.
- **Compliance:** Relates to inadequate compliance with existing or new regulations, inappropriate conduct of contractual obligation and inadequate safeguard of Intellectual Property leading to litigation or loss of reputation.

### Internal Controls

HGSL has an established internal control system in place for the Company and its subsidiaries. The Internal Control

system aims to make sure that the business operations function efficiently, applicable laws, rules, regulations, policies of the Company are followed and the reliability of financial reporting. The Finance Department implements and monitors the internal control environment and compliance with statutory requirements.

### Technology

We at HGSL have since inception, ensured that the latest and the best telecommunication and technology is utilised for operations. This has supported us in providing life cycle management for each of our verticals, in association with our partners. HGSL has an excellent transition model along with experience on different verticals and delivery capabilities across geographies.

HGSL offers 'lift' and 'shift' services with strengths in transition and operational excellence models for its clients. The Company moved to the business process re-engineering (BPR) as the first step before 'lift' and 'shift', adding value to the customers.

The knowledge database of the Company is ever expanding and in co-ordination with the technology and the skills of our associates, there has been considerable value addition to our clients businesses.

### Communication and Public Relations

We at HGSL have always promoted efficient communication with the entire community at large. We recognise public relations as a source of corporate communication. This has helped us understand the requirements and expectations of the stakeholders and the investor community, along with keeping them abreast with the Company's journey so far.

The Company has regularly issued a quarterly global magazine, monthly HR newsletter and ongoing reward and recognition activities; focusing on building and strengthening relationships. The Company has hired an investor relations company to further assist towards the objective of communication and public relations.

The Management has taken additional efforts to communicate with the industry bodies, wider financial community, including analysts and investors and educational institutions. This exercise is carried out to maintain transparency of the Company's operations and plans, and to inform the various communities about the functions and developments in the organisation.

### Cautionary Statement

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



|   | options shall be appropriately adjusted in accordance with the directions of the Compensation Committee in this matter, and such directions shall be binding. |   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
|---|---|---|---------------------------------------|------|---------------------------------------|---|-------------------|--------|---|----------------|-------|---|-------------------|-------|---|--------------------|-------|---|--------------------------|-------|---|-----------------------|-------|---|-------------------|-------|---|-----------------------|-------|---|------------------|-------|----|------------------|-------|
| (c) Options vested:   | 1,93,340  | Nil   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (d) Options exercised:  | 51,220  | Nil   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (e) The total number of shares arising as a result of exercise of option:   | 51,220  | Nil   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (f) Options lapsed:   | 1,42,120  | 9,650   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (g) Variation of terms of options:  | Nil   | Nil   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (h) Money realised by exercise of options:  | Rs. 1,86,38,958.00  | Nil   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (i) Total number of options in force:   | Nil   | 1,95,730  |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (j) Employee-wise details of options granted during the year to:  | NIL   | <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Name</th> <th>No of option Granted during the year.</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Mr. Partha Sarkar</td> <td>13,500</td> </tr> <tr> <td>2</td> <td>Mr. Anand Vora</td> <td>9,430</td> </tr> <tr> <td>3</td> <td>Mr. Pushkar Misra</td> <td>9,430</td> </tr> <tr> <td>4</td> <td>Mr. Vishwanath Rao</td> <td>9,430</td> </tr> <tr> <td>5</td> <td>Mr. B.N.Narasimha Murthy</td> <td>8,200</td> </tr> <tr> <td>6</td> <td>Mr. Prasanna Kumar V.</td> <td>6,095</td> </tr> <tr> <td>7</td> <td>Ms. Bettina Salmo</td> <td>6,095</td> </tr> <tr> <td>8</td> <td>Mr. Antonia Dela Cruz</td> <td>6,095</td> </tr> <tr> <td>9</td> <td>Mr. Subramanya C</td> <td>5,300</td> </tr> <tr> <td>10</td> <td>Ms. Donna Malone</td> <td>5,300</td> </tr> </tbody> </table> | Sr. No.                               | Name | No of option Granted during the year. | 1 | Mr. Partha Sarkar | 13,500 | 2 | Mr. Anand Vora | 9,430 | 3 | Mr. Pushkar Misra | 9,430 | 4 | Mr. Vishwanath Rao | 9,430 | 5 | Mr. B.N.Narasimha Murthy | 8,200 | 6 | Mr. Prasanna Kumar V. | 6,095 | 7 | Ms. Bettina Salmo | 6,095 | 8 | Mr. Antonia Dela Cruz | 6,095 | 9 | Mr. Subramanya C | 5,300 | 10 | Ms. Donna Malone | 5,300 |
| Sr. No.   |   | Name  | No of option Granted during the year. |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 1   |   | Mr. Partha Sarkar   | 13,500                                |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 2   |   | Mr. Anand Vora  | 9,430                                 |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 3   |   | Mr. Pushkar Misra   | 9,430                                 |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 4   |   | Mr. Vishwanath Rao  | 9,430                                 |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 5   |   | Mr. B.N.Narasimha Murthy  | 8,200                                 |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 6   |   | Mr. Prasanna Kumar V.   | 6,095                                 |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 7   |   | Ms. Bettina Salmo   | 6,095                                 |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 8   |   | Mr. Antonia Dela Cruz   | 6,095                                 |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 9   |   | Mr. Subramanya C  | 5,300                                 |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| 10  | Ms. Donna Malone  | 5,300   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (i) Senior Managerial personnel   |   |   |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (ii) Any other employee who receives a grant in any one year of option amounting to 5 per cent or more of option granted during that year.  | None  | None  |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |
| (iii) Identified employees who were granted option, during any one year, equal to or exceeding 1 per cent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant. | None  | None  |                                       |      |                                       |   |                   |        |   |                |       |   |                   |       |   |                    |       |   |                          |       |   |                       |       |   |                   |       |   |                       |       |   |                  |       |    |                  |       |



|  |  |            |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |
|--|--|------------|-------------------------|-------|-----|---------------|------|------|---------------------|--------|-----|--------------------|-------|----|--|------------|
| (k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with International Accounting Standard (IAS) 33:   | 46.16  |            |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |
| (l) Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed: | The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2009-10 is nil. If the cost based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognised in the financial statement for the year 2009-10 would be higher by Rs. 26,85,946/-and net profit after taxes would have been lower by the like amount and consequently both the Basic as well as Diluted EPS would have been lower by Rs.0.13  |            |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |
| (m) Weighted average exercise prices and weighted average fair value of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market   | <p>Not applicable, since no options were granted during the year.</p> <p>Not applicable, since no options were granted during the year.</p> <p>1) Weighted average exercise price: Rs. 400.10</p> <p>2) Weighted average Fair value of options for grant date 31/07/2009 Rs 178.04</p>   |            |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |
| (n) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:<br><br>i. Risk free interest rate<br>ii. Expected life<br>iii. Expected volatility<br>iv. Expected dividends, and<br>v. The price of the underlying share in market at the time of option grant.  | <p>The fair values of the options have been calculated using the Black Scholes Options Pricing Model. Each tranche of vesting have been considered as a separate grant for the purpose of valuation. The assumption used in the estimation is as under:</p> <table border="1" data-bbox="986 1395 1449 1704"> <tr> <td>i)</td> <td>Risk free interest rate</td> <td>5.72%</td> </tr> <tr> <td>ii)</td> <td>Expected life</td> <td>3.17</td> </tr> <tr> <td>iii)</td> <td>Expected volatility</td> <td>75.86%</td> </tr> <tr> <td>iv)</td> <td>Expected dividends</td> <td>4.56%</td> </tr> <tr> <td>v)</td> <td>The price of the underlying share in market at the time of option grant.</td> <td>Rs. 400.10</td> </tr> </table> | i)         | Risk free interest rate | 5.72% | ii) | Expected life | 3.17 | iii) | Expected volatility | 75.86% | iv) | Expected dividends | 4.56% | v) | The price of the underlying share in market at the time of option grant. | Rs. 400.10 |
| i)   | Risk free interest rate  | 5.72%      |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |
| ii)  | Expected life  | 3.17       |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |
| iii)   | Expected volatility  | 75.86%     |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |
| iv)  | Expected dividends   | 4.56%      |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |
| v)   | The price of the underlying share in market at the time of option grant.   | Rs. 400.10 |                         |       |     |               |      |      |                     |        |     |                    |       |    |  |            |

For and on behalf of the Board

Place: Mumbai  
Date: April 27, 2010

**Ramkrishan P. Hinduja**  
Chairman

# Section 212 Statement

## Statement pursuant to Section 212 of The Companies Act, 1956 (forming part of the Directors' Report)

| Name of the Subsidiary Company      | Holding Company                  | Extent of Holding Company's Interest | Face Value of Equity Shares held by the Holding Company | Number of Shares held by the Holding Company | Net Aggregate amount of Subsidiary Company's Profit/ (Loss) so far as not dealt with in the Company's Accounts | Net Aggregate amount of Subsidiary Company's Profit/ (Loss) so far as dealt with in the Company's Accounts | Net Aggregate amount of Subsidiary Company's Profit/(Loss) so far as dealt with in the Company's Accounts for previous financial years since it became Company's subsidiary |
|-------------------------------------|----------------------------------|--------------------------------------|---|--|--|--|---|
| Pacific Horizon Limited             | Hinduja Global Solutions Limited | 100%                                 | USD 1   | 32,514,228                                   | USD 5,090,352  | -  | -   |
| Source1 HTMT Inc.                   | Pacific Horizon Limited          | 100%                                 | USD 0.01  | 1,000  | USD (3,444,841)  | -  | -   |
| C-Cubed (Antilles) N.V              | Pacific Horizon Limited          | 100%                                 | USD 1   | 6,000  | USD 13   | -  | -   |
| C-Cubed B.V Netherlands             | C-Cubed (Antilles) N.V           | 100%                                 | Euro 100  | 227  | Euro (130,824)   | -  | -   |
| Customer Contact Centre Inc, Manila | C-Cubed B.V Netherlands          | 100%                                 | PHP 10  | 10,000,000                                   | PHP (5,840,832)  | -  | -   |
| Hinduja TMT France                  | Source1 HTMT Inc.                | 51%                                  | Euro 10   | 408  | Euro (119,064)   | -  | -   |
| HTMT Europe Limited, UK             | Pacific Horizon Limited          | 100%                                 | GBP 1   | 961,378                                      | GBP 116,079  | -  | -   |
| Affina LLC                          | Source1 HTMT Inc.                | 100%                                 | USD 1   | 5,300,000                                    | USD 6,110,783  | -  | -   |
| RMT LLC                             | Affina LLC                       | 100%                                 | USD 1   | 1,000  | USD Nil  | -  | -   |
| Affina Company                      | RMT LLC                          | 100%                                 | USD 1   | 206  | USD (23,527)   | -  | -   |

The financial year of all the subsidiaries ended on 31<sup>st</sup> March 2010.

For and on behalf of the Board

**Partha De Sarkar**  
Chief Executive Officer and Manager

**Ramkrishan P. Hinduja**  
Chairman

**R. Mohan**  
Director

**Prasenjit Guha**  
Vice President  
Legal & Company Secretary

Date: April 27, 2010

Place: Mumbai



# Auditors' Report

## To the Members of Hinduja Global Solutions Limited

1. We have audited the attached Balance Sheet of Hinduja Global Solutions Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956', of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
    - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Partha Ghosh**

Partner

Membership Number: F-55913

Place: Mumbai

Date: April 27, 2010

## Annexure to the Auditors' Report

(Referred to in Paragraph 3 of the Auditors' Report of even date to the members of Hinduja Global Solutions Limited on the financial statements for the year ended March 31, 2010)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets has not been disposed of by the Company during the year.
- (ii) (a) The Company had granted unsecured loan to two companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan aggregates to Rs. 2,000 Lacs and Rs. Nil, respectively.
  - (b) In our opinion, the rate of interest and other terms and conditions of such loans were not prima facie prejudicial to the interest of the Company.
  - (c) In respect of the aforesaid loans, the parties have re-paid the principal amounts as stipulated and were also regular in payment of interest.
  - (d) In respect of the aforesaid loans, there is no overdue amount more than Rupees One Lakh.
  - (e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, no major weaknesses have been noticed or reported.
- (iv) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
  - (b) In our opinion and according to the information and explanations given to us, in respect of the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lacs in respect of any party during the year, no comparative prices are available since these transactions according to Management are of special nature.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (vi) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (vii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- (viii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, cess and other material statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. Also, refer footnote 1 of Note 1(b) on Schedule R.



## Annexure to the Auditors' Report

- (ix) The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (x) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any banks as at the Balance Sheet date. Further, there were no dues payable to financial institution and debenture holders as at the Balance Sheet date.
- (xi) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xii) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xiii) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xiv) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xv) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xvi) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xvii) The Company has not issued any debentures during the year.
- (xviii) The Company has not raised any money by public issues during the year.
- (xix) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
- (xx) The clauses (ii) and (xiii) of paragraph 4 of the Order are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Partha Ghosh**

Partner

Membership Number: F-55913

Place: Mumbai

Date: April 27, 2010

# Balance Sheet

as at 31<sup>st</sup> March, 2010

|  | Schedule | As at                   |                  | (Rs. in Lacs)           |
|--|----------|-------------------------|------------------|-------------------------|
|  |          | 31.03.2010              |                  | As at                   |
|  |          |                         |                  | 31.03.2009              |
| <b>SOURCES OF FUNDS</b>                                  |          |                         |                  |                         |
| <b>Shareholders' Funds</b>                               |          |                         |                  |                         |
| Share Capital  | A        | 2,058.92                |                  | 2,053.80                |
| Reserves and Surplus                                     | B        | <u>59,310.72</u>        | <u>61,369.64</u> | <u>54,432.80</u>        |
|  |          |                         |                  | 56,486.60               |
| <b>Loan Funds</b>  |          |                         |                  |                         |
| Secured Loans  | C        | 5,140.60                |                  | 8,702.14                |
| Deferred Tax Liability (Net)                             |          | 1,004.13                |                  | 1,046.40                |
| (Refer Note 7(b) in Schedule Q and Note 3 in Schedule R) |          |                         |                  |                         |
| <b>TOTAL</b>   |          | <u><u>67,514.37</u></u> |                  | <u><u>66,235.14</u></u> |
| <b>APPLICATION OF FUNDS</b>                              |          |                         |                  |                         |
| <b>Fixed Assets</b>                                      |          |                         |                  |                         |
| Gross Block  | D        | 31,415.04               |                  | 29,303.49               |
| Less: Depreciation/ Amortisation/ Impairment             |          | <u>11,916.33</u>        |                  | <u>9,771.36</u>         |
| Net Block  |          | 19,498.71               |                  | 19,532.13               |
| Capital Work-in-Progress                                 |          | 74.27                   |                  | 217.00                  |
|  |          | <u>19,572.98</u>        |                  | <u>19,749.13</u>        |
| <b>Investments</b>                                       | E        | 39,006.26               |                  | 39,005.57               |
| <b>Current Assets, Loans and Advances</b>                |          |                         |                  |                         |
| Sundry Debtors   | F        | 10,258.15               |                  | 7,952.30                |
| Cash and Bank Balances                                   | G        | 1,510.05                |                  | 1,945.69                |
| Other Current Assets                                     | H        | 2,835.75                |                  | 3,231.86                |
| Loans and Advances                                       | I        | <u>6,791.88</u>         |                  | <u>6,470.65</u>         |
|  |          | 21,395.83               |                  | 19,600.50               |
| <b>Less: Current Liabilities and Provisions</b>          |          |                         |                  |                         |
| Current Liabilities                                      | J        | 6,552.47                |                  | 6,482.59                |
| Provisions   | K        | <u>5,908.23</u>         |                  | <u>5,637.47</u>         |
|  |          | 12,460.70               |                  | 12,120.06               |
| <b>Net Current Assets</b>                                |          | 8,935.13                |                  | 7,480.44                |
| <b>TOTAL</b>   |          | <u><u>67,514.37</u></u> |                  | <u><u>66,235.14</u></u> |
| <b>Significant Accounting Policies</b>                   | Q        |                         |                  |                         |
| <b>Notes to Accounts</b>                                 | R        |                         |                  |                         |

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

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

Partha Ghosh  
Partner  
Membership No. F - 55913

For and on behalf of the Board

Partha De Sarkar  
Chief Executive Officer and Manager

R. Mohan  
Director

Prasenjit Guha  
Vice President  
Legal and Company Secretary

Ramkrishan P. Hinduja  
Chairman

Anand Vora  
Chief Financial Officer

Place : Mumbai  
Date : April 27, 2010

Place : Mumbai  
Date : April 27, 2010





# Profit and Loss Account

for the year ended 31<sup>st</sup> March, 2010

|   | Schedule | Year ended<br>31.03.2010 | (Rs. in Lacs)<br>Year ended<br>31.03.2009 |
|---|----------|--------------------------|---|
| <b>INCOME</b>   |          |                          |   |
| Operating Income  | L        | 48,681.35                | 44,476.46                                 |
| Other Income  | M        | 270.98                   | 367.89                                    |
| <b>TOTAL</b>  |          | <b>48,952.33</b>         | <b>44,844.35</b>                          |
| <b>EXPENDITURE</b>  |          |                          |   |
| Employee Costs  | N        | 25,670.75                | 23,911.75                                 |
| Operating and Other Expenses  | O        | 9,560.88                 | 8,726.67                                  |
| Interest  | P        | 764.75                   | 858.66                                    |
| Depreciation/ Amortisation/ Impairment                                    | D        | 3,360.38                 | 2,814.59                                  |
| <b>TOTAL</b>  |          | <b>39,356.76</b>         | <b>36,311.67</b>                          |
| <b>Profit Before Exceptional Items and Taxation</b>                       |          | <b>9,595.57</b>          | <b>8,532.68</b>                           |
| Less: Exceptional Items-Expense/(Income)<br>(Refer Note 14 in Schedule R) |          | <b>(576.05)</b>          | <b>1,061.40</b>                           |
| <b>Profit Before Taxation</b>   |          | <b>10,171.62</b>         | <b>7,471.28</b>                           |
| Tax Expense   |          |                          |   |
| – Current Tax   |          | 1,763.91                 | 1,130.59                                  |
| – MAT Credit Utilised/ (Availed)  |          | (1,064.34)               | 27.61                                     |
| – Deferred Tax (Refer Note 7(b) in Schedule Q and Note 3 in Schedule R)   |          | (42.27)                  | 79.42                                     |
| – Fringe Benefit Tax  |          | –                        | 42.26                                     |
| <b>Profit After Taxation</b>  |          | <b>9,514.32</b>          | <b>6,191.40</b>                           |
| Add : Balance Brought Forward from Previous Year                          |          | <b>5,353.09</b>          | <b>3,385.10</b>                           |
| <b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>                                |          | <b>14,867.41</b>         | <b>9,576.50</b>                           |
| <b>APPROPRIATIONS</b>   |          |                          |   |
| <b>Dividend</b>   |          |                          |   |
| – Final (Proposed)  |          | 4,117.84                 | 3,080.70                                  |
| – Dividend Tax  |          | 699.83                   | 523.57                                    |
| – Transfer to General Reserve   |          | 951.44                   | 619.14                                    |
| <b>Surplus carried to Balance Sheet</b>                                   |          | <b>9,098.30</b>          | <b>5,353.09</b>                           |
| <b>Earnings per share</b>   |          |                          |   |
| – Basic (Rupees)  |          | 46.32                    | 30.15                                     |
| – Diluted (Rupees)  |          | 46.16                    | 30.15                                     |
| (Face Value of Equity Share - Rs.10)<br>(Refer Note 2 in Schedule R)      |          |                          |   |
| <b>Significant Accounting Policies</b>                                    | Q        |                          |   |
| <b>Notes to Accounts</b>  | R        |                          |   |

The Schedules referred to above form an integral part of the Profit and Loss Account.

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

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

Partha Ghosh  
Partner  
Membership No. F - 55913

For and on behalf of the Board

Partha De Sarkar  
Chief Executive Officer and Manager

R. Mohan  
Director

Prasenjit Guha  
Vice President  
Legal and Company Secretary

Ramkrishan P. Hinduja  
Chairman

Anand Vora  
Chief Financial Officer

Place : Mumbai  
Date : April 27, 2010

Place : Mumbai  
Date : April 27, 2010

# Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2010

|  | Year Ended<br>31.03.2010 | (Rs. in Lacs)<br>Year Ended<br>31.03.2009 |
|--|--------------------------|---|
| <b>A Cash Flow from Operating Activities :</b>         |                          |   |
| Profit before tax and exceptional items                | 9,595.57                 | 8,532.68                                  |
| Adjustments for :                                      |                          |   |
| Depreciation/ Amortisation/ Impairment                 | 3,360.38                 | 2,814.59                                  |
| Profit on Sale of Long-term Investment                 | —                        | (3.50)                                    |
| Bad Debts/ Advances Written off                        | —                        | 45.61                                     |
| Provisions for Doubtful Debts/ Advances                | 112.70                   | 168.43                                    |
| Liabilities/ Provisions no longer payable written-back | (115.47)                 | (165.78)                                  |
| Loss on Sale of Assets                                 | 29.25                    | 13.38                                     |
| Fixed Assets Written Off                               | 77.43                    | 19.07                                     |
| Interest Income  | (124.80)                 | (172.49)                                  |
| Dividend from Current Investment                       | (0.69)                   | (0.71)                                    |
| Interest Expense                                       | 764.75                   | 858.66                                    |
| Unrealised Foreign Exchange (Gain)/ Loss (Net)         | 224.49                   | (378.85)                                  |
| Provision for Gratuity and Leave Encashment            | 118.76                   | 428.10                                    |
| Operating Profit before working capital changes        | 14,042.37                | 12,159.19                                 |
| Adjustments for :                                      |                          |   |
| Trade Receivables                                      | (2,542.90)               | (335.37)                                  |
| Loans and Advances                                     | (482.03)                 | (516.28)                                  |
| Trade Payables   | (299.90)                 | 326.77                                    |
| Other Current Assets                                   | 165.02                   | (757.55)                                  |
|  | (3,159.81)               | (1,282.43)                                |
| Operating Profit after working capital changes         | 10,882.56                | 10,876.76                                 |
| Direct Taxes Paid                                      | (641.30)                 | (1,883.73)                                |
| <b>Net Cash from/ (used in) Operating Activities</b>   | <b>10,241.26</b>         | <b>8,993.03</b>                           |
|  | (A)                      |   |
| <b>B Cash Flow from Investing Activities :</b>         |                          |   |
| Purchase of Fixed Assets                               | (3,356.70)               | (6,062.35)                                |
| Sale of Fixed Assets                                   | 65.78                    | 57.14                                     |
| Investments Made                                       | (0.69)                   | (0.72)                                    |
| Investments Sold                                       | —                        | 103.50                                    |
| Interest Income  | 355.90                   | 13.44                                     |
| Dividend from Current Investment                       | 0.69                     | 0.71                                      |
| <b>Net Cash from/ (used in) Investing Activities</b>   | <b>(2,935.02)</b>        | <b>(5,888.28)</b>                         |
|  | (B)                      |   |



# Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2010

|   | Year Ended<br>31.03.2010 | (Rs. in Lacs)<br>Year Ended<br>31.03.2009 |
|---|--------------------------|---|
| <b>C Cash Flow from Financing Activities :</b>                    |                          |   |
| Proceeds from issue of Share Capital                              | 186.39                   | —   |
| Proceeds/(Repayment) from/of Secured Loans                        | (3,561.54)               | 6,727.69                                  |
| Repayment of Unsecured Loans                                      | —                        | (5,500.00)                                |
| Dividend Paid and tax thereon                                     | (3,600.67)               | (2,399.62)                                |
| Interest Expense  | (766.06)                 | (855.64)                                  |
| <b>Net Cash from/ (used in) Financing Activities (C)</b>          | <b>(7,741.88)</b>        | <b>(2,027.57)</b>                         |
| Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C) | (435.64)                 | 1,077.18                                  |
| Cash and Cash Equivalents as at the beginning of the year         | 1,945.69                 | 868.51                                    |
| Cash and Cash Equivalents as at the end of the year               | 1,510.05                 | 1,945.69                                  |
|   | As at<br>31.03.2010      | As at<br>31.03.2009                       |
| <b>Cash and Cash Equivalents comprise :</b>                       |                          |   |
| Cash on Hand  | 1.71                     | 1.21                                      |
| Bank Balances with Scheduled Banks                                | 478.33                   | 329.37                                    |
| Bank Balances with Non-Scheduled Banks                            | 1,030.01                 | 1,615.11                                  |
|   | 1,510.05                 | 1,945.69                                  |

**Note :**

The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.

This is the Cash Flow Statement referred in our report of even date.

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

Partha Ghosh  
Partner  
Membership No. F - 55913

Place : Mumbai  
Date : April 27, 2010

For and on behalf of the Board

Partha De Sarkar  
Chief Executive Officer and Manager

R. Mohan  
Director

Prasenjit Guha  
Vice President  
Legal and Company Secretary

Place : Mumbai  
Date : April 27, 2010

Ramkrishan P. Hinduja  
Chairman

Anand Vora  
Chief Financial Officer

# Schedules

forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010

|  | As at<br>31.03.2010 | (Rs. in Lacs)<br>As at<br>31.03.2009 |
|--|---------------------|--------------------------------------|
| <b>SCHEDULE 'A'</b>  |                     |                                      |
| <b>Share Capital</b>   |                     |                                      |
| <b>Authorised</b>  |                     |                                      |
| 25,000,000 (Previous Year : 25,000,000)  |                     |                                      |
| Equity Shares of Rs. 10 each   | 2,500.00            | 2,500.00                             |
|  | <u>2,500.00</u>     | <u>2,500.00</u>                      |
| <b>Issued, Subscribed and Paid-up :</b>  |                     |                                      |
| 20,589,223 (Previous Year : 20,538,003)  |                     |                                      |
| Equity Shares of Rs. 10 each, fully paid-up  | 2,058.92            | 2,053.80                             |
|  | <u>2,058.92</u>     | <u>2,053.80</u>                      |
| Notes:   |                     |                                      |
| 1) 20,538,003 equity shares were issued for consideration other than cash pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ ITES business into the Company.   |                     |                                      |
| 2) 51,220 equity shares of Rs. 10 each were allotted at a premium of Rs. 353.90 per share to the employees, pursuant to Compensatory Employees Stock Option Plan 2006 of the Company.<br>(Refer Note 16 in Schedule R)   |                     |                                      |
| <b>SCHEDULE 'B'</b>  |                     |                                      |
| <b>Reserves and Surplus</b>  |                     |                                      |
| <b>Securities Premium</b>  |                     |                                      |
| As per last Balance Sheet  | —                   |                                      |
| Add: Additions during the year   | 181.27              |                                      |
|  | <u>181.27</u>       | —                                    |
| <b>General Reserve</b>   |                     |                                      |
| As per last Balance Sheet  | 49,079.71           | 48,460.57                            |
| Add: Transfer from Profit and Loss Account   | 951.44              | 619.14                               |
|  | <u>50,031.15</u>    | <u>49,079.71</u>                     |
| <b>Profit and Loss Account</b>   |                     |                                      |
|  | <u>9,098.30</u>     | <u>5,353.09</u>                      |
|  | <u>59,310.72</u>    | <u>54,432.80</u>                     |
| <b>SCHEDULE 'C'</b>  |                     |                                      |
| <b>Secured Loans</b>   |                     |                                      |
| Term Loan from a Bank  | 3,714.58            | 5,834.66                             |
| (Secured by a pari passu first charge on the fixed assets of the Company)<br>[Repayable within a year Rs. 1,920 Lacs<br>(Previous Year - Rs. 1,220 Lacs)]  |                     |                                      |
| Cash Credit  | 1,426.02            | 2,867.48                             |
| [Secured by a primary pari passu first charge on the current assets of the Company both present and future and collateral pari passu first charge on the movable fixed assets of the Company]<br>[Repayable within a year Rs. 1,426.02 Lacs (Previous Year - Rs. 2,867.48 Lacs)] |                     |                                      |
|  | <u>5,140.60</u>     | <u>8,702.14</u>                      |



# Schedules

forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010

**SCHEDULE 'D'**  
**FIXED ASSETS**

(Refer Notes 2 and 9 in Schedule Q)

(Rs. in Lacs)

| DESCRIPTION   | GROSS BLOCK      |                           | DEPRECIATION/ AMORTISATION/ IMPAIRMENT |                  |                 | NET BLOCK       |                  |                  |                  |
|---|------------------|---------------------------|--|------------------|-----------------|-----------------|------------------|------------------|------------------|
|   | As at 01.04.2009 | Additions during the Year | Deductions                             | As at 31.03.2010 | Upto 31.03.2009 | On Deductions   | Upto 31.03.2010  | As at 31.03.2010 | As at 31.03.2009 |
| <b>Intangible Assets</b>  |                  |                           |  |                  |                 |                 |                  |                  |                  |
| Computer Software   | 951.49           | 434.78                    | —                                      | 1,386.27         | 277.16          | —               | 577.30           | 808.97           | 674.33           |
| Commercial Rights   | 105.45           | —                         | —                                      | 105.45           | 105.45          | —               | 105.45           | —                | —                |
| <b>Tangible Assets</b>  |                  |                           |  |                  |                 |                 |                  |                  |                  |
| Land (Refer note below)   | 100.97           | —                         | —                                      | 100.97           | —               | —               | —                | 100.97           | 100.97           |
| Leasehold Land  | 232.97           | —                         | —                                      | 232.97           | 2.31            | —               | 4.66             | 228.31           | 230.66           |
| Building  | 2,775.78         | —                         | —                                      | 2,775.78         | 26.65           | —               | 71.90            | 2,703.88         | 2,749.13         |
| Leasehold Building  | 2,343.02         | —                         | —                                      | 2,343.02         | 53.66           | —               | 93.05            | 2,249.97         | 2,289.36         |
| Leasehold Improvements  | 6,971.64         | 1,316.67                  | 210.66                                 | 8,077.65         | 2,197.74        | 159.01          | 3,156.42         | 4,921.23         | 4,773.90         |
| Office Equipments   | 2,616.94         | 67.54                     | 32.19                                  | 2,652.29         | 373.08          | 9.30            | 489.87           | 2,162.42         | 2,243.86         |
| Computers   | 10,400.88        | 1,293.56                  | 1,041.77                               | 10,652.67        | 5,854.57        | 988.59          | 6,411.49         | 4,241.18         | 4,546.31         |
| Furniture and Fixtures  | 2,682.10         | 374.65                    | 79.84                                  | 2,976.91         | 859.22          | 47.00           | 984.04           | 1,992.87         | 1,822.88         |
| Vehicles  | 122.25           | 12.23                     | 23.42                                  | 111.06           | 21.52           | 11.51           | 22.15            | 88.91            | 100.73           |
| <b>Total</b>  | <b>29,303.49</b> | <b>3,499.43</b>           | <b>1,387.88</b>                        | <b>31,415.04</b> | <b>9,771.36</b> | <b>1,215.41</b> | <b>11,916.33</b> | <b>19,498.71</b> | <b>19,532.13</b> |
| Previous Year   | 21,896.18        | 7,796.15                  | 388.84                                 | 29,303.49        | 7,256.00        | 299.23          | 9,771.36         | —                | —                |
| Capital Work-in-Progress [includes Capital Advances Rs. 8.31 Lacs (Previous Year Rs. 34.04 Lacs)] | —                | —                         | —                                      | —                | —               | —               | —                | 74.27            | 217.00           |
|   |                  |                           |  |                  |                 |                 |                  | <b>19,572.98</b> | <b>19,749.13</b> |

Note: The Company has executed an agreement in respect of an undivided share in land at Chennai, which is pending registration.

# Schedules

forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010

|   | As at<br>31.03.2010     | (Rs. in Lacs)<br>As at<br>31.03.2009 |
|---|-------------------------|--------------------------------------|
| <b>SCHEDULE 'E'</b>   |                         |                                      |
| <b>Investments - (At cost)</b>  | <b>39,006.26</b>        | <b>39,005.57</b>                     |
| (As per Annexure - A)   |                         |                                      |
|   | <u><b>39,006.26</b></u> | <u><b>39,005.57</b></u>              |
| <b>SCHEDULE 'F'</b>   |                         |                                      |
| <b>Sundry Debtors (Unsecured)</b>   |                         |                                      |
| Debts Outstanding for a period exceeding Six Months   |                         |                                      |
| – Considered Good   | 40.77                   | 87.95                                |
| – Considered Doubtful   | 228.72                  | 240.26                               |
|   | <u>269.49</u>           | <u>328.21</u>                        |
| Other Debts   |                         |                                      |
| – Considered Good   | 10,217.38               | 7,864.35                             |
| – Considered Doubtful   | 115.79                  | 33.78                                |
|   | <u>10,333.17</u>        | <u>7,898.13</u>                      |
| Less: Provision for Doubtful Debts  | 344.51                  | 274.04                               |
|   | <u><b>10,258.15</b></u> | <u><b>7,952.30</b></u>               |
| [Includes due from subsidiaries - Rs. 6,280.67 Lacs<br>(Previous Year - Rs. 3,784.68 Lacs)]           |                         |                                      |
| <b>SCHEDULE 'G'</b>   |                         |                                      |
| <b>Cash and Bank Balance</b>  |                         |                                      |
| Cash on Hand  | 1.71                    | 1.21                                 |
| Bank Balances with Scheduled Banks in :   |                         |                                      |
| – Current Accounts  | 300.26                  | 220.78                               |
| – Margin Money Accounts #   | 44.90                   | 57.07                                |
| – EEFC (Exchange Earners' Foreign Currency Account)<br>[USD 277,257 (Previous Year - USD 91,119)]     | 124.30                  | 46.25                                |
| – Unclaimed Dividend  | 8.87                    | 5.27                                 |
| Bank Balances with Non-Scheduled Banks in :<br>(Refer Note 7 in Schedule R)                           |                         |                                      |
| – Current Accounts  | 305.23                  | 543.01                               |
| – Deposit Accounts  | 724.78                  | 1,072.10                             |
| # Under Lien with Banks towards Guarantees issued by them on<br>behalf of the Company.                |                         |                                      |
|   | <u><b>1,510.05</b></u>  | <u><b>1,945.69</b></u>               |
| <b>SCHEDULE 'H'</b>   |                         |                                      |
| <b>Other Current Assets</b>   |                         |                                      |
| Interest Accrued on   |                         |                                      |
| – Inter-Corporate Deposits and Others   | 43.82                   | 274.92                               |
| [Includes due from subsidiaries - Rs. Nil<br>(Previous Year - Rs. 216.19 Lacs)]                       |                         |                                      |
| Income Accrued  | 2,791.93                | 2,956.94                             |
| [Includes Income accrued from Subsidiaries - Rs.2,180.29 Lacs<br>(Previous Year - Rs. 1,170.47 Lacs)] |                         |                                      |
|   | <u><b>2,835.75</b></u>  | <u><b>3,231.86</b></u>               |



# Schedules

forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010

|   | As at<br><u>31.03.2010</u> |          | (Rs. in Lacs)<br>As at<br><u>31.03.2009</u> |          |
|---|----------------------------|----------|---|----------|
| <b>SCHEDULE 'I'</b>   |                            |          |   |          |
| <b>Loans and Advances</b>   |                            |          |   |          |
| (Unsecured and Considered Good unless otherwise stated)   |                            |          |   |          |
| Advances Recoverable in Cash or in Kind or for value to be Received   |                            |          |   |          |
| (Refer footnote 1 of note 1(b) in Schedule R)   |                            |          |   |          |
| – Considered Good   | 4,018.10                   |          | 3,186.76                                    |          |
| – Considered Doubtful   | 51.62                      |          | 41.00                                       |          |
|   | <u>4,069.72</u>            |          | <u>3,227.76</u>                             |          |
| Less: Provision for Doubtful Advance  | 51.62                      |          | 41.00                                       |          |
|   | <u>4,018.10</u>            | 4,018.10 | <u>3,186.76</u>                             | 3,186.76 |
| [Includes due from subsidiaries Rs. 287.60 Lacs (Previous Year - Rs. 241.39 Lacs)]  |                            |          |   |          |
| [Includes due from Officer of the Company Rs.10.00 Lacs (Previous Year - Rs. Nil), Maximum outstanding during the year Rs.10.00 Lacs)(Previous Year - Rs. Nil)] |                            |          |   |          |
| Advance Tax and Tax Deducted at Source (Net of Provisions) (Refer footnote 3 of note 1(b) in Schedule R)  | 944.53                     |          | 1,008.57                                    |          |
| MAT Credit Entitlement  | 1,725.73                   |          | 661.39                                      |          |
| Fringe Benefit Tax (Net of Provisions)  | 21.16                      |          | 15.40                                       |          |
| Loans to Subsidiaries (Refer Note 6 in Schedule R)  | –                          |          | 1,440.28                                    |          |
| Balance with Excise and Custom Authorities  | 82.36                      |          | 158.25                                      |          |
|   | <u>6,791.88</u>            |          | <u>6,470.65</u>                             |          |
| <b>SCHEDULE 'J'</b>   |                            |          |   |          |
| <b>Current Liabilities</b>  |                            |          |   |          |
| Sundry Creditors  |                            |          |   |          |
| – Dues to micro and small enterprises (Refer Note 13 in Schedule R)   | –                          |          | –   |          |
| – Dues to Creditors other than Micro and Small Enterprises  | 3,572.82                   | 3,572.82 | 3,188.94                                    | 3,188.94 |
| Interest Accrued But Not Due  | 30.59                      |          | 31.90                                       |          |
| Due to Subsidiaries   | 2,277.72                   |          | 2,668.94                                    |          |
| Unclaimed Dividend *  | 8.87                       |          | 5.27  |          |
| Other Liabilities   | 662.47                     |          | 587.54                                      |          |
| * There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.  |                            |          |   |          |
|   | <u>6,552.47</u>            |          | <u>6,482.59</u>                             |          |
| <b>SCHEDULE 'K'</b>   |                            |          |   |          |
| <b>Provisions</b>   |                            |          |   |          |
| Leave Encashment  | 378.28                     |          | 299.83                                      |          |
| Gratuity (Refer Note 15 in Schedule R)  | 712.28                     |          | 671.97                                      |          |
| Dividend (Proposed)   | 4,117.84                   |          | 3,080.70                                    |          |
| Dividend Tax  | 699.83                     |          | 523.57                                      |          |
| Provision for Loss on Derivative Contracts (Refer Note 14 in Schedule R)  | –                          |          | 1,061.40                                    |          |
|   | <u>5,908.23</u>            |          | <u>5,637.47</u>                             |          |

# Schedules

forming part of the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010

|   | Year ended<br>31.03.2010 | (Rs. in Lacs)<br>Year ended<br>31.03.2009 |
|---|--------------------------|---|
| <b>SCHEDULE 'L'</b>   |                          |   |
| <b>Operating Income</b>   |                          |   |
| I.T. and I.T. Enabled Services  |                          |   |
| – Overseas  | 35,282.78                | 30,706.62                                 |
| – Domestic  | 13,398.57                | 13,769.84                                 |
| [Tax Deducted at Source Rs.1,403.86 Lacs<br>(Previous Year - Rs. 1,648.63 Lacs)]      |                          |   |
|   | <u>48,681.35</u>         | <u>44,476.46</u>                          |
| <b>SCHEDULE 'M'</b>   |                          |   |
| <b>Other Income</b>   |                          |   |
| Interest  |                          |   |
| – On Loan to Subsidiaries   | 20.29                    | 80.20                                     |
| – On Others [Tax Deducted at Source Rs. 4.93 Lacs<br>(Previous Year - Rs. 0.85 Lacs)] | 104.51                   | 92.29                                     |
| Dividend from Current Investment  | 0.69                     | 0.71                                      |
| Profit on Sale of Long-term Investment  | –                        | 3.50                                      |
| Liabilities/ Provisions no longer payable written-back                                | 115.47                   | 165.78                                    |
| Miscellaneous Income  | 30.02                    | 25.41                                     |
|   | <u>270.98</u>            | <u>367.89</u>                             |
| <b>SCHEDULE 'N'</b>   |                          |   |
| <b>Employee Costs</b>   |                          |   |
| Salary and Other Benefits   | 23,878.02                | 22,190.68                                 |
| Contribution to Employees' Provident and Other Funds                                  | 1,469.09                 | 1,355.34                                  |
| Staff Welfare   | 323.64                   | 365.73                                    |
|   | <u>25,670.75</u>         | <u>23,911.75</u>                          |



# Schedules

forming part of the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010

|   | Year ended<br>31.03.2010 | (Rs. in Lacs)<br>Year ended<br>31.03.2009 |
|---|--------------------------|---|
| <b>SCHEDULE 'O'</b>                         |                          |   |
| <b>Operating And Other Expenses</b>         |                          |   |
| Power and Fuel                              | 1,362.44                 | 1,366.30                                  |
| Rent  | 1,600.75                 | 1,402.99                                  |
| Repairs and Maintenance - Others            | 999.16                   | 644.89                                    |
| Insurance                                   | 99.49                    | 86.15                                     |
| Rates and Taxes                             | 78.47                    | 74.84                                     |
| Directors' Sitting Fees                     | 7.55                     | 6.40                                      |
| Auditors' Remuneration                      |                          |   |
| – as Auditors                               | 65.50                    | 68.80                                     |
| – in other capacity, in respect of          |                          |   |
| - other matters                             | 1.55                     | 9.65                                      |
| – Out-of-Pocket Expenses                    | 0.82                     | 1.36                                      |
| Connectivity Cost                           | 915.95                   | 941.79                                    |
| Advertisement and Business Promotion        | 100.67                   | 97.17                                     |
| Communication                               | 268.73                   | 247.16                                    |
| Travelling, Conveyance and Car Hire Charges | 820.99                   | 729.14                                    |
| Legal and Professional                      | 766.62                   | 594.96                                    |
| Training and Recruitment                    | 580.03                   | 602.63                                    |
| Commission                                  | 178.24                   | 255.47                                    |
| Donation                                    | 113.09                   | 3.08                                      |
| Software Expenses                           | 36.79                    | 30.28                                     |
| Bad Debts/ Advances Written off             | –                        | 45.61                                     |
| Provisions for Doubtful Debts/ Advances     | 112.70                   | 168.43                                    |
| Fixed Assets Written Off                    | 77.43                    | 19.07                                     |
| Loss on Sale of Assets                      | 29.25                    | 13.38                                     |
| Foreign Exchange Loss (Net)                 | 776.45                   | 837.59                                    |
| Miscellaneous Expenses                      | 568.21                   | 479.53                                    |
|   | <u>9,560.88</u>          | <u>8,726.67</u>                           |
| <b>SCHEDULE 'P'</b>                         |                          |   |
| <b>Interest</b>                             |                          |   |
| Interest on:                                |                          |   |
| – Cash Credit and Other Facilities          | 121.06                   | 313.56                                    |
| – Term Loan from a Bank                     | 643.69                   | 545.10                                    |
|   | <u>764.75</u>            | <u>858.66</u>                             |

# Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

## SCHEDULE 'Q'

### Significant Accounting Policies

#### 1. Accounting Convention

The Accounts are prepared on accrual basis and in accordance with generally accepted accounting principles in India, provisions of Companies Act, 1956 of India ('the Act') and Accounting Standards referred in Section 211 (3C) of the Act.

#### 2. Fixed Assets

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition for its intended use, less accumulated depreciation.

##### Tangible Assets

- a. Depreciation on assets for own use is provided on Straight Line Method on pro-rata basis at the rates prescribed under Schedule XIV to the Act, except for leasehold land and building and leasehold improvements, which are amortised over the period of the lease. Assets costing less than Rs. 5,000 each are depreciated fully in the year of acquisition.
- b. 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.

##### Intangible Assets

Commercial Rights associated with business and customers are amortised over a period of five years. Computer Software having benefit of more than one year is capitalised and amortised over a period of 3 to 6 years.

##### Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction, if any, is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

#### 3. Valuation of Investments

Long term investments are stated at cost and provision is made for diminution, other than temporary, in value of investments. Current investments are valued at lower of cost and market value/ net asset value.

#### 4. Revenue Recognition

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

In Claim Processing Activity, revenue is recognised based on number of claims processed, at contractual rates.

In respect of I.T. Division, revenue is billed to clients as per terms of specific contracts once the related services are rendered. On fixed-price contracts, revenue is recognised based on milestones achieved as specified in the contracts on the basis of work completed. Revenue from rendering technical project and other services is recognised during the period in which services are rendered.

- b. Interest income is accounted on accrual basis and dividend income is accounted on right to receipt basis.
- c. In respect of other heads of income, the Company follows the practice of accounting of such income on accrual basis.

#### 5. Foreign Currency Transactions

- a. Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing on the Balance Sheet date. Gain and losses arising on account of differences in foreign exchange rates on settlement/ translation of foreign currency monetary assets



## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

and liabilities are recognised in the Profit and Loss Account. Non monetary foreign currency items are carried at cost.

- b. Forward exchange contracts are accounted for, by amortising the difference between the forward rate and the exchange rate on the date of the transaction over the life of the contract.
- c. In respect of transactions related to foreign branches, all revenue and expense transactions during the year are reported at an average rate. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/ loss on foreign currency translation in respect of transactions of all foreign branches, which are integral to the Company, are recognised in the Profit and Loss Account.
- d. Any profit or loss arising on settlement or cancellation of other derivative contracts (forward contracts in respect of firm commitments or highly probable forecast transactions, swaps and currency options) is recognised as income or expense for the year. Pursuant to The Institute of Chartered Accountants of India's announcement 'Accounting for Derivatives', the Company marks-to-market all such outstanding derivative contracts at the year-end and the resulting mark-to-market losses, if any, are recognised in the Profit and Loss Account.

### 6. Employee Benefits

#### a. *Defined Contribution Plan*

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund applicable to certain employees, constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company makes contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to revenue every year.

#### b. *Defined Benefit Plan*

The Company has a Defined Benefit plan namely Gratuity for all of its employees in India. The gratuity scheme is funded through Group Gratuity Policy with Life Insurance Corporation of India ('LIC'). The Company also has an unfunded, non contributory pension benefit plan at certain foreign branches.

The liability for the defined benefit plan of Gratuity and Pension is determined on the basis of an actuarial valuation carried out by an Independent actuary at the year-end using Projected Unit Credit Method.

Termination benefits are recognised as an expense as and when incurred.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

#### c. *Other Employee Benefits*

The employees of the Company are entitled to leave encashment as per the leave policy of the Company. The liability in respect of leave encashment is provided, based on an actuarial valuation carried out by an independent actuary as at the year end using Projected Unit Credit Method. Short term compensated absences, if any, are provided on cost to company basis.

### 7. Taxation

- a. Provision for Income Tax is made after considering exemptions and deductions available under the Income Tax Act, 1961, of India and legal advice from time to time. Provision for Income Tax in respect of overseas branches are made as per the tax laws applicable to the relevant country.
- b. Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

### 8. Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets' is made.

### 9. Leases

- a. Leases of assets under which all the risks and benefits of ownership are substantially transferred to the lessee are classified as finance leases. Finance leases are capitalised at the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in secured loans. The interest element of the finance charge is charged to the Profit and Loss Account over the lease period. Leased assets are being depreciated over the lease period.
- b. Assets acquired as leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

### 10. Accounting for Employee Stock Options

Stock options granted to employees under the Employee Stock Option Scheme are accounted as per the accounting treatment prescribed in the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.



# Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

## SCHEDULE 'R'

### Notes to Accounts

#### 1. Commitments and Contingent Liabilities

- a) Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account - Rs. 193.05 Lacs (Previous Year - Rs. 36.69 Lacs).
- b) Contingent liabilities in respect of:

(Rs. in Lacs)

| Particulars   | As at<br>31.03.2010 | As at<br>31.03.2009 |
|---|---------------------|---------------------|
| (i) Bank Guarantees given in favour of:   |                     |                     |
| - President of India, Commissioner, Deputy Commissioner and Assistant Commissioner of Customs   | 216.53              | 230.87              |
| - President of India, The Telegraph Authority   | —                   | 50.00               |
| - Mauritius Telecom Limited for indemnifying against any loss for supply of an International Private Leased Circuit (IPLC) to the Company, to the maximum extent of USD Nil (Previous Year - USD 21,735)                  | —                   | 11.05               |
| - Ministry of Labour, Mauritius for expense maintenance and repatriation of two employees of the Company [MUR 15,000 (Previous Year - MUR 15,000)]  | 0.22                | 0.24                |
| (ii) Indemnity Bond given by Company to Commissioner, Deputy Commissioner and Assistant Commissioner of Customs and Assistant Commissioner of Central Excise towards obtaining 100% EOU status for its locational offices | 4,617.36            | 4,617.36            |
| (iii) Indemnity Bond given by the Company in connection with telemarketing work undertaken by a subsidiary company [USD Nil (Previous Year - USD 120,000)]  | —                   | 61.03               |
| (iv) Claims raised by service tax authorities which is not acknowledged by the Company  | 359.02              | 359.02              |
| (v) Other claims against the Company not acknowledged as debts (to the extent ascertainable)  | 4.79                | 4.79                |
| (vi) Claims towards Income Tax (Refer Note 1 below)   | 14,042.81           | 3,081.64            |

#### Notes:

1. Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating Rs. 12,208.43 Lacs (Previous Year: Rs. 3,081.64 Lacs) in respect of period prior to October 1, 2006 which will be reimbursed by the Company pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ITES business into the Company sanctioned by High Court of Judicature of Bombay and made effective on March 7, 2007. In this regard, the Company has paid Rs. 1,350 Lacs (Previous Year: Rs. 500 Lacs) to Hinduja Ventures Limited to discharge part payment of disputed Income tax dues pertaining to IT/ ITES business, which is included in the Advances Recoverable in Cash or in Kind or for value to be received. Hinduja Ventures Limited has filed appeal against the said demand. Additionally, an objection in respect of income tax matters pertaining to IT/ ITES business has been filed by Hinduja Ventures Limited with Dispute Resolution Panel involving an amount of Rs. 1,834.38 Lacs [Previous Year - Rs. Nil], which is pending disposal. In view of Management and based on the legal advice obtained, the Company has fairly a strong case for a favourable decision.
2. Future cash outflow in respect of (iv), (v) and (vi) above, if any, is determinable only on receipt of judgements/ decisions pending with relevant authorities.
3. Subsequent to the demerger of IT/ ITES business from Hinduja Ventures Limited into the Company, certificates in respect of tax deducted at source by the customers under the Income Tax Act, 1961 of India aggregating Rs. 1,315.03 Lacs were received in the name of Hinduja Ventures Limited. In view of the Management, the Company is eligible for the benefits of such tax deducted at source since

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

the services were provided by the Company. Further, certificates of tax deducted at source aggregating Rs. 1,423.31 Lacs are in process of being collected from the customers.

- c) The Company has given corporate guarantees in favour of:
- Ryder System, Inc., to guarantee the payment and performance of Source 1 HTMT Inc., a subsidiary company, under the Outsourcing Master Services Agreement entered between the two.
  - Zurich Services Corporation, Schaumburg to secure the performance of Source 1 HTMT Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Source 1 HTMT Inc. has contracted to perform certain services.
- d) Irrevocable Letter of Credit aggregating USD 2,000,000 (Previous Year - USD 2,000,000) [equivalent Rs. 899.50 Lacs (Previous Year - Rs. 1,017.23 Lacs)] issued towards performance of an overseas contract against charge on current and fixed assets of the Company, both present and future.

### 2. Earnings per Equity Share (Basic and Diluted)

|  | 2009-2010  | 2008-2009  |
|--|------------|------------|
| Profit After Tax (Rs. in Lacs)   | 9,514.32   | 6,191.40   |
| Weighted average number of equity shares   |            |            |
| A. For Basic Earnings per share (Nos.)   | 20,538,985 | 20,538,003 |
| B. For Diluted Earnings per share (Nos.)   |            |            |
| No. of shares for Basic Earning Per Share as per A   | 20,538,985 | 20,538,003 |
| Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration | 72,616     | —          |
| No. of shares for Diluted Earnings per share   | 20,611,601 | 20,538,003 |
| Nominal Value of an equity share (Rs.)   | 10.00      | 10.00      |
| Earnings per share (Basic) (Rs.)   | 46.32      | 30.15      |
| Earnings per share (Diluted) (Rs.)   | 46.16      | 30.15      |

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

(Rs. in Lacs)

|  | As at<br>31.03.2010 | As at<br>31.03.2009 |
|--|---------------------|---------------------|
| <b>Deferred Tax Liability</b>              |                     |                     |
| Depreciation on Fixed Assets               | (1,269.62)          | (1,269.38)          |
| <b>Total Deferred Tax Liability</b>        | <b>(1,269.62)</b>   | <b>(1,269.38)</b>   |
| <b>Deferred Tax Asset</b>                  |                     |                     |
| Expenses allowed on payment basis          | 165.08              | 101.90              |
| Provision for doubtful debts               | 95.44               | 93.15               |
| Others                                     | 4.97                | 27.93               |
| <b>Total Deferred Tax Asset</b>            | <b>265.49</b>       | <b>222.98</b>       |
| <b>Net Deferred Tax Asset/ (Liability)</b> | <b>(1,004.13)</b>   | <b>(1,046.40)</b>   |

### 4. Segment Information

In accordance with Accounting Standard 17 "Segmental Reporting", the Company has determined its operations as a single reportable business segment, namely Information Technology/ Information Technology Enabled Services. Hence, it has no other reportable segments. Thus, the segment revenue, segment results, total



## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

carrying value of segment assets and liabilities, capital expenditure incurred to acquire the assets, the total amount of charge for depreciation are all as reflected in the financial statements as of and for the year ended March 31, 2010.

### Geographical Segments

(Rs. in Lacs)

| Particulars                | India     |           | Outside India |           | Total     |           |
|----------------------------|-----------|-----------|---------------|-----------|-----------|-----------|
|                            | 2009-2010 | 2008-2009 | 2009-2010     | 2008-2009 | 2009-2010 | 2008-2009 |
| Sales Revenue*             | 13,398.57 | 13,769.84 | 35,282.78     | 30,706.62 | 48,681.35 | 44,476.46 |
| Carrying Amount of Assets# | 25,517.26 | 24,645.90 | 54,457.81     | 53,709.30 | 79,975.07 | 78,355.20 |
| Capital Expenditure        | 1,525.06  | 5,762.28  | 1,831.64      | 300.07    | 3,356.70  | 6,062.35  |

\* There are no Inter Segment Revenues.

# Includes Strategic Investment in a subsidiary.

### 5. Related Party Disclosures (as identified by the Management)

#### I Individual having control with his relatives and associates.

Mr. Ashok P. Hinduja

#### II Subsidiaries of Hinduja Global Solutions Limited (includes indirect subsidiaries)

1. Pacific Horizon Limited, Mauritius
2. Source1 HTMT Inc., U.S.A.
3. C-Cubed B.V., Netherlands
4. C-Cubed (Antilles) N.V., Netherlands
5. Customer Contact Centre Inc., Manila
6. HTMT Europe Limited, U.K.
7. Hinduja TMT France, S.A.R.L
8. Affina L.L.C., U.S.A
9. RMT L.L.C., U.S.A
10. Affina Company, Canada

#### III Key Management Personnel

Mr. Partha De Sarkar

#### IV Enterprises where common control exists

1. Serendipity Films Private Limited
2. Hinduja Group India Limited
3. Aasia Management & Consultancy Private Limited
4. Hinduja Ventures Limited
5. IndusInd Media and Communication Limited
6. Hinduja Realty Ventures Limited

#### V Associate Company

Ashley Airways Limited

#### VI Relatives of Key Management personnel

Mrs. Samya Ahmed

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

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

(Rs. in Lacs)

| Nature of Transaction                                | Parties referred to in II above        | Personnel referred to in III and VI above | Parties referred to in IV above  | Parties referred to in V above | Total                                  |
|--|--|---|----------------------------------|--------------------------------|--|
| <b>Rendering of Services</b>                         |  |   |                                  |                                |  |
| Source 1 HTMT Inc.                                   | 26,197.93<br>[20,795.97]               | —<br>[—]                                  | —<br>[—]                         | —<br>[—]                       | 26,197.93<br>[20,795.97]               |
| Others   | 546.88<br>[467.81]                     | —<br>[—]                                  | 5.66<br>[0.10]                   | —<br>[—]                       | 552.54<br>[467.91]                     |
| <b>Total</b>   | <b>26,744.81</b><br><b>[21,263.78]</b> | <b>—</b><br><b>[—]</b>                    | <b>5.66</b><br><b>[0.10]</b>     | <b>—</b><br><b>[—]</b>         | <b>26,750.47</b><br><b>[21,263.88]</b> |
| <b>Interest Income</b>                               |  |   |                                  |                                |  |
| C-Cubed (Antilles) N.V.                              | 20.29<br>[80.20]                       | —<br>[—]                                  | —<br>[—]                         | —<br>[—]                       | 20.29<br>[80.20]                       |
| Hinduja Realty Ventures Limited                      | —<br>[—]                               | —<br>[—]                                  | 31.07<br>[—]                     | —<br>[—]                       | 31.07<br>[—]                           |
| <b>Total</b>   | <b>20.29</b><br><b>[80.20]</b>         | <b>—</b><br><b>[—]</b>                    | <b>31.07</b><br><b>[—]</b>       | <b>—</b><br><b>[—]</b>         | <b>51.36</b><br><b>[80.20]</b>         |
| <b>Rent</b>  |  |   |                                  |                                |  |
| IndusInd Media and Communication Limited             | —<br>[—]                               | —<br>[—]                                  | —<br>[124.72]                    | —<br>[—]                       | —<br>[124.72]                          |
| Aasia Management and Consultancy Private Limited     | —<br>[—]                               | —<br>[—]                                  | 48.67<br>[25.71]                 | —<br>[—]                       | 48.67<br>[25.71]                       |
| Mrs. Samya Ahmed                                     | —<br>[—]                               | 4.78<br>[—]                               | —<br>[—]                         | —<br>[—]                       | 4.78<br>[—]                            |
| <b>Total</b>   | <b>—</b><br><b>[—]</b>                 | <b>4.78</b><br><b>[—]</b>                 | <b>48.67</b><br><b>[150.43]</b>  | <b>—</b><br><b>[—]</b>         | <b>53.45</b><br><b>[150.43]</b>        |
| <b>Professional Fees</b>                             |  |   |                                  |                                |  |
| Hinduja Group India Limited                          | —<br>[—]                               | —<br>[—]                                  | 105.58<br>[112.24]               | —<br>[—]                       | 105.58<br>[112.24]                     |
| <b>Total</b>   | <b>—</b><br><b>[—]</b>                 | <b>—</b><br><b>[—]</b>                    | <b>105.58</b><br><b>[112.24]</b> | <b>—</b><br><b>[—]</b>         | <b>105.58</b><br><b>[112.24]</b>       |
| <b>Interest Expense on Inter-Corporate Deposits</b>  |  |   |                                  |                                |  |
| Hinduja Ventures Limited                             | —<br>[—]                               | —<br>[—]                                  | —<br>[70.56]                     | —<br>[—]                       | —<br>[70.56]                           |
| <b>Total</b>   | <b>—</b><br><b>[—]</b>                 | <b>—</b><br><b>[—]</b>                    | <b>—</b><br><b>[70.56]</b>       | <b>—</b><br><b>[—]</b>         | <b>—</b><br><b>[70.56]</b>             |
| <b>Communication Charges</b>                         |  |   |                                  |                                |  |
| IndusInd Media and Communication Limited             | —<br>[—]                               | —<br>[—]                                  | —<br>[8.54]                      | —<br>[—]                       | —<br>[8.54]                            |
| <b>Total</b>   | <b>—</b><br><b>[—]</b>                 | <b>—</b><br><b>[—]</b>                    | <b>—</b><br><b>[8.54]</b>        | <b>—</b><br><b>[—]</b>         | <b>—</b><br><b>[8.54]</b>              |
| <b>Executive Remuneration</b>                        |  |   |                                  |                                |  |
| Mr. Partha De Sarkar<br>(Refer Note 8 in Schedule R) | —<br>[—]                               | 123.49<br>[100.79]                        | —<br>[—]                         | —<br>[—]                       | 123.49<br>[100.79]                     |
| <b>Total</b>   | <b>—</b><br><b>[—]</b>                 | <b>123.49</b><br><b>[100.79]</b>          | <b>—</b><br><b>[—]</b>           | <b>—</b><br><b>[—]</b>         | <b>123.49</b><br><b>[100.79]</b>       |



# Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

(Rs. in Lacs)

| Nature of Transaction                                 | Parties referred to in II above | Personnel referred to in III and VI above | Parties referred to in IV above | Parties referred to in V above | Total                     |
|---|---------------------------------|---|---------------------------------|--------------------------------|---------------------------|
| <b>Advance paid to Key Managerial Personnel</b>       |                                 |   |                                 |                                |                           |
| Mr. Partha De Sarkar                                  | –<br>[–]                        | 10.00<br>[–]                              | –<br>[–]                        | –<br>[–]                       | 10.00<br>[–]              |
| <b>Total</b>  | –<br>[–]                        | <b>10.00</b><br>[–]                       | –<br>[–]                        | –<br>[–]                       | <b>10.00</b><br>[–]       |
| <b>Reimbursement of Expenses to Other Companies</b>   |                                 |   |                                 |                                |                           |
| IndusInd Media and Communication Limited              | –<br>[–]                        | –<br>[–]                                  | –<br>[31.87]                    | –<br>[–]                       | –<br>[31.87]              |
| Hinduja Ventures Limited                              | –<br>[–]                        | –<br>[–]                                  | 10.30<br>[7.63]                 | –<br>[–]                       | 10.30<br>[7.63]           |
| HTMT Europe Limited, UK                               | 1.16<br>[–]                     | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 1.16<br>[–]               |
| Source1 HTMT Inc.                                     | 498.71<br>[588.77]              | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 498.71<br>[588.77]        |
| <b>Total</b>  | <b>499.87</b><br>[588.77]       | –<br>[–]                                  | <b>10.30</b><br>[39.50]         | –<br>[–]                       | <b>510.17</b><br>[628.27] |
| <b>Reimbursement of Expenses from Other Companies</b> |                                 |   |                                 |                                |                           |
| Hinduja Ventures Limited                              | –<br>[–]                        | –<br>[–]                                  | –<br>[0.77]                     | –<br>[–]                       | –<br>[0.77]               |
| Affina LLC, U.S.A                                     | 2.57<br>[–]                     | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 2.57<br>[–]               |
| Customer Contact Centre Inc                           | 8.92<br>[–]                     | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 8.92<br>[–]               |
| Source1 HTMT Inc.                                     | 33.46<br>[–]                    | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 33.46<br>[–]              |
| HTMT Europe Limited, UK                               | 1.27<br>[–]                     | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 1.27<br>[–]               |
| <b>Total</b>  | <b>46.22</b><br>[–]             | –<br>[–]                                  | –<br>[0.77]                     | –<br>[–]                       | <b>46.22</b><br>[0.77]    |
| <b>Purchase of Fixed Assets</b>                       |                                 |   |                                 |                                |                           |
| Asia Management and Consultancy Private Limited       | –<br>[–]                        | –<br>[–]                                  | 74.50<br>[159.95]               | –<br>[–]                       | 74.50<br>[159.95]         |
| <b>Total</b>  | –<br>[–]                        | –<br>[–]                                  | <b>74.50</b><br>[159.95]        | –<br>[–]                       | <b>74.50</b><br>[159.95]  |
| <b>Sale of Fixed Assets</b>                           |                                 |   |                                 |                                |                           |
| Source1 HTMT Inc.                                     | 64.95<br>[–]                    | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 64.95<br>[–]              |
| <b>Total</b>  | <b>64.95</b><br>[–]             | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | <b>64.95</b><br>[–]       |
| <b>Sale of Investment</b>                             |                                 |   |                                 |                                |                           |
| Hinduja Ventures Limited                              | –<br>[–]                        | –<br>[–]                                  | –<br>[103.50]                   | –<br>[–]                       | –<br>[103.50]             |
| IndusInd Media and Communication Limited              | –<br>[–]                        | –<br>[–]                                  | 2.75<br>[–]                     | –<br>[–]                       | 2.75<br>[–]               |
| <b>Total</b>  | –<br>[–]                        | –<br>[–]                                  | <b>2.75</b><br>[103.50]         | –<br>[–]                       | <b>2.75</b><br>[103.50]   |

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

(Rs. in Lacs)

| Nature of Transaction                               | Parties referred to in II above | Personnel referred to in III and VI above | Parties referred to in IV above | Parties referred to in V above | Total                           |
|---|---------------------------------|---|---------------------------------|--------------------------------|---------------------------------|
| <b>Inter-Corporate Deposits given</b>               |                                 |   |                                 |                                |                                 |
| Hinduja Realty Ventures Limited                     | –<br>[–]                        | –<br>[–]                                  | 1,500.00<br>[–]                 | –<br>[–]                       | 1,500.00<br>[–]                 |
| <b>Total</b>  | –<br>[–]                        | –<br>[–]                                  | <b>1,500.00</b><br>[–]          | –<br>[–]                       | <b>1,500.00</b><br>[–]          |
| <b>Receivable net of payable as at the year-end</b> |                                 |   |                                 |                                |                                 |
| Source1 HTMT Inc.                                   | 8,518.79<br>[4,880.54]          | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 8,518.79<br>[4,880.54]          |
| C–Cubed (Antilles) N.V.                             | 18.63<br>[1,656.44]             | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 18.63<br>[1,656.44]             |
| Hinduja Ventures Limited                            | –<br>[–]                        | –<br>[–]                                  | 1,350.00<br>[493.31]            | –<br>[–]                       | 1,350.00<br>[493.31]            |
| Affina LLC, U.S.A                                   | 183.04<br>[–]                   | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 183.04<br>[–]                   |
| Mr. Partha De Sarkar                                | –<br>[–]                        | 10.00<br>[–]                              | –<br>[–]                        | –<br>[–]                       | 10.00<br>[–]                    |
| Mrs Samya Ahmed                                     | –<br>[–]                        | 4.00<br>[–]                               | –<br>[–]                        | –<br>[–]                       | 4.00<br>[–]                     |
| Others  | 21.44<br>[113.26]               | –<br>[–]                                  | 8.96<br>[4.04]                  | –<br>[–]                       | 30.40<br>[117.30]               |
| <b>Total</b>  | <b>8,741.90</b><br>[6,650.24]   | <b>14.00</b><br>[–]                       | <b>1,358.96</b><br>[497.35]     | –<br>[–]                       | <b>10,114.86</b><br>[7,147.59]  |
| <b>Payable net of Receivable as at year-end</b>     |                                 |   |                                 |                                |                                 |
| Customer Contact Centre Inc., Manila                | 2,271.06<br>[2,463.67]          | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 2,271.06<br>[2,463.67]          |
| IndusInd Media and Communications Limited           | –<br>[–]                        | –<br>[–]                                  | 2.90<br>[14.01]                 | –<br>[–]                       | 2.90<br>[14.01]                 |
| Hinduja Group India Limited                         | –<br>[–]                        | –<br>[–]                                  | 1.49<br>[7.62]                  | –<br>[–]                       | 1.49<br>[7.62]                  |
| Aasia Management and Consultancy Private Limited    | –<br>[–]                        | –<br>[–]                                  | 9.17<br>[2.84]                  | –<br>[–]                       | 9.17<br>[2.84]                  |
| HTMT Europe Limited, UK                             | –<br>[2.53]                     | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | –<br>[2.53]                     |
| <b>Total</b>  | <b>2,271.06</b><br>[2,466.20]   | –<br>[–]                                  | <b>13.56</b><br>[24.47]         | –<br>[–]                       | <b>2,284.62</b><br>[2,490.67]   |
| <b>Investments</b>                                  |                                 |   |                                 |                                |                                 |
| Ashley Airways Limited                              | –<br>[–]                        | –<br>[–]                                  | –<br>[–]                        | 75.00<br>[75.00]               | 75.00<br>[75.00]                |
| Pacific Horizon Limited                             | 38,880.28<br>[38,880.28]        | –<br>[–]                                  | –<br>[–]                        | –<br>[–]                       | 38,880.28<br>[38,880.28]        |
| <b>Total</b>  | <b>38,880.28</b><br>[38,880.28] | –<br>[–]                                  | –<br>[–]                        | <b>75.00</b><br>[75.00]        | <b>38,955.28</b><br>[38,955.28] |

Notes:

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



## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

### 6. Loans and Advances in the nature of Loan to a Subsidiary

(Rs. in Lacs)

| Name of the subsidiary                          | Balance          |                  | Maximum Balance Outstanding |           |
|---|------------------|------------------|-----------------------------|-----------|
|   | As at 31.03.2010 | As at 31.03.2009 | 2009-2010                   | 2008-2009 |
| C-Cubed (Antilles) N.V., an indirect subsidiary | —                | 1,440.28         | 1,440.28                    | 1,440.28  |
| <b>Total</b>                                    | —                | 1,440.28         | 1,440.28                    | 1,440.28  |

- The interest bearing Loans and Advances, in the nature of Loan to a Subsidiary as shown above were repayable on demand.
- There are no loans and advances in the nature of loans to associates.
- There are no other loans and advances in the nature of loans where there is no repayment schedule.
- All loans and advances in the nature of loans were given on terms within the limits specified under Section 372A of The Act.

### 7. Details of balance with Non Scheduled Banks

(Rs. in Lacs)

| Name of Bank   | Balance          |                  | Maximum Balance Outstanding |                 |
|--|------------------|------------------|-----------------------------|-----------------|
|  | As at 31.03.2010 | As at 31.03.2009 | 2009-2010                   | 2008-2009       |
| <b>In Current Account</b>  |                  |                  |                             |                 |
| The Honkong and Shanghai Banking Corporation (Canada and New York) | 11.87            | 10.70            | 12.06                       | 49.94           |
| Chinatrust Bank, Philippines                                       | 186.74           | 301.05           | 941.82                      | 869.97          |
| International Exchange Bank, Philippines                           | 92.57            | 207.43           | 1,638.13                    | 593.68          |
| The Honkong and Shanghai Banking Corporation (Philippines)         | 14.05            | 23.83            | 427.48                      | 490.87          |
| Union Bank, Philippines  | —                | —                | —                           | 4.62            |
| <b>Sub-total</b>   | <b>305.23</b>    | <b>543.01</b>    | <b>3,019.49</b>             | <b>2,009.08</b> |
| <b>In Deposit Account</b>  |                  |                  |                             |                 |
| Chinatrust Bank, Philippines                                       | 724.78           | 1,072.10         | 1,438.87                    | 3,443.65        |
| <b>Sub-total</b>   | <b>724.78</b>    | <b>1,072.10</b>  | <b>1,438.87</b>             | <b>3,443.65</b> |
| <b>Total</b>   | <b>1,030.01</b>  | <b>1,615.11</b>  | <b>4,458.36</b>             | <b>5,452.73</b> |

### 8. Managerial Remuneration

Employee Costs includes remuneration to Manager

(Rs. in Lacs)

| Particulars                                  | 2009-2010     | 2008-2009     |
|--|---------------|---------------|
| Salary, Performance Incentive and Allowances | 99.11         | 78.18         |
| Contribution to Provident Fund               | 3.96          | 3.95          |
| Perquisites                                  | 20.42         | 18.66         |
| <b>Total</b>                                 | <b>123.49</b> | <b>100.79</b> |

Note: Number of stock options granted to Manager and exercisable at the year-end 13,500 nos. (Previous Year - 18,000 nos.)

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

### 9. (a) Earnings in Foreign Exchange

(Rs. in Lacs)

| Particulars                | 2009-2010 | 2008-2009 |
|----------------------------|-----------|-----------|
| IT and IT enabled Services | 35,282.78 | 30,706.62 |
| Interest Income            | 20.29     | 80.20     |
| Sale of Fixed Assets       | 139.31    | —         |

### (b) Expenditure in Foreign Currency

(Rs. in Lacs)

| Particulars                               | 2009-2010 | 2008-2009 |
|---|-----------|-----------|
| Foreign Travel (including allowances)     | 237.04    | 194.12    |
| Discounts and Commission                  | 178.82    | 248.86    |
| Connectivity Cost                         | 239.26    | 232.59    |
| Expenditure incurred at overseas branches | 12,839.09 | 11,330.77 |

### (c) Value of Imports calculated on CIF basis

(Rs. in Lacs)

| Particulars   | 2009-2010 | 2008-2009 |
|---------------|-----------|-----------|
| Capital Goods | 100.82    | 746.11    |

### 10. Investments purchased and sold during the year

| Particulars   | Purchased        |                         | Sold             |                         |
|---|------------------|-------------------------|------------------|-------------------------|
|   | Nos.             | Amount<br>(Rs. in Lacs) | Nos.             | Amount<br>(Rs. in Lacs) |
| <b>Equity Shares</b>  |                  |                         |                  |                         |
| HTMT Telecom Private Limited  | —<br>[—]         | —<br>[—]                | —<br>[1,000,000] | —<br>[103.50]           |
| <b>Total</b>  | —<br>[—]         | —<br>[—]                | —<br>[1,000,000] | —<br>[103.50]           |
| <b>Mutual Funds</b>   |                  |                         |                  |                         |
| PNB Principal Cash Management Fund - Liquid Option - Institutional Plan - Dividend Reinvestment - Daily | 370<br>[709]     | 0.04<br>[0.07]          | —<br>[—]         | —<br>[—]                |
| PNB Principal Income Fund - Short Term Plan - (Institutional Weekly Dividend Reinvestment Plan)         | 6,049<br>[5,983] | 0.65<br>[0.65]          | —<br>[—]         | —<br>[—]                |
| <b>Total</b>  | 6,419<br>[6,692] | 0.69<br>[0.72]          | —<br>[—]         | —<br>[—]                |

Figures in bracket pertain to the previous year.

### 11. Operating Leases

The details of non-cancellable operating leases are as follows:

(Rs. in Lacs)

| Particulars     | Minimum Future Lease Rentals |   |                        | Amount recognised during the year |
|-----------------|------------------------------|---|------------------------|-----------------------------------|
|                 | Due within one year          | Due later than one year and not later than five years | Due after five year    |                                   |
| Office Premises | 1,407.58<br>[1,162.21]       | 5,233.35<br>[3,129.84]                                | 1,510.22<br>[2,404.37] | 1,420.36<br>[1,133.82]            |

Figures in bracket pertain to the previous year.



## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

The operating lease arrangement relating to office premises extend up to a maximum of ten years from the respective dates of inception and are renewable on mutual consent. In addition, the Company has entered into other various cancellable leasing arrangements for office and residential premises and towards which an amount of Rs. 180.39 Lacs (Previous Year - Rs. 269.17 Lacs) has been recognised in the Profit and Loss Account.

### 12. Dividend Remitted in Foreign Currency

| Particulars                         | 2009-2010 | 2008-2009 |
|-------------------------------------|-----------|-----------|
| Amount Remitted (Rs. in Lacs)       | 5.00      | 3.33      |
| Dividend related to financial year  | 2008-2009 | 2007-2008 |
| Number of non-resident shareholders | 36        | 36        |
| Number of shares                    | 33,300    | 33,300    |

13. There are no delays in payments to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. Further, there are no outstanding dues payable to micro and small enterprises at the year-end.

This has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.

14. Exceptional income for the year ended March 31, 2010 of Rs. 576.05 Lacs represents write back of provision for mark-to-market losses on outstanding forward exchange contracts held for hedging future customer receivables on account of appreciation of rupee against US dollar. Provision of mark-to-market losses on aforesaid contracts aggregated Rs. 1,061.40 Lacs as at March 31, 2009.

The details of derivative contracts outstanding at the year-end are as follows:

| Particulars   | Amount (USD) | Type   | No. of Contracts | Contract Value (Rs. in Lacs) |
|---|--------------|--------|------------------|------------------------------|
| Forward contract in respect of firm commitment or highly probable forecasted transactions | 2,400,000    | Sell   | 2                | 1,096.60                     |
|   | [18,000,000] | [Sell] | [24]             | [8,170.11]                   |

As at the Balance Sheet date, foreign currency receivable (net) that are not hedged by any derivative instrument or otherwise are as under:

| Currency | Foreign Currency Amount          | Amount (Rs. in Lacs)   |
|----------|----------------------------------|------------------------|
| GBP      | 4,266.00<br>[2,916.00]           | 2.87<br>[2.11]         |
| Euro     | 35,257.90<br>[51,672.72]         | 21.44<br>[34.79]       |
| SGD      | 8,174.00<br>[6,174.00]           | 2.60<br>[2.06]         |
| USD      | 12,012,499.10<br>[13,857,418.33] | 5,394.72<br>[7,036.75] |

Figures in bracket pertain to the previous year.

### 15. Disclosures in terms of Accounting Standard 15 (Revised 2005) 'Employee Benefits'

The Company has classified various benefits provided to employees as under: -

#### I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employers' Contribution to Employee's Pension Scheme 1995.

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

During the year, the Company has recognised the following amounts in the Profit and Loss Account -  
(Rs. in Lacs)

|   | 2009-2010 | 2008-2009 |
|---|-----------|-----------|
| - Employers' Contribution to Provident Fund<br>[Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]* | 690.15    | 684.79    |
| - Employers' Contribution to Superannuation Fund*   | 6.22      | 7.61      |
| - Employers' Contribution to Employees' State Insurance*  | 275.83    | 291.28    |
| - Employers' Contribution to Other Employees' Benefit Scheme*   | 387.30    | 78.13     |

\* Included in Contribution to Employees' Provident and Other Funds (Refer Schedule 'N')

### II Defined Benefit Plan

#### Gratuity and Pension Plan

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was carried out in respect of the aforesaid defined benefit plan of gratuity and pension based on the following assumptions: -

|   | 2009-2010     | 2008-2009      |
|---|---------------|----------------|
| Discount Rate (per annum)               | 8.00% - 9.91% | 7.75% - 14.80% |
| Rate of increase in Compensation levels | 6.00%         | 4% - 8%        |
| Rate of Return on Plan Assets           | 8.00%         | 8%             |

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

(Rs. in Lacs)

|   | 2009-2010 |          | 2008-2009 |          |
|---|-----------|----------|-----------|----------|
|   | Funded    | Unfunded | Funded    | Unfunded |
| Present Value of Obligation as at beginning of the year | 210.98    | 605.84   | 137.30    | 385.45   |
| Interest Cost   | 23.54     | 31.80    | 16.90     | 49.53    |
| Current Service Cost                                    | 101.42    | 23.61    | 79.74     | 166.90   |
| Benefits Paid   | (17.26)   | —        | (11.54)   | —        |
| Actuarial (gain)/ loss on obligations                   | 2.35      | (56.34)  | (11.42)   | 3.96     |
| Present Value of Obligation as at end of the year       | 321.03    | 604.91   | 210.98    | 605.84   |

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

(Rs. in Lacs)

|  | 2009-2010 | 2008-2009 |
|--|-----------|-----------|
| Fair Value of Plan Assets at beginning of the year | 144.85    | 142.31    |
| Expected Return on Plan Assets                     | 16.44     | 11.08     |
| Contribution to the Plan Assets                    | 69.27     | 1.99      |
| Actuarial gain/ (loss) on obligations              | 0.36      | 1.01      |
| Benefits Paid                                      | (17.26)   | (11.54)   |
| Fair Value of Plan Assets at end of the year       | 213.66    | 144.85    |

#### C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31<sup>st</sup> March, 2010

The Plan Assets are administered by Life Insurance Corporation of India ('LIC') as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority Regulations.



## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

### D) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. in Lacs)

|  | 2009-2010       |                 | 2008-2009      |                 |
|--|-----------------|-----------------|----------------|-----------------|
|  | Funded          | Unfunded        | Funded         | Unfunded        |
| Present Value of funded Obligation as at end of the year             | 321.03          | —               | 210.98         | —               |
| Fair Value of Plan Assets as at end of the year                      | 213.66          | —               | 144.85         | —               |
| Funded Status  | 213.66          | —               | 144.85         | —               |
| Present Value of Unfunded Obligation as at end of the year           | (107.37)        | 604.91          | (66.13)        | 605.84          |
| <b>Unfunded Net Asset/ (Liability) Recognised in Balance Sheet**</b> | <b>(107.37)</b> | <b>(604.91)</b> | <b>(66.13)</b> | <b>(605.84)</b> |

\*\* Included in Provisions (Refer Schedule 'K').

### E) Amount recognised in the Balance Sheet

(Rs. in Lacs)

|   | 2009-2010       |                 | 2008-2009      |                 |
|---|-----------------|-----------------|----------------|-----------------|
|   | Funded          | Unfunded        | Funded         | Unfunded        |
| Present Value of Obligation as at end of the year           | 321.03          | 604.91          | 210.98         | 605.84          |
| Fair Value of Plan Assets as at end of the year             | 213.66          | —               | 144.85         | —               |
| <b>Asset/(Liability) recognised in the Balance Sheet***</b> | <b>(107.37)</b> | <b>(604.91)</b> | <b>(66.13)</b> | <b>(605.84)</b> |

\*\*\* Included in Provisions (Refer Schedule 'K').

### F) Expenses recognised in the Profit and Loss Account

(Rs. in Lacs)

|   | 2009-2010     |               | 2008-2009    |               |
|---|---------------|---------------|--------------|---------------|
|   | Funded        | Unfunded      | Funded       | Unfunded      |
| Current Service Cost  | 101.42        | 23.61         | 79.74        | 166.90        |
| Interest Cost   | 23.54         | 31.80         | 16.90        | 49.53         |
| Expected Return on Plan Assets                                      | (16.43)       | —             | (11.08)      | —             |
| Net actuarial (gain)/ loss recognised in the year                   | 1.99          | (56.34)       | (12.42)      | 3.96          |
| <b>Total Expenses recognised in the Profit and Loss Account****</b> | <b>110.52</b> | <b>(0.93)</b> | <b>73.14</b> | <b>220.39</b> |

\*\*\*\* Included in Employee Cost (Refer Schedule 'N')

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

### G) Details of Obligations, Plan Assets and Experience Adjustments

(Rs. in Lacs)

|   | 2009-2010 |          | 2008-2009 |          | 2007-2008 |          | 2006-2007 |          |
|---|-----------|----------|-----------|----------|-----------|----------|-----------|----------|
|   | Funded    | Unfunded | Funded    | Unfunded | Funded    | Unfunded | Funded    | Unfunded |
| Present Value of Obligation at the end of the year        | 321.03    | 604.91   | 210.98    | 605.84   | 137.30    | 385.45   | 94.53     | 255.30   |
| Fair Value of Plan Assets at the end of the year          | 213.66    | —        | 144.85    | —        | 142.31    | —        | 148.50    | —        |
| Surplus/ (Deficit)  | (107.37)  | (604.91) | (66.13)   | (605.84) | 5.01      | (385.45) | 53.97     | (255.30) |
| Experience Adjustments on Plan Liabilities - Loss/ (Gain) | (66.92)   | (56.34)  | (11.42)   | 3.96     | (20.03)   | 15.46    | 8.04      | 3.88     |
| Experience Adjustments on Plan Assets - Loss/ (Gain)      | 0.36      | —        | 1.01      | —        | 0.32      | —        | (6.62)    | —        |

### H) Expected Contribution for next year

(Rs. in Lacs)

|                           | 2010-2011 | 2009-2010 |
|---------------------------|-----------|-----------|
| Gratuity and Pension Plan | 130.23    | 235.77    |

The liability for leave encashment and compensated absences as at 31<sup>st</sup> March, 2010 aggregates Rs. 378.28 Lacs (Previous Year - Rs. 299.83 Lacs).

### 16. The details of Employee Stock Options Plan [ESOP] of the Company are as follows:

|                          | ESOP 2008   | Compensatory ESOP 2006   |
|--------------------------|---|--|
| Maximum grant of options | <p>The Shareholders of the Company at their annual general meeting held on 27<sup>th</sup> September 2008 granted approval to the HTMT Global Solutions Limited Employees Stock Option Plan 2008 (now Hinduja Global Solutions Employees Stock Option Plan 2008) ("ESOP 2008"). Subsequently, the Compensation Committee approved the terms and conditions relating to ESOP 2008 and options were granted on 31<sup>st</sup> July, 2009.</p> <p>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 at the beginning of the year)</p> | <p>Pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ ITES business, to compensate the employees whose services were transferred from Hinduja Ventures Limited ('HVL' or 'Demerged Company') to the Company and whose stock options granted to them by HVL thereby lapsed, the Shareholders of the Company had approved the HTMT Technologies Limited Compensatory Employees Stock Option Plan, 2006 ("Compensatory ESOP 2006") at their Extra-ordinary General Meeting held on 31<sup>st</sup> August 2006, which was sanctioned by the Hon'ble High Court of Judicature at Bombay as part of the Scheme.</p> <p>Pursuant to the Compensatory ESOP Scheme, which was approved and sanctioned as mentioned above, the Board of Directors have granted 308,860 stock options of the Company to such transferred employees on 7<sup>th</sup> March 2007.</p> |



## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

|   |  |   |
|---|--|---|
| <p>Vesting Period</p>                           | <p>Options to vest over a period of three years from the date of their grant as under:</p> <ul style="list-style-type: none"> <li>- 1/6<sup>th</sup> of the options granted will vest on the first anniversary of the grant date.</li> <li>- 1/3<sup>rd</sup> of the options granted will vest on the second anniversary of the grant date.</li> <li>- 1/2 of the options granted will vest on the third anniversary of the grant date.</li> </ul> | <p>Options to vest over a period of two years from the date of their grant as under:</p> <ul style="list-style-type: none"> <li>- 50% of the options granted to vest and become exercisable on 7<sup>th</sup> March 2008.</li> <li>- Balance 50% of the options granted will vest on the 2<sup>nd</sup> Anniversary of the date of grant.</li> </ul>  |
| <p>Exercise Period</p>                          | <p>Options vested with an employee will be exercisable prior to completion of the 48<sup>th</sup> month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.</p>                            | <p>Options vested with an employee will be exercisable prior to completion of the 36<sup>th</sup> month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.</p>   |
| <p>Exercise Price</p>                           | <p>Rs. 400.10 per share</p> <p>The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.</p>   | <p>Grant 1 - Rs. 363.90 per share<br/>Grant 2 - Rs. 520.60 per share</p> <p>Exercise price is the price at which the transferred employees were originally granted the Lapsed Options of the Demerged Company.</p>  |
| <p>Method of Accounting and Intrinsic Value</p> | <p>The compensation costs of stock options granted to employees are accounted using the intrinsic value method. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. In view of exercise price being equal to closing market price on the day prior to the date of the grant, the intrinsic value of the option is Rs. Nil.</p>  | <p>The compensation costs of stock options granted to employees are accounted using the intrinsic value method. The intrinsic value of the stock options granted by the Company shall be equal to the intrinsic value of the lapsed options of the Demerged Company. The intrinsic value of lapsed stock options of the Demerged Company was Rs. Nil. Accordingly, the accounting value of the stock options granted by the Company (compensation cost) is Rs. Nil.</p> |
| <p>Fair Value and Model Used</p>                | <p>Rs. 178.04 per option.</p> <p>The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.</p>  | <p>Grant 1 - Rs. 54.20 per option<br/>Grant 2 - Rs. 31.97 per option</p> <p>The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.</p>  |

## Schedules forming part of the Balance Sheet as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account for the year then ended

The details of options granted under Employee Stock Options Plan are as follows:

| Particulars                              | ESOP 2008 |         | Compensatory ESOP 2006 |         |         |         |
|--|-----------|---------|------------------------|---------|---------|---------|
|  |           |         | Grant 1                |         | Grant 2 |         |
|  | 2009-10   | 2008-09 | 2009-10                | 2008-09 | 2009-10 | 2008-09 |
| Outstanding at the beginning of the year | —         | —       | 181,340                | 213,220 | 12,000  | 1,2000  |
| Granted during the year                  | 205,380   | —       | —                      | —       | —       | —       |
| Lapsed during the year                   | 9,650     | —       | 130,120                | 31,880  | 12,000  | —       |
| Exercised/ Alloted during the year       | —         | —       | 51,220                 | —       | —       | —       |
| Outstanding at the end of the year       | 195,730   | —       | —                      | 181,340 | —       | 12,000  |
| Exercisable at the end of the year       | —         | —       | —                      | 181,340 | —       | 12,000  |
| Weighted Average remaining life in years | 3.33      | —       | —                      | 0.93    | —       | 0.93    |

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 26.86 Lacs (Previous Year - Rs. 38.56 Lacs), Profit After Tax and the basic and diluted earning per share would have been lower by Rs. 26.86 Lacs (Previous Year - Rs. 38.56 Lacs) and Re. 0.13 (Previous Year - Re. 0.19), respectively.

17. Previous Year's figures have been regrouped/ rearranged, wherever considered necessary.

The Schedules A to R and Annexure A referred to above form an integral part of the Accounts.

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

**Partha Ghosh**  
Partner  
Membership No. F - 55913

Place : Mumbai  
Date : April 27, 2010

**For and on behalf of the Board**

**Partha De Sarkar**  
Chief Executive Officer and Manager

**R. Mohan**  
Director

**Prasenjit Guha**  
Vice President  
Legal and Company Secretary

Place : Mumbai  
Date : April 27, 2010

**Ramkrishan P. Hinduja**  
Chairman

**Anand Vora**  
Chief Financial Officer



# Annexure 'A'

## INVESTMENTS

| Sr. No. | Scrip   | Face Value Per Share/ Unit Rs. | As at 31.03.2010 |                      | As at 31.03.2009 |                      |
|---------|---|--------------------------------|------------------|----------------------|------------------|----------------------|
|         |   |                                | Quantity Nos.    | Amount (Rs. In Lacs) | Quantity Nos.    | Amount (Rs. In Lacs) |
| I       | <b>INVESTMENT IN SUBSIDIARY (Unquoted, Long Term, Non - Trade)</b>  |                                |                  |                      |                  |                      |
|         | Pacific Horizon Limited, Mauritius  | USD 1                          | 32,514,228       | 38,880.28            | 32,514,228       | 38,880.28            |
|         | <b>TOTAL INVESTMENTS IN SUBSIDIARY (A)</b>  |                                |                  | 38,880.28            |                  | 38,880.28            |
| II      | <b>UNQUOTED INVESTMENTS (AT COST)</b>   |                                |                  |                      |                  |                      |
| (a)     | <b>EQUITY SHARES - (Long Term, Non - Trade)</b>   |                                |                  |                      |                  |                      |
|         | IndusInd Information Technologies Limited   | 10                             | 400,000          | 40.00                | 400,000          | 40.00                |
|         | Ashley Airways Limited  | 10                             | 750,000          | 75.00                | 750,000          | 75.00                |
| (b)     | <b>MUTUAL FUNDS - CURRENT</b>   |                                |                  |                      |                  |                      |
|         | PNB Principal Income Fund - Short Term Plan (Institutional Weekly Dividend Reinvestment Plan)<br>[N.A.V. per unit - Rs. 10.77 (Previous Year - Rs. 10.77)]        | 10                             | 90,752           | 9.78                 | 84,703           | 9.12                 |
|         | PNB Principal Cash Management Fund - Liquid Option -Institutional Plan-Dividend Reinvestment - Daily<br>[N.A.V. per unit - Rs. 10.00 (Previous Year - Rs. 10.00)] | 10                             | 12,028           | 1.20                 | 11,658           | 1.17                 |
|         | <b>Total (B)</b>  |                                |                  | 125.98               |                  | 125.29               |
|         | <b>TOTAL VALUE OF UNQUOTED INVESTMENTS (A+B)</b>  |                                |                  | 39,006.26            |                  | 39,005.57            |

## ADDITIONAL INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE ACT

### Balance Sheet Abstract and Company's General Business Profile:

#### I Registration Details

Registration No.   
 State Code.   
 Balance Sheet Date

#### II Capital raised during the year (Amount in Rs. Thousands)

|              |  |                   |  |
|--------------|--|-------------------|--|
| Public Issue | <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Rights Issue      | <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Bonus Issue  | <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Private Placement | <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |

#### III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

|                   |  |              |  |
|-------------------|--|--------------|--|
| Total Liabilities | <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="7"/> | Total Assets | <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="7"/> |
|-------------------|--|--------------|--|

##### Sources of Funds

|                 |   |                      |  |
|-----------------|---|----------------------|--|
| Paid-Up Capital | <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="2"/> | Reserves and Surplus | <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="2"/> |
| Secured Loans   | <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="0"/> | Unsecured Loans      | <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>   |

##### Application of Funds

|                         |   |                           |  |
|-------------------------|---|---------------------------|--|
| Net Fixed Assets        | <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="2"/> <input type="text" value="9"/> <input type="text" value="8"/>      | Investments               | <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="6"/> |
| + - Net Current Asset * | <input checked="" type="checkbox"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="3"/> | Miscellaneous Expenditure | <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>   |

[\*excludes deferred tax liability - Rs. 100,413]

Accumulated Losses

#### IV Performance of Company (Amount in Rs. Thousands)

|              |  |                      |  |
|--------------|--|----------------------|--|
| Total Income | <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="3"/> | Total Expenditure \$ | <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="1"/> |
|--------------|--|----------------------|--|

[\$ includes exceptional items - Rs. (57,605)]

(Please tick appropriate box + for Profit, - for Loss)

|                            |  |                           |   |
|----------------------------|--|---------------------------|---|
| + - Profit/Loss Before Tax | <input checked="" type="checkbox"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="2"/> | + - Profit/Loss After Tax | <input checked="" type="checkbox"/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="2"/> |
|----------------------------|--|---------------------------|---|

(Please tick appropriate box + for positive, - for negative)

|                              |  |                 |  |
|------------------------------|--|-----------------|--|
| + - Earning per Share in Rs. | <input checked="" type="checkbox"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="2"/> | Dividend Rate % | <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> |
|------------------------------|--|-----------------|--|

#### V Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

| Item Code No. (ITC Code)   | Product Description  |
|--|--|
| <input type="text" value="N"/> <input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="A"/> <input type="text" value="P"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/> | <input type="text" value="S"/> <input type="text" value="O"/> <input type="text" value="F"/> <input type="text" value="T"/> <input type="text" value="W"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="E"/><br><input type="text" value="D"/> <input type="text" value="E"/> <input type="text" value="V"/> <input type="text" value="E"/> <input type="text" value="L"/> <input type="text" value="O"/> <input type="text" value="P"/> <input type="text" value="M"/> <input type="text" value="E"/> <input type="text" value="N"/><br><input type="text" value="I"/> <input type="text" value="T"/> <input type="text" value="E"/> <input type="text" value="N"/> <input type="text" value="A"/> <input type="text" value="B"/> <input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="D"/> <input type="text" value="S"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="V"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="E"/> <input type="text" value="S"/> |

For and on behalf of the Board

**Partha De Sarkar**  
 Chief Executive Officer  
 and Manager

**Ramkrishan P. Hinduja**  
 Chairman

**R. Mohan**  
 Director

**Anand Vora**  
 Chief Financial  
 Officer

**Prasenjit Guha**  
 Vice President  
 Legal and Company Secretary

Place : Mumbai

Date : April 27, 2010



# Auditors' Report

To The Board of Directors of Hinduja Global Solutions Limited on the Consolidated Financial Statements of Hinduja Global Solutions Limited and its subsidiaries.

1. We have audited the attached consolidated balance sheet of Hinduja Global Solutions Limited (the "Company") and its subsidiaries and an associate company; hereinafter referred to as the "Group" (refer Notes 3 and 4 on Schedule 5 to the attached consolidated financial statements) as at March 31, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of (i) seven subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 8,861.76 Lacs and net assets of Rs. 5,143.01 Lacs as at March 31, 2010, total revenue of Rs. 37,914.34 Lacs, net profit of Rs. 3,435.12 Lacs and net cash inflows amounting to Rs. 764.04 Lacs for the year then ended; and (ii) an associate company which constitute net profit of Rs. 9.66 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors/ certified by the Management whose reports / certificates have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors/ certificate of the Management.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors/ certificate by Management on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2010;
  - (b) in the case of the consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date: and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants

**Partha Ghosh**

Partner

Membership Number: F-55913

Place: Mumbai

Date: April 27, 2010



# Consolidated Balance Sheet

as at 31<sup>st</sup> March, 2010

|  | Schedule | As at<br>31.03.2010 |                          | (Rs. in Lacs)<br>As at<br>31.03.2009 |                          |
|--|----------|---------------------|--------------------------|--------------------------------------|--------------------------|
| <b>SOURCES OF FUNDS</b>  |          |                     |                          |                                      |                          |
| <b>Shareholders' Funds</b>   |          |                     |                          |                                      |                          |
| Share Capital  | A        | 2,058.92            |                          | 2,053.80                             |                          |
| Reserves and Surplus   | B        | <u>92,846.94</u>    | <u>94,905.86</u>         | <u>93,452.91</u>                     | 95,506.71                |
| <b>Loan Funds</b>  |          |                     |                          |                                      |                          |
| Secured Loans  | C        | 5,162.14            |                          | 8,747.07                             |                          |
| Unsecured Loans  | D        | <u>6,318.62</u>     | <u>11,480.76</u>         | —                                    | 8,747.07                 |
| <b>Deferred Tax Liability (Net)</b><br>(Refer Notes 9(b) in Schedule R<br>and 5 in Schedule S) |          |                     | 1,711.14                 |                                      | 1,615.03                 |
| <b>TOTAL</b>   |          |                     | <u><u>108,097.76</u></u> |                                      | <u><u>105,868.81</u></u> |
| <b>APPLICATION OF FUNDS</b>  |          |                     |                          |                                      |                          |
| <b>Fixed Assets</b>  |          |                     |                          |                                      |                          |
| Gross Block  | E        | 48,821.50           |                          | 44,659.70                            |                          |
| Less: Depreciation/ Amortisation/ Impairment   |          | <u>19,246.50</u>    |                          | <u>16,605.11</u>                     |                          |
| Net Block  |          | 29,575.00           |                          | 28,054.59                            |                          |
| Capital Work-in-Progress and Exchange Fluctuation  |          | <u>364.19</u>       | <u>29,939.19</u>         | <u>1,651.28</u>                      | 29,705.87                |
| <b>Investments</b>   | F        |                     | 132.43                   |                                      | 129.32                   |
| <b>Current Assets, Loans and Advances</b>  |          |                     |                          |                                      |                          |
| Sundry Debtors   | G        | 14,214.37           |                          | 13,078.38                            |                          |
| Cash and Bank Balances   | H        | 64,230.67           |                          | 66,511.20                            |                          |
| Other Current Assets   | I        | 3,108.60            |                          | 3,713.61                             |                          |
| Loans and Advances   | J        | <u>8,857.75</u>     |                          | <u>5,484.76</u>                      |                          |
|  |          | <u>90,411.39</u>    |                          | <u>88,787.95</u>                     |                          |
| <b>Less: Current Liabilities and Provisions</b>  |          |                     |                          |                                      |                          |
| Current Liabilities  | K        | 6,220.21            |                          | 6,891.67                             |                          |
| Provisions   | L        | <u>6,165.04</u>     |                          | <u>5,862.66</u>                      |                          |
|  |          | <u>12,385.25</u>    |                          | <u>12,754.33</u>                     |                          |
| <b>Net Current Assets</b>  |          |                     | <u>78,026.14</u>         |                                      | 76,033.62                |
| <b>TOTAL</b>   |          |                     | <u><u>108,097.76</u></u> |                                      | <u><u>105,868.81</u></u> |
| <b>Significant Accounting Policies</b>   | R        |                     |                          |                                      |                          |
| <b>Notes to Consolidated Financial Statements</b>  | S        |                     |                          |                                      |                          |

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

This is the Consolidated Balance Sheet referred to in our report of even date.

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

Partha Ghosh  
Partner  
Membership No. F -55913

For and on behalf of the Board

Partha De Sarkar  
Chief Executive Officer and Manager

R. Mohan  
Director

Prasenjit Guha  
Vice President  
Legal and Company Secretary

Place : Mumbai  
Date : April 27, 2010

Ramkrishan P. Hinduja  
Chairman

Anand Vora  
Chief Financial Officer

Place : Mumbai  
Date : April 27, 2010

# Consolidated Profit and Loss Account

for the year ended 31<sup>st</sup> March, 2010

(Rs. in Lacs)

|   | Schedule | Year ended<br>31.03.2010 | Year ended<br>31.03.2009 |
|---|----------|--------------------------|--------------------------|
| <b>INCOME</b>   |          |                          |                          |
| Operating Income  | M        | 89,234.15                | 79,756.60                |
| Other Income  | N        | 3,113.35                 | 3,306.19                 |
| <b>TOTAL</b>  |          | <b>92,347.50</b>         | <b>83,062.79</b>         |
| <b>EXPENDITURE</b>  |          |                          |                          |
| Employee Costs  | O        | 53,021.37                | 47,601.88                |
| Operating and Other Expenses  | P        | 20,763.74                | 18,873.08                |
| Interest  | Q        | 992.53                   | 859.10                   |
| Depreciation/ Amortisation/ Impairment                                  | E        | 3,856.99                 | 3,268.48                 |
| <b>TOTAL</b>  |          | <b>78,634.63</b>         | <b>70,602.54</b>         |
| <b>Profit Before Exceptional Items and Taxation</b>                     |          | <b>13,712.87</b>         | <b>12,460.25</b>         |
| Less: Exceptional Items-Expense/(Income) (Refer Note 11 in Schedule S)  |          | (576.05)                 | 1,061.40                 |
| <b>Profit Before Taxation</b>   |          | <b>14,288.92</b>         | <b>11,398.85</b>         |
| Tax Expense   |          |                          |                          |
| – Current Tax   |          | 2,172.94                 | 1,561.02                 |
| – MAT Credit Utilised/ (Availed)  |          | (1,064.34)               | 27.61                    |
| – Deferred Tax (Refer Note 9(b) in Schedule R and Note 5 in Schedule S) |          | 172.10                   | 395.43                   |
| – Fringe Benefit Tax  |          | –                        | 42.26                    |
| <b>Profit after Taxation</b>  |          | <b>13,008.22</b>         | <b>9,372.53</b>          |
| Add: Share of Profit in Associates                                      |          | 2.42                     | 3.99                     |
| Less : Minority Interest  |          | –                        | –                        |
| <b>Profit after tax and Minority Interest</b>                           |          | <b>13,010.64</b>         | <b>9,376.52</b>          |
| Add: Balance brought forward from Previous Year                         |          | 12,315.32                | 7,162.21                 |
| <b>PROFIT AVAILABLE FOR APPROPRIATIONS</b>                              |          | <b>25,325.96</b>         | <b>16,538.73</b>         |
| <b>APPROPRIATIONS</b>   |          |                          |                          |
| <b>Dividend</b>   |          |                          |                          |
| – Final (Proposed)  |          | 4,117.84                 | 3,080.70                 |
| – Dividend Tax  |          | 699.83                   | 523.57                   |
| – Transfer to General Reserve   |          | 951.44                   | 619.14                   |
| <b>Surplus carried to Balance Sheet</b>                                 |          | <b>19,556.85</b>         | <b>12,315.32</b>         |
| <b>Earnings Per Share</b>   |          |                          |                          |
| – Basic (Rupees)  |          | 63.35                    | 45.64                    |
| – Diluted (Rupees)  |          | 63.12                    | 45.64                    |
| (Face Value of Equity Share - Rs. 10)<br>(Refer Note 2 in Schedule S)   |          |                          |                          |
| <b>Significant Accounting Policies</b>                                  | R        |                          |                          |
| <b>Notes to Consolidated Financial Statements</b>                       | S        |                          |                          |

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

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

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

Partha Ghosh  
Partner  
Membership No. F –55913

For and on behalf of the Board

Partha De Sarkar  
Chief Executive Officer and Manager

R. Mohan  
Director

Prasenjit Guha  
Vice President  
Legal and Company Secretary

Ramkrishan P. Hinduja  
Chairman

Anand Vora  
Chief Financial Officer

Place : Mumbai  
Date : April 27, 2010

Place : Mumbai  
Date : April 27, 2010

# Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2010

(Rs. in Lacs)

|  | <u>Year Ended<br/>31.03.2010</u> | <u>Year Ended<br/>31.03.2009</u> |
|--|----------------------------------|----------------------------------|
| <b>A Cash Flow from Operating Activities :</b>           |                                  |                                  |
| Profit before tax and exceptional items                  | 13,712.87                        | 12,460.25                        |
| Adjustments for :  |                                  |                                  |
| Depreciation/ Amortisation/ Impairment                   | 3,856.99                         | 3,268.48                         |
| Bad Debts/ Advances Written off                          | —                                | 70.68                            |
| Profit on Sale of Long-term Investment                   | —                                | (3.50)                           |
| Provisions for Doubtful Debts/ Advances                  | 112.70                           | 168.43                           |
| Liabilities/ Provisions no longer Payable Written Back   | (231.12)                         | (367.30)                         |
| Fixed Assets Written Off                                 | 77.43                            | 19.07                            |
| Loss on Sale of Assets                                   | 29.25                            | 13.38                            |
| Interest Income  | (2,727.40)                       | (2,831.89)                       |
| Dividend from Current Investment                         | (0.69)                           | (0.71)                           |
| Interest Expense   | 992.53                           | 859.10                           |
| Unrealised Foreign Exchange (Gain)/ Loss ( Net )         | 224.49                           | (379.02)                         |
| Provision for Gratuity and Leave Encashment              | 150.38                           | 498.50                           |
|  | <u>2,484.56</u>                  | <u>1,315.22</u>                  |
| Operating profit before working capital changes          | 16,197.43                        | 13,775.47                        |
| Adjustments for :  |                                  |                                  |
| Trade Receivables  | (1,342.49)                       | (1,548.12)                       |
| Loans and Advances                                       | (3,599.34)                       | (605.60)                         |
| Trade Payables   | (940.36)                         | 949.10                           |
| Other Current Assets                                     | 599.47                           | (1,063.74)                       |
|  | <u>(5,282.72)</u>                | <u>(2,268.36)</u>                |
| Operating Profit after working capital changes           | 10,914.71                        | 11,507.11                        |
| Direct Taxes Paid  | (1,092.90)                       | (2,174.69)                       |
| <b>Net Cash from/ (used in) Operating Activities (A)</b> | <u>9,821.81</u>                  | <u>9,332.42</u>                  |
| <b>B Cash Flow from Investing Activities :</b>           |                                  |                                  |
| Purchase of Fixed Assets                                 | (4,179.20)                       | (6,733.14)                       |
| Additional Investment in Subsidiaries                    | (1268.44)                        | —                                |
| Sale of Fixed Assets                                     | 66.05                            | 90.88                            |
| Investments Made   | (3.11)                           | (0.72)                           |
| Investments Sold   | —                                | 103.50                           |
| Interest Income  | 2,742.34                         | 2,955.24                         |
| Dividend from Current Investment                         | 0.69                             | 0.71                             |
|  | <u>(2,641.67)</u>                | <u>(3,583.53)</u>                |
| <b>Net Cash from/ (used in) Investing Activities (B)</b> | <u>(2,641.67)</u>                | <u>(3,583.53)</u>                |

# Consolidated Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2010

(Rs. in Lacs)

|  | Year Ended<br>31.03.2010 | Year Ended<br>31.03.2009 |
|--|--------------------------|--------------------------|
| <b>C Cash Flow from Financing Activities :</b>                       |                          |                          |
| Proceeds from issue of share capital                                 | 186.39                   | —                        |
| Proceeds/(Repayment) from/of Secured Loans                           | (3,584.93)               | 6,751.49                 |
| Proceeds from Unsecured Loans  | 6,318.62                 | —                        |
| Repayment of Unsecured Loans   | —                        | (5,500.00)               |
| Dividend Paid and tax thereon  | (3,600.67)               | (2,399.62)               |
| Interest Expense   | (991.22)                 | (856.08)                 |
|  | <u>(1,671.81)</u>        | <u>(2,004.21)</u>        |
| <b>Net Cash from/ (used in) Financing Activities (C)</b>             | <u>(1,671.81)</u>        | <u>(2,004.21)</u>        |
| Net Increase/ (Decrease)<br>in Cash and Cash Equivalents (A + B + C) | 5,508.33                 | 3,744.68                 |
| Cash and Cash Equivalents as at<br>the beginning of the year         | 59,743.59                | 55,998.91                |
| Cash and Cash Equivalents as at the end of the year                  | <u>65,251.92</u>         | <u>59,743.59</u>         |
|  | As at<br>31.03.2010      | As at<br>31.03.2009      |
| <b>Cash and Cash Equivalents comprise :</b>                          |                          |                          |
| Cash on Hand   | 3.72                     | 4.01                     |
| Bank Balances  | 64,226.95                | 66,507.19                |
|  | <u>64,230.67</u>         | <u>66,511.20</u>         |
| Effect of Changes in Exchange Rates                                  | 1,021.25                 | (6,767.61)               |
| Cash and Cash Equivalents as restated<br>at the end of the year      | <u>65,251.92</u>         | <u>59,743.59</u>         |

**Note :**

The above cash flow statement has been prepared under the “Indirect Method” as set out in the Accounting Standard—3 on Cash Flow Statement.

This is the Consolidated Cash Flow Statement referred in our report of even date.

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

Partha Ghosh  
Partner  
Membership No. F -55913

Place : Mumbai  
Date : April 27, 2010

For and on behalf of the Board

Partha De Sarkar  
Chief Executive Officer and Manager

R. Mohan  
Director

Prasenjit Guha  
Vice President  
Legal and Company Secretary

Place : Mumbai  
Date : April 27, 2010

Ramkrishan P. Hinduja  
Chairman

Anand Vora  
Chief Financial Officer

# Schedules

forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010

|   | As at<br>31.03.2010          | As at<br>31.03.2009       |
|---|------------------------------|---------------------------|
| <i>(Rs. in Lacs)</i>  |                              |                           |
| <b>SCHEDULE 'A'</b>   |                              |                           |
| <b>Share Capital</b>  |                              |                           |
| <b>Authorised</b>   |                              |                           |
| 25,000,000 (Previous Year : 25,000,000)<br>Equity Shares of Rs. 10 each   | 2,500.00                     | 2,500.00                  |
|   | <u>2,500.00</u>              | <u>2,500.00</u>           |
| <b>Issued, Subscribed and Paid-up :</b>   |                              |                           |
| 20,589,223 (Previous Year : 20,538,003)<br>Equity Shares of Rs. 10 each, fully paid-up  | 2,058.92                     | 2,053.80                  |
|   | <u>2,058.92</u>              | <u>2,053.80</u>           |
| Notes: 1) 20,538,003 equity shares were issued for consideration other than cash pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ ITES business into the Company.                       |                              |                           |
| 2) 51,220 equity shares of Rs. 10 each were allotted at a premium of Rs. 353.90 per share to the employees, pursuant to Compensatory Employees Stock Option Plan 2006 of the Company. (Refer Note 13 in Schedule S) |                              |                           |
| <b>SCHEDULE 'B'</b>   |                              |                           |
| <b>Reserves and Surplus</b>   |                              |                           |
| <b>Capital Reserve</b>  |                              |                           |
| As per last Balance Sheet   | 24,235.00                    | 24,235.00                 |
| <b>Securities Premium</b>   |                              |                           |
| As per last Balance Sheet   | —                            | —                         |
| Add: Additions during the year  | <u>181.27</u> 181.27         | —                         |
| <b>General Reserve</b>  |                              |                           |
| As per last Balance Sheet   | 49,079.71                    | 48,460.57                 |
| Add: Transfer from Profit and Loss Account  | <u>951.44</u> 50,031.15      | <u>619.14</u> 49,079.71   |
| <b>Cumulative Translation Adjustment</b>  |                              |                           |
| As per last Balance Sheet   | 7,822.88                     | (8,229.75)                |
| Add: Adjustment on Consolidation  | <u>(8,980.21)</u> (1,157.33) | <u>16,052.63</u> 7,822.88 |
| <b>Profit and Loss Account</b>  |                              |                           |
|   | 19,556.85                    | 12,315.32                 |
|   | <u>92,846.94</u>             | <u>93,452.91</u>          |

## Schedules

forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010

(Rs. in Lacs)

|  | <u>As at<br/>31.03.2010</u> | <u>As at<br/>31.03.2009</u> |
|--|-----------------------------|-----------------------------|
| <b>SCHEDULE 'C'</b>  |                             |                             |
| <b>Secured Loans</b>   |                             |                             |
| Term Loan from a Bank<br>(Secured by a pari passu first charge on the fixed assets of the Company)<br>[Repayable within a year Rs.1,920 Lacs<br>(Previous Year - Rs. 1,220 Lacs)]  | 3,714.58                    | 5,834.66                    |
| Cash Credit<br>(Secured by a primary pari passu first charge on the current assets of the Company both present and future and collateral pari passu first charge on the movable fixed assets of the Company)<br>[Repayable within a year Rs. 1,426.02 Lacs<br>(Previous Year - Rs. 2,867.48 Lacs)] | 1,426.02                    | 2,867.48                    |
| Lease Liability<br>[Repayable within a year Rs. 17.05 Lacs<br>(Previous Year - Rs. 20.57 Lacs)]  | 21.54                       | 44.93                       |
|  | <u>5,162.14</u>             | <u>8,747.07</u>             |
| <b>SCHEDULE 'D'</b>  |                             |                             |
| <b>Unsecured Loans</b>   |                             |                             |
| Term Loan from Bank<br>[Repayable within a year Rs.6,318.62 Lacs<br>(Previous Year - Rs. Nil)]   | 6,318.62                    | —                           |
|  | <u>6,318.62</u>             | <u>—</u>                    |

# Schedules

forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010

## SCHEDULE 'E' FIXED ASSETS

(Refer Notes 3, 4 and 12 in Schedule R and Note 10 in Schedule S)

(Rs. in Lacs)

| DESCRIPTION   | GROSS BLOCK      |                           | DEPRECIATION/ AMORTISATION/ IMPAIRMENT |                  |                 | NET BLOCK    |               |                 |                  |                  |
|---|------------------|---------------------------|--|------------------|-----------------|--------------|---------------|-----------------|------------------|------------------|
|   | As at 01.04.2009 | Additions during the year | Deductions                             | As at 31.03.2010 | Upto 31.03.2009 | For the Year | On Deductions | Upto 31.03.2010 | As at 31.03.2010 | As at 31.03.2009 |
| <b>Owned Assets</b>   |                  |                           |  |                  |                 |              |               |                 |                  |                  |
| <b>Intangible Assets</b>  |                  |                           |  |                  |                 |              |               |                 |                  |                  |
| Goodwill  | 7,544.22         | 1,268.44                  | -                                      | 8,812.66         | -               | -            | -             | -               | 8,812.66         | 7,544.22         |
| Computer Software   | 2,960.81         | 578.93                    | -                                      | 3,539.74         | 2,226.07        | 351.84       | -             | 2,577.91        | 961.83           | 734.74           |
| Commercial Rights   | 105.45           | -                         | -                                      | 105.45           | 105.45          | -            | -             | 105.45          | -                | -                |
| <b>Tangible Assets</b>  |                  |                           |  |                  |                 |              |               |                 |                  |                  |
| Land (Refer Note below)   | 100.97           | -                         | -                                      | 100.97           | -               | -            | -             | -               | 100.97           | 100.97           |
| Leasehold Land  | 232.97           | -                         | -                                      | 232.97           | 2.31            | 2.35         | -             | 4.66            | 228.31           | 230.66           |
| Building  | 2,775.78         | -                         | -                                      | 2,775.78         | 26.65           | 45.25        | -             | 71.90           | 2,703.88         | 2,749.13         |
| Leasehold Building  | 2,343.02         | -                         | -                                      | 2,343.02         | 53.66           | 39.39        | -             | 93.05           | 2,249.97         | 2,289.36         |
| Leasehold Improvements  | 7,194.28         | 1,329.81                  | 210.66                                 | 8,313.43         | 2,324.21        | 1,145.66     | 159.01        | 3,310.86        | 5,002.57         | 4,870.07         |
| Office Equipments and Computers   | 17,820.97        | 1,967.50                  | 1,074.41                               | 18,714.06        | 10,313.35       | 2,041.94     | 998.08        | 11,357.21       | 7,356.85         | 7,507.62         |
| Furniture and Fixtures  | 3,308.13         | 393.22                    | 79.84                                  | 3,621.51         | 1,430.44        | 191.22       | 47.00         | 1,574.66        | 2,046.85         | 1,877.69         |
| Vehicles  | 163.05           | 12.23                     | 23.42                                  | 151.86           | 62.32           | 12.14        | 11.51         | 62.95           | 88.91            | 100.73           |
| <b>Leased Asset</b>   |                  |                           |  |                  |                 |              |               |                 |                  |                  |
| Equipments  | 110.05           | -                         | -                                      | 110.05           | 60.65           | 27.20        | -             | 87.85           | 22.20            | 49.40            |
| Total   | 44,659.70        | 5,550.13                  | 1,388.33                               | 48,821.50        | 16,605.11       | 3,856.99     | 1,215.60      | 19,246.50       | 29,575.00        | 28,054.59        |
| Previous Year   | 36,805.88        | 8,537.06                  | 683.24                                 | 44,659.70        | 13,667.43       | 3,268.48     | 330.80        | 16,605.11       | -                | -                |
| Capital Work-in-Progress [includes Capital Advances Rs. 8.31 Lacs (Previous Year Rs. 34.04 Lacs)] | -                | -                         | -                                      | -                | -               | -            | -             | -               | 114.51           | 217.00           |
| Exchange Fluctuation  | -                | -                         | -                                      | -                | -               | -            | -             | -               | 249.68           | 1,434.28         |
|   |                  |                           |  |                  |                 |              |               |                 | 29,939.19        | 29,705.87        |

Note: The Company has executed an agreement in respect of an undivided share in land at Chennai, which is pending registration.

# Schedules

forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010

(Rs. in Lacs)

|   | As at<br>31.03.2010 | As at<br>31.03.2009 |
|---|---------------------|---------------------|
| <b>SCHEDULE 'F'</b>   |                     |                     |
| <b>Investments - (At cost)</b>  | 125.98              | 125.29              |
| (As per Annexure - A)   |                     |                     |
| Add: Share of Brought Forward Accumulated Profits from an Associate                 | 4.03                | 0.04                |
| Add: Share of Profit from an Associate for the year                                 | 2.42                | 3.99                |
|   | <u>132.43</u>       | <u>129.32</u>       |
|   | <u>132.43</u>       | <u>129.32</u>       |
| <b>SCHEDULE 'G'</b>   |                     |                     |
| <b>Sundry Debtors (Unsecured)</b>   |                     |                     |
| Debts Outstanding for a period exceeding Six Months                                 |                     |                     |
| – Considered Good   | 40.77               | 92.80               |
| – Considered Doubtful   | 228.72              | 242.11              |
|   | <u>269.49</u>       | <u>334.91</u>       |
| Other Debts   |                     |                     |
| – Considered Good   | 14,173.60           | 12,985.58           |
| – Considered Doubtful   | 115.79              | 33.78               |
|   | <u>14,289.39</u>    | <u>13,019.36</u>    |
| Less: Provision for Doubtful Debts  | 344.51              | 275.89              |
|   | <u>14,214.37</u>    | <u>13,078.38</u>    |
| <b>SCHEDULE 'H'</b>   |                     |                     |
| <b>Cash and Bank Balance</b>  |                     |                     |
| Cash on Hand  | 3.72                | 4.01                |
| Bank Balances :   |                     |                     |
| – Current Accounts  | 7,992.38            | 7,393.26            |
| – Margin Money Accounts #   | 44.90               | 57.07               |
| – Deposit Accounts \$   | 56,056.50           | 59,005.34           |
| – EEFC (Exchange Earners' Foreign Currency Accounts)                                | 124.30              | 46.25               |
| – Unclaimed Dividend  | 8.87                | 5.27                |
| # Under Lien with Banks towards Guarantees issued by them on behalf of the Company. |                     |                     |
| \$ Refer Notes 1 (e) to 1 (g) and 14 in Schedule S                                  |                     |                     |
|   | <u>64,230.67</u>    | <u>66,511.20</u>    |
| <b>SCHEDULE 'I'</b>   |                     |                     |
| <b>Other Current Assets</b>   |                     |                     |
| Interest Accrued on   |                     |                     |
| – Inter-Corporate Deposits and Others   | 43.82               | 58.76               |
| Income Accrued  | 3,064.78            | 3,654.85            |
|   | <u>3,108.60</u>     | <u>3,713.61</u>     |

# Schedules

forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010

|  | As at<br>31.03.2010 | As at<br>31.03.2009 |
|--|---------------------|---------------------|
| <i>(Rs. in Lacs)</i>   |                     |                     |
| <b>SCHEDULE 'J'</b>  |                     |                     |
| <b>Loans and Advances</b>  |                     |                     |
| (Unsecured and Considered Good unless otherwise stated)  |                     |                     |
| Advances Recoverable in Cash or in Kind or for value to be received<br>(Refer footnote 1 of note 1(b) in schedule S) |                     |                     |
| – Considered Good  | 6,269.64            | 3,869.40            |
| – Considered Doubtful  | 51.62               | 41.00               |
|  | <u>6,321.26</u>     | <u>3,910.40</u>     |
| Less: Provision for Doubtful Debts   | 51.62               | 41.00               |
|  | <u>6,269.64</u>     | <u>3,869.40</u>     |
| Advance Tax and Tax Deducted at Source (Net of Provisions)<br>(Refer footnote 3 of note 1(b) in Schedule S)          | 758.86              | 780.32              |
| MAT Credit Entitlement   | 1,725.73            | 661.39              |
| Fringe Benefit Tax (Net of Provisions)   | 21.16               | 15.40               |
| Balance with Excise and Custom Authorities   | 82.36               | 158.25              |
|  | <u>8,857.75</u>     | <u>5,484.76</u>     |
| <b>SCHEDULE 'K'</b>  |                     |                     |
| <b>Current Liabilities</b>   |                     |                     |
| Sundry Creditors   | 5,506.35            | 6,266.96            |
| Interest Accrued but not due   | 30.59               | 31.90               |
| Unclaimed Dividend   | 8.87                | 5.27                |
| Other Liabilities  | 674.40              | 587.54              |
|  | <u>6,220.21</u>     | <u>6,891.67</u>     |
| <b>SCHEDULE 'L'</b>  |                     |                     |
| <b>Provisions</b>  |                     |                     |
| Leave Encashment   | 635.09              | 525.02              |
| Gratuity (Refer Note 12 in Schedule S)   | 712.28              | 671.97              |
| Dividend (Proposed)  | 4,117.84            | 3,080.70            |
| Dividend Tax   | 699.83              | 523.57              |
| Provision for Loss on Derivative Contracts<br>(Refer Note 11 in Schedule S)  | –                   | 1,061.40            |
|  | <u>6,165.04</u>     | <u>5,862.66</u>     |



# Schedules

forming part of the Consolidated Profit and Loss Account  
for the year ended 31<sup>st</sup> March, 2010

(Rs. in Lacs)

|   | Year Ended<br>31.03.2010 | Year ended<br>31.03.2009 |
|---|--------------------------|--------------------------|
| <b>SCHEDULE 'M'</b>                                     |                          |                          |
| <b>Operating Income</b>                                 |                          |                          |
| I.T. and I.T. Enabled Services                          |                          |                          |
| – Overseas  | 75,835.58                | 65,986.76                |
| – Domestic  | 13,398.57                | 13,769.84                |
|   | <u>89,234.15</u>         | <u>79,756.60</u>         |
| <b>SCHEDULE 'N'</b>                                     |                          |                          |
| <b>Other Income</b>                                     |                          |                          |
| Interest  |                          |                          |
| – On Others   | 2,727.40                 | 2,831.89                 |
| Profit on Sale of Long-term Investment                  | –                        | 3.50                     |
| Dividend from Current Investment                        | 0.69                     | 0.71                     |
| Liabilities/ Provisions no longer required written back | 231.12                   | 367.30                   |
| Miscellaneous Income                                    | 154.14                   | 102.79                   |
|   | <u>3,113.35</u>          | <u>3,306.19</u>          |
| <b>SCHEDULE 'O'</b>                                     |                          |                          |
| <b>Employee Costs</b>                                   |                          |                          |
| Salary and Other Benefits                               | 50,811.33                | 45,614.61                |
| Contribution to Employees' Provident and Other Funds    | 1,470.43                 | 1,355.34                 |
| Staff Welfare Expenses                                  | 739.61                   | 631.93                   |
|   | <u>53,021.37</u>         | <u>47,601.88</u>         |

# Schedules

forming part of the Consolidated Profit and Loss Account  
for the year ended 31<sup>st</sup> March, 2010

(Rs. in Lacs)

## SCHEDULE 'P'

### Operating And Other Expenses

|   | Year Ended<br>31.03.2010 | Year ended<br>31.03.2009 |
|---|--------------------------|--------------------------|
| Rent  | 4,115.26                 | 3,507.09                 |
| Repairs and Maintenance - Others            | 1,591.55                 | 1,304.08                 |
| Power and Fuel                              | 1,423.02                 | 1,702.85                 |
| Insurance                                   | 174.68                   | 160.68                   |
| Rates and Taxes                             | 80.01                    | 287.25                   |
| Advertisement and Business Promotion        | 188.66                   | 187.41                   |
| Communication                               | 680.59                   | 821.71                   |
| Travelling, Conveyance and Car Hire Charges | 1,218.95                 | 1,126.67                 |
| Legal and Professional Fees                 | 2,255.85                 | 2,121.43                 |
| Training and Recruitment Charges            | 580.03                   | 602.63                   |
| Commission                                  | 1,752.44                 | 1,541.40                 |
| Donation                                    | 118.31                   | 5.56                     |
| Software Expenses                           | 94.93                    | 53.65                    |
| Directors sitting fees                      | 7.55                     | 6.40                     |
| Auditors' Remuneration                      |                          |                          |
| – as Auditors                               | 85.00                    | 90.00                    |
| – in other capacity, in respect of          |                          |                          |
| - other matters                             | 1.55                     | 9.65                     |
| – Out-of-Pocket Expenses                    | 0.82                     | 1.36                     |
| Connectivity cost                           | 3,064.91                 | 2,560.94                 |
| Fulfillment cost                            | 1,102.32                 | 692.43                   |
| Foreign Exchange Loss (Net)                 | 830.57                   | 993.89                   |
| Bank Charges and Commission                 | 347.09                   | 223.75                   |
| Bad Debts/ Advances Written off             | –                        | 70.68                    |
| Provisions for Doubtful Debts/ Advances     | 112.70                   | 168.43                   |
| Fixed Assets Written Off                    | 77.43                    | 19.07                    |
| Loss on Sale of Assets                      | 29.25                    | 13.38                    |
| Miscellaneous Expenses                      | 830.27                   | 600.69                   |
|   | <u>20,763.74</u>         | <u>18,873.08</u>         |

## SCHEDULE 'Q'

### Interest

Interest on:

|                                    |               |               |
|------------------------------------|---------------|---------------|
| – Cash Credit and Other Facilities | 348.84        | 314.00        |
| – Term Loan from a Bank            | 643.69        | 545.10        |
|                                    | <u>992.53</u> | <u>859.10</u> |



# Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

## SCHEDULE 'R'

### Significant Accounting Policies

#### 1. Accounting Convention

The Accounts are prepared on accrual basis and in accordance with generally accepted accounting principles in India and Accounting Standards referred in Section 211 (3C) of The Companies Act, 1956 of India ('the Act').

#### 2. Principles of Consolidation

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

- The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group transactions and intra-group balances and resultant unrealised profits/ losses.
- The excess of cost to the Company of its investment in the subsidiaries is recognised in the financial statements as Goodwill. The excess of the Company's portion of equity and reserves of the subsidiaries as at the time of its investment is treated as Capital Reserve.
- Investments of the Company in associates are accounted as per the Equity Method under Accounting Standard 23 - 'Accounting for Investments in Associates in Consolidated Financial Statements'.

#### 3. Fixed Assets

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition for its intended use, less accumulated depreciation.

#### 4. Depreciation/ Amortisation/ Impairment

##### Intangible Assets

- a. Commercial Rights associated with business and customers are amortised over a period of five years.
- b. Computer Software having benefit of more than one year is capitalised and amortised over the period of 3 to 6 years.
- c. Goodwill arising on consolidation is evaluated for impairment, if any, at the year-end.

##### Tangible Assets

- d. Depreciation on Fixed Assets is provided on the straight-line method so as to write off the cost of fixed assets over estimated useful lives of the assets as follows:

| Particulars  | Useful life              |
|--|--------------------------|
| Leasehold Land, Leasehold building and Leasehold improvement | Over the period of Lease |
| Building   | 61 years                 |
| Office Equipment and Computers                               | Upto 21 years            |
| Furniture and Fixtures                                       | Upto 16 years            |
| Vehicles   | 11 years                 |

- e. 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.

##### Impairment of Assets

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction, if any, is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.



# Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

## 5. Valuation of Investments

Long term investments are stated at cost and provision is made for diminution, other than temporary, in value of investments. Current investments are valued at lower of cost and market value/ net asset value.

## 6. Revenue Recognition

a. In Call Centre Activity, revenue is recognised as the related services are performed, based on actual utilisation or minimum utilisation level, as appropriate, specified in the agreements.

In Claim Processing Activity, revenue is recognised based on number of claims processed, at contractual rates.

In respect of I.T. Division, revenue is billed to clients as per terms of specific contracts once the related services are rendered. On fixed-price contracts, revenue is recognised based on milestones achieved as specified in the contracts on the basis of work completed. Revenue from rendering technical project and other services is recognised during the period in which services are rendered.

b. Interest income is accounted on accrual basis and dividend income is accounted on right to receipt basis.

c. In respect of other heads of income, the Company follows the practice of accounting of such income on accrual basis.

## 7. Foreign Currency Translation

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing on the Balance Sheet date. Gain and losses arising on account of differences in foreign exchange rates on settlement/ translation of foreign currency monetary assets and liabilities are recognised in the Profit and Loss Account. Non monetary foreign currency items are carried at cost.

Forward exchange contracts are accounted for, by amortising the difference between the forward rate and the exchange rate on the date of the transaction over the life of the contract.

In respect of transactions related to foreign branches, all revenue and expense transactions during the year are reported at average rate. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Net gain/ loss on foreign currency translation in respect of transactions of all foreign branches, which are integral to the Company, are recognised in the Profit and Loss Account.

Any profit or loss arising on settlement or cancellation of other derivative contracts (forward contracts in respect of firm commitments or highly probable forecast transactions, swaps and currency options) is recognised as income or expense for the year. Pursuant to The Institute of Chartered Accountants of India's announcement 'Accounting for Derivatives', the Company marks-to-market all such outstanding derivative contracts at the year-end and the resulting mark-to-market losses, if any, are recognised in the Profit and Loss Account.

In case of overseas subsidiaries considered to be non-integral, the revenue and expense transactions reflected in Profit and Loss Account have been translated into Indian Rupees at an average exchange rate. The year-end assets and liabilities have been translated into Indian Rupees at the closing exchange rate at the year-end. The resultant translation exchange gain / loss has been disclosed as Cumulative Translation Adjustment in Reserves and Surplus.

## 8. Employee Benefits

### a. Defined Contribution Plan

The Company has Defined Contribution plans for post employment benefits namely Provident Fund and Superannuation Fund.

Under the Provident Fund Plan, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Superannuation Fund applicable to certain employees, constitutes an insured benefit, which is classified as a defined contribution plan as the Company makes contributions to an insurance company and has no further obligation beyond making the payment to the insurance company.

The Company makes contributions to State plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them.

# Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

The Company's contributions to the above funds are charged to revenue every year.

There are contributory plans at certain subsidiaries and contributions are made as per their policies.

## b. *Defined Benefit Plan*

The Company has a Defined Benefit plan namely Gratuity covering all of its employees in India. The gratuity scheme is funded through Group Gratuity Policy with Life Insurance Corporation of India ('LIC'). The Company also has an unfunded, non contributory pension benefit plan at certain foreign branches.

The liability for the defined benefits plan of Gratuity and Pension is determined on the basis of an actuarial valuation carried out by an independent actuary at the year end using Projected Unit Credit Method.

Termination benefits are recognised as an expense as and when incurred.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

The Group does not have Defined Benefits Plans at its overseas subsidiaries.

## c. *Other Employee Benefits:*

The employees of the Group are entitled to leave encashment as per the leave policy of the Group. The liability in respect of leave encashment is provided, based on an actuarial valuation carried out by an independent actuary as at the year end using Projected Unit Credit Method. Short term compensated absences, if any, are provided on cost to company basis.

## 9. **Taxation**

- a. Provision for Income Tax is made after considering exemptions and deductions available under the Income Tax Laws of the respective countries of incorporation of the Company and its subsidiaries and as per legal advice received from time to time.
- b. Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

## 10. **Accounting for Employee Stock Options**

Stock options granted to employees under the Employee Stock Option Scheme are accounted as per the accounting treatment prescribed in the Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India.

## 11. **Provisions and Contingent Liabilities**

The Group recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 - 'Provisions, Contingent Liabilities and Contingent Assets' is made.

## 12. **Leases**

- a. Leases of assets under which all the risks and benefits of ownership are substantially transferred to the lessee are classified as finance leases. Finance leases are capitalised at the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in secured loans. The interest element of the finance charge is charged to the Profit and Loss Account over the lease period.
- b. Assets acquired as leases where a significant portion of the risks and rewards of the ownership are retained by the lessor are classified as Operating Leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.



# Schedules

 forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

## SCHEDULE 'S'

### Notes to Consolidated Financial Statements

#### 1. Commitments and Contingent Liabilities

- a) Estimated Amount of Contracts (net of capital advances) remaining to be executed on Capital Account - Rs. 193.05 Lacs (Previous Year - Rs. 36.69 Lacs).
- b) Contingent liabilities in respect of:

(Rs. in Lacs)

| Particulars   | As at<br>31.03.2010 | As at<br>31.03.2009 |
|---|---------------------|---------------------|
| (i) Bank Guarantees given in favour of:   |                     |                     |
| - President of India, Commissioner, Deputy Commissioner and Assistant Commissioner of customs   | 216.53              | 230.87              |
| - President of India, The Telegraph Authority   | —                   | 50.00               |
| - Mauritius Telecom Limited for indemnifying against any loss for supply of an International Private Leased Circuit (IPLC) to the Company, to the maximum extent of USD Nil (Previous Year - USD 21,735)                  | —                   | 11.05               |
| - Ministry of Labour, Mauritius for expense maintenance and repatriation of two employees of the Company [MUR 15,000 (Previous Year - MUR 15,000)]  | 0.22                | 0.24                |
| (ii) Indemnity Bond given by Company to Commissioner, Deputy Commissioner and Assistant Commissioner of Customs and Assistant Commissioner of Central Excise towards obtaining 100% EOU status for its locational offices | 4,617.36            | 4,617.36            |
| (iii) Indemnity Bond given by the Company in connection with telemarketing work undertaken by a subsidiary company [USD Nil (Previous Year - USD 120,000)]  | —                   | 61.03               |
| (iv) Claims raised by service tax authorities which is not acknowledged by the Company  | 359.02              | 359.02              |
| (v) Other claims against the Group not acknowledged as debts (to the extent ascertainable)  | 35.04               | 105.95              |
| (vi) Claims towards Income Tax (Refer Note 1 below)   | 14,042.81           | 3,081.64            |

#### Notes:

1. Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating Rs. 12,208.43 Lacs (Previous Year: Rs. 3,081.64 Lacs) in respect of period prior to October 1, 2006 which will be reimbursed by the Company pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ITES business into the Company sanctioned by High Court of Judicature of Bombay and made effective on March 7, 2007. In this regard, the Company has paid Rs. 1,350 Lacs (Previous Year: Rs. 500 Lacs) to Hinduja Ventures Limited to discharge part payment of disputed Income tax dues pertaining to IT/ ITES business, which is included in the Advances Recoverable in Cash or in Kind or for value to be received. Hinduja Ventures Limited has filed appeal against the said demand. Additionally, an objection in respect of income tax matters pertaining to IT/ ITES business has been filed by Hinduja Ventures Limited with Dispute Resolution Panel involving an amount of Rs. 1,834.38 Lacs [Previous Year - Rs. Nil], which is pending disposal. In view of Management and based on the legal advice obtained, the Company has fairly a strong case for a favourable decision.
2. Future cash outflow in respect of (iv), (v) and (vi) above, if any, is determinable only on receipt of judgements/ decisions pending with relevant authorities.
3. Subsequent to the demerger of IT/ ITES business from Hinduja Ventures Limited into the Company, certificates in respect of tax deducted at source by the customers under the Income Tax Act, 1961 of India aggregating Rs. 1,315.03 Lacs were received in the name of Hinduja Ventures Limited. In view of

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

the Management, the Company is eligible for the benefits of such tax deducted at source since the services were provided by the Company. Further, certificates of tax deducted at source aggregating Rs. 1,423.31 Lacs are in process of being collected from the customers.

- c) The Company has given corporate guarantees in favour of:
- Ryder System, Inc., to guarantee the payment and performance of Source 1 HTMT Inc., a subsidiary company, under the Outsourcing Master Services Agreement entered between the two.
  - Zurich Services Corporation, Schaumburg to secure the performance of Source 1 HTMT Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Source 1 HTMT Inc. has contracted to perform certain services.
- d) Irrevocable Letter of Credit aggregating USD 2,000,000 (Previous Year - USD 2,000,000) [equivalent Rs. 899.50 Lacs (Previous Year - Rs. 1,017.23 Lacs)] issued towards performance of an overseas contract against charge on current and fixed assets of the Company, both present and future.
- e) Affina LLC has provided three standby letters of credit aggregating USD 3,309,498 (Previous Year USD 3,215,616) [equivalent Rs.1,488.44 Lacs (Previous Year - Rs. 1,635.51 Lacs)] in favour of its landlords for its Peoria and El Paso locations. The letters of credit are collateralised by a bank account for an amount of USD 3,309,498 (Previous Year USD 3,215,616).
- f) Source 1 HTMT Inc., (in lieu of a security deposit) has provided a standby letter of credit for an amount of USD 50,000 (Previous Year USD 100,000) [equivalent Rs. 22.49 Lacs (Previous Year - Rs. 50.86 Lacs)] in favour of its payroll service provider. The letter of credit is collateralised by a certificate of deposit for an amount of USD 50,000 (Previous Year USD 104,009).
- g) Source 1 HTMT Inc. has provided a standby letter of credit for an amount of USD 130,000 (Previous Year USD 130,000) [equivalent Rs. 58.46 Lacs (Previous Year - Rs. 66.12 Lacs)] in favour of Travelers Casualty and Surety Company of America. The letters of credit are collateralised by a certificate of deposit for an amount of USD 132,269 (Previous Year USD 130,000).

### 2. Earnings per Equity Share (Basic and Diluted)

|  | 2009-2010  | 2008-2009  |
|--|------------|------------|
| Profit After Tax and Minority Interest (Rs. in Lacs)   | 13,010.64  | 9,376.52   |
| Weighted average number of equity shares   |            |            |
| A. For Basic Earnings per share (Nos.)   | 20,538,985 | 20,538,003 |
| B. For Diluted Earnings per share (Nos.)   |            |            |
| No. of shares for Basic EPS as per A   | 20,538,985 | 20,538,003 |
| Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration | 72,616     | —          |
| No. of shares for Diluted Earnings per share   | 20,611,601 | 20,538,003 |
| Nominal Value of an equity share (Rs.)   | 10.00      | 10.00      |
| Earnings per share after Tax (Basic) (Rs.)   | 63.35      | 45.64      |
| Earnings per share after Tax (Diluted) (Rs.)   | 63.12      | 45.64      |

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

3. The direct and indirect subsidiaries considered in the consolidated financial statements for the year ended 31<sup>st</sup> March 2010 with Company's share in voting power in these companies are:

| Sr. No.  | Name of the Company               | Held by     | Parent's Shareholding (%) | HGSL's Share in Voting Power (%) |
|----------|-----------------------------------|-------------|---------------------------|----------------------------------|
| <b>A</b> | <b>DIRECT SUBSIDIARY</b>          |             |                           |                                  |
| 1        | Pacific Horizon Limited (PH)      |             | 100                       | 100                              |
| <b>B</b> | <b>INDIRECT SUBSIDIARIES</b>      |             |                           |                                  |
| 1        | Source 1 HTMT Inc. (S1HTMT Inc.)  | PH          | 100                       | 100                              |
| 2        | HTMT Europe Limited               | PH          | 100                       | 100                              |
| 3        | Hinduja TMT France S.A.R.L        | S1HTMT Inc. | 51                        | 51                               |
| 4        | Affina LLC, USA (Affina)          | S1HTMT Inc. | 100                       | 100                              |
| 5        | RMT LLC, USA (RMT)                | Affina      | 100                       | 100                              |
| 6        | Affina Company, Canada            | RMT         | 100                       | 100                              |
| 7        | C-Cubed (Antilles) N.V. (C3-NV)   | PH          | 100                       | 100                              |
| 8        | C-Cubed B.V., Netherlands (C3-BV) | C3-NV       | 100                       | 100                              |
| 9        | Customer Contact Centre Inc. (C3) | C3-BV       | 100                       | 100                              |

The countries of incorporation of overseas subsidiaries are as follows:

| Sr. No. | Name of the Company          | Country of Incorporation      |
|---------|------------------------------|-------------------------------|
| 1       | Pacific Horizon Limited      | Mauritius                     |
| 2       | Source 1 HTMT Inc.           | United States of America      |
| 3       | HTMT Europe Limited          | United Kingdom                |
| 4       | Hinduja TMT France S.A.R.L   | France                        |
| 5       | Affina LLC                   | United States of America      |
| 6       | Affina Company               | Canada                        |
| 7       | RMT LLC                      | United States of America      |
| 8       | C-Cubed (Antilles) N.V.      | Curacao, Netherlands Antilles |
| 9       | C-Cubed B.V., Netherlands    | Netherlands                   |
| 10      | Customer Contact Centre Inc. | Philippines                   |

4. The associate considered in the consolidated financial statements with shareholding of the Company is as follows:

| Sr. No. | Name of the Company    | Shareholding (%) |
|---------|------------------------|------------------|
| 1       | Ashley Airways Limited | 25               |



# Schedules

forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

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

(Rs. in Lacs)

|  | As at<br>31.03.2010 | As at<br>31.03.2009 |
|--|---------------------|---------------------|
| <b>Deferred Tax Liability</b>              |                     |                     |
| Depreciation on Fixed Assets               | (1,323.59)          | (1,330.41)          |
| Amortisation of Goodwill                   | (681.37)            | (547.27)            |
| <b>Total Deferred Tax Liability</b>        | <b>(2,004.96)</b>   | <b>(1,877.68)</b>   |
| <b>Deferred Tax Asset</b>                  |                     |                     |
| Expenses allowed on payment basis          | 189.37              | 134.45              |
| Provision for doubtful debts               | 97.24               | 95.18               |
| Others                                     | 7.21                | 33.02               |
| <b>Total Deferred Tax Asset</b>            | <b>293.82</b>       | <b>262.65</b>       |
| <b>Net Deferred Tax Asset/ (Liability)</b> | <b>(1,711.14)</b>   | <b>(1,615.03)</b>   |

## 6. Segment Information

In accordance with Accounting Standard 17 "Segmental Reporting", the Company has determined its operations as a single reportable business segment, namely Information Technology/ Information Technology Enabled Services. Hence, it has no other reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets and liabilities, capital expenditure incurred to acquire the assets, the total amount of charge for depreciation are all as reflected in the financial statements as of and for the year ended March 31, 2010.

### Geographical Segments

(Rs. in Lacs)

| Particulars               | India     |           | Outside India |           | Total      |            |
|---------------------------|-----------|-----------|---------------|-----------|------------|------------|
|                           | 2009-2010 | 2008-2009 | 2009-2010     | 2008-2009 | 2009-2010  | 2008-2009  |
| Sales Revenue*            | 13,398.57 | 13,769.84 | 75,835.58     | 65,986.76 | 89,234.15  | 79,756.60  |
| Carrying Amount of Assets | 25,523.71 | 24,649.93 | 94,959.30     | 93,973.21 | 120,483.01 | 118,623.14 |
| Capital Expenditure       | 1,525.06  | 5,762.28  | 3,922.58      | 970.86    | 5,447.64   | 6,733.14   |

\* There are no Inter Segment Revenues.

## 7. Related Party Disclosures (as identified by the Management)

### I Individual having control with his relatives and associates

Mr. Ashok P. Hinduja

### II Key Management Personnel

Mr. Partha De Sarkar

### III Enterprises where common control exists

1. Serendipity Films Private Limited
2. Hinduja Group India Limited
3. Aasia Management & Consultancy Private Limited
4. Hinduja Ventures Limited
5. IndusInd Media and Communication Limited
6. Hinduja Realty Ventures Limited

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

### IV Associate Company

Ashley Airways Limited

### V Relatives of Key Management Personnel

Mrs. Samya Ahmed

#### Note:

There were no transactions with party referred in I above.

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

(Rs. in Lacs)

| Nature of Transaction                               | Personnel referred to in II and V above | Parties referred to in III above | Parties referred to in IV above | Total                            |
|---|---|----------------------------------|---------------------------------|----------------------------------|
| <b>Rendering of Services</b>                        |   |                                  |                                 |                                  |
| Serendipity Films Private Limited                   | –<br>[–]                                | 5.00<br>[–]                      | –<br>[–]                        | 5.00<br>[–]                      |
| Hinduja Group India Limited                         | –<br>[–]                                | 0.66<br>[0.10]                   | –<br>[–]                        | 0.66<br>[0.10]                   |
| <b>Total</b>  | <b>–</b><br><b>[–]</b>                  | <b>5.66</b><br><b>[0.10]</b>     | <b>–</b><br><b>[–]</b>          | <b>5.66</b><br><b>[0.10]</b>     |
| <b>Interest Income</b>                              |   |                                  |                                 |                                  |
| Hinduja Realty Ventures Limited                     | –<br>[–]                                | 31.07<br>[–]                     | –<br>[–]                        | 31.07<br>[–]                     |
| <b>Total</b>  | <b>–</b><br><b>[–]</b>                  | <b>31.07</b><br><b>[–]</b>       | <b>–</b><br><b>[–]</b>          | <b>31.07</b><br><b>[–]</b>       |
| <b>Rent</b>   |   |                                  |                                 |                                  |
| IndusInd Media and Communication Limited            | –<br>[–]                                | –<br>[124.72]                    | –<br>[–]                        | –<br>[124.72]                    |
| Aasia Management and Consultancy Private Limited    | –<br>[–]                                | 48.67<br>[25.71]                 | –<br>[–]                        | 48.67<br>[25.71]                 |
| Mrs. Samya Ahmed                                    | 4.78<br>[–]                             | –<br>[–]                         | –<br>[–]                        | 4.78<br>[–]                      |
| <b>Total</b>  | <b>4.78</b><br><b>[–]</b>               | <b>48.67</b><br><b>[150.43]</b>  | <b>–</b><br><b>[–]</b>          | <b>53.45</b><br><b>[150.43]</b>  |
| <b>Professional Fees</b>                            |   |                                  |                                 |                                  |
| Hinduja Group India Limited                         | –<br>[–]                                | 105.58<br>[112.24]               | –<br>[–]                        | 105.58<br>[112.24]               |
| <b>Total</b>  | <b>–</b><br><b>[–]</b>                  | <b>105.58</b><br><b>[112.24]</b> | <b>–</b><br><b>[–]</b>          | <b>105.58</b><br><b>[112.24]</b> |
| <b>Interest Expense on Inter-Corporate Deposits</b> |   |                                  |                                 |                                  |
| Hinduja Ventures Limited                            | –<br>[–]                                | –<br>[70.56]                     | –<br>[–]                        | –<br>[70.56]                     |
| <b>Total</b>  | <b>–</b><br><b>[–]</b>                  | <b>–</b><br><b>[70.56]</b>       | <b>–</b><br><b>[–]</b>          | <b>–</b><br><b>[70.56]</b>       |



## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

(Rs. in Lacs)

| Nature of Transaction                                 | Personnel referred to in II and V above | Parties referred to in III above | Parties referred to in IV above | Total              |
|---|---|----------------------------------|---------------------------------|--------------------|
| <b>Communication Charges</b>                          |   |                                  |                                 |                    |
| IndusInd Media and Communication Limited              | –<br>[–]                                | –<br>[8.54]                      | –<br>[–]                        | –<br>[8.54]        |
| <b>Total</b>  | –<br>[–]                                | –<br>[8.54]                      | –<br>[–]                        | –<br>[8.54]        |
| <b>Executive Remuneration</b>                         |   |                                  |                                 |                    |
| Mr. Partha De Sarkar<br>(Refer note 8 in Schedule S)  | 123.49<br>[100.79]                      | –<br>[–]                         | –<br>[–]                        | 123.49<br>[100.79] |
| <b>Total</b>  | 123.49<br>[100.79]                      | –<br>[–]                         | –<br>[–]                        | 123.49<br>[100.79] |
| <b>Advance paid to Key Managerial Personnel</b>       |   |                                  |                                 |                    |
| Mr. Partha De Sarkar                                  | 10.00<br>[–]                            | –<br>[–]                         | –<br>[–]                        | 10.00<br>[–]       |
| <b>Total</b>  | 10.00<br>[–]                            | –<br>[–]                         | –<br>[–]                        | 10.00<br>[–]       |
| <b>Reimbursement of Expenses to Other Companies</b>   |   |                                  |                                 |                    |
| Hinduja Ventures Limited                              | –<br>[–]                                | 10.30<br>[7.63]                  | –<br>[–]                        | 10.30<br>[7.63]    |
| IndusInd Media and Communication Limited              | –<br>[–]                                | –<br>[31.87]                     | –<br>[–]                        | –<br>[31.87]       |
| <b>Total</b>  | –<br>[–]                                | 10.30<br>[39.50]                 | –<br>[–]                        | 10.30<br>[39.50]   |
| <b>Reimbursement of Expenses from Other Companies</b> |   |                                  |                                 |                    |
| Hinduja Ventures Limited                              | –<br>[–]                                | –<br>[0.77]                      | –<br>[–]                        | –<br>[0.77]        |
| <b>Total</b>  | –<br>[–]                                | –<br>[0.77]                      | –<br>[–]                        | –<br>[0.77]        |
| <b>Purchase of Fixed Assets</b>                       |   |                                  |                                 |                    |
| Asia Management and Consultancy Private Limited       | –<br>[–]                                | 74.50<br>[159.95]                | –<br>[–]                        | 74.50<br>[159.95]  |
| <b>Total</b>  | –<br>[–]                                | 74.50<br>[159.95]                | –<br>[–]                        | 74.50<br>[159.95]  |
| <b>Sale of Investment</b>                             |   |                                  |                                 |                    |
| Hinduja Ventures Limited                              | –<br>[–]                                | –<br>[103.50]                    | –<br>[–]                        | –<br>[103.50]      |
| IndusInd Media and Communication Limited              | –<br>[–]                                | 2.75<br>[–]                      | –<br>[–]                        | 2.75<br>[–]        |
| <b>Total</b>  | –<br>[–]                                | 2.75<br>[103.50]                 | –<br>[–]                        | 2.75<br>[103.50]   |

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

(Rs. in Lacs)

| Nature of Transaction   | Personnel referred to in II and V above | Parties referred to in III above | Parties referred to in IV above | Total                |
|---|---|----------------------------------|---------------------------------|----------------------|
| <b>Inter-Corporate Deposits given</b>                             |   |                                  |                                 |                      |
| Hinduja Realty Ventures Limited                                   | –<br>[–]                                | 1,500.00<br>[–]                  | –<br>[–]                        | 1,500.00<br>[–]      |
| <b>Total</b>  | –<br>[–]                                | 1,500.00<br>[–]                  | –<br>[–]                        | 1,500.00<br>[–]      |
| <b>Receivable net of Payable as at the year-end</b>               |   |                                  |                                 |                      |
| Hinduja Ventures Limited<br>(Refer footnote 1 in Note 1(b) above) | –<br>[–]                                | 1,350.00<br>[493.31]             | –<br>[–]                        | 1,350.00<br>[493.31] |
| Mr. Partha De Sarkar  | 10.00<br>[–]                            | –<br>[–]                         | –<br>[–]                        | 10.00<br>[–]         |
| Mrs. Samya Ahmed  | 4.00<br>[–]                             | –<br>[–]                         | –<br>[–]                        | 4.00<br>[–]          |
| Others  | –<br>[–]                                | 8.96<br>[4.04]                   | –<br>[–]                        | 8.96<br>[4.04]       |
| <b>Total</b>  | 14.00<br>[–]                            | 1,358.96<br>[497.35]             | –<br>[–]                        | 1,372.96<br>[497.35] |
| <b>Payable net of Receivable as at the year-end</b>               |   |                                  |                                 |                      |
| IndusInd Media and Communications Limited                         | –<br>[–]                                | 2.90<br>[14.01]                  | –<br>[–]                        | 2.90<br>[14.01]      |
| Aasia Management and Consultancy Private Limited                  | –<br>[–]                                | 9.17<br>[2.84]                   | –<br>[–]                        | 9.17<br>[2.84]       |
| Hinduja Group India Limited                                       | –<br>[–]                                | 1.49<br>[7.62]                   | –<br>[–]                        | 1.49<br>[7.62]       |
| <b>Total</b>  | –<br>[–]                                | 13.56<br>[24.47]                 | –<br>[–]                        | 13.56<br>[24.47]     |
| <b>Investments</b>  |   |                                  |                                 |                      |
| Ashley Airways Limited  | –<br>[–]                                | –<br>[–]                         | 75.00<br>[75.00]                | 75.00<br>[75.00]     |
| <b>Total</b>  | –<br>[–]                                | –<br>[–]                         | 75.00<br>[75.00]                | 75.00<br>[75.00]     |

Figures in bracket pertain to the previous year.

### 8. Managerial Remuneration

Employee Costs includes remuneration to Manager

(Rs. in Lacs)

| Particulars                                  | 2009-2010 | 2008-2009 |
|--|-----------|-----------|
| Salary, Performance Incentive and Allowances | 99.11     | 78.18     |
| Contribution to Provident Fund               | 3.96      | 3.95      |
| Perquisites                                  | 20.42     | 18.66     |
| <b>Total</b>                                 | 123.49    | 100.79    |

Note: Number of stock options granted to Manager and exercisable at the year-end 13,500 nos. (Previous Year - 18,000 nos.)



## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

### 9. Operating Leases

The details of non-cancellable operating leases are as follows:

(Rs. in Lacs)

| Particulars     | Minimum Future Lease Rentals |   |                        | Amount recognised during the year |
|-----------------|------------------------------|---|------------------------|-----------------------------------|
|                 | Due within one year          | Due later than one year and not later than five years | Due after five year    |                                   |
| Office Premises | 3,573.62<br>[3,912.78]       | 7,380.36<br>[6,678.23]                                | 1,510.22<br>[2,404.37] | 3,569.36<br>[3,301.78]            |

Figures in bracket pertain to the previous year.

The operating lease arrangement relating to office premises extend up to a maximum of ten years from the respective dates of inception and are renewable on mutual consent. In addition, the Company has entered into various cancellable leasing arrangements for office and residential premises and towards which an amount of Rs. 545.90 Lacs (Previous Year - Rs. 205.31 Lacs) has been recognised in the Profit and Loss Account.

### 10. Finance Leases

A subsidiary of the Company has taken certain office equipments on finance lease. The details of such equipment are as under:

Minimum lease payments as at year end.

(Rs. in Lacs)

| Particulars    | As at 31.03.2010 | As at 31.03.2009 |
|----------------|------------------|------------------|
| Present Value  | 21.54            | 44.93            |
| Finance Charge | 2.60             | 4.65             |

The minimum lease payment is payable as follows:

(Rs. in Lacs)

| Particulars     | Minimum Future Lease Rentals   |   |                        |
|-----------------|--------------------------------|---|------------------------|
|                 | Due within one year            | Due later than one year and not later than five years | Due after five year    |
| Present Value   | 17.05<br>[20.57]               | 4.49<br>[24.36]                                       | —<br>[—]               |
| Finance Charges | 1.48<br>[1.71]                 | 1.12<br>[2.94]  | —<br>[—]               |
| <b>Total</b>    | <b>18.53</b><br><b>[22.28]</b> | <b>5.61</b><br><b>[27.30]</b>                         | <b>—</b><br><b>[—]</b> |

Figures in bracket pertain to the previous year.

11. Exceptional income for the year ended March 31, 2010 of Rs. 576.05 Lacs represents write back of provision for mark-to-market losses on outstanding forward exchange contracts held for hedging future customer receivables on account of appreciation of rupee against US dollar. Provision of mark-to-market losses on aforesaid contracts aggregated Rs. 1,061.40 Lacs as at March 31, 2009.

The details of derivative contracts outstanding at the year-end are as follows:

| Particulars   | Amount (USD)              | Type           | No. of Contracts | Contract Value (Rs. in Lacs) |
|---|---------------------------|----------------|------------------|------------------------------|
| Forward contract in respect of firm commitment or highly probable forecasted transactions | 2,400,000<br>[18,000,000] | Sell<br>[Sell] | 2<br>[24]        | 1,096.60<br>[8,170.11]       |

Figures in bracket pertain to the previous year.

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

### 12. Disclosures in terms of Accounting Standard 15 (Revised 2005) 'Employee Benefits'

The Company has classified the various benefits provided to employees as under: -

#### I Defined Contribution Plans

- a. Provident Fund
- b. Superannuation Fund
- c. State Defined Contribution Plans
  - i. Employers' Contribution to Employee's State Insurance
  - ii. Employers' Contribution to Employee's Pension Scheme 1995
- d. Contribution Plan at overseas subsidiary

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

(Rs. in Lacs)

|  | 2009-2010 | 2008-2009 |
|--|-----------|-----------|
| - Employers' Contribution to Provident Fund [includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]* | 690.15    | 684.79    |
| - Employers' Contribution to Superannuation Fund*  | 6.22      | 7.61      |
| - Employers' Contribution to Employees' State Insurance *  | 275.83    | 291.28    |
| - Employers' Contribution to Other Employees' Benefit Scheme and Contribution by Overseas Subsidiary*                              | 388.64    | 78.13     |

\* Included in Contribution to Employees' Provident and Other Funds (Refer Schedule 'O')

#### II Defined Benefit Plan

Gratuity and Pension Plan

In accordance with Accounting Standard 15 (Revised 2005), actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity and pension based on the following assumptions: -

|   | 2009-2010     | 2008-2009      |
|---|---------------|----------------|
| Discount Rate (per annum)               | 8.00% - 9.91% | 7.75% - 14.80% |
| Rate of increase in Compensation levels | 6.00%         | 4% - 8%        |
| Rate of Return on Plan Assets           | 8.00%         | 8%             |

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

(Rs. in Lacs)

|   | 2009-2010 |          | 2008-2009 |          |
|---|-----------|----------|-----------|----------|
|   | Funded    | Unfunded | Funded    | Unfunded |
| Present Value of Obligation as at beginning of the year | 210.98    | 605.84   | 137.30    | 385.45   |
| Interest Cost   | 23.54     | 31.80    | 16.90     | 49.53    |
| Current Service Cost                                    | 101.42    | 23.61    | 79.74     | 166.90   |
| Benefits Paid   | (17.26)   | —        | (11.54)   | —        |
| Actuarial (gain)/ loss on obligations                   | 2.35      | (56.34)  | (11.42)   | 3.96     |
| Present Value of Obligation as at end of the year       | 321.03    | 604.91   | 210.98    | 605.84   |



## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

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

(Rs. in Lacs)

|  | 2009-2010 | 2008-2009 |
|--|-----------|-----------|
| Fair Value of Plan Assets at beginning of the year | 144.85    | 142.31    |
| Expected Return on Plan Assets                     | 16.44     | 11.08     |
| Contribution to the Plan Assets                    | 69.27     | 1.99      |
| Actuarial gain/ (loss) on obligations              | 0.36      | 1.01      |
| Benefits Paid                                      | (17.26)   | (11.54)   |
| Fair Value of Plan Assets at end of the year       | 213.66    | 144.85    |

### C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31<sup>st</sup> March, 2010

The Plan Assets are administered by Life Insurance Corporation of India ('LIC') as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority regulations.

### D) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

(Rs. in Lacs)

|  | 2009-2010       |                 | 2008-2009      |                 |
|--|-----------------|-----------------|----------------|-----------------|
|  | Funded          | Unfunded        | Funded         | Unfunded        |
| Present Value of funded Obligation as at end of the year             | 321.03          | —               | 210.98         |                 |
| Fair Value of Plan Assets as at end of the year                      | 213.66          | —               | 144.85         |                 |
| Funded Status  | 213.66          | —               | 144.85         |                 |
| Present Value of unfunded Obligation as at end of the year           | (107.37)        | 604.91          | (66.13)        | 605.84          |
| <b>Unfunded Net Asset/ (Liability) Recognised in Balance Sheet**</b> | <b>(107.37)</b> | <b>(604.91)</b> | <b>(66.13)</b> | <b>(605.84)</b> |

\*\* Included in Provisions (Schedule 'L').

### E) Amount recognised in the Balance Sheet

(Rs. in Lacs)

|   | 2009-2010       |                 | 2008-2009      |                 |
|---|-----------------|-----------------|----------------|-----------------|
|   | Funded          | Unfunded        | Funded         | Unfunded        |
| Present Value of Obligation as at end of the year           | 321.03          | 604.91          | 210.98         | 605.84          |
| Fair Value of Plan Assets as at end of the year             | 213.66          | —               | 144.85         | —               |
| <b>Asset/(Liability) recognised in the Balance Sheet***</b> | <b>(107.37)</b> | <b>(604.91)</b> | <b>(66.13)</b> | <b>(605.84)</b> |

\*\*\* Included in Provisions (Schedule 'L').

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

### F) Expenses recognised in the Profit and Loss Account

(Rs. in Lacs)

|   | 2009-2010     |               | 2008-2009 |          |
|---|---------------|---------------|-----------|----------|
|   | Funded        | Unfunded      | Funded    | Unfunded |
| Current Service Cost  | 101.42        | 23.61         | 79.74     | 166.90   |
| Interest Cost   | 23.54         | 31.80         | 16.90     | 49.53    |
| Expected Return on Plan Assets                                      | (16.43)       | —             | (11.08)   | —        |
| Net actuarial (gain)/ loss recognised in the year                   | 1.99          | (56.34)       | (12.42)   | 3.96     |
| <b>Total Expenses recognised in the Profit and Loss Account****</b> | <b>110.52</b> | <b>(0.93)</b> | 73.14     | 220.39   |

\*\*\*\* Included in Employee Cost (Refer Schedule 'O')

### G) Details of Obligations, Plan Assets and Actuarial (gains)/ losses

(Rs. in Lacs)

|   | 2009-2010 |          | 2008-2009 |          | 2007-2008 |          | 2006-2007 |          |
|---|-----------|----------|-----------|----------|-----------|----------|-----------|----------|
|   | Funded    | Unfunded | Funded    | Unfunded | Funded    | Unfunded | Funded    | Unfunded |
| Present Value of Obligation at the end of the year        | 321.03    | 604.91   | 210.98    | 605.84   | 137.30    | 385.45   | 94.53     | 255.30   |
| Fair Value of Plan Assets at the end of the year          | 213.66    | —        | 144.85    | —        | 142.31    | —        | 148.50    | —        |
| Surplus/ (Deficit)  | (107.37)  | (604.91) | (66.13)   | (605.84) | 5.01      | (385.45) | 53.97     | (255.30) |
| Experience Adjustments on Plan Liabilities - Loss/ (Gain) | (66.92)   | (56.34)  | (11.42)   | 3.96     | (20.03)   | 15.46    | 8.04      | 3.88     |
| Experience Adjustments on Plan Assets - Loss/ (Gain)      | 0.36      | —        | 1.01      | —        | 0.32      | —        | (6.62)    | —        |

### H) Expected Contribution for next year

(Rs. in Lacs)

|                           | 2010-2011 | 2009-2010 |
|---------------------------|-----------|-----------|
| Gratuity and Pension Plan | 130.23    | 235.77    |

The liability for leave encashment and compensated absences as at 31<sup>st</sup> March, 2010 aggregates Rs. 635.09 Lacs (Previous Year - Rs. 525.02 Lacs).

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

### 13. The details of Employee Stock Options Plan [ESOP] of the Company are as follows:

|                          | ESOP 2008   | Compensatory ESOP 2006   |
|--------------------------|---|--|
| Maximum grant of options | The Shareholders of the Company at their annual general meeting held on 27 <sup>th</sup> September 2008 granted approval to the HTMT Global Solutions Limited Employees Stock Option Plan 2008 (now Hinduja Global Solutions Employees Stock Option Plan 2008) ("ESOP 2008"). Subsequently, the Compensation Committee approved the terms and conditions relating to ESOP 2008 and options were granted on 31 <sup>st</sup> July, 2009.     | Pursuant to the Scheme of Arrangement and Reconstruction for demerger of IT/ ITES business, to compensate the employees whose services were transferred from Hinduja Ventures Limited ('HVL' or 'Demerged Company') to the Company and whose stock options granted to them by HVL thereby lapsed, the Shareholders of the Company had approved the HTMT Technologies Limited Compensatory Employees Stock Option Plan, 2006 ("Compensatory ESOP 2006") at their Extra-ordinary General Meeting held on 31 <sup>st</sup> August 2006, which was sanctioned by the Hon'ble High Court of Judicature at Bombay as part of the Scheme. |
| Vesting Period           | Options to vest over a period of three years from the date of their grant as under: <ul style="list-style-type: none"> <li>- 1/6<sup>th</sup> of the options granted will vest on the first anniversary of the grant date.</li> <li>- 1/3<sup>rd</sup> of the options granted will vest on the second anniversary of the grant date.</li> <li>- 1/2 of the options granted will vest on the third anniversary of the grant date.</li> </ul> | Options to vest over a period of two years from the date of their grant as under: <ul style="list-style-type: none"> <li>- 50% of the options granted to vest and become exercisable on 7<sup>th</sup> March 2008.</li> <li>- Balance 50% of the options granted will vest on the 2nd Anniversary of the date of grant.</li> </ul>   |
| Exercise Period          | Options vested with an employee will be exercisable prior to completion of the 48 <sup>th</sup> month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.                           | Options vested with an employee will be exercisable prior to completion of the 36 <sup>th</sup> month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.  |

## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

|  |  |  |
|--|--|--|
| Exercise Price                           | Rs. 400.10 per share<br>The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.  | Grant 1 - Rs. 363.90 per share<br>Grant 2 - Rs. 520.60 per share<br>Exercise price is the price at which the transferred employees were originally granted the Lapsed Options of the Demerged Company.   |
| Method of Accounting and Intrinsic Value | The compensation costs of stock options granted to employees are accounted using the intrinsic value method. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. In view of exercise price being equal to closing market price on the day prior to the date of the grant, the intrinsic value of the option is Rs. Nil. | The compensation costs of stock options granted to employees are accounted using the intrinsic value method. The intrinsic value of the stock options granted by the Company shall be equal to the intrinsic value of the lapsed options of the Demerged Company. The intrinsic value of lapsed stock options of the Demerged Company was Rs. Nil. Accordingly, the accounting value of the stock options granted by the Company (compensation cost) is Rs. Nil. |
| Fair Value and Model Used                | Rs. 178.04 per option.<br>The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.   | Grant 1 - Rs. 54.20 per option<br>Grant 2 - Rs. 31.97 per option<br>The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.   |

The details of options granted under Employee Stock Options Plan are as follows:

| Particulars                              | ESOP 2008 |         | Compensatory ESOP 2006 |         |         |         |
|--|-----------|---------|------------------------|---------|---------|---------|
|  |           |         | Grant 1                |         | Grant 2 |         |
|  | 2009-10   | 2008-09 | 2009-10                | 2008-09 | 2009-10 | 2008-09 |
| Outstanding at the beginning of the year | —         | —       | 181,340                | 213,220 | 12,000  | 1,2000  |
| Granted during the year                  | 205,380   | —       | —                      | —       | —       | —       |
| Lapsed during the year                   | 9,650     | —       | 130,120                | 31,880  | 12,000  | —       |
| Exercised/ Alloted during the year       | —         | —       | 51,220                 | —       | —       | —       |
| Outstanding at the end of the year       | 195,730   | —       | —                      | 181,340 | —       | 12,000  |
| Exercisable at the end of the year       | —         | —       | —                      | 181,340 | —       | 12,000  |
| Weighted Average remaining life in years | 3.33      | —       | —                      | 0.93    | —       | 0.93    |

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs.26.86 Lacs (Previous Year - Rs. 38.56 Lacs), Profit After Tax and the basic and diluted earning per share would have been lower by Rs. 26.86 Lacs (Previous Year - Rs. 38.56 Lacs) and Re. 0.13 (Previous Year - Re. 0.19), respectively.



## Schedules forming part of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010 and the Consolidated Profit and Loss Account for the year then ended

14. Bank Balances in Deposit Account under the head Cash and Bank Balances - Schedule 'H' includes Rs. 42,507.03 Lacs relating to the Company's wholly owned subsidiary Pacific Horizon Limited, Mauritius and which has been deposited by it through its fiduciary bankers Hinduja Bank (Switzerland) Limited in the fixed deposit scheme of Bank of Baroda, London.
15. The Group acquired balance 49% stake in HTMT Europe Limited w.e.f 2nd April 2009. The difference of Rs. 324.09 Lacs between the purchase consideration and related portion of net assets as at the date of acquisition is considered as Goodwill in the consolidated financial statements.
16. In accordance with Settlement and Mutual Release agreement dated December 29, 2009 between Source1HTMT Inc. U.S.A. and sellers of Affina LLC, U.S.A, Source1HTMT Inc. U.S.A. paid an amount of Rs. 944.35 Lacs (USD 2,000,000) during the year to the sellers of Affina LLC, U.S.A being additional consideration (earn-outs) for purchase of Affina LLC, U.S.A. Accordingly, Goodwill has been increased by the similar amount.
17. Previous Year's figures have been regrouped/ rearranged, wherever considered necessary.

The Schedules A to S and Annexure A referred to above form an integral part of the Accounts.

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

**Partha Ghosh**  
Partner  
Membership No. F - 55913

Place : Mumbai  
Date : April 27, 2010

**For and on behalf of the Board**

**Partha De Sarkar**  
Chief Executive Officer  
and Manager

**R. Mohan**  
Director

**Prasenjit Guha**  
Vice President  
Legal and Company Secretary

Place : Mumbai  
Date : April 27, 2010

**Ramkrishan P. Hinduja**  
Chairman

**Anand Vora**  
Chief Financial Officer

## Annexure 'A'

## INVESTMENTS

| Sr. No.  | Scrip   | Face Value Per Share/ Unit Rs. | As at 31.03.2010 |                      | As at 31.03.2009 |                      |
|----------|---|--------------------------------|------------------|----------------------|------------------|----------------------|
|          |   |                                | Quantity Nos.    | Amount (Rs. In Lacs) | Quantity Nos.    | Amount (Rs. In Lacs) |
| <b>I</b> | <b>UNQUOTED INVESTMENTS (AT COST)</b>   |                                |                  |                      |                  |                      |
| (a)      | <b>EQUITY SHARES -<br/>(Long Term, Non - Trade)</b>   |                                |                  |                      |                  |                      |
|          | IndusInd Information Technologies Limited   | 10                             | 400,000          | 40.00                | 400,000          | 40.00                |
|          | Ashley Airways Limited  | 10                             | 750,000          | 75.00                | 750,000          | 75.00                |
| (b)      | <b>MUTUAL FUNDS - CURRENT</b>   |                                |                  |                      |                  |                      |
|          | PNB Principal Income Fund - Short Term Plan (Institutional Weekly Dividend Reinvestment Plan)<br>[N.A.V. per unit - Rs. 10.77<br>(Previous Year - Rs. 10.77)]           | 10                             | 90,752           | 9.78                 | 84,703           | 9.12                 |
|          | PNB Principal Cash Management Fund - Liquid Option - Institutional Plan - Dividend Reinvestment - Daily<br>[N.A.V. per unit - Rs. 10.00<br>(Previous Year - Rs. 10.00)] | 10                             | 12,028           | 1.20                 | 11,658           | 1.17                 |
|          | <b>TOTAL VALUE OF UNQUOTED INVESTMENTS</b>  |                                |                  | <b>125.98</b>        |                  | <b>125.29</b>        |



Statement pursuant to exemption received under Section 212 (8) of the Companies Act, 1956 relating to Subsidiary Companies

(Rs. in Lacs)

| Sr. No. | Name of Subsidiary Company          | Functional Currency | Conversion Rate            | Paid Up Capital | Reserves   | Total Assets | Total Liabilities | Investments (except in case of investment in the subsidiary) | Turnover Income | Profit/(Loss) before taxation | Provision for taxation | Profit/ (Loss) after Taxation | Proposed Dividend |
|---------|-------------------------------------|---------------------|----------------------------|-----------------|------------|--------------|-------------------|--|-----------------|-------------------------------|------------------------|-------------------------------|-------------------|
| 1       | Pacific Horizon Limited             | USD                 | B/S 44.9748<br>P/L 47.2176 | 14,623.21       | 55,309.30  | 69,971.71    | 39.20             | Nil  | 3,215.77        | 2,636.39                      | 232.85                 | 2,403.54                      | Nil               |
| 2       | Source1 HTMT Inc.                   | USD                 | B/S 44.9748<br>P/L 47.2176 | 5,654.21        | (7,491.13) | 21,584.94    | 23,421.86         | Nil  | 30,390.23       | (1,626.57)                    | * 390.54               | (2,017.11)                    | Nil               |
| 3       | C - Cubed (Antilles) N.V            | USD                 | B/S 44.9748<br>P/L 47.2176 | 2.70            | 59.04      | 1,659.20     | 1,597.46          | Nil  | 93.84           | 0.01                          | -                      | 0.01                          | Nil               |
| 4       | C - Cubed B.V Netherlands           | EURO                | B/S 60.8087<br>P/L 66.8043 | 13.80           | 587.44     | 2,295.23     | 1,693.99          | Nil  | -               | (87.40)                       | -                      | (87.40)                       | Nil               |
| 5       | Customer Contact Centre Inc, Manila | PHP                 | B/S 0.9967<br>P/L 0.9995   | 996.70          | 1,282.32   | 2,280.64     | 1.62              | Nil  | -               | 58.38                         | -                      | 58.38                         | Nil               |
| 6       | Hinduja TMT France                  | EURO                | B/S 60.8087<br>P/L 66.8043 | 4.86            | (102.37)   | 14.49        | 112.00            | Nil  | -               | (79.54)                       | -                      | (79.54)                       | Nil               |
| 7       | HTMT Europe Limited, UK             | GBP                 | B/S 68.2552<br>P/L 75.5272 | 656.19          | (742.04)   | 72.47        | 158.32            | Nil  | 371.59          | 87.67                         | -                      | 87.67                         | Nil               |
| 8       | Affina LLC                          | USD                 | B/S 44.9748<br>P/L 47.2176 | 2,383.66        | 4,019.28   | 10,154.80    | 3,751.86          | Nil  | 36,748.11       | 2,885.37                      | -                      | 2,885.37                      | Nil               |
| 9       | RMT LLC                             | USD                 | B/S 44.9748<br>P/L 47.2176 | 0.44            | (0.35)     | 0.09         | -                 | Nil  | -               | -                             | -                      | -                             | Nil               |
| 10      | Affina Company                      | USD                 | B/S 44.9748<br>P/L 47.2176 | 0.09            | (1,390.76) | 56.93        | 1,447.60          | Nil  | 664.17          | (11.11)                       | -                      | (11.11)                       | Nil               |

\* Represents Federal and State Taxes assessed as per US tax laws at a Consolidated level.

## CONTACT US...

### Registered Office: Mumbai

171, Dr. Annie Besant Road, Worli,  
Mumbai 400 018

Tel: +91-22-2496 0707

Fax: +91-22-2497 4208

### Corporate Headquarters: Bangalore

HGSL House, No.614, Vajpayee Nagar, Bommanahalli,  
Hosur Road, Bangalore 560 068

Tel: +91-80-2573 2620 / 50

Fax: +91-80-2573 1592

### United Kingdom:

New Zealand House, 13th Floor,  
80 Haymarket, London, SW1Y UK

Tel: +0044-207-839-4661

Fax: +0044-207-839-4337

### North America Head Office:

4355, Weaver Parkway, Suite 310, Warrenville - IL 60555

Tel: +001-309-229-2832

### Philippines:

Cyberpark, 86 E, Rodriguez Jr. Avenue Brgy,  
Ugong Norte, Quezon City 1110, Philippines

Tel: +00632-434-5144

Fax: +00632-434-5122

### Email:

Business Enquiry: [marketing@hindujagsl.com](mailto:marketing@hindujagsl.com)

Careers: [careers@hindujagsl.com](mailto:careers@hindujagsl.com)

Investor Related: [investor.grievances@hindujagsl.com](mailto:investor.grievances@hindujagsl.com)

# India



Bangalore



Hyderabad



Mysore



Chennai



Mumbai



Durgapur



Nagercoil

# Americas



Peoria IL



St. Louis



Montreal



Waterloo



Peoria IL Plaza



El Paso

# Philippines (Manila)



# Mauritius





Registered Office:

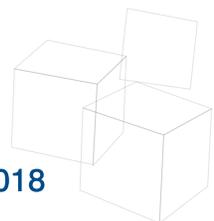
## Hinduja Global Solutions Ltd.

171, Dr. Annie Besant Road, Worli, Mumbai - 400 018

Tel: 91-22-2496 0707 Fax: 91-22-2497 4208

Email: [investor.grievances@hindujagsl.com](mailto:investor.grievances@hindujagsl.com)

Web: [www.hindujagsl.com](http://www.hindujagsl.com)





## HINDUJA GLOBAL SOLUTIONS LIMITED

Registered Office: Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai 400 018.

# NOTICE

**NOTICE** is hereby given that the Fifteenth Annual General Meeting of the members of **HINDUJA GLOBAL SOLUTIONS LIMITED** will be held on Saturday, July 31, 2010 at 11.00 A.M., at the Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018, to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare a dividend for the year ended March 31, 2010.
3. To appoint a Director in place of Mr. Rajendra Chitale, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rangan Mohan, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. Price Waterhouse, as Auditors of the Company and to fix their remuneration and to authorise the Board of Directors to appoint Auditors for the Company's branches, in consultation with the Company's Auditors and to fix their remuneration.
6. **To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:**

**"RESOLVED THAT** in supersession of previous resolution passed by the Members of the Company at their Meeting held on July 29, 2009 and pursuant to the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory amendment(s) thereto or modification(s) or re-enactment(s) thereof), the Foreign Exchange Management Act, 1999 and other applicable laws and in accordance with relevant provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement(s) entered into by the Company with the Stock Exchange(s) where the Shares of the Company are listed and subject to Regulations/ Guidelines, if any, prescribed by Reserve Bank of India (RBI), the Government of India (GOI), the Foreign Investment Promotion Board (FIPB), Securities and Exchange Board of India (SEBI) and all other concerned and relevant authorities from time to time, to the extent applicable and subject to such approval(s), consent(s), permission(s) and sanction(s) of the RBI, GOI, FIPB, SEBI and all other appropriate authorities, institutions or bodies and

subject to such condition(s) and modification(s) as may be prescribed by any of them while granting such approval(s), consent(s), permission(s) and sanction(s), and agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its power including the powers conferred by this Resolution), which the Board be and is hereby authorised to accept, if it thinks fit in the interest of the Company, consent and approval of the Company be and is hereby accorded to the Board to create, issue, offer and allot from time to time in one or more public or private offering by public issue, rights issue or any other issue including qualified institutional placement pursuant to Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time (SEBI Guidelines), or otherwise, in the domestic or one or more international markets, any Securities including equity or any other kind of shares and/or convertible bonds and/or Securities convertible into equity shares with or without detachable/non-detachable warrants with a right exercisable by the warrant holder to subscribe for the equity shares and/or warrants with an option exercisable by the warrant-holder to subscribe for equity shares, and/or any instrument or securities representing either equity shares and/or convertible security linked to equity shares at the option of the Company directly or through, American Depository Receipts (ADRs)/Global Depository Receipts (GDRs)/ any other depository receipts, Foreign Currency Convertible Bonds (FCCBs) representing any type of securities (all of which are hereinafter collectively referred to as 'Securities') subscribed in Indian and/ or foreign currency(ies) through an offer document and/or placement document and/ or prospectus and/or offer letter and/or offering circular to investors (resident and/or non-resident and/or strategic investors and/or institutions and/ or banks and/or corporate bodies and/or trustees/ Foreign Institutional Investors (FIIs)/qualified institutional buyers as defined under Clause 1.2.1 (xxiva) of SEBI Guidelines/Mutual Funds/Pension Funds/Venture Capital Funds and such other persons or entities), whether or not such investors are members of the Company, in such manner and on such terms and conditions as the Board may deem appropriate at its absolute discretion and the issue and allotment of Securities to all or any of them jointly or severally, which shall be at such time or times and at such price or prices and in such tranche or tranches as the Board may in its absolute discretion deems fit provided that the aggregate

issue amount of Securities to be issued shall not exceed Rs.500,00,00,000/- (Rupees Five Hundred Crore Only) inclusive of such premium as may be payable on the Securities.

**RESOLVED FURTHER THAT** in the event that Securities convertible into equity shares are issued under Chapter XIII-A of the SEBI Guidelines as amended from time to time, the relevant date for the purpose of pricing of the Securities, shall be the date of the meeting in which the Board of the Company or the Committee of Directors duly authorised by the Board of the Company decides to open the proposed issue or such other day as may be prescribed by the SEBI from time to time and as may be determined by the Board.

**RESOLVED FURTHER THAT** without prejudice to the generality of above, the aforesaid issuance of Securities may be subject to such terms and conditions as are in accordance with prevalent market practice and applicable laws and regulations, including but not limited to, the terms and conditions relating to payment of interest, dividend, premium on redemption, the terms for issue of additional Shares or variations in the price or period of conversion of Securities into Equity Shares or terms pertaining to voting rights or options for redemption of Securities.

**RESOLVED FURTHER THAT** the Company and / or any agencies or bodies authorised by the Board may issue depository receipts or certificates representing the underlying equity shares in the share capital of the Company or such other securities in such form and with such features and attributes as may be required, proper, prevalent expedient or usual and to provide tradability and transferability thereof (including listing of Security on one or more stock exchanges within or outside India) as the Board deem fit.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of Securities as may be required to be issued and allotted upon conversion of any Securities referred to above as may be necessary in accordance with the terms of offering and that the Equity Shares so allotted shall rank in all respects *pari passu* with the existing Equity Shares of the Company or shall rank in such manner as is prescribed by or provided for or in accordance with the terms of the offering.

**RESOLVED FURTHER THAT** subject to the approval(s), consent(s), permission(s) and sanction(s) stated above, the Company be and is hereby authorised to retain over subscription/ green shoe issue option amount as may be permissible under the applicable statues and regulations and the Board be and is hereby authorised to decide at its discretion the quantum of oversubscription to be retained as also any other question arising in relation thereto.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things and to decide upon, as it may at its discretion deem necessary, expedient or desirable in relation to all or any or any of the aforesaid purposes including, without limitation to the generality thereof, creation of such mortgages and/ or charges in respect of the Securities on the whole or any part of the undertaking of the Company under Section 293(1)(a) of the Companies Act, 1956 or otherwise, to execute such documents or writings as it may consider necessary or proper and in pursuance of this Resolution and also including, without limitation to the generality thereof, utilisation of issue proceeds, finalising pricing, terms and conditions relating to issue of Securities including amendments or modifications thereto as may be deemed fit by the Board, signing, execution and issue of consolidated receipt/s for Securities, listing application, various agreements such as Subscription agreement, Depository agreement, Trustee agreement, Undertaking, Deed, Declaration, Letters and all other documents and to comply with all formalities as may be required in connection with and incidental to the aforesaid offering or allotment of Securities or anything in relation thereto, (including but not limited to the post issue formalities) and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such creation, issuance, offer or allotment of Securities as it may in its absolute discretion deem fit.

**RESOLVED LASTLY THAT** the Board be and is hereby authorised to enter into and execute all such arrangements/agreements as may be required or expedient for appointing managers (including lead managers), merchant bankers, underwriters, financial and/or legal advisors, tax advisors, consultants, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees and all such agencies as may be involved or concerned in such offerings of Securities, whether in India or abroad, and to remunerate all such agencies including the payment of commission, brokerage, fee or the like.”

By order of the Board

For HINDUJA GLOBAL SOLUTIONS LIMITED

Prasenjit Guha

Vice President-Legal & Company Secretary

Place: Mumbai

Date: April 27, 2010

Registered Office:

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

**NOTES:**

- I. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 pertaining to the businesses under Item No. 6 set out above and the relevant details in respect of Item Nos. 3 and 4 set out above, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, are furnished respectively as Annexure 1 and 2 to the Notice.
- II. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER.** Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the commencement of the Meeting.
- III. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, July 23, 2010 to Saturday, July 31, 2010 (both days inclusive).
- IV. Dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid on or after August 2, 2010 to the members whose names appear in the Company's Register of Members as on July 31, 2010 (in respect of shares held in physical form) and to those "deemed members" whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of the close of business hours of 22nd July, 2010 (in respect of shares held in electronic form).
- V. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least seven days before the date of the Meeting, so that the information required may be made available at the Meeting.
- VI. Members are requested to bring their attendance slip and copy of the Annual Report to the Meeting.
- VII. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Share Transfer Agent to facilitate better service:
  - (i) any change in their address/mandate/bank details.
  - (ii) particulars of their bank account, for printing on the dividend warrants (to help prevent fraudulent encashment), in case the same have not been sent earlier, and,
  - (iii) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholdings into one account.
- VIII. Members holding shares in electronic form are advised that address/bank details as furnished to the Company by the respective depositories, viz. NSDL and CDSL, will be printed on the dividend warrants. Members are requested to inform their respective Depository Participants of any change in address, bank details, etc.
- IX. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as provided under Section 109A of the Companies Act, 1956, are requested to submit the details to the Company's Registrar and Share Transfer Agent.
- X. Members, who have not encashed the dividend warrants for the financial year 2006-07, 2007-08 and 2008-09, are requested to write forthwith to the Company's Share Transfer Agent giving necessary details.
- XI. Members are requested to quote their Folio numbers/DPID and Client ID numbers in all correspondence with the Company and the Registrar and Share Transfer Agent.
- XII. Pursuant to the SEBI Circular No. MIRSD/DPS III/ Cir-01/07 dated January 22, 2007 the Company has designated an exclusive e-mail ID [investor.grievances@hindujagsl.com](mailto:investor.grievances@hindujagsl.com) on which the investors would be able to register their complaints, if any.

## Annexure 1 to the Notice

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as “the Act”), the following Explanatory Statements set out, all material facts relating to the business mentioned under Item No. 6 of the accompanying Notice dated April 27, 2010

### Item No. 6 :

With a view to augment the long term financial resources of the Company and to make available funds to finance the Company’s growth and acquisition plans, it is proposed to raise an amount not exceeding Rs.500 crore (Rupees Five Hundred crore only) inclusive of premium of Securities in the course of Domestic/International offerings through issue of Foreign Currency Convertible Bonds (FCCBs) and/or American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) or Qualified Institutional Placement pursuant to Chapter XIII-A of Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (QIP) or any other suitable Securities as contained in the Resolution. The FCCBs/ADRs/GDRs/QIP or any other financial instrument may also be listed on an appropriate Stock Exchange within or outside India.

The Members at their General Meeting held on July 29, 2009 had authorised Board of Directors of the Company to raise capital by issuance of Securities of the Company. Substantial time has elapsed since the passing of resolution at previous Annual General Meeting. However, in view of conditions prevailing in the capital market during the last year, the Company did not issue any securities. The Company has acquisition plans and is seeking opportunities for investment at an appropriate time. Hence, a resolution is proposed as an enabling resolution for raising capital so that the same can be raised when required.

Section 81(1A) of the Companies Act, 1956 provides, inter alia, that any further equity shares may be offered to any persons other than the existing shareholders, if a Special Resolution to that effect is passed by the Company in a general meeting. The Special Resolution gives flexibility and discretion to the Board of Directors so that it can finalise the terms of Issue at the relevant time in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such authorities as required to be consulted including in relation to pricing of the issue. Consent of the shareholders is, therefore, sought to authorise the Board of Directors to issue the Securities in the manner mentioned in the resolution.

The salient features of the issue are mentioned in the resolution and Securities will be issued on such terms and conditions as may be appropriate at the time of issue. The ‘Relevant Date’ for the applicable Securities shall be as per SEBI Guidelines and other applicable Guidelines as may be amended from time to time.

Consent of the shareholders is, therefore, sought to authorise the Board of Directors as set out in the Resolution to issue in one or more tranches Securities referred to therein in Indian or International Markets to investors including Foreign Banks, Financial Institutions, Foreign Institutional Investors, Mutual Funds, Companies, Non-Resident Indians, Foreign Nationals, Qualified Institutional Buyers as defined in SEBI (Disclosure and Investor Protection) Guidelines, 2000 and other investors, whether shareholders of the Company or not, through a public / issue or on private placement basis, and to do all acts, deeds and things incidental thereto.

Consent of the shareholders is also sought under Section 293 (1)(a) of the Companies Act, 1956 for creation of mortgages/and or charges in respect of the Securities referred to in the Resolution, over the whole or a part of undertaking of the Company.

The Directors may be deemed to be concerned or interested in the resolution to the extent any Securities are issued, held or transferred to the Directors or any company in which any Director is directly or indirectly concerned or interested as a Director or shareholder or to any firm in which he may be a partner or to any of his relatives or entities in which he or such relative is directly or indirectly concerned or interested.

**By order of the Board**

**For HINDUJA GLOBAL SOLUTIONS LIMITED**

**Prasenjit Guha**

Vice President-Legal & Company Secretary

Place: Mumbai

Date: April 27, 2010

**Registered Office:**

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

## Annexure 2 to the Notice

Particulars relating to Directors seeking re-appointment, furnished pursuant to Clause 49 of the Listing Agreement with Stock Exchanges:

### Item No. 3 :

#### Mr. Rajendra Chitale

Mr. Rajendra Chitale, a law graduate and an eminent Chartered Accountant, is a Managing Partner of M. P. Chitale & Associates (India's leading boutique structuring and tax advisory firm) and M. P. Chitale & Co. (one of the India's leading accounting and consulting firms). Mr. Chitale is a member of the Insurance Advisory Committee of the Insurance and Regulatory Authority of India (IRDA), and has served as a member of the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. Mr. Chitale has served as a Director on the Boards of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., and SBI Capital Markets Limited. Mr. Chitale also authored an acclaimed treatise on interest-tax titled "The Interest-tax Act, 1974-Law & Practice".

#### Directorship in other Companies:

National Securities Clearing Corporation Limited, Asset Reconstruction Company (India) Limited, Hinduja Ventures Limited, Ambuja Cements Limited, Reliance Capital Limited, Reliance General Insurance Company Limited, Reliance Equity Advisors (I) Limited, Reliance Life Insurance Company Limited, IndusInd Media & Communications Limited.

#### Membership of Board Committees:

National Securities Clearing Corporation Limited-Member, Audit Committee; Asset Reconstruction Company (India) Limited-Chairman, Audit Committee; Hinduja Ventures Limited-Member, Audit Committee; Ambuja Cements Limited-Member, Audit Committee, Member Share allotment and Investors' Grievances Committee; Reliance Capital Limited-Member Audit Committee, Chairman Shareholder & Investor Grievance Committee; Hinduja Global Solutions Limited-Member, Audit Committee.

Mr. Rajendra Chitale does not hold any shares in the Company.

### Item No. 4 :

#### Mr. Rangan Mohan

Mr. Rangan Mohan is a B. Tech Chemical Engineer from the University of Madras in India and is a Post Graduate in Management Studies from the prestigious Indian Institute of Management, Ahmedabad, amongst the most well known Business Schools in Asia. Mr. Mohan started his career with CMC Limited and then moved to Wipro Infotech Limited before joining Mphasis BFL. Thereafter, Mr. Mohan was the CEO of Global Software Limited. Subsequently, Mr. Mohan held the position of 'President and CEO' of IT Division of Hinduja TMT Limited. Mr. Mohan is currently on the Boards of several IT Companies and advising them in their growth strategies. These include Companies engaged in Enterprise Services Management, audio/video embedded software development and Business Intelligence.

Mr. Mohan is active in several associations such as NASSCOM-the National Association of Software Companies, CSI the Computer Society of India and ESC the Society for Export of Software from India. He is a working member of the IT Committee of the Confederation of Indian Industry and is a well respected speaker in several forums such as national and regional level seminars, educational institutions.

#### Directorship in other Companies:

Infrasoft Technologies Limited, Infrasoft Tech India Limited.

Membership of Board Committees: Infrasoft Tech India Limited-Chairman Audit Committee, Infrasoft Technologies Limited -Chairman Audit Committee.

Mr. Rangan Mohan does not hold any shares in the Company.

**Note:** Directorships given above exclude foreign companies, private companies and alternate directorships. For the purpose of Board Committee memberships, only Audit Committee, and Shareholders/ Investors Grievance Committee are considered.



## HINDUJA GLOBAL SOLUTIONS LIMITED

Regd. Office: Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai 400 018

### PROXY FORM

Regd. Folio No. / DPID - Client ID No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_

being a member / members of Hinduja Global Solutions Limited hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him/her

\_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on

my/our behalf at the 15th Annual General Meeting of the Company to be held on Saturday, July 31, 2010 at 11.00 a.m. at the Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018 and at any adjournment(s) thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_  
Signature of Shareholder/(s)

Affix  
15 paise  
Revenue  
Stamp

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for commencement of the aforesaid meeting. The Proxy need not be a member of the Company.



## HINDUJA GLOBAL SOLUTIONS LIMITED

Regd. Office: Hinduja House, 171, Dr. Annie Besant Road, Worli, Mumbai 400 018

(To be handed over at the entrance of the Meeting Venue)

### ATTENDANCE SLIP

Regd. Folio No. / DPID - Client ID No. \_\_\_\_\_

SHAREHOLDER'S NAME: Mr./Ms./M/s \_\_\_\_\_

(in Block Capitals)

IN CASE OF PROXY

NAME OF PROXY: Mr./Ms. \_\_\_\_\_

(in Block Capitals)

No. of Shares held \_\_\_\_\_

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the 15th Annual General Meeting of the Company held on Saturday July 31, 2010 at 11.00 a.m. at the Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018.

\_\_\_\_\_  
Signature of Shareholder/(s) / Proxy

Note: 1. Please bring this Attendance Slip when coming to the Meeting.

2. Please do not bring with you any person who is not a member of the Company.