ANNUAL REPORT 2010 - 11

HGS
HINDUJA GLOBAL SOLUTIONS

EXPANDING OUR REACH
DELIVERING VALUE

Act Local, Think Global

UNITED STATES

- PEORIA
- WATERLOO
- EL PASO
- ST. LOUIS

INDIA

- BANGALORE
- MUMBAI
- CHENNAI
- NAGERCOIL
- HYDERABAD
- DURGAPUR
- MYSORE
- GUNTUR

PHILIPPINES

- MANILA
- ILOILO

CANADA

- MONTREAL

UK

- LONDON
- SELKIRK
- ALNESS

MAURITIUS

- ROSE HILL

AS ON 31ST MARCH 2011

- AUTOMOTIVE
- BANKING & FINANCE
- CHEMICALS & BIO TECHNOLOGY
- CONSUMER PRODUCTS & SERVICES
- HEALTH INSURANCE & HEALTH CARE
- LOGISTICS & TRANSPORTATION
- MEDIA / ENTERTAINMENT
- PHARMACEUTICALS
- TECHNOLOGY
- TELECOMMUNICATION

Contents

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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

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

- **Work to Give**
- **Word is a Bond**
- **Act Local; Think Global**
- **Partnership for Growth**
- **Advance Fearlessly**

Values

Based on these principles, HGS 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 clients.

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 successes.

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.

Chairman's Message

Dear Shareholders,

At the end of another year of global uncertainty, your company yet again had a successful and eventful year. In the financial year concluded, Hinduja Global Solutions undertook some important strategic initiatives towards enhancing its scale and presence on the global map and crossed an important milestone of achieving over Rs. 1,000 crore in annual revenues.

At the beginning of its second decade of operations, your company is embarking on an ambitious journey to become a globally preferred business transformation partner to its clients. The focus remains on the path it has set out which is to continue adding value to its clients and invest in the capabilities that matter to them in order to enhance productivity of their processes through innovative outsourcing solutions.

The emphasis on constantly seeking ways in which it can improve and be better than before continues. A strategy has been devised with the following three initiatives: Right Shore, One Experience and Cross Sell (R.O.C.).

The emphasis on constantly seeking ways in which it can improve and be better than before continues. A strategy has been devised with the following three initiatives: Right Shore, One Experience and Cross Sell (R.O.C.).

Your company maintains a strong belief in its "Right Shore" delivery model which combines a mix of onshore, offshore and near-shore delivery, this global delivery model had significant success in the past year. An increasing number of clients are making the choice to partner with your company for multiple-shore delivery solutions. A plan has been drawn up and is being executed to expand and enhance the company's presence into new territories across Europe, Asia and Latin America, and to deepen market penetration in the existing territories. This will add to the multi-shore offering for clients in the existing markets in addition to serving new clients in the new markets. Your company's acquisition of Careline in the UK, in line with this strategy, has proven to be a valuable addition to its overall offerings. Such initiatives have made HGS a front runner in exploring opportunities to grow inorganically through the right acquisitions, at the right price, and in the right markets.

The company is currently reorganizing all its global businesses into a "One Experience" solution to ensure that global clients are even more comfortable about the enhanced level of excellence in service delivered consistently across the entire delivery network with alignment of both processes and cultures. This is supplemented by a phased branding integration, in line with a single name – Hinduja Global Solutions. The offices across the USA, Canada, the UK, the Philippines, India and Mauritius will share a single identity and a common brand with the simple acronym of HGS.

Your company continues to add to its portfolio of services for its clients across different verticals on converging technology platforms, allowing its teams to "Cross Sell" capabilities; and enhance the processes managed for its clients. In line with this strategy, your company has had recent success in cross-selling customer contact services to existing back office services clients.

As your company executes this strategy and further builds scale, both organically and inorganically, it is enhancing its ability to win larger service contracts. The company benefits from being a member of a much larger Hinduja Group with major investments in diverse industries, as this provides additional comfort about financial stability of your company to potential new clients.

All of the past successes of your company would not have been possible without the undeterred passion, commitment and drive of the management team and the wisdom, guidance and vision of Hinduja Group chaired by Shri S. P. Hinduja, your Chairman-Emeritus, Shri A. P. Hinduja, as well as the support and help of other members of the Hinduja Family and Group. The credit for the success of your company over the last 10 years is shared by each and every stakeholder without whom all the ingredients of success would have not been there. I would like to take this opportunity to thank all our 19,442 employees for their hard work and effort – they are the reason for clients' satisfaction across 1,046 processes and each of our 106 clients for providing the company with opportunities and for the faith shown which has allowed their partnership with the company to grow. In addition, the bankers and lenders who have lent support when needed; auditors, advisors, lawyers and the Board for the valuable guidance and counsel. Also, the governments of the respective countries where we operate for welcoming and allowing your company to train and to create employment; and last but by no means the least each and every shareholder for believing in HGS.

We are excited about the opportunities that the second decade of Hinduja Global Solutions presents us with.

Yours sincerely,

Ramkrishan P Hinduja
Chairman
June 30, 2011

CEO's Message

Dear Shareholders,

It is my absolute pleasure to share our performance and growth story with you at the end of another successful year for your Company. FY 2011 marks the completion of the first decade of operations for HGS. It has been a glorious 10 years for a company that started out with a pilot project for a single customer. We didn't even have our own office back then and were operating out of the offices of one of our associate companies.

Ten years later, I am delighted to share with you that our annual revenues have surpassed Rs. 1,000 crore. In FY 2011, your Company registered a 19.4% increase in income to Rs. 1,102 crore and a net profit of Rs. 107 crore. In view of the consistent results, the Board of Directors has recommended a dividend of Rs. 20 per share. This translates into a payout of Rs. 47.70 crore, including the dividend distribution tax.

We are now present in 6 countries – India, the USA, Canada, the UK, the Philippines and Mauritius. We service over 100 Global customers, many of whom are Fortune 500 companies and are significant players in their industries. We have 19,442 associates offering services across multiple verticals, processes and languages.

We have several firsts to our credit - we were the first to identify Manila in the Philippines as an attractive sourcing destination for business, we were the first to identify the India domestic market as a high potential market when all others were looking outward and we were the first to transition our centres to Tier III cities in India as we discovered the high potential they offered.

All these years, we have had to work hard to gain the trust and respect of our customers and had to deal with several challenges to business sustainability. Through it all, we have managed to grow consistently and have evolved into a player of significant size. We had to change paradigms in this business and were one of the first to offer clients a blended, 'right' shore model comprising a mix of onshore, offshore and near-shore services. This has served us well, as the operating environment, post the global recession, has only become more complex with each passing year. Even today, there is a significant

contd..

It has been a glorious 10 years for a company that started out with a pilot project for a single customer. Today, our annual revenues have surpassed Rs. 1,000 crore.

CEO's Message

We are continuously investing in infrastructure and expanding our management bandwidth to enable our transition into the next decade as a larger and more global player.

amount of volatility in the operating environment. Given the market structure and the penetration of advanced technology, news flows a lot faster and markets react to events more rapidly than they did a decade ago.

We have been able to adapt to these challenges and even use them as opportunities for our progress. Each country that we operate in has different factors impacting the operating environment. For example, in the US, the economy has begun to show signs of improvement. The events of the last 3-4 years have made our customers more cost conscious and this has led to stronger relationships as we have been able to demonstrate sustainable savings. This has opened the door for a greater level of engagement as it has helped us to cross sell and up sell our offering to these clients. Further, new clients have approached us as they aspire to realize similar benefits.

In the UK, the operating environment has been more sluggish. However, our acquisition of Careline Services has helped us to ramp up our presence significantly. The acquisition gave us 3 new centres with over 800 seats and access to over 20 clients. These included marquee clients in both the private and public sectors and the list of customers includes some of the UK's most reputable brands, including Unilever, TalkTalk and the Post Office.

Careline is a gateway to the European market which is a relatively new market for us. We are now growing the business further as some of the Careline customers are partnering with us to rollout services in other markets in Europe – like France, Germany, Italy and the Netherlands. We are confident of strong growth as we have a small base and are entering a market that is vast and under penetrated.

In the Philippines, we continue to steadily build the business. The Philippines has been a big success story for us. We were one of the first companies to identify the benefits that the country had to offer the industry. During the year we fully ramped up our second centre in the Philippines and have already built our third centre in the Iloilo city. Work is starting in this new centre in the next financial year.

The Indian businesses had a year of contrasts this year. While the economy is performing well, high inflation and interest is a worry. We are also facing challenges on account of the dynamics in some of the industries we serve. For example, the telecom industry has been under pressure on the pricing front for some time now due to the entry of several new players. As a result our customers now require services, at reduced costs in exchange for greater volumes.

Our strategy was to shift operations from metros into Tier III cities to ease the pressure on costs. This has impacted our margins especially for the first half of the year as we had to incur costs of running dual centres. However, I am pleased to share with you that we are now realizing the benefits from this shift and our foray into Tier III cities has been successful. We have now commercially broken even in these centres. Moreover, with the introduction of 3G services, our telecom customers are now offering other value added services, which means additional revenue streams for us.

Overall, we have been able to successfully navigate the challenges thrown up by our operations in multiple geographies across diverse customers, markets and currencies. We have also had to push ourselves as there has been a noticeable shift in customer objectives and they are looking beyond mere cost optimization models towards a focus on value addition, innovation, transformation, and efficiency. We believe we are very well placed to service these additional demands through our unique global delivery model. Our track record gives us confidence as do our strategies of expanding into Tier III cities in India and the Philippines.

Our confidence in our prospects is also evident from the expansion in our infrastructure. At the start of the year we had 25 centres. During the year, we ramped up operations at our second centre in the Philippines as well as our second centre in Durgapur, West Bengal. We also added 7 new centres – 3 centres from Careline, one centre at Iloilo, Philippines, one centre at Guntur in Andhra Pradesh, one centre at Nagercoil, Tamil Nadu and a new centre in Siliguri, West Bengal.

Our new site in the city of Iloilo, in the Philippines, has gone live towards the end of March, 2011 and we will increase capacity utilization over the next financial year; we have commenced operations in the Global Village IT SEZ in Bangalore. As these centres ramp up there will be an improvement in volumes. In addition to that, we are in talks with our existing customers in the UK for a rollout of operations across major cities in Europe.

We are also evaluating opportunities in new areas and markets. We have now opened a new Marketing Office at New Delhi to serve as the focal point of all our sales and marketing efforts in North India. We are also keeping an eye on interesting locations like Eastern Europe, China, Latin America and the Caribbean to set up offshore and near shore centres.

During FY 2011 we successfully added 34 new clients. At this time last year, we had 33 clients with annual billings in excess of USD 1 million; we have increased that by 15% to 38 clients. On the revenue front, our top client contributes about 12%, our top 5 clients contribute about 44% and our top 10 clients contribute about 62% of overall revenues.

We have now created a strong delivery model and are focused on providing high quality services that add value to our clients. We are continuously investing in infrastructure and expanding our management bandwidth to enable our transition into the next decade as a larger and more global player.

In closing, I would like to mention that we are very proud with what we have achieved over the last decade. For this, I am grateful to our Board of Directors for their constant support and I am thankful to all stakeholders for showing faith in us. I would also like to thank our employees for their hard work and dedication which helps us to deliver the consistent performances year after year. I look forward to their continued support as we take HGS to even greater heights.

Yours sincerely,

Partha De Sarkar
Chief Executive Officer
June 30, 2011

Business Verticals

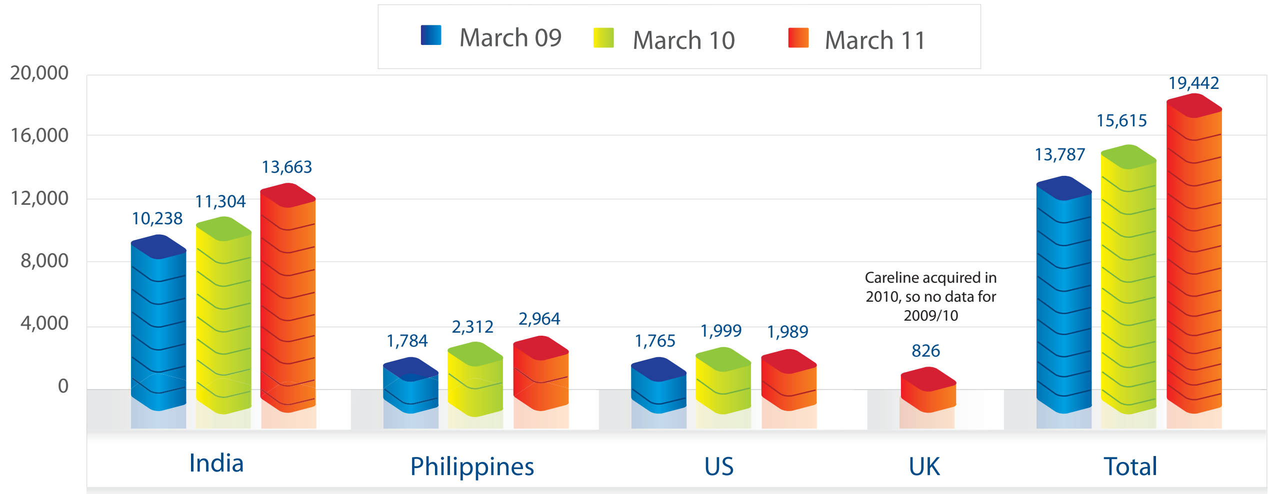
Advance Fearlessly

10 Years of Growth

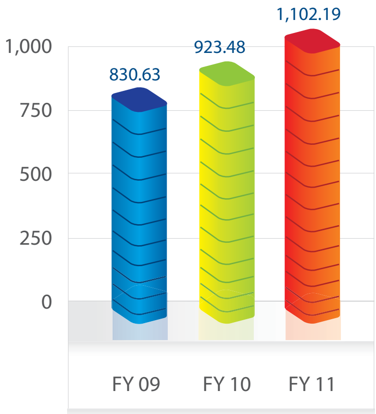
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Geographies	India, USA, UK	India, USA, UK	India, USA, UK	India, USA, UK, Philippines, Canada, Mauritius						
Headcount	978	1400	1700	5000	7000	9500	12600	14500	15600	19442
Global IT / BPO Revenue (US$ million)	13	23	32	46	66	97	160	175	196	242
Delivery Centres	1	2	4	8	19	20	20	24	25	32
Number of Clients Worldwide	4	15	20	40	60	70	75	80	80	106

Figures for FY 2002 to FY 2007 include IT/ITES undertaking of Hinduja TMT LTD., which was demerged and transferred to the company effective October 1, 2006

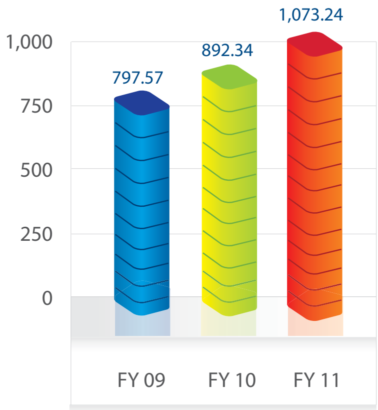
Financial & General Highlights



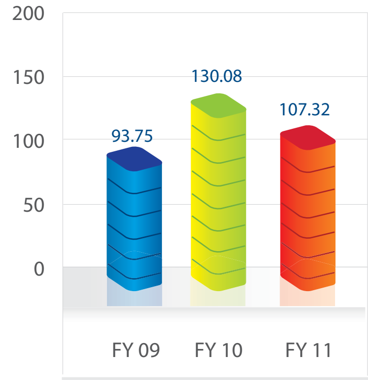
Head Count - by Geography



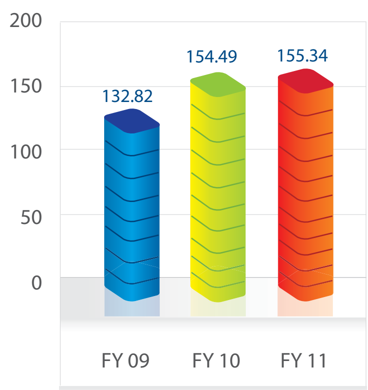
Total Revenue (₹. Cr)



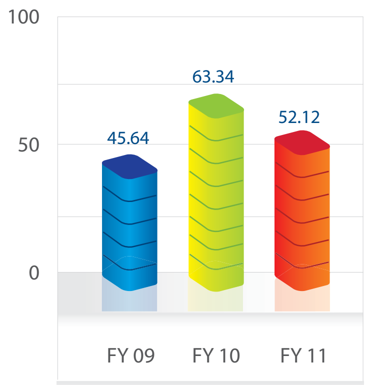
Operating Revenue (₹. Cr)



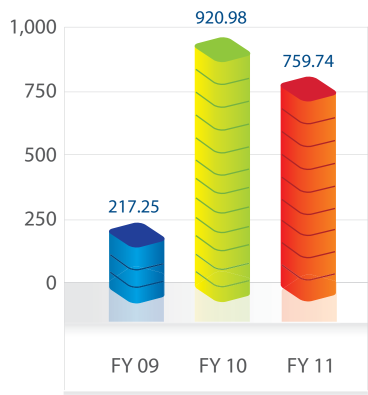
PAT (₹. Cr)



EBIDTA (₹. Cr)



Basic EPS (₹)



Market Capitalisation (₹. Cr)

as on March 31st 2011

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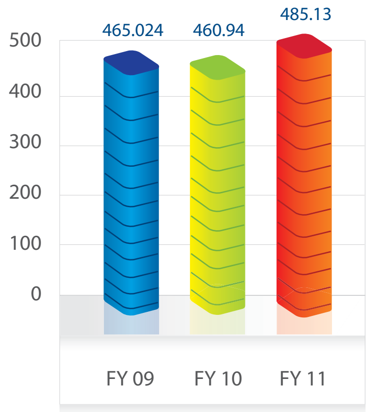
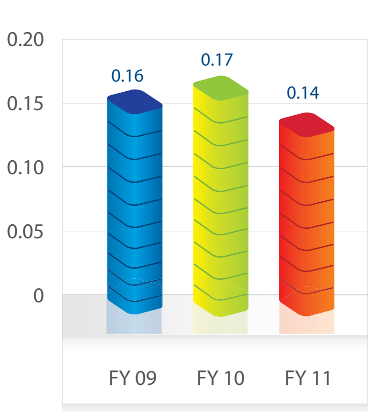
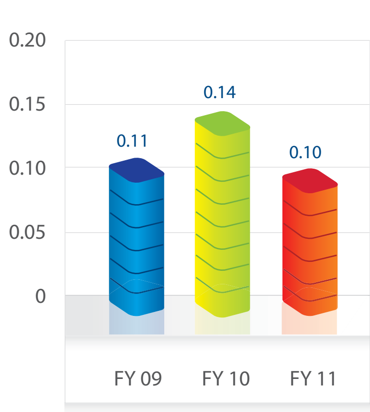


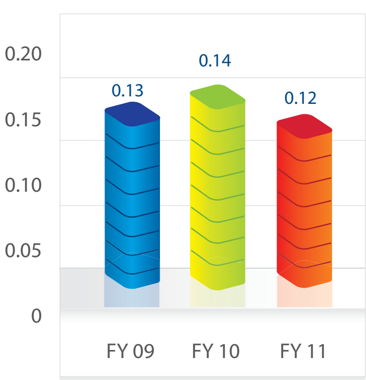
Book Value Per Share (₹)



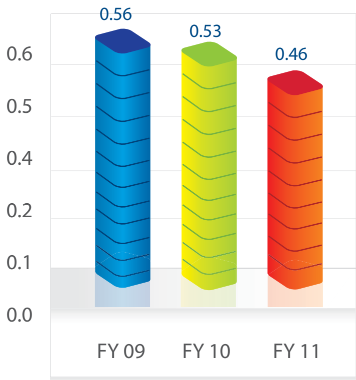
Operation Profit / Total Revenue



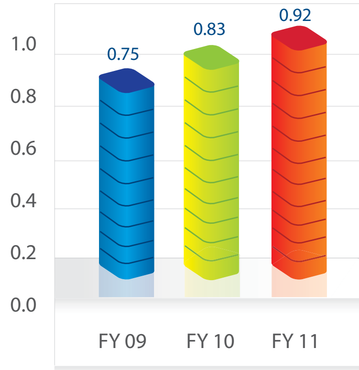
PAT / Total Revenue



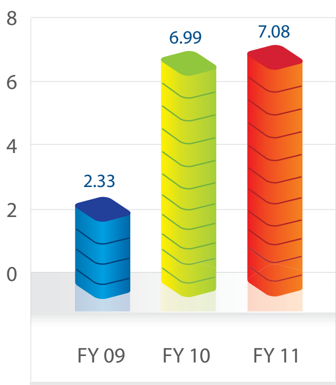
ROCE (PBIT / Av. Capital Employed)



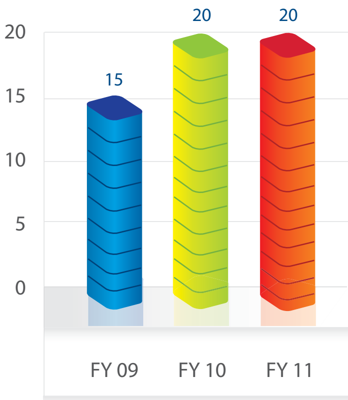
Cash & Equivalents / Total Assets



Capital / Output Ratio



Price / EPS End of Year

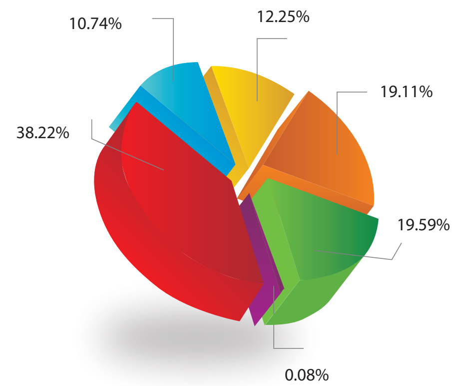


Dividend Per Share (₹)

as on March 31st 2011

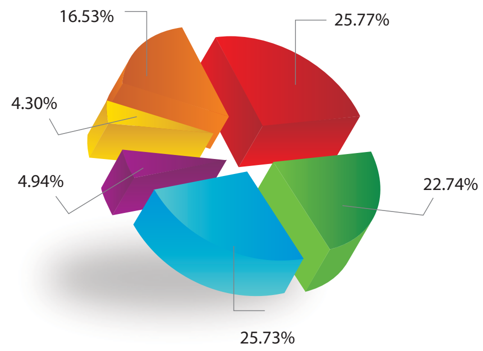
Financial & General Highlights

Revenue Split by Geography (FY 10-11)



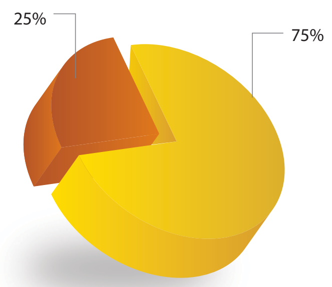
UK
India-Domestic
North America
Manila
Mauritius
India-International

Revenue Split - by Vertical (FY 10-11)



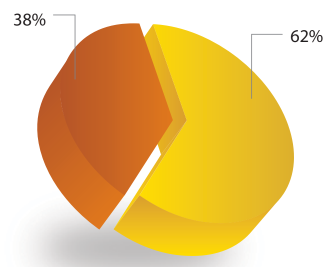
Health Insurance, Pharma & Healthcare
Chemicals & Biotech
Telecom & Technology
Others
Consumer Elec, Products, Svcs & Retail
BFS

Customer Concentration (FY 09-10)



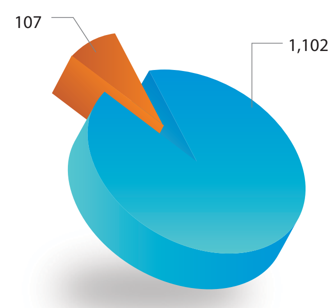
Top 10 Customers
Rest

Customer Concentration (FY 10-11)



Top 10 Customers
Rest

Revenue & Profitability (₹. Cr)



Profitability
Revenue

Employee Speak

MEGAN
Business Solutions

As Business Solutions Director at Careline I am responsible for the provision of Technical Services and Transition Management. I joined Careline Services in 1997 as part of a team that believed we could transform the UK contact centre industry. It's been a privilege to take part in that journey and we are all very proud of our achievements. Careline was acquired by HGS in June 2010 and it has been an exciting few months as we adapt to become part of a global organisation. Our plan to expand organically into new locations across Europe allows us to differentiate ourselves from our competition as we will offer genuine pan-European centralised management, operational delivery and reporting. This growth plan is interesting for me personally as I have previously worked and lived in a number of locations across Europe and hope to utilise that experience within HGS for our future success.

I have been really impressed with the calibre of people at all levels within HGS. I believe this is a great indicator of the quality of any business and underpins its scalability. The shared ethos and similarities in business cultures across the globe is exceptional providing many opportunities for all our staff in the UK. To me this demonstrates that it really is achievable to be a dynamic forward thinking company and blend many of the benefits of being part of a larger family but retain the individuality and responsiveness that our clients require at a local level. I'm looking forward to my journey in the HGS family.

> The shared ethos and similarities in business cultures across the globe is exceptional…

MATT
Graphic Design

HGS allowed me to bring my graphic design talents and knowledge to the greater Chicago area. I grew up and was educated in Peoria, Illinois and was familiar with the contact centres owned by HGS. The growth of the Warrenville office has created a great opportunity for me. I have joined the team right at an exciting time of change and new identity introduction.

Working for a national and global company brings many new challenges and advantages. Even though I am positioned in a relatively small office in the midwest, I can be connected to anyone anywhere within the company through our network. I can access resources within our office or on the other side of the globe.

From the outstanding way that HGS takes care of its employees, I can see how it is an industry leader in providing services.

I look forward to my own personal growth with the growth of this international company.

> I can access resources within our office or on the other side of the globe.

JAYANTA
Operations

MAYA
Operations

HGS has reached a critical size and we have a phenomenal growth opportunity in front of us. HGS has given me a unique platform to operate like an entrepreneur staying within the boundaries of the company. There have been changes in the role content as the account dynamics keep changing. There's this whole romantic aspect of taking your unit to new heights, the desire to see the account do better and better. In HGS, there is always a "milestone" awaiting me. More often than not, on reaching a milestone I learn that the risk-reward equation is completely in favour of an entrepreneurial mind-set. Studying consumer behaviour, leading a set of illustrious Team Members to solve real life problems of customers and bringing smiles on their faces, it's a rush.

The work environment is so enjoyable that I do not feel any intrusion into my personal life. The values of the company are so lucid that I feel very warm working here. The humility and accessibility of the achievers around allows free flow of knowledge and information. This has certainly been one of my best experiences in life and I would cherish this for long. The learning opportunities are unique and the management takes time in constituting my basket of Training programs.

Thank you HGS.

In HGS, there is always a "milestone" awaiting me.

A new place, new team, new colleagues, new environment, the fear of unacceptability and of having to start all over again after all the years of work that had been put in; these are the feelings with which I joined HGS, then Hinduja TMT, four years back. But I have to say that within a few days of joining, my fears were dispelled, thanks to very cooperative colleagues and mentors. The open-door style of functioning put me at ease because it allows a great deal of freedom to work with an open mind. What stands out most amongst the employees is the spirit of bonhomie along with a positive competitiveness.

We at HGS take pride in the fact that we have many employees who have risen through the ranks to hold important leadership positions. One of the factors for employees' loyalty is the focus on employee development. The organization has provided opportunities to employees through promotions and/or lateral movements which have had far-reaching results in the employees' career satisfaction levels and sense of belonging to the organization.

For me it has been and continues to be an exhilarating experience working in HGS. I look forward to many more fruitful years in this nurturing organization.

…we have many employees who have risen through the ranks to hold important leadership positions.

Employee Speak

JOY
Operations

I have been in HGS for more than 15 years, starting as a part of our mother company's pioneer team. 90% of my 15 years in HGS has been in Customer Service and Operations. I've been fortunate enough to get a chance to handle Operations in different verticals: telecom, power, water, cable, banking and financial services, logistics management, retail and other areas and in different process competencies covering customer care, service provisioning, email support, leads validation and technical helpdesk support. I'm in my best element working with people and interacting with our clients. A truly exciting, enriching and fulfilling journey from when I started in the company to the present time!

HGS encourages creativity and innovativeness, motivating us to design our own path to personal and professional growth. In any role we assume at HGS, we are open enough to extend beyond our borders, share with and learn from others. It's not just the technical and functional achievement of a job description we aspire for, it's the fulfilment of a higher sense of purpose.

> HGS encourages creativity and innovativeness, motivating us to design our own path to personal and professional growth.

SRIVATS
Business Development and Operations

When I joined HGS, there was a lot of melancholy in my mind, primarily stemming from the fact that prior to HGS, I had been working in the recent past more from an entrepreneurial angle. "Would I be able to cope up with a corporate culture of working?" This apprehension was totally put to ease, when I was embraced with an open door approach to functioning. My journey since then has been challenging and fulfilling, as I have donned the roles of Business Development (client services) to Operations. For someone who did not come from a BPO background, the organization supported me in my learning of the nuances. More importantly placed faith in my abilities to deliver and presented me with opportunities be it taking over operations or participating in strategy meetings. This gave me the exposure to the organizations goals, focus and direction.

For me HGS has not been a window of opportunity but more a "door" of opportunity. The initiatives with respect to Organization Development that we have within our system have contributed to my overall growth as an individual and leader. HGS provides an environment, where we actually can design our own path to professional growth and development. More importantly we are equipped with the tools to charter the path and achieve the results. Although we have our primary roles and responsibilities, we are always encouraged to not limit ourselves by these.

> …we are always encouraged to not limit ourselves by our primary roles and responsibilities…

ROGER
Sales & Marketing

Since becoming part of the HGS business last year I have been most impressed by the entrepreneurial spirit that exists across the organisation. I love the fact that we are such a creative and ambitious company. The appetite to continually grow the business and improve how we work together is infectious and inspiring. It is this togetherness and commitment that will see us soon become a global leader in the industry.

I was very proud therefore to close our first deal in mainland Europe earlier this year. This will see us open new sites in Germany, France, Italy and Holland. The fact that this contract fits well with our strategy of seeing more of our clients benefit from our global delivery model makes this win even better. For me personally this expansion creates an exciting opportunity as my team expands and role widens to include selling our services across Europe.

The appetite to continually grow the business and improve how we work together is infectious and inspiring.

RUCHI
Corporate Business Excellence

From the very beginning, I wanted to work in various functions and learn and grasp as much of every function as I can; I was provided an opportunity to do exactly this in HGS. The journey which started in September of 2005 still continues to be extremely enriching as I have been able to hone my skills in various functions - Operations, Human Resources, Operations Quality, Business Training and currently in Business Excellence.

HGS has been and will continue to be the platform which keeps pushing me to greater heights. I have worked with great leaders in this organization who have enhanced my learning, personally as well as professionally. HGS provides an all-round learning and builds one's personality by the exposure that it provides. The essence of life is finding something you really love and then making the daily experience worthwhile.

I found what I love and I do what I love in HGS.

I have worked with great leaders in this organization who have enhanced my learning…

Client Testimonials

I am continuously impressed with your customer focus and willingness to adjust your business approach to align with our strategy

Director,
Customer Operations and Sales Support
Fortune 1000 Agricultural Biotechnology Corporation (US)

Delivery Centre

Now that another year and open enrollment are complete, I want to provide some brief comments about your team's results over this period:

Call Timeliness: Very good year for TSF (82%) and ASA (14 seconds) which were both better than plan.

Call Accuracy: Good to see Call Quality better than plan for the full year on both HMO and Traditional platform.

Staff Tenure: Great progress on improving experience level of staff... 84% of HMO agents have greater than 1 year experience and almost 70% have more than 3 years...70% of Traditional agents have more than 1 year experience and almost half the agents with greater than 3 years.

Open Enrollment: Achieved TSF and ASA for January while participating in a few of our OE readiness initiatives: 1) Increased KANA production which enabled on shore KANA staff more time as phone contingents, 2) Saturday phone staffing in January for Small Group and Individual member calls as a way to lower Monday-Friday volume (5K calls), 3) Martin Luther King holiday staffing (5K calls) and 4) Middle Market call spill over from on shore sites during peak periods (2K calls).

Thanks very much for the good results and partnership!

Head,
Member & Plan Sponsor Services
US based Fortune 100 Health Insurance Client (Philippines)

Delivery Centre

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.

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

Project Coordinator,
US Fortune 100 Health Insurance Company (India)

Delivery Centre

Based on my observations and experiences, the attributes I admire most in HGS are:

- The vendor's understanding of our business needs.
- The vendor's willingness to listen to our feedback regarding the area and staffing.
- The vendor's proactive approach.
- The vendor's willingness to go above and beyond.
- The vendor's strong working relationship with our leadership team.

Thank you.

Manager,
Financial Recovery
Fortune 200 Health Insurance Company (US)

Delivery Centre

This team is very responsive to our needs. If there's something we have to have done really quickly, they're the ones we turn to. They just go out and do it!

Vice President,
Worldwide Support,
Fortune 100 Consumer Electronics Client (US)

Delivery Centre

www.hindujagsl.com

I wanted to send you a quick note to let you know how pleased we are with your Manila operation. Supporting and troubleshooting complicated electronic equipment is no easy task, but your team strives to ensure that our customer issues are resolved to their satisfaction.

Your leadership team does a fantastic job as well. They do not wait for an issue to arise, but instead are very pro-active. They analyze all available reports and if a report is not available, they create one. While completing the analyses, if an issue is noticed, your team does not wait for us, the client, to give directions; they instead take action and inform us of their findings and plan of action.

It is very interesting for a call centre to bring issues to the forefront instead of waiting for the client to bring them to your attention.

Manager,
Customer Service and Vendor Relations
Large US based Technology Client (Philippines)

Delivery Centre

It is with great pleasure that I write this email to thank you. You not only met our expectation but you exceeded it! I have never seen so many kudos on one project as I did on this one. You really did a masterful job and embraced this project as your own.

I know there were many sacrifices, long hours, and frustrated customers that you and your team dealt with on a daily basis. To say you were remarkable simply doesn't portray how remarkable you really were!

Again thank you for your work, your tenacity and reliability and your dedication to this successful endeavor!

Director,
Customer Operations
Leading US based Broadband Communications Company (India)

Delivery Centre

To my mind what made a difference between you and the other partners was that you listened to us and understood what we wanted much better than the others.

Now the tables have been turned, we want to listen to you and learn from you!

Vice President,
Fortune 200 Banking & Financial Services Client (Philippines)

Delivery Centre

Inspired Leadership

Industry Recognition

Gold Medalist Lean Six Sigma

Top 2 Call Centre Companies globally

One of the 200 'Best under a Billion'
Forbes Asia

Top 15 ITES
BPO exporters FY 07/08/09/

Winner of Most Innovative BPO 2008 Philippines

One of the Top ITES Companies in India

Top 10 in Sales Service
Top 20 in CRM
Top 20 in Health Care
Top 20 in Retail & Consumer Goods
Top 20 Companies 'by region served' in South East Asia

Gold Medalist Competency Development

Top 10 Employers
Employee Satisfaction/ HR Practices

Deloitte Fast50 – Ranked # 30

Best Employer Brand Award (BPO) 2009

Work to Give

Guntur

Shri Shiridi Sai Deena Jana Seva Samiti

Mysore

Blood donation camp in Association with Lions Club on Women's Day celebrations

Recruitment for physically challenged people by giving job opportunity

Hyderabad

Chennai

World Environment Day

At Work & Play

Mysore


Voice of HGS-Singing Competition

The Big Event - A week long event full of Fun, Frolic & Color

Sports Champs Indoor Games

International Women's Day Celebration

Chennai


Rangoli Competition

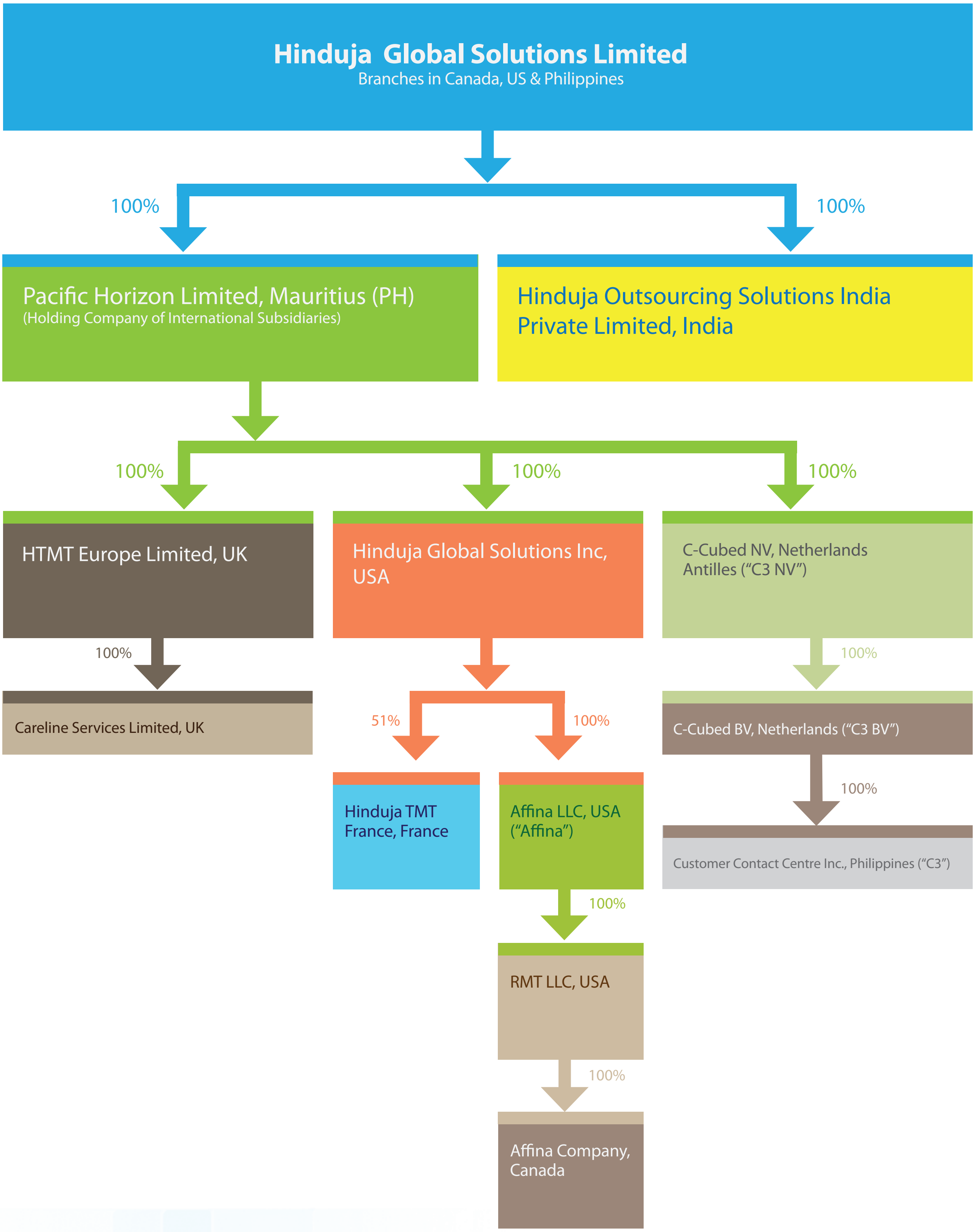
Philippines


Project Eden


Project F1


Glitterati: HGS Kick Off Party

Holding Structure



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

AUDIT COMMITTEE

Anil Harish - Chairman
Rajendra P. Chitale
Ramkrishan P. Hinduja

COMPENSATION COMMITTEE

Anil Harish - Chairman
Rajendra P. Chitale
Dheeraj G. Hinduja
Rangan Mohan

INVESTORS' GRIEVANCE COMMITTEE

Rangan Mohan - Chairman
Dheeraj G. Hinduja

COMMITTEE OF DIRECTORS

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

CHIEF EXECUTIVE OFFICER

Partha De Sarkar

AUDITORS

Price Waterhouse
Chartered Accountants

SOLICITORS

Crawford Bayley & Co.

INTERNAL AUDIT & SYSTEMS

Rakesh S. Jain
Assistant General Manager – Internal Audit

EXECUTIVE COMMITTEE
(in alphabetical order)

Anthony Joseph
Executive Vice President -
Global Head - Human Resource

Ashwin Y. Hoskote
Senior Vice President -
Global Business Excellence

Deepak Rastogi
Senior Vice President -
Business Planning

Kanti Mohan Rustagi
Executive Vice President -
Legal & Company Secretary

Narasimha Murthy B.N
President -
North America

Partha De Sarkar
CEO
Chairman - Executive Committee

Pushkar Misra
President & CEO -
HGSL – Philippines

Ramesh Gopalan
Executive Vice President -
International Operations

Sanjay Sinha
Executive Vice President -
M & A (HR) & New Initiatives

Sridhar Krishnamurthy
Executive Vice President -
Strategic Initiatives

Srinivas Palakodeti
Chief Financial Officer

Subramanya C.
Senior Vice President & Global CTO

Sudhir Kumar
Vice President -
Projects & Planning

Subhankar Ghosh
Vice President -
Head Europe

BANKERS

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

REGISTERED OFFICE

Hinduja House,
171, Dr. Annie Besant Road,
Worli,
Mumbai – 400 018

REGISTRAR & SHARE TRANSFER AGENT

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

General Information

Hinduja Global Solutions Limited

KEY PERSONNEL
(in alphabetical order)

INDIA

Ajay Bakshi
Vice President - Process Improvement & Automation

Alby Jose
General Manager - Operations

Anthony Joseph
Executive Vice President - Global Head - HR

Anup Goel
Associate Vice President - Business Development

Ashwin Hoskote
Senior Vice President - Business Excellence

Avesh Kumar Jha
Vice President - OD & Performance Management

Hasmukh Shah
Vice President - Legal & Secretarial

Hemant Kapre
Vice President - Transitions & Solutions Design

Hiro G Soneji
Associate Vice President - Operations

Jayaprasad Menon
General Manager - Finance & Accounts

J Jessy Christin
Vice President - HR

Kannan Ramakrishnan
General Manager - Technical Services Group

Kanti Mohan Rustagi
Executive Vice President - Legal & Company Secretary

Karthikeyan S
Vice President - Operations

Kedar Kulkarni
General Manager - Taxation

Manikandan K
Vice President - HRO Projects

Manu Jolly
Vice President - Business Development & Operations

Mohanan P
General Manager - Administration

Mukund R S
General Counsel

Partha De Sarkar
CEO

Rajaram Natarajan
Vice President - Operations

Ramesh B S
Associate Vice President - Finance & Accounts

Ramesh Gopalan
Executive Vice President - International Operations

Sajedah Kasim Shaida
Vice President - Corporate Communications

Sanjay Sinha
Executive Vice President - M & A (HR) & New Initiatives

Sapan Dhawan
General Manager - BFS Vertical

Sapna Vaid
General Manager - Learning Products

Siby Joy
Vice President - Operations

Soumen N Choudhury
Vice President - Operations

Sridhar Krishnamurthy
Executive Vice President - Strategic Initiatives

Srinivas Palakodeti
CFO

Subramanya C
Senior Vice President & Global CTO

Sudhir Kumar
Vice President - Projects & Planning

Udayan M
Vice President - Operations

PHILIPPINES

Antonio Dela Cruz
Senior Vice President - Finance & Corporate Services

Bettina Salmo
Senior Vice President - International Operations

Jocelyn D. Padlan
Vice President - International Operations

Pushkar Misra
President & CEO

Sandeep Marwah
Senior Director - IT

Vida Candida S. Arciaga
Vice President - Human Resources

NORTH AMERICA

Bryce Hayes
Head – Sales

Carla Nolan
Vice President - Human Resources

Deepak Rastogi
Senior Vice President - Business Planning

Donna Malone
President - Client Services

Gobinath Narayanan
Controller - Finance

Mark Alpern
Senior Vice President Sales - Canada

Narasimha Murthy B.N.
President - North America

Polly Sappington
Vice President - Finance Affina

Prasanna Kumar V.
Senior Vice President - Client Services

Ralph Wasner
Vice President - IT & Communications

Sreepathy V.
Vice President - Mergers & Acquisitions

Tina Carlson
Vice President - Operations

UNITED KINGDOM

Charles Cooper Driver
CEO - Careline

Gillian Denham
Finance Director

Liz Parry
Account Management Director

Megan Neale
Business Solutions Director

Richard Glanville
Operations Director

Roger Beadle
Sales and Marketing Director - Europe

Subhankar Ghosh
Vice President - Head Europe

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, 2011.

Financial Results

(Rs. in Crore except share data)

For the year ended 31st March	Standalone		Consolidated	
	2011	2010	2011	2010
Operating Income	544.88	486.81	1,073.24	892.34
Other Income	8.03	2.71	28.95	31.13
Total Income	552.91	489.52	1,102.19	923.47
Operating Expenses	420.85	352.32	917.90	737.85
Depreciation	38.04	33.60	45.22	38.56
Financial Expenses	5.59	7.65	8.95	9.93
Profit before Exceptional Items and Tax	88.43	95.95	130.12	137.13
Exceptional Items	—	(5.76)	—	(5.76)
Profit before Tax	88.43	101.71	130.12	142.89
Provision for tax (incl. deferred tax)	13.24	6.57	22.80	12.81
Profit after Tax	75.19	95.14	107.32	130.08
Add: Share of Profit in Associates	—	—	—	0.02
Add: Balance brought forward from the Previous Year	90.98	53.53	195.56	123.15
Profit Available for Appropriation	166.17	148.67	302.88	253.25
Dividend				
-Final (Proposed)	41.18	41.18	41.18	41.18
-Dividend Tax	6.52	7.00	6.52	7.00
Transferred to General Reserve	7.51	9.51	7.51	9.51
Balance Carried Forward	110.96	90.98	247.67	195.56
Earnings per share (Rs.)				
-Basic	36.52	46.32	52.12	63.35
-Diluted	36.50	46.16	52.09	63.12

Review of Financials

On a standalone basis, Total Income for the year ended 31st March 2011 (FY 2011) was Rs. 552.91 crore, an increase of 12.9% over the Total Income of Rs. 489.52 crore for the year ended 31st March 2010 (FY 2010). Profit Before Tax (PBT) (pre-exceptional items) was Rs. 88.43 crore, a decrease of 7.8% from Rs. 95.95 crore in the previous Financial Year. The PBT Margin (pre-exceptional items) fell by 40 basis points to 15.9% in FY 2011 from 19.6% in FY 2010. Profit after Tax (PAT) for FY 2011 was Rs. 75.19 crore as against Rs. 95.14 crore in FY 2010. PAT Margin fell from 19.4% in FY 2010 to 13.6% in FY 2011.

On a Consolidated basis, Total Income was Rs. 1,102.19 crore in FY 2011 as against Rs. 923.47 crore in FY 2010, an increase of 19.4%. PBT (pre-exceptional items) was Rs. 130.12 crore in FY 2011 as compared to Rs. 137.13 crore in FY 2010, a decrease of 5.1%. PBT Margin (pre-exceptional items) was at 11.8% as compared to 14.8% in FY 2010. PAT was Rs. 107.32 crore in FY 2011 as against Rs. 130.08 crore in FY 2010. PAT Margin fell from 14.1% in FY 2010 to 9.7% in FY 2011.

The highlights of the year were:

- *Growth of 20.3% in Consolidated Revenues;*
- *Employee headcount at 19,442 associates – a growth of 24.5% (Previous Year - 15,615);*
- *Addition of 34 new clients – an increase of 47.2%, bringing the total to 106 clients at the end of the year;*
- *Acquisition of Careline Services Limited, UK;*
- *Addition of 7 new centres of which 3 centres are in India, 3 in the UK through Careline acquisition and 1 in the Philippines (Manila);*
- *Setting up SEZ unit by Hinduja Outsourcing Solutions India Private Limited, a wholly owned subsidiary of the Company;*
- *Consolidated PAT for FY 2011 - Rs. 107.32 crore translating into a Diluted EPS of Rs. 52.09 per share;*
- *Cash & Cash equivalents as on 31st March 2011 - Rs. 618.92 crore translating to Cash & Cash Equivalents of Rs. 300 per share; and*
- *Net Worth as on 31st March 2011 - Rs. 998.83 crore translating to a Book Value of Rs. 485 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. 47.70 crore, including dividend tax. The dividend payout ratio for the year (including dividend distribution tax), would be 63.4% of the standalone profits and 44.4% of the consolidated profits.

Business Review

BPO Industry Overview

Your Company focuses on ITeS BPO services within the broader IT/ITeS industry.

While the domestic market continued to demonstrate a strong performance with sustained growth in GDP, the key customer markets of North America and Europe displayed marginally improved signals of economic performance. This was evident in the resurgence in demand for business services in both traditional as well as emerging markets. While this was helped in part by pent-up demand from the corporate sector and the return of discretionary spending, the improved value proposition from service providers was a key catalyst in industry growth. FY 2011 has been a year in which the operating environment became more dynamic resulting in a heightened focus on innovation for suppliers. Apart from engaging current customers, service providers needed to attract and encourage first time buyers.

This has brought about a shift in focus from rudimentary outsourcing models which deliver cost or talent leverage to higher value added services, innovation and transformation; the latter results in greater strategic benefits to clients.

The emergence of the newer, value added focus is evident in the manner in which the sector has begun to actively diversify beyond core offerings and markets through new business and pricing models, specialize in providing end-to-end service offerings with deeper penetration across verticals, transform process delivery through re-engineering and drive inclusive growth in India by developing targeted solutions for the domestic Indian market. All these factors helped India grow faster than its competitors, accounting for almost 90% of incremental growth in the global sourcing market.

Global Sourcing Trends

On the back of resurgence in global business spending, the IT services spend increased by 1.4% in 2010. Of this, IT outsourcing grew by 2.4%. An ROI-led focus resulted in BPO sector growing by 4%, while software products rose by 3.7%. Within IT outsourcing, global sourcing grew by 10.4% in 2010 validating Industry's integral position in service delivery chain.

The year saw wide ranging contract restructuring exercises and deal size reductions as buyers came to terms with new business models and budgetary constraints. With customers demanding more immediate value from IT and forward-looking strategies that support growth and innovation, service providers are adopting newer value focused methods incorporating operational excellence through ongoing innovation, diversification, renewed partnerships and alliances and recalibrated business models.

The BPO services market in Asia/Pacific (excluding Japan) reached USD 8.6 billion in 2010, a 22.85% increase from 2009 revenue of USD 7 billion. By vertical, Banking, Financial Services and Insurance (BFSI), Communications, Government and Travel & Transportation were the largest consumers of BPO services in the region.

Indian IT - BPO performance

The sector is estimated to aggregate revenues of USD 88.1 billion in FY 2011, with the IT software and services sector (excluding hardware) accounting for USD 76.1 billion of revenues.

Export Market:

- Export Revenues: Export revenues of the IT software and services sector (excluding hardware) are estimated to gross USD 59 billion in FY 2011 accounting for a 2 million workforce. The BPO segment of this sector grew by 14 per cent to reach USD 14.1 billion.
- Geographic focus: The year was characterized by a consistent demand from the US, which increased its share to 61.5% to retain its status as the pre-eminent market. Emerging markets of Asia Pacific and Rest of the World also contributed significantly to overall growth.
- Vertical Markets: While the sector's vertical mix is well balanced across several mature and emerging sectors, the year was characterized by broad based demand across traditional segments such as Banking, Financial Services and Insurance (BFSI), as well as across emerging verticals of Retail, Healthcare, Media and Utilities.
- Service Lines: The BPO segment grew by 14% to reach USD 14.1 billion and the year also witnessed the next phase of BPO sector evolution characterized by greater breadth and depth of services, process re-engineering, increased delivery of analytics and knowledge based services through platforms, strong domestic market focus and SME centric delivery models. Changing demand patterns led to a renewed focus on existing client relationships, mining for new clients and restructured operations to provide focused vertical solutions. Further, the Industry focused on achieving excellence in business process management and delivering strong transformational benefits creating revenue impact for clients.

Domestic Market:

- Domestic Revenues: Domestic IT-ITeS revenues, excluding hardware, are expected to grow at almost 16% to reach USD 17.1 billion in FY 2011. IT services is one of the fastest growing segment in the Indian domestic market, rising by 16.8% to reach Rs. 501 billion, driven by localized strategies designed by service providers.
- Movement to Non-Metro Cities: Service Providers are beginning to reap the benefits of transitioning business from Tier I to Tier III cities. These destinations result in significant cost savings and are an attractive proposition for the price sensitive Indian market.
- Drivers of Growth: The Domestic market in India offers among the highest growth rates globally and is characterized by emerging sophistication as well as heightened competition. The growth of the Domestic BPO segment is expected to be driven by demand from emerging verticals, new customer segments and value based transformational outsourcing platforms in addition to voice based services. Strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are the key drivers for increased technology adoption in India.
- Government Initiatives: The Government sector has emerged as a key catalyst for increased IT adoption - through sector reforms that encourage IT acceptance. National e-Governance Programmes (NeGP) and the Unique Identification Development Authority of India (UIDAI) program are landmark programs that highlight the increased adoption of large scale IT infrastructure and IT enabled services by Central, State and Local governments.

Indian IT•BPO Value Proposition & Outlook

The top three slots in AT Kearney's 2011 Global Services Location Index (GSLI) are occupied by three Asian countries: India, China and Malaysia; with India a half-point ahead of China and a full point in front of Malaysia as per the report.

India has retained its position as the leading global off-shoring destination with a 55% share of the global IT and ITeS market in 2010 and been able to increase its market share in spite of competitive challenges presented by emerging off-shoring destinations. This has been made possible due to the development of a set of factors unique to India, which help to multiply its value proposition manifold. While the cost advantage has narrowed over the years, India enjoys the world's largest pool of employable talent, a service delivery infrastructure across multiple geographically dispersed locations within the country and a supportive policy regime.

Indian IT-ITeS companies are expected to diversify their business from core markets such as the US and UK and Indian IT companies have already begun to explore opportunities offered by other growing markets such as Mexico, Ireland, the Netherlands, the Philippines and Brazil. Though these flourishing markets are presently small, they are expected to drive the growth in future. In addition, by concentrating on these markets, businesses can diversify their risks across regions.

Software Technology Parks of India (STPI) units have played a vital role in fostering growth of the Indian IT-ITeS industry. The cessation of tax holiday after March 2011 could slow down future expansion proposals especially of smaller companies. However, larger companies are expected to alleviate the marginally higher taxes and narrowing returns through increased scale.

In future, the IT-ITeS industry is likely to go through a paradigm shift across five parameters:

Markets - Growth will be driven by new markets - SMEs, Asia, public sector and government influenced entities will become a priority customer base.

Customers - Customers will demand 'transformative' value propositions that go beyond cost leverage. As technology creates virtual supply chains, customers will require a seamless experience across time zones and geographies and there will be an increasing demand for innovation and end-to-end transformation.

Service Offerings - Offerings that are high-end and deeply embedded in customer value chains will emerge. Services and delivery will become location-agnostic leading to new opportunities such as design services in manufacturing and Remote Infrastructure Management (RIM). Solutions for the domestic market will be a key focus area.

Talent - Government pressures to create local jobs and the need for local knowledge will alter the employee mix – a higher proportion of non-Indians with multilingual and localized capabilities. There will be a much greater focus on ongoing development of specialized skills and capabilities.

Business models - Driven by a focus on expertise and intellectual property, offerings will shift from piecemeal, technology-centric applications to a range of integrated solutions and higher-end services, spanning new service lines (e.g., green IT). Additional productivity improvements and the development of Tier II and Tier III cities as future delivery centres is expected to help enhance India's competitiveness.

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.

Performance of Hinduja Global Solutions Ltd.

Your Company continued its strong performance despite the uncertainty and volatility of the operating environment. The Total Consolidated Income for FY 2011 expanded by 19.4% to Rs. 1,102.19 crore from Rs. 923.47 crore in FY 2010.

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

- o *Appreciation of the Indian Rupee and Philippine Peso against the U.S. dollar;*
- o *Pricing pressure in the domestic market by domestic telecom clients due to heightened competition and a continued reduction in ARPUs;*
- o *Rising inflation leading to salary revisions and increase in employee attrition rates; and*
- o *Phasing out of some of the Company's tax benefits.*

This performance was due to initiatives undertaken 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 FY 2011, in India, your Company opened delivery centres in Tier III cities of Nagercoil and Guntur and set up a second center in Durgapur. The total seat capacity for your Company stands at 10,434 as of March 31, 2011. Your Company has initiated steps to open a delivery centre in Siliguri in northern West Bengal and is examining the possibility of opening more centers in other parts of India.

Your Company has set up its third Philippines delivery centre at Iloilo city with a capacity of 400 seats and spread across 25,000 sq. ft. Your Company was one of the first Indian BPO companies to enter the Philippines and setting up of the third delivery centre is a testimony to the excellent performance of the Company's Philippines operations.

Apart from the Philippines operations, your Company's international operations, viz. Affina, LLC (in the USA) and Careline Services Ltd (in the UK) (acquired in June 2010) have performed well and have contributed to the overall profitability of your Company. The integration of Careline has progressed well and your Company is already discussing expansion plans with some of Careline's key customers.

Your Company will continue to pursue growth primarily from these three areas: -

- *Increase business volumes from the existing customers;*

- *Increase business by approaching new customers in the existing verticals and markets; and*
- *Identify and enter new verticals and markets.*

Your Company believes that this diversified business model would enable it to maintain growth and profitability in the coming years.

In future, your Company's outsourcing projects are expected to be both operative and consultative in nature. It will need to work more closely with clients to better understand and evaluate strategies and business models and identify room for improvement. Despite an improved operating environment over the last couple of years, customers continue to be conservative with budgets and are keen to run leaner organizations in order to sustain the cost savings realized from measures taken in the aftermath of the global financial crisis of 2008. In order to respond to the dynamic macro-environment, your Company will concentrate on reducing costs, increase the diversification of its business across different markets / verticals, setup centres in best fit geographies and sustain best practices within the organization.

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 subsidiaries and investment of surplus funds. Pacific Horizon Limited owns 100% of the share capital of Hinduja Global Solutions Inc., USA, C-Cubed NV, Netherlands and HTMT Europe Ltd., UK.

During the year under review, the total income was USD 5,714,604 as against USD 6,810,527 during the previous year and profit after tax was USD 4,100,355 as against USD 5,090,352 during the previous year.

Hinduja Global Solutions Inc., (Previously known as Source1 HTMT Inc.,) USA, a wholly owned subsidiary of Pacific Horizon Ltd., Mauritius, specializes in marketing and provides both voice and non-voice related Customer Contact and Business Process Outsourcing services to its clientele. The name of the Company was changed from Source1 HTMT Inc. to Hinduja Global Solutions Inc. with effect from 29th June, 2010.

For FY 2011 Hinduja Global Solutions Inc., reported consolidated revenues of USD 169,259,605 and Net Income of USD 2,056,094.

Affina LLC., (and its subsidiaries RMT LLC and Affina Company) "Affina" was acquired in November 2006 by Hinduja Global Solutions Inc., USA. Affina operates in five cities in USA and Canada. Affina partners with Fortune 1,000 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.

For FY 2011, Affina recorded total revenues of USD 85,139,154 as compared to FY 2010 revenues of USD 79,233,758 and Profit before Tax of USD 5,556,870 as compared to USD 6,087,256 in FY 2010.

Apart from Affina LLC, Hinduja Global Solutions Inc., has a subsidiary called Hinduja TMT France.

HTMT Europe Limited is a UK based subsidiary which focuses on consulting services for BPO and call centre services and markets offshoring services to UK based clients. In June 2010, HTMT Europe acquired 100% stake of the U.K. based Careline Services Limited thereby making it a wholly owned subsidiary of HTMT Europe with effect from 21st June, 2010.

Careline Services Limited is a leading contact centre servicing more than 20 marquee customers across verticals such as Government, FMCG, Financial Services, Automobiles, Telecom and Retail. Established in 1977, it offers a range of services for inbound and outbound interactions and has over 800 highly trained employees in London and Scotland. It handles in excess of 50,000 customer interactions every day across multiple channels and in 14 different languages.

For the period 21st June 2010 to 31st March 2011, Careline reported revenues of GBP 15,626,268 and Profit after tax of GBP 820,810.

Hinduja Outsourcing Solutions India Private Limited (HOSIPL)

During FY 2011, your Company also acquired 100% equity stake of Hinduja Outsourcing Solutions India Private Limited (HOSIPL) making it a wholly owned subsidiary. HOSIPL has received necessary approvals from the Development Commissioner, Special Economic Zone (IT/ITeS), Karnataka, Bangalore and has set up a unit in Special Economic Zone (SEZ) at Global Village, Bangalore. HOSIPL's SEZ unit, housed over an area of approximately 43,000 sq. ft., has a capacity of approximately 1,000 seats.

During FY 2011, HOSIPL has commenced partial operations with international clients from the health insurance and hospitality verticals and recorded revenues of Rs. 2.78 crore.

New Logo

With operations in six countries and continuously expanding to other geographies, your Company is today uniquely poised at the edge of an important transformation with its operations becoming truly global. This metamorphosis must reflect in an identity and a logo is a critical component of such identity.

Your Company has therefore, designed a new logo which is easy on the tongue for international audience and binds your Company's diverse operations across globe.

The basic color gradient of the new logo in a contemporary typography and the rainbow hues on the 'Energy Rings' are a symbol of the renewed strength and vigor of HGS and emphasizes your Company's flexibility to changes as it makes in-roads into new continents. The color gradient also represents a work environment that is an assimilation of varied regions, religions, cultures and traditions. For a business transformation powerhouse like HGS, the deep blue hues of the initials 'HGS' progresses from a dark blue to a lighter shade of blue, signifying exploration, adventure and movement to a much brighter future.

The recall value of the new logo is improved by the fact that it uses the acronym for Hinduja Global Services. The logo retains our heritage and pride while being contemporary, providing an umbrella brand to your Company's culturally and geographically diverse global operations.

Addressing Social Concerns

In the past year, your Company has proved, yet again, that it has firmly remained committed to community welfare initiatives. It patronized and partnered with organizations and NGOs championing various causes, reaching out to the needy. The Company contributed to the Concern India Foundation, by way of participating in the World 10k Run. The contributed sum will aid in supporting the child care center for pre-school children, run by the foundation. Apart from numerous other NGOs, the Company has also donated funds to the Hinduja Foundation, known for its humanitarian activities in the fields of Arts, Culture, Education, Social Welfare and Healthcare.

Your Company continues to enrich its contribution to the society by engaging in activities that make a positive social impact. The Company has made a concerted effort to contribute to the community, by engaging in philanthropic acts such as visiting orphanages and old age homes, donating clothes, money, toiletries and stationary and organizing interactive activities for the inmates of these institutions. Another regular feature across the centers is organizing blood donation camps through the year. In a bid to increase awareness among potential recruits from various institutes about the ITeS sector, the recruitment team also organized various awareness programs across the centers.

Driven by a sense of responsibility to the community that is deeply embedded in its culture, your Company engages with the society across all levels, across geographies. From initiating projects promoting public health to creating awareness about the importance of education and environmental protection, there has been a constant involvement in noteworthy and worthwhile causes. As your Company scales new heights, its resolve to serve and contribute to the society has also gotten stronger.

Communication and Public Relations

Your Company progressed to the next level in its communications and public relations plan by expanding the function and building a more robust communication strategy. Driven by a vision that envisaged the Company as climbing greater heights, the Company's communications plans have now matured as a tool to shape its future in the media. Thus, as your Company diversifies its reach and potential, its communication strategy is now all set to ensure a parallel spurt in visibility and brand recognition, internally and externally.

2010-2011 also saw the initiation of various projects meant to strengthen the brand of your Company and streamline its communication processes. The intranet and internet overhaul formed the crux of this initiative, with both communication platforms receiving a more progressive and user friendly look in terms of design, content and functionality.

While the Company's internal human resources newsletter, 'Global Connect', has now adopted a consistent format, the Town Hall meetings have received a fillip by covering all global centers in the webcast and includes speakers from these centers. The Company also focused on increasing brand awareness amongst employees in its acquired entities, by tailoring an engagement plan themed 'Connect Beyond'.

Your Company's visibility in the media has grown substantially with astute media management. Proactive and positive coverage on the Company's success stories, appearances in key forums and discussions have ensured that brand HGS has come a long way in gaining a foothold in mainstream media. The Company's top rankings in the NASSCOM Top BPO Companies survey, Dataquest Top BPO Companies and Dataquest Employee Satisfaction survey, and its inclusion in the India Inc. Fast 500 Companies list is indicative of the growing stature of your Company.

With the launch of the new visual identity, multiple initiatives for brand enhancement and brand integration are currently underway and are slated to continue into the next financial year.

Your Company's financial results, important developments and achievements are communicated and uploaded on its website *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

Ms. Vinoo S. Hinduja and Mr. Anil Harish - 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 2011, 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; and

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

The Ministry of Corporate Affairs (MCA) vide Circular dated 8/2/2011 has granted exemption under section 212(8) of the Companies Act, 1956 from annexing Balance Sheet and other documents of subsidiaries with the Annual Report of the holding company provided certain conditions are fulfilled. The Board of Directors of your Company at its meeting held on 8th February 2011, (in view of fulfillment of all conditions prescribed by the Ministry of Corporate Affairs under Circular No. 5/12/2007-CL-III dated 8th February 2011) resolved for not attaching the Balance Sheet and other documents of the subsidiaries named below, with the Balance Sheet of the Holding Company i.e., Hinduja Global Solutions Limited, for the financial year 1st April, 2010 to 31st March, 2011:

1) Pacific Horizon Limited, Mauritius;
2) Hinduja Global Solutions Inc., USA;
3) Affina LLC, USA;
4) Affina Company, Canada;
5) RMT LLC, USA;
6) HTMT Europe Limited, UK;
7) Careline Services Limited, UK;
8) Hinduja TMT France, France;
9) Customer Contact Center Inc., Philippines;
10) C-Cubed (Antilles) N.V., Netherlands;
11) C-Cubed B.V., Netherlands;
12) Hinduja Outsourcing Solutions India Pvt. Ltd., India.

Accordingly, the Annual Accounts and other documents for the year ended March 31, 2011 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 Circular dated 8/2/2011 is included in this Annual Report. The accounts of individual subsidiary companies would be available on Company's website *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

Place: Mumbai
Date: May 12, 2011

Ramkrishan P. Hinduja
Chairman

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, 2011 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 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.

Srinivas Palakodeti
Chief Financial Officer

Partha De Sarkar
Chief Executive Officer & Manager

Place: Mumbai
Date: May 12, 2011

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, 2011.

Partha De Sarkar
Chief Executive Officer & Manager

Date: May 12, 2011

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:

Although operations of your Company are not significantly energy intensive, your Company has undertaken several initiatives to conserve energy. Your Company has contributed to green revolution by introducing virtulisation and reducing the footprint of servers and power consumption. Focused management of air-conditioning and lighting largely contributes towards energy saving initiatives.

Carbon Reduction Initiative: Extensive use of multi-site video-conferencing reduces travel across geography.

b. Research and Development:

Your Company continually works on its capability of designing and implementing end-to-end systems to provide uninterrupted services to its customers. Your Company has adopted a technology partnership model for delivering IT requirements of its BPO clients in collaboration with an IT Services company. It has also enhanced its offerings to one of its Health Insurance customers by implementing an innovative technology for managing a proactive care program for its members. Your Company has initiated Operational Level Agreements (OLA) with its internal customers and is in the process of implementing ITIL frame work for its Information Technology (IT) department. As part of the initiatives for optimal use of infrastructure, your Company has continued migration of telephony solutions from India to the US delivery centers and has built a robust platform for its customers.

c. Technology Absorption:

Your Company has adapted to the latest of the trends in technology by embarking on implementation of Cloud solutions for its customers. The Company has worked on Infrastructure as a Service (IAAS) across its delivery centers in India including Tier III locations which has benefited its customers to manage the traffic across its locations. Your Company has implemented a Network Operating Center in Bangalore for help desk services thereby ensuring higher availability and centralized resource management across its centers. HGS has also offered Software as a Service (SAAS) for its offices across geography, thereby enhancing its vision of implementing best practices for various verticals by developing a knowledge base and also building a robust reporting mechanism for shared service departments.

Your Company offered chat solutions, Hosted Integrated Voice Recognition solution and Web dial out solutions to its customers in India and US delivery centers on a Platform as a Service (PAAS) model. These implementations have enhanced Company's offerings to its customers and have also made its clients more competitive in its market space. Your Company has expanded into its third delivery center in the Philippines, over diverse highly available links, to enhance its competitive offerings.

d. Export Initiative, Foreign Exchange Earnings and Outgo:

- Export initiatives and development of new export market:

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

	2010-2011	2009-2010
Export as a:		
% of Operating Income	76.12%	72.48%
% of Total Income	75.01%	72.08%

- Foreign Exchange Earnings and Outgo:

Rs. in Lakh

	2010-2011	2009-2010
Total Foreign Exchange Earned	41,795.56	35,471.73
Total Foreign Exchange Outgo	16,862.20	13,494.21

For and on behalf of the Board

Place: Mumbai
Date : May 12, 2011

Ramkrishan P. Hinduja
Chairman

www.hindujagsl.com

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 the medium and long term enhancement of shareholder value through sound business decisions, prudent financial management and high standard of ethics throughout your Company;
- Ensure transparency and professionalism in all decisions and transactions of your Company;
- Achieve excellence in Corporate Governance by:
  - ❖ Conforming to and exceeding wherever possible, prevalent guidelines on Corporate Governance;
  - ❖ Regularly reviewing the Board processes and Management systems directed towards continuous improvement.

2. BOARD OF DIRECTORS

A. Composition

Non-Executive Directors (Promoter Group)

Mr. Ramkrishan P. Hinduja, Chairman

Ms. Vinoo S. Hinduja

Mr. Dheeraj G. Hinduja

Independent Directors

Mr. Anil Harish

Mr. Rajendra P. Chitale

Mr. Rangan Mohan

Chairman Emeritus

Mr. Ashok P. Hinduja

Chief Executive Officer and Manager

Mr. Partha De Sarkar

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

B. Dates of Board Meetings held during the year

Date of Board Meeting	Board Strength	No of Directors present
27/04/2010	6	5
30/07/2010	6	6
10/11/2010	6	3
08/02/2011	6	3
18/03/2011	6	3

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.

C. Attendance of Directors

Name of the Director	No. of Meetings Attend-ed	Attendance at the previ-ous AGM held on 31st July, 2010
Mr. Ramkrishan P. Hinduja	3	YES
Ms. Vinoo S. Hinduja	2	YES
Mr. Dheeraj G. Hinduja*	1	YES
Mr. Anil Harish	4	YES
Mr. Rajendra P. Chitale	5	YES
Mr. Rangan Mohan	5	YES

* Mr. Dheeraj G Hinduja attended the Board Meetings held on 27/04/2010 and 30/07/2010. The meeting held on 27/04/2010 was attended by Mr. Dheeraj G Hinduja through Video / Tele Conference. Hence, for the purpose of reckoning attendance, this meeting was excluded.

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

Name of the Director	Boards*	Board** Commit-tees	Chairman-ship of Board Commit-tees
Mr. Ramkrishan P. Hinduja	5	3	-
Ms. Vinoo S. Hinduja	3	-	-
Mr. Dheeraj G. Hinduja	7	2	-
Mr. Anil Harish	14	10	4
Mr. Rajendra P. Chitale	9	7	1
Mr. Rangan Mohan	3	3	3

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

** Only the following Board Committees have been considered for this purpose:

(i) Audit Committee and

(ii) Shareholders' /Investors' Grievance Committee.

3. AUDIT COMMITTEE

A. Terms of Reference

Terms of reference includes following:

(i) To oversee your Company's financial reporting process and disclosure of its financial information;

(ii) To recommend appointment of Statutory Auditors and to fix their audit fee;

(iii) To review and discuss with the Statutory Auditors the following:

a) internal control systems, scope of audit including observations of auditors, adequacy of internal audit function, major accounting policies and practices;

b) compliance with accounting standards;

c) compliance with applicable clauses of Listing Agreements with Stock Exchanges;

d) legal requirements concerning financial statements; and

e) related party transactions, if any.

(iv) To review Company's fiscal and risk management policies;

(v) To discuss with internal auditors any significant findings for follow-up thereon;

(vi) To review quarterly, half yearly and annual financial statements before submission to the Board;

(vii) To advise and guide operating management on specific issues / transactions;

(viii) To review the Management Discussion and Analysis Report on the financial condition of your Company and review of your Company's operations; and

(ix) To review the 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 your Company on 7th March 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: 26/04/2010; 30/07/2010; 02/08/2010; 10/11/2010 & 07/02/2011.

Attendance:

Name of the Director	No. of Meetings Attended
Mr. Anil Harish	5
Mr. Ramkrishan P. Hinduja	3
Mr. Rajendra P. Chitale	5

4. COMMITTEE OF DIRECTORS

A. Terms of Reference

The Board of Directors at its meeting held on 8th February 2011 revised the terms of reference of committee of Directors as under:

1. The Committee of Directors is, *inter-alia* empowered to oversee the functioning of the Company, to provide strategic direction and to approve investments and borrowings within the limits prescribed by the Board at its meeting held on 31st October 2007;
2. To recommend to the Board Revenue and Capital budgets and other major capital schemes;
3. To consider new businesses, acquisitions, divestments, changes in organization structure and also to periodically review the Company's business plans and future strategies;
4. To approve donations within the limits prescribed by the Board;
5. To open/close bank accounts of the Company;
6. To grant limited Powers of Attorney to the officers of the Company;
7. To appoint proxies to attend general meetings on behalf of the Company;
8. To assign lease-hold rights on the property of the Company/approve sale of scraps/sale of furniture and fixtures;
9. To provide performance guarantee for the projects for and on behalf of subsidiaries; and
10. 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 : Ms.Vinoo S. Hinduja
Mr. Rangan Mohan

During the year under review, two circular resolutions were passed by the Committee of Directors.

5. INVESTORS' GRIEVANCE COMMITTEE

A. Terms of Reference

(i) To specifically look into redressing shareholders' and investors' complaints in the following areas:

a) Transfer of shares;

b) Non-receipt of financial statements and other documents under the Companies Act, 1956;

c) Non-receipt of declared dividends;

d) Non-receipt of Shares lodged for transfer;

e) Issue of Duplicate Shares;

f) Forged Transfers; and

g) any other matter of Shareholders' interest.

(ii) To review the system of dealing with and responding to correspondence from all categories of investors.

(iii) To review the details regarding the complaints/ letters, if any, received from the Stock Exchanges and/or the SEBI and responses provided thereto.

(iv) To review and approve initiatives for further improvements in servicing investors.

During the year, two complaints were received from shareholders which were duly attended to. There were no complaints pending against the Company as on 31st March 2011.

B. Composition

The Investors' Grievance Committee was constituted by the Board of Directors of your Company on 7th March 2007. Mr. Anil Harish resigned as the Chairman and Member of Investors' Grievance Committee with effect from the close of business hours of 8th February 2011 and Mr. Rangan Mohan was appointed as Member and Chairman of Investors' Grievance Committee with effect from 9th February 2011.

The composition of the Investors' Grievance Committee is as follows:

Chairman: Mr. Rangan Mohan

Member: Mr. Dheeraj G. Hinduja

C. Meetings and Attendance

Dates of Meeting: 30/07/2010 & 25/01/2011

Attendance:

Name of the Director	No. of Meetings attended
Mr. Anil Harish	2
Mr. Dheeraj G. Hinduja	2

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.

B. Terms of Reference

(i) To determine all the terms governing the Employees Stock Options Plan implemented/ to be implemented by the Company from time to time including any variation thereof and *inter alia* determining eligibility for the grant, timing and number of options to be granted, vesting schedule, exercise price and other related matters;

(ii) 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 senior executives/officers;

(iii) To be responsible for overseeing the evaluation of the Company's senior executives;

(iv) To review periodically and make recommendations to the Board of Directors with respect to incentive-based compensation plans and equity-based plans;

(v) 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;

(vi) to grant options thereunder and to make stock awards thereunder; and

(vii) 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.

C. Composition

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

Chairman: Mr. Anil Harish

Members: Mr. Rajendra P. Chitale
Mr. Dheeraj G. Hinduja
Mr. Rangan Mohan

D. Meeting and Attendance

Dates of Meetings: 08/06/2010 & 08/02/2011

Attendance:

Name of the Director	No. of Meetings Attended
Mr. Anil Harish	2
Mr. Rajendra P. Chitale	2
Mr. Dheeraj G. Hinduja*	—
Mr. Rangan Mohan**	1

* Mr. Dheeraj G. Hinduja attended both the Compensation Committee Meetings (held on 08/06/2010 and 08/02/2011) through Video Conference/tele-conference. Hence for the purpose of reckoning attendance, these meetings were excluded.

** Mr. Rangan Mohan attended both Compensation Committee meetings, of which the meeting held on 08/06/2010 was attended through Video/Tele Conference. Hence for the purpose of reckoning attendance, this meeting was 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.

Name of the Director	Sitting Fees (Rs.)
Mr. Ramkrishan P. Hinduja	1,20,000
Ms. Vinoo S. Hinduja	40,000
Mr. Dheeraj G. Hinduja	30,000
Mr. Anil Harish	2,00,000
Mr. Rajendra P. Chitale	2,10,000
Mr. Rangan Mohan	1,05,000

Details of fees for professional services rendered by Firms of Solicitors/Advocates/Chartered Accountants/Strategic Consultants 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. 12,75,833	Mr. Rangan Mohan
D.M. Harish & Co.	Rs. 8,27,250	Mr. Anil Harish

The increase in the remuneration of Chief Executive Officer was 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
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.
2009-2010	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai-400 018	July 31, 2010 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
31st July, 2010	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 Shares, Warrants, Bonds or Debentures, Depository Receipts, whether Global Depository Receipts ("GDR"), American Depository Receipts ("ADR"), provided aggregate issue price of Securities to be issued shall not exceed Rs 500 Crore (Rupees Five Hundred Crore) inclusive of such premium as may be payable on the Securities.
29th July, 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 Shares, Warrants, Bonds or Debentures, Depository Receipts, whether Global Depository Receipts ("GDR"), American Depository Receipts ("ADR"), provided aggregate issue price of Securities to be issued shall not exceed Rs 500 Crore (Rupees Five Hundred Crore) inclusive of such premium as may be payable on the Securities.
27th September, 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. 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). 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 Receipts, whether Global Depository Receipts ("GDR"), American Depository Receipts ("ADR"), provided aggregate issue price of Securities to be issued shall not exceed Rs 500 Crore (Rupees Five Hundred Crore) inclusive of such premium as may be payable on the Securities. 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 Ltd to Hinduja Global Solutions Limited.

9. DISCLOSURES

A. There were no material significant related party transactions during the year that may have a potential conflict with the interests of the Company at large. Transaction with related parties have been disclosed vide Note 5 to Schedule 'S' to the Financial Statement.

B. There have been no instances of non-compliance by your Company on any matter related to the capital markets, nor have any penalty/stricture been imposed on your Company by the Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets during the last three years.

C. Your Company has complied with all the mandatory requirements of Corporate Governance as required by the Listing Agreements.

D. No personnel have been denied access to the Audit Committee of your Company to discuss any matter of substance.

10. MEANS OF COMMUNICATION

A. The quarterly results are published in leading national newspapers (Economic Times, Navbharat Times and Maharashtra Times). The quarterly results are simultaneously displayed on *www.hindujagsl.com*, your Company's official 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

Sr. No.	Subject	Date
1.	Next Annual General Meeting	
	Date	1st August 2011
	Time	11.00 A.M.
	Venue	Hall of Harmony, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018
2.	Financial Calendar for 2011-12 (Tentative)	
	Unaudited results for the quarter ended 30th June 2011	29th July 2011
	Unaudited results for the quarter / half year ending 30th September 2011	2nd week of November 2011
	Unaudited results for the quarter ending 31st December 2011	2nd week of February 2012
	Audited results for the year ending 31st March 2012	2nd week of May 2012
3.	Book Closure Dates	From 23rd July 2011 to 1st August 2011 (both days inclusive)
4.	Dividend payment date for the financial year 2010-11	On or after 5th August 2011
5.	Listing of Equity Shares	Bombay Stock Exchange Limited, (BSE) and National Stock Exchange of India Limited (NSE)
6	Stock Code	BSE: 532859 NSE: HGSL

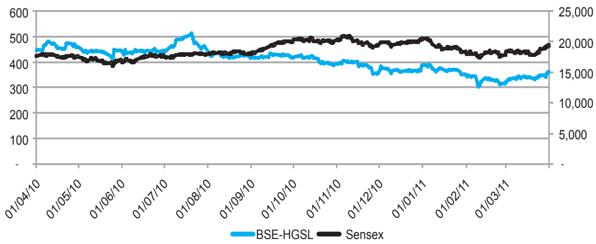
Note: Annual Listing fee for the financial year 2011-12 has been paid to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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.)
Apr-10	495.00	440.00	487.50	434.20
May-10	462.00	405.00	468.95	401.15
Jun-10	484.00	428.00	484.00	428.00
Jul-10	518.90	354.70	520.00	438.60
Aug-10	472.00	415.25	473.00	413.00
Sep-10	445.80	413.75	448.00	412.10
Oct-10	443.00	385.10	434.70	390.00
Nov-10	415.00	343.15	416.00	343.50
Dec-10	395.00	352.25	396.00	350.30
Jan-11	396.00	340.30	398.00	340.00
Feb-11	358.95	301.00	359.60	295.10
Mar-11	378.80	311.10	378.70	314.05

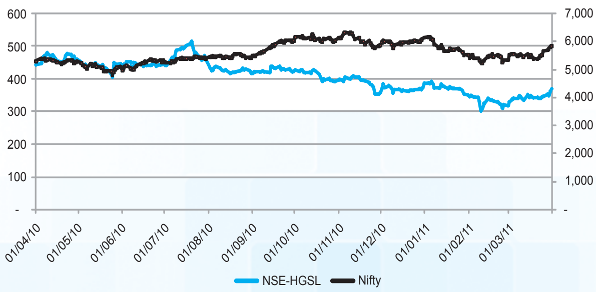
A. SHARE PRICE MOVEMENT (BSE)

Your Company's closing share price performance on the BSE relative to BSE Sensex closing prices (April 2010 to March 2011)



B. SHARE PRICE MOVEMENT (NSE)

Your Company's closing share price performance on the NSE relative to NIFTY closing prices (April 2010 to March 2011)



13. SHARE TRANSFER SYSTEM

Your Company's equity shares are compulsorily traded in dematerialized form. As on 31st March 2011, about 99.72% of your Company's equity (comprising of 2,05,31,432 shares) had been dematerialized. The shares of your Company are regularly traded on the BSE and NSE w.e.f. 19th June 2007.

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

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

As on 31st March 2011, there were no unprocessed transfers pending. The details of physical shares transferred during the last three years are as under:

Particulars	2008-2009	2009-2010	2010-2011
No. of transfer deeds received	05	03	03
No. of shares transferred	252	200	150

Pattern of Shareholding as on 31st March 2011:

Particulars	No. of shares	% of share-holding
Promoters	1,40,41,952	68.20
FIIs	33,25,477	16.15
NRIs/OCBs/Non Domestic Companies	1,00,054	0.49
Mutual Funds, Banks, Financial Institutions, Insurance Companies	6,60,414	3.21
Private Corporate Bodies	8,84,609	4.30
Individuals / Others	15,76,717	7.66
Total Paid-up capital	2,05,89,223	100.00

Distribution Schedule as of 31st March 2011:

Distribution		No. of share-holders	% to Total No. of shareholders	Shareholding	
				No. of shares	% to Total paid up capital
Upto	500	10,131	94.57	6,29,973	3.06
501	1000	260	2.43	1,99,422	0.97
1001	2000	141	1.32	2,05,796	1.00
2001	3000	50	0.47	1,23,100	0.60
3001	4000	22	0.20	77,431	0.38
4001	5000	20	0.19	89,208	0.43
5001	10000	24	0.22	1,64,915	0.80
Above 10000		64	0.60	1,90,99,378	92.76
Total		10,712	100.00	2,05,89,223	100.00

Reconcliation of Share Capital Audit as mandated by SEBI requirements is carried out by an independent Company Secretary. The reports confirming that the aggregate number of equity shares of your Company held in demat form (with NSDL & CDSL) and in physical form, tally with the issued/paid-up capital of your Company, is placed before and noted by the Board from time to time.

None of the Directors of your Company hold any shares of your Company as on 31st March 2011 except Ms. Vinoo S. Hinduja who holds 61,065 equity shares, which represents 0.30% of the total paid-up capital of the Company.

Code of Conduct: Your Company has adopted separate Code of Conduct for Executive Directors and Senior Management and/or Non-Executive Directors, on 7th March 2007 and the same has also been posted on your 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 your Company have affirmed compliance with the Code of Conduct as on March 31, 2011.

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 SS-1, General Meetings SS-2, Dividend SS-3, Registers and Records SS-4, Minutes SS-5, Transmission of Shares and Debentures SS-6, Passing resolution by Circulation SS-7, Affixing of Common Seal SS-8, Forfeiture of Shares SS-9, Board's Report SS-10. These Standards are presently recommendatory and may become mandatory in due course. The secretarial practices of your Company generally comply with these Standards.

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

A. The Board: Your Company does not reimburse expenses incurred by the Non-Executive Chairman for maintenance of a separate Chairman's office. Your Company has not provided for tenure of Independent Directors.

B. Remuneration Committee: Your Company has constituted a Compensation Committee. A detailed note on Compensation Committee is provided elsewhere in this report.

C. Shareholder Rights: Your Company publishes its quarterly unaudited financial results in the newspapers and also displays it on its official website *www.hindujagsl.com* apart from displaying it on stock exchanges website. Accordingly, it does not envisage sending the same separately to the households of the shareholders.

D. Audit qualifications: During the year under review, there was no audit qualification in your Company's financial statements. Your Company continues to adopt best practices to ensure a regime of unqualified financial statements.

E. Training of Board Members: Your 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 respect of 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.

F. Mechanism for evaluating non-executive Board Members: There is no separate mechanism for evaluating the performance of Non-Executive Board Members.

G. Whistle Blower Policy: Your Company is in the process of formulating a Whistle Blower Policy. Nonetheless, 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 AGENT

Your Company's Registrar and Share Transfer Agent is:

Sharepro Services (India) Private Limited

Address: 13 AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone
Exchange, Andheri-Kurla Road,
Sakinaka Andheri (East), 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) 6772 0300 / 6772 0400
Fax: 022-2859 1568 / 2850 8927 or
E-Mail - *sharepro@shareproservices.com*

Investor Relation Centre:

Sharepro Services (India) Pvt. Ltd.
912, Raheja Centre, Free Press Journal Road,
Nariman Point, Mumbai-400021
Tel No. 022-6613 4700 / 2282 5163

16. ADDRESS FOR CORRESPONDENCE WITH THE COMPANY

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

Mr. Srinivas Palakodeti, Chief Financial Officer

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

Tel: (91 80) 2573 2620 / 2573 3212;
Fax: (91 80) 2573 1592

Shareholders may address queries relating to their holdings to:

Mr. Hasmukh Shah, Vice President-Legal & Secretarial

Address: Hinduja House, 171 Dr. A.B.Road, Worli
Mumbai - 400018.

Tel: (91 22) 2496 0707 (Ext : 333)
Fax: 2497 4208

Email: *investor.grievances@hindujagsl.com*

Members are requested to register their email address with the Company's Registrar and Share Transfer Agent at *sharepro@shareproservices.com* to enable the Company to send all notices/ documents through email and also advice any changes in their email address from time to time to the Company.

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 viz *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. Kanti Mohan Rustagi, Executive Vice President – Legal & Company Secretary.

For and on behalf of the Board

Place: Mumbai
Date: May 12, 2011

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, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with 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: May 12, 2011

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.

Macroeconomic Trends:

FY 2011 started on an encouraging note as the Indian economy continued to display remarkable resilience to the lingering effects of the global recession in 2008-2009. With estimated growth at 9%, the India growth story continued to outpace most other economies. The developed economies began to turn around and demonstrate some recovery towards the second half of the financial year.

The Indian economy continues to grow impressively on the back of strong domestic demand. Improved levels of savings and investment coupled with increased private consumption provide a critical component to the Indian growth story, contributing significantly towards GDP growth.

However, higher interest rates and the disconcertingly high levels of inflation towards the second half of FY 2011 threatened to hamper the growth momentum. While to a large extent, its effect was contained by a well sequenced and gradual withdrawal of monetary accommodation, inflation still remains an area of concern for policymakers.

The services sector continues to make a steady contribution to the Domestic GDP. The net inflows of FDI have remained a cause of concern. From over USD 25 billion in April-November 2009, net inward FDI slowed down to USD 19 billion in April-November 2011.

According to Moody's, India's local currency rating may be upgraded provided the Government meets the medium term fiscal targets. The Union Budget 2011 underlined the Government's efforts to manage the fiscal deficit and it is expected that these actions will lead to an improved economic outlook for the country.

Industry Overview:

As per a recent NASSCOM report, the Indian IT/ITeS sector is estimated to aggregate revenues of USD 88.1 billion in FY 2011, with the hardware sector estimated to generate USD 12 billion of revenues and the IT software and services sector (excluding hardware) accounting for USD 76.1 billion of revenues. Of the total software and services revenues of USD 76.1 billion; exports are expected to be USD 59 billion and the balance USD 17.1 billion will come from the domestic market.

India's IT and ITeS exports continue to play an important role for the country, accounting for 25% of India's overall exports, with 90% of these revenues largely derived from the USA and Europe. According to NASSCOM, India's software and services exports are forecasted to post double digit export revenue growth in the range of 15% to 17%.

The BPO segment in the IT/ITeS sector, the segment that the Company focuses on, grew by 14% to reach exports of USD 14.1 billion in FY 2011.

Gartner estimates the Indian domestic BPO market to reach USD 1.4 billion in 2011, up 23.2 percent from 2010. This will be largely driven by demand from voice based services, in addition to adoption from emerging verticals, new customer segments and value based transformational outsourcing platforms. The domestic market will continue to make good progress and is expected to grow into a USD 1.69 billion market by 2012 and increase to USD 2.47 billion by 2014.

Improving market sentiment was visible in greater business volumes and commensurate increase in people, technology and process investments by customers. There continues to be broader acceptance of off-shoring and outsourcing as a critical component of cost reduction strategies and this is helping the IT/ITeS sector. A recent Gartner survey found that a high proportion of respondents anticipated increased spending on external service providers. Thus, the growth opportunity available to the sector continues to remain sizeable.

Demand for outsourcing continues to permeate beyond the large global enterprises to the medium sized ones. Customer sophistication is increasing and service providers are increasingly required to provide consultative thinking, process redesign and automation to bring about improvements in the clients' business processes.

Customers are also pushing for low-cost/offshore locations and launching projects with benchmarking initiatives that will enable them to closely monitor and measure service provider performance. Multi-sourcing is on the rise as customers are splitting the businesses they outsource into multiple deals based on parameters like sub-processes, outsourcing new business/process lines and experimenting with a range of cloud-based offerings.

A maturing service provider community has demonstrated an ability to provide service benefits such as process re-engineering, continuous improvement, ability to support complex processes across time zones and has a track record of providing services at fixed prices despite rising wage costs in periods of soaring inflation. This has substantially increased customer confidence and the Company expects this to be a positive trend for Indian IT/ITeS service providers.

At the same time, there is emerging competition as 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 BPO services, the outsourcing activities in countries like Malaysia, the Philippines, Vietnam, Thailand and Indonesia are gaining traction and are slowly inching their way up as attractive destinations for outsourcing. Africa is looking to develop itself into a high potential outsourcing and BPO hub which will greatly assist its development agenda.

The industry will need to focus on delivering additional value through global delivery models. Strong growth with focus on transformation and enhanced value proposition would be the guiding trend in the market. According to NASSCOM, the industry will witness healthy growth this year, led by growth in the core markets and supplemented by significant contributions from emerging markets. Growth drivers include a thrust on platform BPO, Analytics, Finance & Accounting, Remote Infrastructure Management, Application Development & Maintenance and Cloud Services.

To capitalize on domestic opportunity and to take advantage of the economies of scale and cost efficiencies and to create an environment for sustainable employment generation, there is a conscious shift for expansion across various non-metro cities in order to control costs and have access to a larger talent pool. The industry has made efforts towards the holistic development of the Indian economy and society creating employment, improving living standards, career and personal development and developing a social infrastructure, thus leading to a balanced regional growth.

This decade heralds a new beginning, a new 'transformation' for the industry. Business focus, delivery confidence and risk management shall be the key focal areas of transformative service delivery. Going forward, the outlook remains favorable with new emerging verticals like retail, healthcare and utilities providing a boost in growth in addition to the established sectors.

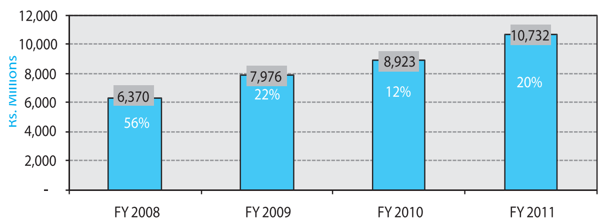
Business Overview:

HGS is one of the leading global BPOs and is among the largest, listed pure play BPOs in India. HGS excels in providing outsourcing solutions that include Back Office Processing, Contact Center Services and customized ITeS solutions to its global clientele comprising of several Fortune 500 Companies. The Company employed 19,442 persons worldwide at the year-end. For the financial year ended 31st March 2011, its consolidated income and profits after tax are Rs. 11,021.90 million (USD 248.52 million) and Rs. 1,073.21 million (USD 24.2 million) respectively.

Operational Review:

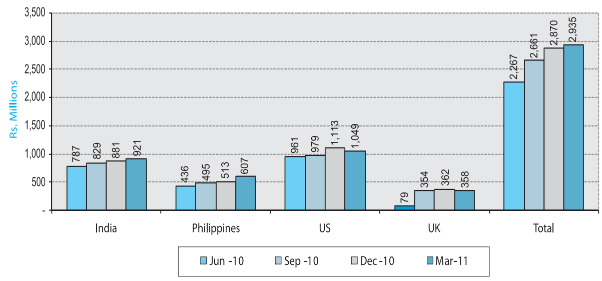
Fiscal year 2011 was a defining year for HGS, as it entered the second decade of its operations and crossed the milestone of Rs. 1,000 crore (Rs. 10 billion) in revenues. The Company registered healthy growth as consolidated revenues were up by 20.3% from Rs. 8,923.42 million in FY 2010 to Rs. 10,732.38 million in FY 2011. Consolidated Profit After Tax for the year was at Rs. 1,073.21 million compared to Rs. 1,301.10 million in FY 2010.

Revenue Growth (FY 2008 to 2011)



The Company has been able to deliver growth across almost all of its business verticals and in each one of its geographical markets. There has been a healthy performance in the domestic India business and continuous improvements in its overseas operations.

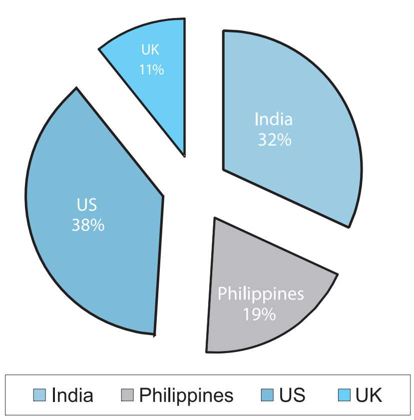
Revenue 4 Quarter Revenue - by Geography



The Company has onshore presence in the United States through a subsidiary – Affina LLC, which was acquired in FY 2007. Following the acquisition, HGS has been able to enhance Affina's operating efficiency and its profitability has improved greatly. Affina brought with it an impressive list of clients across diverse industries with some relationships going beyond 20 years.

HGS has been able to offer its clients a blended business model, encompassing onshore, near shore and offshore delivery, resulting in new customers and business growth. As a result, Affina LLC continues to remain the leading contributor to revenue with a share of 38% of the total revenues.

Revenue distribution by Geo: FY 2010-11



Through Affina LLC, the Company is well placed to garner new business from the Healthcare Industry following recent regulatory reform. Further, there has been increasing interest in off-shoring to the Philippines and to India from North American clients.

The Company had identified the Philippines as a delivery centre due to its large English-speaking population, cultural affinity with the US, orientation towards service industry and regulatory support. The Philippines has proven to be a huge success for the Company and during the year, it was able to fully ramp up its second centre in Manila which has a capacity of 1,000 seats. The Company has also set up a third center in the Philippines, located in a Tier III city – Iloilo.

The acquisition of Careline Services Limited in the UK has proven accretive to the Company's profit for the year. Careline continues to make a steady contribution to overall revenues and is gradually improving its profitability. With Careline, the Company is strategically positioned to gain further business in the European market.

The Company will leverage its experience in the Indian market of operating in different languages across cultural preferences, its track record with North American customers and the global delivery model as key selling points as it seeks to penetrate the European market.

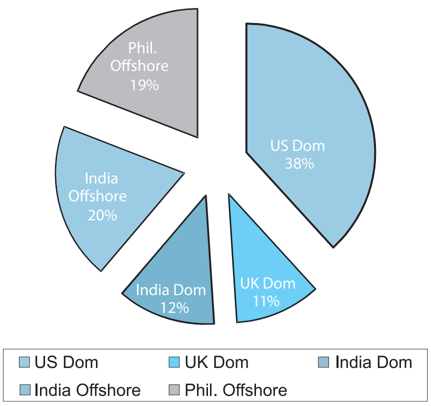
The Company has already made good strides as it has received a strong acceptance from Careline's existing client base. Some marquee clients have renewed their contracts and there is potential to scale it up further. The Company would focus on growing the UK business strongly and leverage it as a platform to expand into the rest of Europe.

Besides performing work off-shored from overseas market, the Company is also exploiting outsourcing opportunities from the India domestic market. Currently, the domestic telecom industry is a focus area where telecom operators have been facing heightened competition over the last couple of years. The declining ARPUs have led to enhanced negotiation for reduced pricing, mounting pressure on margins. This has resulted in slightly muted growth in the domestic market. However, with recent improvements in ARPUs and introduction of "3G" services, the prospects for the telecom outsourcing industry are set to improve. Further, there are prospects from other service industries like banking and finance, direct to home television, etc. for our services.

In the domestic market, the Company has taken steps to consolidate its position and generate employment opportunities even in Tier III cities, thus promoting sustained development.

Around 61% of the Company's consolidated revenues have natural currency hedges as the revenues and costs are in the same currency. The remaining 39% of revenues and related profits are exposed to USD-INR and USD-Philippine Peso exchange rate variations. The Company mitigates the foreign exchange rate variation by taking forward cover as appropriate.

Revenue exposure by currency: FY 2010-11



The Company takes pride in the high quality of its client base of approximately 106 clients, out of which many are Fortune 500 names, whilst the rest are also large enterprise clients. The Company continues to be successful in winning a high proportion of repeat business from existing clients, a barometer of client satisfaction with the Company's services. A large percentage of maturing contracts continue to be renewed, providing stability to your Company's financial performance.

During FY 2011, the Company successfully added 34 new clients, including about 26 clients added through Careline acquisition. The Company has 38 clients with annual billings in excess of USD 1 million. On the revenue front, the top 5 clients contribute about 44%, top 10 clients contribute about 62% and the top client contributes about 12% of the total revenues.

FY 2011 has been a significant year in the Company's evolution. We continue to make further inroads into the existing verticals that we serve by responding to the changing needs of our clients and making sustained improvements in our performance.

Delivery Centres:

At the start of the year, the Company had 25 centres across 5 countries. The Company added 7 centres during the year, of which 3 centres are in India, 3 are in the UK (through Careline acquisition) and 1 is in the Philippines.

In India, the Company inaugurated its second center at Durgapur in West Bengal, adding 220 seats. Durgapur has multiple advantages in terms of access to good talent, cost arbitrage and considerably lower levels of attrition. The Company has started setting up a third center in West Bengal at Siliguri with a capacity of about 500 seats. The benefits of transitioning business from Tier I to Tier III cities are starting to kick in as the low cost centers result in significant cost savings and are very attractive for the price sensitive Indian market.

In addition, Hinduja Outsourcing Solutions India Private Limited, a wholly owned subsidiary of the Company has acquired 43,000 sq. ft. at "Global Village" in Bangalore and set up a SEZ (Special Economic Zone) unit.

Of the 3 centers added through the acquisition in the UK, one centre is located in London while the other two centres are in Scotland. These centers collectively have a total capacity of 800 seats.

Going forward, the Company envisages continued investments in infrastructure and capacity building.

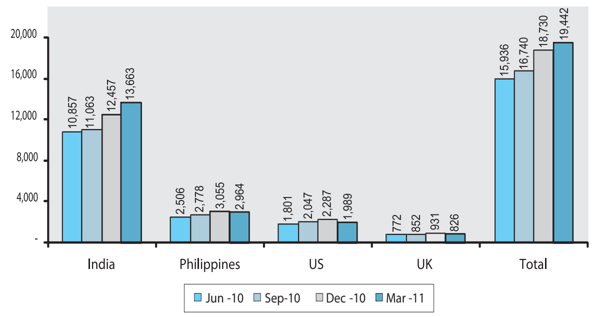
On the international front, work has commenced at the third delivery centre at Iloilo (a Tier III City) in the Philippines. The centre is spread across 25,000 sq. ft. with a capacity of 400 seats. In Europe, Careline is in the process of implementing a services rollout across four major cities in Europe to serve a major UK customer.

The Company has a strong financial position with healthy generation of internal accruals. It has the backing of a large, well established promoter group with diverse interests and enjoys good relations with several banks and financial institutions. It has adequate resources for the capacity expansion plans with recourse to multiple avenues for additional financing as required.

People:

During the year, the Company increased its headcount from 15,615 to 19,442 employees. The Company aggressively hired and upgraded its talent pool, with a special focus on senior management, both in India and overseas.

Headcount - By Geography



We believe that people are the most valuable assets of the Company as they contribute to the achievement of its business objectives. We ensure that our agents have ongoing client and industry-specific training that they need to be effective. We are committed to working strategically with our business vertical heads to realize the true potential of our human capital and provide opportunities for growth, innovation and enrichment. It is the Company's endeavour to develop a culture that enhances employee morale, facilitates effective performance through personal and professional development and challenges employee potential.

Our people policies have helped us create motivated associates across the organization and have brought about integration of people practices globally. The Company continues to blend the core HGS values namely customer focus, sustained growth, total quality, people centricity, integrity and fun in all actions and human resource practices. We are pleased to share that we continue to remain one of the top BPO employers in the country based on employee satisfaction. The Company is working towards creating a global HGS Family.

Swot Analysis:

Strengths:

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 Board of Directors 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 reach its current position.

Global Delivery Model: With presence across six countries, the Company efficiently services various geographies. Customers get an option to choose from onshore and offshore centres for delivery.

Diversified Areas of Operation: The Company's income is diversified across a range of geographies and industries and the Company is not overly reliant on a small number of customers. The Company earns revenues from the US, the UK and India markets and services the Healthcare, BFS, Telecom and Technology, Insurance, Consumer Electronics, Chemicals and Biotech verticals. This ensures that the overall business is not affected by adverse trends in any vertical.

Experienced Management Team: The experienced management team is a key competitive advantage. The management team has a track record of managing high growth businesses, possesses domain knowledge in the industries the Company serves and has relevant experience in the geographies in which it operates.

Established Relationships with Large Global Companies: The Company works with several "Fortune 500" companies. Many of these relationships have strengthened over time as the Company obtains ongoing work from these clients and gains a greater share of their processing expenditure.

Weaknesses:

Business Mix: The Company has a high proportion of its revenue in voice based customer relationship management services. It is now shifting the focus to increase revenue from non-voice based services. Hence, the strategic plan of the Company calls for significant additional investments to achieve growth in non-voice based services. The Company recognizes the need to add new business processes and is exploring avenues to do so.

Susceptibility to Currency Fluctuation: The Company caters to multiple clients across various countries. It also deals in multiple currencies across its global operations. To the extent that it incurs costs in the same currency as revenue, as is the case with domestic delivery to clients in the US and in India, there is a natural hedge. However, for the offshore delivery of the US business from India and the Philippines, the Company is exposed to fluctuations of foreign currency on its international income. The Company hedges the related currency risk, using basic financial products, to reduce its exposure to these fluctuations.

High rate of Attrition: The Company is in a people intensive business. The nature of the industry as well as the scale of business requires a large workforce. Due to a constantly evolving environment as well as the requirements of competition, it is faced with a high rate of attrition within its employee base. The Company has undertaken steps to manage these challenges and ensure business continuity. Further, the Company has been able to keep attrition amongst its senior and middle management to a minimum.

Opportunities:

Develop New Client Relationships: In addition to expanding existing client relationships, the Company seeks to develop new long-term marquee client relationships across the verticals. The Company is particularly focused on building new relationships with industry leaders where potential opportunity is large and the Company can create a meaningful impact on customer businesses through its differentiated service offerings.

Expand Into New Markets: Historically, the outsourcing market in India has been export focused with a high proportion of revenues coming from the USA. The Company has been one of the pioneers to also focus on the India domestic market. Further, the Company has enhanced its presence in the European market during the year. Going forward, the Company sees exciting opportunities in markets of Latin and Central America, China and the Middle East.

Expand Global Delivery Capabilities: The Company believes that a multi-shore global delivery platform is critical for offering a long term viable business proposition to the clients. The Company has been an early mover in building significant onshore and near shore delivery capabilities in US and UK and continues to expand in these countries. The Company has also expanded its offshore delivery footprint to the Philippines and to several Tier III cities in India.

Inorganic Opportunities: The Company has a history of successful acquisitions. It is open to acquisitions that provide it with entry into new markets, add new clients or provide new process offerings. The Company has stringent criteria in place to evaluate acquisition opportunities. Further, it has put in place a dedicated M&A team to enhance its scope and pace of inorganic growth.

Threats:

Competition from other Countries: Several other countries with low cost labor are proving to be tough competition. These countries have recognized the attractiveness of the BPO industry and the benefits offered by it to their domestic economies and are undertaking several initiatives to increase their competitiveness and represent themselves as favorable alternatives for prospective customers.

Regulatory and Political Risks: Protectionist measures adopted by developed countries like introduction of tariff or non-tariff barriers to outsourcing or the BPO industry to spur growth in their economies may seriously affect the industry.

Seasonal Fluctuations: Diversified business across various geographies and across different industries may still be affected in off season periods.

Business Outlook:

According to NASSCOM, suitably exploiting opportunities, both in the global and domestic markets, can help India reach USD 130 billion in IT-BPO revenues by FY 2015, a CAGR of 14%. By FY 2015, the Indian IT-BPO industry is expected to contribute about 7% of the annual GDP and create about 14.3 million employment opportunities.

Going forward, worldwide IT-BPO spending will benefit from the accelerated recovery in emerging markets which will generate a greater proportion of new spending. While the focus on cost control and efficiency will remain, customers are also evaluating how investments can achieve their business objectives, leading to an increase in project-based spending.

BPO spending is expected to be driven by analytical services, F&A and industry-specific BPO solutions. The industry is likely to go through a paradigm shift as growth will be driven by new markets, customers requiring different value propositions, increase in scale and complexity of the service offerings and the inclusion of a mix of employees with different skill sets.

By 2020, new segments, new verticals and new geographies will account for a large proportion of growth in the addressable market. India supply base is well placed to tap this potential, with their two decade long experience, mature service capabilities, presence in almost all verticals, global footprint and an abundant talent pool.

Further, the India supply base has also begun to look for expansion across various non-metros, with a view to control costs and have access to a larger talent pool. This expansion has resulted in development of smaller towns and cities, local talent pools and physical and social infrastructure. The government is also expected to be a key driver for increased adoption of IT-based products and solutions both through generating demand as well as providing the necessary regulatory support.

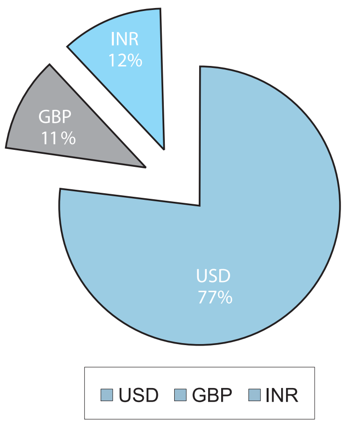
Financial Overview:

Sr. No.	Particulars (Rs. Million)	2010	2011
1.	Net Sales	8,923.42	10,732.38
2.	Total Expenditure	7,863.46	9,720.71
3.	EBIDTA	1,544.90	1,553.36
	EBIDTA Margin (%)	17.3	14.5
4.	PBIT	1,159.20	1,101.20
	PBIT Margin (%)	13.0	10.3
5.	PAT	1,301.10	1,073.21
	PAT Margin (%)	14.6	10.0
6.	Basic EPS (Rs.)	63.35	52.12

The offshore business, which is delivered through centres in India and Philippines, has grown strongly. During FY 2011, customers from United States, United Kingdom and India accounted for 77%, 11% and 12% of the total revenues respectively.

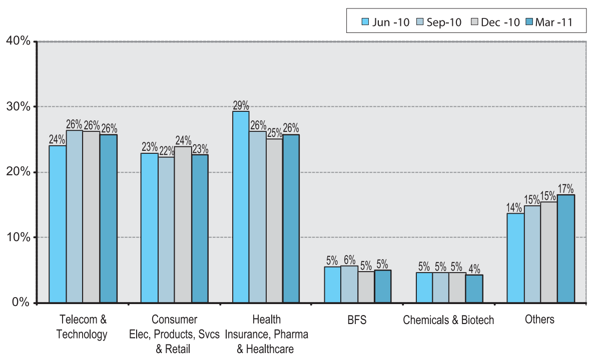
The additional centres in India and the Philippines help increase volumes and revenue. North America has exhibited robust growth on the back of the holiday season in the third quarter. There has been a sustained contribution from all of the other major geographies as well.

Revenue by Billing Currency : FY 2010-11



Revenue contribution from the top 3 verticals - 'Telecom and Technology', 'Health Insurance' and 'Consumer Electronics' has demonstrated a balanced performance. Revenues from other verticals have also shown healthy growth rates. There was moderate growth in the Healthcare Provider side of the business in FY 2011 with higher new business volumes. The five delivery centres of Affina have started operating at optimum capacity and the Healthcare reform in US is expected to add to the growth in our Healthcare revenue.

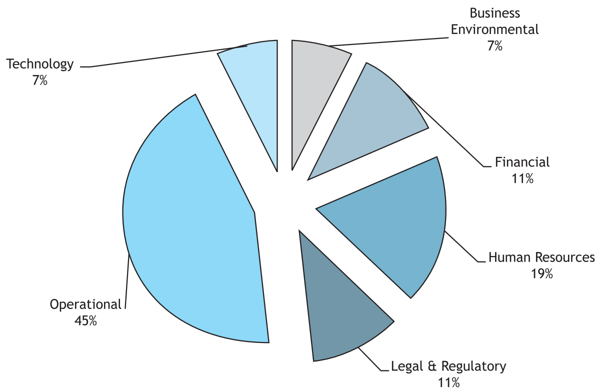
Verticle-wise Revenue



RISK MANAGEMENT:

HGS regularly evaluates and manages its business risks. The internal evaluation of the enterprise risks as on March 31, 2011 had the following mix:

Risk Area Wise



The BPO Industry is subject to stringent customer requirements on information and data security, impact of rapid technological changes, financial exposures due to frequent exchange fluctuations and ever increasing regulatory compliance requirements. These factors require an extremely robust risk management practice to be adopted by global BPO service providers. The Board of Directors periodically reviews the risk assessment and mitigation procedures.

Risk Management Model:

The Company has implemented a comprehensive Risk Management framework in order to anticipate, identify, measure, mitigate, monitor and report the risks to meet the strategic business objectives.

- *Risk Identification:* Risk identification exercise is done on a periodic basis to identify significant risks.
- *Risk Assessment:* The systemic risk assessment is done on the basis of the likelihood of occurrence and the significance of impact of each risk parameter. All the risks are categorized as extreme, high, moderate or low risk in order to prioritize the response and the monitoring.
- *Risk Treatment:* The management defines the risk appetite and risk tolerance levels in order to decide on the appropriate response as approved by the Board. The overall response strategy is based on avoidance, acceptance, transfer, mitigation or a combination thereof.
- *Monitoring and Reporting:* Ongoing monitoring, reporting of the results of the assessment as well as the changes in the risk profiles is done and reviewed on periodic basis.

Risk Management Framework:

At HGS, 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 organization 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 suboptimal utilization of key organization 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 either external or internal factors including threat to physical security and information security.
- *Compliance:* Relates to inadequate compliance with existing or new regulations, inappropriate conduct of contractual obligations and inadequate safeguard of intellectual property leading to litigation or loss of reputation.

Internal Controls:

The Company and its management have ensured that adequate systems for internal control commensurate with the Company's size are in place. A robust internal audit function periodically performs audits of various processes and activities at various centers. These ensure that its assets and interests are carefully protected and proper checks and balances are in place. Well documented processes have been implemented throughout the organization to ensure that policies are promoted and adhered to. There is a clear demarcation of roles and responsibilities at various levels of operations. The Internal Control system aims to make sure that the business operations function efficiently. Applicable laws, rules, regulations and policies of the Company are followed and financial reporting is accurate and reliable. The Finance Department implements and monitors the internal control environment.

Cautionary Statement

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

Annexure 'F' to the Directors' Report

ESOP Disclosure

HTMT Global Employees Stock Option Plan 2008, now known as Hinduja Global Employees Stock Option Plan 2008

Your Company has implemented the HTMT Global Employees Stock Option Plan 2008, now known as Hinduja Global Employee Stock Option plan 2008 ("ESOP 2008") during 2009-2010 in terms of approval accorded by the members of the Company at their Meeting held on September 27, 2008.

The Compensation Committee have granted on July 31, 2009; 2,05,380 options at the exercise price of Rs. 400.10 per share giving the optionee the rights to be allotted one fully paid up share of the Company upon exercise, post vesting.

1. Vesting Period;
   - 1/6th of the options granted will vest on the first anniversary of the grant date.
   - 1/3rd of the options will vest on the second anniversary of the grant date.
   - 1/2 of the options granted will vest on the third anniversary of the grant date.
2. Time Limit of Exercise of option. The optionee may exercise his/her vested options, in part or in whole at any moment after the earliest applicable vesting date and prior to the completion of the 48th month from the grant date.

   As required under Clause 12 of the SEBI (ESOP) Guidelines, 1999, your Directors disclose the following details of the above Scheme as at March 31, 2011.

	Subject	Details
	Particulars	HTMT Global Employees Stock Option Plan 2008, now known as Hinduja Global Employees Stock Option Plan 2008.
(a)	i) Total Options granted ii) Options granted during the year	On July 31,2009; 2,05,380 Nil
(b)	The pricing formula	Latest available closing price prior to the date of the meeting of the Compensation Committee, in which options are granted, on the Stock Exchange where there is higher trading volume on the said date.
(c)	Options vested	34,230
(d)	Options exercised	Nil
(e)	The total number of shares arising as a result of exercise of option	Nil
(f)	Options lapsed	33,160
(g)	Variation of terms of options	Nil
(h)	Money realised by exercise of options	Nil
(i)	Total number of options in force	1,72,220
(j)	Employee-wise details of options granted during the year to:	
	(i) Senior Managerial personnel	None
	(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
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	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.	Rs. 36.50

	Subject	Details
(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 2010-11 is nil. If the cost based compensation cost was calculated as per fair value method prescribed by SEBI, the total cost to be recognized in the financial statement for the year 2010-11 would be higher by Rs. 1.94 crore 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. 0.94.
(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 price of the stock.	1) Weighted average exercise price: Rs. 400.10 per share 2) Weighted average Fair value of options for grant date 31/07/2009 was Rs. 178.04 per share
(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:	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:

	Particulars	Value
i.	Risk free interest rate	5.72%
ii.	Expected life	3.17
iii.	Expected volatility	75.86%
iv.	Expected dividends, and	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: May 12, 2011

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 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 not dealt with in the Company's Accounts for previous financial years since it became Company's Subsidiary	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 4,100,355	–	–	–
Hinduja Outsourcing Solutions India Private Limited	Hinduja Global Solutions Limited	100%	INR 10	950,000	INR (12,142,526)	–	–	–
Hinduja Global Solutions Inc.	Pacific Horizon Limited	100%	USD 0.01	1,000	USD (34,92,515)	–	-	–
C-Cubed (Antilles) N.V.	Pacific Horizon Limited	100%	USD 1	6,000	USD (26,971)	–	–	–
C-Cubed B.V.	C-Cubed (Antilles) N.V.	100%	Euro 100	227	Euro (41,101)	–	–	–
Customer Contact Centre Inc.	C-Cubed B.V.	100%	PhP 10	10,000,000	PHP (3,241,443)	–	–	–
Hinduja TMT France	Hinduja Global Solutions Inc.	51%	Euro 10	408	Euro (5,020)	–	–	–
HTMT Europe Limited	Pacific Horizon Limited	100%	GBP 1	961,378	GBP 124,756	–	–	–
Careline Services Limited	HTMT Europe Limited	100%	GBP 0.01	1,452,800	GBP 820,810	–	–	–
Affina LLC	Hinduja Global Solutions Inc.	100%	USD 1	5,300,000	USD 5,567,223	–	–	–
RMT LLC	Affina LLC	100%	USD 1	1,000	USD Nil	–	–	–
Affina Company	RMT LLC	100%	USD 1	206	USD (10,353)	–	–	–

Notes:

1. The financial year of all the subsidiaries ended on 31st March 2011.
2. Information on Subsidiaries is provided in compliance with the Circular no.2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs, Government of India. We undertake to make available the audited annual accounts and related information of subsidiaries, where applicable, upon request by any of our shareholders. The annual accounts will also be available for inspection during business hours at our registered office Mumbai, India.

For and on behalf of the Board

Partha De Sarkar Chief Executive Officer and Manager	Ramkrishan P. Hinduja Chairman	R. Mohan Director	Kanti Mohan Rustagi EVP Legal & Company Secretary

Place : Mumbai
Date : May 12, 2011

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, 2011, and the related Profit and Loss Account and the 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, 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 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, 2011;

      (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 : May 12, 2011

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, 2011)

(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) The Company is primarily engaged in the business of Information Technology/ Information Technology Enabled Services and accordingly, it does not hold any inventories. Thus, paragraph 4 (ii) of the Order is not applicable.

(iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, clauses (iii)(b) to (iii)(d) of the paragraph 4 of the Order are not applicable to the Company during the current year.

(b) 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. Accordingly, clauses (iii)(f) and (iii)(g) of the paragraph 4 of the Order are not applicable to the Company during the current year.

(iv) 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, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

(v) (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 because, as explained to us by the Management, these transactions are of a specialised and exclusive nature.

(vi) 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.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.

(viii) 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.

(ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, 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 sales tax, wealth tax, service tax, customs duty, excise duty and cess as at March 31, 2011 which have not been deposited on account of a dispute. The particulars of dues of income tax as at March 31, 2011 which have not been deposited on account of a dispute is as follows:

Name of the Statute	Nature of dues	Amount (Rs. In Lacs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax liability including interest and penalty, where applicable	1,336.31	Assessment Year 2007-2008	Commissioner of Income Tax (Appeals)

Also, refer footnote 2 of Note 1(b) on Schedule S.

Annexure to the Auditors' Report

(x) The Company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

(xi) 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.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.

(xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

(xv) 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.

(xvi) 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.

(xvii) 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.

(xviii) 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.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) 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.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

Partha Ghosh
Partner
Membership Number: F-55913

Place : Mumbai
Date : May 12, 2011

Balance Sheet
as at 31st March, 2011

(Rs. in Lacs)

	Schedule		As at 31.03.2011		As at 31.03.2010
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	2,058.92		2,058.92	
Reserves and Surplus	B	62,059.83	64,118.75	59,310.72	61,369.64
Loan Funds					
Secured Loans	C	1,095.00		5,140.60	
Unsecured Loans	D	5,025.73	6,120.73	—	5,140.60
Deferred Tax Liability (Net) (Refer Note 7(b) in Schedule R and Note 3 in Schedule S)			835.62		1,004.13
TOTAL			71,075.10		67,514.37
APPLICATION OF FUNDS					
Fixed Assets	E				
Gross Block		34,143.26		31,415.04	
Less: Depreciation/ Amortisation/ Impairment		15,187.24		11,916.33	
Net Block			18,956.02		19,498.71
Capital Work-in-Progress			54.39		74.27
			19,010.41		19,572.98
Investments	F		39,101.77		39,006.26
Current Assets, Loans and Advances					
Sundry Debtors	G	13,069.38		13,050.08	
Cash and Bank Balances	H	2,339.50		1,510.05	
Other Current Assets	I	58.85		43.82	
Loans and Advances	J	10,871.68		6,791.88	
		26,339.41		21,395.83	
Less: Current Liabilities and Provisions					
Current Liabilities	K	7,337.56		6,552.47	
Provisions	L	6,038.93		5,908.23	
		13,376.49		12,460.70	
Net Current Assets			12,962.92		8,935.13
TOTAL			71,075.10		67,514.37
Significant Accounting Policies	R				
Notes to Accounts	S				

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

Place : Mumbai
Date : May 12, 2011

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal and Company Secretary

Place : Mumbai
Date : May 12, 2011

Profit and Loss Account
for the year ended 31st March, 2011

	Schedule	Year ended 31.03.2011	(Rs. in Lacs) Year ended 31.03.2010
INCOME			
Operating Income	M	54,487.97	48,681.35
Other Income	N	802.93	270.98
TOTAL		55,290.90	48,952.33
EXPENDITURE			
Employee Costs	O	32,477.88	25,670.75
Operating and Other Expenses	P	9,606.97	9,560.88
Interest	Q	558.76	764.75
Depreciation/ Amortisation	E	3,804.49	3,360.38
TOTAL		46,448.10	39,356.76
Profit Before Exceptional Items and Taxation		8,842.80	9,595.57
Less: Exceptional Item - Income (Refer Note 13 in Schedule S)		—	(576.05)
Profit Before Taxation		8,842.80	10,171.62
Tax Expense			
— Current Tax (Refer Note 16 in Schedule S)		1,452.61	1,763.91
— MAT Credit Utilised/ (Availed) [net of credit availed pertaining to earlier years Rs. 681.78 Lacs (Previous Year - Rs. Nil)]		39.64	(1,064.34)
— Deferred Tax (Refer Note 7(b) in Schedule R and Note 3 in Schedule S)		(168.51)	(42.27)
Profit After Taxation		7,519.06	9,514.32
Add : Balance Brought Forward from Previous Year		9,098.30	5,353.09
PROFIT AVAILABLE FOR APPROPRIATIONS		16,617.36	14,867.41
APPROPRIATIONS			
Dividend			
— Final (Proposed)		4,117.84	4,117.84
— Dividend Tax (Net)		652.11	699.83
— Transfer to General Reserve		751.91	951.44
Surplus carried to Balance Sheet		11,095.50	9,098.30
Earnings per share			
— Basic (Rupees)		36.52	46.32
— Diluted (Rupees)		36.50	46.16
(Face Value of Equity Share - Rs.10)			
(Refer Note 2 in Schedule S)			
Significant Accounting Policies	R		
Notes to Accounts	S		

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

Place : Mumbai
Date : May 12, 2011

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal and Company Secretary

Place : Mumbai
Date : May 12, 2011

Cash Flow Statement

for the year ended 31st March, 2011

(Rs. in Lacs)

			Year Ended 31.03.2011	Year Ended 31.03.2010
A	**Cash Flow from Operating Activities :**			
	Profit before tax and exceptional items		8,842.80	9,595.57
	Adjustments for :			
	Depreciation/ Amortisation		3,804.49	3,360.38
	Provisions for Doubtful Debts/ Advances		20.04	112.70
	Liabilities/ Provisions no longer payable written-back		(211.16)	(115.47)
	Loss on Sale of Assets		4.02	29.25
	Fixed Assets Written Off		—	77.43
	Interest Income		(47.90)	(124.80)
	Dividend from Current Investment		(0.46)	(0.69)
	Interest Expense		558.76	764.75
	Unrealised Foreign Exchange Loss (Net)		109.60	224.49
	Provision for Gratuity and Leave Encashment		162.51	118.76
	Operating Profit before working capital changes		13,242.70	14,042.37
	Adjustments for :			
	Trade Receivables		(120.46)	(2,377.88)
	Loans and Advances		(4,031.96)	(482.03)
	Trade Payables		1,021.99	(299.90)
			(3,130.43)	(3,159.81)
	Operating Profit after working capital changes		10,112.27	10,882.56
	Direct Taxes Paid		(1,568.65)	(641.30)
	Net Cash from/ (used in) Operating Activities	(A)	8,543.62	10,241.26
B	**Cash Flow from Investing Activities :**			
	Purchase of Fixed Assets		(3,529.45)	(3,356.70)
	Sale of Fixed Assets		283.51	65.78
	Investment in a subsidiary		(95.00)	—
	Investments Made - Others		(10.49)	(0.69)
	Investments Sold - Others		9.98	—
	Interest Income		32.86	355.90
	Dividend from Current Investment		0.46	0.69
	Net Cash from/ (used in) Investing Activities	(B)	(3,308.13)	(2,935.02)

Cash Flow Statement
for the year ended 31st March, 2011

(Rs. in Lacs)

		Year Ended 31.03.2011	Year Ended 31.03.2010
C Cash Flow from Financing Activities :			
Proceeds from issue of Share Capital		—	186.39
Proceeds/(Repayment) from/of Secured Loans		(4,045.60)	(3,561.54)
Proceeds/(Repayment) from/of Unsecured Loans		5,000.00	—
Dividend Paid and tax thereon		(4,796.82)	(3,600.67)
Interest Expense		(563.62)	(766.06)
Net Cash from/ (used in) Financing Activities	(C)	(4,406.04)	(7,741.88)
Net Increase/ (Decrease) in Cash and Cash Equivalents	(A+B+C)	829.45	(435.64)
Cash and Cash Equivalents as at the beginning of the year		1,510.05	1,945.69
Cash and Cash Equivalents as at the end of the year		2,339.50	1,510.05
		As at 31.03.2011	As at 31.03.2010
Cash and Cash Equivalents comprise :			
Cash on Hand		2.04	1.71
Bank Balances with Scheduled Banks		175.61	469.46
Bank Balances with Scheduled Banks - Unclaimed Dividend		13.81	8.87
Bank Balances with Non-Scheduled Banks		2,148.04	1,030.01
		2,339.50	1,510.05

Notes :

1. The above cash flow statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement.
2. Previous Year's figures have been regrouped/ rearranged, wherever necessary, to conform to the current year's classification.

This is the Cash Flow Statement referred to 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 : May 12, 2011

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal and Company Secretary

Place : Mumbai
Date : May 12, 2011

Schedules

forming part of the Balance Sheet as at 31st March, 2011

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
SCHEDULE 'A'				
Share Capital				
Authorised:				
25,000,000 (Previous Year - 25,000,000)				
Equity Shares of Rs. 10 each		2,500.00		2,500.00
		2,500.00		2,500.00
Issued, Subscribed and Paid-up				
20,589,223 (Previous Year - 20,589,223)				
Equity Shares of Rs. 10 each, fully paid-up		2,058.92		2,058.92
		2,058.92		2,058.92
Note:				
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.				
SCHEDULE 'B'				
Reserves and Surplus				
Securities Premium				
As per last Balance Sheet	181.27		–	
Add: Additions during the year	–		181.27	
		181.27		181.27
General Reserve				
As per last Balance Sheet	50,031.15		49,079.71	
Add: Transfer from Profit and Loss Account	751.91		951.44	
		50,783.06		50,031.15
Profit and Loss Account		11,095.50		9,098.30
		62,059.83		59,310.72
SCHEDULE 'C'				
Secured Loans				
Term Loan from a Bank		900.00		3,714.58
(Secured by a pari passu first charge on the fixed assets of the Company) [Repayable within a year Rs. 900 Lacs (Previous Year - Rs. 1,920 Lacs)]				
Cash Credit		195.00		1,426.02
(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)				
[Repayable within a year Rs. 195 Lacs (Previous Year - Rs. 1,426.02 Lacs)]				
		1,095.00		5,140.60
SCHEDULE 'D'				
Unsecured Loans				
Term Loan from a Bank		5,025.73		
[Repayable within a year Rs. 5,025.73 Lacs (Previous Year - Rs. Nil)]				
[Includes interest accrued and due Rs. 25.73 Lacs (Previous Year - Rs. Nil)]				
		5,025.73		–

SCHEDULE 'E'

FIXED ASSETS

(Refer Notes 2 and 9 in Schedule R)

(Rs. in Lacs)

	GROSS BLOCK				DEPRECIATION/ AMORTISATION/ IMPAIRMENT				NET BLOCK	
DESCRIPTION	As at 01.04.2010	Additions during the Year	Deductions	As at 31.03.2011	Upto 31.03.2010	For the Year	On Deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Intangible Assets										
Computer Software	1,386.27	339.37	89.65	1,635.99	577.30	258.29	27.16	808.43	827.56	808.97
Commercial Rights	105.45	—	105.45	—	105.45	—	105.45	—	—	—
Tangible Assets										
Land (Refer note below)	100.97	—	—	100.97	—	—	—	—	100.97	100.97
Leasehold Land	232.97	—	—	232.97	4.66	2.35	—	7.01	225.96	228.31
Building	2,775.78	—	—	2,775.78	71.90	45.25	—	117.15	2,658.63	2,703.88
Leasehold Building	2,343.02	—	—	2,343.02	93.05	39.39	—	132.44	2,210.58	2,249.97
Leasehold Improvements	8,077.65	1,190.94	—	9,268.59	3,156.42	1,282.67	—	4,439.09	4,829.50	4,921.23
Office Equipments	2,652.29	123.54	24.27	2,751.56	489.87	133.34	5.01	618.20	2,133.36	2,162.42
Computers	10,652.67	1,340.85	539.26	11,454.26	6,411.49	1,820.50	364.79	7,867.20	3,587.06	4,241.18
Furniture and Fixtures	2,976.91	494.77	22.83	3,448.85	984.04	200.18	11.40	1,172.82	2,276.03	1,992.87
Vehicles	111.06	59.86	39.65	131.27	22.15	22.52	19.77	24.90	106.37	88.91
Total	31,415.04	3,549.33	821.11	34,143.26	11,916.33	3,804.49	533.58	15,187.24	18,956.02	19,498.71
Previous Year	29,303.49	3,499.43	1,387.88	31,415.04	9,771.36	3,360.38	1,215.41	11,916.33		
Capital Work-in-Progress [includes Capital Advances Rs. 54.39 Lacs (Previous Year - Rs. 8.31 Lacs)]									54.39	74.27
									19,010.41	19,572.98

Note: The Company has executed an agreement in respect of an undivided share in land at Chennai aggregating Rs. 100.97 Lacs, which is pending registration.

Schedules

forming part of the Balance Sheet as at 31st March, 2011

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 'F'		
Investments - (At cost)	39,101.77	39,006.26
(As per Annexure - A)		
	39,101.77	39,006.26
SCHEDULE 'G'		
Sundry Debtors (Unsecured)		
Debts Outstanding for a period exceeding Six Months		
— Considered Good	19.02	40.77
— Considered Doubtful	280.49	228.72
	299.51	269.49
Other Debts		
— Considered Good [includes income accrued Rs. 3,911.13 Lacs (Previous Year - Rs. 3,407.59 Lacs)]	13,050.36	13,009.31
— Considered Doubtful	—	115.79
	13,050.36	13,125.10
Less: Provision for Doubtful Debts	280.49	344.51
	13,069.38	13,050.08
[Includes due from subsidiaries - Rs. 9,330.52 Lacs (Previous Year - Rs. 8,460.96 Lacs)]		
SCHEDULE 'H'		
Cash and Bank Balance		
Cash on Hand	2.04	1.71
Bank Balances with Scheduled Banks in :		
— Current Accounts	113.50	300.26
— Margin Money Accounts #	44.90	44.90
— EEFC (Exchange Earners' Foreign Currency Account) [USD 38,742 (Previous Year - USD 277,257)]	17.21	124.30
— Unclaimed Dividend	13.81	8.87
Bank Balances with Non-Scheduled Banks in : (Refer Note 6 in Schedule S)		
— Current Accounts	813.32	305.23
— Deposit Accounts	1,334.72	724.78
# Under Lien with Banks towards Guarantees issued by them on behalf of the Company.		
	2,339.50	1,510.05
SCHEDULE 'I'		
Other Current Assets		
Interest Accrued on Inter-Corporate Deposits and Others	58.85	43.82
	58.85	43.82

Schedules

forming part of the Balance Sheet as at 31st March, 2011

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
SCHEDULE 'J'				
Loans and Advances				
(Unsecured and Considered Good unless otherwise stated)				
Advances Recoverable in Cash or in Kind or for value to be Received				
(Refer footnote 2 of Note 1(b) in Schedule S)				
— Considered Good	5,138.24		2,781.07	
— Considered Doubtful	71.66		51.62	
	5,209.90		2,832.69	
Less: Provision for Doubtful Advances	71.66		51.62	
		5,138.24		2,781.07
[Includes due from subsidiaries Rs. 387.90 Lacs (Previous Year - Rs. 287.60 Lacs)]				
[Includes due from Officer of the Company Rs. 0.52 Lac (Previous Year - Rs. 10.00 Lacs), Maximum outstanding during the year Rs.10.00 Lacs (Previous Year - Rs.10.00 Lacs)]				
Share Application Money to a subsidiary, pending allotment		857.07		—
Security Deposits		1,394.40		1,237.03
Advance Tax and Tax Deducted at Source [Net of Provision for Tax Rs. 4,580.95 Lacs (Previous Year - Rs. 3,360.66 Lacs)] (Refer footnote 4 of Note 1(b) in Schedule S)		1,060.57		944.53
MAT Credit Entitlement		1,686.09		1,725.73
Fringe Benefit Tax [Net of Provision for Tax Rs. 60.26 Lacs (Previous Year - Rs. 60.26 Lacs)]		21.16		21.16
Balance with Excise and Custom Authorities (Refer footnote 1 of Note 1(b) in Schedule S)		714.15		82.36
		10,871.68		6,791.88
SCHEDULE 'K'				
Current Liabilities				
Sundry Creditors				
— Dues to micro and small enterprises (Refer Note 12 in Schedule S)	—		—	
— Dues to Creditors other than Micro and Small Enterprises	4,289.67	4,289.67	3,572.82	3,572.82
Interest Accrued But Not Due		—		30.59
Due to Subsidiaries		2,321.75		2,277.72
Unclaimed Dividend *		13.81		8.87
Other Liabilities		712.33		662.47
* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.				
		7,337.56		6,552.47
SCHEDULE 'L'				
Provisions				
Leave Encashment		415.44		378.28
Pension/ Gratuity (Refer Note 14 in Schedule S)		837.63		712.28
Dividend (Proposed)		4,117.84		4,117.84
Dividend Tax		668.02		699.83
		6,038.93		5,908.23

Schedules

forming part of the Profit and Loss Account for the year ended 31st March, 2011

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 'M'		
Operating Income		
I.T. and I.T. Enabled Services		
— Overseas	41,475.27	35,282.78
— Domestic	13,012.70	13,398.57
[Tax Deducted at Source Rs.1,436.90 Lacs (Previous Year - Rs. 1,403.86 Lacs)]		
	54,487.97	48,681.35
SCHEDULE 'N'		
Other Income		
Interest		
— On Loan to Subsidiaries	—	20.29
— On Others [Tax Deducted at Source Rs. 0.87 Lac (Previous Year - Rs. 4.93 Lacs)]	47.90	104.51
Dividend from Current Investment	0.46	0.69
Foreign Exchange Gain (Net)	525.76	—
Liabilities/ Provisions no longer payable written-back	211.16	115.47
Miscellaneous Income	17.65	30.02
	802.93	270.98
SCHEDULE 'O'		
Employee Costs		
Salary and Other Benefits	30,272.98	23,878.02
Contribution to Employees' Provident and Other Funds	1,753.88	1,469.09
Staff Welfare	451.02	323.64
	32,477.88	25,670.75

Schedules

forming part of the Profit and Loss Account for the year ended 31st March, 2011

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 'P'		
Operating And Other Expenses		
Power and Fuel	1,688.84	1,362.44
Rent	1,722.56	1,498.56
Repairs and Maintenance - Others	1,321.76	1,101.35
Insurance	169.62	99.49
Rates and Taxes	214.27	78.47
Directors' Sitting Fees	7.05	7.55
Auditors' Remuneration		
— as Auditors	74.39	65.50
— in other capacity, in respect of		
— other matters	1.00	1.55
— Out-of-Pocket Expenses	0.98	0.82
Connectivity Cost	695.61	915.95
Advertisement and Business Promotion	133.05	100.67
Communication	353.99	268.73
Travelling, Conveyance and Car Hire Charges	967.32	820.99
Legal and Professional	811.79	766.62
Training and Recruitment	588.88	580.03
Commission	—	178.24
Donation	76.24	113.09
Software Expenses	21.61	36.79
Provisions for Doubtful Debts/ Advances	20.04	112.70
Fixed Assets Written Off	—	77.43
Loss on Sale of Assets (Net)	4.02	29.25
Foreign Exchange Loss (Net)	—	776.45
Miscellaneous Expenses	733.95	568.21
	9,606.97	9,560.88
SCHEDULE 'Q'		
Interest		
Interest on:		
— Term Loan from Banks	428.43	643.69
— Cash Credit and Other Facilities	130.33	121.06
	558.76	764.75

Schedules forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year then ended

SCHEDULE 'R'

Significant Accounting Policies

1. Accounting Convention

These financial statements have been prepared under historical cost convention from the books of accounts maintained on an accrual basis in conformity with accounting principles generally accepted in India and comply with the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 ('the Act') and the relevant provisions 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

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 cases where services are rendered to customers during the year but invoices are yet to be raised at the year end, revenue is accrued and classified under 'Sundry Debtors' – Schedule G.

   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 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

(i) Defined Contribution Plan

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

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

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

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

There are contributory plans at certain overseas branches of the Company and contributions are made as per their policies/ local regulations.

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

(ii) Defined Benefit Plan

The Company 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 pension benefit plan at certain foreign branches. The said plan is funded for ceratin employees through payment in trustee administered funds as determined by periodic actuarial calculation.

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.

(iii) 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.

Schedules forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year then ended

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 is recognised, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that orginate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Asset is not recognised unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available, against which, deferred tax asset can be realised.

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 of 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 31st March, 2011 and the Profit and Loss Account for the year then ended

SCHEDULE 'S'

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. 216.38 Lacs (Previous Year - Rs. 193.05 Lacs).

b) Contingent liabilities in respect of:

(Rs. in Lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
(i) Service Tax demand raised by authorities against which appeal has been filed by the Company (Refer Note 1 below)	633.08	359.02
(ii) Other claims against the Company not acknowledged as debts (to the extent ascertainable)	80.24	4.79
(iii) Income Tax demand raised by authorities against which appeal has been filed by the Company	1,336.31	—
(iv) Other matters (Refer Note 2 below)	15,390.48	14,042.81

Notes:

1. The Company has deposited an amount of Rs. 633.08 Lacs (Previous year - Rs. Nil) with the service tax authorities, which is included in "Balance with Excise and Custom Authorities – Schedule J".

2. Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating Rs. 15,390.48 Lacs (Previous Year - Rs. 14,042.81 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. 3,150 Lacs (Previous Year - Rs. 1,350 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. In view of Management and based on the legal advice obtained, the Company has fairly a strong case for a favourable decision.

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

4. 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 (Previous Year - 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 the services were provided by the Company. Further, certificates of tax deducted at source aggregating Rs. 1,606.53 Lacs (Previous year - Rs. 1,423.31 Lacs) are in process of being collected from the customers.

c) Guarantees/ Bonds outstanding as at March 31, 2011 are as follows:

- Guarantees given by banks on behalf of the Company - Rs. 241.77 Lacs (Previous Year - Rs. 216.75 Lacs)
- Indemnity Bond given by Company to Deputy Commissioner and Assistant Commissioner of Customs and Assistant Commissioner of Central Excise towards obtaining 100% EOU status for its locational offices - Rs. 4,330.55 Lacs (Previous Year - Rs. 4,617.36 Lacs)
- Corporate Guarantees given in favour of:
- Ryder System, Inc., to guarantee the payment and performance of Hinduja Global Solutions Inc., a subsidiary company, under the Outsourcing Master Services Agreement entered between the two.
- Zurich Services Corporation, Schaumburg to secure the performance of Hinduja Global Solutions Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Hinduja Global Solutions Inc. has contracted to perform certain services.

Schedules forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year then ended

- California Physicians' Service dba Blue Shield of California to secure the performance of Hinduja Global Solutions Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Hinduja Global Solutions Inc. has contracted to perform certain services.
- Irrevocable Letter of Credit aggregating USD 2,000,000 (Previous Year - USD 2,000,000) [equivalent Rs. 888.00 Lacs (Previous Year – Rs. 899.50 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)

	2010-2011	2009-2010
Profit After Tax (Rs. in Lacs)	7,519.06	9,514.32
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,589,223	20,538,985
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic Earning Per Share as per A	20,589,223	20,538,985
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	13,614	72,616
No. of shares for Diluted Earnings per share	20,602,837	20,611,601
Nominal Value of an equity share (Rs.)	10.00	10.00
Earnings per share (Basic) (Rs.)	36.52	46.32
Earnings per share (Diluted) (Rs.)	36.50	46.16

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

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
Deferred Tax Liability		
Depreciation on Fixed Assets	(1,094.91)	(1,269.62)
Total Deferred Tax Liability	(1,094.91)	(1,269.62)
Deferred Tax Asset		
Expenses allowed on payment basis	167.97	165.08
Provision for doubtful debts/ advances	81.43	95.44
Others	9.89	4.97
Total Deferred Tax Asset	259.29	265.49
Net Deferred Tax Liability	(835.62)	(1,004.13)

4. Segment Information

Primary Segment

The Company has identified primary segment to be business segment. 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 primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets and liabilities, capital expenditure incurred to acquire the assets, the total amount of charge for depreciation are all as reflected in the financial statements as of and for the year ended March 31, 2011.

Secondary Segment

The Company has identified secondary segment to be geographical segment. The details of geographical segment are as follows:

(Rs. in Lacs)

Particulars	India		Outside India		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Sales Revenue*	13,012.70	13,398.57	41,475.27	35,282.78	54,487.97	48,681.35
Carrying Amount of Assets#	26,936.58	25,517.26	57,515.01	54,457.81	84,451.59	79,975.07
Capital Expenditure	1,620.24	1,525.06	1,909.21	1,831.64	3,529.45	3,356.70

* 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. Hinduja Outsourcing Solutions India Private Limited (w.e.f. May 13, 2010)
3. Hinduja Global Solutions Inc., U.S.A. (formerly known as Source1 HTMT Inc., U.S.A.)
4. C-Cubed B.V., Netherlands
5. C-Cubed (Antilles) N.V., Netherlands
6. Customer Contact Centre Inc., Manila
7. HTMT Europe Limited, U.K.
8. Careline Services Limited, U.K. (w.e.f. June 21, 2010)
9. Hinduja TMT France, S.A.R.L
10. Affina L.L.C ., U.S.A
11. RMT L.L.C., U.S.A
12. Affina Company, Canada

III Key Management Personnel

Mr. Partha De Sarkar

IV Enterprises where common control exists

1. Impeccable Imaginations Private Limited (formerly known as Serendipity Films Private Limited)
2. Hinduja Group India Limited
3. Aasia Management and Consultancy Private Limited
4. Hinduja Ventures Limited
5. IndusInd Media and Communication Limited
6. Hinduja Healthcare Private Limited
7. Hinduja Realty Ventures Limited

V Relatives of Key Management personnel

Mrs. Samya Ahmed

Schedules forming part of the Balance Sheet as at 31st March, 2011 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	Parties referred to in III and V above	Parties referred to in IV above	Total
Rendering of Services				
Hinduja Global Solutions Inc.	34,080.22 [26,197.93]	— [—]	— [—]	34,080.22 [26,197.93]
Others	1,762.25 [546.88]	— [—]	0.15 [5.66]	1,762.40 [552.54]
Total	35,842.47 [26,744.81]	— [—]	0.15 [5.66]	35,842.62 [26,750.47]
Interest Income				
C-Cubed (Antilles) N.V.	— [20.29]	— [—]	— [—]	— [20.29]
Hinduja Realty Ventures Limited	— [—]	— [—]	— [31.07]	— [31.07]
Total	— [20.29]	— [—]	— [31.07]	— [51.36]
Rent Expense				
Aasia Management and Consultancy Private Limited	— [—]	— [—]	68.58 [48.67]	68.58 [48.67]
Mrs. Samya Ahmed	— [—]	2.39 [4.78]	— [—]	2.39 [4.78]
Total	— [—]	2.39 [4.78]	68.58 [48.67]	70.97 [53.45]
Professional Fees				
Hinduja Group India Limited	— [—]	— [—]	106.00 [105.58]	106.00 [105.58]
Total	— [—]	— [—]	106.00 [105.58]	106.00 [105.58]
Connectivity Cost				
IndusInd Media and Communication Limited	— [—]	— [—]	10.77 [—]	10.77 [—]
Total	— [—]	— [—]	10.77 [—]	10.77 [—]
Executive Remuneration				
Mr. Partha De Sarkar (Refer Note 7 in Schedule S)	— [—]	184.58 [123.49]	— [—]	184.58 [123.49]
Total	— [—]	184.58 [123.49]	— [—]	184.58 [123.49]
Advance Paid to Key Managerial Personnel				
Mr. Partha De Sarkar	— [—]	0.52 [10.00]	— [—]	0.52 [10.00]
Total	— [—]	0.52 [10.00]	— [—]	0.52 [10.00]
Advance payment for tax matters [Refer footnote 2 of Note 1(b) above]				
Hinduja Ventures Limited	— [—]	— [—]	1,800.00 [1,350.00]	1,800.00 [1,350.00]
Total	— [—]	— [—]	1,800.00 [1,350.00]	1,800.00 [1,350.00]

Schedules forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year then ended

(Rs. in Lacs)

Nature of Transaction	Parties referred to in II above	Parties referred to in III and V above	Parties referred to in IV above	Total
Share Application Money to a Subsidiary during the year				
Hinduja Outsourcing Solutions India Private Limited	857.07 [–]	– [–]	– [–]	857.07 [–]
Total	857.07 [–]	– [–]	– [–]	857.07 [–]
Expenses reimbursed to Other Companies				
Hinduja Ventures Limited	– [–]	– [–]	– [10.30]	– [10.30]
Customer Contact Centre Inc.	5.26 [–]	– [–]	– [–]	5.26 [–]
Affina LLC, U.S.A	9.63 [–]	– [–]	– [–]	9.63 [–]
HTMT Europe Limited, UK	– [1.16]	– [–]	– [–]	– [1.16]
Hinduja Global Solutions Inc.	49.89 [498.71]	– [–]	– [–]	49.89 [498.71]
Total	64.78 [499.87]	– [–]	– [10.30]	64.78 [510.17]
Expenses reimbursed by Other Companies				
Careline Services Limited	13.07 [–]	– [–]	– [–]	13.07 [–]
Affina LLC, U.S.A	188.83 [2.57]	– [–]	– [–]	188.83 [2.57]
Customer Contact Centre Inc	– [8.92]	– [–]	– [–]	– [8.92]
Hinduja Global Solutions Inc.	21.99 [33.46]	– [–]	– [–]	21.99 [33.46]
HTMT Europe Limited, UK	45.02 [1.27]	– [–]	– [–]	45.02 [1.27]
Total	268.91 [46.22]	– [–]	– [–]	268.91 [46.22]
Consultancy Charges				
Aasia Management and Consultancy Private Limited	– [–]	– [–]	28.26 [74.50]	28.26 [74.50]
Total	– [–]	– [–]	28.26 [74.50]	28.26 [74.50]
Sale of Fixed Assets				
Hinduja Global Solutions Inc.	– [64.95]	– [–]	– [–]	– [64.95]
Affina LLC, U.S.A	295.64 [–]	– [–]	– [–]	295.64 [–]
Total	295.64 [64.95]	– [–]	– [–]	295.64 [64.95]
Sale of Investment				
IndusInd Media and Communication Limited	– [–]	– [–]	– [2.75]	– [2.75]
Total	– [–]	– [–]	– [2.75]	– [2.75]
Inter-Corporate Deposits given				
Hinduja Realty Ventures Limited	– [–]	– [–]	– [1,500.00]	– [1,500.00]
Total	– [–]	– [–]	– [1,500.00]	– [1,500.00]

Schedules forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year then ended

(Rs. in Lacs)

Nature of Transaction	Parties referred to in II above	Parties referred to in III and V above	Parties referred to in IV above	Total
Receivable net of payable as at the year-end				
Hinduja Global Solutions Inc.	9,158.70 [8,518.79]	— [—]	— [—]	9,158.70 [8,518.79]
Hinduja Ventures Limited [Refer footnote 2 of Note 1(b) above]	— [—]	— [—]	3,150.00 [1,350.00]	3,150.00 [1,350.00]
Affina LLC, U.S.A	439.65 [183.04]	— [—]	— [—]	439.65 [183.04]
HTMT Europe Limited, UK	45.17 [—]	— [—]	— [—]	45.17 [—]
Hinduja Outsourcing Solutions India Private Limited	18.87 [—]	— [—]	— [—]	18.87 [—]
Mr. Partha De Sarkar	— [—]	0.52 [10.00]	— [—]	0.52 [10.00]
Mrs. Samya Ahmed	— [—]	— [4.00]	— [—]	— [4.00]
Others	40.60 [40.07]	— [—]	3.61 [8.96]	44.21 [49.03]
Total	9,702.99 [8,741.90]	0.52 [14.00]	3,153.61 [1,358.96]	12,857.12 [10,114.86]
Payable net of Receivables as at year-end				
Customer Contact Centre Inc., Manila	2,306.32 [2,271.06]	— [—]	— [—]	2,306.32 [2,271.06]
IndusInd Media and Communications Limited	— [—]	— [—]	9.61 [2.90]	9.61 [2.90]
Hinduja Group India Limited	— [—]	— [—]	— [1.49]	— [1.49]
Aasia Management and Consultancy Private Limited	— [—]	— [—]	6.52 [9.17]	6.52 [9.17]
Total	2,306.32 [2,271.06]	— [—]	16.13 [13.56]	2,322.45 [2,284.62]
Share Application Money to a Subsidiary, pending allotment				
Hinduja Outsourcing Solutions India Private Limited	857.07 [—]	— [—]	— [—]	857.07 [—]
Total	857.07 [—]	— [—]	— [—]	857.07 [—]
Investments				
Hinduja Outsourcing Solutions India Private Limited	95.00 [—]	— [—]	— [—]	95.00 [—]
Pacific Horizon Limited	38,880.28 [38,880.28]	— [—]	— [—]	38,880.28 [38,880.28]
Total	38,975.28 [38,880.28]	— [—]	— [—]	38,975.28 [38,880.28]

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 31st March, 2011 and the Profit and Loss Account for the year then ended

6. Details of balance with Non-Scheduled Banks

(Rs. in Lacs)

Name of Bank	Balance		Maximum Balance Outstanding	
	As at 31.03.2011	As at 31.03.2010	2010-2011	2009-2010
In Current Account				
The Honkong and Shanghai Banking Corporation (Canada and New York)	11.19	11.87	11.87	12.06
Chinatrust Bank, Philippines	187.30	186.74	735.49	941.82
International Exchange Bank, Philippines	211.32	92.57	546.56	1,638.13
The Honkong and Shanghai Banking Corporation (Philippines)	403.51	14.05	482.23	427.48
Sub-total	813.32	305.23		
In Deposit Account				
Chinatrust Bank, Philippines	1,334.72	724.78	2,179.28	1,438.87
Sub-total	1,334.72	724.78		
Total	2,148.04	1,030.01		

7. Managerial Remuneration

Employee Costs includes remuneration to Manager as follows:

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Salary, Performance Incentive and Allowances	163.38	99.11
Contribution to Provident Fund	4.46	3.96
Perquisites	16.74	20.42
Total	184.58	123.49

Notes:

a. Number of stock options granted to Manager – 13,500 nos. (Previous Year - 13,500 nos.) and of which, 2,250 nos. (Previous Year - Nil) stock options are exercisable at the year end.

b. The computation of profits under Section 309(5) of the Act has not been given as no commission is payable to Manager.

8. (a) Earnings in Foreign Exchange

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
IT and IT enabled Services	41,475.27	35,282.78
Interest Income	—	20.29
Sale of Fixed Assets	295.64	139.31
Other Income earned at overseas branches	24.65	29.35

(b) Expenditure in Foreign Currency

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Foreign Travel (including allowances)	143.14	237.04
Discounts and Commission	—	178.82
Connectivity Cost	88.12	239.26
Expenditure incurred at overseas branches	16,541.52	12,839.09
Others	89.42	—

Schedules forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year then ended

(c) Value of Imports calculated on CIF basis

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Capital Goods	80.16	100.82

9. Investments purchased and sold during the year

Particulars	Purchased		Sold	
	Nos.	Amount (Rs. in Lacs)	Nos.	Amount (Rs. in Lacs)
Equity Shares				
Hinduja Outsourcing Solutions India Private Limited	950,000 [–]	95.00 [–]	– [–]	– [–]
Total	950,000 [–]	95.00 [–]	– [–]	– [–]
Mutual Funds				
PNB Principal Cash Management Fund - Liquid Option - Institutional Plan - Dividend Reinvestment – Daily	593 [370]	0.06 [0.04]	– [–]	– [–]
PNB Principal Income Fund - Short Term Plan – (Institutional Weekly Dividend Reinvestment Plan)	1,872 [6,049]	0.20 [0.65]	92,624 [–]	9.98 [–]
PNB Principal Income Fund - Short Term Plan – (Institutional Monthly Dividend Reinvestment Plan)	86,928 [–]	10.23 [–]	– [–]	– [–]
Total	89,393 [6,419]	10.49 [0.69]	92,624 [–]	9.98 [–]

Figures in bracket pertain to the previous year.

10. 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 years	
Office Premises	1,596.68 [1,407.58]	5,410.58 [5,233.35]	4,717.38 [1,510.22]	1,583.99 [1,420.36]

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 other various cancellable leasing arrangements for office and residential premises and towards which an amount of Rs. 138.57 Lacs (Previous Year - Rs. 78.20 Lacs) has been recognised in the Profit and Loss Account.

11. Dividend Remitted in Foreign Currency

Particulars	2010-2011	2009-2010
Amount Remitted (Rs. in Lacs)	561.71	5.00
Dividend related to financial year	2009-2010	2008-2009
Number of non-resident shareholders	30	36
Number of shares	2,808,527	33,300

12. 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.

13. Exceptional income of Rs. 576.05 Lacs in the previous year ended March 31, 2010 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.

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	15,750,000 [2,400,000]	Sell [Sell]	15 [2]	7,398.83 [1,096.60]

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	66,358.76 [4,266.00]	47.25 [2.87]
Euro	35,257.90 [35,257.90]	22.21 [21.44]
SGD	4,974.00 [8,174.00]	1.75 [2.60]
USD	14,672,894.43 [12,012,499.10]	6,356.97 [5,394.72]

Figures in bracket pertain to the previous year.

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

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

I Defined Contribution Plans

a) Provident Fund

b) Superannuation Fund

c) State Defined Contribution Plans

i. Employers' Contribution to Employee's State Insurance

ii. Employers' Contribution to Employee's Pension Scheme 1995.

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

(Rs. in Lacs)

	2010-2011	2009-2010
- Employers' Contribution to Provident Fund [Includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	754.08	690.15
- Employers' Contribution to Superannuation Fund*	1.88	6.22
- Employers' Contribution to Employees' State Insurance *	448.10	275.83
- Employers' Contribution to Other Employees' Benefit Scheme*	65.02	387.30

*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 carried out in respect of the aforesaid defined benefit plan of gratuity and pension based on the following assumptions:

	2010-2011	2009-2010
Discount Rate (per annum)	8.00% - 8.44%	8.00% - 9.91%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	8.00% - 8.44%	8.00%

Schedules forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year then ended

A) Changes in the Present Value of Obligation

(Rs. in Lacs)

	2010-2011		2009-2010	
	Funded	Unfunded	Funded	Unfunded
Present Value of Obligation as at beginning of the year	321.03	604.91	210.98	605.84
Add/(Less) Transfer as Funded Plan introduced for certain employees at a foreign branch	557.99	(557.99)	—	—
Sub-total	879.02	46.92	210.98	605.84
Interest Cost	85.80	4.77	23.54	31.80
Current Service Cost	180.79	22.87	101.42	23.61
Benefits Paid	(43.69)	—	(17.26)	—
Actuarial (gain)/ loss on obligations	219.95	(5.40)	2.35	(56.34)
Present Value of Obligation as at end of the year	1,321.87	69.16	321.03	604.91

B) Changes in the Fair Value of Plan Assets

(Rs. in Lacs)

	2010-2011	2009-2010
Fair Value of Plan Assets at beginning of the year	213.66	144.85
Expected Return on Plan Assets	25.82	16.44
Contribution to the Plan Assets	359.45	69.27
Actuarial gain/ (loss) on obligations	(1.84)	0.36
Benefits Paid	(43.69)	(17.26)
Fair Value of Plan Assets at end of the year	553.40	213.66

C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2011

The Plan Assets for Defined Benefit Plan in India are administered by Life Insurance Corporation of India ('LIC') as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority Regulations. In case of defined benefit plan at a foreign branch, the Plan Assets are administered by the Investment department of Deutsche Bank AG. The Plan Assets consists of deposits with a bank aggregating Rs. 228.50 Lacs.

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

(Rs. in Lacs)

	2010-2011		2009-2010	
	Funded	Unfunded	Funded	Unfunded
Present Value of Obligation as at end of the year	1,321.87	69.16	321.03	604.91
Fair Value of Plan Assets as at end of the year	553.40	—	213.66	—
Funded Status	553.40	—	213.66	—
Present Value of Unfunded Obligation as at end of the year	(768.47)	(69.16)	(107.37)	(604.91)
Unfunded Net Asset/ (Liability) Recognised in Balance Sheet**	(768.47)	(69.16)	(107.37)	(604.91)

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

E) Amount recognised in the Balance Sheet

(Rs. in Lacs)

	2010-2011		2009-2010	
	Funded	Unfunded	Funded	Unfunded
Present Value of Obligation as at end of the year	1,321.87	69.16	321.03	604.91
Fair Value of Plan Assets as at end of the year	553.40	—	213.66	—
Asset/(Liability) recognised in the Balance Sheet***	(768.47)	(69.16)	(107.37)	(604.91)

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

F) Expenses recognised in the Profit and Loss Account

(Rs. in Lacs)

	2010-2011		2009-2010	
	Funded	Unfunded	Funded	Unfunded
Current Service Cost	180.79	22.87	101.42	23.61
Interest Cost	85.80	4.77	23.54	31.80
Expected Return on Plan Assets	(25.82)	—	(16.43)	—
Net actuarial (gain)/ loss recognised in the year	221.79	(5.40)	1.99	(56.34)
Total Expenses recognised in the Profit and Loss Account****	462.56	22.24	110.52	(0.93)

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

G) Details of Obligations, Plan Assets and Experience Adjustments

(Rs. in Lacs)

	2010-2011		2009-2010		2008-2009		2007-2008		2006-2007	
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
Present Value of Obligation at the end of the year	1,321.87	69.16	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	553.40	—	213.66	—	144.85	—	142.31	—	148.50	—
Surplus/ (Deficit)	(768.47)	(69.16)	(107.37)	(604.91)	(66.13)	(605.84)	5.01	(385.45)	53.97	(255.30)
Experience Adjustments on Plan Liabilities - Loss/ (Gain)	125.88	(19.18)	(66.92)	(56.34)	(11.42)	3.96	(20.03)	15.46	8.04	3.88
Experience Adjustments on Plan Assets - Loss/ (Gain)	1.84	—	0.36	—	1.01	—	0.32	—	(6.62)	—

H) Expected Contribution for next year

(Rs. in Lacs)

	2011-2012	2010-2011
Gratuity and Pension Plan	126.16	130.23

III The liability for leave encashment and compensated absences as at 31st March, 2011 aggregates Rs. 415.44 Lacs (Previous Year – Rs. 378.28 Lacs).

15. The details of Employee Stock Option Plan [ESOP] of the Company are as follows:

The Shareholders of the Company at their Annual General Meeting held on 27th 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 31st July, 2009. The details of ESOP 2008 is as follows:	
Maximum grant of options	The maximum number of options that could be issued under ESOP 2008 is 205,380 (being 1% of the outstanding equity shares of the Company as at April 1, 2009)
Vesting Period	Options to vest over a period of three years from the date of their grant as under:
	- 1/6th of the options granted will vest on the first anniversary of the grant date.
	- 1/3rd of the options granted will vest on the second anniversary of the grant date.
	- 1/2 of the options granted will vest on the third anniversary of the grant date.

Schedules forming part of the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year then ended

Exercise Period	Options vested with an employee will be exercisable prior to completion of the 48th month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise Price	Rs. 400.10 per share The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.
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.
Fair Value and Model Used	Rs. 178.04 per option. The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.

The details of options granted under ESOP-2008 are as follows:

Particulars	2010-11	2009-10
Outstanding at the beginning of the year	195,730	—
Granted during the year	—	205,380
Lapsed during the year	23,510	9,650
Exercised/ Allotted during the year	—	—
Outstanding at the end of the year	172,220	195,730
Exercisable at the end of the year	30,015	—
Weighted Average remaining life in years	2.33	3.33

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 194.39 Lacs (Previous Year - Rs. 26.86 Lacs), Profit After Tax and the basic and diluted earning per share would have been lower by Rs. 194.39 Lacs (Previous Year - Rs. 26.86 Lacs) and Re. 0.94 (Previous Year - Re. 0.19), respectively.

16. Current tax includes provision for tax of Rs. 274.80 Lacs (Previous Year - Rs. 114.09 Lacs) pertaining to overseas branches which is determined as per the laws applicable in the relevant country.

17. Previous Year's figures have been regrouped/ rearranged, wherever necessary, to conform to the current year's classification.

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 : May 12, 2011

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal and Company Secretary

Place : Mumbai
Date : May 12, 2011

Annexure 'A'

INVESTMENTS

Sr. No.	Scrip	Face Value Per Share/ Unit Rs.	As at 31.03.2011		As at 31.03.2010	
			Quantity Nos.	Amount (Rs. in Lacs)	Quantity Nos.	Amount (Rs. in Lacs)
I	INVESTMENT IN SUBSIDIARY (Unquoted, Long Term, Trade)					
	Pacific Horizon Limited, Mauritius	USD 1	32,514,228	38,880.28	32,514,228	38,880.28
	Hinduja Outsourcing Solutions India Pvt. Ltd.	10	950,000	95.00	—	—
	TOTAL INVESTMENTS IN SUBSIDIARY (A)			38,975.28		38,880.28
II	UNQUOTED INVESTMENTS (AT COST)					
(a)	EQUITY SHARES - (Long Term, Non - Trade)					
	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)	MUTUAL FUNDS - CURRENT					
	PNB Principal Income Fund - Short Term Plan (Institutional Weekly Dividend Reinvestment Plan) [N.A.V. per unit - Rs. Nil (Previous Year - Rs. 10.77)]	10	—	—	90,752	9.78
	PNB Principal Cash Management Fund - Liquid Option -Institutional Plan-Dividend Reinvestment - Daily [N.A.V. per unit - Rs. 10.00 (Previous Year - Rs. 10.00)]	10	12,621	1.26	12,028	1.20
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan) [N.A.V. per unit - Rs. 11.90 (Previous Year - Rs. Nil)]	10	86,928	10.23	—	—
	Total (B)			126.49		125.98
	TOTAL VALUE OF UNQUOTED INVESTMENTS (A+B)			39,101.77		39,006.26

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. L92199MH1995PLC084610

State Code. 11

Balance Sheet Date 310311

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	**Private Placement**
NIL	NIL

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

Total Liabilities	Total Assets
8445159	8445159

Sources of Funds

Paid-Up Capital	Reserves and Surplus
205892	6205983
Secured Loans	**Unsecured Loans**
109500	502573

Application of Funds

Net Fixed Assets	Investments
1901041	3910177
+ - Net Current Asset *	**Miscellaneous Expenditure**
+ ✓ 1296292	NIL

[*excludes deferred tax liabilty - Rs. 83,562]

Accumulated Losses

NIL

IV Performance of Company (Amount in Rs. Thousands)

Total Income	Total Expenditure
5529090	4644810

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

+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax
+ ✓ 884280	+ ✓ 751906

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

+ - Earning per Share in Rs.	Dividend Rate %
+ ✓ 36.52	200

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

Item Code No. (ITC Code)	Product Description
NOT APPLICABLE	SOFTWARE DEVELOPMENT
	IT ENABLED SERVICES

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal & Company Secretary

Place : Mumbai
Date : May 12, 2011

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 hereinafter referred to as the "Group" (refer Note 3 on Schedule S to the attached consolidated financial statements) as at March 31, 2011, 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 five subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 3,935.04 Lacs and net liabilities of Rs. 3,728.16 Lacs as at March 31, 2011, total revenue of Rs. 11,607.56 Lacs, net profit of Rs. 664.90 Lacs and net cash outflows amounting to Rs. 13.37 Lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports 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.
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 notified under sub-section 3C of Section 211of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditors 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, 2011;
   (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 : May 12, 2011

Consolidated Balance Sheet

as at 31st March, 2011

(Rs. in Lacs)

	Schedule		As at 31.03.2011		As at 31.03.2010
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	A	2,058.92		2,058.92	
Reserves and Surplus	B	97,824.44		92,846.94	
			99,883.36		94,905.86
Loan Funds					
Secured Loans	C	3,594.29		5,162.14	
Unsecured Loans	D	11,510.97	15,105.26	6,318.62	11,480.76
Deferred Tax Liability (Net)			1,774.45		1,711.14
(Refer Note 9(b) in Schedule R and Note 4 in Schedule S)					
TOTAL			116,763.07		108,097.76
APPLICATION OF FUNDS					
Fixed Assets	E				
Gross Block		61,706.75		48,821.50	
Less: Depreciation/ Amortisation/ Impairment		24,310.57		19,246.50	
Net Block		37,396.18		29,575.00	
Capital Work-in-Progress and Exchange Fluctuation		338.87	37,735.05	364.19	29,939.19
Investments	F		132.94		132.43
Current Assets, Loans and Advances					
Sundry Debtors	G	22,303.32		17,279.15	
Cash and Bank Balances	H	61,891.97		64,230.67	
Other Current Assets	I	58.85		43.82	
Loans and Advances	J	13,499.94		8,857.75	
		97,754.08		90,411.39	
Less: Current Liabilities and Provisions					
Current Liabilities	K	11,148.47		6,220.21	
Provisions	L	7,710.53		6,165.04	
		18,859.00		12,385.25	
Net Current Assets			78,895.08		78,026.14
TOTAL			116,763.07		108,097.76
Significant Accounting Policies	R				
Notes to Consolidated Financial Statements	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

Place : Mumbai
Date : May 12, 2011

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal and Company Secretary

Place : Mumbai
Date : May 12, 2011

Consolidated Profit and Loss Account

for the year ended 31st March, 2011

(Rs. in Lacs)

	Schedule	Year ended 31.03.2011	Year ended 31.03.2010
INCOME			
Operating Income	M	107,323.81	89,234.15
Other Income	N	2,894.96	3,113.35
TOTAL		110,218.77	92,347.50
EXPENDITURE			
Employee Costs	O	68,656.84	52,792.11
Operating and Other Expenses	P	23,133.34	20,993.00
Interest	Q	895.33	992.53
Depreciation/ Amortisation	E	4,521.61	3,856.99
TOTAL		97,207.12	78,634.63
Profit Before Exceptional Items and Taxation		13,011.65	13,712.87
Less: Exceptional Item - Income (Refer Note 10 in Schedule S)		—	(576.05)
Profit Before Taxation		13,011.65	14,288.92
Tax Expense			
- Current Tax (Refer Note 16 in Schedule S)		2,122.82	2,172.94
- MAT Credit Utilised/ (Availed) [net of credit availed pertaining to earlier years Rs. 681.78 Lacs (Previous Year - Rs. Nil)]		39.64	(1,064.34)
- Deferred Tax (Refer Note 9(b) in Schedule R and Note 4 in Schedule S)		117.11	172.10
Profit after Taxation		10,732.08	13,008.22
Add: Share of Profit in Associates		—	2.42
Less : Minority Interest		—	—
Profit after tax and Minority Interest		10,732.08	13,010.64
Add: Balance brought forward from Previous Year		19,556.85	12,315.32
PROFIT AVAILABLE FOR APPROPRIATIONS		30,288.93	25,325.96
APPROPRIATIONS			
Dividend			
— Final (Proposed)		4,117.84	4,117.84
— Dividend Tax (Net)		652.11	699.83
— Transfer to General Reserve		751.91	951.44
Surplus carried to Balance Sheet		24,767.07	19,556.85
Earnings Per Share			
— Basic (Rupees)		52.12	63.35
— Diluted (Rupees)		52.09	63.12
(Face Value of Equity Share - Rs. 10)			
(Refer Note 2 in Schedule S)			
Significant Accounting Policies	R		
Notes to Consolidated Financial Statements	S		

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Acount.
This is the Consolidated Profit and Loss Acount referred to 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 : May 12, 2011

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal and Company Secretary

Place : Mumbai
Date : May 12, 2011

Consolidated Cash Flow Statement

for the year ended 31st March, 2011

(Rs. in Lacs)

			Year Ended 31.03.2011		Year Ended 31.03.2010
A	**Cash Flow from Operating Activities :**				
	Profit before tax and exceptional items		13,011.65		13,712.87
	Adjustments for :				
	Depreciation/ Amortisation	4,521.61		3,856.99	
	Bad Debts/ Advances Written off	10.05		—	
	Provisions for Doubtful Debts/ Advances	20.04		112.70	
	Liabilities/ Provisions no longer Payable Written Back	(211.16)		(231.12)	
	Fixed Assets Written Off	—		77.43	
	Loss on Sale of Assets	4.02		29.25	
	Interest Income	(1,935.06)		(2,727.40)	
	Dividend from Current Investment	(0.46)		(0.69)	
	Interest Expense	895.33		992.53	
	Unrealised Foreign Exchange Loss (Net)	109.60		224.49	
	Provision for Gratuity and Leave Encashment	26.21		150.38	
			3,440.18		2,484.56
	Operating profit before working capital changes		16,451.83		16,197.43
	Adjustments for :				
	Trade Receivables	(2,971.04)		(743.02)	
	Loans and Advances	(5,102.24)		(3,599.34)	
	Trade Payables	3,117.42		(940.36)	
			(4,955.86)		(5,282.72)
	Operating Profit after working capital changes		11,495.97		10,914.71
	Direct Taxes Paid		(2,015.95)		(1,092.90)
	Net Cash from/ (used in) Operating Activities (A)		9,480.02		9,821.81
B	**Cash Flow from Investing Activities :**				
	Purchase of Fixed Assets	(6,489.70)		(4,179.20)	
	Consideration paid for acquisition of business	(5,450.85)		(1,268.44)	
	Sale of Fixed Assets	302.49		66.05	
	Investments Made - Others	(10.49)		(3.11)	
	Investments Sold - Others	9.98		—	
	Interest Income	1,920.03		2,742.34	
	Dividend from Current Investment	0.46		0.69	
			(9,718.08)		(2,641.67)
	Net Cash from/ (used in) Investing Activities (B)		(9,718.08)		(2,641.67)

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Consolidated Cash Flow Statement
for the year ended 31st March, 2011

(Rs. in Lacs)

			Year Ended 31.03.2011		Year Ended 31.03.2010
C	**Cash Flow from Financing Activities :**				
	Proceeds from issue of share capital	—		186.39	
	Proceeds/(Repayment) from/of Secured Loans	(1,567.85)		(3,584.93)	
	Proceeds from Unsecured Loans	5,166.62		6,318.62	
	Dividend Paid and tax thereon	(4,796.82)		(3,600.67)	
	Interest Expense	(890.47)		(991.22)	
			(2,088.52)		(1,671.81)
	Net Cash from/ (used in) Financing Activities (C)		(2,088.52)		(1,671.81)
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)		(2,326.58)		5,508.33
	Cash and Cash Equivalents as at the beginning of the year		64,230.67		66,511.20
	Cash and Cash Equivalents taken over pursuant to acquisition of business		674.04		—
	Effect of exchange differences on translation of foreign currency Cash and Cash Equivalents during the year		(686.16)		(7,788.86)
	Cash and Cash Equivalents as at the end of the year		61,891.97		64,230.67
			As at 31.03.2011		As at 31.03.2010
	Cash and Cash Equivalents comprise :				
	Cash on Hand		2.55		3.72
	Bank Balance - Unclaimed Dividend		13.81		8.87
	Bank Balances		61,875.61		64,218.08
			61,891.97		64,230.67

Notes:

1. The above cash flow statement has been prepared under the “Indirect Method” as set out in the Accounting Standard-3 on Cash Flow Statement.
2. In view of acquisition referred in Note 14 in Schedule S, the current year figures are not comparable with the corresponding previous year’s figures.
3. Previous Year’s figures have been regrouped/ rearranged, wherever necessary, to conform to the current year’s classification.

This is the Consolidated Cash Flow Statement referred to 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 : May 12, 2011

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal and Company Secretary

Place : Mumbai
Date : May 12, 2011

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
SCHEDULE 'A'				
Share Capital				
Authorised				
25,000,000 (Previous Year - 25,000,000) Equity Shares of Rs. 10 each		2,500.00		2,500.00
		2,500.00		2,500.00
Issued, Subscribed and Paid-up				
20,589,223 (Previous Year - 20,589,223) Equity Shares of Rs. 10 each, fully paid—up		2,058.92		2,058.92
		2,058.92		2,058.92
Note: 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.				
SCHEDULE 'B'				
Reserves and Surplus				
Capital Reserve				
As per last Balance Sheet		24,235.00		24,235.00
Securities Premium				
As per last Balance Sheet	181.27		—	
Add: Additions during the year	—	181.27	181.27	181.27
General Reserve				
As per last Balance Sheet	50,031.15		49,079.71	
Add: Transfer from Profit and Loss Account	751.91	50,783.06	951.44	50,031.15
Cumulative Translation Adjustment				
As per last Balance Sheet	(1,157.33)		7,822.88	
Add: Adjustment on Consolidation	(984.63)	(2,141.96)	(8,980.21)	(1,157.33)
Profit and Loss Account		24,767.07		19,556.85
		97,824.44		92,846.94

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
SCHEDULE 'C'		
Secured Loans		
Term Loan from Banks	3,394.86	3,714.58
(Secured by a pari passu first charge on the fixed assets of the Company and includes loan taken by a subsidiary that is secured by a charge on its fixed assets and current assets, both current and future) [Repayable within a year Rs.1,367.78 Lacs (Previous Year - Rs. 1,920.00 Lacs)]		
Cash Credit	195.00	1,426.02
(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) [Repayable within a year Rs. 195.00 Lacs (Previous Year - Rs. 1,426.02 Lacs)]		
Lease Liability	4.43	21.54
[Repayable within a year Rs. 4.43 Lacs (Previous Year - Rs. 17.05 Lacs)]		
	3,594.29	5,162.14
SCHEDULE 'D'		
Unsecured Loans		
Term Loan from Banks	11,510.97	6,318.62
[Repayable within a year Rs.11,510.97 Lacs (Previous Year - Rs. 6,318.62 Lacs)] [Includes interest accrued and due Rs. 25.73 Lacs (Previous Year - Rs. Nil)]		
	11,510.97	6,318.62

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

SCHEDULE 'E'

FIXED ASSETS

(Refer Notes 3, 4 and 12 in Schedule R and Note 9 in Schedule S)

(Rs. in Lacs)

DESCRIPTION	GROSS BLOCK					DEPRECIATION/ AMORTISATION/ IMPAIRMENT					NET BLOCK	
	As at 01.04.2010	Taken over on acquisition (Refer Note 2)	Additions/ Adjustments during the year	Deductions	As at 31.03.2011	Upto 31.03.2010	Taken over on acquisition (Refer Note 2)	For the year	On Deductions	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Owned Assets												
Intangible Assets												
Goodwill	8,812.66	–	5,995.83	–	14,808.49	–	–	–	–	–	14,808.49	8,812.66
Computer Software	3,539.74	–	1,552.41	89.65	5,002.50	2,577.91	–	406.39	27.16	2,957.14	2,045.36	961.83
Commercial Rights	105.45	–	–	105.45	–	105.45	–	–	105.45	–	–	–
Tangible Assets												
Land (Refer Note 1)	100.97	–	–	–	100.97	–	–	–	–	–	100.97	100.97
Leasehold Land	232.97	–	–	–	232.97	4.66	–	2.35	–	7.01	225.96	228.31
Building	2,775.78	–	–	–	2,775.78	71.90	–	45.25	–	117.15	2,658.63	2,703.88
Leasehold Building	2,343.02	–	–	–	2,343.02	93.05	–	39.39	–	132.44	2,210.58	2,249.97
Leasehold Improvements	8,313.43	37.25	1,582.95	28.10	9,905.53	3,310.86	23.28	1,325.74	28.10	4,631.78	5,273.75	5,002.57
Office Equipments & Computers	18,714.06	1,504.12	2,777.33	823.68	22,171.83	11,357.21	1,389.78	2,448.93	629.48	14,566.44	7,605.39	7,356.85
Furniture and Fixtures	3,621.51	47.34	545.59	25.22	4,189.22	1,574.66	40.32	226.49	12.93	1,828.54	2,360.68	2,046.85
Vehicles	151.86	–	59.86	39.65	172.07	62.95	-	22.52	19.77	65.70	106.37	88.91
Leased Asset												
Equipments	110.05	–	–	105.68	4.37	87.85	–	4.55	88.03	4.37	–	22.20
Total	48,821.50	1,588.71	12,513.97	1,217.43	61,706.75	19,246.50	1,453.38	4,521.61	910.92	24,310.57	37,396.18	29,575.00
Previous Year	44,659.70	–	5,550.13	1,388.33	48,821.50	16,605.11	–	3,856.99	1,215.60	19,246.50		
Capital Work-in-Progress [includes Capital Advances Rs. 83.25 Lacs (Previous Year - Rs. 8.31 Lacs)]											86.07	114.51
Exchange Fluctuation											252.80	249.68
											37,735.05	29,939.19

Notes:

1. The Company has executed an agreement in respect of an undivided share in land at Chennai aggregating Rs. 100.97 Lacs, which is pending registration.
2. Represents gross block and accumulated depreciation of a subsidary on the date of acquisition.

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
SCHEDULE 'F'				
Investments - (At cost)	126.49		125.98	
(As per Annexure - A)				
Add: Share of Brought Forward Accumulated				
Profits from an Associate	6.45		4.03	
Add: Share of Profit from an Associate for the year	—	132.94	2.42	132.43
		132.94		132.43
SCHEDULE 'G'				
Sundry Debtors (Unsecured)				
Debts Outstanding for a period exceeding Six Months				
— Considered Good		19.00		40.77
— Considered Doubtful		280.49		228.72
		299.49		269.49
Other Debts				
— Considered Good [includes Income Accrued Rs. 4,450.60 Lacs (Previous Year - Rs. 3,064.78 Lacs)]		22,284.32		17,238.38
— Considered Doubtful		14.91		115.79
		22,299.23		17,354.17
Less: Provision for Doubtful Debts		295.40		344.51
		22,303.32		17,279.15
SCHEDULE 'H'				
Cash and Bank Balance				
Cash on Hand		2.55		3.72
Bank Balances :				
— Current Accounts $		5,504.19		7,992.38
— Margin Money Accounts #		44.90		44.90
— Deposit Accounts $		56,309.31		56,056.50
— EEFC (Exchange Earners' Foreign Currency Accounts)		17.21		124.30
— Unclaimed Dividend		13.81		8.87
# Under Lien with Banks towards Guarantees issued by them on behalf of the Company.				
$ Refer Notes 1 (d) to 1 (g) and 13 in Schedule S				
		61,891.97		64,230.67
SCHEDULE 'I'				
Other Current Assets				
Interest Accrued on Inter-Corporate Deposits and Others		58.85		43.82
		58.85		43.82

Schedules

forming part of the Consolidated Balance Sheet as at 31st March, 2011

(Rs. in Lacs)

		As at 31.03.2011		As at 31.03.2010
SCHEDULE 'J'				
Loans and Advances				
(Unsecured and Considered Good unless otherwise stated)				
Advances Recoverable in Cash or in Kind or for value to be received (Refer footnote 2 of Note 1(b) in schedule S)				
— Considered Good*	8,763.94		4,901.00	
— Considered Doubtful	71.66		51.62	
	8,835.60		4,952.62	
Less: Provision for Doubtful Debts	71.66		51.62	
		8,763.94		4,901.00
Security Deposits		1,630.02		1,368.64
Advance Tax and Tax Deducted at Source		651.99		758.86
[Net of Provision for Tax Rs. 5,048.95 Lacs (Previous Year - Rs. 3,549.74 Lacs)] (Refer footnote 4 of Note 1(b) in Schedule S)				
MAT Credit Entitlement		1,686.09		1,725.73
Fringe Benefit Tax		21.16		21.16
[Net of Provision for Tax Rs. 60.26 Lacs (Previous Year - Rs. 60.26 Lacs)]				
Balance with Excise and Custom Authorities		746.74		82.36
(Refer footnote 1 of Note 1(b) in Schedule S)				
		13,499.94		8,857.75

* includes an amount of Rs. 666.00 Lacs [USD 1,500,000] (Previous Year - Rs. Nil) secured by pledge of shares of the borrower company

		As at 31.03.2011		As at 31.03.2010
SCHEDULE 'K'				
Current Liabilities				
Sundry Creditors		9,333.92		5,332.96
Interest Accrued but not due		—		30.59
Unclaimed Dividend		13.81		8.87
Other Liabilities		1,800.74		847.79
		11,148.47		6,220.21
SCHEDULE 'L'				
Provisions				
Leave Encashment		535.82		635.09
Pension/ Gratuity (Refer Note 11 in Schedule S)		837.76		712.28
Dividend (Proposed)		4,117.84		4,117.84
Dividend Tax		668.02		699.83
Others (Refer Note 15 in schedule S)		1,551.09		—
		7,710.53		6,165.04

Schedules

forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2011

(Rs. in Lacs)

	Year Ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 'M'		
Operating Income		
I.T. and I.T. Enabled Services		
— Overseas	94,311.11	75,835.58
— Domestic	13,012.70	13,398.57
	107,323.81	89,234.15
SCHEDULE 'N'		
Other Income		
Interest Income	1,935.06	2,727.40
Foreign Exchange Gain (Net)	727.70	–
Dividend from Current Investment	0.46	0.69
Liabilities/ Provisions no longer required written back	211.16	231.12
Miscellaneous Income	20.58	154.14
	2,894.96	3,113.35
SCHEDULE 'O'		
Employee Costs		
Salary and Other Benefits	65,460.93	50,811.33
Contribution to Employees' Provident and Other Funds	2,516.87	1,470.43
Staff Welfare Expenses	679.04	510.35
	68,656.84	52,792.11

Schedules
forming part of the Consolidated Profit and Loss Account for the year ended 31st March, 2011

(Rs. in Lacs)

	Year Ended 31.03.2011	Year ended 31.03.2010
SCHEDULE 'P'		
Operating And Other Expenses		
Rent	4,590.06	4,013.07
Repairs and Maintenance - Others	2,044.72	1,693.74
Power and Fuel	1,766.03	1,423.02
Insurance	282.78	174.68
Rates and Taxes	227.23	80.01
Advertisement and Business Promotion	335.71	188.66
Communication	900.19	680.59
Travelling, Conveyance and Car Hire Charges	1,581.56	1,218.95
Legal and Professional Fees	2,461.52	2,255.85
Training and Recruitment Charges	822.06	809.29
Commission	1,913.62	1,752.44
Donation	76.78	118.31
Software Expenses	285.97	94.93
Directors sitting fees	7.05	7.55
Auditors' Remuneration		
— as Auditors	77.39	85.00
— in other capacity, in respect of		
— other matters	1.00	1.55
— Out-of-Pocket Expenses	0.98	0.82
Connectivity Cost	3,582.83	3,064.91
Fulfillment Cost	1,003.64	1,102.32
Foreign Exchange Loss (Net)	—	830.57
Bank Charges and Commission	74.90	347.09
Bad Debts/ Advances Written off	10.05	—
Provisions for Doubtful Debts/ Advances	20.04	112.70
Fixed Assets Written Off	—	77.43
Loss on Sale of Assets	4.02	29.25
Miscellaneous Expenses	1,063.21	830.27
	23,133.34	20,993.00
SCHEDULE 'Q'		
Interest		
Interest on:		
— Term Loan from Bank	698.60	643.69
— Cash Credit and Other Facilities	196.73	348.84
	895.33	992.53

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SCHEDULE 'R'

Significant Acounting Policies

1. Accounting Convention

These financial statements have been prepared under historical cost convention from the books of accounts maintained on an accrual basis in conformity with accounting principles generally accepted in India and comply with the Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956 ('the Act') and the relevant provisions of 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 Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' in the consolidated financial statements.
- 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'. (Refer Note 3(b) in Schedule S)

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. Computer Software having benefit of more than one year is capitalised and amortised over the period of 3 to 6 years.

b. Goodwill arising on consolidation is evaluated for impairment, if any, at the year-end.

Tangible Assets

c. 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
Off ce Equipment and Computers	Upto 21 years
Furniture and Fixtures	Upto 16 years
Vehicles	11 years

d. 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 31st March, 2011 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 cases where services are rendered to customers during the year but invoices are yet to be raised at the year end, revenue is accrued and classified under 'Sundry Debtors' – Schedule G.

      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 Group 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 Group 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 of exchange gain / loss has been disclosed as Cumulative Translation Adjustment in Reserves and Surplus.

8. Employee Benefits

   (i) Defined Contribution Plan

   The Group has Defined Contribution plans for post employment benefits namely Provident Fund, Superannuation Fund d theam ods. fu

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

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

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

There are contributory plans at certain overseas branches/ subsidiaries and contributions are made as per their policies/local regulations.

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

(ii) *Defined Benefit Plan*

The Group 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') for certain employees of Group. The Group also has pension benefit plan at certain foreign branches. The said plan is funded for certain employees through payment in trustee administered funds as determined by periodic actuarial calculation.

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

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.

(iii) *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 is recognised, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that orginate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Asset is not recognised unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available, against which, deferred tax asset can be realised.

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 of 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 31st March, 2011 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. 294.69 Lacs (Previous Year - Rs. 193.05 Lacs).

b) Contingent liabilities in respect of:

(Rs. in Lacs)

Particulars	As at 31.03.2011	As at 31.03.2010
(i) Service Tax demand raised by authorities against which appeal has been filed by the Company (Refer Note 1 below)	633.08	359.02
(ii) Other claims against the Group not acknowledged as debts (to the extent ascertainable)	201.46	35.04
(iii) Income Tax demand raised by authorities against which appeal has been filed by the Company	1,336.31	—
(iv) Other matters (Refer Note 2 below)	15,390.48	14,042.81

Notes:

1. The Company has deposited an amount of Rs. 633.08 Lacs (Previous year - Rs. Nil) with the service tax authorities, which is included in "Balance with Excise and Custom Authorities – Schedule J".

2. Hinduja Ventures Limited has received income tax demand pertaining to IT/ ITES business aggregating Rs. 15,390.48 Lacs (Previous Year - Rs. 14,042.81 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. 3,150 Lacs (Previous Year - Rs. 1,350 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. In view of Management and based on the legal advice obtained, the Company has fairly a strong case for a favourable decision.

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

4. 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 (Previous Year - 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 the services were provided by the Company. Further, certificates of tax deducted at source aggregating Rs. 1,606.53 Lacs (Previous year - Rs. 1,423.31 Lacs) are in process of being collected from the customers.

c) Guarantees/ Bonds outstanding as at March 31, 2011 are as follows:

- Guarantees given by banks on behalf of the Company - Rs. 241.77 Lacs (Previous Year - Rs. 216.75 Lacs)
- Indemnity Bond given by Company to Deputy Commissioner and Assistant Commissioner of Customs and Assistant Commissioner of Central Excise towards obtaining 100% EOU status for its locational offices - Rs. 4,330.55 Lacs (Previous Year - Rs. 4,617.36 Lacs)
- Corporate Guarantees given in favour of:
  - Ryder System, Inc., to guarantee the payment and performance of Hinduja Global Solutions Inc., a subsidiary company, under the Outsourcing Master Services Agreement entered between the two.
  - Zurich Services Corporation, Schaumburg to secure the performance of Hinduja Global Solutions Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Hinduja Global Solutions Inc. has contracted to perform certain services.

- California Physicians' Service dba Blue Shield of California to secure the performance of Hinduja Global Solutions Inc., a subsidiary company, under the Master Service Agreement, pursuant to which Hinduja Global Solutions Inc. has contracted to perform certain services.

- Irrevocable Letter of Credit aggregating USD 2,000,000 (Previous Year - USD 2,000,000) [equivalent Rs. 888.00 Lacs (Previous Year – Rs. 899.50 Lacs)] issued towards performance of an overseas contract against charge on current and fixed assets of the Company, both present and future.

d) Affina LLC has provided three standby letters of credit aggregating USD 3,295,281 [Previous Year - USD 3,309,498] [equivalent Rs. 1,463.10 Lacs (Previous Year - Rs. 1,488.44 Lacs)] in favour of its landlords for its Peoria and El Paso locations. The letters of credit are collateralised by a certificate of deposit for an amount of USD 3,315,116 (Previous Year - USD 3,309,498) [equivalent Rs. 1,471.91 Lacs (Previous Year - Rs. 1,505.65 Lacs)].

e) Hinduja Global Solutions Inc., (in lieu of a security deposit) has provided a standby letter of credit for an amount of USD 49,395 [Previous Year - USD 50,000] [equivalent Rs. 21.93 Lacs (Previous Year - Rs. 22.49 Lacs)] in favour of its payroll service provider. The letter of credit is collateralised by a certificate of deposit for an amount of USD 49,395 [Previous Year - USD 50,000].

f) Hinduja Global Solutions Inc. has provided a standby letter of credit for an amount of USD 20,000 (Previous Year - USD 130,000) [equivalent Rs. 8.88 Lacs (Previous Year – Rs. 58.46 Lacs] in favour of Travellers Casualty and Surety Company of America. The letters of credit are collateralised by a certificate of deposit for an amount of USD 20,000 (Previous Year - USD 132,269).

g) Bank Balances include an amount of USD 374,232 (Previous Year - USD Nil) [equivalent Rs. 166.16 Lacs (Previous year - Rs. Nil)] which is restricted for payment of rebates by subsidiary company, Affina LLC, on behalf of its customers.

2. Earnings per Equity Share (Basic and Diluted)

	2010-2011	2009-2010
Profit After Tax and Minority Interest (Rs. in Lacs)	10,732.08	13,010.64
Weighted average number of equity shares		
A. For Basic Earnings per share (Nos.)	20,589,223	20,538,985
B. For Diluted Earnings per share (Nos.)		
No. of shares for Basic EPS as per A	20,589,223	20,538,985
Add: Weighted Average outstanding employee stock option deemed to be issued for no consideration	13,614	72,616
No. of shares for Diluted Earnings per share	20,602,837	20,611,601
Nominal Value of an equity share (Rs.)	10.00	10.00
Earnings per share after Tax (Basic) (Rs.)	52.12	63.35
Earnings per share after Tax (Diluted) (Rs.)	52.09	63.12

Schedules forming part of the Consolidated Balance Sheet as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year then ended

3. a) The direct and indirect subsidiaries considered in the consolidated financial statements for the year ended 31st March 2011 with Company's share in voting power in these companies are:

Sr. No.	Name of the Company	Country of Incorporation	Held by	Parent's Shareholding (%)	Company's Share in Voting Power (%)
A	DIRECT SUBSIDIARY				
1	Pacific Horizon Limited (PH)	Mauritius		100	100
2	Hinduja Outsourcing Solutions India Private Limited (HOSIPL)*	India		100	100
B	INDIRECT SUBSIDIARIES				
1	Hinduja Global Solutions Inc. (HGSI) [formerly known as Source1 HTMT Inc., U.S.A.]	United States of America	PH	100	100
2	HTMT Europe Limited (HTMT Europe)	United Kingdom	PH	100	100
3	Careline Services Limited*	United Kingdom	HTMT Europe	100	100
4	Hinduja TMT France S.A.R.L	France	HGSI	51	51
5	Affina LLC, USA (Affina)	United States of America	HGSI	100	100
6	RMT LLC, USA (RMT)	United States of America	Affina	100	100
7	Affina Company, Canada	Canada	RMT	100	100
8	C-Cubed (Antilles) N.V. (C3-NV)	Curacao, Netherlands Antilles	PH	100	100
9	C-Cubed B.V., Netherlands (C3-BV)	Netherlands	C3-NV	100	100
10	Customer Contact Centre Inc. (C3)	Philippines	C3-BV	100	100

* Acquired during the year

b) In terms of requirements of Accounting Standards - 23, the Company has discontinued to consolidate the financial statement of an associate company, Ashley Airways Limited, w.e.f. April 1, 2010 as it ceases to have significant influence over the said associate company (being under liquidation).

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

(Rs. in Lacs)

	As at 31.03.2011	As at 31.03.2010
Deferred Tax Liability		
Depreciation on Fixed Assets	(1,182.58)	(1,323.59)
Amortisation of Goodwill	(885.78)	(681.37)
Total Deferred Tax Liability	(2,068.36)	(2,004.96)
Deferred Tax Asset		
Expenses allowed on payment basis	195.04	189.37
Provision for doubtful debts/ advances	86.76	97.24
Others	12.11	7.21
Total Deferred Tax Asset	293.91	293.82
Net Deferred Tax Liability	(1,774.45)	(1,711.14)

Schedules forming part of the Consolidated Balance Sheet as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year then ended

5. Segment Information

Primary Segment

The Company has identified primary segment to be business segment. In accordance with Accounting Standard 17 "Segmental Reporting", the Group has determined its operations as a single reportable business segment, namely Information Technology/ Information Technology Enabled Services. Hence, it has no other primary reportable segments. Thus, the segment revenue, segment results, total carrying value of segment assets and liabilities, capital expenditure incurred to acquire the assets, the total amount of charge for depreciation are all as reflected in the financial statements as of and for the year ended 31st March, 2011.

Secondary Segment

The Company has identified secondary segment to be geographical segment. The details of geographical segment are as follows:

(Rs. in Lacs)

Particulars	India		Outside India		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Sales Revenue*	13,012.70	13,398.57	94,311.11	75,835.58	107,323.81	89,234.15
Carrying Amount of Assets	32,579.30	25,523.71	103,042.77	94,959.30	135,622.07	120,483.01
Capital Expenditure	2,166.90	1,525.06	4,322.80	2,654.14	6,489.70	4,179.20

* There are no Inter Segment Revenues.

6. 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. Impeccable Imaginations Private Limited (formerly known as Serendipity Films Private Limited)
2. Hinduja Group India Limited
3. Aasia Management and Consultancy Private Limited
4. Hinduja Ventures Limited
5. IndusInd Media and Communication Limited
6. Hinduja Healthcare Private Limited
7. Hinduja Realty Ventures Limited

IV Relatives of Key Management personnel

Mrs. Samya Ahmed

Note:

There were no transactions with party referred in I above.

Schedules forming part of the Consolidated Balance Sheet as at 31st March, 2011 and the Consolidated 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 and IV above	Parties referred to in III above	Total
Rendering of Services			
Impeccable Imaginations Private Limited	— [–]	— [5.00]	— [5.00]
Hinduja Group India Limited	— [–]	— [0.66]	— [0.66]
Hinduja Realty Ventures Limited	— [–]	0.15 [–]	0.15 [–]
Total	— [–]	0.15 [5.66]	0.15 [5.66]
Interest Income			
Hinduja Realty Ventures Limited	— [–]	— [31.07]	— [31.07]
Total	— [–]	— [31.07]	— [31.07]
Rent Expense			
Aasia Management and Consultancy Private Limited	— [–]	68.58 [48.67]	68.58 [48.67]
Mrs. Samya Ahmed	2.39 [4.78]	— [–]	2.39 [4.78]
Total	2.39 [4.78]	68.58 [48.67]	70.97 [53.45]
Professional Fees			
Hinduja Group India Limited	— [–]	218.93 [105.58]	218.93 [105.58]
Total	— [–]	218.93 [105.58]	218.93 [105.58]
Connectivity Costs			
IndusInd Media and Communication Limited	— [–]	10.77 [–]	10.77 [–]
Total	— [–]	10.77 [–]	10.77 [–]
Executive Remuneration			
Mr. Partha De Sarkar (Refer Note 7 in Schedule S)	184.58 [123.49]	— [–]	184.58 [123.49]
Total	184.58 [123.49]	— [–]	184.58 [123.49]
Advance paid to Key Managerial personnel			
Mr. Partha De Sarkar	0.52 [10.00]	— [–]	0.52 [10.00]
Total	0.52 [10.00]	— [–]	0.52 [10.00]

(Rs. in Lacs)

Nature of Transaction	Parties referred to in II and IV above	Parties referred to in III above	Total
Advance payment for tax matters			
Hinduja Ventures Limited [Refer footnote 2 in Note 1(b) above]	— [—]	1,800.00 [1,350.00]	1,800.00 [1,350.00]
Total	— [—]	1,800.00 [1,350.00]	1,800.00 [1,350.00]
Expenses reimbursed to Other Companies			
Hinduja Ventures Limited	— [—]	— [10.30]	— [10.30]
Total	— [—]	— [10.30]	— [10.30]
Consultancy charges			
Aasia Management and Consultancy Private Limited	— [—]	28.26 [74.50]	28.26 [74.50]
Total	— [—]	28.26 [74.50]	28.26 [74.50]
Sale of Investment			
IndusInd Media and Communication Limited	— [—]	— [2.75]	— [2.75]
Total	— [—]	— [2.75]	— [2.75]
Inter-Corporate Deposits given			
Hinduja Realty Ventures Limited	— [—]	— [1,500.00]	— [1,500.00]
Total	— [—]	— [1,500.00]	— [1,500.00]
Receivable net of payable as at the year-end			
Hinduja Ventures Limited [Refer footnote 2 in Note 1(b) above]	— [—]	3,150.00 [1,350.00]	3,150.00 [1,350.00]
Mr. Partha De Sarkar	0.52 [10.00]	— [—]	0.52 [10.00]
Mrs. Samya Ahmed	— [4.00]	— [—]	— [4.00]
Others	— [—]	3.61 [8.96]	3.61 [8.96]
Total	0.52 [14.00]	3,153.61 [1,358.96]	3,154.13 [1,372.96]
Payable net of Receivables as at year-end			
IndusInd Media and Communications Limited	— [—]	9.61 [2.90]	9.61 [2.90]
Aasia Management and Consultancy Private Limited	— [—]	6.52 [9.17]	6.52 [9.17]
Hinduja Group India Limited	— [—]	— [1.49]	— [1.49]
Total	— [—]	16.13 [13.56]	16.13 [13.56]

Figures in bracket pertain to the previous year.

Schedules forming part of the Consolidated Balance Sheet as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year then ended

7. Managerial Remuneration

Employee Costs includes remuneration to Manager as follows:

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Salary, Performance Incentive and Allowances	163.38	99.11
Contribution to Provident Fund	4.46	3.96
Perquisites	16.74	20.42
Total	184.58	123.49

Notes:

a. Number of stock options granted to Manager – 13,500 nos. (Previous Year - 13,500 nos.) and of which, 2,250 nos. (Previous Year - Nil) stock options are exercisable at the year end.

b. The computation of profits under Section 309(5) of the Act has not been given as no commission is payable to Manager.

8. 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 years	
Office Premises	3,480.90 [3,573.62]	6,984.33 [7,380.36]	4,717.38 [1,510.22]	4,449.56 [3,569.36]

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 Group has entered into various cancellable leasing arrangements for office and residential premises and towards which an amount of Rs.140.50 Lacs (Previous Year - Rs. 443.71 Lacs) has been recognised in the Profit and Loss Account.

9. 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 31.03.2011	As at 31.03.2010
Present Value	4.43	21.54
Finance Charge	1.11	2.60

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 years
Present Value	4.43 [17.05]	— [4.49]	— [—]
Finance Charges	1.11 [1.48]	— [1.12]	— [—]
Total	5.54 [18.53]	— [5.61]	— [—]

Figures in bracket pertain to the previous year.

10. Exceptional income of Rs. 576.05 Lacs in the previous year ended March 31, 2010 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.

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	15,750,000 [2,400,000]	Sell [Sell]	15 [2]	7,398.83 [1,096.60]

Figures in bracket pertain to the previous year.

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

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

I Defined Contribution Plans

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 branch/ subsidiary

During the year, the Group has recognised the following amounts in the Profit and Loss Account –

(Rs. in Lacs)

		2010-2011	2009-2010
-	Employers' Contribution to Provident Fund [includes EDLI charges and Employers' Contribution to Employees' Pension Scheme 1995]*	758.86	690.15
-	Employers' Contribution to Superannuation Fund*	1.88	6.22
-	Employers' Contribution to Employees' State Insurance *	452.28	275.83
-	Employers' Contribution to Other Employees' Benefit Scheme and Contribution by Overseas Branch/Subsidiary*	818.92	388.64

* 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 carried out in respect of the aforesaid defined benefit plan of gratuity and pension based on the following assumptions:

	2010-2011	2009-2010
Discount Rate (per annum)	7.50% - 8.44%	8.00% - 9.91%
Rate of increase in Compensation levels	6.00%	6.00%
Rate of Return on Plan Assets	8.00% - 8.44%	8.00%

Schedules forming part of the Consolidated Balance Sheet as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year then ended

A) Changes in the Present Value of Obligation

(Rs. in Lacs)

	2010-2011		2009-2010	
	Funded	Unfunded	Funded	Unfunded
Present Value of Obligation as at beginning of the year	321.03	604.91	210.98	605.84
Add/(Less) Transfer as Funded Plan introduced for certain employees at a foreign branch	557.99	(557.99)	—	—
Sub-total	879.02	46.92	210.98	605.84
Interest Cost	85.80	4.77	23.54	31.80
Current Service Cost	180.79	23.00	101.42	23.61
Benefits Paid	(43.69)	—	(17.26)	—
Actuarial (gain)/ loss on obligations	219.95	(5.40)	2.35	(56.34)
Present Value of Obligation as at end of the year	1,321.87	69.29	321.03	604.91

B) Changes in the Fair Value of Plan Assets

(Rs. in Lacs)

	2010-2011	2009-2010
Fair Value of Plan Assets at beginning of the year	213.66	144.85
Expected Return on Plan Assets	25.82	16.44
Contribution to the Plan Assets	359.45	69.27
Actuarial gain/ (loss) on obligations	(1.84)	0.36
Benefits Paid	(43.69)	(17.26)
Fair Value of Plan Assets at end of the year	553.40	213.66

C) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at 31st March, 2011

The Plan Assets for Defined Benefit Plan in India are administered by Life Insurance Corporation of India ('LIC') as per Investment Pattern stipulated for Pension and Group Schemes Fund by Insurance Regulatory and Development Authority Regulations. In case of defined benefit plan at a foreign branch, the Plan Assets are administered by the Investment department of Deutsche Bank AG. The Plan Assets consists of deposits with a bank aggregating Rs. 228.50 Lacs.

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

(Rs. in Lacs)

	2010-2011		2009-2010	
	Funded	Unfunded	Funded	Unfunded
Present Value of Obligation as at end of the year	1,321.87	69.29	321.03	604.91
Fair Value of Plan Assets as at end of the year	553.40	—	213.66	—
Funded Status	553.40	—	213.66	—
Present Value of Unfunded Obligation as at end of the year	(768.47)	(69.29)	(107.37)	(604.91)
Unfunded Net Asset/ (Liability) Recognised in Balance Sheet**	(768.47)	(69.29)	(107.37)	(604.91)

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

E) Amount recognised in the Balance Sheet

(Rs. in Lacs)

	2010-2011		2009-2010	
	Funded	Unfunded	Funded	Unfunded
Present Value of Obligation as at end of the year	1,321.87	69.29	321.03	604.91
Fair Value of Plan Assets as at end of the year	553.40	—	213.66	—
Asset/(Liability) recognised in the Balance Sheet***	(768.47)	(69.29)	(107.37)	(604.91)

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

F) Expenses recognised in the Profit and Loss Account

(Rs. in Lacs)

	2010-2011		2009-2010	
	Funded	Unfunded	Funded	Unfunded
Current Service Cost	180.79	23.00	101.42	23.61
Interest Cost	85.80	4.77	23.54	31.80
Expected Return on Plan Assets	(25.82)	—	(16.43)	—
Net actuarial (gain)/ loss recognised in the year	221.79	(5.40)	1.99	(56.34)
Total Expenses recognised in the Profit and Loss Account****	462.56	22.37	110.52	(0.93)

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

G) Details of Obligations, Plan Assets and Experience Adjustments

(Rs. in Lacs)

	2010-2011		2009-2010		2008-2009		2007-2008		2006-2007	
	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded	Funded	Unfunded
Present Value of Obligation at the end of the year	1,321.87	69.29	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	553.40	—	213.66	—	144.85	—	142.31	—	148.50	—
Surplus/ (Deficit)	(768.47)	(69.29)	(107.37)	(604.91)	(66.13)	(605.84)	5.01	(385.45)	53.97	(255.30)
Experience Adjustments on Plan Liabilities - Loss/ (Gain)	125.88	(19.18)	(66.92)	(56.34)	(11.42)	3.96	(20.03)	15.46	8.04	3.88
Experience Adjustments on Plan Assets - Loss/ (Gain)	1.84	—	0.36	—	1.01	—	0.32	—	(6.62)	—

H) Expected Contribution for next year

(Rs. in Lacs)

	2011-2012	2010-2011
Gratuity and Pension Plan	126.16	130.23

III The liability for leave encashment and compensated absences as at 31st March, 2011 aggregates Rs. 535.82 Lacs (Previous Year – Rs. 635.09 Lacs).

Schedules forming part of the Consolidated Balance Sheet as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year then ended

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

The Shareholders of the Company at their Annual General Meeting held on 27th 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 31st July, 2009. The details of ESOP 2008 is as follows:

Maximum grant of options	The maximum number of options that could be issued under ESOP 2008 is 205,380 (being 1% of the outstanding equity shares of the Company as at April 1, 2009)
Vesting Period	Options to vest over a period of three years from the date of their grant as under: - 1/6th of the options granted will vest on the first anniversary of the grant date. - 1/3rd of the options granted will vest on the second anniversary of the grant date. - 1/2 of the options granted will vest on the third anniversary of the grant date.
Exercise Period	Options vested with an employee will be exercisable prior to completion of the 48th month from the date of their grant by subscribing to the number of equity shares in the ratio of one equity share for every option. In the event of cessation of employment due to death, resignation or otherwise the options may lapse or be exercisable in the manner specifically provided for in the Scheme.
Exercise Price	Rs. 400.10 per share The exercise price per share is determined on the basis of closing price at the National Stock Exchange of India Limited immediately preceding the date of grant.
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.
Fair Value and Model Used	Rs. 178.04 per option. The fair value of stock option has been calculated using Black-Scholes Option Pricing Model.

The details of options granted under ESOP-2008 are as follows:

Particulars	2010-11	2009-10
Outstanding at the beginning of the year	195,730	—
Granted during the year	—	205,380
Lapsed during the year	23,510	9,650
Exercised/ Allotted during the year	—	—
Outstanding at the end of the year	172,220	195,730
Exercisable at the end of the year	30,015	—
Weighted Average remaining life in years	2.33	3.33

Had the Company adopted fair value method in respect of options granted, the employee compensation cost would have been higher by Rs. 194.39 Lacs (Previous Year - Rs. 26.86 Lacs), Profit After Tax and the basic and diluted earning per share would have been lower by Rs. 194.39 Lacs (Previous Year - Rs. 26.86 Lacs) and Re. 0.94 (Previous Year - Re. 0.19), respectively.

13. Bank Balances in Deposit Account under the head Cash and Bank Balances – Schedule 'H' includes Rs. 43,211.41 Lacs (Previous year – 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.

Schedules forming part of the Consolidated Balance Sheet as at 31st March, 2011 and the Consolidated Profit and Loss Account for the year then ended

14. The contribution of the subsidiaries acquired during the year is as under:

(Rs. in Lacs)

Name of Subsidiary	Date of Acquisition	Goodwill on Consolidation	Revenue (Post acquisition)	Net profit/ (Loss) (Post acquisition)	Net Assets
Careline Services Limited	June 21, 2010	5,995.30	11,078.96	581.95	1,505.78
Hinduja Outsourcing Solutions India Private Limited	May 13, 2010	0.53	278.93	(121.43)	830.11

15. Provision - Others

(Rs. in Lacs)

Particulars	Onerous Lease	Building Maintenance	Earn-outs	Total
Opening Provision	— [–]	— [–]	— [–]	— [–]
Add: On acquisition of a subsidiary	29.87 [–]	27.50 [–]	— [–]	57.37 [–]
Add: Additional provision during the year	— [–]	7.79 [–]	1514.74 [–]	1522.53 [–]
Less: Provision utilised/ reversed during the year	20.69 [–]	8.12 [–]	— [–]	28.81 [–]
Closing Provision	9.18 [–]	27.17 [–]	1514.74 [–]	1,551.09 [–]

Figures in bracket pertain to the previous year.

Onerous Lease - The onerous lease provision relates to a lease of a premises no longer in use by the business. This lease is due to expire in June 2011.

Building Maintenance - The provision is in respect of dilapidations of a building at one of the subsidiary company, which the subsidiary is responsible for under the terms of the lease. The outflow depends on actual dilapidations and hence the Group is not able to reasonably ascertain the timing of the outflow.

Earn-outs – In terms of the Share Purchase Agreement dated June 21, 2010 between HTMT Europe Limited and sellers of Careline Services Limited, an additional consideration (earn-outs) is payable by HTMT Europe Limited on achievement of pre-determined profits for the year ended December 31, 2011 by Careline Services Limited. Accordingly, the provision has been made in this regards and Group expects the outflow to be during the financial year 2012-2013.

16. Current tax includes provision for tax of Rs. 945.01 Lacs (Previous Year - Rs. 523.12 Lacs) pertaining to overseas branches/ subsidiaries which is determined as per the laws applicable in the relevant country.

17. In view of the acquisition referred in Note 14 above, the current year figures are not comparable with the corresponding previous year's figures.

18. Previous Year's figures have been regrouped/ rearranged, wherever considered necessary, to conform to current year's classification.

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 : May 12, 2011

For and on behalf of the Board

Partha De Sarkar
Chief Executive Officer and Manager

Ramkrishan P. Hinduja
Chairman

R. Mohan
Director

Srinivas Palakodeti
Chief Financial Officer

Kanti Mohan Rustagi
EVP Legal and Company Secretary

Place : Mumbai
Date : May 12, 2011

Annexure 'A'

INVESTMENTS

Sr. No.	Scrip	Face Value Per Share/ Unit Rs.	As at 31.03.2011		As at 31.03.2010	
			Quantity Nos.	Amount (Rs. in Lacs)	Quantity Nos.	Amount (Rs. in Lacs)
I	UNQUOTED INVESTMENTS (AT COST)					
(a)	EQUITY SHARES - (Long Term, Non - Trade)					
	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)	MUTUAL FUNDS - CURRENT					
	PNB Principal Income Fund - Short Term Plan (Institutional Weekly Dividend Reinvestment Plan) [N.A.V. per unit - Rs. Nil (Previous Year - Rs. 10.77)]	10	—	—	90,752	9.78
	PNB Principal Cash Management Fund - Liquid Option -Institutional Plan-Dividend Reinvestment - Daily [N.A.V. per unit - Rs. 10.00 (Previous Year - Rs. 10.00)]	10	12,621	1.26	12,028	1.20
	PNB Principal Income Fund - Short Term Plan (Institutional Monthly Dividend Reinvestment Plan) [N.A.V. per unit - Rs. 11.90 (Previous Year - Rs. Nil)]	10	86,928	10.23	—	—
	TOTAL VALUE OF UNQUOTED INVESTMENTS			126.49		125.98

Statement pursuant to exemption as per the circular no. 2/2011 dated February 8, 2011 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	Profit/ (Loss) before taxation	Provision for taxation	Profit/ (Loss) after taxation	Proposed Dividend
1	Pacific Horizon Limited	USD	B/S 44.4000 P/L 45.4800	14,436.32	56,422.98	70,922.97	63.67	Nil	2,599.00	2,059.30	194.46	1,864.84	Nil
2	Hinduja Outsourcing Solutions India Private Limited	INR		952.07	(121.96)	997.29	167.18	Nil	278.93	(121.43)	–	(121.43)	Nil
3	Hinduja Global Solutions Inc.	USD	B/S 44.4000 P/L 45.4800	5,581.95	(9,313.30)	20,883.34	24,614.69	Nil	38,835.63	(1,071.20)	* 517.20	(1,588.40)	Nil
4	C - Cubed (Antilles) N.V.	USD	B/S 44.4000 P/L 45.4800	2.66	46.31	1,726.22	1,677.25	Nil	90.38	(7.89)	4.37	(12.26)	Nil
5	C - Cubed B.V.	EURO	B/S 62.9876 P/L 60.3352	14.30	536.48	2,331.35	1,780.57	Nil	76.14	(24.80)	–	(24.80)	Nil
6	Customer Contact Centre Inc.	PHP	B/S 1.0242 P/L 1.0227	1,024.20	1,284.50	2,310.75	2.05	Nil	–	(33.15)	–	(33.15)	Nil
7	Hinduja TMT France	EURO	B/S 62.9876 P/L 60.3352	5.04	(109.20)	8.57	112.73	Nil	3.34	(3.03)	–	(3.03)	Nil
8	HTMT Europe Limited	GBP	B/S 71.2818 P/L 70.8996	685.29	(686.02)	7,185.28	7,186.01	Nil	453.88	88.45	–	88.45	Nil
9	Careline Services Limited	GBP	B/S 71.2818 P/L 70.8996	10.36	1,495.43	3,895.46	2,389.67	Nil	11,078.96	821.75	239.80	581.95	Nil
10	Affina LLC	USD	B/S 44.4000 P/L 45.4800	2,353.20	6,439.76	11,585.33	2,792.37	Nil	38,076.17	2,531.97	–	2,531.97	Nil
11	RMT LLC	USD	B/S 44.4000 P/L 45.4800	0.43	(0.34)	0.09	–	Nil	–	–	–	–	Nil
12	Affina Company	USD	B/S 44.4000 P/L 45.4800	0.09	(1,385.50)	42.22	1,427.63	Nil	645.12	(4.71)	–	(4.71)	Nil

* Represents Federal and State taxes assessed as per US tax laws at a consolidated level.

Information on Subsidiaries is provided in compliance with the Circular no.2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs, Government of India. We undertake to make available the audited annual accounts and related information of subsidiaries, where applicable, upon request by any of our shareholders. The annual accounts will also be available for inspection during business hours at our registered office Mumbai, India.

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INDIA

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BANGALORE

MUMBAI

DURGAPUR


NAGERCOIL

GUNTUR

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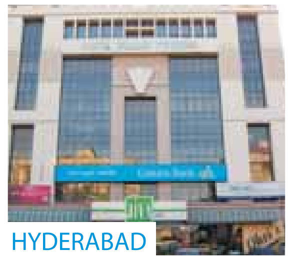
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