

# Annexure 'C' to the Directors' Report

## REPORT ON CORPORATE GOVERNANCE

For the Financial Year ended March 31, 2019

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

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

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

### 2. BOARD OF DIRECTORS

#### • Composition

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

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

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

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

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

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

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

During the financial year ended March 31, 2019, Eight Board Meetings were held as follows: April 25, 2018, May 30, 2018, August 09, 2018, August 16, 2018, August 24, 2018, November 02, 2018, February 07, 2019 and March 29, 2019. The time gap between any two meetings did not exceed 120 days and as such, the Company has complied with the provisions of the Companies Act, 2013 and of the SEBI (LODR) Regulations. Video conferencing facility has been provided to facilitate Directors travelling/ residing abroad and/ or at other locations to participate in the meetings of the Board and the Committees of the Board.

Name of the Director	Attendance at Board Meetings	Attendance at the last AGM held on September 29, 2018	Board Membership		Committee Membership		Directorship in other listed entities	
			Chairman	Member	Chairman	Member	Name of the listed entity	Category
Mr. Ramkrishan P. Hinduja, Chairman (Non-Executive, Non-Independent Director) DIN: 00278711	8	Yes	1	1	Nil	2	**	-
Ms. Shanu S. P. Hinduja, Co-Chairperson (Non-Executive, Non-Independent Director) DIN: 06512872	3	No	Nil	1	Nil	1	-	-
Ms. Vinoo S. Hinduja, (Non-Executive Non-Independent Director) DIN: 00493148	3	No	Nil	1	Nil	1	-	-
Mr. Anil Harish, (Independent Director) DIN: 00001685	8	Yes	Nil	6*	2	4	Blue Star Ltd.	Non-executive Independent Director
							Hinduja Ventures Ltd.	Non-executive Independent Director
							Oberoi Realty Ltd.	Non-executive Independent Director
							Future Enterprises Ltd.	Non-executive Independent Director
Mr. Rajendra P. Chitale, (Independent Director) DIN: 00015986	8	No	Nil	9 <sup>#</sup>	4 <sup>^</sup>	9	Hinduja Ventures Ltd.	Non-executive Independent Director
							Reliance Capital Ltd.	Non-executive Independent Director
							Ambuja Cements Ltd.	Non-executive Independent Director
							Everest Industries Ltd.	Non-executive Independent Director
Mr. Rangan Mohan, (Independent Director) DIN: 01116821	8	Yes	Nil	3 <sup>\$</sup>	3	4 <sup>\$</sup>	-	-
Mr. Yashodhan Madhusudan Kale (Non-Executive Non-Independent Director) DIN : 00013782	8	Yes	Nil	2	1	2	IndusInd Bank Ltd.	Non-Executive Non-Independent Director
Mr. Pradeep Mukerjee (Independent Director) DIN: 02287773	8	Yes	Nil	2	Nil	2	Timex Group India Ltd.	Non-Executive-Independent Director

\* Includes one unlisted public company

# includes four unlisted public companies

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

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

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

## Notes:

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

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

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

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

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

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

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

- V. Your Company has adopted the Code of Conduct for Board Members, Senior Management Personnel and Employees ("the Code"). The Code has been posted on the Company's website at [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies). All Board Members and Senior Management Personnel have affirmed compliance with the Code for the year ended March 31, 2019. As required under Schedule V(D) of the SEBI (LODR) Regulations, the Chief Executive Officer has given a declaration to this effect. The same has been attached as Annexure 'A' to the Directors' Report.
- VI. Details of equity shares of the Company held by the Non- Executive Directors as on March 31, 2019 are as under:

Name of Director	Number of shares held
Mr. Ramkrishan P. Hinduja	Nil
Ms. Shanu S. P. Hinduja	955
Ms. Vinoo S. Hinduja	61,065
Mr. Anil Harish	Nil
Mr. Rajendra P. Chitale	Nil
Mr. Rangan Mohan	Nil
Mr. Yashodhan Madhusudan Kale	Nil
Mr. Pradeep Mukerjee	Nil

## 3. AUDIT COMMITTEE

## • Terms of Reference

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

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

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

#### • Composition

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

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

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

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

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

All the members possess sound knowledge of accounts, audit and financial management. The Company Secretary acts as a Secretary to the Committee. The invitees to Audit Committee meetings include representatives of the Statutory Auditor, Internal Auditor or his representative, Chief Executive Officer, Chief Financial Officer and such other Executives and external consultants as deemed necessary.

#### • Meetings

During the financial year ended March 31, 2019, five Meetings were held as follows: May 29, 2018, August 08, 2018, November 01, 2018, February 07, 2019 and March 13, 2019. The time gap between any two meetings did not exceed 120 days and as such the Company has complied with the provisions of Regulation 18 of the SEBI (LODR) Regulations.

#### • Attendance

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

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

## 4. NOMINATION AND REMUNERATION COMMITTEE

#### • Terms of Reference

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

Formulation of criteria for determining qualifications, positive attributes and independence of directors; Identification of persons who are qualified to become Directors and who may be appointed in Senior Management and recommendation to the Board their appointment/ re-appointment and removal; Formulate criteria for evaluation of performance of Individual Directors, Committees of the Board and the Board as a whole and review implementation of performance evaluation process, Formulate and recommend to the Board the Remuneration Policy for Directors, Chief Executive Officer, Key Managerial Personnel, Senior Management Personnel, as well as rest of the employees and recommend on an annual basis remuneration payable to them; devise a policy on Board Diversity and succession planning for Board/ Senior Management; Oversee familiarization program for Independent Directors; Grant of employee stock options as per the existing ESOP Schemes of the Company and formulate and recommend to the Board for the approval of new stock options plan for the employees as and when deemed necessary.

#### • Composition

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

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

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

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



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

- **Meetings**

During the financial year ended March 31, 2019, Five Meetings of the NRC were held as follows: April 25, 2018, August 06, 2018, August 16, 2018, October 15, 2018 and March 22, 2019.

- **Attendance:**

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

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

- **Performance Evaluation Criteria for Independent Directors**

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

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

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

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

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

- **Remuneration Policy**

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

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

- **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

- Remuneration by way of sitting fees:

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

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

➤ Remuneration by way of Commission:

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

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

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

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

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

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

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

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

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

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

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

## 5. STAKEHOLDERS RELATIONSHIP AND SHARE ALLOTMENT COMMITTEE

**The Stakeholders' Grievance Committee is known by the name 'Stakeholders' Relationship and Share Allotment Committee.**

- **Composition**

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

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

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

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

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

The composition of the Stakeholders Relationship and Share Allotment Committee conforms with the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations. Mr. Makarand D. Dewal, Company Secretary acts as Compliance Officer.

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

## 6. GENERAL BODY MEETINGS

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

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

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

## 7. DISCLOSURES

- A. Transactions entered into with the Related parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations during the financial year ended March 31, 2019 were 'in the ordinary course of business' and on 'arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. There were no material significant related party transactions during the year ended March 31, 2019 that may have a potential conflict with the interests of the Company at large. Related party transactions have been disclosed in Note 35 to the standalone financial statements and in Note 37 to the consolidated financial statements. The Company has in place a Policy on dealing with Related Party Transactions and on Materiality of Related Party Transactions which has been uploaded on the website of the Company at the following link: [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies).

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

- C. Your Company has a Whistle Blower Policy and Vigil Mechanism for Directors and employees in place inter-alia to report unethical conduct. No personnel have been denied access to the Ombudsman or Chairman of the Audit Committee of your Company to report any matter of substance. Quarterly Report on Whistle Blower Policy and Vigil Mechanism is placed before the meetings of the Audit Committee and the Board. One complaint was received during the Financial Year 2018-19 which was appropriately dealt with by the management, the Audit Committee and the Board of Directors.

The said policy has been uploaded on the website of the Company at the following link: [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies).

- D. Your Company has complied with all the mandatory requirements of Corporate Governance as required by the SEBI (LODR) Regulations.

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

The discretionary requirements as stipulated in part E of Schedule II of the SEBI (LODR) Regulations have been adopted to the extent and in the manner stated as under :

- **The Board:** The Non- Executive, Non-Independent Chairman does not have a separate office.



- **Shareholder Rights:** Your Company publishes its quarterly unaudited and yearly audited financial results in the newspapers and also displays it on its website [www.teamhgs.com/investors](http://www.teamhgs.com/investors). Communication by way of letter of the Chief Executive Officer on financial results, interim dividends and business and operations of the Company are sent to the shareholders of the Company periodically.
- **Opinion(s) in Audit Report:** Audit Reports (Standalone and Consolidated Financial Statements) for the financial year ended March 31, 2019 are unmodified/ unqualified. Your Company continues to adopt best practices to ensure a regime of financial statements with unmodified audit opinion.
- **Separate posts of Chairman and CEO:** There is separate post of Chairman and CEO in the Company.
- **Reporting of Internal Auditor:** Internal Auditor reports to the Audit Committee.

E. CEO/CFO Certification:

A certificate from the CEO and CFO in terms of Regulation 17(8) of the SEBI (LODR) Regulations was placed before the Board Meeting held on May 30, 2019 to approve the financial statements for the year ended March 31, 2019.

- F. During the year ended March 31, 2019, the Company does not have any material non-listed Indian subsidiary company. The Company has a policy for determining 'material subsidiaries' which is disclosed on the Company's website at the following link: [www.teamhgs.com/investors/corporate-policies](http://www.teamhgs.com/investors/corporate-policies).

- G. Disclosure of commodity price risks and commodity hedging activities:

Not applicable since your Company is not in the business of commodity manufacturing/ trading.

- H. A Certificate has been received from Ms. Rupal D. Jhaveri, Practicing Company Secretary, (Certificate of Practice No. 4225) that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

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

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

- J. The Company has complied with all the corporate governance requirements specified in Regulation 17 to Regulation 27 and Clause (b) to (i) of Regulation 46(2) of the SEBI (LODR) Regulations for the Financial Year ended March 31, 2019.

## 8. MEANS OF COMMUNICATION

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

## 9. GENERAL SHAREHOLDER INFORMATION

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

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

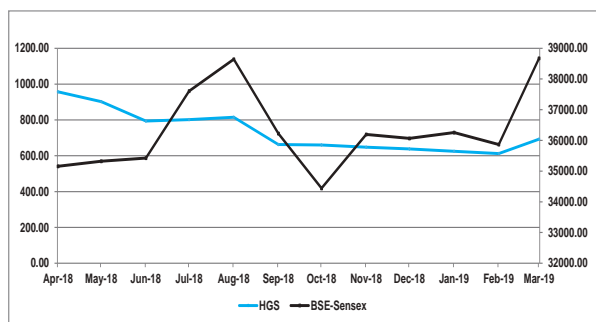


## STOCK MARKET DATA

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

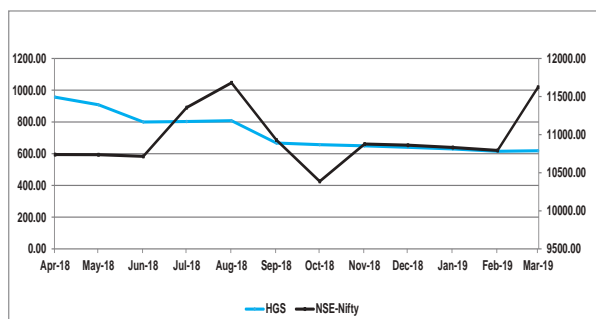
## SHARE PRICE MOVEMENT (BSE)

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



## SHARE PRICE MOVEMENT (NSE)

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



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

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

Karvy Fintech Private Limited - R&T Agent

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

Address: Karvy Fintech Private Limited  
(formerly known as Karvy Computershare Pvt. Ltd.)  
Karvy Selenium Tower B,  
Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032  
Tel: (91 40) 6716 2222  
Toll Free No. : 1800-3454-001  
Fax: (91 40) 2342 0814  
E-Mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## SHARE TRANSFER SYSTEM

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

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

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

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

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

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

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

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

- The Company has not issued any ADRs/ GDRs/ Warrants or any convertible instruments in the past and hence as on March 31, 2019, there are no outstanding ADRs/ GDRs/ Warrants or any convertible instruments.

A qualified Practicing Company Secretary carries out Share Capital Audit on a quarterly basis to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. All the audit reports issued in respect of financial year ended March 31, 2019 confirm that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

**Foreign Exchange Risk and Hedging Activities:**

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

instruments and managing the liquidity.

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

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

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

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

As per Section 205A and 205C of the Companies Act, 1956, as replaced by section 124 and 125 of the Companies Act, 2013, and other applicable provisions, unclaimed dividend for the year 2010-11, remaining as such for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company for that year, was transferred to the Investor Education and Protection Fund (IEPF) on September 26, 2018.

Dividend for the year 2011-12 remaining unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the Company for that year, will be transferred in the second week of September 2019 to the IEPF. Members are requested to claim the same before the transfer. Periodically, communication is sent to the Members for claiming/ encashment of dividend before the same is transferred to the IEPF.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company on September 29, 2018 (being the date of the last Annual General Meeting) on the website of the Company ([www.teamhgs.com/investors/corporate-information/details-unclaimed-dividend](http://www.teamhgs.com/investors/corporate-information/details-unclaimed-dividend)), as also on the website of the Ministry of Corporate Affairs ([www.mca.gov.in](http://www.mca.gov.in)).

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

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

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

#### **10. ADDRESS FOR CORRESPONDENCE WITH THE COMPANY**

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

Mr. Srinivas Palakodeti, Chief Financial Officer:

Address : 1st Floor, Gold Hill Square Software Park, No. 690, Bommanahalli, Hosur Road, Bangalore - 560 068.  
Tel: (91 80) 4643 1000

Members may address queries relating to shares and related matters to:

Mr. Makarand D. Dewal, Company Secretary:

Address : Hinduja House  
171, Dr. Annie Besant Road,  
Worli, Mumbai - 400 018.  
Tel: (91 22) 2496 0707/ 6136 0407

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

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

As a support to 'Green Revolution' (saving of paper), Members are requested to register their email address with the Company's Registrar and Share Transfer Agent (RTA) at [einward.ris@karvy.com](mailto:einward.ris@karvy.com) to enable the Company to send notices, documents, communications, Annual Reports, etc. through email and also advice any changes in their email address from time to time to the Company's RTA.

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

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

Place : Mumbai  
Date : August 23, 2019