



August 13, 2019

To
The Manager- Compliance Department
Bombay Stock Exchange Limited
Floor 25, P. J. Tower, Dalal Street,
Mumbai -400 001.

To
The Manager- Compliance Department
National Stock Exchange of India Limited
'Exchange Plaza', Bandra Kurla Complex,
Bandra (East), Mumbai-400 051

BSE Scrip Code: 532761

NSE symbol: HOVS

Subject: Submission of Annual Report for the FY 2018-19 & Notice of 31st Annual General Meeting ("AGM")

Ref: Regulation 30 & 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

Dear Sir/Madam,

Please find attached herewith the copy of Annual Report for FY 2018-19 along with Notice of 31st Annual General Meeting convened on September 10, 2019 at 11:00 AM, at Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune-411001. The Company had sent the Notice to eligible shareholders on August 13, 2019 and the Notice of 31st AGM is placed on the website www.hovsltd.com of the Company.

Kindly take the above on record.

Thanking you,

Yours faithfully,
For **HOV Services Limited**

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary &
Compliance Officer

Encls: Notice of 31st AGM and Annual Report FY 2018-19.

HOV Services Limited

CIN:L72200PN1989PLC014448

Regd Office : 3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi Pune - 411 037, Maharashtra, INDIA
Tel: 91-20 24221460, Fax: 91-20 24221470, www.hovsltd.com

Notice of 31st Annual General Meeting

NOTICE is hereby given that the Thirty First Annual General Meeting (the "AGM") of the members of HOV Services Limited will be held on September 10, 2019, the Tuesday at 11:00 AM at the Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune -411001, Maharashtra to transact the following business:

ORDINARY BUSINESS:**1. Consider and adopt Financial Statements**

- a) The Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019 and the Reports of the Directors' and the Auditors' thereon; and
- b) The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019.

2. Appointment of Director

To re-appoint Mr. Surinder Rametra (DIN: 00019714), who retires by rotation and, being eligible, seeks re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Surinder Rametra, who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:**3. Approval for continuation of Directorship of Mr. Baldev Raj Gupta (DIN: 00020066) as Independent Director**

To consider and if thought fit to pass the following resolution as a Special resolution:

"RESOLVED THAT pursuant to applicable provisions of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the members be and hereby accorded for continuation of present tenure of directorship of Mr. Baldev Raj Gupta, (DIN: 00020066), Non-Executive and Independent Director of the Company, to continue as an Independent Director of the Company until the expiry of his existing term i.e. up to July 25, 2021, notwithstanding that he has attained the age of 79 years.

"RESOLVED FURTHER THAT any of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution."

4. Contract of services for revenue in ordinary course of business of the Company with SourceHOV LLC

To consider and if thought fit to pass the following resolution as an Ordinary resolution:

"RESOLVED THAT pursuant to the Section 188 of the Companies Act, 2013 and rules framed there under and in terms the Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the approval of the Company be and is hereby accorded for service contracts of the Company with SourceHOV LLC for rendering the services by the Company for FY 2019-20 on such

terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and SourceHOV LLC.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to deal in respect of service contracts for further periods as deemed fit by the Board and to perform all such acts, matters, deeds and things, as may be necessary, to amend the terms and conditions of service contracts, if necessary and to act as may be necessary or expedient in its own discretion, without further referring to the Shareholders’ of the Company, including the power to delegate, to give effect to this Resolution.”

By Order of the Board
For **HOV Services Limited**

Bhuvanesh Sharma
**VP-Corporate Affairs &
Company Secretary &
Compliance Officer**

Place: Pune
Date: May 30, 2019

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3 & 4 of the Notice, is annexed hereto. The profile of the Directors seeking appointment/re-appointment, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.
3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Transfer Books of the Company will be closed from **September 7, 2019, to September 10, 2019 both days inclusive.**
6. Members holding shares in physical form are requested to quote their folio number in all correspondence with the Company and to intimate the following directly to the Company's Registrar and Share Transfer Agent- Karvy Fintech Private Limited, Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad Rangareddi 500 032:
 - a. Change, if any in their address;
 - b. Request for nominations form as per the provisions of the Companies Act, 2013.
7. Members holding share in dematerialized form are requested to contact their Depository Participant for any change in their particulars.
8. The Notice of the AGM along with the Annual Report of FY 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with KARVY/Depositories.
9. Members are requested to send their queries, if any, at least 10 days in advance address to Company Secretary at the email address investor.relations@hovsltd.com of Company to facilitate the reply in the Meeting.

10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
11. The certificate from the Auditors of the Company certifying that the Company's HOVS ESOP Plan 2007 is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 will be available for inspection by members at the AGM.
12. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Companies (Management and Administrations) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Fintech Private Limited ("KCPL"), on all the resolutions set forth in this Notice.
13. Information and other instructions relating to e-voting are as under:-
 - a. The facility for voting through, postal ballot will also be made available at the AGM and the members attending the AGM who have not cast their votes by remote e voting shall be able to exercise their rights at AGM through ballot paper.
 - b. Members can also exercise their voting rights through ballot form annexed with the Notice and the duly filled and signed ballot form be sent to the scrutinizer, Mr. Prajot Tungare, Practicing Company Secretary, Pune at the registered office of the Company or to his email id prajot@prajottungarecs.com, so as to reach by 5.00 p.m. on September 9, 2019.
 - c. Members who have cast their votes through remote e-voting prior to the AGM may attend the AGM but shall not entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
14. Route Map showing directions to reach to the venue of the 31st AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meeting."

By Order of the Board
For **HOV Services Limited**

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary &
Compliance Officer

Place: Pune
Date: May 30, 2019

**EXPLANATORY STATEMENT
(Pursuant to Section 102 of the Companies Act, 2013)**

Pursuant to the provisions of Section 102 of the Companies Act, 2013 the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 & 4 of the accompanying Notice of 31st Annual General Meeting:

Item No. 3

The Securities and Exchange Board of India (SEBI) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”], vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 published in the Official Gazette on 9th May 2018. As per new Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, with effect from 1st April, 2019, no listed Company shall appoint or continue the Directorship of a Non-Executive Director who has attained the age of 75 years, unless a special resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for such appointment.

Mr. Baldev Raj Gupta (DIN: 00020066) was re-appointed for his second term as Independent Director of the Company, at the 28th Annual General Meeting of the Company held on June 30, 2016, under Section 149 and 152 and other applicable provisions and rules framed there under, read with Schedule IV to the Companies Act, 2013 to hold office from July 26, 2016 to July 25, 2021.

The Board of Directors are of the opinion that Mr. Baldev Raj Gupta possesses relevant expertise and vast experience. His association as Independent Director will be beneficial and in the best interest of the Company. In line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations (Amendment), 2018 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Directors recommend his continued association until expiry of his term.

The brief resume of Mr. Baldev Raj Gupta and nature of his expertise in functional areas, disclosure of relationships between Directors, Directorships and Memberships of Committees of the Board of Listed entities and shareholding as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended is set out in this Notice.

The Board of Directors accordingly recommends the Special Resolutions as mentioned at item no. 3 of this Notice for approval of the Members of the Company.

None of the directors, except as stated above, Key Managerial Personnel of HOVS and their relatives are interested in the aforesaid resolutions, except to the extent of their shareholding, if any, in HOVS.

Item No. 4

The Company in the ordinary course of business has been providing services of IT support & Maintenance and data entry services to the SourceHOV LLC.

SourceHOV LLC, is a “related party” pursuant to the applicable provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore the contract for providing services to SourceHOV LLC require approval of Shareholders’.

The particulars required pursuant to the Explanation (3) of Rule 15(1) of the Companies (Meetings of Board and its Powers) Rules, 2014 are as detailed below:

a) Name of the related party:-	SourceHOV LLC
b) Name of Director & KMP who is related, if any:-	Parvinder S Chadha; Sunil Rajadhyaksha; Surinder Rametra (Promoter / Promoter Directors of the Company).
c) Nature of relationship:-	An entity of investee company.
d) Nature, material terms, monetary value and particulars of the contract or arrangements:-	IT support & Maintenance services and Data entry services are billable services for revenue of approximately ₹ 10 Crore per annum.
e) Any other information relevant or important for the members to take a decision on the proposed resolution:	The service has been provided before coming in force the Companies Act, 2013 and the contracts generates revenue for the Company receivables in US\$ every year.
f) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	Pricing and terms, both inclusive in contract as mutually agreed.

The Promoters / Promoter Directors of the Company, as mentioned above shall not vote to approve on the resolution as it is a 'related party transaction' as per Companies Act, 2013 and the SEBI (LODR), 2015.

The Board recommends the resolutions set forth in Item No. 4 for approval of the Members in the best interest of the Company.

None of the directors, except as stated above, Key Managerial Personnel of HOVS and their relatives are interested in the aforesaid resolutions, except to the extent of their shareholding, if any, in HOVS.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Profile of Directors and additional information as required under Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings, for directors seeking appointment/ re-appointment are as below:

Name of the Director	Mr. Surinder Rametra	Mr. Baldev Raj Gupta*
DIN	00019714	00020066
Date of Birth and Age	01/11/1940 ; 79 years	15/02/1940; 79years
Date of first Appointment on the Board	03/01/2006	05/01/2006
Qualifications	Mechanical Engineering from Punjab Engineering College, India, a Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University	Fellow of Insurance Institute of India, Law Graduate & Post Graduate.
Experience	Around 5 decades	Around 5 decades
Expertise	Finance, Governance and business ethics.	Finance; Insurance Investment and Corporate Governance
Number of Meetings of the Board attended during the Year	2	4
Shareholding in Company	1,20,000	11,000
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL	NIL
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid/last drawn	As per the Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. No remuneration drawn in previous year.	As per the Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. No remuneration drawn in previous year.
List of Directorship/ membership/ Chairmanship of Committees of other Board:		
Public/Listed Companies Directorship	NIL	3
Private Companies Directorship	NIL	NIL
Membership/ Chairmanship of Committees	NIL	2

**Resolution moved for continuation of his Directorship as Independent Director.*

Justification for continuation of Mr. Baldev Raj Gupta as Independent Director:-

Mr. Baldev Raj Gupta was re-appointed for his second term which will get over on July 25, 2021. For his present term to get complete only two years are left and as he is an esteemed industry veteran possessing vast experience, his continuation with the Company will be helpful in providing strategic guidance and direction on the Company's operations and business.

Brief resume of directors getting appointed/re-appointed**Mr. Surinder Rametra**

In 1983, Mr. Rametra founded Sun Computers and Software, Inc. and took the company public in 1994 under the name ATEC. He served as ATEC's Chairman and CEO until 2003. Mr. Rametra currently serves as an Executive Director of the HOV Services Limited.

Mr. Rametra's career encompasses leadership of private and public enterprises. He is also a founder member of Silver Oak Hospital in Chandigarh, India and Shanti Foundation, a charitable organizations devoted to health care and educational activities.

Mr. Rametra has a degree in Mechanical Engineering from Punjab Engineering College, India, a Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University. Mr. Rametra is married, has three children and is blessed with five grandchildren.

Mr. Baldev Raj Gupta

Mr. Baldev Raj Gupta is a Fellow of Insurance Institute of India, Law Graduate & Post Graduate. He is the former Executive Director (Investments) of Life Insurance Corporation of India. After superannuation he was reappointed as Investment Advisor by LIC of India & Investment Consultant by General Insurance Corporation of India. He has experience of around 5 decades in Insurance, Investment and Financial Services Sector.

Mr. Gupta has been a Director on the boards of ICICI Prudential Asset Management Company Ltd, National Stock Exchange, IDBI Capital Market Services Ltd, Mahindra and Mahindra Limited, Greaves Cotton Limited, etc. He has been a member of Secondary Market Committee of Security Exchange Board of India, Debt Market Committee of National Stock Exchange & Governing Board of National Insurance Academy.

Presently, he holds the position of Director in HOV Services Limited, Aditya Birla Finance Limited, Idea Cellular Services Limited, IdeaTelesystems Limited besides being Chairman / member of Board Committees. He has been an Advisor to IL&FS Academy for Insurance and Finance Ltd., (an initiative of IL&FS Group) for nearly a decade. He also worked with Trinity Global Education Private Limited as an Advisor in the Financial Services Division. He was also associated as an Advisor with an Insurance Broking firm.

**HOV Services Limited****PROXY FORM**

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

HOV SERVICES LIMITED

CIN: L72200PN1989PLC014448

3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune-411 037, India

Tel:91 20 24221460, Fax: 91 20 24221470

investor.relations@hovsltd.com | www.hovsltd.com

31st Annual General Meeting – September 10, 2019

Name of the member(s)	<input type="text"/>
Registered address	<input type="text"/>
Email	<input type="text"/>
Folio no. / Client ID	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
DP ID	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

I / We, being the member(s) of shares of the above named company, hereby appoint:

- Name _____ Address _____
E-mail Id _____ Signature _____, or failing him;
- Name _____ Address _____
E-mail Id _____ Signature _____, or failing him
- Name _____ Address _____
E-mail Id _____ Signature _____, or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 31st Annual General Meeting of the members of HOV Services Limited to be held on September 10, 2019 at 11.00 A.M. at Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune- 411001 and at any adjournment thereof in respect of such resolutions as are indicated below.

No.	Resolution	Vote (Please mention no. of shares)	
		For	Against
Ordinary Business			
1	Consider and adopt:		
	a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019 and the Reports of the Directors' and the Auditors' Report thereon; and b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019.		
2	Re-appointment of Mr. Surinder Rametra (DIN: 00019714), who retires by rotation and, being eligible, seeks re-appointment.		
Special Business			
3	Approval for continuation of Directorship of Mr. Baldev Raj Gupta as Independent Director.		
4	Contract of services for revenue in ordinary course of business of the Company with SourceHOV LLC.		

.....
Signature of the member

.....
Signature of the proxy holder(s)

<p>Affix revenue stamp of not less than ₹ 0.15</p>
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Notes:

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.***
- It is optional to indicate your preference. If you leave for, or against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.***

HOVS
HOV Services Limited**ATTENDANCE SLIP**

HOV SERVICES LIMITED

CIN: L72200PN1989PLC014448

3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune-411 037, Maharashtra

Tel:91 20 24221460, Fax: 91 20 24221470

investor.relations@hovsltd.com | www.hovsltd.com

31st Annual General Meeting – September 10, 2019

Registered Folio no. / DP ID no. / Client ID no.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of shares held

--	--	--	--	--	--	--	--	--	--	--	--	--	--

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 31st Annual General Meeting of the Company at the Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune - 411001, India, September 10, 2019 at 11:00 A.M. IST.

..... Name of the member / proxy
(in BLOCK letters)

.....
Signature of the member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

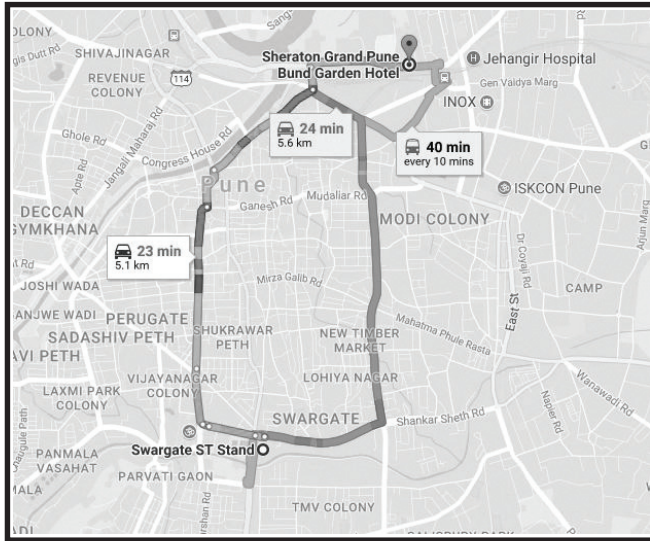
1. The instructions for e-voting are as under:

- A.** In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - b) Enter the login credentials (i.e., User ID and password mentioned overleaf). The e-voting EVENT No. + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - c) After entering these details appropriately, click on “LOGIN”.
 - d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
 - e) You need to login again with the new credentials.
 - f) On successful login, the system will prompt you to select the “EVENT” i.e., HOV Services Limited.
 - g) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as on the cut-off date. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - h) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - i) Voting has to be done for each resolution of the Notice separately. In case you do not desire to cast your vote on any specific resolution it will be treated as abstained.
 - j) You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - k) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).
 - l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: prajot@prajottungarecs.com with a copy marked to evoting@karvy.com and may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_ EVENT NO.”

- B. In case a Member receiving physical copy of the Notice by Post [for Member whose email IDs are not registered with the Company/Depository Participant(s)]:
- a) **User ID and initial password-** as provided overleaf.
 - b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.
2. **Once the vote on a resolution is casted by a member, the member shall not be allowed to change it subsequently or cast the vote again.**
 3. The facility for voting through ballot will also be made available in the AGM and the members attending the AGM but who have not cast their vote by e-voting will be able to exercise their right in the AGM. Those shareholders, who have not cast their vote electronically, may only cast their vote in the AGM through ballot paper.
 4. The members who have cast their votes by e-voting may also attend the Meeting but shall not be entitled to cast their votes again.
 5. The Board of Directors has appointed **Mr. Prajot Tungare, Practicing Company Secretary, Pune as a Scrutinizer** to scrutinize the e-voting and ballot process in a fair and transparent manner and will be available for the said purpose.
 6. **The voting rights of the Members shall be reckoned in proportion to their shares holding either in physical form or in dematerialized form as on the cut-off date i.e. September 2, 2019.**
 7. Any person who becomes member after the dispatch of the Notice of the Meeting and holding share as on the cut-off date i.e. **September 2, 2019** may obtain the User ID and password as mentioned below:
 - a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+ Folio No. or DP ID Client ID to 9212993399
Example for NSDL : MYEPWD <SPACE> IN12345612345678
Example for CDSL : MYEPWD <SPACE> 1402345612345678
Example for Physical : MYEPWD <SPACE> XXX1234567
 - b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “forgot password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c. In case of any queries, members may visit Help & FAQ’s section available at Karvy’s website download section on <https://evoting.karvy.com> or contact Mr. Mohd Mohsin Uddin, Senior Manager, Karvy Fintech Private Limited at Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally, Hyderabad Rangareddi 500 032 or send an email to evoting@karvy.com or call him on +91-40-6716 1562 or at Toll Free No. 1-800-34-54-001.
 - d. Member may send an e-mail request to evoting@karvy.com.
If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through e-voting.

8.	Date and time of commencement of voting by electronic means	Friday, September 6, 2019 at 9:00 AM IST
	Date and time of end of voting by electronic means	Monday, September 9, 2019 at 5:00 PM IST

9. At the AGM at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, arrange voting through ballot paper for all those members who are present but have not cast their votes electronically using the e-voting facility.
10. The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company or a person authorized by the Chairman. The Chairman or the person authorized by the Chairman, shall declare the result of the voting forthwith.
11. The Results on resolutions shall be declared after the AGM of the Company and subject to the requisite number of votes in favour the resolutions shall be deemed to be passed on the date of the Meeting i.e. September 10, 2019.
12. The Results of the voting will be declared at the registered office of the Company by placing the same along with the Scrutinizer's Report on the Company's website www.hovsltd.com. The same shall also be placed on the website of KARVY <https://evoting.karvy.com> and shall be filed with the stock exchanges.
13. In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com> (Karvy's website).

ROUTE MAP**HOV Services Limited****Registered Office:****3rd Floor, Sharda Arcade,****Pune Satara Road,****Bibwewadi, Pune -411 037, Maharashtra****Day and Date : Tuesday, September 10, 2019****Time : 11:00 A.M.****Venue : Sheraton Grand Pune Bund Garden Hotel,
Raja Bahadur Mill Road,
Pune - 411001, Maharashtra***If undelivered, please return to :***Karvy Fintech Private Limited****(Unit : HOV Services Limited)**

Karvy Selenium Tower B,

Plot number 31 & 32, Financial District,

Nanakramguda, Serilingampally,

Hyderabad Rangareddi-500 032, Telangana

Tel : (91 40) - 67161562

Fax : (91 40) - 23001153

Email : einward.ris@karvy.com

HOVS

HOV SERVICES LIMITED

31st ANNUAL REPORT 2018 - 19

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CORPORATE INFORMATION

Registered Office & Head office	3 rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune -411 037 Tel: (91 20) -2422 1460; Fax: (91 20) -2422 1470
Registrar & Share Transfer Agent	Karvy Fintech Pvt. Ltd., Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingamapply Mandal, Hyderabad- 500 032, Tel: (91 40) -67161562; Fax: (91 40) – 2342 0814
Statutory Auditors	Bagaria & Co LLP, Chartered Accountants, 701, Stanford Building, A/o Mahindra Showroom, Junction of S.V. Road & Burfiwala Lane, Andheri (W), Mumbai 400058 Tel: (91 22)- 6250 5600
Secretarial Auditor	J. B. Bhavé & Co., Company Secretaries, Flat No. 9, Karan Aniket, Plot No. 37, Shri Varanasi Co-op Soc. Ltd, Off Bangalore Mumbai Bangalore Bypass, Behind Atul Nagar, Warje, Pune- 411 058 Tel: (91 20)- 2520 4357/59
Internal Auditors	Arth & Associates, Chartered Accountants, Flat No. 102/103, Beena Apartments, Behind Chrysallis Institute, Opp. SBI Bank, S. B. Road, Pune- 411 016
VP- Corporate Affairs & Company Secretary & Compliance Officer	Mr. Bhuvanesh Sharma investor.relations@hovsltd.com
Website	www.hovsltd.com

THE BOARD OF DIRECTORS

Mr. Vikram Negi	*Chairman & Executive Director
Mr. Surinder Rametra	Executive Director
Mr. Sunil Rajadhyaksha	Executive Director
Mr. Baldev Raj Gupta	Independent Director
Mr. Harjit Singh Anand	Independent Director
Mrs. Lakshmi Kumar <i>*w.e.f May 30, 2019</i>	Independent Director

THE EXECUTIVE MANAGEMENT

Mr. Bhuvanesh Sharma	VP-Corporate Affairs & Company Secretary & Compliance Officer
Mr. Nilesh Bafna	Chief Financial Officer

COMMITTEES OF THE BOARD**AUDIT COMMITTEE**

Name	Designation/Category
Mr. Baldev Raj Gupta	Chairman (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Surinder Rametra	Member (Executive Director)

NOMINATION & REMUNERATION COMMITTEE

Name	Designation/Category
Mr. Baldev Raj Gupta	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)

STAKEHOLDERS RELATIONSHIP COMMITTEE

Name	Designation/Category
Mr. Baldev Raj Gupta	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)

Chairman Message:

Dear Members,

I am pleased to welcome you to the 31st Annual General Meeting of your Company, and share with you its 31st Annual Report for FY 2018-19.



This past year continues to be an eventful one.

With your support and trust, your Company continues to be an investor in Exela Technologies, Inc. ("Exela"). Exela is a business process automation (BPA) leader, leveraging a global footprint and proprietary technology to provide digital transformation solutions enhancing quality, productivity, and end-user experience. With decades of expertise operating mission-critical processes, Exela serves a growing roster of more than 4,000 customers throughout 50 countries, including over 60% of the Fortune® 100. Through cloud-enabled platforms, built on a configurable stack of automation modules, and over 22,000 employees operating in 23 countries.

Your Company needs to continuously evolve and adapt, and in that spirit, as of May 30th, I have stepped down as Chairman, but continue to serve as its Executive Director. The Board of Directors' have unanimously appointed Mr. Vikram Negi to be the new Chairman of your Company. Mr. Negi brings vast experience and I am confident that he will continue to build on our successes. I thank all my fellow members of the Board for their unanimous support & encouragement through the years.

Lastly, on behalf of the Company's Board of Directors, I would like to express my sincere thanks to each one of our members, employees, customers, authorities and regulators.

May this coming year be our best one so far.

Best regards

Sunil Rajadhyaksha

Chairman & Executive Director

Directors' Report

Your Directors are pleased to present the Thirty First Annual Report on the Business and Operations of HOV Services Limited (the "Company" or "HOVS") together with the Audited Financial Statements for the financial year ended March 31, 2019.

FINANCIAL RESULTS AND OPERATIONS:

Particulars	₹ In Lakhs			
	Consolidated		Standalone	
	For the year ended on March 31, 2019	For the year ended on March 31, 2018	For the year ended on March 31, 2019	For the year ended on March 31, 2018
INCOME				
Income from Operation	1,054.43	1,359.95	1,054.43	1,254.55
Other Income	95.77	420.32	93.17	106.31
Total Income	1,150.20	1,780.27	1,147.60	1,360.86
EXPENDITURE				
Staff Cost	732.36	911.96	713.92	884.89
General and Administrative Expenses	296.28	428.02	245.23	269.12
Total Expenditure	1,028.64	1,339.98	959.15	1,154.01
Profit / (Loss) before Interest, Depreciation and Tax	121.56	440.29	188.45	206.85
Less: Interest	-	25.42	-	-
Less: Depreciation	52.52	106.62	8.54	9.76
Profit / (Loss) before Exceptional Items	69.04	308.25	179.91	197.09
Less: Exceptional Items	-	0.38	-	1,022.72
Profit / (Loss) Before Tax	69.04	307.87	179.91	(825.63)
Less: Provisions for Taxes				
Current Tax	(50.90)	(57.10)	(50.90)	(57.10)
Deferred Tax	(0.58)	(12.95)	(0.58)	(0.97)
Profit / (Loss) for the year	17.56	237.82	128.43	(883.70)
Other Comprehensive Income				
Items that will not be reclassified subsequently to Profit or Loss	(27,265.18)	61,011.50	4.02	1.23
Total Comprehensive Income for the year	(27,247.62)	61,249.32	132.45	(882.47)

1. Results of Operations

For the financial year ended March 31, 2019 as follows:-

Consolidated Financial Performance:

- Consolidated total Income for the current year was ₹1,150.20 Lakhs.
- EBIDT for the current year was ₹121.56 Lakhs.
- Net Profit for the current year was ₹17.56 Lakhs.
- Total Comprehensive Income for the current year was ₹(27,247.62) Lakhs.
- The basic and diluted Earnings per Share (EPS) for the current year was ₹0.14.

Standalone Financial Performance:

- Total Income for the current year was ₹1,147.60 Lakhs.
- EBIDT for the current year was ₹188.45 Lakhs.
- Net Profit/ (Loss) for the current year was ₹128.43 Lakhs.
- Total Comprehensive Income for the current year was ₹132.45 Lakhs.
- The basic and diluted Earnings per Share (EPS) for the current year was ₹1.02.

For more information, refer to section of Management Discussion and Analysis part of the Report.

2. Appropriations**(i) Dividend:**

The Board of Directors did not recommend any dividend for the year to conserve available resources to pursue strategic growth opportunities for the growth of business of the Company.

(ii) Transfer to Reserve:

No amount was transferred to Reserve during the financial year ended on March 31, 2019.

3. Subsidiary Companies

- HOVS LLC incorporated in Delaware under the laws of United States of America;
- HOV Environment LLC incorporated in Nevada State under the laws of United States of America;
- HOVS Holdings Limited incorporated under the Companies Ordinance of Hong Kong; and
- HOV Environment Solutions Private Limited incorporated in Maharashtra under Indian Company Laws.

A report on the performance and financial position of Subsidiaries as per the Companies Act, 2013 is annexed in the financial statements.

4. Policy on Material Subsidiaries

The Company had the policy for determining material subsidiary and it was updated effective April 1, 2019 pursuant to the SEBI (Listing Obligation and Disclosure Requirements) (Amendment) Regulations, 2018. The said policy has been displayed on the website of the Company at http://hovsltd.com/Policies_Disclosures.html

The Company's wholly owned subsidiary HOVS LLC is a material subsidiary in accordance with the thresholds laid down under the (SEBI Listing Obligation and Disclosure Requirements) Regulation 2015 as amended from time to time.

5. Investment

The Company’s wholly owned subsidiary HOVS LLC holds investment in Exela Technologies, Inc., through Ex-Sigma LLC a special purpose vehicle. The percentage of investment held by HOVS LLC in Exela Technologies, Inc., as of March 31, 2019 is 18.686% and therefore as per IND-AS, the investment has been accounted as Financial Instrument, i.e. FVOCI Equity Instruments. For details refer Note No. 5.1 of Consolidated Financial statements.

6. ADR/GDR

The shareholder’s in their Annual General Meeting dated July 21, 2007 granted approval for proposed 15,000,000 of ADR/GDR issue. However, so far none of the underlying equity shares were issued by the Company.

7. Share Capital of the Company

During the financial year, the Company had allotted 53,250 equity shares under ESOP Plans 2007. Consequently, after the allotment, the paid up share capital of the Company has gone up from 12,535,722 equity shares of ₹10 aggregating to ₹125,357,220/- to 12,588,972 equity shares of ₹10 aggregating to ₹125,889,720/-.

8. Employee Stock Option Plan (ESOP)

Your Company instituted “HOVS Stock Option Plan 2007” for its employees and for employees of its subsidiary companies as detailed below:

Plan	Shareholder’s Approval Date	No. of Options for employees of the Company	No. of Options for employees of subsidiary companies	Total
“HOVS Stock Option Plan 2007”	July 21, 2007	400,000	700,000	1,100,000

The information to be disclosed as per SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, is provided herewith as “ANNEXURE- A” to this report.

9. Conservation of Energy, Technology Absorption and Foreign Exchange

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 13 (3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is provided herewith as “ANNEXURE- B” to this report.

10. Human Resources

The Company follows the philosophy to maintain cordial relations with all its employees and value its human resources and takes utmost care of its employees deployed. It encourages all employees to strike a perfect work life balance.

The Company adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act, 2013) and the Rules made thereunder for prevention and redressal of complaints of sexual harassment at workplace.

During the year there was no complaint received to the Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

11. Particular of Employees and Related Disclosures

The Company has no employees who received remuneration in excess of limits prescribed Under Section 197 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

Disclosure as per Section 197 (12) of the Companies Act, 2013 and Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided herewith as “ANNEXURE- C” to this report.

12. Directors Responsibility Statement

The Directors Responsibility Statement in terms of Section 134(5) of the Companies Act, 2013 is provided herewith as “ANNEXURE- D” to this report.

13. Financial Summary and Highlights

The financial summary and highlights are presented under the Management Discussion and Analysis Report part of the Annual Report.

14. Board Meetings

During the financial year 4 (Four) Board Meetings were held. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms a part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013.

15. Directors and Key Managerial Personnel

The Board in its meeting held on May 30, 2019 accepted the willingness of Mr. Sunil Rajadhyaksha to relinquish his office of Chairmanship. The Board of Directors placed on record its deep sense of appreciation for Mr. Sunil Rajadhyaksha as Chairman, and for his strong leadership, valuable contribution and support extended to the Company at all times during his tenure as the Chairman. He will be, however, continue as a wholetime director of the Company.

The Board in its meeting held on May 30, 2019 appointed Mr. Vikram Negi as the Chairman of the Board of Directors & of the Company w.e.f May 30, 2019.

During the year Mr. Harish Bhasin resigned from his office of Independent Director effective September 10, 2018 and Mr. Rohit Jain resigned from his office of Independent Director effective August 13, 2018. Mr. Harjit Singh Anand was appointed as Independent Director effective July 5, 2018.

Mr. Surinder Rametra Executive Director is liable to retire by rotation at the 31st Annual General Meeting. Mr. Rametra has confirmed his eligibility and willingness for re-appointment. Mr. Rametra has requisite qualifications and experience and therefore, your Directors recommend that the proposed resolution relating to the re-appointment of Mr. Rametra, be passed.

There is no change in Company Secretary and Chief Financial Officer of the Company.

None of the directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI Board/MCA or any such statutory authority. The Company has complied with the requirement in terms of Schedule V Part C of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, of taking a certificate to that effect from the Secretarial Auditor of the Company.

16. Declarations from Independent Directors

The Board confirms that it has received declarations from all the Independent Directors that they meet the criteria of independence as prescribed under Section 149(7) of the Companies Act, 2013.

17. Meeting of Independent Directors

The meeting of Independent Directors was held on February 13, 2019 to review the performance of the Board as a whole, its committees, non-independent directors, independent directors and the Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties. The independent directors expressed satisfaction on the quality, quantity and timeliness of flow of information between the management and the Board.

18. Familiarisation Programme

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The management of the Company, as and when required keeps updating to the entire Board including Independent Directors on the Company's operations and were also briefed regularly and or quarterly basis the changes in applicable statutes and regulations.

During the year the familiarisation program was arranged by the Company on February 13, 2019 for Independent Directors. The details of the familiarisation program was disclosed under Investor Relations section of the Company's website www.hovsltd.com.

19. Internal Financial Controls

The Company has adequate procedures for ensuring the internal financial controls and the same are in place with reference to financial statements. The internal control system is reviewed by the Audit Committee with the Management and tested by Internal Auditors of the Company and no reportable material weaknesses in the design or operation were observed.

20. Related Party Transactions

All transaction entered into by the Company with Related Parties are at arm's length and are in the ordinary course of business and are intended to further your Company's interest. The particulars of transactions with related parties are provided herewith as "ANNEXURE- E" to this report.

The disclosure of Related Party Transactions as per Ind AS 24 with related parties have been provided in Note No. 34 & 37 of the Standalone & Consolidated Financial Statements respectively, forming part of this Annual Report.

The policy on Related Party Transactions as updated by the Board keeping in view of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended to be effective April 1, 2019 has been displayed on the Company's website at: <http://www.hovsltd.com/docs/Policies/2019/HOVS%20RPTs%20PolicyApril%201%202019.pdf>

21. Corporate Governance Report

The report on Corporate Governance is annexed as the part of the Director's report.

22. Management Discussion and Analysis

Management Discussion and Analysis Report for the year under review, as stipulated under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented as a separate section forming part of the Director's report.

23. Code of Conduct for Board and Senior Management

The Company has adopted Code of Conduct for the Directors and Senior Management and is available on the Company's website http://hovsltd.com/code_of_conduct.html. All Directors and Senior Management personnel have affirmed their compliance with the said Code. A declaration signed by the Whole-time Director to this effect is annexed as part of the Director's Report.

24. Auditors and Auditors' Report**Statutory Auditors:**

M/s BAGARIA & Co., Chartered Accountants were appointed as Statutory Auditors for a period of 5 years, in 29th Annual General Meeting held on September 1, 2017 till the conclusion of the 34th AGM to be held in year 2022.

The Statutory Auditors' Report for FY 2018-19 does not contain any qualification, reservation or adverse remark.

Secretarial Audit Report:

M/s. J B Bhavé & Co., Practicing Company Secretaries, Pune were appointed for conducting secretarial audit. The Secretarial Audit Report for FY 2018-19 is provided herewith as "ANNEXURE- F" to this report. The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

During the year under review, there were no instances of frauds committed in the Company by its officers or employees, which requires reporting by the Statutory Auditors and the Secretarial Auditor.

Annual Secretarial Compliance Report:

Pursuant to requirements of Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 the Secretarial Auditors of the Company were engaged to issue the Annual Secretarial Compliance Report for year ended March 31, 2019.

25. Extract of Annual Return

Extract of Annual Return is provided herewith as "ANNEXURE- G" to this report.

26. Board Evaluation

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) stipulate the evaluation of the performance of the Board, its Committees, Individual Directors and the Chairperson. The performance evaluation has been carried out on directors individually, working of the Committees and Board’s performance. The manner of evaluation is explained in the Corporate Governance Report. Independent Directors met separately to evaluate the Non-Independent Directors and Chairman of the Board. The performance evaluation of Board, its Committees, Independent Directors, Non-independent directors and including Chairman of the Board was carried out during the year considering parameters as set by the members of the Board.

The evaluation of the Board and its Committees was carried out through a structured evaluation process covering various aspects of the Boards functioning and having well defined Committees and each Committee having co-operative working environment with the Board.

The evaluation of Chairperson was carried out by independent directors on criteria of leadership, promotes participation among all members and ability to manage conflicting situations positively.

The evaluation of the independent directors by all board members was carried out based on the criteria of efforts undertaken by them, brings independent view point in discussion and awareness of their roles and responsibilities.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, senior management and their remuneration. The nomination and remuneration policy is provided herewith as “Annexure- H” to this report. The said policy has been displayed on the Company’s website at:<http://www.hovsltd.com/docs/Policies/2019/Nomination%20&%20Remuneration%20Policy.pdf>

27. Risk Management

The implementation of risk management has been covered in the Management Discussion and Analysis (MDA), which forms part of this report.

28. Committees of the Board

The Company has constituted the Audit Committee; Nomination and Remuneration Committee; Stakeholders Relationship Committee. The details of all the committee are disclosed in the Corporate Governance Report. The Board accepts all the recommendations of the Audit Committee.

29. Particulars of Loans, Advances and Investments

The particulars as required pursuant to Section 186 (4) of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014 and pursuant to Regulation 34(3) and Schedule V Part A of SEBI LODR, 2015, are mentioned in the Notes to Account to the Financial Statements of the Annual Report.

The particulars of loans are mentioned in Note No. 6 respectively of Standalone and Consolidated Notes to Accounts; the particulars of Guarantees are mentioned in Note No. 33 & 36, respectively of Standalone and Consolidated Notes to Accounts; and the particulars of Investment are mentioned in Note No. 5 of Consolidated Notes to Accounts.

30. Compliance with Secretarial Standards

The Secretarial Standards issued by the Institute of Company Secretaries of India, as applicable to the Company, have been complied with.

31. Whistle Blower Policy

The Company has adopted a Vigil Mechanism/Whistle Blower Policy, in order to establish a mechanism for directors and employees to report genuine concerns or grievances about unethical behaviour, actual or suspected frauds or violation of the Company's Code of Conduct.

The Policy provides for commitment to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication. The Policy provides for a mechanism to report such concerns to the Audit Committee through specified channels. This mechanism provides safeguards against victimisation of employees, who report under the said mechanism.

During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website.

32. Reconciliation of Share Capital Audit

As required by the Securities & Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditor's Certificate in regard to the same is submitted to BSE Limited and National Stock Exchange of India Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors of the Company.

33. General

- a) The statement relating to risk management policy and identification of risk elements are covered under Management Discussion Analysis Report as annexed with this Report.
- b) There are no adverse material changes or commitments occurred after March 31, 2019 which may affect the financial position of the Company or may require disclosure.
- c) On following points no reporting or disclosure is required as there were no transactions on these items during the financial year under review:
 - (i) There were no loans, guarantees and investments made;
 - (ii) Details relating to deposits covered under Chapter V of the Companies Act, 2013;
 - (iii) No significant and material orders passed by the regulators or courts or tribunals which impacted the going concern status and operation of the Company;
 - (iv) Issue of equity shares with differential rights as to dividend, voting or otherwise;
 - (v) Issue of sweat equity shares; and
 - (vi) None of the whole-time directors of the Company received any remuneration or commission from the subsidiaries of the Company.
 - (vii) Requirement under Section 148 of the Companies Act, 2013 is not applicable in the respect of business activities carried out, hence cost records are not maintained by the Company.

34. Acknowledgement

Your Directors would like to place on record their sincere appreciation for co-operation and support received from the Government of India, Government of Maharashtra, Reserve Bank of India, Software Technology Parks of India, Registrar of Companies, Pune, other local governmental bodies, NASSCOM, the National Stock Exchange, the Bombay Stock Exchange, Bankers of the Company and Shareholders during the financial year.

Your Directors would also like to place on record their appreciation for the commitment and contribution made by all executives, officers, workers and staff of the Company for their hard work, co-operation and support.

Your Directors takes this opportunity to express its deep gratitude for the continued co-operation and support received from each one of valued shareholders of the Company.

For and on behalf of the Board of Directors

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Baldev Raj Gupta
Independent Director
(DIN: 00020066)

Harjit S Anand
Independent Director
(DIN: 01549385)

Date: May 30, 2019

DECLARATION REGARDING CODE OF CONDUCT

We hereby confirm that for the financial year ended March 31, 2019, the Directors and Senior Management Personnel have complied with the Code of Conduct of the Company as applicable to them.

Sunil Rajadhyaksha

Chairman & Executive Director

(DIN: 00011683)

FINANCIAL STATEMENTS CERTIFICATIONS

We the undersigned, in our respective capacities to the best of our knowledge and belief, certify that:

- a) We have reviewed financial statements and the cash flow statement of the Company for the financial year ended on March 31, 2019 and that:
 - 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 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 internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such 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 that;
 - i. there was no changes in internal control over financial reporting during the year;
 - ii. there was no significant changes in accounting policies during the year required to be disclosed in the notes to the financial statements; and
 - iii. there was no 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.

For HOV Services Limited

Nilesh Bafna
Chief Financial Officer

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****TO THE MEMBERS OF****HOV SERVICES LIMITED**

1. This certificate is issued in accordance with our engagement letter dated September 12, 2018
2. This certificate contains details of compliance of conditions of corporate governance by **HOV Services Limited** ('the Company') for the year ended March 31, 2019 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Management's Responsibility for compliance with the conditions of Listing Regulations

3. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

4. Our examination 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.
5. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31 March, 2019.
6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Restriction on Use

10. The certificate is addressed to and provided to the Members of the Company solely for the purpose to enable the Company to comply with requirement of aforesaid Regulations, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For Bagaria and Co. LLP
FRN. – 113447W/W-100019
Chartered Accountants

Vinay Somani
Partner
Membership No. 143503

Place: Mumbai
Date: May 30, 2019

ANNEXURE TO THE DIRECTORS' REPORT
Management Discussion and Analysis Report

HOV Services Limited ("HOVS" or the "Company") operates as a hybrid between an investment company and a diversified services corporation. The Company's business encompasses Software and IT Enabled Services. The Company believes that this operational structure is fundamental to our value proposition for our future success.

Financial Performance

Management discussion and analysis on financial performance of the Company for the year under reporting is as under:

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
1	Property, Plant and Equipment	Net carrying amount as at March 31, 2019 stood at ₹ 41.39 lakhs as compared to ₹ 29.01 lakhs as at March 31, 2018.	Net carrying amount as at March 31, 2019 stood at ₹ 104.72 lakhs as compared to ₹ 138.82 lakhs as at March 31, 2018.
2	Intangible Assets	Net carrying amount as at March 31, 2019 stood at ₹ 0.16 lakhs as compared to ₹ 2.38 lakhs as at March 31, 2018.	Net carrying amount as at March 31, 2019 stood at ₹ 0.16 lakhs as compared to ₹ 2.38 lakhs as at March 31, 2018.
3	Investments in subsidiaries and associate & Other investments	Investment in subsidiaries stood at ₹ 6607.77 lakhs for the year March 31, 2019 as well as March 31, 2018.	The fair value of this investment is ₹ 58622 lakhs as at March 31, 2019 as against ₹ 98724 Lakhs as at March 31, 2018 due to drop in market price of shares.
4	Trades Receivables	Net Receivables as at March 31, 2019 amounted to ₹ 281.40 lakhs as compared to ₹ 411.64 lakhs as at end of previous year March 31, 2018. Trade receivables as a percentage of revenue from operations is 27% as at March 31, 2019 as against 33% as at March 31, 2018.	Net Receivables as at March 31, 2019 amounted to ₹ 281.40 lakhs as compared to ₹ 431.25 lakhs as at end of previous year March 31, 2018. Trade receivables as a percentage of revenue from operations is 27% as at March 31, 2019 as against 33% as at March 31, 2018.
5	Cash and cash equivalents	Cash and cash equivalents stood at ₹ 549.36 lakhs as on March 31, 2019 compared to ₹ 372.65 Lakhs as on March 31, 2018 which is more by ₹ 176.71 lakhs compare to last year.	Cash and cash equivalents stood at ₹ 700.71 lakhs as on March 31, 2019 compared to ₹ 496.56 Lakhs as on March 31, 2018 which is more by ₹ 204.15 lakhs compare to last year.
6	Total Current Assets	As at March 31, 2019 total current assets amounted to ₹ 927.16 lakhs as compared to ₹ 857.10 lakhs as at March 31, 2018.	As at March 31, 2019 total current assets amounted to ₹ 1100.83 lakhs as compared to ₹ 1097.10 lakhs as at March 31, 2018.
7	Total Equity	Total equity stood at ₹ 8064.41 lakhs as at March 31, 2019 as compared to ₹ 7911.22 lakhs as at March 31, 2018.	Total equity stood at ₹ 44361.94 lakhs as at March 31, 2019 as compared to ₹ 71629.61 lakhs as at March 31, 2018.

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
8	Equity share capital & Securities premium reserve:	During the year, Share Capital and Securities Premium reserve were ₹ 1258.90 lakhs and ₹ 6261.89 lakhs respectively.	During the year, Share Capital and Securities Premium reserve were ₹ 1258.90 lakhs and ₹ 6261.89 lakhs respectively.
9	Retained earnings	Retained earnings as at March 31, 2019 amounting to ₹ 333.61 lakhs.	Retained earnings as at March 31, 2019 amounting to ₹ 2840.41 lakhs.
10	General Reserves	During the year there is no change in amount of general reserve from the previous year ended on March 31, 2018 which was ₹ 195.41 lakhs.	General Reserves stood at ₹ 195.41 Lakhs as on March 31, 2019 which is same as per last year ended on March 31, 2018.
11	Capital Redemption Reserve	During the year there is no change in CRR amount of ₹ 6.30 lakhs which was created on account of buy-back of equity share capital in year 2009.	During the year there is no change in CRR amount of ₹ 6.30 lakhs which was created on account of buy-back of equity share capital in year 2009.
12	Total Other comprehensive income	Total other comprehensive income stood at ₹ 8.29 lakhs for the current year compared to ₹ 4.27 lakhs last year.	Total other comprehensive income stood at ₹ 33749.37 lakhs for the current year compared to ₹ 61014.55 lakhs last year.
13	Trade payables	Trade payables stood at ₹ 77.80 lakhs current year compared to ₹ 74.51 lakhs last year ended on March 31, 2018.	Trade payables stood at ₹ 94.42 lakhs current year compared to ₹ 109.55 lakhs last year ended on March 31, 2018.
14	Total Current Liabilities	As at March 31, 2019 current liabilities amounted to ₹ 318.09 lakhs as compared to ₹ 309.61 lakhs as at March 31, 2018.	As at March 31, 2019 current liabilities amounted to ₹ 413.62 lakhs as compared to ₹ 368.28 lakhs as at March 31, 2018.
15	Sale of services	For the year ended March 31, 2019, Revenue from Operations was ₹ 1054.43 lakhs as compared to ₹ 1254.55 lakhs for the year ended March 31, 2018.	For the year ended March 31, 2019, Revenue from Operations was ₹ 1054.43 lakhs as compared to ₹ 1359.95 lakhs for the year ended March 31, 2018.
16	Operating Profit	Operating Profit/ (Loss) before exceptional items and tax is of ₹ 179.91 lakhs for the year ended March 31, 2019.	Operating Profit/ (Loss) before exceptional items and tax is of ₹ 69.04 for the year ended March 31, 2019.
17	Exceptional items	Exceptional expenses stood at Nil for the current year compared to ₹ 1022.72 Lakhs ended on March 31, 2018.	Exceptional expenses stood at Nil for the current year compared to ₹ 0.38 Lakhs ended on March 31, 2018.
18	Net Profit/ (Loss) for the year	HOVS recorded a net profit of ₹ 128.43 lakhs for the current year ended on March 31, 2019 as compared to ₹ 883.70 lakhs for year ended March 31, 2018.	HOVS on consolidated basis recorded a net profit of ₹ 17.56 lakhs for the current year ended on March 31, 2019 as compared to ₹ 237.82 lakhs for year ended March 31, 2018.
19	Total Comprehensive Income	HOVS recorded a total comprehensive loss of ₹ 132.45 lakhs for the year ended March 31, 2019.	Recorded a total comprehensive income of ₹ (27247.62) lakhs for the year ended March 31, 2019.

Revenues – standalone

Our total revenue in current year on a standalone basis decreased to ₹ 1147.60 Lakhs from ₹ 1360.86 Lakhs in the previous year. Our software export revenues for the year ended March 31, 2019 was ₹ 1054.43 Lakhs, as against ₹ 1254.55 Lakhs in the previous year.

Revenues – consolidated

Our total revenue in current year on a consolidated basis decreased to ₹ 1150.20 Lakhs from ₹ 1780.27 Lakhs in the previous year. Our Income from operations aggregated to ₹ 1054.43 Lakhs, against ₹ 1359.95 Lakhs in the previous year.

Profits – standalone

- Employee Benefit Expenses were at ₹ 713.92 Lakhs for year ended March 31, 2019 and were at ₹ 884.89 Lakhs for the year ended March 31, 2018. Other expenses were at ₹ 245.23 Lakhs for year ended March 31, 2019 and were at ₹ 269.12 Lakhs for the year ended March 31, 2018.
- The EBITDA amounted to ₹ 188.45 Lakhs as against ₹ 206.85 Lakhs in the previous year.
- The exceptional expenses amounted to Nil compared to ₹ 1022.72 Lakhs for the previous year.
- The Profit for the year was ₹ 128.43 Lakhs, as against Loss of ₹ (883.70) Lakhs in the previous year.
- Total Comprehensive Income for the year was ₹ 132.45 Lakhs as against total comprehensive Loss ₹ (882.47) Lakhs in the previous year.

Profits – consolidated

- Employee Benefit Expenses were ₹ 732.36 Lakhs for year ended March 31, 2019 and were ₹ 911.96 Lakhs for the year ended March 31, 2018.
- Other expenses were ₹ 296.28 Lakhs for year ended March 31, 2019 and were ₹ 428.02 Lakhs for the year ended March 31, 2018.
- The EBITDA amounted to ₹ 121.56 Lakhs as against ₹ 440.29 Lakhs in the previous year.
- The Net Profit for the year was ₹ 17.56 Lakhs, as against Net Profit of ₹ 237.82 Lakhs in the previous year.
- Total Comprehensive Loss for the year was ₹ (27247.62) Lakhs as against total comprehensive Income of ₹ 61249.32 Lakhs in the previous year.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations therefor

Sr. No.	Particulars	FY 2018-19	FY 2017-18	% change	Detail explanation for change (where the change is 25% or more as compared to the immediately previous financial year)
i	Debtors Turnover	2.960	3.140	-5.73%	
ii	Interest Coverage	NA	13.130	NA	There is no interest cost incurred during the year
iii	Current Ratio	2.660	2.980	-10.74%	
iv	Debt Equity Ratio	0.007	0.006	16.67%	
v	Operating Profit Margin	1.090	1.310	-16.79%	
vi	Net Profit Margin	0.015	0.130	-88.46%	The net profit % is reduced mainly due to reduction in other income compared to previous financial year
vii	Return on Net Worth	0.002	0.022	-90.91%	Return on net worth % is reduced mainly due to reduction in other income compared to previous Financial year

Human Resources & Prevention of Sexual Harassment

During the year the Company maintained cordial relationship with the employees at all levels and provided an environment free of sexual harassment and discrimination on the basis of gender. The Human Resource is important asset of the Company. The training and developments needs of the employees has been addressed on continuous basis with time to time internal programmes. The Company has constituted Internal Complaints Committee pursuant to the Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for protection against sexual harassment of women at work place. During the year there were no complaints of such manner.

Internal Control Systems and their adequacy

The Company's management is responsible for establishing and maintaining internal controls. The management has established adequate internal control systems with checks and balances observed at all levels, covering not only, financial transactions but other department functions as well. The Company's Internal Control framework is commensurate with the size and the nature of its operations. The internal control framework is essentially based on various policies, procedures and processes of different functional departments of the Company to achieve efficiency and effectiveness in operations and compliance with laws and regulations.

The Company has appointed reputed firms of Chartered Accountants to carry out internal audits. The audit is based on focused and risk based internal audit plan, which is reviewed each year after consulting the Audit Committee. The conduct of internal audit is aimed towards the review of internal controls and risks, accounting and finance, and human resources, and as per scope decided by the Audit Committee. The Internal Auditor periodically does testing of the internal controls and monitors the effectiveness of internal controls and provides assurance of the adequacy and effectiveness of the internal controls to the Audit Committee and Board of Directors.

Risks and its mitigation

The Company has an appropriate risk management framework comprising of risk governance structure and defined risk management processes. The risk management is a mechanism to identify risk, if any to business of the Company, which in the opinion of the Management need mitigation. The Audit Committee has oversight in the area of financial risks and controls. The Management has identified the following key risks considering the operations relating to the businesses of the Company and continuously monitor and review to mitigate the key risks in manner stated herein below:-

- a) Business model related risk: - The revenue of the Company is based on cost plus mark up for contracts with customers. The wage cost is major risks which may not be acceptable to customers due to change in minimum wages requirements. This could expose the Company to risks like price pressure, excessive dependency on select customers. In order to mitigate the risk, Management of the Company make continues endeavour to keep appraised its customers about any change in cost factors well in advance.
- b) Foreign currency fluctuation risk: - A substantial part of Revenue accrues in US Dollars and expenditure of the Company is incurred in the Indian Rupees. Therefore, there is risk exposure due to adverse fluctuation of exchange rate between the US Dollar and the Indian Rupees. In order to mitigate the risk the Management tracks foreign currency movements closely.
- c) Financial risk:-The surplus funds of the Company are invested in fixed deposits with banks which is averse to risk related to volatility of interest rate. To mitigate the risk of interest rate the Management closely tracks movement of rate change with banks.

- d) Credit risk: - It is exposed to risk of delay in collection from customers and to mitigate such risk pre-defined credit period is mentioned in contract entered and the same is followed for receiving payments from customers.
- e) Operational risk: - The Company is exposed to risks of operational performance on account of costs. If the performance is lower than expected from the operators, it could have impact on profitability. So to mitigate such risks the Company had proper MIS in place.
- f) Investment risk: - The Company through its wholly owned subsidiary HOVS LLC holds investments in quoted shares. The Company is exposed to the risk of value of investment getting effected due to performance of the investee company. To mitigate such risk the Management of the Company keeps constant liaison with investee company and the Board of the Company is kept informed about necessary information on timely basis.
- g) Information Technology risk: - The evolving technologies throw challenges. The business operations are mostly dependent on systems involving computers/ servers which are prone to hacking due to advancement in technology. In order to mitigate the hacking risk, appropriate anti-hacking multi layered systems are installed.
- h) Legal, Compliance risk: - There is a risk on account of dynamic legal environment. Understanding regulations and statutory compliance is vital to mitigate such risk. The Management has created a robust compliance framework and at times takes help from professional firms in order to ensure compliance.
- i) Social Media risk: - Being listed entity, the Company is exposed to risks of any inappropriate disclosure made by any employee in social media. In order to mitigate such risk the employees and Management including board members strictly adhere to the code of "Fair Disclosure Code" of the Company.
- j) Business Continuity and Disaster Recovery risk:- To ensure continued delivery of services to customers irrespective of any disturbances the Company has implemented strong systems and processes across different locations so as to enabling it to take appropriate measures in respect of disaster recovery and business continuity.
- k) Inflation risk: - The rising inflation and salaries along with high attrition among employees is a risk. The impact of this is hard to manage and to the extent possible, the Management uses technology, automation, incentives and good work environment to reduce its impact.
- l) Cyber Security risk:- It poses risk for business in all aspects, right from phishing emails; vulnerable to hacking of IT systems; and clicking on links or downloading documents that turn out to be malware. Key steps to mitigate such risk is educating employees to be aware of unwanted mails, implementation of antivirus software and proper patch management along with implementation of a strong IT policy.

Opportunities, Outlook & Threats

We are positive to capture opportunities in growing emerging markets. The landscape of information technology has been continuously evolving and one has to keep pace with the changing trend in order to excel and tap significant growth opportunities.

With Management having strong domain knowledge and experience of leading business venture in technology space, the Company is well placed in building next generation technology, partnerships with the world's technology leaders and has set up very well for the future.

Report On Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019.

1. Company's Philosophy on Corporate Governance

Corporate Governance philosophy is aimed at to conduct the business in a fair, transparent and ethical manner fulfilling its corporate responsibility towards various stakeholders and enhancing shareholders' value in the long term. The Company is committed to good Corporate Governance practices and compliance with all applicable statutes. The Company's affairs being managed in a manner which ensures accountability, transparency in all corporate affairs.

The Board believes that combining the highest levels of ethical practices with experience and expertise, will ensure the Company's philosophy on Corporate Governance.

The Board of Directors and Senior Management of your Company not only adhere to legal obedience of applicable laws but goes deeper conforming to ethical practices across the entire functioning of the Company thereby observing the corporate governance principles in its letter and spirit.

2. Board of Directors

The Board of Directors of your Company has a judicious mix of Executive and Independent directors. Out of total strength of six directors, three are independent directors, from diverse background having distinguished experience in various fields such as management, finance, technology and strategic planning, with considerable professional expertise and experience in business and industry.

The Board functions either as a full Board or through various Committees constituted to oversee specific operational areas.

(a) Composition of Board of Directors

The Company has a professional Board of Directors, constituted in compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board has an optimum combination of executive and non-executive Directors including woman director. All non-executive directors are Independent Directors. The Chairman of the Company is an Executive Director.

(b) Directors' Compensation and Disclosures

The Non-Executive Directors on the Board of the Company are paid sitting fees for attending the Board Meeting and meetings of the various committees of the Board of Directors. All such fees paid to the Non-Executive Directors are fixed by Board of Directors.

During the financial year no stock options were granted to the Non-Executive Directors. Pursuant to Section 149 of the Companies Act, 2013 Independent Directors of the Company shall not be entitled for any further grant of stock options.

(c) Other provisions related to Board and Committees

The Board and Audit Committee meet at least four times on quarterly basis in a year to review the quarterly financial statements and meets on need basis on other matters. The Nomination & Remuneration Committee and Stakeholder's Relationship Committee of the Board meets twice a

year and as and when required. The Company Secretary circulates the agenda papers and supporting documents well in advance before the respective Board and Committee Meetings.

The gap between two board meetings does not exceed four months. Leave of absence was granted to the Directors as and when requested by them. The Board was made available necessary information as required to be placed before the Board as per Regulation 17 (7) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“SEBI (LODR), 2015”] for their discussion and consideration.

As per Regulation 26 of SEBI (LODR), 2015 none of the Directors on the Company’s Board is a member of more than ten committees or Chairman of more than five committees across all listed entities. All the directors have made necessary disclosure regarding committees positions held by them in other entities. None of the directors is having any relation with other directors of the Board. None of the directors are holding directorship in other listed entities.

The composition of Board, attendance at Board meeting during the year under review, number of Directorship, membership and their shareholding in the Company is given as hereunder;

Composition of Board of Directors and details of meeting attended:

Name of Director	Category	Board Meetings		Attended Last AGM	Other Directorships/Board Committees (Number)		
		Held	Attended		Directorship	Committee Membership	Committee Chairmanship
Mr. Surinder Rametra	Promoter Executive	4	2	Yes	-	-	-
Mr. Sunil Rajadhyaksha	Promoter Executive	4	4	Yes	-	-	-
Mr. Vikram Negi	Executive	4	2	Yes	-	-	-
Mr. B R Gupta	Non-Executive Independent	4	4	No	3	2	-
Mr. Harish Bhasin ¹	Non-Executive Independent	4	2	Yes	-	-	-
Mr. Rohit Jain ²	Non-Executive Independent	4	4	Yes	-	-	-
Mrs. Lakshmi Kumar	Non-Executive Independent	4	4	Yes	-	-	-
Mr. Harjit Singh Anand ³	Non-Executive Independent	4	1	No	-	-	-

¹ Mr. Harish Bhasin, resigned from his office of Independent Director effective, September 10, 2018.

² Mr. Rohit Jain, resigned from his office of Independent Director effective August 13, 2018.

³ Mr. Harjit Singh Anand was appointed as Independent Director effective July 5, 2018.

The details of Board Meetings held during the financial year ended March 31, 2019 are as under:

Sr. No.	Date of Board Meetings	Board Strength	No. of Directors Present
1	May 29, 2018	7	7
2	August 13, 2018	8	4
3	November 13, 2018	6	3
4	February 13, 2019	6	6

Shareholding of Directors as on March 31, 2019 is as below:

Sr. No.	Name of Director	Number of shares held
1	Mr. SunilRajadhyaksha, Chairman & Executive Director ¹	5,88,720
2	Mr. Surinder Rametra, Executive Director ¹	1,20,000
3	Mr. Vikram Negi, ExecutiveDirector	63,556
4	Mr. B R Gupta, Independent Director	11,000
5	Mr. Harish Bhasin, Independent Director ²	1,694
6	Mrs Rohit Jain, Independent Director ³	-
7	Mrs. Lakshmi Kumar, Independent Director	-
8	Mr. Harjit Singh Anand, Independent Director ⁴	-

¹ Promoters-refer page no 54 for shareholdings of Promoters.

² Mr. Harish Bhasin, resigned from his office of Independent Director effective, September 10, 2018.

³ Mr. Rohit Jain, resigned from his office of Independent Director effective August 13, 2018.

⁴ Mr. Harjit Singh Anand was appointed as Independent Director effective July 5, 2018.

(d) Details of Remuneration of all the Directors:

₹ in Lakhs

Sr. No.	Name of Director	Salary & Perquisites ₹	Bonus/ Commission ₹	Sitting Fees ₹
1	Mr. Sunil Rajadhyaksha	48.00	Nil	Nil
2	Mr. Surinder Rametra	Nil	Nil	Nil
3	Mr. Vikram Negi	Nil	Nil	Nil
4	Mr. B R Gupta	Nil	Nil	4.80
5	Mr. Harish Bhasin	Nil	Nil	2.40
6	Mr. Rohit Jain	Nil	Nil	0.50
7	Mrs. Lakshmi Kumar	Nil	Nil	4.20
8	Mr. Harjit Singh Anand	Nil	Nil	0.50

Notes:

- i) Mr. Sunil Rajadhyaksha has, effective June 1, 2019 relinquished his remuneration.
- ii) There is no pecuniary relationship with non-executive directors except entitled for sitting fees for attending Board Meetings and its Committees Meetings.
- iii) The shareholders in their 30th Annual General Meeting held on September 10, 2018 had appointed Mr. Harjit Singh Anand as an Independent Director of the Company for 1st term of five years period from September 10, 2018 to September 9, 2023.
- iv) The remuneration payable to directors does not have performance linked incentives.
- v) None of the Directors are eligible for severance fees.
- vi) Notice period, as mutually decided by the Board and Director.

3. Audit Committee

The Company had set up the Audit Committee to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures. The composition of the Audit Committee and its roles is as per the provisions of Companies Act, 2013 and SEBI (LODR), 2015.

All members of the Committee are financially literate. Mr. B R Gupta, who was the Chairman of the Audit Committee at the time of previous Annual General Meeting and has not attended the 30th Annual General Meeting of the Company, held on September 10, 2018 because of his family in USA commitments. Mr. B R Gupta has over five decades of rich & versatile experience in Insurance, Investment and Financial Services Sector.

The Chairman of the Company, Statutory Auditors, and Chief Financial Officer attend the meetings of the Audit Committee as invitees. Mr. Bhuvanesh Sharma, VP-Corporate Affairs & Company Secretary & Compliance Officer also acts as Secretary to the Audit Committee.

Section 177 of Companies Act, 2013, and the Regulation 18 of the SEBI (LODR), 2015, have expanded the terms of reference of the Audit Committee. The terms of reference for Audit Committee include:

- i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- iii) Examination of the financial statement and the auditors' report thereon;
- iv) Approval or any subsequent modification of transactions of the company with related parties;
- v) Scrutiny of inter-corporate loans and investments;
- vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- vii) Evaluation of internal financial controls and risk management systems;

- viii) Monitoring the end use of funds raised through public offers and related matters.
- ix) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- x) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- xi) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- xii) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- xiii) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- xiv) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- xv) Approval or any subsequent modification of transactions of the company with related parties;
- xvi) Evaluation of internal financial controls and risk management systems;
- xvii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xviii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xix) Discussion with internal auditors of any significant findings and follow up there on;
- xx) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- xxi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xxii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- xxiii) To review the functioning of the Whistle Blower mechanism;
- xxiv) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- xxv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
- xxvi) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- xxvii) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

The composition of Audit Committee is as follows:

Name	Designation/Category
Mr. B R Gupta	Chairman (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Surinder Rametra	Member (Executive Director)

The details of Audit Committee Meetings and its attendance during the financial year ended March 31, 2019 are as under:

Sr. No.	Meeting Date	May 29, 2018	August 13, 2018	November 13, 2018	February 13, 2019
1	Mr. B. R. Gupta	P	P	P	P
2	Mr. Harish Bhasin ¹	P	P	NA	NA
3	Mrs. Lakshmi Kumar	P	P	P	P
4	Mr. Surinder Rametra	P	A	A	P

¹ Mr. Harish Bhasin, resigned from his office of Independent Director effective, September 10, 2018

4. Nomination & Remuneration Committee

The Company had constituted the Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), 2015.

Among 4 members of the Committee three members are independent directors. The composition of Nomination & Remuneration Committee is as follows:

Name	Designation/Category
Mr. B. R. Gupta ²	Chairman (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)
Mr. Harjit Singh Anand ³	Member (Independent Director)

¹Mr. Harish Bhasin had resigned effective September 10, 2018.

²Mr. B.R. Gupta was appointed as Chairman effective November 13, 2018.

³Mr. Harjit Singh Anand was appointed as Committee member effective November 13, 2018.

The Nomination & Remuneration Committee acts in terms of reference specified by the Board which, inter-alia, includes,

- i) Identify persons who are qualified to become directors and who may be appointed in “senior management” and recommend to the board for their appointment and removal;
- ii) Carry out formulation of criteria for evaluation of performance of independent directors and the board of directors;
- iii) Evaluation of every director’s performance;
- iv) Devising a policy on Board diversity;
- v) Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- vi) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vii) Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees ensuring the following while formulating the policy that:-
 - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- viii) recommend to the board, all remuneration, in whatever form, payable to senior management

The details of Nomination & Remuneration Committee Meetings and its attendance during the financial year ended March 31, 2019 are as under:

Sr.No.	Meeting Date	May 29, 2018	November 13, 2018
1	Mr. B. R. Gupta	P	P
2	Mr. Harish Bhasin ¹	P	NA
3	Mrs. Lakshmi Kumar	P	P
4	Mr. Sunil Rajadhyaksha	P	P
5	Harjit Singh Anand ²	NA	A

¹ Mr. Harish Bhasin, resigned from his office of Independent Director effective, September 10, 2018

²Mr. Harjit Singh Anand was appointed as Committee member effective November 13, 2018.

The Remuneration Policy of the Company is designed to attract, motivate and retain manpower. This Policy applies to directors and senior management including its Key Managerial Personnel (KMP) and other employees of the Company. The compensation strategy revolves around getting the “best talent from the market”.

The performance evaluation of independent directors was carried out by whole board members based on the criteria i) efforts undertaken for understanding the Company; ii) brings independent view point in discussion; and iii) awareness of roles and responsibilities by independent directors.

5. Stakeholders Relationship Committee

The Company had constituted the Stakeholders Relationship Committee as per Section 178 and Regulation 20 of the SEBI (LODR), 2015 to look into the matters related with shareholders.

The Stakeholders Relationship Committee had authorized Mr. Bhuvanesh Sharma, VP –Corporate Affairs & Company Secretary & Compliance Officer to overview the task of investor’s servicing and redress their grievances, re-materialization of shares, issue of duplicate share certificates, issue of new certificates in replacement of those that are torn, defaced, lost or destroyed, split/consolidation of share certificates and any other matter as and when received from the shareholders of the Company and maintain the records thereof.

During the reporting year there were no complaints pending from the shareholders of the Company.

i) The composition of Stakeholders Relationship Committee is as follows :

Name	Designation/Category
Mr. B. R. Gupta	Chairman (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)
Mr. Harjit Singh Anand	Member (Independent Director)

The details of Stakeholders Relationship Committee Meetings and its attendance during the financial year ended March 31, 2019 are as under:

Sr. No.	Meeting Date	May 29, 2018	November 13, 2018
1	Mr. B. R. Gupta	P	P
2	Mr. Harish Bhasin ¹	P	A
3	Mr. Sunil Rajadhyaksha	P	P
4	Mr. Harjit Singh Anand ²	NA	A

¹ Mr. Harish Bhasin resigned effective, September 10, 2018

² Mr. Harjit Singh Anand was appointed as Committee member effective November 13, 2018.

The Stakeholders Relationship Committee acts in terms of reference specified by the Board which, inter-alia, includes,

- i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

- ii) Review of measures taken for effective exercise of voting rights by shareholders.
- iii) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- iv) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

6. General Body Meetings

- a) The details of last three Annual General Meetings held are as under:

Year	Location of the Meeting	Date	Time	Special Resolutions passed
2016	Le Meridien, Raja Bahadur Mill Road, Pune - 411001	June 30, 2016	10.30 AM	Yes
2017	The Sheraton Grand Pune Bund Garden Hotel, Raj Bahadur Mill Road, Pune-411001	September 1, 2017	10.30 AM	No
2018	The Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune-411001	September 10, 2018	11.00 AM	Yes

- b) Extra Ordinary General Meeting: No Extra Ordinary General Meeting was held during the year.
- c) Resolutions passed through Postal Ballot & details of voting pattern:

During the reporting Financial Year, the Company has not conducted Postal Ballot.

7. Subsidiary Companies

The Company has material subsidiary i.e. HOVS LLC, as per the criteria laid down in Regulation 16 (c) of SEBI (LODR) Regulations, 2015, as amended from time to time.

The details of the Company's subsidiaries, are given in the Board Report.

The updates of major decisions of the unlisted subsidiary companies are regularly presented before the Audit Committee and the Board.

The major updates about the unlisted subsidiary companies are regularly presented to the Audit Committee and the Board in addition to the key points which are taken up in the audit committee/board meeting of subsidiaries. The key matters which are regularly taken up in the Audit Committee and Board meeting includes i) Minutes of all the meetings of board of directors of the Indian subsidiary company held in previous quarter; ii) Review of the financial statements; and iii) major dealings and significant matters.

8. Disclosures Requirements

- i) The Company was not subject to any non-compliance and no penalties or strictures were imposed on the Company by Stock Exchanges, SEBI or any statutory or other authority on any matters relating to capital markets, during the last three years.

- ii) The detailed Management Discussion and Analysis Report are given separately in the Annual Report.
- iii) The disclosure pertaining to the HOV Environment Solutions Private Limited is given in the Board's Report.
- iv) The Company is complying with the non-mandatory requirements that the internal auditors of the Company reports to the Audit Committee of the Board of Directors.
- v) There was no material significant related party transactions between the related parties having potential conflict with the interests of the Company during the year.
- vi) The Company has formulated a Whistle Blower Policy to establish a vigil mechanism for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The whistle Blower Policy is available on <http://hovsltd.com/docs/Policies/2019/HOVS%20Vigil%20WhistleBlower%20Policy%20April%201%202019.pdf>
- vii) During the year, no employee was denied access to Audit Committee.
- viii) The details of the policy on determining "Material Subsidiaries" is available on <http://hovsltd.com/docs/Policies/2019/HOVS%20Policy%20for%20Material%20Subsidiary%20April%201%202019.pdf>
- ix) The Company has formulated policy on Related Party Transactions available on <http://hovsltd.com/docs/Policies/2019/HOVS%20RPTs%20PolicyApril%201%202019.pdf>
- x) The details of the familiarization program is disclosed on the Company's website <http://www.hovsltd.com/docs/ir/HOVS%20FAMILIRIZATION%20PROGRAMME%202019.pdf>
- xi) No dividend was declared for the financial year ended March 31, 2019.
- xii) The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).
- xiii) All the Directors of the Company have submitted a declaration stating that they are not debarred or disqualified by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority from being appointed or continuing as Directors of Companies.
- xiv) There are no matters required to be disclosed in terms of the recommendations/submissions by the Audit & NRC Committee to the Board.
- xv) Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part is given below:

(₹ in Lakhs)

Payment to Statutory Auditors	FY 2018-19
Audit Fees	8.00
Tax Audit Fees	3.75
Other Services	-
Reimbursement of expenses	0.33
Total	12.08

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

- a. number of complaints filed during the financial year 2018-19 – Nil
- b. number of complaints disposed of during the financial year 2018-19 – Nil
- c. number of complaints pending as on end of the financial year 2018-19 – Nil

xvii) Insider Trading Regulations

The Company has adopted HOVS PIT Code effective 2015 and as amended from time to time for prevention of Insider Trading and Fair disclosure of unpublished price sensitive information. The HOVS PIT Code is applicable to all insiders and designated persons as envisaged in the Code. The HOVS PIT Code include the Policy for Inquiry in case of leak of UPSI and the Policy for Determination of legitimate Purpose for sharing of UPSI.

Mr. Bhuvanesh Sharma, VP-Corporate Affairs & Company Secretary & Compliance officer of the Company, is the Compliance Officer for the purpose of prevention of insider trading regulations.

xviii) None of the Directors of the Company holds directorship in any other listed companies.

9. Skills / Expertise / Competencies of the Board of Directors

The following is a set of matrix mentioning the skills/expertise/competencies identified by the Board of Directors as required in the context of its business for it to function effectively and those actually available with the Board:

Required in the context	
Core Skills	Possessed with the Board of Directors
• Corporate Governance	Yes
• Strategy Building	Yes
• Financial Literacy	Yes
• Risk and Compliance Management	Yes
Expertise	
• Leadership in workforce development and support	Yes
• Financial and Investment management	Yes
• Commercial and Business acumen/experience	Yes
Competencies	
• Leadership	Yes
• Critical Decision Making	Yes
• Commitment to the Role Assigned	Yes

10. Board Confirmation on Director Independence

The Board of the Company confirms that in the opinion of the Board, the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

11. Resignation of Independent Director

During the year Mr. Rohit Jain resigned effective August 13, 2018 due to his preoccupation and Mr. Harish Bhasin resigned effective September 10, 2018 due to his personal commitments. They have confirmed that there are no material reasons for resignation other than those provided as such by them.

12. Unclaimed /unpaid Dividends

In accordance with applicable provisions of Section 124 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 of Companies Act, 2013, as amended from time to time, the details of unclaimed dividend amount; due date for transfer to IEPF; amount transferred to IEPF and unclaimed shares are as under.

a) The details of the unclaimed dividends amount transferred during the FY 2018-19 to IEPF:

Sr. No.	Type of Dividend	Year	Date of Declaration/ approval	Payment Date	Amount transferred to unclaimed dividend to Investor Education and Protection Fund (IEPF)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Date on which amount was transferred to Investor Education and Protection Fund (IEPF)
1	Final Dividend	2010-11	03-Aug-2011	22-Aug 2011	92,534	Aug 22, 2018	5 September 2018

13. Unclaimed shares

Pursuant to requirements under Regulation 39(4) read with Schedule VI of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as "the SEBI (LODR) Regulations, 2015"), the details of the shares lying in the Unclaimed Suspense Account is as under:

The details of shares lying in the suspense account and in respect of which the dividend has not been paid or claimed for seven year or more are as under:

Description	No. of Cases	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year:	4	341
Number of shareholders who approached issuer for transfer of shares from suspense account during the year:	0	0
Number of shareholders to whom shares were transferred from suspense account during the year:	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year:	4	341

All the unclaimed shares are being credited to a DEMAT suspense account and all the corporate benefits in terms of securities, accruing to on these unclaimed shares shall be credited to such account. Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

14. Transfer of shares to Investor Education Protection Fund (“IEPF”)

In accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, (the “Rules”) as amended from time to time, inter-alia provides for transfer of shares in respect of which dividend remains unclaimed or unpaid for seven consecutive years or more to IEPF Account. Accordingly, during the year the Company had communicated to the concerned shareholder(s), individually under the Rules for taking appropriate action by them. The Company had also uploaded on its website www.hovsltd.com full details of concerned shareholders whose shares are liable to be transferred to the IEPF Authority. The details of the shares transferred under the Rules are as under:

No of shares transferred to IEPF	851
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It may be noted that both the unclaimed dividend and shares transferred to the IEPF including all benefits accruing, if any, in, such shares can be claimed back by the shareholder(s) from IEPF Authority by following procedure prescribed in the Rules.

In case the concerned shareholder(s) holding shares in physical form, if any, and whose shares are liable to be transferred to IEPF, such shareholder(s) may note that the Company will be issuing duplicate share certificate(s) in lieu of original share certificate held by them for the purpose of transfer of such shares to IEPF as per the Rules. The concerned shareholder(s) further note that the details uploaded on Company’s website should be regarded and shall be deemed to be adequate notice for the purpose of issue of duplicate share certificate(s) for the purpose of transfer of shares to IEPF pursuant to the Rules.

For any queries on the above matter, concerned shareholders are requested to contact the Company’s Registrar and Share Transfer Agents, M/s Karvy Fintech Private Limited, Mr. Mohd Mohsin Uddin, Senior Manager at Unit: HOV Services Limited, Karvy Selenium Tower B, Plot no 31-32, Financial district, Nanakramguda, Serilingampally, Hyderabad Rangareddi 500 032. Tel: +91 40-67161562; email ID : mohsin.mohd@karvy.com

15. Guidelines for Investors to file claim in respect of the Unclaimed Dividend or Shares transferred to the IEPF

The shareholders whose unpaid Dividends have been transferred to IEPF Authority Account can make a claim of the amount and also claim shares which have been transferred into the IEPF Authority Account, by following the below mentioned guidelines:-

- i) Download the Form IEPF-5 from the website of IEPF (<http://www.iepf.gov.in>) for filing the claim for the refund of dividend/shares. Read the instructions provided on the website/ instruction kit along with the e-form carefully before filling the form.
- ii) After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading, an acknowledgement will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.

- iii) Take a print out of the duly filled Form No. IEPF-5 and the acknowledgement issued after uploading the form.
- iv) Submit an indemnity bond in original, copy of the acknowledgement and self-attested copy of e-form alongwith other documents as mentioned in the Form No. IEPF-5 to the Nodal Officer (IEPF) of the Company at its Registered Office in an envelope marked "Claim for refund from IEPF Authority" / "Claim for shares from IEPF" as the case may be. Kindly note that submission of documents to the Company is necessary to initiate there fund process.
- v) Claim forms completed in all respects will be verified by the concerned Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhaar linked bank account through electronic transfer and/or the shares shall be credited to the demat account of the claimant, as the case may be.
- vi) The Nodal Officer of the Company for IEPF Refunds Process is Mr. Bhuvanesh Sharma, VP- Corporate Affairs & Company Secretary & Compliance Officer.

16. Nomination Facility

Section 72 of the Companies Act, 2013, provides facility for making nominations by Members in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased Member to his / her nominee without being required to go through the process of obtaining Succession Certificates / Probate of the Will, etc. It would therefore, be in the best interest of the Members holding shares as a sole holder to make such nomination. Members holding shares in physical mode are advised to write to the Registrar and Share Transfer Agent of the Company for making nomination. Members holding shares in demat form are advised to contact their DP for making nominations. Members are further requested to quote their E-mail IDs, Telephone / Fax numbers for prompt reply to their communication.

17. Means of Communications

The Company's periodic financial results as well as other investor related information are made available to the shareholders by way of displaying under "Investor Relation" section on the web site of the Company at www.hovsltd.com. The financial results are in Financial Express (all editions) and Loksatta, Pune (regional newspaper).

All the information about the Company is promptly filed with Stock Exchange through their electronic filing system, where the shares of the Company are listed and are released to press, where ever required, for information of public at large and is also made available on the Company's website.

The Company will make the communication in electronic form to the e-mail address provided by member and made available to Company and R&T agent of the Company by the Depositories. Therefore, it is requested to register/ provide/update your e-mail address with Depositories and with the R&T Agent of the Company on the email id hov.cs@karvy.com created for the purpose.

18. Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certifications

As per the requirement of Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements), Regulation 2015, a duly signed certificate was placed at the meeting of Board of Directors of the Company held on May 30, 2019. The same is annexed to the Board's Report.

19. General Shareholder Information
a) Details of ensuing AGM:

Day and Date	Time	Venue
Tuesday, September 10, 2019	11:00 A.M.	Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune-411001, Maharashtra.

b) Financial Year: April 1 to March 31
c) Dividend payment date: No dividend was declared for the financial year ended March 31, 2019.
d) Listing on Stock Exchanges:

Code	Exchange	Address
HOVS	NSE	"Exchange Plaza" Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051
532761	BSE	Phirozejeejeebhoy Towers, Dalal Street, Mumbai- 400 001

e) Market price data:

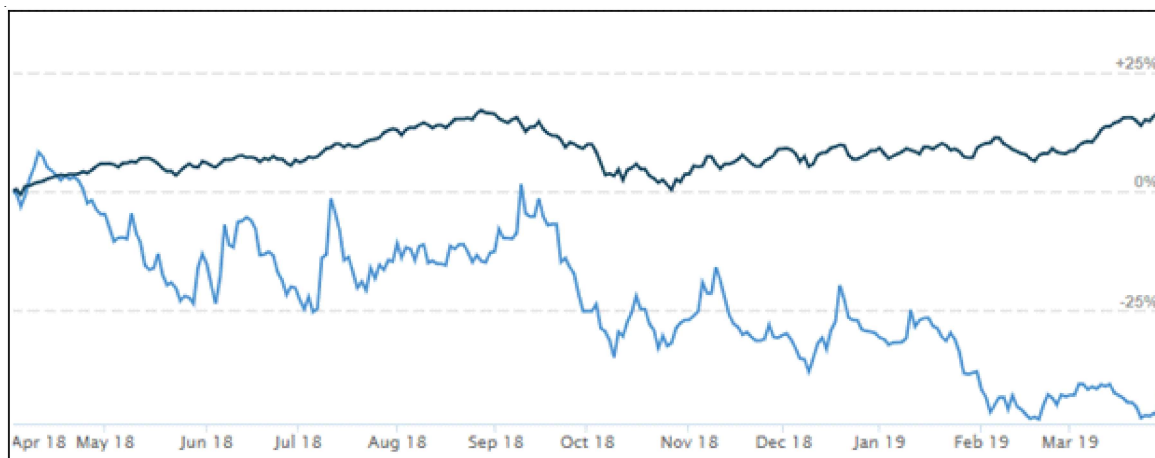
Monthly highs, lows and trading volume for FY ended March 31, 2019 is as below:

Month	NSE			BSE		
	High (₹)	Low (₹)	Trade Quantity	High (₹)	Low (₹)	Trade Quantity
Apr-18	268.65	230.50	70,959	268.70	231.00	25,321
May-18	239.85	183.00	1,45,971	241.80	182.95	1,06,157
Jun-18	236.75	176.50	1,23,513	236.90	182.00	1,87,053
Jul-18	245.35	180.00	2,34,251	245.70	181.00	5,36,883
Aug-18	229.55	203.50	1,42,272	229.50	201.20	2,16,693
Sep-18	261.00	178.50	2,56,906	265.50	177.00	6,60,143
Oct-18	195.00	153.15	92,957	196.00	156.00	28,290
Nov-18	215.80	164.10	1,00,716	218.00	163.55	2,41,667
Dec-18	201.30	149.50	1,28,040	211.65	148.80	4,41,795
Jan-19	193.00	145.00	1,83,825	193.65	145.30	6,17,596
Feb-19	150.60	112.00	77,386	153.95	126.00	87,960
Mar-19	152.10	124.10	54,472	152.55	125.15	40,222

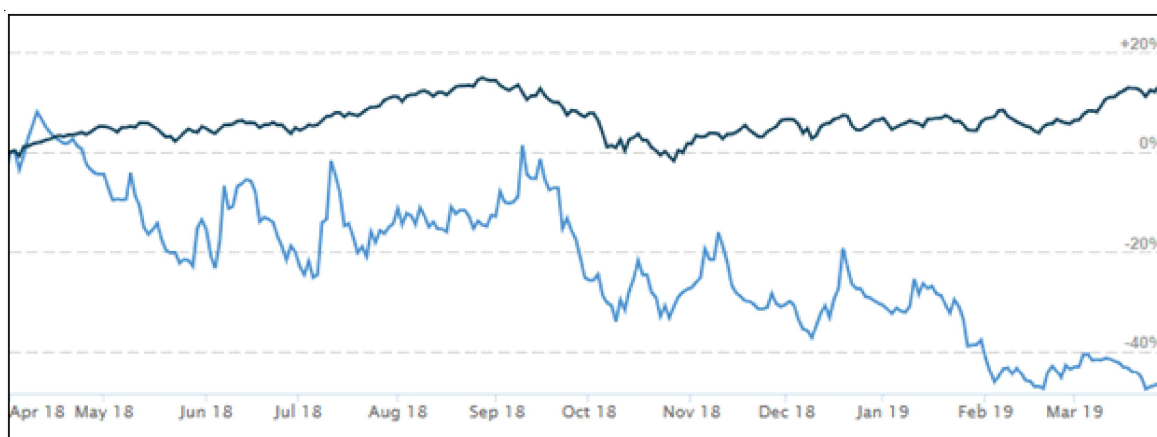
f) HOV Services Limited's Share prices versus the NSE Nifty

The Chart herein below shows the comparison of the Company's share price movement vis-à-vis the movement of BSE Sensex and NSE Nifty: Historic Graph 01-04-2018 to 31-03-2019

HOVS vis-à-vis BSE Sensex:



HOVS vis-à-vis NSE Nifty:



g) Registrar and Share Transfer Agent

Karvy fintech Private Limited
 Karvy Selenium, Tower B,
 Plot number 31 & 32, Financial District,
 Nanakramguda Serilingampally, Hyderabad Rangareddi, Hyderabad 500 032.

h) Share Transfer System

The share transfer activities is carried out by the Company's Registrar and Share Transfer agent, who has effective systems for share transfers. Shareholders/Investors are requested to send share transfer related documents directly to Registrar and Share Transfer Agent. If the transfer documents are in order, the transfer of shares(s) will get registered within 15 days of receipt of transfer documents by our Registrar and Share Transfer Agent.

i) Financial Calendar for the Financial Year 2019-20:

Schedule of the Board Meetings for declaration of Financial Results (tentative and subject to change):

Quarter End	Date
1 st Quarter Results	On or before August 14, 2019
2 nd Quarter Results	On or before November 14, 2019
3 rd Quarter Results	On or before February 14, 2020
4 th Quarter Results (Audited)	On or before May 30, 2020

j) **Date of Book Closure:** September 7, 2019 to September 10, 2019 (both days inclusive).

k) **Distribution of Shareholding as of March 30, 2019**

(i) **Distribution of Shares according to size of holding:**

Sr.no	Category	No. of Cases	% of Cases	No. of Shares	% To Equity
1	1 - 5000	7397	97.69	1815681	14.42
2	5001 - 10000	86	1.14	604537	4.80
3	10001 - 20000	38	0.50	525657	4.18
4	20001 - 30000	16	0.21	387959	3.08
5	30001 - 40000	6	0.08	212583	1.69
6	40001 - 50000	5	0.07	233519	1.85
7	50001 - 100000	13	0.17	892671	7.09
8	100001 and above	11	0.15	7916365	62.88
	TOTAL:	7572	100.00	12588972	100.00

(ii) **Distribution of Shares by Shareholders Category:**

Sr. No.	Description	Without Grouping			With Grouping		
		No. of Cases	Total Shares	% Equity	No. of Cases	Total Shares	% Equity
1	TRUSTS	1	1000	0.01	1	1000	0.01
2	RESIDENT INDIVIDUALS	7146	3538569	28.11	6987	3538569	28.11
3	BODIES CORPORATE	1	811224	6.44	1	811224	6.44
4	PROMOTERS	8	6227329	49.47	8	6227329	49.47
5	EMPLOYEES	6	37711	0.30	6	37711	0.30
6	NON RESIDENT INDIANS	58	108148	0.86	58	108148	0.86
7	CLEARING MEMBERS	24	10698	0.08	21	10698	0.08
8	BANKS	2	9775	0.08	2	9775	0.08
9	NON RESIDENT INDIAN NON REPATRIABLE	23	233854	1.86	23	233854	1.86
10	BODIES CORPORATES	207	841061	6.68	158	841061	6.68
11	NBFC	2	30300	0.24	2	30300	0.24
12	I E P F	1	851	0.01	1	851	0.01
13	H U F	304	361036	2.87	301	361036	2.87
14	FOREIGN NATIONALS	3	377416	3.00	3	377416	3.00
	Total:	7786	12588972	100.00	7572	12588972	100.00

(iii) Top Ten Shareholders as of March 31, 2019

Sr. No.	HOLDER	TOTAL SHARES	% TO EQUITY	CATEGORY
1	ADESI 234 LLC	3000985	23.84	PRO
2	HOF2 LLC	1667933	13.25	PRO
3	CHITALE LLC	811224	6.44	LT1
4	STERN CAPITAL PARTNERS LLC	694246	5.51	PRO
5	SUNIL VASANT RAJYADHYAKSHA	588720	4.68	PRO
6	EINDIA VENTURE HOLDING COMPANY LTD.	355286	2.82	LTD
7	XIN CHENG	223950	1.78	FN
8	PURVI PRABHATCHANDRA JAIN	205061	1.63	PUB
9	KARAN NEGI	148817	1.18	NRN
10	SURINDER RAMETRA	120000	0.95	PRO

l) Dematerialization of shares and liquidity

As of March 31, 2019, 99.46% of the total issued capital of the Company was held in electronic form with National Securities Depository Limited and Central Depository Services (India) Limited.

m) Outstanding GDRs/ADRs/Warrants/Convertible instruments and their impact on the equity shares

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments, and hence there are no other particulars to be given under this head. None of the underlying equity shares were issued against 15,000,000 number of ADR/GDR previously approved by the Company.

n) Credit Ratings

The Company has not issued any debt instruments or fixed deposit or any proposal involving mobilization of funds, either in India or abroad.

o) Plant/Office Locations

As the Company is engaged in Business Process Outsource (BPO) Industry, it does not have Plant. The Key facilities in India and USA are listed below:

India Office:	Global office:
3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune 411037	8550 W Desert Inn Rd Sute 102452 Las Vegas, NV89117-2119

p) Name, Designation and Address of Compliance officer for communication

Bhuvanesh Sharma

VP – Corporate Affairs & Company Secretary & Compliance Officer

3rd Floor, Sharda Arcade, Pune Satara Road,

Bibwewadi, Pune 411037

Maharashtra, India

Tel : (91 20) 2422 1460

Fax: (91 20) 2422 1470

E-mail: investor.relations@hovsltd.com

Website: www.hovsltd.com

Annexure – A to the Director’s Report
Details of Employees Stock Options as on March 31, 2019.

i) The details of options granted, lapsed and equity shares issued under HOVS ESOP Plan 2007 are as below:

	Plan 2007		
	Employees of the Company	Employees of the erstwhile subsidiary Companies	Total
Approved Options	400,000	700,000	1,100,000
Grant in 2007	141,500	526,000	667,500
Grant in 2008	28,150	217,900	246,050
Grant in 2011	52,500	10,000	62,500
Grant in 2013	115,000	-	115,000
Total Grant	337,150	753,900	1,091,050
Options Lapsed	217,200	745,900	963,100
Equity shares issued and allotted	97,950	-	97,950
Options in force	22,000	8,000	30,000
options available	280,050	692,000	972,050*

*Includes lapsed options eligible for further grants and granted.

ii) The details of options vested from grants made in different periods under **Plan 2007**:

Details of Options vested from:	Employees of the Company	Employees of the subsidiary Companies	Total
Grant in 2007	-	-	-
Grant in 2008	-	-	-
Grant in 2011	13,000	8,000	21,000
Grant in 2013	9,000	-	9,000
Total options vested	22,000	8,000	30,000

iii) Information of grant made to directors and employees under **Plan 2007**:

Options granted date	Directors (A)	Other than Directors (B)	Total (A+B)
July 21, 2007	7,500	640,000	647,500
October 25, 2007	-	20,000	20,000
July 30, 2008	7,500	183,550	191,050
October 8, 2008	-	55,000	55,000
May 27, 2011	30,000	32,500	62,500
February 27, 2013	75,000	40,000	115,000
Total Granted	120,000	971,050	1,091,050
Options lapsed	42,500	920,600	963,100
Equity shares Issued on exercise of options	62,500	35,450	97,950
Options outstanding	15,000	15,000	30,000

iv) The details of options granted under the **Plan 2007** are given in the table.

As of March 31, 2019

		Plan 2007
a.	Options Granted:	1,091,050
b.	The Pricing formula:	Closing price of the stock exchange where there is highest trading volume, prior to the date of the meeting of the Compensation & Remuneration Committee in which options are granted.
c.	Options Vested:	30,000
d.	Options Exercised:	97,950
e.	Total number of shares would be arising as a result of exercise of options:	30,000
f.	Options lapsed:	963,100
g.	Variation of terms of option:	NA
h.	Money realized by exercise of options:	₹ 43,23,008
i.	Total number of options in force:	30,000
j.	Employee wise details of Options granted to :	
	i. Senior Management personnel:	Nil
	ii. Employee receiving 5% or more of the total number of options granted during the year:	Nil
	iii. Employee granted 1% or more of the issued capital:	Nil
k.	Diluted EPS on issue of shares on exercise calculated in accordance with AS 20.	₹ 1.02/-

Notes:

- i) During the year no options were granted out of ESOP Plan 2007.
- ii) Independent directors are not entitled for any grant of options.
- iii) Options issued to employees at an exercise price not less than closing price of the stock exchange where there is highest trading volume, prior to the date of meeting of the Compensation & Remuneration Committee in which options were granted. The options will vest in a phased manner within five years as 10% in each first to four years and balance 60% at the end of fifth year.
- iv) As per ESOP Plan 2007, options granted shall be capable of being exercised within a period of five years from the date of vesting of the respective employee stock options. The un-exercised vested options will lapse upon the expiry of five years from the respective date of their vesting;
- v) Based on recommendations of Nomination & Remuneration Committee of the Company, the HOVS ESOP Plan 2008 was discarded by the Board in its meeting held on May 13, 2016.

Annexure- B to the Board's Report**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

[Section 134 (3) (m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014)]

Conservation of Energy:

The Company require minimal energy in form of electricity for its activities and always strives to ensure optimal utilization of energy and avoid wastage on continuous basis by using efficient software's and hardware's.

Technology Absorption:

The Company is constantly adopting modern technologies and upgrades, to serve better its clients, retain its employees and improve their productivity and performance. The Company has embark on a technologically efficient process which will enable higher productivity with lower costs.

Research and Development:

The Company has not undertaken any R&D activity in any specific area during the year under review, and hence no cost has been incurred towards the same.

Foreign Exchange Earnings and Outgo:

The majority of earnings of the Company are from the export of services since the Company has no domestic business. The foreign exchange earnings for the year ended on March 31, 2019 is ₹1054.43 Lakhs.

Annexure- C to the Director's Report

Disclosure as per Section 197 (12) of the Companies Act, 2013 and Rule no. 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 are as under:

Sr. No.	Name of Director/KMP and Designation	% increase in Remuneration in the Financial Year 2018-19	Ratio of remuneration of each Director/ to median remuneration of employees
1	Sunil Rajadhyaksha, Whole-time Director	NIL	NIL
2	Surinder Rametra, Whole-time Director	NIL	NIL
3	Vikram Negi, Whole-time Director	NIL	NIL
4	Nilesh Bafna Chief Financial Officer	NIL	NIL
5	Bhuvanesh Sharma VP-Corporate Affairs, Company Secretary & Compliance Officer	NIL	NIL

- ii) The percentage increase in the median remuneration of employees in the financial year was 0.15%
- iii) As on March 31, 2019 the total numbers of employees on the rolls of the Company were 155.
- iv) Average percentile increased in the salaries of the employees other than Managerial Personnel remain same as of previous year and there was no change in the salary of Managerial Personnel.
- v) It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

[Information as per Rule 5(2) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

Sr. No.	Name of the Employee	Designation of the employee	Remuneration received (CTC)	Qualification of the Employee	Experience of the Employee	Date of commencement of the employment	Age of the Employee (Years)	Last employment held before joining the Company	Percentage of equity shares held by the employee in the Company
1	Bhuvanesh Sharma	Vice President-Corporate Affairs & Company Secretary and Compliance Officer	₹ 30.72	B.Sc. Maths, MFA, CS	19+ Years	1-Jan-15	47	BancTec TPS India Pvt. Ltd.	0.0%
2	Balbir Singh Batra	Vice President	₹ 30.00	Under Graduate	31+ Years	7-Jan-06	59	Oceans Connect	4.0%
3	Nilesh Bafna	Chief Financial Officer	₹ 28.69	B.Com., CA	16+ Years	21-Apr-06	42	Own Practice	5.0%
4	Shrirang Chitnis	Director, Applications Development	₹ 26.25	B.Sc. Microbiology	22+ Years	1-Jan-05	51	Codec Communications Pvt. Ltd.	5.0%
7	Dhananjay Sawant	Associate Director – Web & Content	₹ 20.12	Diploma in Mechanical Engineering	18+ Years	12-Jul-07	43	Fulcrum Logic	0.0%
5	A.D.Venkatesh	Assistant General Counsel	₹ 19.61	Bachelor Of Law	31+ Years	1-Jan-15	58	SourceHOV	0.0%
6	Vijaykumar Pawar	Project Manager	₹ 17.47	MCM.	21+ Years	1-Jan-05	43	Codec Communications Pvt. Ltd.	0.0%
8	Kishor Jadhav	Senior Manager	₹ 12.71	Bachelor Of Commerce	26+ Years	1-Apr-05	57	Daewoo And/or Electronics Ltd.	0.0%
9	Santosh Pawar	Manager- Systems	₹ 12.66	Bachelor Of Arts	15+ Years	8-Aug-03	38	Bay Area Credit Services Pvt. Ltd.	0.0%
10	Madhukar Mazire	Senior Manager - IT	₹ 12.66	Bachelor Of Commerce	21+ Years	1-Oct-04	42	Creative Computers	0.0%

The nature of employment is of employment on payroll of the Company and none of the said employees is relative of any director or manager of the Company.

Annexure- D to the Director's Report**Directors' Responsibility Statement**

In compliance with Section 134 (5) of the Companies Act, 2013, your Directors confirmed and state as follows:

- a) That in preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; and
- b) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2019 and of the profit and loss account of the Company for that period; and
- c) That the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the directors have prepared the annual accounts on a going concern basis; and
- e) That the directors had laid down internal financial controls to be followed by the Company and that such system were adequate and were operating effectively; and
- f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws that such systems were adequate and operating effectively.

Annexure- E to the Director's Report

FORM NO. AOC- 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

- 1. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable**
- 2. Details of material contracts or arrangement or transactions at arm's length basis:-**

	Name(s) of the related party	SourceHOV LLC	HOVG LLC (dba Bay Area Credit Services LLC)
(a)	Nature of relationship:	Part of Exela group Companies*	Part of Exela group Companies*
(b)	Nature of contracts/ arrangements/transactions:	Sale of Services	Sale of Services
(c)	Duration of the contracts / arrangements/transactions:	Month on Month ongoing basis	Month on Month ongoing basis
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Software and IT enabled services & Data entry / Conversion services	Software and IT enabled services
(e)	Date(s) of approval by the Board, if any:	NA (Approved by Audit Committee on February 13, 2019)	NA(Approved by Audit Committee on February 13, 2019)
(f)	Amount paid as advances, if any:	Nil	Nil

** An entity of Investee Company*

For and on behalf of the Board of Directors

Sunil Rajadhyaksha
Chairman & Executive Director
 (DIN: 00011683)

Baldev Raj Gupta
Independent Director
 (DIN: 00020066)

Harjit Singh Anand
Independent Director
 (DIN: 01549385)

Annexure- F to the Director's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019*****[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]***

To
The Members
HOV Services Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HOV SERVICES LIMITED**. (Hereinafter called "the Company").

Secretarial Audit was conducted for the year from April 1, 2018 to March 31, 2019, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of the following list of laws and regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable during the Audit Period]**
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable during the Audit Period]**

- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable during the Audit Period]**
 - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **[Not applicable during the Audit Period]**
- (vi) OTHER APPLICABLE LAWS:
- a) The Minimum Wages Act, 1948,
 - b) Employees' State Insurance Act, 1948,
 - c) Provident Fund Act 1952 & Employees' Pension Scheme 1995,
 - d) The Payment of Bonus Act, 1965,
 - e) Payment of Gratuity Act, 1972,
 - f) The Bombay Shops and Establishments Act, 1948
 - g) The Maternity Benefit Act 1961
 - h) The Information Technology Act 2000
 - i) Policy relating to Software Technology Parks of India [STPI] and its regulations
 - j) Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

I further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

FOR J. B. BHAVE & CO.
Company Secretaries

Jayavant Bhav
Proprietor
FCS No. 4266
CP No. 3068

Place: Pune
Date: 18 May 2019

Annexure- G to the Director's Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L72200PN1989PLC014448
ii)	Registration Date	January 10, 1989
iii)	Name of the Company	HOV Services Limited
iv)	Category / Sub-Category of the Company	Company Limited by shares
v)	Address of the Registered office and contact details	3 rd Floor Sharda Arcade, Pune Satara Road, Bibwewadi, Pune - 411 037
vi)	Whether listed company Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Fintech Pvt Ltd Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad Rangareddi - 500 032, Telangana Contact details:- Mr. Mohd Mohsin Uddin Senior Manager – Operations P: +91 40 6716 1562 M: +91 91774 01094 mohsin.mohd@karvy.com ; www.karvyfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr.No.	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1	Other Information Technology and Computer services activities Software Development and Support Services, BPO business and Data Entry Services	62099* 722 / 723 / 724	100%

*As per NIC code 2018.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr.No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	HOVS LLC 8550 West Desert Inn Rd, Suite 102-452, Las Vegas, NV 89117	US based	Subsidiary	100%	2(87)
2	HOVS Holdings Limited Room 2, Block 1/F, Sea View Estate, 2-8 Waston Road, North Point, Hong Kong	HK based	Subsidiary	100%	2(87)
3	HOV Environment LLC 8550 West Desert Inn Rd, Suite 102-452, Las Vegas, NV 89117	US based	Subsidiary	61.10% (by HOVS LLC)	2(87)
4	HOV Environment Solutions Private Limited 3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune- 411037	U93000PN 2010PT C142608	Subsidiary	100% (by HOV Environ- ment LLC)	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Cate- gory Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2018				No. of Shares held at the end of the year 31/03/2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	
A.	Promoters and Promoter Group									
(1)	Indian									
(a)	Individual /HUF	25,422	0	25,422	0.20	25,422	0	25,422	0.20	0.00
(b)	Central Govern- ment/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Insti- tutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	25,422	0	25,422	0.20	25,422	0	25,422	0.20	0.00

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2018				No. of Shares held at the end of the year 31/03/2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II) (III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)	
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	746970	0	746970	5.96	746970	0	746970	5.93	-0.03
(b)	Bodies Corporate	5454937	0	5454937	43.52	5454937	0	5454937	43.33	-0.18
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	6201907	0	6201907	49.47	6201907	0	6201907	49.26	-0.21
	Total A=A(1)+A(2)	6227329	0	6227329	49.68	6227329	0	6227329	49.47	-0.21
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	9792	0	9792	0.08	9775	0	9775	0.08	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	9792	0	9792	0.08	9775	0	9775	0.08	0.00
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	947828	0	947828	7.56	841061	0	841061	6.68	-0.88
(b)	Individuals									
(i)	Individuals holding nominal share capital upto ₹1 lakh	2093334	4	2093338	16.70	2258205	4	2258209	17.94	1.24

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2018				No. of Shares held at the end of the year 31/03/2019				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i)	(ii) (iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)	(xi)	
(ii)	Individuals holding nominal share capital in excess of ₹ 1 lakh	1627919	0	1627919	12.99	1679107	0	1679107	13.34	0.35
(c)	Others									
	CLEARING MEMBERS	43513	0	43513	0.35	10698	0	10698	0.08	-0.26
	FOREIGN NATIONALS	377416	0	377416	3.01	377416	0	377416	3.00	-0.01
	I E P F	851	0	851	0.01	851	0	851	0.01	0.00
	BODIES CORPORATE	843724	0	843724	6.73	811224	0	811224	6.44	-0.29
	NBFC	1045	0	1045	0.01	30300	0	30300	0.24	0.23
	NON RESIDENT INDIANS	37573	67588	105161	0.84	40560	67588	108148	0.86	0.02
	NRI NON-REPATRIATION	256806	0	256806	2.05	233854	0	233854	1.86	-0.19
	TRUSTS	1000	0	1000	0.01	1000	0	1000	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	6231009	67592	6298601	50.25	6284276	67592	6351868	50.46	0.21
	Total B=B(1)+B(2) :	6240801	67592	6308393	50.32	6294051	67592	6361643	50.53	0.21
	Total (A+B) :	12468130	67592	12535722	100.00	12521380	67592	12588972	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	12468130	67592	12535722	100.00	12521380	67592	12588972	100.00	

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	ADESI 234 LLC	3000985	23.95	0	3000985	23.84	0	0.11
2	HOF2 LLC	1667933	13.31	0	1667933	13.25	0	0.06
3	STERN CAPITAL PARTNERS LLC	694246	5.54	0	694246	5.51	0	0.03
4	SUNIL VASANT RAJADHYAKSHA	588720	4.70	0	588720	4.68	0	0.02
5	SURINDER RAMETRA	120000	0.96	0	120000	0.95	0	0.01
6	SUN INVESTMENT PARTNERS LLC	91773	0.73	0	91773	0.73	0	0.0
7	PARVINDER S CHADHA	38250	0.31	0	38250	0.30	0	0.01
8	RAJADHYAKSHA ANIL VASANT	25422	0.20	0	25422	0.20	0	0.0

iii) Change in Promoters' Shareholding (please specify, if there is change)

There is no change in Promoters shareholding during the year under review.

iv) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):

Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
	No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
CHITALE LLC	843724	6.73	31/03/2018			843724	6.73
			27/04/2018	-5000	Transfer	838724	6.69
			29/06/2018	2500	Transfer	841224	6.69
			20/07/2018	-5000	Transfer	836224	6.65
			27/07/2018	-10000	Transfer	826224	6.57
			26/10/2018	-15000	Transfer	811224	6.44
			30/03/2019			811224	6.44

Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
	No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
EINDIA VENTURE HOLDING COMPANY LTD.	359539	2.87	31/03/2018			359539	2.87
			20/04/2018	-273	Transfer	359266	2.87
			11/05/2018	-3980	Transfer	355286	2.83
			30/03/2019			355286	2.82
XIN CHENG	223950	1.79	31/03/2018			223950	1.79
			30/03/2019			223950	1.78
PURVI PRABHATCHANDRA JAIN	170919	1.36	31/03/2018			170919	1.36
			13/04/2018	2636	Transfer	173555	1.38
			20/04/2018	-1767	Transfer	171788	1.37
			27/04/2018	-378	Transfer	171410	1.37
			08/06/2018	3787	Transfer	175197	1.40
			17/08/2018	18437	Transfer	193634	1.54
			07/09/2018	-13	Transfer	193621	1.54
			28/09/2018	10000	Transfer	203621	1.62
			26/10/2018	1440	Transfer	205061	1.63
30/03/2019			205061	1.63			
KARAN NEGI	148817	1.19	31/03/2018			148817	1.19
			30/03/2019			148817	1.18
NILESH CHANDRAKANT SHAH	98143	0.78	31/03/2018			98143	0.78
			01/06/2018	1000	Transfer	99143	0.79
			28/09/2018	1000	Transfer	100143	0.80
			30/03/2019			100143	0.80
RONALD C COGBURN	88978	0.71	31/03/2018			88978	0.71
			30/03/2019			88978	0.71
RISHI RAJENDRA SHAH	86613	0.69	31/03/2018			86613	0.69
			06/04/2018	2000	Transfer	88613	0.71
			30/03/2019			88613	0.70
MOTILAL OSWAL SECURITIES LTD	85835	0.68	31/03/2018			85835	0.68
			06/04/2018	1482	Transfer	87317	0.70
			06/04/2018	-6811	Transfer	80506	0.64
			13/04/2018	3560	Transfer	84066	0.67

0

Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
	No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
			13/04/2018	-120	Transfer	83946	0.67
			20/04/2018	290	Transfer	84236	0.67
			20/04/2018	-858	Transfer	83378	0.67
			27/04/2018	12404	Transfer	95782	0.76
			27/04/2018	-574	Transfer	95208	0.76
			04/05/2018	95	Transfer	95303	0.76
			11/05/2018	2007	Transfer	97310	0.78
			11/05/2018	-83	Transfer	97227	0.78
			18/05/2018	1269	Transfer	98496	0.79
			18/05/2018	-16029	Transfer	82467	0.66
			25/05/2018	600	Transfer	83067	0.66
			25/05/2018	-463	Transfer	82604	0.66
			01/06/2018	19634	Transfer	102238	0.82
			01/06/2018	-663	Transfer	101575	0.81
			08/06/2018	1276	Transfer	102851	0.82
			08/06/2018	-299	Transfer	102552	0.82
			15/06/2018	1604	Transfer	104156	0.83
			15/06/2018	-18346	Transfer	85810	0.68
			22/06/2018	7928	Transfer	93738	0.75
			22/06/2018	-20406	Transfer	73332	0.58
			29/06/2018	3248	Transfer	76580	0.61
			29/06/2018	-3319	Transfer	73261	0.58
			06/07/2018	1470	Transfer	74731	0.59
			06/07/2018	-503	Transfer	74228	0.59
			13/07/2018	5498	Transfer	79726	0.63
			13/07/2018	-36	Transfer	79690	0.63
			20/07/2018	4610	Transfer	84300	0.67
			20/07/2018	-1304	Transfer	82996	0.66
			27/07/2018	1375	Transfer	84371	0.67
			27/07/2018	-2943	Transfer	81428	0.65
			03/08/2018	1928	Transfer	83356	0.66
			03/08/2018	-1151	Transfer	82205	0.65
			10/08/2018	1988	Transfer	84193	0.67
			10/08/2018	-5778	Transfer	78415	0.62
			17/08/2018	14036	Transfer	92451	0.73

Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in share holding	Reason	Cumulative Shareholding during the Year	
	No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
			17/08/2018	-14059	Transfer	78392	0.62
			24/08/2018	4656	Transfer	83048	0.66
			24/08/2018	-21586	Transfer	61462	0.49
			31/08/2018	680	Transfer	62142	0.49
			31/08/2018	-4636	Transfer	57506	0.46
			07/09/2018	7067	Transfer	64573	0.51
			07/09/2018	-776	Transfer	63797	0.51
			14/09/2018	7785	Transfer	71582	0.57
			14/09/2018	-363	Transfer	71219	0.57
			21/09/2018	1485	Transfer	72704	0.58
			21/09/2018	-2201	Transfer	70503	0.56
			28/09/2018	4266	Transfer	74769	0.59
			28/09/2018	-576	Transfer	74193	0.59
			05/10/2018	3216	Transfer	77409	0.61
			05/10/2018	-759	Transfer	76650	0.61
			12/10/2018	4507	Transfer	81157	0.64
			12/10/2018	-7077	Transfer	74080	0.59
			19/10/2018	8997	Transfer	83077	0.66
			19/10/2018	-19483	Transfer	63594	0.51
			26/10/2018	155	Transfer	63749	0.51
			26/10/2018	-1016	Transfer	62733	0.50
			02/11/2018	2249	Transfer	64982	0.52
			02/11/2018	-1787	Transfer	63195	0.50
			09/11/2018	12694	Transfer	75889	0.60
			09/11/2018	-10115	Transfer	65774	0.52
			16/11/2018	6174	Transfer	71948	0.57
			16/11/2018	-17685	Transfer	54263	0.43
			23/11/2018	989	Transfer	55252	0.44
			23/11/2018	-513	Transfer	54739	0.43
			30/11/2018	1137	Transfer	55876	0.44
			30/11/2018	-537	Transfer	55339	0.44
			07/12/2018	250	Transfer	55589	0.44
			07/12/2018	-8234	Transfer	47355	0.38
			14/12/2018	126	Transfer	47481	0.38
			14/12/2018	-150	Transfer	47331	0.38

Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
	No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
			21/12/2018	479	Transfer	47810	0.38
			21/12/2018	-53	Transfer	47757	0.38
			28/12/2018	37	Transfer	47794	0.38
			28/12/2018	-508	Transfer	47286	0.38
			31/12/2018	101	Transfer	47387	0.38
			04/01/2019	381	Transfer	47768	0.38
			04/01/2019	-253	Transfer	47515	0.38
			11/01/2019	338	Transfer	47853	0.38
			11/01/2019	-112	Transfer	47741	0.38
			18/01/2019	2756	Transfer	50497	0.40
			18/01/2019	-251	Transfer	50246	0.40
			25/01/2019	273	Transfer	50519	0.40
			25/01/2019	-1204	Transfer	49315	0.39
			01/02/2019	1148	Transfer	50463	0.40
			01/02/2019	-358	Transfer	50105	0.40
			08/02/2019	934	Transfer	51039	0.41
			08/02/2019	-694	Transfer	50345	0.40
			15/02/2019	-782	Transfer	49563	0.39
			22/02/2019	230	Transfer	49793	0.40
			22/02/2019	-807	Transfer	48986	0.39
			01/03/2019	549	Transfer	49535	0.39
			01/03/2019	-634	Transfer	48901	0.39
			08/03/2019	1486	Transfer	50387	0.40
			08/03/2019	-1500	Transfer	48887	0.39
			15/03/2019	113	Transfer	49000	0.39
			15/03/2019	-1691	Transfer	47309	0.38
			22/03/2019	685	Transfer	47994	0.38
			22/03/2019	-88	Transfer	47906	0.38
			29/03/2019	100	Transfer	48006	0.38
			29/03/2019	-611	Transfer	47395	0.38
			30/03/2019	-200	Transfer	47195	0.37
			30/03/2019			47195	0.37
INDIANIVESH SECURITIES LIMITED	84806	0.68	31/03/2018			84806	0.68
			06/04/2018	-29629	Transfer	55177	0.44
			13/04/2018	-25418	Transfer	29759	0.24
			27/04/2018	17131	Transfer	46890	0.37

Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
	No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
			11/05/2018	200	Transfer	47090	0.38
			18/05/2018	500	Transfer	47590	0.38
			25/05/2018	24052	Transfer	71642	0.57
			25/05/2018	-17768	Transfer	53874	0.43
			01/06/2018	-1239	Transfer	52635	0.42
			08/06/2018	-297	Transfer	52338	0.42
			15/06/2018	23531	Transfer	75869	0.61
			15/06/2018	-23552	Transfer	52317	0.42
			22/06/2018	17000	Transfer	69317	0.55
			22/06/2018	-21106	Transfer	48211	0.38
			29/06/2018	-2821	Transfer	45390	0.36
			06/07/2018	-45390	Transfer	0	0.00
			13/07/2018	524	Transfer	524	0.00
			20/07/2018	976	Transfer	1500	0.01
			27/07/2018	-1400	Transfer	100	0.00
			03/08/2018	70	Transfer	170	0.00
			10/08/2018	-125	Transfer	45	0.00
			17/08/2018	50	Transfer	95	0.00
			24/08/2018	-74	Transfer	21	0.00
			31/08/2018	-20	Transfer	1	0.00
			07/09/2018	559	Transfer	560	0.00
			14/09/2018	1520	Transfer	2080	0.02
			21/09/2018	-1185	Transfer	895	0.01
			28/09/2018	300	Transfer	1195	0.01
			28/09/2018	-894	Transfer	301	0.00
			05/10/2018	225	Transfer	526	0.00
			05/10/2018	-300	Transfer	226	0.00
			19/10/2018	-125	Transfer	101	0.00
			26/10/2018	-100	Transfer	1	0.00
			16/11/2018	1010	Transfer	1011	0.01
			21/12/2018	-800	Transfer	211	0.00
			04/01/2019	-3	Transfer	208	0.00
			11/01/2019	-197	Transfer	11	0.00
			08/03/2019	-10	Transfer	1	0.00
			29/03/2019	49	Transfer	50	0.00
			30/03/2019			50	0.00
N SUCIL KUMAR	73800	0.59	31/03/2018			73800	0.59
			30/11/2018	7500	Transfer	81300	0.65
			07/12/2018	300	Transfer	81600	0.65
			04/01/2019	85	Transfer	81685	0.65
			30/03/2019			81685	0.65

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company	Date	Increase/Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	Baldev Raj Gupta	6900	0.06	31-03-2018			6900	0.06
				22-06-2018	4151	Transfer	11051	0.09
				29-06-2018	-1000	Transfer	10051	0.08
				13-07-2018	-500	Transfer	9551	0.08
				20-07-2018	-1000	Transfer	8551	0.07
				07-09-2018	6000	Transfer	14551	0.12
				21-12-2018	-500	Transfer	14051	0.11
				28-12-2018	-500	Transfer	13551	0.11
				22-02-2019	-1000	Transfer	12551	0.1
				01-03-2019	-1000	Transfer	11551	0.09
				08-03-2019	-551	Transfer	11000	0.09
				31-03-2019			11000	0.09
				2	Sunil Rajadhyaksha	588720	4.69	31-03-2018
31-03-2019			588720					4.68
3	Surinder Rametra	120000	0.96	31-03-2018	No Change during the year		120000	
				31-03-2019			120000	0.95
4	Vikram Negi	63556	0.51	31-03-2018	No Change during the year			63556
				31-03-2019			63556	0.51
5	Lakshmi Kumar	0	0		No shareholding		0	0
6	Harjit Singh Anand	0	0		No shareholding		0	0
7	Nilesh Suwalal Bafna	3000	0.02	31-03-2018			3000	0.02
				22-06-2018	3500	ESOP Allotment	6500	0.05
				30-03-2019			6500	0.05
8	Bhuvanesh Sharma	500	0	31-03-2018		500	0	0
				30-03-2019		500	0	0

V. INDEBTEDNESS

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

(Amount ₹ Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as at April 1, 2018				
i) Principal Amount*	521.95	-	-	521.95
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.42	-	-	3.42
Total (i+ii+iii)	525.37	-	-	525.37
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	93.71	-	-	93.71
Net Change	93.71	-	-	93.71
Indebtedness at the end of the financial year as at March 31, 2019				
i) Principal Amount*	428.24	-	-	428.24
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.83	-	-	2.83
Total (i+ii+iii)	431.07	-	-	431.07

* Secured loans against property lease

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Sunil Rajadhyaksha WTD	Mr. Vikram Negi WTD	Mr. Surinder Rametra WTD	
1	Gross salary	48.00	-	-	48.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission -as % of profit -others, specify	-	-	-	-
5	Others, please specify Total (A)	- 48.00	- -	- -	- 48.00
	Ceiling as per the Act	5% of net profits			Overall limit 10% of net profits

B. Remuneration to other directors (₹ in Lakhs)

S No.	Particulars of Remuneration	Name of Directors					Total Amount	
		Baldev Raj Gupta	Harish Bhasin	Lakshmi Kumar	Rohit Jain	Harjit Singh Anand		
1	Independent Directors							
	Fee for attending board committee meetings	4.80	2.40	4.20	0.50	0.50	12.40	
	Commission	-	-	-	-	-	-	
	Others, please specify; -ESOP Perquisite	19.01	43.17	-	-	-	62.18	
	Total (1)	23.81	45.57	4.20	0.50	0.50	74.58	
2	Other Non-Executive Directors	NA	NA	NA	NA	NA	NA	
	Fee for attending board committee meetings	-	-	-	-	-	-	
	Commission	-	-	-	-	-	-	
	Others, please specify	-	-	-	-	-	-	
		Total (2)	-	-	-	-	-	-
		Total (B)=(1+2)	23.81	45.57	4.20	0.50	0.50	74.58
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL	NIL	
	Overall Ceiling as per the Act						NA	

C. Remuneration to key managerial personnel other than MD/Manager/WTD (₹ in Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Bhuvanesh Sharma Company Secretary	Mr. Nilesh Bafna Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26.65	24.70	51.35
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.32	0.65
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	6.77	6.77
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit Others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	26.98	31.79	58.77

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company, B. Directors, C. Other Officers in Default					
Penalty					
Punishment					
Compounding					
			None		

Annexure- H to the Board's Report**POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION**

The Nomination and Remuneration Committee ("N&R") has adopted a policy which, inter alia, deals with the manner of selection of director and senior management and their remuneration.

- i) Identify persons who are qualified and have experience to become directors and who may be appointed as senior management personnel.
- ii) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of a director vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- iii) The N&R Committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- iv) The N&R Committee shall consider the following attributes/ criteria, whilst recommending to the Board the candidature for appointment as director:-
 - a. Qualification, expertise and experience of the directors in their respective fields;
 - b. Personal, Professional or business standing; and
 - c. Diversity of the Board structure.
- v) In case of re-appointment of any directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration-

- i. The non-executive directors shall be entitled to receive remuneration by way of sitting fees as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and entitle to get reimbursement of expenses for attending and participation in the Board / Committee meetings.
- ii. A non-executive director will be entitled to receive commission as may be approved by the Board on the recommendation of the N&R Committee subject to compliance of the Companies Act, 2013.
- iii. The independent directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company.
- iv. The executive directors at the time of appointment and re-appointment shall be paid such remuneration within the overall limits prescribed under the Companies Act, 2013.
- v. In determining the remuneration of the key managerial personnel the N&R Committee shall ensure/ consider the following:
 - a. the relationship of remuneration and performance benchmark is clear;
 - b. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
 - c. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
 - d. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, industry benchmark and current compensation trends in the market.

Independent Auditor’s Report

To The Members of

HOV Services Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **HOV Services Limited** (“the Parent Company”) and its subsidiaries (collectively referred to as ‘the Group’) which comprises of Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year than ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2019, its consolidated loss (including consolidated other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matters	Auditor’s response
1.	<p><u>Valuation and Impairment of quoted equity instruments/ Environment Business Segment (EBS) :</u></p> <p>The Group had made investment in Exela Technologies Inc. through Business Combination Agreement entered on July 12, 2017 and received equity stake in Exela Technologies, Inc.</p>	<p><u>Principal Audit Procedures</u></p> <p>We observed the publicly available quoted prices of the underlying equity instrument representing holding in i.e. Exela Technologies Inc. which are listed on the NASDAQ and also</p>

Sr. No	Key Audit Matters	Auditor's response
	<p>("Exela"-Listed on NASDAQ) through Ex-Sigma LLC a special purpose vehicle formed for this transaction. We focused on the valuation of quoted equity instruments due to its materiality. As disclosed in note 5, as at March 31, 2019 the Group has quoted equity instruments of ₹ 5,862,250 Thousands. These instruments are classified and measured at fair value through OCI.</p> <p>Further, the Group's investment in EBS of ₹ 24,965 Thousands.</p> <p>In view of investments being material, we have considered its valuation/impairment to be a significant matter.</p>	<p>obtained external evidence of existence of investment through publicly available filings on NASDAQ from time to time. These tests did not reveal any impairment in the carrying value of investments.</p> <p>We analyzed the possible indications of impairment and the forecasted results of the EBS. Based on these tests which reveals impairment and has been provided for impairment. As explained by the Management that no further expected impairment is required to be provided for in EBS.</p>

Information Other than the Consolidated Financial Statements and Auditor's report thereon

The Parent Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board report, Corporate Governance report and Shareholder's information, but does not include the consolidated financial statement and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) to evaluate the effect of an identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 25,093 thousands as at March 31, 2019 and total revenues of ₹ Nil and net loss of ₹ 35,884 thousands for the year ended March 31, 2019, as considered in the consolidated financial statements. These financial statements / financial information of subsidiaries have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements is not modified in respect of the above matter with respect to reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books and records.
 - (c) The Consolidated Balance sheet, the Consolidated Statement of Profit & Loss (including consolidated other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2019 taken on record by the Board of Directors of the Parent Company and its subsidiaries incorporated in India, none of the directors of the Parent Company and its subsidiaries incorporated in India, is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure "A".

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its Chairman and Executive director during the year is in accordance with the provisions of section 197 of the Act.

- (h) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Group does not have any pending litigations which would impact its financial position in the consolidated financial statements. [Refer Note No.-35]
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

For Bagaria & Co. LLP
Chartered Accountants
FRN-113447W/W-100019

Place : Pune
Date : May 30, 2019

Vinay Somani
Partner
Membership No: 143503

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HOV SERVICES LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”) In conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of HOV Services Limited (“the Parent Company”) and its subsidiaries in India (collectively referred to as “the Group”).

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent Company and its subsidiaries incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Parent Company and its subsidiaries incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting includes obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Group’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Group’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Group’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorizations of

management and directors of the Group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Group has broadly, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Bagaria & Co. LLP
Chartered Accountants
FRN -113447W/W-100019

Place : Pune
Date : May 30, 2019

VinayS omani
Partner
Membership No: 143503

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2019	As At March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	2	10,472	13,882
Investment property	3	91,395	93,277
Intangible assets	4	16	238
Financial assets			
Investment	5	58,62,250	98,72,426
Other financial assets	6	1,462	1,476
Income tax assets	7	1,947	2,147
Deferred tax assets	8	19,650	19,863
Other non-current assets	9	450	674
Total non-current assets		59,87,642	1,00,03,983
Current assets			
Financial assets			
Trade receivables	10	28,140	43,125
Cash & cash equivalents	11	70,071	49,656
Other bank balances	12	1,200	8,777
Other financial assets	13	2,452	3,901
Other current assets	14	8,220	4,251
Total current assets		1,10,083	1,09,710
Total assets		60,97,725	1,01,13,693
Equity and liabilities			
Equity	15		
Equity share capital		1,25,890	1,25,357
Other equity		43,10,304	70,37,604
Total equity		44,36,194	71,62,961
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	32,354	42,832
Deferred Tax Liabilities	17	15,87,815	28,71,072
Total non-current liabilities		16,20,169	29,13,904
Current liabilities			
Financial liabilities			
Trade payables	18		
Micro, Small and Medium Enterprises		318	-
Others		9,125	10,955
Other financial liabilities	19	21,214	14,616
Other current liabilities	20	1,464	1,785
Provisions	21	5,246	5,915
Current tax liabilities	22	3,995	3,557
Total current liabilities		41,362	36,828
Total equity and liabilities		60,97,725	1,01,13,693
Significant accounting policies	1		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For **Bagaria and Co. LLP**
FRN - 113447W/W-100019
Chartered Accountants

Vinay Somani
Partner
M. No. 143503

Place : Pune
Date : May 30, 2019

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

Bhuvanesh Sharma
VP-Corporate Affairs & Company Secretary

For and on behalf of the Board

Harjit Singh Anand
Independent Director
(DIN:01549385)

Nilesh Bafna
Chief Financial Officer

Baldev Raj Gupta
Independent Director
(DIN:00020066)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
Income			
Revenue from operations	23	1,05,443	1,35,995
Other income	24	9,577	42,032
Total Income		1,15,020	1,78,027
Expenditure			
Employee benefits expense	25	73,236	91,196
Finance Cost	26	-	2,542
Depreciation and amortisation expenses	2,4	5,252	10,662
Other expenses	27	29,628	42,802
Total Expenditure		1,08,116	1,47,202
Profit before exceptional items		6,904	30,825
Exceptional items	41	-	(38)
Profit/(loss) before tax		6,904	30,787
Tax expense	28		
Current tax		(5,090)	(5,710)
Deferred tax		(58)	(1,295)
Profit/(loss) for the year		1,756	23,782
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Gain on Remeasurement of net defined benefit plans		557	170
Profit on divestment of stake in an associate in Business Combination	5	-	1,35,14,614
Changes in fair value of FVOCI equity instruments		(40,10,176)	(45,42,515)
Tax impact on above		12,83,101	(28,71,119)
Total other comprehensive income		(27,26,518)	61,01,150
Total comprehensive income		(27,24,762)	61,24,932
Earnings per share	34		
Basic & diluted Earning Per Share (Face value of ₹ 10 each) :			
Before exceptional items		0.14	1.89
After exceptional items		0.14	1.90
Significant accounting policies	1		
The accompanying notes are an integral part of the consolidated financial statements.			

As per our report of even date
 For **Bagaria and Co. LLP**
 FRN - 113447W/W-100019
 Chartered Accountants

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
 (DIN:00011683)

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Independent Director
 (DIN:00020066)

Vinay Somani
Partner
 M. No. 143503

Bhuvanesh Sharma
**VP-Corporate Affairs &
 Company Secretary**

Nilesh Bafna
Chief Financial Officer

Place : Pune
 Date : May 30, 2019

Consolidated Statement of Changes in Equity for the year ended March 31, 2019
(All amounts in INR Thousands, unless otherwise stated)

Particular	Balance as at April 1st, 2017	Changes in equity share capital during the year	Balance as at March 31st, 2018	Changes in equity share capital during the year	Balance as at March 31st, 2019	Other Comprehensive Income			Total
						Remeasurements of net defined benefit plans	Foreign Exchange Translation Reserve arising on translation of foreign operations	Equity Instruments	
EQUITY SHARE CAPITAL	1,25,325	32	1,25,357	533	1,25,890				
OTHER EQUITY :									
Particulars	Reserve and Surplus								
	Securities Premium on issue of equity shares	Capital Redemption Reserve created on Buyback of equity shares	Capital reserve arising on consolidation	General Reserve transferred from retained earnings	Retained earnings				
Balances as at April 1, 2017	6,24,339	630	55,49,568	19,541	(59,88,194)	8,808	304	-	2,14,996
On allotment of equity shares under ESOP	309	-	-	-	23,782	-	-	-	309
Profit for the year before OCI	-	-	-	-	-	-	-	-	23,782
Addition/(deletion) during the year	-	-	-	-	-	238	-	-	238
Actuarial Gain for the year/OCI	-	-	-	-	-	-	123	-	61,01,150
Adjusted on investment of an associate	-	-	(55,49,568)	-	62,46,697	-	-	-	6,97,129
Balance as at March 31, 2018	6,24,648	630	-	19,541	2,82,285	9,046	427	61,01,027	70,37,604
Balance as at April 1, 2018	6,24,648	630	-	19,541	2,82,285	9,046	427	61,01,027	70,37,604
On allotment of equity shares under ESOP	1,541	-	-	-	-	-	-	-	1,541
Profit for the year before OCI	-	-	-	-	1,756	-	-	-	1,756
Addition/(deletion) during the year	-	-	-	-	-	(4,079)	-	-	(4,079)
Actuarial Gain for the year/OCI	-	-	-	-	-	-	402	-	(27,26,518)
Balance as at March 31, 2019	6,26,189	630	-	19,541	2,84,041	4,967	829	33,74,107	43,10,304
Significant accounting policies	1								
The accompanying notes are an integral part of the consolidated financial statements.									

As per our report of even date
For **Bagaria and Co. LLP**
FRN - 113447W/W-100019
Chartered Accountants

Vinay Somani
Partner
M. No. 143503

Place : Pune
Date : May 30, 2019

For and on behalf of the Board

Sunil Rajadhivaksha
Chairman & Executive Director
(DIN:00011683)

Harjit Singh Anand
Independent Director
(DIN:01549385)

Baldev Raj Gupta
Independent Director
(DIN:00020066)

Bhuvanesh Sharma
VP-Corporate Affairs & Company Secretary

Nilesh Bafna
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

	For the year ended March 31, 2019	For the year ended March 31, 2018
A Cash flow from Operating Activities:		
Net profit/(loss) before tax & before exceptional items	6,904	30,825
Add: Adjustments for :		
Depreciation & amortisation	7,133	12,543
(Profit)/Loss on sale of Property, plant and equipment	(50)	127
Interest income	(4,360)	(5,705)
Rent income (net)	(3,585)	(2,463)
Finance cost	5,500	2,542
Excess provision/ Sundry Balances written back	-	(33,864)
Foreign exchange (gain)/loss, net	(1,078)	549
Operating profit before working capital changes	10,464	4,554
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivable	17,529	2,259
(Increase)/decrease in other receivables	5,617	91,586
Increase/(decrease) in trade and other payable	(2,060)	49
Cash generated from operations	31,550	98,448
Taxes paid (net of refund)	(4,773)	498
Net cash from/(used in) operating activities - A	26,777	98,946
B Cash flow from investing activities:		
Purchase of property, plant and equipment	(1,869)	(2,599)
Sale of property, plant and equipment	360	775
Rent income received (net)	3,585	2,463
Interest income	4,360	5,705
Net cash from/(used in) investing activities - B	6,436	6,344
C Cash flow from financing activities:		
Finance cost	(5,500)	(2,542)
Proceeds from issue of equity shares under ESOP	2,073	341
Proceeds/(repayments) of borrowings- net	(9,371)	(76,507)
Net cash from/(used in) financing activities - C	(12,798)	(78,708)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	20,415	26,582
Opening cash and cash equivalents	49,656	23,074
Closing cash and cash equivalents	70,071	49,656
Significant accounting policies	1	
The accompanying notes are an integral part of the consolidated financial statements.		

Notes :

- Divestment of stake in an associate and Business combination is non cash transaction and hence not reflected in above cash flow statement
- Cash Flow from financing activities**

Particulars	Current borrowings	Long Term borrowings
Balance as at April 1, 2017	68,140	60,561
Loan Taken / (repaid)	(68,140)	(8,366)
Balance as at March 31, 2018	-	52,195
Loan Taken / (repaid)	-	(9,371)
Balance as at March 31, 2019	-	42,824

As per our report of even date
For **Bagaria and Co. LLP**
FRN - 113447W/W-100019
Chartered Accountants

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

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Vinay Somani
Partner
M. No. 143503

Bhuvanesh Sharma
**VP-Corporate Affairs &
Company Secretary**

Nilesh Bafna
Chief Financial Officer

Place : Pune
Date : May 30, 2019

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

1. SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Group Overview:

HOV Services Limited ("Parent"), its subsidiaries collectively referred to as "the Group" is headquartered in Pune, India and operate as a hybrid between various investment portfolios and a diversified services corporation including data entry services, software development, support services and environmental solutions. The Parent organize its portfolio companies by industry by sector with forward-looking goals for combination based on the ultimate benefit to the target customer base and to us as the owners. The Consolidated financial statements are approved for issue by the Parent Company's Board of Directors on May 30, 2019

The Consolidated Financial Statements relate to HOV Services Limited, (The Parent Group) and its subsidiaries and step down subsidiaries. The name, country of incorporation and proportion of ownership interest are as under:

Name	Country of incorporation	Percentage of ownership Interest	
		As at March 31, 2019	As at March 31, 2018
Subsidiaries :			
HOVS Holdings Limited	Hong Kong	100	100
HOVS, LLC	USA	100	100
HOV Environment LLC (Subsidiary of HOVS LLC)	USA	61.10	61.10
HOV Environment Solutions Private Limited (Wholly owned Subsidiary of HOV Environment LLC)	India	61.10	61.10

1.1 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under the Companies (Indian Accounting standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendments Rules 2016 prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

The financial statements are prepared and presented on accrual basis and under the historical cost convention, except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities are measured at Fair value (refer accounting policy on financial instruments - Refer note 1.8 below
- Defined Benefit and other Long term Employee Benefits - Refer note 1.9 below

1.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Group believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

All the assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.

1.3 BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. The Parent Company prepares and report its consolidated financial statements in INR.

Subsidiaries:

Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of controls. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group losses control of the subsidiary.

Consolidation procedure:

Subsidiary:

- a) Combine, on line by line basis like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

- c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Investment in Associate

Investment in associate is accounted for using the 'equity method' less accumulated impairment, if any.

Goodwill

Goodwill arising on an acquisition of a business is initially recognized at cost at the date of acquisition. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

1.4 PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS

Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Costs include freight, import duties, non-refundable purchase taxes and other expenses directly attributable to the acquisition of the asset.

Intangible Assets

Costs that are directly associated with identifiable and unique software products controlled by the Group, developed in-house or acquired, and have probable economic benefits exceeding the cost beyond one year are recognized as software products. Other acquired softwares meant for in-house consumption are capitalized at the acquisition price.:

Depreciation/amortisation:
Parent and Indian Subsidiaries

a) Tangible Assets - Depreciation on property, plant and equipment is provided on a straight line method based on useful life and in the manner prescribed in part C of Schedule II of the Companies Act, 2013 or on Management's estimate of useful life of the assets.

Investment in property is amortized over the period of lease.

b) Intangible Assets - Software product (meant for sale) are amortized over its estimated useful life of 8 years. Other Software products are amortised over its period of license.

Foreign Subsidiaries

Depreciation is provided based on Management's estimate of useful life of the asset which is as under.

Category	Useful Life in years
Plant and Equipment	8 - 10
Furniture and Fixture	10 - 16
Office Equipment	3 - 5
Vehicles	8 - 10
Computer	2 - 5
Software Product	3
Goodwill	8

1.5 IMPAIRMENT OF NON FINANCIAL ASSETS

The Group assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indication exists, the Group estimates the amount of impairment loss. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

1.6 REVENUE RECOGNITION
Rendering of services:

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

The Company derives revenue primarily from software development, maintenance of software/hardware and related services and sale of software licenses. Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably.

Sale of licenses: Revenue from licenses where the customer obtains a "right to use" the licenses are recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

Effective April 1, 2018, the company adopted IndAS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. There was no impact on adoption of Ind AS 115.

Other Income

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest. For all financial instruments measured at amortised cost, interest income is recorded using the Effective interest rate method to the net carrying amount of the financial assets.

1.7 FINANCIAL INSTRUMENTS

Financial assets - Initial recognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost:

A financial asset is measured at amortised cost, if it is held under the hold to collect business model i.e. held with an objective of holding the assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal outstanding. Amortised cost is calculated using the effective interest rate ("EIR") method by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, gain or loss, if any, is recognised to Statement of Profit and Loss.

(b) Measured at fair value through other comprehensive income (FVOCI):

A financial asset is measured at FVOCI, if it is held under the hold to collect and sell business model i.e. held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal

outstanding. It is subsequently measured at fair value with fair value movements recognised in the OCI, except for interest income which recognised using EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in the OCI is reclassified from the equity to Statement of Profit and Loss.

(c) Measured at fair value through profit or loss (FVTPL):

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

For all other equity instruments, the Group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument shall be recognised in Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in the OCI. Amounts recognised in Other Comprehensive Income (OCI) are not subsequently transferred to Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised in Statement of Profit and Loss.

Impairment

The Group recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.

The Group's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

Under simplified approach, the Group does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.

The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets other than trade receivables, the Group recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 months ECL.

The impairment losses and reversals are recognised in Statement of Profit and Loss. For equity instruments and financial assets measured at FVTPL, there is no requirement for impairment testing.

De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Financial Liabilities**Initial Recognition and measurement**

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Group's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts and derivative instruments.

Subsequent measurement

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Loans & Borrowings:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Group are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative adjustments.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments & hedge accounting

The Group uses derivative financial instruments, such as forward foreign exchange contracts, interest rate swaps, cross currency interest risk swap to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, with changes in fair value recognised in Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group designates their derivatives as hedges of foreign currency risk associated with the cash flows of highly probable forecast transactions and variable interest rate risks associated with the borrowings.

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

Cash flows hedge that qualify for the hedge accounting

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit & loss, except for the effective portion of cash flow hedge which is recognized in other comprehensive income and presented as separate component of equity which is later reclassified to statement of profit & loss when the hedge item affects profit & loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.8 FAIR VALUE MEASUREMENT:

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ✓ In the principal market for the asset or liability, or
- ✓ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ✓ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ✓ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ✓ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.9 EMPLOYEE BENEFITS

The Group has provides following post-employment plans such as:

- (a) Defined benefit plans such a gratuity and
- (b) Defined contribution plans such as Provident fund

a) Defined-benefit plan:

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

The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and
- (b) Net interest expense or income

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

Re-measurement comprising of actuarial gains and losses arising from

- (a) Re-measurement of Actuarial(gains)/losses
- (b) Return on plan assets, excluding amount recognized in effect of asset ceiling
- (c) Re-measurement arising because of change in effect of asset ceiling

are recognised in the period in which they occur directly in Other comprehensive income. Re-measurement are not reclassified to profit or loss in subsequent periods.

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Group determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

b) Defined-contribution plan:

Under defined contribution plans, provident fund, the Group pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined Contribution plan comprise of contributions to the Employees' Provident Fund with the government, superannuation fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Group's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

c) Other employee benefits:

- (i) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.
 - (ii) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.
- d) Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss as and when incurred.
 - e) Other benefits comprising of discretionary long service awards are recognized as and when determined.

1.10 LEASES

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss

Other leases are treated as operating leases, with payments are recognised as expense in the statement of profit & loss on a straight-line basis over the lease term.

1.11 FOREIGN CURRENCY TRANSACTIONS**a) Initial Recognition**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year.

b) Measurement of Foreign Currency Items at the Balance Sheet Date

Foreign currency monetary items of the Group are restated at the closing exchange rates. Non monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

c) Foreign currency translation

Assets and liabilities of the entities with functional currency other than the presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. The statement of profit and loss has been translated using monthly average exchange rates prevailing during the year. Translation adjustment have been reported as foreign currency translation reserve in the statement of changes in equity.

1.12 TAXES ON INCOME

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax provisions are included in current liabilities. Interest and penalties on tax liabilities are provided for in the tax charge. The Group offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets are not recognised where it is more likely than not that the assets will not be realised in the future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income-tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income-tax during the specified period.

1.13 PROVISIONS AND CONTINGENCIES

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.14 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash and Cheque in hand, bank balances, demand deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

1.15 CASH FLOW STATEMENT

Cash flows are reported using the indirect method where by the profit before tax is adjusted for the effect of the transactions of a non-cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

1.16 BORROWING COST

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of Cost of that assets, during the period till all the activities necessary to prepare the Qualifying assets for its intended use or sale are complete during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.17 EARNINGS PER SHARE

Basic EPS is arrived at based on net profit after tax available to equity shareholders to the weighted average number of equity shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

1.18 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker (CODM).

The Executive Director/Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments.

The Group has identified its Executive Director as CODM which assesses the operational performance and position of the Group and makes strategic decisions.

1.19 EXCEPTIONAL ITEMS

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year, the nature and amount of such items is disclosed as exceptional items.

Recent Accounting pronouncements**Ind AS 116 - Leases**

On March 30, 2019, Ministry of Corporate affairs have notified Ind AS 116 - "Leases". Ind As 116 will replace the existing leases standards Ind As 17 - "Leases" and related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosures of lease for

both lease and lessor. Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise the assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets are of low value. IndAs 116 substantially carried forward the accounting treatment prescribed for lessor. The effective date for adoption of Ind AS 116 is annual period beginning on or after April 01, 2019. The Group is evaluating the impact of the issued Ind AS 116 on its financial statements.

Ind AS 12 - "Income taxes" - Appendix C - Uncertainty over income tax treatments

On March 30, 2019, Ministry of Corporate affairs have notified Appendix C to Ind As 12, uncertainty over the income tax treatments which is to be applied while performing the determination of taxable profits/(loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, the company needs to determine the probability of the relevant tax authorities accepting the each tax treatments that the companies have used or plan to use in their income tax filings which has to be considered to compute the most likely amount or expected value of the tax treatments, when determining the taxable profits/(loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for adoption of Ind AS 12 is annual period beginning on or after April 01, 2019. The Group is evaluating the impact of the issued appendix C on its financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
 (All amounts in INR Thousands, unless otherwise stated)

2	Property, Plant and Equipment	Plant & Equipment	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
	Gross carrying amount						
	Balance as at April 1, 2017	18,251	1,272	153	1,679	323	21,678
	Additions	-	-	-	2,545	54	2,599
	Deductions/ Adjustment	5	-	-	(1,095)	-	(1,090)
	Balance as at March 31, 2018	18,256	1,272	153	3,129	377	23,187
	Accumulated Depreciation						
	Balance as at April 1, 2017	3,870	561	23	304	114	4,872
	Additions	3,868	256	23	375	100	4,622
	Deductions/ Adjustment	5	-	-	(194)	-	(189)
	Balance as at March 31, 2018	7,743	817	46	485	214	9,305
	Net carrying amount as at April 1, 2017	14,381	711	130	1,375	209	16,806
	Net carrying amount as at March 31, 2018	10,513	455	107	2,644	163	13,882
	Gross carrying amount						
	Balance as at March 31, 2018	18,256	1,272	153	3,129	377	23,187
	Additions	1,847	-	-	-	22	1,869
	Deductions/ Adjustment	-	-	-	(558)	-	(558)
	Balance as at March 31, 2019	20,103	1,272	153	2,571	399	24,498
	Accumulated Depreciation						
	Balance as at March 31, 2018	7,743	817	46	485	214	9,305
	Additions	4,338	193	23	344	132	5,030
	Deductions/ Adjustment	(61)	-	-	(249)	-	(309)
	Balance as at March 31, 2019	12,020	1,010	69	580	346	14,026
	Net carrying amount as at March 31, 2018	10,513	455	107	2,644	163	13,882
	Net carrying amount as at March 31, 2019	8,083	262	84	1,991	53	10,472

3	Particulars	As at March 31, 2019	As at March 31, 2018
	Investment property		
	Investment property (at cost)		
	Leasehold office premises*	1,03,466	1,03,467
	Less : Accumulated amortisation :		
	Opening balance	(10,190)	(8,309)
	Add : Amortisation for the year	(1,881)	(1,881)
	Total Accumulated amortisation	(12,071)	(10,190)
	Total	91,395	93,277

* Lease period is 60 years beginning from November 22, 2007

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

4 Intangible Assets	Software Product*	Other Softwares	Goodwill	Total
Gross carrying amount				
Balance as at April 1, 2017	400	1,123	7,621	9,144
Additions	-	-	-	-
Deductions/ Adjustment	-	-	24	24
Balance as at March 31, 2018	400	1,123	7,645	9,168
Accumulated Depreciation				
Balance as at April 1, 2017	400	527	1,905	2,832
Additions	-	358	5,682	6,040
Deductions/ Adjustment	-	-	58	58
Balance as at March 31, 2018	400	885	7,645	8,930
Net carrying amount as at April 1, 2017	-	596	5,716	6,312
Net carrying amount as at March 31, 2018	-	238	-	238
Gross carrying amount				
Balance as at March 31, 2018	400	1,123	7,645	9,168
Additions	-	-	-	-
Deductions/ Adjustment	-	-	-	-
Balance as at March 31, 2019	400	1,123	7,645	9,168
Accumulated Depreciation				
Balance as at March 31, 2018	400	885	7,645	8,930
Additions	-	222	-	222
Deductions/ Adjustment	-	-	-	-
Balance as at March 31, 2019	400	1,107	7,645	9,152
Net carrying amount as at March 31, 2018	-	238	-	238
Net carrying amount as at March 31, 2019	-	16	-	16

*meant for license sale or otherwise.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2019	As at March 31, 2018
5 Investments non current		
Other Investment (FVOCI)		
Trade - Quoted (listed on Nasdaq)		
In Equity instruments		
- Exela Technologies, Inc - USA*		
No of Shares	2,89,08,987	3,13,90,646
% of Holding	18.68%	19.98%
Fair value of investment acquired in business combination	-	1,44,14,941
Opening balance as per last balance sheet	98,72,426	-
Add/(Less): Fair value loss recognised through OCI	(40,10,176)	(45,42,515)
Fair value of investment	58,62,250	98,72,426
Total	58,62,250	98,72,426
Aggregate market value of quoted investments	58,62,250	98,72,426

- 5.1** Pursuant to the SourceHOV Holdings Inc., and Novitex Holdings, Inc., Business Combination closed on July 12, 2017, the HOVS LLC received equity stake in Exela Technologies, Inc., (Listed on NASDAQ) through Ex-Sigma LLC a special purpose vehicle formed for this transaction. The Ex-Sigma LLC had acquired this stake through debt and hence this stake carry lien against the aforesaid debt. In April 2018, Ex-Sigma has sold part of its stake in Exela for repayment of debt. The Group has 28,908,987 shares i.e. 18.686% as on March 31, 2019 (31,390,646 shares i.e. 19.983% as on March 31, 2018) of Exela Technologies, Inc. The fair value of aforesaid investment is net of Group's share of debt, is ₹ 816,656 Thousands as on March 31, 2019. (₹ 1,418,597 Thousands as on March 31, 2018). The investment has been accounted as Financial Instrument, i.e. FVOCI Equity Instruments.

Particulars	As at March 31 2019	As at March 31 2018
6 Other financial assets - Non current		
Deposits for premises and others	1,462	1,476
Total	1,462	1,476

7 Income tax assets		
Advance Tax and TDS	1,947	2,147
Total	1,947	2,147

8 Deferred tax assets		
Deferred tax asset (Refer Note 29)	1,461	1,674
MAT credit receivable	18,189	18,189
Total	19,650	19,863

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2019	As at March 31, 2018
9	Other non current assets		
	Prepaid expenses	450	674
	Total	450	674
10	Trade receivables*		
	Trade Receivables-Unsecured-considered good	-	-
	Trade Receivables which have significant increase in Credit Risk	-	-
	Trade Receivables - credit impaired	-	9,014
	Less: Provision for doubtful debts	-	(9,014)
		-	-
	Unsecured, considered good	28,140	43,125
	Total	28,140	43,125
	*Refer note no. 37 for Due from related parties		
11	Cash and cash equivalents		
	Balance with banks in current accounts	1,424	1,249
	Cash on hand	4	7
	Fixed deposits with Banks	67,400	48,400
	Remittances in transit (subsequently realised)	1,243	-
	Total	70,071	49,656
12	Other bank balances		
	Fixed Deposit with banks (earmarked)*	1,174	8,674
	Unpaid dividend accounts	-	82
	Trust account	26	21
	Total	1,200	8,777
	* Pledged with banks against gurantees issued and credit facilities taken by a step down subsidiary.		
13	Other financial assets - Current		
	Deposits	527	592
	Expenses recoverable from related parties	-	2,433
	Interest accrued but not due on fixed deposits	1,925	876
	Total	2,452	3,901
14	Other current assets		
	Advances to suppliers	264	399
	GST and Service tax receivable	7,366	3,259
	Unbilled revenue	-	169
	Prepaid expenses	590	424
	Total	8,220	4,251

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

15	Particulars	As at March 31,	
		2019	2018
	Equity Share Capital		
	Authorised		
	30000000 Equity Shares of ₹ 10 each	3,00,000	3,00,000
	Total	3,00,000	3,00,000
	Issued, subscribed and paid up		
	Equity Shares of ₹ 10 each fully paid up	1,25,890	1,25,357
	Total	1,25,890	1,25,357
	The reconciliation of the number of equity shares outstanding	As At	
		March 31, 2019	
		Numbers	Amount
		As At	
		March 31, 2018	
		Numbers	Amount
	Equity Shares at the beginning of the year	1,25,35,722	1,25,357
	Add: Equity shares issued during the year	53,250	533
	Equity Shares at the end of the year	1,25,88,972	1,25,890
		1,25,35,722	1,25,357

Terms/rights attached to Equity shares :

The Parent Company has only one class of equity shares having a par value of ₹ 10 each. Each shareholder has right to vote in respect of such share, on every resolution placed before the Parent Company and his voting right on a poll shall be in proportion to his share of the paid-up equity capital of the Parent Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Parent Company after payments to preferential amounts secured and unsecured creditors, if any, in proportion to their shareholding.

The details of Shareholders holding more than 5% shares:

Name of the Shareholders	As At		As At	
	March 31, 2019		March 31, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
ADESI 234, LLC	30,00,985	23.84%	30,00,985	23.94%
HOF 2 LLC	16,67,933	13.25%	16,67,933	13.31%
Chitale LLC	8,11,224	6.44%	8,43,724	6.73%
Stern Capital Partners LLC	6,94,246	5.51%	6,94,246	5.54%

In the Period of five years immediately preceding March, 2018:

The Parent Company has not allotted any equity shares as fully paid up without payment being received in cash or as Bonus Shares or Bought back any equity shares.

Shares reserved for issue under options:

Employees Stock Option Plan (Plan 2007):

The shareholders in its Nineteenth Annual General meeting held on July 21, 2007 had approved to issue 1,100,000 equity shares of a face value of ₹10 each with each such option conferring a right upon the employee to opt for one equity share of the Parent Company, in terms of HOVS ESOP Plan 2007. Under the plan, 400,000 options were reserved for employees of the Parent Company and 700,000 for employees of subsidiary companies. Options were issued to employees at an exercise price not less than closing price of the stock exchange where there is highest trading volume, prior to the date of meeting of the Compensation & Remuneration Committee in which options are granted. The options will vest in a phased manner within five years as 10% in each first to four years and balance 60% at the end of fifth year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As At March 31, 2019		As At March 31, 2018	
	Directors	Others	Directors	Others
Options outstanding at the beginning of the year	50,500	34,950	52,250	66,150
Add: Options Granted during the year	-	-	-	-
Less: Options Lapsed	-	(2,200)	(1,750)	(28,000)
Less: Shares allotted on option exercised during the year	(35,500)	(17,750)	-	(3,200)
Options outstanding at the end of the year	15,000	15,000	50,500	34,950

The following is the call option value of the ESOP on the date of Grant using the Black Scholes Model with the following assumptions :

Particulars	As At March 31, 2019	As At March 31, 2018
Share price Rs	129.05	231.10
Range of Exercise Price	₹ 25.40 - 85.35	₹ 25.40 - 186.15
Expected volatility %	13.97	13.97
Expected life of the options (years)	1-4 years	1-5 years
Expected Dividend %	Not applicable	Not applicable
Risk Free Interest Rate %	6.69	6.69
Range of call option value as on date of Grant	₹ 55.16 - 109.49	₹ 117.52 - 213.44

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2019	As at March 31, 2018
16	Borrowings Secured*		
	Term loans from banks	32,354	42,832
	Total	32,354	42,832
*(Secured by way of deposit of title deeds of investment property and hypothecation of vehicle)			
17	Deferred Tax		
	Deferred Tax Liability	15,87,815	28,71,072
	Total	15,87,815	28,71,072
18	Trade payables		
	Micro, small and medium enterprises*	318	-
	Others	9,125	10,955
	Total	9,443	10,955

Note:

1. Refer note 37 for related party balances.
2. The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

Particulars	As At March 31, 2019	As At March 31, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	318	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2019	As at March 31, 2018
19	Other financial liabilities		
	Current maturities of long term borrowings	10,470	9,363
	Interest accrued but not due on borrowings	5,748	342
	Security deposits towards office premises	2,162	1,996
	Unpaid dividend	-	82
	Advance from Associates	2,352	2,212
	Other payables	482	621
	Total	21,214	14,616
20	Other current liabilities		
	Statutory dues payable	1,464	1,785
	Other Liabilities	-	-
	Total	1,464	1,785
21	Provisions		
	Provision for employee benefits:		
	Compensated Absences	1,592	1,307
	Gratuity (Refer note 33)	3,654	4,608
	Total	5,246	5,915
22	Current tax liabilities		
	Provision for Income tax (Net of advance tax paid of Rs 6,805 Thousands; Last year Rs 2,152 Thousands)	3,995	3,557
	Total	3,995	3,557

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
23 Revenue from operations		
Software and IT enabled services	1,05,443	1,25,455
Environmental Solution Services	-	10,540
Total	1,05,443	1,35,995
24 Other income		
Interest income	4,360	5,705
Excess provision/ Sundry Balances written back	63	33,864
Gain on Variation in Foreign Exchange Rates (Net)	1,100	-
Profit on sale of fixed assets	50	-
Other Income	419	-
Rent received	10,966	10,966
Less: expenses attributed to rental income :		
Finance cost	(5,500)	(6,622)
Amortisation	(1,881)	(1,881)
Net rental income	3,585	2,463
Total	9,577	42,032
25 Employee benefits expense		
Salaries and wages	67,034	81,058
Contributions to provident and other funds	3,553	7,742
Staff welfare expenses	2,649	2,396
Total	73,236	91,196
26 Finance Cost		
Interest on Bank borrowings	-	2,542
Total	-	2,542
27 Other expenses		
Rent	6,975	8,591
Repairs & maintenance - building	920	780
Repairs & maintenance - computers	75	85
Repairs & maintenance - others	383	534
Insurance	94	68
Rates and taxes	2,002	608
Power & fuel expenses	3,115	2,943
Membership & subscription fees	579	570
Travelling & conveyance expenses	1,816	3,552
Communication cost	1,324	1,149
Advertising & publicity expenses	178	243
Office upkeep & maintenance expenses	3,247	3,143
Legal & professional charges	3,279	3,553
Directors sitting fees	1,240	1,490
Loss on variation in foreign exchange rates (net)	-	228
Provision for Bad and Doubtful Debts	-	5,616
Office, Administrative & Other Expenses	1,609	1,497
Environment Project Expenses	2,792	8,025
Loss on sale of property, plant and equipment (net)	-	127
Total	29,628	42,802

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	2018-19	2017-18
28 Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	5,090	5,710
Deferred Tax	58	1,295
Total tax expense	5,148	7,005

A reconciliation of the income tax amount between the enacted income tax rate and the effective income tax of the Company is as follows :

Enacted income tax rate in India	27.82%	27.55%
Profit /(loss) before tax, OCI and before share of loss from an associate	6,904	30,787
Income tax as per above rate	1,921	8,482
Adjustments:		
Change in tax rates	143	1,287
Unabsorbed losses on which deferred tax asset recognised	-	-
Unabsorbed losses on which deferred tax asset not recognised	3,084	(2,764)
Income tax as per statement of profit and loss	5,148	7,005

The following movement is in deferred tax assets and liabilities during the year ended March 31, 2018 and March 31, 2019 is as under:

Particulars	As at April 1, 2017	(Credit)/ charge for the year	As at March 31, 2018
Deferred tax assets			
Amount allowable on payment basis-employee Benefits	1,878	(233)	1,645
Unabsorbed business loss	1,649	(1,649)	-
MAT credit Entitlement	18,189	-	18,189
Total deferred tax asset	21,716	(1,882)	19,834
Deferred tax liability			
Differences in written down value of fixed assets	(510)	539	29
Total deferred tax liability	(510)	539	29
Total Deferred tax asset (net)	21,206	(1,343)	19,863

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at April 1, 2018	(Credit)/charge for the year	As at March 31, 2019
Deferred tax assets			
Amount allowable on payment basis-employee benefits	1,645	(186)	1,459
Unabsorbed business loss	-	-	-
MAT credit Entitlement	18,189	-	18,189
Total deferred tax asset	19,834	(186)	19,648
Deferred tax liability	-		
Differences in written down value of fixed assets	29	(27)	2
Total deferred tax liability	29	(27)	2
Total Deferred tax asset (net)	19,863	(213)	19,650

Deferred tax impact of OCI related to profit on divestment and changes in fair value of FVOCI equity instruments.

Particulars	As at April 1, 2017	(Credit)/charge for the year	As at March 31, 2018
Deferred tax liabilities			
Profit on divestment of stake in associate in Business Combination	-	43,24,677	43,24,677
Total deferred liability	-	43,24,677	43,24,677
Deferred tax assets			
Changes in fair value of FVOCI equity instruments	-	(14,53,605)	(14,53,605)
Total deferred tax Asset	-	(14,53,605)	(14,53,605)
Total Deferred tax liabilities (NET)	-	28,71,072	28,71,072

Particulars	As at April 1, 2018	(Credit)/charge for the year	As at March 31, 2019
Deferred tax liabilities			
Profit on divestment of stake in associate in Business Combination	43,24,677	-	43,24,677
Total deferred liability	43,24,677	-	43,24,677
Deferred tax assets			
Changes in fair value of FVOCI equity instruments	(14,53,605)	(12,83,257)	(27,36,862)
Total deferred tax NET	(14,53,605)	(12,83,257)	(27,36,862)
Total Deferred tax liabilities (NET)	28,71,072	(12,83,257)	15,87,815

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

29 Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Segment Revenue :		
(a) Software and IT Enabled Services	1,05,443	1,25,455
(b) Environment Solutions Business	-	10,540
Revenue from operations	1,05,443	1,35,995
Segment Results Profit/(Loss) before tax and interest from segment :		
(a) Software and IT Enabled Services*	7,464	7,448
(b) Environment Solutions Business	(10,137)	(16,151)
(c) Unallocable (Net of Expenses)	9,577	42,032
Total	6,904	33,329
Less : Finance Cost	-	(2,542)
Provision for Tax	(5,148)	(7,005)
Total Profit/(Loss) after taxation	1,756	23,782
Add: Other Comprehensive Income	(27,26,518)	61,01,150
Total Comprehensive Income	(27,24,762)	61,24,932
Segment Assets :		
(a) Software and IT Enabled Services	1,19,115	1,11,192
(b) Environment Solutions Business	24,965	36,798
(c) Unallocable	59,53,645	99,65,703
Total Assets	60,97,725	1,01,13,693
Segment Liabilities :		
(a) Software and IT Enabled Services	23,690	18,345
(b) Environment Solutions Business	7,202	9,121
(c) Unallocable	16,30,639	29,23,266
Total Liabilities	16,61,531	29,50,732
Capital Employed :		
(a) Software and IT Enabled Services	95,424	92,848
(b) Environment Solutions Business	17,764	27,677
(c) Unallocable	43,23,006	70,42,436
Total Capital Employed	44,36,195	71,62,961

Business segments :

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Executive Director/ Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along with these business segments. The accounting principles used in the preparation of the consolidated financial statements are consistently applied to record revenue and expenditure in individual segments.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

30 Financial Instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amounts and fair values of financial instruments by category are as follows:

A Financial assets

Particulars	Note No.	Instruments carried at fair value		Instruments carried at amortised cost		Total fair value
		At cost	FVOCI Level 1	Carrying amount	Total carrying amount	
As at March 31, 2018						
Investment in Equity	5	-	98,72,426	-	98,72,426	98,72,426
Trade receivables	10	-	-	43,125	43,125	43,125
Cash & cash equivalents	11	-	-	49,656	49,656	49,656
Other bank balances	12	-	-	8,777	8,777	8,777
Other financial assets	6 & 13	-	-	5,377	5,377	5,377
Total		-	98,72,426	1,06,935	99,79,361	99,79,361
As at March 31, 2019						
Investment	5	-	58,62,250	-	58,62,250	58,62,250
Trade receivables	10	-	-	28,140	28,140	28,140
Cash & cash equivalents	11	-	-	70,071	70,071	70,071
Other bank balances	12	-	-	1,200	1,200	1,200
Other financial assets	6 & 13	-	-	3,914	3,914	3,914
Total		-	58,62,250	1,03,325	59,65,575	59,65,575

B Financial liabilities

Particulars	Note No.	Instruments carried at fair value		Instruments carried at amortized cost		Fair value
		FVTPL	Total carrying amount and fair value	Carrying amount	Total carrying amount	
As at March 31, 2018						
Non Current Borrowings	16	-	-	42,832	42,832	42,832
Trade payables	18	-	-	10,955	10,955	10,955
Other financial liabilities	19	-	-	14,616	14,616	14,616
Total		-	-	68,403	68,403	68,403
As at March 31, 2019						
Non Current Borrowings	16	-	-	32,354	32,354	32,354
Trade payables	18	-	-	-	-	-
Micro, Small and Medium Enterprises		-	-	318	318	318
Others		-	-	9,125	9,125	9,125
Other financial liabilities	19	-	-	21,214	21,214	21,214
Total		-	-	63,011	63,011	63,011

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

31 Risk Management
Financial risk management objectives and policies

The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Group's activity expose it to market risk, liquidity risk, commodity risk and credit risk. In order to minimise any adverse effects on the financial performance of the Group, The Group's financial risk management policy is set by the Chairman along with CFO and governed by overall directions of Board of Directors of the Group.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

S.No	Risk	Exposure arising from	Measurement	Management
A	Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits.
B	Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of bank deposits and timely receipt.
C	Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Closely tracks movement of rate changes with the bank.
D	Market risk – foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR.	Sensitivity analysis	Management tracks foreign currency movements closely
E	Investment risk	Investment in Subsidiaries	Value of investment	Management of the Group keeps constant liaison and necessary information on timely basis.

A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual credit period and limits are set accordingly.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information to decide on this such as:

- i) Actual or expected significant adverse changes in business
- ii) Actual or expected significant changes in the operating results of the counterparty
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The Group categorises financial assets based on the assumptions, inputs and factors specific to the class of financial assets into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit-impaired.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. Where loans or receivables have been written off, the Group continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Trade receivables under simplified approach is as under :

Due from the date of invoice	As At March 31, 2019	As At March 31, 2018
0-12 months	28,140	43,125
beyond 12 months	-	-
Total	28,140	43,125

B. Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time, or at a reasonable price. The Group's liquidity, funding as well as settlement management processes policies and such related risk are overseen by management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

Financing arrangements
Contractual maturity patterns of borrowings

Particulars	As At March 31, 2019		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt)	10,470	32,354	42,824
Short Term Borrowings	-	-	-
Total	10,470	32,354	42,824

Particulars	As At March 31, 2018		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt)	9,363	42,832	52,195
Short Term Borrowings	-	-	-
Total	9,363	42,832	52,195

Contractual maturity patterns of Financial Liabilities

Particulars	As At March 31, 2019	As At March 31, 2018
	0-12 Months	0-12 Months
Trade Payable	9,443	10,955
Other financial liabilities	21,214	14,616
Total	30,657	25,571

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

C. Market risk-interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, Group performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk

Particulars	As At March 31, 2019	As At March 31, 2018
Borrowings bearing variable rate of interest	42,824	52,195

Interest rate sensitivity

A change of 50 bps in interest rates would have following Impact on profit before tax

Particulars	2018-19	2017-18
50 bp increase- decrease in profits	(238)	(282)
50 bp decrease- Increase in profits	238	282

D. Market risk-foreign currency risk

The Group accrue all of its revenue in US Dollars and its expenditure is incurred in the Indian Rupees. Therefore, there is risk exposure due to adverse fluctuation of exchange rate between the US Dollar and the Indian Rupees. In order to mitigate the risk the management tracks foreign currency movement closely.

Foreign currency exposure

Particulars	USD in Thousands		₹ In INR	
	2018-19	2017-18	2018-19	2017-18
Open Foreign Exchange Exposures - Receivable	\$ 407	\$ 633	₹ 28,140	₹ 43,125

Foreign currency risk sensitivity

A change of 1% in foreign currency exchange rate would have following impact on loss for the year:

Particulars	2018-19		2017-18	
	1% Increase	1% decrease	1% Increase	1% decrease
USD \$ to Indian Rupee ₹	281	(281)	412	(412)
Increase / (decrease) in profit or loss	281	(281)	412	(412)

Derivative financial instruments

The Group has not entered into any derivative financial instruments during the current year and previous year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

32 Capital risk management

- A** The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of the following debt equity ratio:

Particulars	As At March 31, 2019	As At March 31, 2018
Debt	42,824	52,195
Total Equity	44,36,194	71,62,961
Debt to Total Equity	0.01	0.01

Group believes in conservative leverage policy. Its debt equity ratio is lower than the industry average.

Group's moderate capex plan over the medium term shall be largely funded through internal accruals and suppliers credit. The Group is committed to become virtual debt free Group in couple of years which shall further improve its capital structure.

- B** The Group follows the policy as decided by Board of directors considering financial performance, available resources, other internal and external factors and upon recommendation from Audit Committee for the declaration of dividend.

33 Disclosure pursuant to Inda AS - 19 "employee benefits"

- i) **Gratuity:** In accordance with the applicable laws, the Group provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The gratuity plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation on the reporting date and the Group makes annual contribution to the gratuity fund administered by life Insurance companies under their respective group gratuity schemes.

The disclosure in respect of the defined gratuity plan are given below :

Particulars	Defined benefit plans	
	As at March 31, 2019	As at March 31, 2018
Present value of plan liabilities	5,065	5,573
Less Fair value of plan assets	1,411	965
Asset/(Liability) recognised	(3,654)	(4,608)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

B. Movements in plan assets and plan liabilities

	Present value of obligations	Fair Value of Plan assets
As at April 1, 2018	5,573	965
Current service cost	640	-
Past service cost	-	-
Interest cost	439	-
Interest income	-	76
Return on plan assets excluding amounts included in net finance income/cost	-	(80)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	43	-
Actuarial (gain)/loss arising from experience adjustments	(680)	-
Employer contributions	-	1,400
Benefit payments	(950)	(950)
As at March 31, 2019	5,065	1,411
Particulars	Present value of obligations	Fair Value of Plan assets
As at April 1, 2017	6,044	1,904
Current service cost	1,006	-
Past service cost	-	-
Interest cost	484	-
Interest income	-	152
Return on plan assets excluding amounts included in net finance income/cost	-	(117)
Actuarial (gain)/loss arising from changes in demographic assumptions	(7)	-
Actuarial (gain)/loss arising from changes in financial assumptions	71	-
Actuarial (gain)/loss arising from experience adjustments	(351)	-
Employer contributions	-	700
Benefit payments	(1,674)	(1,674)
As at March 31, 2018	5,573	965

The liabilities are split between different categories of plan participants as follows:

- active members - 100% (2017-18: 100%)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019
(All amounts in INR Thousands, unless otherwise stated)

C. Statement of profit and loss

Employee benefit expenses:		
Current service cost	640	1,006
Interest cost/(income)	363	332
Total amount recognised in Statement of profit & loss	1,003	1,338
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in net finance income/(cost)	(637)	(351)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	-	-
Experience gains/(losses)	80	117
Total amount recognised in Other Comprehensive Income	(557)	(234)

D. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Assumptions		
Discount rate	7.79%	7.86%
Expected rate of return on plan assets	7.79%	7.86%
Salary escalation rate	5.00%	5.00%
Rate of Employee Turnover		
- For service 4 years and below	8.00%	8.00%
- For service 5 years and above	2.00%	2.00%

Demographic assumptions

Mortality in service : Indian Assured Lives Mortality (2006-08)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

E. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Impact on defined benefit obligation	Increase / (Decrease) in liability	
	As at March 31, 2019	As at March 31, 2018
Projected benefit obligation on current assumptions	5,065	5,573
+1% Change in rate of discounting	(495)	(503)
-1% Change in rate of discounting	593	605
+1.00% Change in rate of Salary increase	604	617
-1.00% Change in rate of Salary increase	(512)	(520)
+1% Change in Attrition Rate	154	169
-1% Change in Attrition Rate	(179)	(197)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

F. Maturity Analysis of the Benefit Payments: From the Fund

Particulars	As at March 31,	
	2019	2018
Projected Benefits Payable in Future Years From the		
Date of Reporting		
1st Following Year	659	1344
2nd Following Year	145	135
3rd Following Year	539	150
4th Following Year	149	488
5th Following Year	160	158
Sum of Years 6 To 10	1540	1514
Sum of Years 11 and above	12032	12658

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

- ii) **Compensated Absences:** The Group permits encashment of compensated absence accumulated by their employees on retirement/separation from service. The liability in respect of the Group, for outstanding balance of leave at the balance sheet date is determined and provided on the basis of actuarial valuation as at the balance sheet date performed by an independent actuary.

34 Earnings per share (EPS)	2018-19	2017-18
Net profit/(loss) as per statement of profit and loss before exceptional items but after tax	1,756	23,744
Net profit/(loss) as per statement of profit and loss after exceptional items and tax	1,756	23,782
Weighted average number of equity shares	1,25,79,024	1,25,34,389
Add : effect of dilutive issue of options	18,865	70,452
Diluted weighted average number of equity shares	1,25,97,889	1,26,04,841
Nominal value of equity shares (in nos.)	10	10
Basic and diluted earning per equity share - before exceptional items ₹	0.14	1.89
Basic and diluted earning per equity share - after exceptional items ₹	0.14	1.90

35 Pending Litigations/contingent liabilities not provided for in respect of :

Particulars	2018-19	2017-18
Fixed deposit pledged for issue of bank guarantees	-	7,500
Fixed deposit pledged for other guarantees	958	958

The Group has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its consolidated financial statements

36 Commitments

- a) The Group has acquired certain premises under lease arrangements which are renewable / cancellable at the Group's and/or lessor's option as mutually agreed. The future lease rental payments that the company is committed to make in respect of these are :

Particulars	2018-19	2017-18
- within one year	5,522	7,617
- later than one year and not later than five years	13,233	24,761

- b) The Group has given leasehold building on rent. The future rental income receivables as per the terms of the agreement are as follows:

Particulars	2018-19	2017-18
- within one year	11,098	10,966
- later than one year and not later than five years	17,866	28,964

- c) Bonds aggregating ₹ 4,310 Thousands (Previous year ₹ 4,310 Thousands) in favour of the President of India endorsed through Assistant Commissioner of Customs for storage of capital goods without payment of custom import duty. For this purpose, bank guarantees aggregating ₹ 216 Thousands (Previous year ₹ 216 Thousands) was issued by a bank on behalf of the Group.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

37 Disclosure on related party transactions

Names of related parties and description of relationship:

Associates /Key Managerial Personnel (KMP) and their relatives with whom transactions have been entered during the year in the ordinary course of Business:

Associates :

HGM Fund
HOVG, LLC dba Bay Area Credit Service, LLC
SourceHOV, LLC
TransCentra FTS Private Limited
Rule 14 LLC

Key Managerial Personnel (KMP) :

Mr. Sunil Rajadhyaksha (Chairman and Executive Director)
Mr. Parvinder S Chadha (Executive Director-upto May 29, 2017)
Mr. Surinder Rametra (Executive Director)
Mr. Vikram Negi (Executive Director from September 1, 2017)
Mr. Nilesh Bafna (Chief Financial Officer from September 1, 2017)
Mr. Bhuvanesh Sharma (VP-Corporate Affairs and Company Secretary)

Relatives of KMP :

Mrs. Rekha Sharma
Mrs. Deepali Bafna (From September 1, 2017)

Non Executive Director :

Mr. Baldev Raj Gupta
Mr. Harish Bhasin (upto September 10, 2018)
Mrs. Lakshmi Kumar
Mr. Rohit Jain (from September 1, 2017 till 13 August 2018)
Mr. Harjit Singh Anand (from July 5, 2018)

During the year, the following transactions were carried out with the above related parties in the ordinary course of business and outstanding balances :

Name of the Party	Nature of Transactions	For the year ended	For the year ended
		March 31, 2019	March 31, 2018
SourceHOV, LLC	Services provided	90,328	97,962
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	15,115	13,931
Rule 14 LLC	Services provided	-	13,562
Transcentra FTS Private Limited	Rent received	10,966	10,966
	Reimbursement of expenses	2,126	1,575
HGM Fund	Reimbursement of expenses	-	581
Mr. Sunil Rajadhyaksha	Managerial remuneration	4,800	4,800
Mr. Baldev Raj Gupta	Sitting fees & ESOP Perquisite	2,381	540
Mr. Harish Bhasin	Sitting fees & ESOP Perquisite	4,557	540
Mrs. Lakshmi Kumar	Sitting fees	420	360
Mr. Rohit Jain	Sitting fees	50	50
Mr. Harjit Singh Anand	Sitting fees	50	-
Mr. Nilesh Bafna	Salary (including ESOP & other perquisites)	3,179	1,460
Mr. Bhuvanesh Sharma	Salary (including perquisites)	2,698	2,728
Mrs. Rekha Sharma	Car rental	288	261
Mrs. Deepali Bafna	Car rental	288	168

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Name of the Party	Nature of Balances	As at March 31, 2019	As at March 31, 2018
SourceHOV, LLC	Trade receivables	21,915	23,602
	Unbilled revenue	-	169
HOVG, LLC dba Bay Area Credit Service, LLC	Trade receivables	6,225	5,854
	Other receivables	-	2,433
HGM Fund	Trade receivables	-	11,708
	Other advances	2,352	2,212
Transcentra FTS Private Limited	Deposit payable	2,650	2,650
	Remuneration payable	197	72
Mr. Sunil Rajadhyaksha	Car rental payable	24	24
Mrs. Rekha Sharma	Car rental payable	24	24

Notes:

- Related party relationship is as identified by the management and relied upon by the auditors.
- No amounts in respect of related parties have been written off/ written back during the year or has not made any provision been made for doubtful debts/ receivable.

38 Assets provided as security

The carrying amounts of assets provided as security for current and non-current borrowings are:

Particulars	As At March 31, 2019	As At March 31, 2018
Investment Property	91,395	93,277
Financial Assets :		
Fixed deposit with banks	1,174	8,674
Property Plant and Equipment- Vehicle	-	363
Total	92,569	1,02,314

39 Payment to auditors of Holding Company

	2018-19	2017-18
<i>(Excluding Taxes)</i>		
Audit fees	800	800
Limited review and certification fees	375	375
Reimbursement of expenses	33	85
Total payment to auditors	1,208	1,260

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

- 40** In the opinion of the management, assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The Accounts of certain Trade Receivables, Trade Payables, Non-operative Banks / Lenders and Loans & Advances are however, subject to formal confirmations / reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.
- 41** In view of substantial slow down in activities of the environment business, the carrying value of ₹ 38 thousands has been impaired and disclosed as exceptional items.
- 42** Previous years' figures have been regrouped/reclassified wherever necessary to conform the current year's classification.

Signature to Notes 1 - 42

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

Harjit Singh Anand
Independent Director
(DIN:01549385)

Baldev Raj Gupta
Independent Director
(DIN:00020066)

Place : Pune
Date : May 30, 2019

Bhuvanesh Sharma
**VP-Corporate Affairs &
Company Secretary**

Nilesh Bafna
Chief Financial Officer

Notes to Consolidated Financial Statements for the year ended March 31 2019

Name of Entity	Net Assets, i.e Total Assets minus total liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount in Lakhs	As % of Consolidated Profit or Loss	Amount in Lakhs
Parent				
HOV Services Limited	-7.89%	(3,501.50)	-39.36%	10,725.37
Indian Subsidiaries				
HOV Environment Solutions Private Limited	-2.38%	(1,055.00)	0.38%	(104.70)
Foreign Subsidiaries				
HOVS LLC	108.50%	48,131.34	137.53%	(37,472.96)
HOVS Holding Limited	2.09%	925.10	0.52%	(141.20)
HOV Environment LLC	-0.31%	(138.01)	0.93%	(254.14)

Independent Auditor’s Report

To The Members of
HOV Services Limited

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **HOV Services Limited** (“the Company”), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matters	Auditor’s response
1.	<p><u>Valuation and Impairment of unquoted equity instruments in subsidiaries:</u></p> <p>The Company had made investment in two wholly owned subsidiaries namely HOVS LLC ₹660,770 Thousands and HOVS Holdings Limited ₹7 Thousands (being carrying value as on March 31, 2019). HOVS LLC in turn has acquired stake in Exela Technologies Inc. through Business</p>	<p><u>Principal Audit Procedures</u></p> <p>We observed the publicly available quoted prices of the underlying equity instrument representing holding in i.e. Exela Technologies Inc. which are listed on the NASDAQ and also obtained external evidence of existence of investment through publicly available filings</p>

Sr. No	Key Audit Matters	Auditor's response
	<p>Combination Agreement entered on July 12, 2017 and received equity stake in Exela Technologies, Inc. ("Exela"-Listed on NASDAQ) through Ex-Sigma LLC a special purpose vehicle formed for this transaction. These instruments are classified and measured at fair value through OCI. The HOVS LLC had also invested ₹38037 Thousands in HOV Environment LLC.(Refer note no. 5)</p> <p>In view of investments being material, we have considered its valuation/impairment to be a significant matter.</p>	<p>on NASDAQ from time to time. These tests did not reveal any impairment in the carrying value of investments.</p> <p>We analyzed the possible indications of impairment and the forecasted results of the subsidiary i.e. HOV Environment LLC. Based on these tests which reveals impairment and therefore HOVS LLC has provided for impairment. As explained by the management that no further expected impairment is required to be provided for.</p>

Information Other than the Standalone Financial Statements and Auditor's report thereon

The Company's Board of Directors is responsible for the preparation of other information. The Other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to the Board report, Corporate Governance report and Shareholder's information, but does not include the standalone financial statement and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial control system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work and (ii) to evaluate the effect of and identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes

public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Pursuant to the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and records.
 - (c) The Balance sheet, the Statement of Profit & Loss (including other comprehensive income), Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.
 - (e) On the basis of the written representation received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Chairman and Executive Director during the year is in accordance with the provisions of section 197 of the Act.
 - (h) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position in its standalone financial statements. [Refer Note No.-32]
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For BAGARIA and CO. LLP
Chartered Accountants
FRN - 113447W/W-100019

Vinay Somani
Partner
M. No. 143503

Place: Pune
Date: May 30, 2019

Annexure “A” referred to in “Report on Other Legal and Regulatory Requirements” section of our report to the members of HOV Services Limited of even date:

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment (Fixed Assets).
b) According to the information and explanations given to us, the fixed assets have been physically verified by the management at the year end, which in our opinion, is reasonable considering the size of the Company and nature of its fixed assets. As explained, no material discrepancies were noticed on such verification.
c) According to the information and explanations given to us and on the basis of our examination of the records of the Company title deeds of the immovable property are held in the name of the Company.
2. The company does not hold any inventory. Therefore, Para 3 (ii) of the Order is not applicable to the Company.
3. During the year, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, Para 3 (iii) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions referred in section 185 of the Act. The Company has complied with the provisions of 186 of the Act with respect to the loans and investments made.
5. No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder have been accepted by the Company.
6. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under Section 148 (1) of the Act for any of the activities of the Company.
7. a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax and other material statutory dues applicable to the Company with the appropriate authorities except for maximum delay up to 552 days in payment of Goods and Service Tax of total ₹ 1394 Thousands. No undisputed amounts in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income Tax, Sales Tax, Service tax, Duty of Customs, Duty of Excise and Value Add Tax which have not been deposited on account of any dispute.
8. In our opinion and according to the information and explanations given to us, during the year, the Company has not defaulted in repayment of dues to banks. Further the Company has not taken any loan or borrowings from a financial institution, government or debenture holders.
9. The Company has utilised the term loan taken from a bank for the purposes for which it was raised. Further the Company has not raised any money by way of initial public offer or further public offer in the recent past.

10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and based on our examination of the books and records of the Company, the Company has paid / provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion the Company is not a Nidhi Company. Therefore, Para 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us, the provision of Section 177 and 188 of Act, to the extent applicable, in respect of transactions with the related parties have been complied by the Company and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards (Refer Note No. 34).
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, Para 3 (xiv) of the Order is not applicable to the Company.
15. According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him under Section 192 of the Act.
16. The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

For BAGARIA and CO. LLP
Chartered Accountants
FRN - 113447W/W-100019

Place: Pune
Date: May 30, 2019

Vinay Somani
Partner
M. No. 143503

Annexure “B” referred to in “Report on Other Legal and Regulatory Requirements” section of our report to the members of HOV Services Limited of even date:

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

We have audited the internal financial controls over financial reporting of HOV SERVICES LIMITED (“the Company”) as of March 31, 2019 in conjunction with our audit of standalone financial statement of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the best of our information and according to the explanations given to us, the Company has broadly, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For BAGARIA and CO. LLP
Chartered Accountants
FRN - 113447W/W-100019

Place: Pune
Date: May 30, 2019

Vinay Somani
Partner
M. No. 143503

BALANCE SHEET AS AT MARCH 31, 2019
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2019	As At March 31, 2018
Assets			
Non-current assets			
Property, plant and equipment	2	4,139	2,901
Investment property	3	91,396	93,276
Intangible assets	4	16	238
Financial assets			
Investments in subsidiaries	5	6,60,777	6,60,777
Loans to a step down subsidiary	6	-	-
Other financial assets	7	1,461	1,476
Deferred tax assets	8	19,650	19,863
Other non-current assets	9	449	674
Total non-current assets		7,77,888	7,79,205
Current assets			
Financial assets			
Trade receivables	10	28,140	41,164
Cash & cash equivalents	11	54,936	37,265
Other bank balances	12	242	319
Other financial assets	13	1,405	2,828
Other current assets	14	7,993	4,134
Total current assets		92,716	85,710
Total assets		8,70,604	8,64,915
Equity and liabilities			
Equity	15		
Equity share capital		1,25,890	1,25,357
Other equity		6,80,551	6,65,765
Total equity		8,06,441	7,91,122
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	32,354	42,832
Total non-current liabilities		32,354	42,832
Current liabilities			
Financial liabilities			
Trade payables	17		
Micro, Small and Medium Enterprises		318	-
Others		7,462	7,451
Other financial liabilities	18	13,363	12,405
Other current liabilities	19	1,425	1,633
Provisions	20	5,246	5,915
Current tax liabilities	21	3,995	3,557
Total current liabilities		31,809	30,961
Total equity and liabilities		8,70,604	8,64,915
Significant accounting policies.	1		
The accompanying notes are an integral part of the standalone financial statements.			

As per our report of even date

 For **Bagaria and Co. LLP**

FRN - 113447W/W-100019

Chartered Accountants

Vinay Somani

Partner

M. No. 143503

Place : Pune

Date : May 30, 2019

 Sunil Rajadhyaksha
Chairman & Executive Director
 (DIN:00011683)

 Bhuvanesh Sharma
**VP-Corporate Affairs &
 Company Secretary**
For and on behalf of the Board

 Harjit Singh Anand
Independent Director
 (DIN:01549385)

 Nilesh Bafna
Chief Financial Officer

 Baldev Raj Gupta
Independent Director
 (DIN:00020066)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	For the year Ended March 31, 2019	For the year Ended March 31, 2018
Income			
Revenue from operations	22	1,05,443	1,25,455
Other income	23	9,317	10,631
Total Income		1,14,760	1,36,086
Expenditure			
Employee benefits expenses	24	71,392	88,489
Depreciation and amortisation expenses	2, 4	854	976
Other expenses	25	24,523	26,912
Total Expenditure		96,769	1,16,377
Profit before exceptional items		17,991	19,709
Exceptional items	39	-	(1,02,272)
Profit/(loss) before tax		17,991	(82,563)
Tax expense	26		
Current tax		(5,090)	(5,710)
Deferred tax		(58)	(97)
Profit/(loss) after tax		12,843	(88,370)
Other comprehensive income (OCI) Items that will not be reclassified to profit or loss			
Gain on Remeasurement of net defined benefit plans		557	170
Tax impact on above		(155)	(47)
Total other comprehensive income		402	123
Total comprehensive income		13,245	(88,247)
Earnings per share	31		
Basic & diluted Earning Per Share (Face value of ₹ 10 each) :			
Before exceptional items		1.02	1.11
After exceptional items		1.02	(7.05)
Significant accounting policies	1		
The accompanying notes are an integral part of the standalone financial statements.			

As per our report of even date
For **Bagaria and Co. LLP**
FRN - 113447W/W-100019
Chartered Accountants

Vinay Somani
Partner
M. No. 143503

Place : Pune
Date : May 30, 2019

Sunil Rajadhyaksha
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(DIN:00011683)

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**VP-Corporate Affairs &
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For and on behalf of the Board

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Independent Director
(DIN:01549385)

Nilesh Bafna
Chief Financial Officer

Baldev Raj Gupta
Independent Director
(DIN:00020066)

Statement of Changes in Equity for the year ended March 31, 2019
(All amounts in INR Thousands, unless otherwise stated)

Particular	Balance as at April 1, 2017	Changes in equity share capital during the year	Balance as at March 31, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019
EQUITY SHARE CAPITAL :	1,25,325	32	1,25,357	533	125,890

OTHER EQUITY :

Particulars	Reserve and Surplus			Retained earnings	Other Comprehensive Income- Remeasurements of net defined benefit plans	Total
	Securities Premium Reserve- on issue of equity shares	Capital Redemption Reserve -created on Buyback of equity shares	General Reserve- transferred from retained earnings			
Balance as at April 1, 2017	6,24,339	630	19,541	1,08,888	305	7,53,703
On allotment of equity shares under ESOP	309	-	-	-	-	309
Profit/(Loss) for the year before OCI	-	-	-	(88,370)	-	(88,370)
Actuarial Gain for the year	-	-	-	-	123	123
Balance as at March 31, 2018	6,24,648	630	19,541	20,518	427	6,65,765
Balance as at March 31, 2018	6,24,648	630	19,541	20,518	427	6,65,765
On allotment of equity shares under ESOP	1,541	-	-	-	-	1,541
Profit/(Loss) for the year before OCI	-	-	-	12,843	-	12,843
Actuarial Gain for the year	-	-	-	-	402	402
Balance as at March 31, 2019	6,26,189	630	19,541	33,361	829	6,80,551

Significant accounting policies 1

The accompanying notes are an integral part of the Standalone financial statements

As per our report of even date
For **Bagaria and Co. LLP**
FRN - 113447W/W-100019
Chartered Accountants

Sunil Rajadhyaksha
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(DIN:00011683)

Harjit Singh Anand
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Independent Director
(DIN:00020066)

Vinay Somani
Partner
M. No. 143503

Bhuvanesh Sharma
VP-Corporate Affairs & Company Secretary

Nilesh Bafna
Chief Financial Officer

Place : Pune
Date : May 30, 2019

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

	For the year Ended March 31, 2019	For the year Ended March 31, 2018
A Cash flow from Operating Activities:		
Net profit/(loss) before tax and exceptional items	17,991	19,709
Add: Adjustments for		
Depreciation & amortisation	2,735	2,856
Loss on sale of Property, plant and equipment	-	127
Interest income	(3,125)	(8,168)
Rent income (net)	(3,585)	(2,463)
Finance cost	5,500	6,622
Foreign exchange (gain)/loss, net	(2,544)	156
Operating profit before working capital changes	16,972	18,839
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivable	15,568	(1,951)
(Increase)/decrease in other receivables	(2,120)	96,400
Increase/(decrease) in trade and other payable	(140)	(2,019)
Cash generated from operations	30,280	1,11,269
Taxes paid (net of refund)	(4,652)	1,630
Net cash from/(used in) operating activities - A	25,628	1,12,899
B Cash flow from investing activities:		
Purchase of Property, plant and equipment	(1,869)	(2,599)
Sale of Property, plant and equipment	-	775
Rent income received (net)	3,585	2,463
Interest income	3,125	4,985
Net cash from/(used in) investing activities - B	4,841	5,624
C Cash flow from financing activities:		
Finance cost	(5,500)	(6,622)
Proceeds from issue of equity shares under ESOP	2,073	341
Loans given to a step down subsidiary	-	(86,697)
Proceeds/(repayments) of borrowings- net	(9,371)	(8,241)
Net cash from/(used in) financing activities - C	(12,798)	(1,01,219)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	17,671	17,304
Opening cash and cash equivalents	37,264	19,960
Closing cash and cash equivalents	54,935	37,264
Significant accounting policies	1	

The accompanying notes are an integral part of the standalone financial statements.

Notes :
Cash Flow from financing activities

Particulars	Current borrowings	Long Term borrowings
Balance as at March 31, 2017	-	60,436
Loan Taken/(repaid)	-	(8,241)
Balance as at March 31, 2018	-	52,195
Loan Taken/(repaid)	-	(9,371)
Balance as at March 31, 2019	-	42,824

 As per our report of even date
 For **Bagaria and Co. LLP**
 FRN - 113447W/W-100019
 Chartered Accountants

For and on behalf of the Board

 Sunil Rajadhyaksha
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 (DIN:00011683)

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 Bhuvanesh Sharma
**VP-Corporate Affairs &
 Company Secretary**

 Nilesh Bafna
Chief Financial Officer

 Place : Pune
 Date : May 30, 2019

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**1. SIGNIFICANT ACCOUNTING POLICIES****Company Information:**

The Company was incorporated in 1989 under the Companies Act, 1956 as Codec Communication Pvt. Ltd with registration number 25-14448. The Company commenced its operations on January 10, 1989. In March, 2006 the Company changed its name to HOV Services Limited as a part of its plans to create brand recognition among its customers. The Company is engaged in providing IT and IT Enabled Services such as Data Entry Services, Software Development and Support Services.

The Standalone financial statements are approved for issue by the Company's Board of Directors on May 30, 2019

1.1 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under the Companies (Indian Accounting standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendments Rules 2016 prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

The financial statements are prepared and presented on accrual basis and under the historical cost convention, except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- Certain financial assets and liabilities are measured at Fair value (refer accounting policy on financial instruments - Refer note 1.7 below
- Defined Benefit and other Long term Employee Benefits - Refer note 1.8 below

Accounting policies have been consistently applied except where a newly issued accounting standard is adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

1.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires that the Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current non-current classification of assets and liabilities.

1.3 PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS**Property, Plant and Equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Costs include freight, import duties, non-refundable purchase taxes and other expenses directly attributable to the acquisition of the asset.

Intangible Assets

Costs that are directly associated with identifiable and unique software products controlled by the Company, developed in-house or acquired, and have probable economic benefits exceeding the cost beyond one year are recognized as software products. Other acquired software's meant for in-house consumption are capitalized at the acquisition price:

Depreciation/amortisation:

Tangible Assets - Depreciation on Property, Plant and Equipment is provided on a straight line method based on useful life and in the manner prescribed in part C of Schedule II of the Companies Act, 2013. Investment property is amortized over the period of lease.

Intangible Assets - Software product (meant for sale) are amortized over its estimated useful life of 8 years. Other Software products are amortized over its period of license.

Impairment of Non Financial Assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets are impaired. If any such indication exists, the Company estimates the amount of impairment loss. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in profit or loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

1.4 REVENUE RECOGNITION**Rendering of services:**

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

The Company derives revenue primarily from software development, maintenance of software/hardware and related services and sale of software licenses. Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be measured reliably.

Sale of licenses: Revenue from licenses where the customer obtains a "right to use" the licenses are recognized at the time the license is made available to the customer. Revenue from licenses where the customer obtains a "right to access" is recognized over the access period.

Effective April 1, 2018, the company adopted IndAS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as at April 1, 2018. There was no impact on adoption of Ind AS 115.

Other Income

Interest income is recognized on a time proportionate basis taking into account the amounts invested and the rate of interest. For all financial instruments measured at amortised cost, interest income is recorded using the Effective interest rate method to the net carrying amount of the financial assets.

1.5 CONTRACT BALANCES**Trade Receivables:**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only a passage of time is required to before payment of the consideration is due).

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfer goods and services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the company performs under the contract.

1.6 FINANCIAL INSTRUMENTS**Financial assets - Initial recognition**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets other than trade receivables are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Statement of Profit and Loss.

Subsequent measurement

Financial assets, other than equity instruments, are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

(a) Measured at amortised cost:

A financial asset is measured at amortised cost, if it is held under the hold to collect business model i.e. held with an objective of holding the assets to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest on the principal outstanding. Amortised cost is calculated using the effective interest rate ("EIR") method by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, gain or loss, if any, is recognised to Statement of Profit and Loss.

(b) Measured at fair value through other comprehensive income (FVOCI):

A financial asset is measured at FVOCI, if it is held under the hold to collect and sell business model i.e. held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognised in the OCI, except for interest income which recognised using EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in the OCI is reclassified from the equity to Statement of Profit and Loss.

(c) Measured at fair value through profit or loss (FVTPL):

Investment in financial asset other than equity instrument, not measured at either amortised cost or FVOCI is measured at FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are subsequently measured at fair value. Equity instruments which are held for trading are measured at FVTPL.

For all other equity instruments, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument shall be recognised in Statement of Profit and Loss

unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in the OCI. Amounts recognised in Other Comprehensive Income (OCI) are not subsequently transferred to Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised in Statement of Profit and Loss.

Impairment

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward-looking.

The Company's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

Under simplified approach, the Company does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables.

The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For financial assets other than trade receivables, the Company recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 months ECL.

The impairment losses and reversals are recognised in Statement of Profit and Loss. For equity instruments and financial assets measured at FVTPL, there is no requirement for impairment testing.

Investments in subsidiaries:

The Company has accounted for its investment in subsidiaries at cost.

De-recognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Financial Liabilities**Initial Recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative instruments.

Subsequent measurement

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at fair value through profit or losses are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

Loans & Borrowings:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process.

Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative adjustments.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments & hedge accounting

The Company uses derivative financial instruments, such as forward foreign exchange contracts, interest rate swaps, cross currency interest risk swap to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, with changes in fair value recognised in Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company designates their derivatives as hedges of foreign currency risk associated with the cash flows of highly probable forecast transactions and variable interest rate risks associated with the borrowings.

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

Cash flows hedge that qualify for the hedge accounting

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit & loss, except for the effective portion of cash flow hedge which is recognized in other comprehensive income and presented as separate component of equity which is later reclassified to statement of profit & loss when the hedge item affects profit & loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.7 FAIR VALUE MEASUREMENT:

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ✓ In the principal market for the asset or liability, or
- ✓ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ✓ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ✓ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ✓ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1.8 EMPLOYEE BENEFITS

The Company has provides following post-employment plans such as:

- (a) Defined benefit plans such a gratuity and
- (b) Defined contribution plans such as Provident fund etc.

a) Defined-benefit plan:

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

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and
- (b) Net interest expense or income

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

Re-measurement comprising of actuarial gains and losses arising from

- (a) Re-measurement of Actuarial(gains)/losses
- (b) Return on plan assets, excluding amount recognized in effect of asset ceiling
- (c) Re-measurement arising because of change in effect of asset ceiling

are recognised in the period in which they occur directly in Other comprehensive income. Re-measurement are not reclassified to profit or loss in subsequent periods.

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

b) Defined-contribution plan:

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined Contribution plan comprise of contributions to the employees' provident fund with the government, and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

c) Other employee benefits:

- (a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.
- (b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

1.9 LEASES

A lease is classified at the inception date as a finance lease or an operating lease. Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned

between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss

Other leases are treated as operating leases, with payments are recognised as expense in the statement of profit & loss on a straight-line basis over the lease term.

1.10 FOREIGN CURRENCY TRANSACTIONS

a) Initial Recognition

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year.

b) Measurement of Foreign Currency Items at the Balance Sheet Date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

1.11 TAXES ON INCOME

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax provisions are included in current liabilities. Interest and penalties on tax liabilities are provided for in the tax charge. The Company offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets are not recognised where it is more likely than not that the assets will not be realised in the future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

1.12 PROVISIONS AND CONTINGENCIES

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

1.13 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents include cash and Cheque in hand, bank balances, demand deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

1.14 CASH FLOW STATEMENT

Cash flows are reported using the indirect method where by the profit before tax is adjusted for the effect of the transactions of a non-cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

1.15 BORROWING COST

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of Cost of that assets, during the period till all the activities necessary to prepare the Qualifying assets for its intended use or sale are complete during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.16 EARNINGS PER SHARE

Basic EPS is arrived at based on net profit after tax available to equity shareholders to the weighted average number of equity shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares unless impact is anti-dilutive.

1.17 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker (CODM).

The Company has identified its Executive Director as CODM which assesses the operational performance and position of the Company and makes strategic decisions.

1.18 EXCEPTIONAL ITEMS

When an item of income or expense within profit or loss from ordinary activity is of such size, nature or incidence that their disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

Recent Accounting pronouncements:**Ind AS 116 - Leases**

On March 30, 2019, Ministry of Corporate affairs have notified Ind AS 116 - "Leases". Ind AS 116 will replace the existing leases standards Ind AS 17 - "Leases" and related interpretations. The new standard sets out the principles for the recognition, measurement, presentation and disclosures of lease for both lease and lessor Ind AS 116 introduces a single lease accounting model and requires a lessee to recognise the assets and liabilities for all leases with a term of more than 12 months, unless the underlying assets are of low value. Ind AS 116 substantially carried forward the accounting treatment prescribed for lessor. The effective date for adoption of Ind AS 116 is annual period beginning on or after April 01, 2019. The Company is evaluating the impact of the issued Ind AS 116 on its financial statements.

Ind AS 12 - "Income taxes" - Appendix C - Uncertainty over income tax treatments

On March 30, 2019, Ministry of Corporate affairs have notified Appendix C to Ind AS 12, uncertainty over the income tax treatments which is to be applied while performing the determination of taxable profits/(loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, the company needs to determine the probability of the relevant tax authorities accepting the each tax treatments that the companies have used or plan to use in their income tax filings which has to be considered to compute the most likely amount or expected value of the tax treatments, when determining the taxable profits/(loss), tax bases, unused tax losses, unused tax credits and tax rates. The effective date for adoption of Ind AS 12 is annual period beginning on or after April 1, 2019. The Company is evaluating the impact of the issued appendix C on its financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

2 Property, Plant and Equipment	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross carrying amount					
Balance as at April 1, 2017	1,272	7	1,095	313	2,687
Additions	-	-	2,545	54	2,599
Deductions/ Adjustment	-	-	(1,095)	-	(1,095)
Balance as at March 31, 2018	1,272	7	2,545	367	4,191
Accumulated Depreciation					
Balance as at April 1, 2017	561	1	193	110	865
Additions	256	2	265	95	618
Deductions/ Adjustment	-	-	(193)	-	(193)
Balance as at March 31, 2018	817	3	265	205	1,290
Net carrying amount as at April 1, 2017	711	6	902	203	1,822
Net carrying amount as at March 31, 2018	455	4	2,280	162	2,901
Gross carrying amount					
Balance as at March 31, 2018	1,272	7	2,545	367	4,191
Additions	1,847	-	-	22	1,869
Deductions/ Adjustment	-	-	-	-	-
Balance as at March 31, 2019	3,119	7	2,545	389	6,060
Accumulated Depreciation					
Balance as at March 31, 2018	817	3	265	205	1,290
Additions	193	1	305	132	631
Deductions/ Adjustment	-	-	-	-	-
Balance as at March 31, 2019	1,010	4	570	337	1,921
Net carrying amount as at March 31, 2018	455	4	2,280	162	2,901
Net carrying amount as at March 31, 2019	2,109	3	1,975	52	4,139

3 Particulars	As at March 31, 2019	As at March 31, 2018
Investment property		
Investment property (at cost)		
Leasehold office premises*	1,03,467	1,03,467
Less : accumulated amortisation		
Opening balance	10,190	8,309
Add : Amortisation for the year	1,881	1,881
Total Accumulated amortisation	12,071	10,190
Total	91,396	93,276

* Lease period is 60 years beginning from November 22, 2007

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

4 Intangible Assets	Software Product*	Other Softwares	Total
Gross carrying amount			
Balance as at April 1, 2017	400	1,123	1,523
Additions	-	-	-
Deductions/ Adjustment	-	-	-
Balance as at March 31, 2018	400	1,123	1,523
Accumulated Depreciation			
Balance as at April 1, 2017	400	527	927
Additions	-	358	358
Deductions/ Adjustment	-	-	-
Balance as at March 31, 2018	400	885	1,285
Net carrying amount as at April 1, 2017	-	596	596
Net carrying amount as at March 31, 2018	-	238	238
Gross carrying amount			
Balance as at March 31, 2018	400	1,123	1,523
Additions	-	-	-
Deductions/ Adjustment	-	-	-
Balance as at March 31, 2019	400	1,123	1,523
Accumulated Depreciation			
Balance as at March 31, 2018	400	885	1,285
Additions	-	222	222
Deductions/ Adjustment	-	-	-
Balance as at March 31, 2019	400	1,107	1,507
Net carrying amount as at March 31, 2018	-	238	238
Net carrying amount as at March 31, 2019	-	16	16

*meant for license sale or otherwise

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
5 Investments - non current		
Unquoted		
In subsidiaries		
HOVS LLC, USA		
No of Shares	1000	1000
% of Holding	100%	100%
Common stock (Face value of US \$ 1)	45,000	45,000
Add: Further invested as additional paid in capital	6,15,770	6,15,770
Total investment in HOVS LLC	6,60,770	6,60,770
HOVS Holdings Limited, Hongkong		
No of Shares	1001	1001
% of Holding	100%	100%
Common stock (Face value of HKD 1)	7	7
Total investment in HOVS Holdings Limited	7	7
Total	6,60,777	6,60,777
Aggregate value of quoted investments (cost)	-	-
Aggregate value of unquoted investments (cost)	6,60,777	6,60,777
6 Loans - Non Current		
Unsecured - to related party*		
Loan receivable - credit impaired	99,089	99,089
Considered good	-	-
Less: provision for doubtful debts	(99,089)	(99,089)
Total	-	-
* Due from HOV Environment Solutions Private Limited (step down subsidiary) (refer note no. 39)		
7 Other financial assets - Non current		
Deposits for premises and others	1,461	1,476
Total	1,461	1,476
8 Deferred tax assets		
Deferred tax asset (refer note no 26)	1,461	1,674
MAT credit receivable	18,189	18,189
Total	19,650	19,863
9 Other non current assets		
Prepaid expenses	449	674
Total	449	674

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

	As at March 31, 2019	As at March 31, 2018
10 Trade receivables*		
Trade Receivables-Unsecured-considered good	28,140	41,164
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - credit impaired	-	-
Total	28,140	41,164
*Refer note no. 34 for Due from related parties		
11 Cash and cash equivalents		
Balance with banks in current accounts	189	661
Cash on hand	4	4
Fixed deposits with banks	53,500	36,600
Remittances in transit (subsequently realised)	1,243	-
Total	54,936	37,265
12 Other bank balances		
Deposit with banks (earmarked)*	216	216
Unpaid dividend accounts	-	82
Trust account	26	21
Total	242	319
* Pledged with banks against bank guarantees		
13 Other financial assets - Current		
Expenses recoverable from related parties	-	2,433
Interest accrued but not due on fixed deposits	1,405	395
Total	1,405	2,828
14 Other current assets		
Advances to suppliers	264	316
GST and Service tax receivable	7,139	3,248
Unbilled revenue	-	168
Prepaid expenses	590	402
Total	7,993	4,134

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

15 Equity Share Capital	As at March 31, 2019	As at March 31, 2018
Authorised		
3,00,00,000 Equity Shares of ₹10 each	3,00,000	3,00,000
Total	3,00,000	3,00,000
Issued, subscribed and paid up		
Equity Shares of ₹ 10 each fully paid up	1,25,890	1,25,357
Total	1,25,890	1,25,357

The reconciliation of the number of equity shares outstanding	As At March 31, 2019		As At March 31, 2018	
	Numbers	Amount	Numbers	Amount
Equity Shares at the beginning of the year	1,25,35,722	1,25,357	1,25,32,522	1,25,325
Add: Equity shares issued during the year	53,250	533	3,200	32
Equity Shares at the end of the year	1,25,88,972	1,25,890	1,25,35,722	1,25,357

Terms/rights attached to Equity shares :

The Company has only one class of equity shares having a par value of ₹ 10 each. Each shareholder has right to vote in respect of such share, on every resolution placed before the Company and his voting right on a poll shall be in proportion to his share of the paid-up equity capital of the Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Company after payments to preferential amounts secured and unsecured creditors, if any, in proportion to their shareholding.

The details of Shareholders holding more than 5% shares:

Name of the Shareholders	As At March 31, 2019		As At March 31, 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
ADESI 234, LLC	30,00,985	23.84%	30,00,985	23.94%
HOF 2 LLC	16,67,933	13.25%	16,67,933	13.31%
Chitale LLC	8,11,224	6.44%	8,43,724	6.73%
Stern Capital Partners LLC	6,94,246	5.51%	6,94,246	5.54%

In the Period of five years immediately preceding March, 2019:

The Company has not allotted any equity shares as fully paid up without payment being received in cash or as Bonus Shares or Bought back any equity shares.

Shares reserved for issue under options:
Employees Stock Option Plan (Plan 2007):

The shareholders in its Nineteenth Annual General meeting held on July 21, 2007 had approved to issue 1,100,000 equity shares of a face value of ₹10 each with each such option conferring a right upon the employee to opt for one equity share of the company, in terms of HOVS ESOP Plan 2007. Under the plan, 400,000 options were reserved for employees of the Company and 700,000 for employees of subsidiary companies. Options were issued to employees at an exercise price not less than closing price of the stock exchange where there is highest trading volume, prior to the date of meeting of the Nomination & Remuneration Committee in which options are granted. The options will vest in a phased manner within five years as 10% in each first to four years and balance 60% at the end of fifth year.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As At March 31, 2019		As At March 31, 2018	
	Directors	Others	Directors	Others
Options outstanding at the beginning of the year	50,500	34,950	52,250	66,150
Add: Options Granted during the year	-	-	-	-
Less: Options Lapsed/Forfeited	-	(2,200)	(1,750)	(28,000)
Less: Shares allotted on option exercised during the year	(35,500)	(17,750)	-	(3,200)
Options outstanding at the end of the year	15,000	15,000	50,500	34,950

The following is the call option value of the ESOP on the date of Grant using the Black Scholes Model with the following assumptions :

Particulars	As At March 31, 2019	As At March 31, 2018
Share price ₹	129.05	231.10
Range of Exercise Price	₹ 25.40 - 85.35	₹ 25.40 - 186.15
Expected volatility %	13.97	13.97
Expected life of the options (years)	1-4 years	1-5 years
Expected Dividend %	Not applicable	Not applicable
Risk Free Interest Rate %	6.69	6.69
Range of call option value as on date of Grant	₹ 55.16 - 109.49	₹ 117.52 - 213.44

Particulars	As at March 31, 2019	As at March 31, 2018
16 Borrowings		
Secured		
Term loans from banks (Secured by way of deposit of title deeds of investment property)	32,354	42,832
Total	32,354	42,832
17 Trade payables		
Micro, small and medium enterprises	318	-
Others	7,462	7,451
Total	7,780	7,451

Note:

1. Refer note 34 for related party balances.
2. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	318	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-
18 Other financial liabilities		
Current maturities of long term borrowings	10,470	9,363
Interest accrued but not due on borrowings	283	342
Security deposits towards office premises	2,162	1,997
Unpaid dividend	-	82
Other payables	448	621
Total	13,363	12,405
19 Other current liabilities		
Statutory dues payable	1,425	1,633
Total	1,425	1,633
20 Provisions		
Provision for employee benefits:		
Compensated Absences	1,592	1,307
Gratuity (Refer note 30)	3,654	4,608
Total	5,246	5,915
21 Current tax liabilities		
Provision for Income tax (Net of advance tax paid of Rs 6,805 Thousands; Last year Rs 2,152 Thousands)	3,995	3,557
Total	3,995	3,557

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
22	Revenue from operations		
	Software and IT enabled services	1,05,443	1,25,455
	Total	1,05,443	1,25,455
23	Other income		
	Interest income	3,125	8,168
	Provisions no longer required written back	63	-
	Gain on variation in foreign exchange rates (net)	2,544	-
	Rent received	10,966	10,966
	Less: expenses attributed to rental income :		
	Finance cost	(5,500)	(6,622)
	Amortisation	(1,881)	(1,881)
	Net rental income	3,585	2,463
	Total	9,317	10,631
24	Employee benefits expense		
	Salaries and wages	62,381	78,473
	Contributions to provident and other funds	5,380	7,620
	Staff welfare expenses	3,631	2,396
	Total	71,392	88,489
25	Other expenses		
	Rent	6,555	7,631
	Repairs & maintenance - building	919	780
	Repairs & maintenance - computers	57	85
	Repairs & maintenance - others	383	518
	Insurance	80	49
	Rates and taxes	1,087	700
	Power & fuel expenses	3,115	2,944
	Membership & subscription fees	579	570
	Travelling & conveyance expenses	1,559	2,909
	Communication cost	1,324	1,149
	Advertising & publicity expenses	178	243
	Office upkeep & maintenance expenses	3,247	3,143
	Auditors remuneration (refer note 37)	1,208	1,260
	Legal & professional charges	1,621	1,960
	Director's sitting fees	1,240	1,490
	Loss on variation in foreign exchange rates (net)	-	156
	Loss on sale of Property, plant and equipment	-	127
	Miscellaneous expenses	1,371	1,198
	Total	24,523	26,912

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Particulars	2018-19	2017-18
26 Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	5,090	5,710
Deferred Tax	58	97
Deferred Tax on OCI	155	47
Total tax expense	5,303	5,854

A reconciliation of the income tax amount between the enacted income tax rate and the effective income tax of the Company is as follows :

Enacted income tax rate in India	27.82%	27.55%
Profit /(loss) before tax	17,991	(82,563)
Income tax as per above rate	5,005	(22,746)
Adjustments:		
Change in tax rates	143	1,254
Unabsorbed losses on which deferred tax asset recognised	-	-
Unabsorbed losses on which deferred tax asset not recognised	-	27,299
Income tax as per statement of profit and loss	5,148	5,807

The following movement is in deferred tax assets and liabilities during the year ended March 31, 2018 and March 31, 2019 is as under:

Particulars	As at March 31, 2017	(Credit)/ charge for the year	As at March 31, 2018
Deferred tax assets			
Amount allowable on payment basis-employee Benefits	1,878	(233)	1,645
MAT credit Entitlement	18,189		18,189
Doubtful debts provision allowable on write-off	-	27,299	27,299
Total deferred tax asset	20,067	27,066	47,133
Deferred tax liability			
Differences in written down value of Property, Plant and Equipment	(60)	89	29
Total deferred tax liability	(60)	89	29
Deferred Tax assets not recognised	-	(27,299)	(27,299)
Total Deferred tax asset (net)	20,007	(144)	19,863

Particulars	As at March 31, 2018	(Credit)/ charge for the year	As at March 31, 2019
Deferred tax assets			
Amount allowable on payment basis-employee benefits	1,645	(186)	1,459
MAT credit Entitlement	18,189	-	18,189
Doubtful debts provision allowable on write-off	27,299	268	27,567
Total deferred tax asset	47,133	82	47,215
Deferred tax liability			
Differences in written down value of Property, Plant and Equipment	29	(27)	2
Total deferred tax liability	29	(27)	2
Deferred Tax assets not recognised	(27,299)	(268)	(27,567)
Total Deferred tax asset (net)	19,863	(213)	19,650

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

27 Financial Instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amounts and fair values of financial instruments by category are as follows:

A Financial assets

Particulars	Note No.	Instruments carried at fair value		Instruments carried at amortised cost		Total fair value
		At cost	FVTPL	Carrying amount	Total carrying amount	
As at March 31, 2018						
Investment in subsidiaries	5	6,60,777	-	-	6,60,777	6,60,777
Trade receivables	10	-	-	41,164	41,164	41,164
Cash & cash equivalents	11	-	-	37,265	37,265	37,265
Other bank balances	12	-	-	319	319	319
Other financial assets	7 & 13	-	-	4,304	4,304	4,304
Total		6,60,777	-	83,052	7,43,829	7,43,829
As at March 31, 2019						
Investment in subsidiaries	5	6,60,777	-	-	6,60,777	6,60,777
Trade receivables	10	-	-	28,140	28,140	28,140
Cash & cash equivalents	11	-	-	54,936	54,936	54,936
Other bank balances	12	-	-	242	242	242
Other financial assets	7 & 13	-	-	2,866	2,866	2,866
Total		6,60,777	-	86,184	7,46,961	7,46,961

B Financial liabilities

Particulars	Note No.	Instruments carried at fair value		Instruments carried at amortised cost		Total Fair value
		FVTPL	Total carrying amount and fair value	Carrying amount	Total carrying amount	
As at March 31, 2018						
Borrowings	16	-	-	42,832	42,832	42,832
Trade payables	17	-	-	7,451	7,451	7,451
Other financial liabilities	18	-	-	12,405	12,405	12,405
Total		-	-	62,688	62,688	62,688
As at March 31, 2019						
Borrowings	16	-	-	32,354	32,354	32,354
Trade payables	17	-	-	7,780	7,780	7,780
Other financial liabilities	18	-	-	13,363	13,363	13,363
Total		-	-	53,497	53,497	53,497

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

28 Risk Management
Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The company's activity expose it to market risk, liquidity risk, commodity risk and credit risk. In order to minimise any adverse effects on the financial performance of the company, The Company's financial risk management policy is set by the Chairman along with CFO and governed by overall directions of Board of Directors of the Company.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loans and borrowings.

S.No	Risk	Exposure arising from	Measurement	Management
A	Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits.
B	Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of bank deposits and timely receipt.
C	Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Closely tracks movement of rate changes with the bank.
D	Market risk – foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR.	Sensitivity analysis	Management tracks foreign currency movements closely
E	Investment risk	Investment in Subsidiaries	Value of investment	Management of the company keeps constant liaison and necessary information on timely basis.

A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual credit period and limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information to decide on this such as:

- i) Actual or expected significant adverse changes in business
- ii) Actual or expected significant changes in the operating results of the counterparty
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- iv) Significant increase in credit risk on other financial instruments of the same counterparty.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

The company categorises financial assets based on the assumptions, inputs and factors specific to the class of financial assets into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit-impaired.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due.

Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due.

Where recoveries are made, these are recognized in profit or loss.

Trade receivables under simplified approach is as under :

Due from the date of invoice	As At March 31, 2019	As At March 31, 2018
0-12 months	28,140	41,164
beyond 12 months	-	-
Total	28,140	41,164

B. Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time, or at a reasonable price. The Company's liquidity, funding as well as settlement management processes policies and such related risk are overseen by management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Financing arrangements
Contractual maturity patterns of borrowings

Particulars	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt)			
As at March 31, 2019	10,470	32,354	42,824
As at March 31, 2018	9,363	42,832	52,195

Contractual maturity patterns of Financial Liabilities

Particulars	As At March 31, 2019 0-12 Months	As At March 31, 2018 0-12 Months
Trade Payable	7,780	7,451
Other Financial liabilities	-	-
Total	7,780	7,451

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

C. Market risk-interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, Company performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk

Particulars		As At March 31,	As At March 31,
		2019	2018
Borrowings bearing variable rate of interest		42,824	52,195

Interest rate sensitivity
A change of 50 bps in interest rates would have following Impact on profit before tax

Particulars	2018-19	2017-18
50 bp increase- decrease in profits	(238)	(282)
50 bp decrease- Increase in profits	238	282

D. Market risk-foreign currency risk

The Company accrue all of its revenue in US Dollars and its expenditure is incurred in the Indian Rupees. Therefore, there is risk exposure due to adverse fluctuation of exchange rate between the US Dollar and the Indian Rupees. In order to mitigate the risk the management tracks foreign currency movement closely.

Foreign currency exposure

Particulars	USD in Thousands		₹ In INR	
	2018-19	2017-18	2018-19	2017-18
Open Foreign Exchange Exposures - Receivable	\$ 407	\$ 633	₹ 28,140	₹ 41,164

Foreign currency risk sensitivity
A change of 1% in foreign currency exchange rate would have following impact on loss for the year:

Particulars	2018-19		2017-18	
	1% Increase	1% decrease	1% Increase	1% decrease
USD \$ to Indian Rupee ₹	281	(281)	412	(412)
Increase / (decrease) in profit or loss	281	(281)	412	(412)

Derivative financial instruments

The Company has not entered into any derivative financial instruments during the current year and previous year.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

29 Capital risk management

- A** The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders maintain an optimal capital structure to reduce the cost of capital. The Company monitors capital on the basis of the following debt equity ratio:

Particulars	As At March 31, 2019	As At March 31, 2018
Debt	42,824	52,195
Total Equity	8,06,441	7,91,122
Debt to Total Equity	0.05	0.07

Company believes in conservative leverage policy. Its debt equity ratio is lower than the industry average. Company's moderate capex plan over the medium term shall be largely funded through internal accruals and suppliers credit. The Company is committed to become virtual debt free company in couple of years which shall further improve its capital structure.

- B** The Company follows the policy, as decided by Board of directors considering financial performance, available resources, other internal and external factors and upon recommendation from Audit Committee for the declaration of dividend.

30 Disclosure pursuant to ind AS - 19 "employee benefits"

- i) Gratuity: In accordance with the applicable laws, the company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The gratuity plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the gratuity plan are determined by actuarial valuation on the reporting date and the company makes annual contribution to the gratuity fund administered by life Insurance companies under their respective group gratuity schemes.

The disclosure in respect of the defined gratuity plan are given below :

A. Balance sheet

Defined benefit plans

Particulars	As at March 31, 2019	As at March 31, 2018
Present value of plan liabilities	5,065	5,573
Less Fair value of plan assets	1,411	965
Asset/(Liability) recognised	(3,654)	(4,608)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

B. Movements in plan assets and plan liabilities	Present value of obligations	Fair Value of Plan assets
As at April 1, 2018	5,573	965
Current service cost	640	-
Past service cost	-	-
Interest cost	439	-
Interest income	-	76
Return on plan assets excluding amounts included in net finance income/cost	-	(80)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	43	-
Actuarial (gain)/loss arising from experience adjustments	(680)	-
Employer contributions	-	1,400
Benefit payments	(950)	(950)
As at March 31, 2019	5,065	1,411

Particulars	Present value of obligations	Fair Value of Plan assets
As at April 1, 2017	6,044	1,904
Current service cost	1,006	-
Past service cost	-	-
Interest cost	484	-
Interest income	-	152
Return on plan assets excluding amounts included in net finance income/cost	-	(117)
Actuarial (gain)/loss arising from changes in demographic assumptions	(7)	-
Actuarial (gain)/loss arising from changes in financial assumptions	71	-
Actuarial (gain)/loss arising from experience adjustments	(351)	-
Employer contributions	-	700
Benefit payments	(1,674)	(1,674)
As at March 31, 2018	5,573	965

The liabilities are split between different categories of plan participants as follows:

- active members - 100% (2018-19: 100%)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

C. Statement of profit and loss

Employee benefit expenses:		
Current service cost	640	1,006
Interest cost/(income)	363	332
Total amount recognised in Statement of profit & loss	1,003	1,338
Remeasurement of the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	(637)	(287)
Return on Plan Assets, Excluding Interest Income	80	117
Total amount recognised in Other Comprehensive Income	(557)	(170)

D. Assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

Particular	As at March 31, 2019	As at March 31, 2018
Financial Assumptions		
Discount rate	7.79%	7.86%
Expected rate of return on plan assets	7.79%	7.86%
Salary escalation rate	5.00%	5.00%
Rate of Employee Turnover		
- For service 4 years and below	8.00%	8.00%
- For service 5 years and above	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

E. Sensitivity

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Impact on defined benefit obligation	Increase / (Decrease) in liability	
	As at March 31, 2019	As at March 31, 2018
Projected benefit obligation on current assumptions	5,065	5,573
+1% Change in rate of discounting	(495)	(503)
-1% Change in rate of discounting	593	605
+1% Change in rate of Salary increase	604	617
-1.% Change in rate of Salary increase	(512)	(520)
+1% Change in Attrition Rate	154	169
-1% Change in Attrition Rate	(179)	(197)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

F. Maturity Analysis of the Benefit Payments: From the Fund

Particulars	As at March 31, 2019	As at March 31, 2018
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	659	1,344
2nd Following Year	145	135
3rd Following Year	539	150
4th Following Year	149	488
5th Following Year	160	158
Sum of Years 6 To 10	1,540	1,514
Sum of Years 11 and above	12,032	12,658

ii) **Compensated Absences:** The company permits encashment of compensated absence accumulated by their employees on retirement, separation and during the course of service. The liability in respect of the company, for outstanding balance of leave at the balance sheet date is determined and provided on the basis of actuarial valuation as at the balance sheet date performed by an independent actuary.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

31 Earnings per share (EPS)	2018-19	2017-18
Net profit/(loss) as per statement of profit and loss before exceptional items but after tax	12,843	13,902
Net profit/(loss) as per statement of profit and loss after exceptional items and tax	12,843	(88,370)
Weighted average number of equity shares	1,25,79,024	1,25,34,389
Add : effect of dilutive issue of options	18,865	70,452
Diluted weighted average number of equity shares	1,25,97,889	1,26,04,841
Nominal value of equity shares (in ₹)	10.00	10.00
Basic and diluted earning per equity share - before exceptional items ₹	1.02	1.11
Basic and diluted earning per equity share - after exceptional items ₹	1.02	(7.05)

32 Pending Litigations/contingent liabilities not provided for in respect of :

The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its standalone financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its standalone financial statements.

33 Commitments

- a) The company has acquired certain premises under lease arrangements which are renewable / cancellable at the company's and/or lessor's option as mutually agreed. The future lease rental payments that the company is committed to make in respect of these are

Particulars	2018-19	2017-18
- within one year	5,522	7,617
- later than one year and not later than five years	13,233	24,761

- b) The company has given leasehold building on rent. The future rental income receivables as per the terms of the agreement are as follows:

Particulars	2018-19	2017-18
- within one year	11,098	10,966
- later than one year and not later than five years	17,866	28,964

- c) Bonds aggregating ₹ 4,310 Thousands (Previous year ₹ 4,310 Thousands) in favour of the President of India endorsed through Assistant Commissioner of Customs for storage of capital goods without payment of custom import duty. For this purpose, bank guarantees aggregating ₹ 216 Thousands (Previous year ₹ 216 Thousands) was issued by a bank on behalf of the Company.

34 Disclosure on related party transactions

Names of related parties and description of relationship:

Parties where controls exists: subsidiaries/step down subsidiaries

HOVS Holdings Limited

HOVS LLC

HOV Environment Solutions Private Limited

HOV Environment, LLC

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Entities in which KMPs are interested /Key Managerial Personnel (KMP) and their relatives with whom transactions have been entered during the year in the ordinary course of Business:

Associates :

HGM Fund
HOVG, LLC dba Bay Area Credit Service, LLC
SourceHOV, LLC
TransCentra FTS Private Limited
Rule 14 LLC

Key Managerial Personnel (KMP) :

Mr. Sunil Rajadhyaksha (Chairman and Executive Director)
Mr. Parvinder S Chadha (Executive Director-upto May 29, 2017)
Mr. Surinder Rametra (Executive Director)
Mr. Vikram Negi (Executive Director from September 1, 2017)
Mr. Nilesh Bafna (Chief Financial Officer from September 1, 2017)
Mr. Bhuvanesh Sharma (VP-Corporate Affairs and Company Secretary)

Relatives of KMP :

Mrs. Rekha Sharma
Mrs. Deepali Bafna (From September 1, 2017)

Non Executive Directors :

Mr. Baldev Raj Gupta
Mr. Harish Bhasin (upto September 10, 2018)
Mrs. Lakshmi Kumar
Mr. Rohit Jain (from September 1, 2017 till 13 August 2018)
Mr. Harjit Singh Anand (from July 5, 2018)

During the year, the following transactions were carried out with the above related parties in the ordinary course of business and outstanding balances as on March 31, 2019

Name of Party	Nature of Transactions	For the year ended	For the year ended
		March 31, 2019	March 31, 2018
SourceHOV, LLC	Services provided	90,328	97,962
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	15,115	13,931
Rule14 LLC	Services provided	-	13,562
TransCentra FTS Private Limited	Rent received	10,966	10,966
	Reimbursement of expenses	2,126	1,575
HOV Environment Solutions Private Limited*	Loan given	-	86,697
HGM Fund	Reimbursement of expenses	-	581
Mr. Sunil Rajadhyaksha	Managerial remuneration	4,800	4,800
Mr. Baldev Raj Gupta	Sitting fees & ESOP Perquisite	2,381	540
Mr. Harish Bhasin	Sitting fees & ESOP Perquisite	4,557	540
Mrs. Lakshmi Kumar	Sitting fees	420	360
Mr. Rohit Jain	Sitting fees	50	50
Mr. Harjit Singh Anand	Sitting fees	50	-
Mr. Nilesh Bafna	Salary (including ESOP & Other perquisites)	3,179	1,460
Mr. Bhuvanesh Sharma	Salary (including perquisites)	2,698	2,728
Mrs. Rekha Sharma	Car rental	288	261
Mrs. Deepali Bafna	Car rental	288	168

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

Name of the Party	Nature of Balances	As at March 31, 2019	As at March 31, 2018
HOVS, LLC	Investments	6,60,770	6,60,770
HOVS Holdings Limited	Investments	7	7
SourceHOV, LLC	Trade receivables	21,915	23,602
	Unbilled revenue	-	168
HOV Environment Solutions Private Limited	Loan receivables	99,089	99,089
	Provision for doubtful debts	99,089	99,089
HOVG, LLC dba Bay Area Credit Service, LLC	Trade receivables	6,225	5,854
HGM Fund	Other receivables	-	2,433
Rule14 LLC	Trade receivables	-	11,708
TransCentra FTS Private Limited	Deposit payable	2,650	2,650
Mr. Sunil Rajadhyaksha	Remuneration payable	197	72
Mrs. Rekha Sharma	Car rental payable	24	24
Mrs. Deepali Bafna	Car rental payable	24	24

Notes:

- a) Related party relationship is as identified by the management and relied upon by the auditors.
- *b) During the previous year the Company has made provision of ₹ 99,089 thousands towards loan receivable including interest thereon from a step down subsidiary (HOV Environment Solutions Private Limited) in view of the substantial slow down in its business activities.
- c) No amounts in respect of related parties have been written off/ written back during the year or has not made any provision been made for doubtful debts/ receivable except as disclosed above.

35 In terms of Ind As 108 "Operating Segments", segment information has been provided in the notes to Consolidated Financial Statements.

36 Assets provided as security

The carrying amounts of assets provided as security for current and non-current borrowings are:

Particulars	As At March 31, 2019	As At March 31, 2018
Investment Property	91,396	93,276
Financial Assets :		
Fixed deposit with banks	216	216
Total	91,612	93,492

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Thousands, unless otherwise stated)

37	Payment to auditors	2018-19	2017-18
	<i>(Excluding Taxes)</i>		
	Audit fees	800	800
	Limited review and certification fees	375	375
	Reimbursement of expenses	33	85
	Total payment to auditors	1,208	1,260

38 In the opinion of the management, assets other than Property, Plant and Equipment and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The Accounts of certain Trade Receivables, Trade Payables, Non-operative Banks / Lenders and Loans & Advances are however, subject to formal confirmations / reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.

39 "Exceptional Items" for the year ended March 31, 2018 represents provision made towards receivable including interest thereon from a step down subsidiary in view of the substantial slow - down in its business activities.

40 Previous years' figures have been regrouped/reclassified wherever necessary to conform the current year's classification.

Signature to Notes 1 - 40

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
 (DIN: 00011683)

Harjit Singh Anand
Independent Director
 (DIN:01549385)

Baldev Raj Gupta
Independent Director
 (DIN:00020066)

Place : Pune
 Date : May 30, 2019

Bhuvanesh Sharma
**VP-Corporate Affairs &
 Company Secretary**

Nilesh Bafna
Chief Financial Officer

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures

Part "A": Subsidiaries

Note: This form is to be certified in the manner in which the Balance Sheet is to be certified.

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

Sr. No.	Name of the subsidiary company	HOVS LLC	HOV Environment LLC	HOVS Holdings Limited	HOV Environment Solutions Private Limited
		Amounts in Lacs			
	Financial year ending on	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
	Currency	US\$	US\$	US\$	INR
	Exchange rate on last day of financial year	69.1713	69.1713	69.1713	69.1713
1	Share Capital	10,184.64	622.54	0.09	1.00
2	Reserves & Surplus	37,946.70	(760.55)	925.01	(1,056.00)
3	Total Assets	58,629.32	1.26	925.10	249.67
4	Total Liabilities	58,629.32	1.26	925.10	249.67
5	Details of Investment(Except Investment in subsidiary)	58,622.50	-	-	-
6	Turnover	-	-	-	-
7	Profit before taxation	(380.13)	(254.14)	(141.20)	(104.69)
8	Provision for taxation	-	-	-	-
9	Profit after taxation	(380.13)	(254.14)	(141.20)	(104.69)
10	Proposed dividend	-	-	-	-
11	Percentage of share holding	100%	61.10% (By HOVS LLC)	100%	100% (By HOV Environment LLC)

Notes: The following information shall be furnished at the end of the statement

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: Not Applicable

For and on behalf of the Board of Directors

Sunil Rajadhyaksha
Chairman & Executive Director
 (DIN: 00011683)

Baldev Raj Gupta
Independent Director
 (DIN: 00020066)

Harjit S Anand
Independent Director
 (DIN: 01549385)

Date: May 30, 2019

Notice of 31st Annual General Meeting

NOTICE is hereby given that the Thirty First Annual General Meeting (the "AGM") of the members of HOV Services Limited will be held on September 10, 2019, the Tuesday at 11:00 AM at the Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune -411001, Maharashtra to transact the following business:

ORDINARY BUSINESS:**1. Consider and adopt Financial Statements**

- a) The Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019 and the Reports of the Directors' and the Auditors' thereon; and
- b) The Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019.

2. Appointment of Director

To re-appoint Mr. Surinder Rametra (DIN: 00019714), who retires by rotation and, being eligible, seeks re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Surinder Rametra, who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:**3. Approval for continuation of Directorship of Mr. Baldev Raj Gupta (DIN: 00020066) as Independent Director**

To consider and if thought fit to pass the following resolution as a Special resolution:

"RESOLVED THAT pursuant to applicable provisions of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of the members be and hereby accorded for continuation of present tenure of directorship of Mr. Baldev Raj Gupta, (DIN: 00020066), Non-Executive and Independent Director of the Company, to continue as an Independent Director of the Company until the expiry of his existing term i.e. up to July 25, 2021, notwithstanding that he has attained the age of 79 years.

"RESOLVED FURTHER THAT any of the key managerial personnel of the Company, be and is hereby authorized, to do all such acts, deeds, matters or things as may be necessary or desirable to give effect to this resolution."

4. Contract of services for revenue in ordinary course of business of the Company with SourceHOV LLC

To consider and if thought fit to pass the following resolution as an Ordinary resolution:

"RESOLVED THAT pursuant to the Section 188 of the Companies Act, 2013 and rules framed there under and in terms the Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the approval of the Company be and is hereby accorded for service contracts of the Company with SourceHOV LLC for rendering the services by the Company for FY 2019-20 on such

terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and SourceHOV LLC.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to deal in respect of service contracts for further periods as deemed fit by the Board and to perform all such acts, matters, deeds and things, as may be necessary, to amend the terms and conditions of service contracts, if necessary and to act as may be necessary or expedient in its own discretion, without further referring to the Shareholders’ of the Company, including the power to delegate, to give effect to this Resolution.”

By Order of the Board
For **HOV Services Limited**

Bhuvanesh Sharma
**VP-Corporate Affairs &
Company Secretary &
Compliance Officer**

Place: Pune
Date: May 30, 2019

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3 & 4 of the Notice, is annexed hereto. The profile of the Directors seeking appointment/re-appointment, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.
3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Transfer Books of the Company will be closed from **September 7, 2019, to September 10, 2019 both days inclusive.**
6. Members holding shares in physical form are requested to quote their folio number in all correspondence with the Company and to intimate the following directly to the Company's Registrar and Share Transfer Agent- Karvy Fintech Private Limited, Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad Rangareddi 500 032:
 - a. Change, if any in their address;
 - b. Request for nominations form as per the provisions of the Companies Act, 2013.
7. Members holding share in dematerialized form are requested to contact their Depository Participant for any change in their particulars.
8. The Notice of the AGM along with the Annual Report of FY 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with KARVY/Depositories.
9. Members are requested to send their queries, if any, at least 10 days in advance address to Company Secretary at the email address investor.relations@hovsltd.com of Company to facilitate the reply in the Meeting.

10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
11. The certificate from the Auditors of the Company certifying that the Company's HOVS ESOP Plan 2007 is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 will be available for inspection by members at the AGM.
12. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Companies (Management and Administrations) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Fintech Private Limited ("KCPL"), on all the resolutions set forth in this Notice.
13. Information and other instructions relating to e-voting are as under:-
 - a. The facility for voting through, postal ballot will also be made available at the AGM and the members attending the AGM who have not cast their votes by remote e voting shall be able to exercise their rights at AGM through ballot paper.
 - b. Members can also exercise their voting rights through ballot form annexed with the Notice and the duly filled and signed ballot form be sent to the scrutinizer, Mr. Prajot Tungare, Practicing Company Secretary, Pune at the registered office of the Company or to his email id prajot@prajottungarecs.com, so as to reach by 5.00 p.m. on September 9, 2019.
 - c. Members who have cast their votes through remote e-voting prior to the AGM may attend the AGM but shall not entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.
14. Route Map showing directions to reach to the venue of the 31st AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meeting."

By Order of the Board
For **HOV Services Limited**

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary &
Compliance Officer

Place: Pune
Date: May 30, 2019

**EXPLANATORY STATEMENT
(Pursuant to Section 102 of the Companies Act, 2013)**

Pursuant to the provisions of Section 102 of the Companies Act, 2013 the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 & 4 of the accompanying Notice of 31st Annual General Meeting:

Item No. 3

The Securities and Exchange Board of India (SEBI) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"], vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 published In the Official Gazette on 9th May 2018. As per new Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, with effect from 1st April, 2019, no listed Company shall appoint or continue the Directorship of a Non-Executive Director who has attained the age of 75 years, unless a special resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the Notice for such appointment.

Mr. Baldev Raj Gupta (DIN: 00020066) was re-appointed for his second term as Independent Director of the Company, at the 28th Annual General Meeting of the Company held on June 30, 2016, under Section 149 and 152 and other applicable provisions and rules framed there under, read with Schedule IV to the Companies Act, 2013 to hold office from July 26, 2016 to July 25, 2021.

The Board of Directors are of the opinion that Mr. Baldev Raj Gupta possesses relevant expertise and vast experience. His association as Independent Director will be beneficial and in the best interest of the Company. In line with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations (Amendment), 2018 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Directors recommend his continued association until expiry of his term.

The brief resume of Mr. Baldev Raj Gupta and nature of his expertise in functional areas, disclosure of relationships between Directors, Directorships and Memberships of Committees of the Board of Listed entities and shareholding as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended is set out in this Notice.

The Board of Directors accordingly recommends the Special Resolutions as mentioned at item no. 3 of this Notice for approval of the Members of the Company.

None of the directors, except as stated above, Key Managerial Personnel of HOVS and their relatives are interested in the aforesaid resolutions, except to the extent of their shareholding, if any, in HOVS.

Item No. 4

The Company in the ordinary course of business has been providing services of IT support & Maintenance and data entry services to the SourceHOV LLC.

SourceHOV LLC, is a "related party" pursuant to the applicable provisions of Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and therefore the contract for providing services to SourceHOV LLC require approval of Shareholders'.

The particulars required pursuant to the Explanation (3) of Rule 15(1) of the Companies (Meetings of Board and its Powers) Rules, 2014 are as detailed below:

a) Name of the related party:-	SourceHOV LLC
b) Name of Director & KMP who is related, if any:-	Parvinder S Chadha; Sunil Rajadhyaksha; Surinder Rametra (Promoter / Promoter Directors of the Company).
c) Nature of relationship:-	An entity of investee company.
d) Nature, material terms, monetary value and particulars of the contract or arrangements:-	IT support & Maintenance services and Data entry services are billable services for revenue of approximately ₹ 10 Crore per annum.
e) Any other information relevant or important for the members to take a decision on the proposed resolution:	The service has been provided before coming in force the Companies Act, 2013 and the contracts generates revenue for the Company receivables in US\$ every year.
f) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	Pricing and terms, both inclusive in contract as mutually agreed.

The Promoters / Promoter Directors of the Company, as mentioned above shall not vote to approve on the resolution as it is a 'related party transaction' as per Companies Act, 2013 and the SEBI (LODR), 2015.

The Board recommends the resolutions set forth in Item No. 4 for approval of the Members in the best interest of the Company.

None of the directors, except as stated above, Key Managerial Personnel of HOVS and their relatives are interested in the aforesaid resolutions, except to the extent of their shareholding, if any, in HOVS.

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

Profile of Directors and additional information as required under Regulation 36 (3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings, for directors seeking appointment/ re-appointment are as below:

Name of the Director	Mr. Surinder Rametra	Mr. Baldev Raj Gupta*
DIN	00019714	00020066
Date of Birth and Age	01/11/1940 ; 79 years	15/02/1940; 79years
Date of first Appointment on the Board	03/01/2006	05/01/2006
Qualifications	Mechanical Engineering from Punjab Engineering College, India, a Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University	Fellow of Insurance Institute of India, Law Graduate & Post Graduate.
Experience	Around 5 decades	Around 5 decades
Expertise	Finance, Governance and business ethics.	Finance; Insurance Investment and Corporate Governance
Number of Meetings of the Board attended during the Year	2	4
Shareholding in Company	1,20,000	11,000
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL	NIL
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid/last drawn	As per the Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. No remuneration drawn in previous year.	As per the Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. No remuneration drawn in previous year.
List of Directorship/ membership/ Chairmanship of Committees of other Board:		
Public/Listed Companies Directorship	NIL	3
Private Companies Directorship	NIL	NIL
Membership/ Chairmanship of Committees	NIL	2

**Resolution moved for continuation of his Directorship as Independent Director.*

Justification for continuation of Mr. Baldev Raj Gupta as Independent Director:-

Mr. Baldev Raj Gupta was re-appointed for his second term which will get over on July 25, 2021. For his present term to get complete only two years are left and as he is an esteemed industry veteran possessing vast experience, his continuation with the Company will be helpful in providing strategic guidance and direction on the Company's operations and business.

Brief resume of directors getting appointed/re-appointed**Mr. Surinder Rametra**

In 1983, Mr. Rametra founded Sun Computers and Software, Inc. and took the company public in 1994 under the name ATEC. He served as ATEC's Chairman and CEO until 2003. Mr. Rametra currently serves as an Executive Director of the HOV Services Limited.

Mr. Rametra's career encompasses leadership of private and public enterprises. He is also a founder member of Silver Oak Hospital in Chandigarh, India and Shanti Foundation, a charitable organizations devoted to health care and educational activities.

Mr. Rametra has a degree in Mechanical Engineering from Punjab Engineering College, India, a Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University. Mr. Rametra is married, has three children and is blessed with five grandchildren.

Mr. Baldev Raj Gupta

Mr. Baldev Raj Gupta is a Fellow of Insurance Institute of India, Law Graduate & Post Graduate. He is the former Executive Director (Investments) of Life Insurance Corporation of India. After superannuation he was reappointed as Investment Advisor by LIC of India & Investment Consultant by General Insurance Corporation of India. He has experience of around 5 decades in Insurance, Investment and Financial Services Sector.

Mr. Gupta has been a Director on the boards of ICICI Prudential Asset Management Company Ltd, National Stock Exchange, IDBI Capital Market Services Ltd, Mahindra and Mahindra Limited, Greaves Cotton Limited, etc. He has been a member of Secondary Market Committee of Security Exchange Board of India, Debt Market Committee of National Stock Exchange & Governing Board of National Insurance Academy.

Presently, he holds the position of Director in HOV Services Limited, Aditya Birla Finance Limited, Idea Cellular Services Limited, IdeaTelesystems Limited besides being Chairman / member of Board Committees. He has been an Advisor to IL&FS Academy for Insurance and Finance Ltd., (an initiative of IL&FS Group) for nearly a decade. He also worked with Trinity Global Education Private Limited as an Advisor in the Financial Services Division. He was also associated as an Advisor with an Insurance Broking firm.

HOVS

HOV Services Limited

PROXY FORM

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

HOV SERVICES LIMITED

CIN: L72200PN1989PLC014448

3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune-411 037, India

Tel:91 20 24221460, Fax: 91 20 24221470

investor.relations@hovsltd.com | www.hovsltd.com

31st Annual General Meeting – September 10, 2019

Name of the member(s)	
Registered address	
Email	
Folio no. / Client ID	
DP ID	

I / We, being the member(s) of shares of the above named company, hereby appoint:

1. Name _____ Address _____
 E-mail Id _____ Signature _____, or failing him;
2. Name _____ Address _____
 E-mail Id _____ Signature _____, or failing him
3. Name _____ Address _____
 E-mail Id _____ Signature _____, or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 31st Annual General Meeting of the members of HOV Services Limited to be held on September 10, 2019 at 11.00 A.M. at Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune- 411001 and at any adjournment thereof in respect of such resolutions as are indicated below.

No.	Resolution	Vote (Please mention no. of shares)	
		For	Against
Ordinary Business			
1	Consider and adopt:		
	a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019 and the Reports of the Directors' and the Auditors' Report thereon; and b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019.		
2	Re-appointment of Mr. Surinder Rametra (DIN: 00019714), who retires by rotation and, being eligible, seeks re-appointment.		
Special Business			
3	Approval for continuation of Directorship of Mr. Baldev Raj Gupta as Independent Director.		
4	Contract of services for revenue in ordinary course of business of the Company with SourceHOV LLC.		

.....
Signature of the member

.....
Signature of the proxy holder(s)

Affix revenue stamp of not less than ₹ 0.15

Notes:

- This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the meeting.**
- It is optional to indicate your preference. If you leave for, or against column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.**

HOVS
HOV Services Limited

ATTENDANCE SLIP

HOV SERVICES LIMITED

CIN: L72200PN1989PLC014448

3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune-411 037, Maharashtra

Tel:91 20 24221460, Fax: 91 20 24221470

investor.relations@hovsltd.com | www.hovsltd.com

31st Annual General Meeting – September 10, 2019

Registered Folio no. / DP ID no. / Client ID no.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number of shares held

--	--	--	--	--	--	--	--	--	--	--

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 31st Annual General Meeting of the Company at the Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune - 411001, India, September 10, 2019 at 11:00 A.M. IST.

..... Name of the member / proxy
 (in BLOCK letters)

.....
Signature of the member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the AGM.

1. The instructions for e-voting are as under:

- A.** In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - b) Enter the login credentials (i.e., User ID and password mentioned overleaf). The e-voting EVENT No. + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1-800-3454-001 for your existing password.
 - c) After entering these details appropriately, click on “LOGIN”.
 - d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
 - e) You need to login again with the new credentials.
 - f) On successful login, the system will prompt you to select the “EVENT” i.e., HOV Services Limited.
 - g) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially in “AGAINST” but the total number in “FOR/AGAINST” taken together should not exceed your total shareholding as on the cut-off date. If the shareholder does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
 - h) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - i) Voting has to be done for each resolution of the Notice separately. In case you do not desire to cast your vote on any specific resolution it will be treated as abstained.
 - j) You may then cast your vote by selecting an appropriate option and click on “Submit”.
 - k) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).
 - l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: prajot@prajottungarecs.com with a copy marked to evoting@karvy.com and may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_ EVENT NO.”

- B.** In case a Member receiving physical copy of the Notice by Post [for Member whose email IDs are not registered with the Company/Depository Participant(s)]:
- a) User ID and initial password-** as provided overleaf.
 - b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.
- 2. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently or cast the vote again.**
- 3.** The facility for voting through ballot will also be made available in the AGM and the members attending the AGM but who have not cast their vote by e-voting will be able to exercise their right in the AGM. Those shareholders, who have not cast their vote electronically, may only cast their vote in the AGM through ballot paper.
- 4.** The members who have cast their votes by e-voting may also attend the Meeting but shall not be entitled to cast their votes again.
- 5.** The Board of Directors has appointed **Mr. Prajot Tungare, Practicing Company Secretary, Pune as a Scrutinizer** to scrutinize the e-voting and ballot process in a fair and transparent manner and will be available for the said purpose.
- 6. The voting rights of the Members shall be reckoned in proportion to their shares holding either in physical form or in dematerialized form as on the cut-off date i.e. September 2, 2019.**
- 7.** Any person who becomes member after the dispatch of the Notice of the Meeting and holding share as on the cut-off date i.e. **September 2, 2019** may obtain the User ID and password as mentioned below:
- a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+ Folio No. or DP ID Client ID to 9212993399
Example for NSDL : MYEPWD <SPACE> IN12345612345678
Example for CDSL : MYEPWD <SPACE> 1402345612345678
Example for Physical : MYEPWD <SPACE> XXX1234567
 - b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click “forgot password” and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - c. In case of any queries, members may visit Help & FAQ’s section available at Karvy’s website download section on <https://evoting.karvy.com> or contact Mr. Mohd Mohsin Uddin, Senior Manager, Karvy Fintech Private Limited at Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally, Hyderabad Rangareddi 500 032 or send an email to evoting@karvy.com or call him on +91-40-6716 1562 or at Toll Free No. 1-800-34-54-001.
 - d. Member may send an e-mail request to evoting@karvy.com.
If the member is already registered with Karvy e-voting platform then he can use his existing User ID and password for casting the vote through e-voting.

- | | | |
|-----------|--|---|
| 8. | Date and time of commencement of voting by electronic means | Friday, September 6, 2019 at 9:00 AM IST |
| | Date and time of end of voting by electronic means | Monday, September 9, 2019 at 5:00 PM IST |
- 9.** At the AGM at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, arrange voting through ballot paper for all those members who are present but have not cast their votes electronically using the e-voting facility.
- 10.** The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company or a person authorized by the Chairman. The Chairman or the person authorized by the Chairman, shall declare the result of the voting forthwith.
- 11.** The Results on resolutions shall be declared after the AGM of the Company and subject to the requisite number of votes in favour the resolutions shall be deemed to be passed on the date of the Meeting i.e. September 10, 2019.
- 12.** The Results of the voting will be declared at the registered office of the Company by placing the same along with the Scrutinizer's Report on the Company's website www.hovsltd.com. The same shall also be placed on the website of KARVY <https://evoting.karvy.com> and shall be filed with the stock exchanges.
- 13.** In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com> (Karvy's website).

ROUTE MAP**HOV Services Limited****Registered Office:****3rd Floor, Sharda Arcade,****Pune Satara Road,****Bibwewadi, Pune -411 037, Maharashtra****Day and Date : Tuesday, September 10, 2019****Time : 11:00 A.M.****Venue : Sheraton Grand Pune Bund Garden Hotel,
Raja Bahadur Mill Road,
Pune - 411001, Maharashtra***If undelivered, please return to :***Karvy Fintech Private Limited
(Unit : HOV Services Limited)**

Karvy Selenium Tower B,

Plot number 31 & 32, Financial District,

Nanakramguda, Serilingampally,

Hyderabad Rangareddi-500 032, Telangana

Tel : (91 40) - 67161562

Fax : (91 40) - 23001153

Email : einward.ris@karvy.com