



August 26, 2021

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 Notice of 33<sup>rd</sup> Annual General Meeting ("AGM") & Annual Report for the FY 2020-21**

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 2020-21 along with Notice of 33<sup>rd</sup> Annual General Meeting convened on Wednesday, September 22, 2021 at 10:00 AM (IST) through Video Conferencing (VC) or Other Audio Video Means (OAVM). The Company had sent the Notice of 33<sup>rd</sup> AGM in electronic mode only to eligible shareholders on August 26, 2021 and the Notice is available on the website [www.hovsltd.com](http://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 33<sup>rd</sup> AGM and Annual Report FY 2020-21.

**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](http://www.hovsltd.com)

**Notice of 33<sup>rd</sup> Annual General Meeting**

NOTICE is hereby given that the Thirty-Third (33<sup>rd</sup>) Annual General Meeting (the "AGM") of the Members of HOV Services Limited will be held on **September 22, 2021, the Wednesday at 10:00 AM IST** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

**ORDINARY BUSINESS:**

- 1. To consider and adopt the a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and the Auditors' thereon; and b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the Report of the Auditors thereon.**

To consider and if thought fit to pass the following resolution as an **Ordinary Resolutions**.

- a) **"RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted."
- b) **"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 and the report of the Auditors thereon, as circulated to the members, be and are hereby considered and adopted."

- 2. Appointment of Director**

**To re-appoint Mr. Vikram Negi (DIN: 01639441), Director, who retires by rotation and, being eligible, seeks re-appointment.**

To consider and if thought fit to pass the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vikram Negi, Director, 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. Appointment/Re-appointment of Mr. Surinder Rametra (DIN 00019714) as a Whole Time Director, of the Company for a further term of five years from April 1, 2021 till March 31, 2026**

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

**"RESOLVED THAT** as recommended by Nomination and Remuneration Committee, pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) amendment Rules, 2018 (including any amendment or statutory modification thereto for the time being in force) and subject to such approval of the Central Government, as may be necessary, Mr. Surinder Rametra (DIN 00019714), who was appointed as an Additional Director effective April 1, 2021 by the Board of Directors on March 23, 2021, the approval of the shareholders of the Company be and is hereby accorded for the appointment/re-appointment of Mr. Surinder Rametra (DIN 00019714) as a Whole-time Director, with the designation as Executive Director of the Company, for a five year term commencing from April 1, 2021 till March 31, 2026 on terms and conditions, including remuneration and minimum remuneration in the event of absence or inadequacy of profits within the ceiling limits as prescribed in Schedule V of the Act, with liberty to the Board of Directors, to alter or vary the terms and conditions and remuneration including minimum remuneration in such manner as the Board may deem fit and is acceptable to Mr. Surinder Rametra."

**"RESOLVED FURTHER THAT** the approval of the shareholders of the Company be and is hereby accorded for the appointment/re-appointment of Mr. Surinder Rametra as Whole-time Director of the Company on account of his crossing the age of 70 years.

**“RESOLVED FURTHER THAT** in the event of any statutory modification by the Central Government to schedule V to the Act, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limits/ceiling and the agreement between the Company and Mr. Surinder Rametra be suitably amended to give effect to such modification without any further reference to the members of the Company in general meeting.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, matters, deeds and things, as may be necessary, to amend the terms and conditions of appointment, if necessary, and to act in its own discretion, including the power to delegate, to give effect to this resolution.”

**“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 and as recommended by the Audit Committee, the approval of the shareholders 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 the financial year 2021-2022 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.”

**5. Appointment of Mr. Ajay Puri (DIN:09231339) as an Independent Director of the Company**

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

**“RESOLVED THAT** pursuant to provisions of Section 149, 152 and other applicable provisions, if any, and rules framed there under, read with Schedule IV of the Companies Act, 2013 (the Act) and provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 Mr. Ajay Puri (DIN: 09231339), who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 26, 2021 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act 2013, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from September 22, 2021 up to September 21, 2026”.

**“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.”

**EXPLANATORY STATEMENT Pursuant to Section 102 of the Companies Act, 2013 is annexed to this Notice.**

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

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

Registered Office:

3<sup>rd</sup> Floor, Sharda Arcade,  
Pune Satara Road, Bibwewadi,  
Pune – 411037, Maharashtra  
CIN: L72200PN1989PLC014448

Email: [investor.relations@hovsltd.com](mailto:investor.relations@hovsltd.com) [www.hovsltd.com](http://www.hovsltd.com)

Place: Pune

Date: July 21, 2021

**NOTES TO THE NOTICE OF THE AGM:**

1. In view of the prevailing COVID-19 pandemic and restrictions on the movements apart from social distancing norms, the Ministry of Corporate Affairs (“MCA”) vide circular Nos. Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020, (collectively referred to as the “MCA Circulars”) permitted the holding of Annual General Meeting (“AGM”) through Video Conference (“VC”) or Other Audio Visuals Means (“OVAM”), without the physical presence of the Members at a common venue.

Further, the MCA vide its General Circular No. 22/2020 dated June 15, 2020 and General Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 and SEBI vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 extended the above exemptions till December 31, 2021.

2. Accordingly, in accordance the MCA Circulars, provisions of the Companies Act, 2013 (“Act”), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the 33<sup>rd</sup> AGM of the Company is being held through VC / OAVM. The Registered office of the Company situated at 3<sup>rd</sup> Floor Sharda Arcade, Bibwewadi, Pune Satara Road, Pune -411037 shall be deemed as the venue for the Meeting and the proceedings of the AGM shall be deemed to be made thereat.
3. **The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3 to 5 of the Notice, is annexed hereto.**
4. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and a proxy need not be a Member of the company.** Since, this AGM is being held through VC/OAVM under the framework of the provisions of the MCA Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facilities for appointment of proxies by the Members is not available for the AGM and hence the Proxy Form and Attendance Slip are not provided with this Notice.
5. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
6. The details of the Directors seeking appointment/re-appointment at this AGM, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Annexure to the Notice.
7. **DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE**

In accordance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.

The Notice and Annual Report 2020-21 will also be available on the Company’s website [www.hovsltd.com](http://www.hovsltd.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and also available on the website of Company’s Registrar and TransferAgent, KFin Technologies PrivateLimited (“KFinTech”) at <https://evoting.kfintech.com>

**8. GUIDELINE FOR RECEIVING ALL COMMUNICATION (INCLUDING ANNUAL REPORT) FROM THE COMPANY ELECTRONICALLY**

- a) Those Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register/update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at [investor.relations@hovsltd.com](mailto:investor.relations@hovsltd.com) or to KFinTech at [hov.cs@kfintech.com](mailto:hov.cs@kfintech.com)
- b) Those Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

**9. PROCEDURE FOR JOINING/ATTENDING THE AGM THROUGH VC/ OAVM**

The Company has appointed M/s KFin Technologies Private Limited, Registrars and Transfer Agents, to provide VC/OAVM to enable the Members to attend and participate in the AGM.

- a) **Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials. Members are requested to follow the procedure given below:**
  - i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
  - ii. Enter the login credentials (i.e., User ID and password for e-voting).
  - iii. After logging in, click on "VideoConference" option.
  - iv. Then click on camera icon appearing against AGM event of HOV Services Limited, to attend the Meeting.
- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
- c) Members who would like to express their views or ask questions during the AGM may register themselves by logging on <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. **The Speaker Registration will be open during September 18, 2021 to September 20, 2021.** Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
- d) Those Members who have registered themselves as a speaker will only be allowed to ask questions /express their views during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- e) Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the "Speaker Registration" during the AGM.
- f) Members will be allowed to attend the AGM through VC / OAVM on first come, first served basis. No restrictions on account of first come first served basis entry into AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional

Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee; Stakeholders Relationship Committee, and Auditors.

- g) Facility to join the AGM through VC / OAVM **shall be open 30 minutes before** the scheduled time of the AGM and **shall be closed after 15 minutes** after the scheduled time of AGM.
10. Members who need assistance before or during the AGM, can contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Private Limited at Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally Mandal, Hyderabad, 500032, Telangana or send an email to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call on tollfree number 1800-309-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
  11. 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.
  12. Members (members login) attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.
  13. Corporate/ Institutional Members are required to send a scanned copy (PDF/JPG Format) of its board or governing body Resolution/Authorization etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to [prajot@prajottungarecs.com](mailto:prajot@prajottungarecs.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com)

#### PROCEDURE FOR REMOTE E-VOTING AND VOTING AT THE AGM

14. Remote e-Voting: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and the MCA Circulars, the Company is providing facility to its Members to exercise their right to vote on resolutions resolutions proposed to be passed at AGM by electronic means (“e-voting”). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below (“remote e-voting”).
15. Voting at the AGM: Members who could not vote through remote e-voting may avail the e-voting facility provided by M/s KFin Technologies Private Limited to vote during AGM.
16. The Company has engaged the services of KFin Technologies Private Limited as the agency to provide e-voting facility.
17. The remote e-voting facility will be available during the following voting period:

<b>Commencement of remote e-voting</b>	<b>Sunday, September 19, 2021 at 9:00 AM IST</b>
<b>End of remote e-voting</b>	<b>Tuesday, September 21, 2021 at 5:00 PM IST</b>

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by the agency upon expiry of the aforesaid period. 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.

18. **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 15, 2021.**
19. The Board of Directors has appointed **Mr. Prajot Tungare, Practicing Company Secretary, Pune as a Scrutinizer** to scrutinize the remote e-voting and voting during AGM in a fair and transparent manner.
20. The scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than 48 hours of 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.
21. 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 22, 2021.

**The Results declared along with the Scrutinizer's Report shall be placed at the Company's website [www.hovsltd.com](http://www.hovsltd.com) and on the website of Kfintech i.e. <https://evoting.kfintech.com> and shall be filed simultaneously with the stock exchanges.**

22. The Register of Members and Transfer Books of the Company will be closed from **September 19, 2021, to September 22, 2021 both days inclusive.**
23. 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- KFin Technologies Private Limited, Selenium, Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032, Telangana:
  - a. Change, if any in their address;
  - b. Request for nominations form as per the provisions of the Companies Act, 2013.
  - c. Members holding share in dematerlized form are requested to contact their Depository Participant for any change in their particulars.
24. At the 29<sup>th</sup> AGM held on September 1, 2017 the Members approved appointment of M/s BAGARIA & Co., Chartered Accountants, (Firm Registration Number 113447W/W-100019) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that 29<sup>th</sup> AGM till the conclusion of the 34<sup>th</sup> AGM in year 2022, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 33<sup>rd</sup>AGM.

## **25. INSPECTION OF DOCUMENTS**

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.

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 electronically for inspection by the members during the AGM.

**26. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<p><b>Individual Shareholders holding securities in demat mode with NSDL</b></p>	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>



Type of shareholders	Login Method
<p><b>Individual Shareholders holding securities in demat mode with CDSL</b></p>	<ol style="list-style-type: none"> <li>Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider name to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi./Registration/EasiRegistration">https://web.cdslindia.com/myeasi./Registration/EasiRegistration</a> Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ol>
<p><b>Individual Shareholders (holding securities in demat mode) login through their depository participants</b></p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.</p>

**Instructions for remote e-voting are as under- For Physical cases (Shares held in Physical Mode)**

- I. Launch internet browser by typing the URL: <https://evoting.kfintech.com>
- II. Enter the login credentials provided in the email and click on Login.
- III. Password change menu appears when you login for the first time with default password. You will be required to mandatorily change the default password.
- IV. The new password should 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.,).
- V. Update your contact details like mobile number, email address, etc. if prompted. 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 not to share your password with any other person and take utmost care to keep it confidential.
- VI. Login again with the new credentials.
- VII. On successful login, the system will prompt you to select the “EVENT” i.e. **“HOV SERVICES LIMITED”**.
- VIII. 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 “AGAINST” but the total number in “FOR / AGAINST” taken together shall not exceed your total shareholding as mentioned above. If the member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
- IX. Members holding multiple folios may choose to vote differently for each folio / demat account.
- X. You may then cast your vote by selecting an appropriate option and click on “Submit. A confirmation box will be displayed. Click “OK” to confirm or “CANCEL” to modify. Once you confirm the voting on the resolution, you will not be allowed to modify your vote thereafter. During the voting period, members can login multiple times and vote until they confirm the voting on the resolution by clicking “SUBMIT”.
- XI. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/ JPG format) of certified true copy of relevant board resolution/ authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutiniser through email at and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format ‘ HOV SERVICES LIMITED \_EVENT No’
- XII. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members at <https://evoting.kfintech.com/public/Faq.aspx> or call KFin on 1-800-309-4001 (toll free).

**Those members who have not yet registered their email addresses are requested to get their email addresses registered with KFin, by following the procedure mentioned below:**

**Visit the link:** AGM/EGM – Mobile & Email Registration

- I. <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>
- II. Select the company name i.e. HOV SERVICES LIMITED
- III. Select the Holding type from the drop down i.e. - NSDL / CDSL / Physical
- IV. Enter DPID – Client ID (in case shares are held in electronic form) / Physical Folio No. (in case shares are held in physical form) and PAN.
- V. If PAN details are not available in the system, the system will prompt to upload a self-attested copy of the PAN card for updating records.
- VI. In case shares are held in physical form and PAN is not available in the records, please enter any one of the Share Certificate No. in respect of the shares held by you.
- VII. Enter the email address and mobile number.
- VIII. System will validate DP ID – Client ID/ Physical Folio No. and PAN / Share certificate No., as the case may be, and send the OTP at the registered Mobile number as well as email address for validation.
- IX. Enter the OTPs received by SMS and email to complete the validation process. OTPs validity will be for 5 minutes only.
- X. The Notice and e-voting instructions along with the User ID and Password will be sent on the email address updated by the member.
- XI. Alternatively, members may send an email request addressed to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the request letter duly signed by the first shareholder, providing the email address, mobile number, self-attested copy of PAN and Client Master copy in case shares are held in electronic form or copy of the share certificate in case shares are held in physical form, to enable KFin to register their email address and to provide them the Notice and the e-voting instructions along with the User ID and Password.
- XII. Please note that in case the shares are held in electronic form, the above facility is only for temporary registration of email address for receipt of the Notice and the e-voting instructions along with the User ID and Password. Such members will have to register their email address with their DPs permanently, so that all communications are received by them in electronic form.
- XIII. In case of queries, members are requested to write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call at the toll free number 1-800- 309-4001

## **27. INFORMATION AND INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM**

- a) Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

- b) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

In case of any query pertaining to remote e-voting, joining AGM through VC and related matters, may refer to the “Help” and “FAQs” sections / E-voting user manual available through a dropdown menu in the “Downloads” section of KFinTech’s website for e-voting: <https://evoting.kfintech.com> or contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Private Limited at Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally Mandal, Hyderabad 500 032 or send an email to [evoting@kfintech.com](mailto:evoting@kfintech.com) or call Toll-free No. 1800-309-4001.

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

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

Registered Office:  
3<sup>rd</sup> Floor, Sharda Arcade,  
Pune Satara Road, Bibwewadi,  
Pune – 411037, Maharashtra  
CIN: L72200PN1989PLC014448  
Email: [investor.relations@hovsltd.com](mailto:investor.relations@hovsltd.com)  
Website : [www.hovsltd.com](http://www.hovsltd.com)

Place: Pune  
Date: July 21, 2021

**ANNEXURE TO THE NOTICE OF 33<sup>RD</sup> AGM****EXPLANATORY STATEMENT PURSUANT TO 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 to 5** of the accompanying Notice of 33<sup>rd</sup> Annual General Meeting:-

**Item No. 3 Appointment/ Re-appointment of Mr. Surinder Rametra, Whole Time Director for a further term of five years from April 1, 2021 till March 31, 2026**

Mr. Surinder Rametra, existing term of five years, as Whole Time Director was getting complete on March 31, 2021. As required, the shareholders in its 32<sup>nd</sup> Annual General Meeting held on September 22, 2020 had passed the special resolution for his appointment as Whole Time Director for further period of 5 years with effect from April 1, 2021 to March 31, 2026.

Subsequently, the Board of Directors in its meeting held on November 6, 2020 adopted the HOVS Policy for Age Limit of Directors, effective April 1, 2021. In terms of the said Policy, **a)** the Board will not appoint/reappoint any person(s) as a Director of an age more than 75 years and **b)** the Company will not make application to Central Government for re-appointment of Mr. Surinder Rametra, as Whole Time Director who, ought to retire on March 31, 2021 in view of Age Limit Policy. Accordingly, the Company had not processed the necessary application in Form MR-2 for seeking approval from Central Government for his appointment.

Subsequently, the Management felt that Mr. Surinder Rametra, considering his maturity and expertise, should continue working with Company to help in its growth. The Nomination and Remuneration Committee on March 22, 2021 recommended for Mr. Surinder Rametra to continue. Therefore, the Board on March 23, 2021 resolved **a)** to defer the HOVS Policy for Age Limit of Directors; and **b)** to appoint Mr. Surinder Rametra as an Additional Director effective April 1, 2021 subject to your approval in this 33<sup>rd</sup> Annual General Meeting. The Board have full faith in Mr. Surinder Rametra that his continued association with the Company will be of immense help for Company's growth.

The Shareholders' of the Company in their 27<sup>th</sup> Annual General Meeting held on July 22, 2015 had re-appointed Mr. Surinder Rametra, Executive Director as whole-time director of the Company for a term of five years from April 1, 2016 to March 31, 2021. His appointments for the same period of five years was also approved by the Central Government vide its letter dated July 8, 2016.

The Nomination and Remuneration Committee in its meeting held on June 29, 2021 made recommendations for the appointment of Mr. Surinder Rametra and to continue him on the Board of Directors of your Company. Accordingly, the Board of Directors in its Meeting held on June 29, 2021, had considered appointment/re-appointment of Mr. Surinder Rametra, Promoter Director as Whole-time Director for a further term of five years from April 1, 2021 to March 31, 2026.

Further, Section 196, read with Part I of Schedule V, of the Companies Act 2013, provides that no company shall continue the employment of a person who has attained the age of 70 years, as managing director, whole-time director or manager unless it is approved by the Shareholders by passing a special resolution.

Mr. Surinder Rametra has crossed age of 75 years in year 2015 and the Company had taken approval of Shareholders' by a special resolution as required for his attaining age of 75 years, in 27<sup>th</sup> Annual General Meeting held on July 22, 2015 for continuation of his Whole-time directorship.

As a good corporate governance the Company again seeks your approval for his re-appointment for a further term of five years April 1, 2021 till March 31, 2026, as he is over the age of 70 years, attaining 80 years of his age in this 2021 year.

Mr. Surinder Rametra has been associated with your Company since 2006 as among one of the promoter and executive director. He possesses +6 decades of leadership qualities and has rich and varied experience in the industry and has been actively involved in overseeing the overall governance of the Company. The Company will be immensely benefited by continuation of his office as a Whole-time Director designated as an Executive Director and his association will be in the best interest of the Company.

Except Mr. Surinder Rametra, Executive Director no other Directors or Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolutions.

The Board recommends the resolution set forth in Item No. 3 for approval of the Shareholders.

**Item No. 4 Contract of services for revenue in ordinary course of business of the Company**

The Company (the "HOVS") 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 (Promoter); Sunil Rajadhyaksha; Surinder Rametra (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 Rs. 10 Crore per annum.
e) Any other information relevant or important for the members to take a decision on the proposed resolution:	The service was been provided before coming in force he Companies Act, 2013 and the contracts generates trevenue 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 Promoter / 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.

**Item No. 5 Appointment of Mr. Ajay Puri as an Independent Director for 1<sup>st</sup> term of five years**

The Nomination and Remuneration Committee on July 4, 2021 approved and recommended the candidature of Mr. Ajay Puri for appointment to the Board of your Company. Accordingly, Mr. Ajay Puri was appointed as an Additional Director effective July 26, 2021, by the Board of Directors by circular resolutions passed on July 21, 2021, and he shall hold office up to the date of this 33<sup>rd</sup> Annual General Meeting.

Mr. Ajay Puri being eligible and offer his candidature for appointment, is proposed to be appointed as an Independent Director for his 1<sup>st</sup> term of five consecutive years from September 22, 2021 to September 21, 2026. A notice proposing his candidature for appointment for the office of Director of the Company has been received to the Company. In the opinion of the Board, Mr. Ajay Puri fulfils the conditions as specified in the Companies Act, 2013 and rules madethereunder for his appointment as an Independent Director and the Board considered that his association will be of immense benefit to the Company.

Except for Mr. Ajay Puri, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposed Resolution, except to the extent of their shareholding, if any, in HOVS.

Accordingly, the Board recommends the resolution set forth in the Item No. 5 in relation to appointment of Mr. Ajay Puri as an Independent Director, for the approval by the shareholders of the Company.

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

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

Registered Office:  
3<sup>rd</sup> Floor, Sharda Arcade,  
Pune Satara Road, Bibwewadi,  
Pune – 411037, Maharashtra  
CIN: L72200PN1989PLC014448  
Email: [investor.relations@hovsltd.com](mailto:investor.relations@hovsltd.com)  
Website : [www.hovsltd.com](http://www.hovsltd.com)

Place: Pune  
Date: July 21, 2021

**ANNEXURE TO THE NOTICE OF 33<sup>rd</sup> AGM**
**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

<b>Name of the Director</b>	<b>Mr. Vikram Negi</b>	<b>Mr. Surinder Rametra</b>	<b>Mr. Ajay Puri</b>
DIN	01639441	00019714	09231339
Date of Birth and Age	January 24, 1976; 45 years	November 01, 1940; 80 years	August 28, 1955; 66 years
Date of first Appointment on the Board	February 13, 2017	January 3, 2006	July 26, 2021
Qualifications	MBA (Finance and IT) from Kogod School of Business, American University, Washington DC, USA and B. Com (Hons) from St. Xavier's College, Kolkata, India	Mechanical Engineering from Punjab Engineering College, India; Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University.	BE-Electrical Engineering with Master Works in power systems and possess experience with several Management programs including at Tata, UTC, Harvard, Wharton- Insead, ASB-Sloan-MIT
Experience	+21 Years	+ 6 decades	+28 years
Expertise	Expertise in successfully managing large deals, cross boarder teams and operational and financial processes and strong background in M&A, Finance, Treasury and Operations and possess a broad range of interpersonal and advisory skills	Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics.	Hands on experience in innovation, strategic marketing, product, systems, projects, brand positioning, new architecture co- creation transforming start-ups and MNCs to global leaderships. Shouldered global responsibilities in B2B and B2C domains.
Number of Meetings of the Board attended during the Year	4	4	NA
Shareholding in Company	63,556	1,20,000	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil	Nil	Nil



Name of the Director	Mr. Vikram Negi	Mr. Surinder Rametra	Mr. Ajay Puri
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.	As per Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. Noremuneration drawn.
Public/Listed Companies Directorship	Nil	Nil	Nil
Private Companies Directorship	Nil	Nil	Nil
Membership/Chairmanship of Committees	Nil	Nil	Nil

**Justification for individual appointed as Independent Director:**

“Mr. Ajay Puri had served as 28 years as board member and group President and CEO. Blessed with hands on team roles and opportunity to co- create 10 Global first innovations delivering unique value to customers, employers, shareholders, and society. Hands on experience in innovation, strategic marketing, product, systems, projects, brand positioning, new architecture co- creation transforming start-ups and MNCs to global leaderships. Shouldered global responsibilities in B2B and B2C domains. He had served different Industries: HVACR, consumer durables, mega projects, passenger and material transportation, power, energy, metals.

Mr. Ajay Puri is an esteemed industry veteran and his experience and expertise will provide invaluable benefits to the Company.”

**Brief profile of directors getting appointed/re-appointed:**

**1. Mr. Vikram Negi:**

Expertise in successfully managing large deals, cross border teams and operational and financial processes and strong background in M&A, Finance, Treasury and Operations and possess abroad range of interpersonal and advisory skills.

Mr. Vikram Negi has 21 plus years of invaluable expertise in successfully managing large deals, cross border teams; operational and financial processes and have strong background in M&A, Finance, Treasury and Operations and possess abroad range of interpersonal and advisory skills.

**2. 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’ career encompasses leadership of private and public enterprises. He is also a founding 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.

**Justification for re-appointment of Mr. Surinder Rametra as Whole-time Director:-**

Mr. Surinder Rametra has been associated with the Company from the time of its IPO, since 2006 as Promoter & Executive Director and possessed hands full of +6 decades of industry experience and possess expertise in fields of Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics. He is been one of the promoter of the Company. The Management have full believe in his maturity and expertise and feel that he should continue working with the Company to help in its growth.

The Management considering his maturity and expertise felt that Mr. Rametra should continue working with Company to help in its growth.

**3. Mr. Ajay Puri:**

Mr. Ajay Puri had served as 28 years as board member and group President and CEO. Blessed with hands on team roles and opportunity to co- create 10 Global first innovations delivering unique value to customers, employers, shareholders, and society. Hands on experience in innovation, strategic marketing, product, systems, projects, brand positioning, new architecture co- creation transforming start-ups and MNCs to global leaderships. Shouldered global responsibilities in B2B and B2C domains.

He had served different Industries: HVACR, consumer durables, mega projects, passenger and material transportation, power, energy, metals.

He Believes innovation is key to move companies from typical red oceans to transformation and unrivalled value. Proven operational board skills in business innovation, growth, transformation, value creation and inspiring teamwork. Key expertise: Inspiring teams, Innovation, transformation, globalization. Integrating technologies and talent.

He is Chairman of innovation and transformation council for MICCI (est. 1837.1000 own, 20000 affiliate companies); Member Institute of corporate directors, Malaysia (ICDM); and possess expert professional residence visa from Talent Corp. under Prime Minister Office.

Awarded with UTC's rare achievement Award 1990; UTC Outstanding Manager Award 1992; Rajiv Gandhi Excellence Award 1996; "International Who's who" by Who's Who historical society based in USA 2000; CEO today London, UK inclusion in Global CEO 2019; BritishPedia London, UK biography inclusion in successful people 2021.

Mr. Ajay Puri is BE-Electrical Engineering with Master Works in power systems and possess experience with several Management programs including at Tata, UTC, Harvard, Wharton- Insead, ASB-Sloan-MIT.

The Management considering his diversified expertise felt that Mr. Ajay be appointed.

**The statement containing additional information as required in schedule V of Companies Act, 2013:-**

**I. GENERAL INFORMATION:**

- (i) **Nature of industry:** IT & ITES
- (ii) **Date or expected date of commencement of commercial production:** Not applicable.
- (iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable.

- (iv) **Financial performance based on given indicators:** The total revenue on standalone basis during the financial year 2020-21 stood Rs. 106.18 million as compared to total revenue of Rs. 121.91 million for financial year 2019-20. The profit before tax (PBT) is Rs. 632.52 million and profit after tax (PAT) was Rs. 625.01 million in FY 2020-21 as compared to PBT Rs. (578.90) million and PAT Rs. (587.04) million in FY 2019-20.
- (v) **Foreign investments or collaborations:** The Company does not have any foreign collaborations. The composite foreign investment is 11.07 % in the Company as per shareholding pattern as of March 31, 2021.

## II. INFORMATION ABOUT THE APPOINTEE:

- (i) **Background details:** Mr. Surinder Rametra has +6decades of invaluable expertise of industry experience and possess expertise in fields of Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics.
- (ii) **Past remuneration:** No remuneration drawn in past tenure of his directorship as a Whole-time Director of the Company.
- (iii) **Recognition or awards:** Not Applicable.
- (iv) **Job profile and his suitability:** Mr. Surinder Rametra is been one of the promoter of the Company. The Management have full believe in his maturity and expertise and feel that he should continue working with the Company to help in its growth.His continuation with the Company will bring immense value to the Board and Company. Pursuant to recommendation of the Nomination and Remuneration Committee, he was appointed as an Additional Director effective April, 2021, subject to approval of Member(s).
- (v) **Remuneration proposed:** The remuneration will be subject to the recommendation from Nomination & Remuneration Committee and will be decided by the Board, on terms and conditions as acceptable between the Board and Mr. Surinder Rametra. The remuneration shall not exceed the limits specified under Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.
- (vi) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** Not Applicable.
- (vii) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Mr. Surinder Rametra does not have any pecuniary relationship directly or indirectly with the Company or any relationship with the managerial personnel, except holding 1,20,000 equity shares in the Company.

## III. OTHER INFORMATION / DISCLOSURES: The other information and disclosures as required is provided under Corporate Governance Report annexed to the Board's Report.

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

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

Registered Office:  
3<sup>rd</sup> Floor, Sharda Arcade,  
Pune Satara Road, Bibwewadi,  
Pune – 411037, Maharashtra  
CIN: L72200PN1989PLC014448  
Email: [investor.relations@hovsltd.com](mailto:investor.relations@hovsltd.com)  
Website : [www.hovsltd.com](http://www.hovsltd.com)

Place: Pune  
Date: July 21, 2021

**HOVS**

**HOV SERVICES LIMITED**

33<sup>rd</sup> ANNUAL REPORT 2020 - 21

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***HOVS request the shareholders to attend its 33<sup>rd</sup> Annual General Meeting to be held on September 22, 2021 through online mode.***

***To ensure safety of its shareholders 33<sup>rd</sup> AGM will be held in virtual mode in accordance with regulatory guidelines.***

***Shareholders are requested to follow the instructions in the Notice of 33<sup>rd</sup> AGM to attend the meeting.***

**CORPORATE INFORMATION**

<b>Registered Office &amp; Head office</b>	3 <sup>rd</sup> Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune -411 037 Tel: (91 20) -2422 1460; Fax: (91 20) -2422 1470
<b>Registrar &amp; Share Transfer Agent</b>	KFin Technologies Pvt Ltd., Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032; Tel: (91 40)- 67161562
<b>Statutory Auditors</b>	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
<b>Secretarial Auditor</b>	J. B. Bhavé & Co., Company Secretaries, Flat No. 9, Karan Aniket, Plot No. 37, Shri Varanasi Co-op Soc. Ltd, Off Banglore Mumbai Bangalore Bypass, Behind Atul Nagar, Warje, Pune- 411 058 Tel: (91 20)- 2520 4357/59
<b>Internal Auditors</b>	Arth & Associates, Chartered Accountants, Flat No. 102/103, Beena Apartments, Behind Chrysallis Institute, Opp. SBI Bank, S. B. Road, Pune- 411 016
<b>VP- Corporate Affairs &amp; Company Secretary &amp; Compliance Officer</b>	Mr. Bhuvanesh Sharma investor.relations@hovsltd.com
<b>Website</b>	www.hovsltd.com

**THE BOARD OF DIRECTORS**

Mr. Vikram Negi	<b>Chairman &amp; Executive Director</b>
Mr. Surinder Rametra	<b>Executive Director &amp; Promoter</b>
Mr. Sunil Rajadhyaksha	<b>Executive Director &amp; Promoter</b>
Mr. Baldev Raj Gupta <sup>1</sup>	<b>Independent Director</b>
Mr. Harjit Singh Anand	<b>Independent Director</b>
Mrs. Lakshmi Kumar	<b>Independent Director</b>
Mr. Ajay Puri <sup>2</sup>	<b>Independent Director</b>

<sup>1</sup>Retired effective July 25, 2021

<sup>2</sup>Appointed effective July 26, 2021

**THE EXECUTIVE MANAGEMENT**

Mr. Bhuvanesh Sharma	<b>VP-Corporate Affairs &amp; Company Secretary &amp; Compliance Officer</b>
Mr. Nilesh Bafna	<b>Chief Financial Officer</b>

**COMMITTEES OF THE BOARD OF DIRECTORS****AUDIT COMMITTEE**

<b>Name</b>	<b>Designation/Category</b>	<b>Changes</b>
Mr. Baldev Raj Gupta	Chairman (Independent Director)	<i>Retired w.e.f. July 25, 2021</i>
Mr. Harjit Singh Anand	Chairman (Independent Director)	<i>Appointed w.e.f. July 26, 2021</i>
Mrs. Lakshmi Kumar	Member (Independent Director)	
Mr. Surinder Rametra	Member (Executive Director)	
Mr. Ajay Puri	Member (Independent Director)	<i>Appointed w.e.f. July 26, 2021</i>

**NOMINATION & REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation/Category</b>	<b>Changes</b>
Mr. Baldev Raj Gupta	Chairman (Independent Director)	<i>Retired w.e.f. July 25, 2021</i>
Mr. Harjit Singh Anand	Member (Independent Director)	
Mrs. Lakshmi Kumar	Chairman (Independent Director)	<i>Appointed w.e.f. July 26, 2021</i>
Mr. Ajay Puri	Member (Independent Director)	<i>Appointed w.e.f. July 26, 2021</i>
Mr. Vikram Negi	Member (Executive Director)	

**STAKEHOLDERS RELATIONSHIP COMMITTEE**

<b>Name</b>	<b>Designation/Category</b>	<b>Changes</b>
Mr. Baldev Raj Gupta	Chairman (Independent Director)	<i>Retired w.e.f. July 25, 2021</i>
Mr. Harjit Singh Anand	Member (Independent Director)	
Mr. Ajay Puri	Chairman (Independent Director)	<i>Appointed w.e.f. July 26, 2021</i>
Mr. Sunil Rajadhyaksha	Member (Executive Director)	

**Chairman Message:**

*Dear Member,*

*I am pleased to welcome you to the 33<sup>rd</sup> Annual General Meeting (AGM) of your Company, and share with you its 33<sup>rd</sup> Annual Report for FY 2020-21. This AGM, similar to last year, is being held virtually due to the prevailing COVID-19 pandemic and our effort to keep our stakeholders safe as per government mandated social distancing norms.*

*This past year continues to be an eventful one.*

*As you are aware the ongoing restrictions due to COVID-19 continue to significantly affect the ability of many organizations to maintain normal day to day operations. Your Company was proactive in deploying technology to successfully implement Work from Home (WFH) and operate without any significant disruption.*

*With your support and trust, your Company also 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.*

*As we come out of the pandemic, your company will explore opportunities to further expand its service offerings in the digital and technology space.*

*Lastly, I express my sincere gratitude to all our stakeholders and the Company's Board of Directors, for their continued faith in our Company and its people. I would also like to thank our Authorities and Regulators for their continued support.*

*Best regards, and wishing you and your families a safe rest of the year.*

**Vik Negi**

*Chairman & Executive Director*



**Directors' Report**

The Board of Directors present the 33<sup>rd</sup> Annual Report of HOV Services Limited (the "Company" or "HOVS") along with audited Financial Statements for the financial year ended March 31, 2021.

**FINANCIAL RESULTS AND OPERATIONS:**

Particulars	₹ in Lakhs			
	Consolidated Year Ended		Standalone Year Ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
<b>INCOME</b>				
Revenue from operations	965.51	1,097.16	965.51	1,097.16
Other income	154.24	124.11	96.28	121.99
<b>Total Income</b>	<b>1,119.75</b>	<b>1,221.27</b>	<b>1,061.79</b>	<b>1,219.15</b>
<b>Expenses</b>				
Employee Benefits Expense	581.15	678.29	581.15	678.29
Finance Costs	11.76	71.75	11.76	16.39
Depreciation and Amortisation Expense	62.37	55.43	62.37	55.43
Other Expenses	150.01	189.39	150.01	189.37
<b>Total Expenses</b>	<b>805.29</b>	<b>994.86</b>	<b>805.29</b>	<b>939.48</b>
<b>Profit before exceptional items from continuing operations</b>	<b>314.46</b>	<b>226.41</b>	<b>256.50</b>	<b>279.67</b>
Exceptional items: Reversal/(Provision) for Diminution in Value of Investment in subsidiary	-	-	6,068.66	(6,068.66)
<b>Profit/(Loss) after exceptional items from continuing operations</b>	<b>314.46</b>	<b>226.41</b>	<b>6,325.16</b>	<b>(5,788.99)</b>
<b>Tax Expense :</b>				
Current Tax	(71.00)	(80.70)	(71.00)	(80.70)
Deferred Tax	(2.62)	(0.74)	(2.62)	(0.74)
Relating to earlier years	(1.41)	-	(1.41)	-
<b>Profit/(Loss) for the period from continuing operations</b>	<b>239.43</b>	<b>144.97</b>	<b>6,250.13</b>	<b>(5,870.43)</b>
<b>Discontinued Operations</b>				
Profit/(Loss) from discontinued operations before tax	17.81	(77.93)	-	-
Tax expense of discontinued operations	-	-	-	-
<b>Profit/(Loss) after tax from continuing &amp; discontinued operations</b>	<b>257.24</b>	<b>67.04</b>	<b>6,250.13</b>	<b>(5,870.43)</b>
<b>Other Comprehensive Income / (Loss) Items that will not be reclassified subsequently to Profit or loss :</b>				
Remeasurement of net defined benefit plans	3.28	(6.52)	3.28	(6.52)
Changes in fair value of FVOCI equity instruments	6,596.66	(56,975.04)	-	-
Tax impact of Items that will not be reclassified	(591.16)	15,879.96	(0.91)	1.81
<b>Total Other Comprehensive Income / (Loss)</b>	<b>6,008.78</b>	<b>(41,101.60)</b>	<b>2.37</b>	<b>(4.71)</b>
<b>Total Comprehensive Income / (Loss) For The Period</b>	<b>6,266.02</b>	<b>(41,034.56)</b>	<b>6,252.50</b>	<b>(5,875.14)</b>

**1. Results of Operations**

For the financial year ended March 31, 2021 as follows:-

**Consolidated Financial Performance:**

- Consolidated total Income for the current year was ₹ 1,119.75 Lakhs.
- Profit/(Loss) from continuing operations was ₹ 239.43 Lakhs.
- Profit/(Loss) from discontinued operations was ₹ 17.81 Lakhs.
- Profit/(Loss) from continuing & discontinued operations was ₹ 257.24 Lakhs.
- Total Comprehensive Income/(Loss) for the current year was ₹ 6,266.02 Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the current year from :  
Continued Operations was ₹ 1.90  
Discontinued Operations was ₹ 0.14  
Continued and Discontinued Operations was ₹ 2.04

**Standalone Financial Performance:**

- Total Income for the current year was ₹ 1,061.79 Lakhs.
- Reversal of Provision for Diminution in Value of Investment in subsidiary provided under exceptional items was ₹ 6,068.66 Lakhs.
- Net Profit/ (Loss) for the current year was ₹ 6,250.13 Lakhs.
- Total Comprehensive Income/(Loss) for the current year was ₹ 6252.50 Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the current year from :  
Before exceptional item was ₹ 1.44  
After exceptional item was ₹ 49.65

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

Keeping in view the performance of the Company during the year under review and also with a view to conserve resources to meet the business requirements, your Directors expresses their inability to recommend any dividend for the financial year 2020-21.

**(ii) Transfer to Reserve:**

No amount was transferred to Reserve during the financial year ended on March 31, 2021.

**3. Subsidiary companies**

The Company has below subsidiaries as on March 31, 2021 and there has been no material change in these subsidiaries with respect to the nature and structure. Your Company has provided the audited Consolidated Financial Statements for the year ended on March 31, 2021, together with Auditors' Report and a statement containing salient features of the financial statements of Company's subsidiaries (in Form AOC-1) is forming part of this Annual Report, which includes financial information of all the subsidiaries of the Company.

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

#### 4. Policy on Material Subsidiaries

The Company's wholly owned subsidiary HOVS LLC is a material subsidiary in accordance with the thresholds laid down under the SEBI Listing Regulations 2015 as amended from time to time.

The Company had adopted the policy for determining material subsidiary 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](http://hovsltd.com/Policies_Disclosures.html)

#### 5. Investment

The Company's wholly owned subsidiary HOVS LLC holds 5,734,490 shares (representing 9.9% of Exela Technologies, Inc., NASDAQ listed) free from any encumbrances/lien and having fair value of Rs 9,188.96 lakhs as on March 31, 2021. During the quarter and year ended March 31, 2021, fair value of investment has increased compared to fair value of Rs 2,658.64 lakhs as on March 31, 2020, which is more than the carrying cost of investment. The investment is a long term and strategic in nature and in the opinion of the Board expects better future performance from the investee.

#### 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

The paid up share capital of the Company as on March 31, 2021 has 12,588,972 equity shares of 10 aggregating to ₹ 125,889,720/-. No change in equity share capital of the Company during the year.

#### 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**

During the financial year the Company had maintained constant communication to the employees in work from home during lockdown environment. The Human Resource department of the Company follows the philosophy to maintain cordial relations with all its employees and the Company 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 disclosure required in terms of provisions of 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. During the year under review there was no employee/s 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.

**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 Company’s current financial summary and highlights are presented under the Management Discussion and Analysis Report part of the Annual Report.

**14. Meetings of the Board**

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 and as per relaxation provided thereunder in lockdown situations. Other provisions related to Board and its Committees are stated in the Corporate Governance Report forming part of this Annual Report.

**15. Directors and Key Managerial Personnel**

Mr. Vikram Negi, Executive Director is liable to retire by rotation at the 33rd Annual General Meeting. Mr. Vik has confirmed his eligibility and willingness for re-appointment.

Mrs. Lakshmi Kumar, Independent Director completed her first term as a women independent director on July 21, 2020. The shareholders in their 32nd Annual General Meeting held on September 22, 2020 further appointed her for 2nd term of five years period from July 22, 2020 until July 21, 2025 as an Independent Director.

Mr. Surinder Rametra, Executive Director whose existing term of five years, as Whole Time Director was getting complete on March 31, 2021. As required, the shareholders in its 32nd Annual General Meeting held on 22nd September 2020 had passed the special resolution for his appointment as Whole Time Director for further period of 5 years with effect from April 1, 2021 to March 31, 2026.

Subsequently, the Board of Directors in its meeting held on November 6, 2020 adopted the HOVS Policy for Age Limit of Directors, effective April 1, 2021. In terms of the said Policy, a) the Board will not appoint/reappoint any person(s) as a Director of an age more than 75 years and b) the Company will not make application to Central Government for re-appointment of Mr. Surinder Rametra, as Whole Time Director ought to retire on March 31, 2021 in view of Age Limit Policy. Accordingly, the Company had not processed the necessary application in MR 2 Form for approval from Central Government.

Subsequently, the Management considering his maturity and expertise felt that Mr. Rametra should continue working with Company to help in its growth. Therefore, the Board on March 23, 2021 resolved a) to defer the HOVS Policy for Age Limit of Directors; and b) to appoint Mr. Surinder Rametra as an Additional Director effective April 1, 2021 subject to your approval in the 33rd Annual General Meeting. The Board have full faith in Mr. Surinder that his continued association with the Company will be of immense help for Company's growth.

Mr. Sunil Rajadhyaksha, Executive Director existing term of Whole Time Director got over on March 31, 2021. The shareholders in their 32nd Annual General Meeting held on September 22, 2020 appointed him as a Whole-time Director, with the designation as Executive Director of the Company, for a further term of five years period commencing from April 1, 2021 till March 31, 2026. The Central Government approval for appointment of Mr. Sunil Vasant Rajadhyaksha as Whole Time Director for his term from April 1, 2021 till March 31, 2026 is duly obtained by the Company.

The Board of Directors in its meeting held on June 29, 2021 took on record that Mr. B R Gupta, Independent Director will get retire on July 25, 2021 after completing his tenure, including his two terms as an Independent Director of the Company. The Board of Directors noted and acknowledged his unmatched support and guidance provided by him during his 15 years of office as an Independent Director of your Company.

**Key Managerial Personnel**

In accordance with the provisions of Section 203 of the Act, Vikram Negi, Whole-time Director; Surinder Rametra, Whole-time Director; Sunil Rajadhyaksha, Whole-time Director; Nilesh Bafna, Chief Financial Officer; and Bhuvanesh Sharma, Company Secretary are the Key Managerial Personnel of the Company

as on March 31, 2021. There is no change in Company Secretary and Chief Financial Officer of the Company.

**16. Declarations from Independent Directors**

The independent directors have submitted declarations that each of them meet the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. There has been no change in the circumstances affecting their status as independent directors of the Company.

**17. Meeting of Independent Directors**

Independent Directors of the Company met on February 11, 2021 to review the performance of non-independent directors, the Board as a whole and the Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors. The Independent Director's also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to function effectively.

**18. Familiarisation Programme**

The familiarisation programme was arranged by the Company during the year on February 11, 2021 for its Independent Directors with regard to their roles, rights, responsibilities with the Company. The details of the familiarisation program was disclosed under Investor Relations section of the Company's website [www.hovsltd.com](http://www.hovsltd.com).

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.

**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 Management of the Company review the internal control system with periodic overview by the Audit Committee. The internal audit function monitors the adequacy and effectiveness of internal controls and provides assurance of the adequacy and effectiveness of the internal controls to the Audit Committee and the Board of Directors. The internal financial controls are tested by Internal Auditors of the Company and no reportable material weaknesses were observed therein for the reportable year.

**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. All Related Party Transactions are being placed before the Audit Committee for approval. Omnibus approvals are also obtained for transactions which are of repetitive nature. Such transactions are placed before the Audit Committee and Board (as required) for periodical review and approval.

The information on transactions with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 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 Notes to 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) Regulations, 2015, has been displayed on the Company’s website at:<http://www.hovsltd.com/docs/Policies/2021/HOVS%20RPTs%20Policy-April%202021.pdf>

## **21. Corporate Governance Report**

The Company adheres to Corporate Governance guidelines to fulfil its responsibilities to all its stakeholders i.e. investors, customers, vendors, government, employees. Company believes that good corporate governance enhances accountability and increases shareholder value. 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 the Code is available on the Company’s website [http://hovsltd.com/code\\_of\\_conduct.html](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 29<sup>th</sup> Annual General Meeting held on September 1, 2017 till the conclusion of the 34<sup>th</sup> AGM to be held in year 2022, subject to ratification of their appointment by Members at every AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM. The Statutory Auditors’ Report for FY 2020-21 does not contain any qualification, reservation or adverse remark.

### **Secretarial Audit Report:**

M/s. J B Bhawe & Co., Practicing Company Secretaries, Pune were appointed to conduct secretarial audit for the year and the Secretarial Audit Report for FY 2020-21 is annexed herewith as “ANNEXURE-F” to this report. The Secretarial Auditors’ Report for FY 2020-21 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, 2021.

**No Disqualification certificate from the Company Secretary in Practice:**

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.

**25. Extract of Annual Return**

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the Annual Return of the Company as on March 31, 2021 is available on the Company's website and can be accessed at: <http://www.hovsltd.com/docs/ir/Quarterly/2020-21/Draft%20Annual%20Return.pdf>

**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.

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

**27. Policy on directors and senior management appointment and remuneration**

The Board of Directors has framed the Nomination and Remuneration Policy which lays down the framework in relation to remuneration to Directors, Key Managerial Personnel and Senior Management of the Company. The Policy lays down criteria for selection and appointment of Board Member and also sets the criteria for selection of candidates eligible to be appointed in the senior management



and other employees of the Company and also member on the Board of Directors and the Executive Directors of the Company. The nomination and remuneration policy is provided herewith as “**Annexure-G**” to this report. The said policy is also available on the Company’s website

<http://www.hovsltd.com/docs/Policies/2019/Nomination%20&%20Remuneration%20Policy.pdf>

## **28. Risk Management**

The Board of Directors of the Company overview the implementation and monitor the risk management for the Company with Audit Committee having additional oversight in the area of financial risks and controls. The major risks identified by the businesses and function are addressed through mitigating actions on a continuing basis. The details of risk management has been covered in the Management Discussion and Analysis, which forms part of this report.

## **29. Committees of the Board**

The details pertaining to all the committees of the Board are disclosed in section of the Corporate Governance Report which is part of this Board Report.

## **30. 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, guarantees and investments as per Section 186 of the Act by the Company, have been disclosed in the financial statements.

## **31. Secretarial Standards**

The proper systems are in place to ensure compliance with applicable Secretarial Standards issued by the Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

## **32. Whistle Blower Policy**

The Company has 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 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 is available on the Company’s website. The details of the policy have been disclosed in the Corporate Governance Report, which is a part of this report.

## **33. Reconciliation of Share Capital Audit**

The reconciliation of equity share capital is carried out on quarterly basis 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 external 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.

**34. 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, 2021 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.

**35. Acknowledgement**

Your Directors would like to place on record their thanks to 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 express their appreciation for the efforts made by employees at all levels for their hard work, co-operation and support extended to your Company during the year and acknowledge their support in continued COVID-19 pandemic circumstances.

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

Vikram Negi  
Chairman & Executive Director  
(DIN: 01639441)

Date: June 29, 2021

**DECLARATION REGARDING CODE OF CONDUCT**

We hereby confirmed that for the financial year ended March 31, 2021, the Directors and Senior Management Personnel have complied with the Code of Conduct of the Company as applicable to them.

Vikram Negi  
Chairman & Executive Director  
(DIN: 01639441)

**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, 2021 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

Vikram Negi  
Chairman & Executive Director  
(DIN: 01639441)

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

We have examined the compliance of conditions of corporate governance by HOV Services Limited ('the Company') for the year ended March 31, 2021 as stipulated in Regulations 17-27, clauses (b) to (i) of sub regulation (2) of Regulation 46 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**

The compliance of the conditions contained in the corporate governance is the responsibility of the Management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations of the Company including the preparation and maintenance of all relevant supporting records and documents.

**Auditor's Responsibility**

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.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('ICAI'), Standards on auditing specified under section 143(10) of the Companies Act, 2013 and Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

Based on the procedures performed by us and to the best of our information and according to explanations given to us and representation made by the Management, in our opinion, 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 during the year ended March 31, 2021.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Restriction on Use**

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

**Place:** Mumbai  
**Date:** June 29, 2021

**Vinay Somani**  
**Partner**  
Membership No. 143503  
UDIN :21143503AAAAKN6265

## **ANNEXURE TO THE DIRECTORS' REPORT**

### **Management Discussion and Analysis Report**

HOV Services Limited (“HOVS” or the “Company”) operates as a hybrid between an investment and a diversified services company. The Company’s business encompasses majority of Software and IT Enabled Services and the prevailing trend would further enforce the importance of outsourcing, as companies will be compelled towards curtailing cost without sacrificing on quality. Outsourcing been a tried and tested model, entities would outsource their work to improve productivity by allocating more time in improving their core competencies.

The Covid-19 challenges will continue to pose the uncertainty of the economy and will compel companies to review outsourcing options within the United States, South America, India, Philippines and China and possibly seek alternatives.

The demand environment of service provider will remain in pressure given the watchful approach of global clients, and optimization will be a strong focus for organization looking to extract more value from their sourcing partners. Clients IT budget would remain suppressed due to fears of global uncertainty forcing outsourcing companies to re-invent their engagement model, invest in newer customer-centric solutions and pursue new locations due to talent, cost arbitrage and risk diversification considerations.

### **Financial Performance**

The following discussion and analysis on financial performance of the Company for the year under reporting is based on the audited financial statements prepared in accordance with Ind-AS.

<b>Sr. No.</b>	<b>Particulars</b>	<b>On Standalone basis</b>	<b>On Consolidated basis</b>
<b>1</b>	<b>Property, Plant and Equipment</b>	Net carrying amount as at March 31, 2021 stood at ₹ 20.75 lakhs as compared to ₹ 31.19 lakhs as at March 31, 2020.	Net carrying amount as at March 31, 2021 stood at ₹ 20.75 lakhs as compared to ₹ 31.19 lakhs as at March 31, 2020.
<b>2</b>	<b>Intangible Assets</b>	Net carrying amount as at March 31, 2021 stood at ₹ 0.35 lakhs as compared to Nil as at March 31, 2020.	Net carrying amount as at March 31, 2021 stood at ₹ 0.35 lakhs as compared to Nil as at March 31, 2020.
<b>3</b>	<b>Investments in subsidiaries and Other investments</b>	Investment in subsidiaries stood at ₹ 6,607.77 for the year March 31, 2021 as compare to ₹ 539.11 Lakhs as at March 31, 2020.	Other fair value of investment as on March 31, 2021 is ₹ 9,188.96 lakhs compared to March 31, 2020 is ₹ 2,658.64 Lakhs.
<b>4</b>	<b>Trades Receivables</b>	Net Receivables as at March 31, 2021 amounted to ₹ 494.97 lakhs as compared to ₹ 581.86 lakhs as at end of previous year March 31, 2020.  Trade receivables as a percentage of revenue from operations is 51% as at March 31, 2021 as against 53% as at March 31, 2020.	Net Receivables as at March 31, 2021 amounted to ₹ 494.97 lakhs as compared to ₹ 581.86 lakhs as at end of previous year March 31, 2020.  Trade receivables as a percentage of revenue from operations is 51% as at March 31, 2021 as against 53% as at March 31, 2020.

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
5	Cash and cash equivalents	Cash and cash equivalents stood at 210.43 lakhs as on March 31, 2021 compared to ₹ 160.54 Lakhs as on March 31, 2020 which is more than ₹ 49.89 lakhs compare to last year.	Cash and cash equivalents stood at ₹ 234.36 lakhs as on March 31, 2021 compared to ₹ 191.25 Lakhs as on March 31, 2020 which is more than ₹ 43.11 lakhs compare to last year.
6	Total Current Assets	As at March 31, 2021 total current assets amounted to ₹ 1080.56 lakhs as compared to ₹ 932.74 lakhs as at March 31, 2020.	As at March 31, 2020 total current assets amounted to ₹ 1,277.73 lakhs as compared to ₹ 1,050.52 lakhs as at March 31, 2020.
7	Total Equity	Total equity stood at ₹ 8,441.76 lakhs as at March 31, 2021 as compared to ₹ 2,189.26 lakhs as at March 31, 2020.	Total equity stood at ₹ 9,593.74 lakhs as at March 31, 2021 as compared to ₹ 3,373.44 lakhs as at March 31, 2020.
8	Equity share capital & Securities premium reserve:	During the year, Share Capital and Securities Premium were ₹ 1258.90 lakhs and ₹ 6,261.89 lakhs respectively.	During the year, Share Capital and Securities Premium were ₹ 1258.90 lakhs and ₹ 6,261.89 lakhs respectively.
9	Retained earnings	Retained earnings as at March 31, 2021 amounting to ₹ 713.31 lakhs.	Retained earnings as at March 31, 2021 amounting to ₹ 737.28 lakhs.
10	General Reserves	During the year there is no change in amount of general reserve from the previous year ended on March 31, 2020 which was ₹ 195.41 lakhs.	General Reserves stood at Rs 195.41 Lakhs as on March 31, 2021 which is same as per last year ended on March 31, 2020.
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	Other comprehensive income stood at ₹ 5.95 lakhs for the current year compared to ₹ 3.58 lakhs last year.	Other comprehensive income stood at ₹ 1,260.22 lakhs for the current year compared to ₹ 4,870.18 lakhs last year.
13	Trades payable	Trade payables stood at ₹ 73.60 lakhs current year compared to ₹ 96.49 lakhs last year ended on March 31, 2020.	Trade payables stood at ₹ 77.94 lakhs current year compared to ₹ 102.56 lakhs last year ended on March 31, 2020.
14	Total Current Liabilities	As at March 31, 2021 current liabilities amount to ₹ 362.90 lakhs as compared to ₹ 387.23 lakhs as at March 31, 2020.	As at March 31, 2021 current liabilities amount to ₹ 1,403.59 lakhs as compared to ₹ 1,515.38 lakhs as at March 31, 2020.
15	Revenue from Operations	For the year ended March 31, 2021, Revenue from Operations was ₹ 965.51 lakhs against ₹ 1,097.16 lakhs as at March 31, 2020.	For the year ended March 31, 2021, Revenue from Operations was ₹ 965.51 lakhs against ₹ 1,097.16 lakhs as at March 31, 2020.
16	Operating Profit	Reported Profit/ (Loss) before exceptional items and tax is of ₹ 256.50 lakhs for the year ended March 31, 2021 against ₹ 279.67 lakhs as at March 31, 2020.	Reported Profit/ (Loss) before exceptional items and tax is of ₹ 314.46 Lakhs for the year ended March 31, 2021 against ₹ 226.41 lakhs as at March 31, 2020.
17	Exceptional items	Exceptional expenses stood at ₹ 6,068.66 Lakhs for the current year compared to Rs (6,068.66) Lakhs for previous year ended on March 31, 2020.	Exceptional expenses stood at ₹ Nil for the year March 31, 2021 compared to Rs Nil for previous year ended on March 31, 2020.



Sr. No.	Particulars	On Standalone basis	On Consolidated basis
18	Profit/(Loss) from discontinuing operations	Profit/(Loss) discontinued from operations stood at ₹ Nil.	Profit/(Loss) discontinued from operations stood at ₹ 17.81 Lakhs for the current year compared to ₹ (77.93) Lakhs for previous year ended on March 31, 2020.
19	Net Profit/ (Loss) for the year	Recorded a net profit of ₹ 6250.13 lakhs for the current year ended on March 31, 2021 as against previous year ₹ (5870.43) lakhs as at March 31, 2020.	On consolidated basis recorded a net profit of ₹ 239.43 lakhs for the current year ended on March 31, 2021 as against previous year ₹ 144.97 lakhs as at March 31, 2020.
20	Total Comprehensive Income/(Loss)	Recorded a total comprehensive profit of ₹ 6252.50 lakhs for the year ended March 31, 2021. As against ₹ (5,875.14) lakhs for the year ended on March 31, 2020.	Recorded a total comprehensive profit of ₹ 6266.02 lakhs for the year ended March 31, 2021. As against ₹ (41,034.56) lakhs for the year ended on March 31, 2020.

### Revenues – standalone

Our total revenue in current year on a standalone basis decreased to ₹ 1,061.79 Lakhs from ₹ 1,219.15 Lakhs in the previous year. Software export revenues aggregated to ₹ 965.51 Lakhs in the current year from ₹ 1,097.16 Lakhs in the previous year.

### Revenues – consolidated

Our total revenue in current year on a consolidated basis Increased to ₹ 1,119.75 Lakhs from ₹ 1,221.27 Lakhs in the previous year. Our Income from operations aggregated to ₹ 965.51 Lakhs, from ₹ 1,097.16 Lakhs in the previous year.

### Profits – standalone

- Employee Benefit Expenses were at ₹ 581.15 Lakhs for year ended March 31, 2021 and were at ₹ 678.29 Lakhs for the year ended March 31, 2020.
- Other expenses were at ₹ 150.01 Lakhs for year ended March 31, 2021 and were at ₹ 189.37 Lakhs for the year ended March 31, 2020.
- Profit before exceptional items ₹ 256.50 Lakhs for the year ended March 31, 2020 and were at ₹ 279.67 lakhs for the year ended March 31,2020
- Reversal of Provision for Diminution in value of Investment in subsidiary provided under exceptional items was ₹ 6,068.66 lakhs compared to ₹ (6,068.66) lakhs for the previous year.
- The Profit/(Loss) for the year was ₹ 6,250.13 Lakhs, as against Loss of ₹(5,870.43) Lakhs in the previous year.
- Total Comprehensive Income for the year ₹ 6250.50 Lakhs as against total Comprehensive Loss ₹ (5,875.14) Lakhs in the previous year.

### Profits – consolidated

- Employee Benefit Expenses were at ₹ 581.15 Lakhs for year ended March 31, 2021 and were at ₹ 678.29 Lakhs for the year ended March 31, 2020.
- Other expenses were at ₹ 150.01 Lakhs for year ended March 31, 2021 and were at ₹ 189.39 Lakhs for the year ended March 31, 2020.
- The Profit/(Loss) from discontinued operations ₹ 17.81 Lakhs for the year ended March 31, 2021 and were at ₹ (77.93) Lakhs for the year ended March 31,2020
- The Profit/(Loss) from continuing & discontinued operations ₹ 257.24 Lakhs, as against ₹ 67.04 Lakhs in the previous year.

- Total Comprehensive Profit for the year ₹ 6,266.02 Lakhs as against total comprehensive Loss of ₹ (41,034.56) Lakhs in the previous year.

**Human Resources & Prevention of Sexual Harassment**

The Company maintained cordial relationship with the employees at all levels and provides an environment free of sexual harassment and discrimination on the basis of gender. Human Resource being an important asset play a vital role for organisation competitive advantage and performance, influenced by effective HR practices and value system. The HR department during the year was in constant connect with employees to boost their morale under work from home circumstances. The continuous learning and talent development programs for the workforce provide diverse work environment.

The Internal Complaints Committee has been constituted 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. The internal control framework is based on various policies, procedures and process of different functional departments of the Company to achieve efficiency and effectiveness in operations and compliance with applicable laws and regulations, safeguarding assets, executing transactions with due authorization and ensuring obeying of corporate policies.

The Company has adequate internal control systems with checks and balances at all levels. The Company's Internal Control framework is commensurate with the size and the nature of its operations. The Internal Controls for various processes are adequately and periodically tested by Internal Auditor, reputed external firm of Chartered Accountants. The Internal Auditor monitors the effectiveness of internal controls and provide assurance of the adequacy and effectiveness of the internal controls to the Audit Committee and Board of Directors.

**Risks and its mitigation**

The risk management framework includes identifications of element of risk, if any which in the opinion of the Management needs mitigation. 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) Covid-19 Pandemic risk:-** On account of nationwide lockdown imposed by Government of India from March 25, 2020 and further partial lockdown imposed during the FY 2020-21 there were interruption in logistics and ability to maintain normal operation of the Company. The business operations got impacted on account of lockdown measures implemented by local and central government authorities to implement social distancing norms and to prevent spread of Covid-19 Pandemic. Reduced productivity due to employees' emotional stress under lockdown and inability to provide desktops/system to employees due to security or logistic reasons and vendors' inability to provide their services on account of similar situation at their end. The demand-supply across all segments all over the worlds' economies got disrupted and might affect Company's earning in medium term. The overall impact of Covid-19 on the businesses of the Company may vary depending on future conditions and socio-economic factors and measures taken at the Government levels and hence cannot be predicted at this time of juncture.

The Management of the Company took quick measures and actions for safeguarding the workforce by providing laptops/desktops infrastructure enabling them to work from home. The HR department

provided continuous support, through online system, to employees to address Covid-19 related issue and provided guidance for appropriate social distancing measures and advisories on work from home to service the business requirement and had kept morale of employees positive during these COVID situations.

The Company's customer are mostly long term costumers and therefore does not foresee any immediate impact on the revenues, however depending upon the uncertainties associated with Covid-19 the Management monitors its impact on continuous basis.

- b) 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 in continues endeavour keep apprased its customers about any change in cost factors well in advance.
- c) Foreign currency fluctuation risk:** - A substantial part of Revenue accrues in US Dollars and expenditure of the Company are 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 constantly review and tracks foreign currency movements closely.
- d) 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.
- e) 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 regular follow up process for receiving overdue invoice payments from customers.
- f) 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. The rising inflation and salaries along with high attrition is a threat. This is planned to be offset with increased productivity and increased use of technology to reduce the dependence on manpower.
- g) 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 and related market risks. To mitigate such risk the Management of the Company keeps constant liaison with investee company and the Board of the Company is been kept informed about necessary information on timely basis.
- h) Information Technology risk:** -The evolving technologies through 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, education of all employees at all levels and periodic strengthening of IT security.
- i) 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 had created a robust compliance framework and at times takes help from professional firms in order to ensure compliance.
- j) Social Media risk:** - Being listed entity, the Company is exposed to risks of any inappropriate discloser made by any employee in social media. In order to mitigate such risk the employees and Management including board members strictly adheres to the code of "Fair Disclosure Code" of the Company.
- k) 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.

- l) 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.
- m) Cyber Security risk:-** It possess 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 aware of unwanted mails, implementation of antivirus software and proper patch management along with strong monitoring from IT Department on continues basis.

**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 2020-21	FY 2019-20	% Change	Detail explanation for change (where the change is 25% or more as compared to the immediately previous financial year)
i)	Debtors Turnover	1.790	2.540	(30%)	Credit period to debtors is increased compared to previous year
ii)	Interest coverage ratio	27.740	4.160	567%	Interest provision done as per IND AS applicability previous year is no longer required during the current year
iii)	Current Ratio	0.910	0.690	32%	Fixed deposits became current asset this year compared to non current financial asset in previous year
iv)	Debt Equity Ratio	0.007	0.060	(88%)	Equity reduced due to change in fair value of investment during the previous year is now restated
v)	Operating Profit Margin	0.178	0.159	12%	Expenses reduced compared to previous year
vi)	Net Profit Margin (%)	0.230	0.055	318%	Net Profit from discontinued operation during the year compared to loss in previous year. Interest cost reduced during the current year as per IndAS applicability compared previous year.
vii)	Return on Net Worth (%)	0.031	0.008	288%	Return on net worth increased during the current year due to reduction in total expenses and higher net profit. Profit from discontinued operation during the year compared to loss in previous year

### Opportunities, Outlook & Threats

Global economic growth much affected from previous year and continued for reporting year 2020-21 because of several phases of lockdown and social distancing restrictions on account of Covid-19 pandemic and expected to impact significantly economic activity on all segment of markets, and causes disruption in demand-supply. The demand of current projects is impacted and for new projects difficult to predict any scenario. In such situation the resources are to conserve to keep going with business need and sustain impact circumstances.

The impact of the global health pandemic may be different from that estimated as at the date of approval of financial results for reporting year. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.

**Report On Corporate Governance**

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2021.

**1. Company's Philosophy on Corporate Governance**

The Company believes that combining the highest levels of ethical practices with experience and expertise, will ensure the Company's philosophy on Corporate Governance and committed to follow on it as continues basis. 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 of Directors and Senior Management of your Company not only adhere to legal obedience of applicable laws but follow confirming to ethical practices as well 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 comprises of members 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 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.

The Board functions either as a full Board or through its various Committees constituted to oversee specific operational areas. The Board of Directors of your Company along with its Committees provides direction and guidance to the Company's Management and directs, supervises the functioning of the Company. The Board plays an important role in overseeing how the management safeguards the interests of all the stakeholders' interest and entrusted with the task of managing the Company directly or through delegation of authority to executive management which provides the Board detailed reportson its performance periodically.

**(a) Composition of Board of Directors**

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. The Board of Directors is constituted in compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(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 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 members, both of Board and its Committees, are free to provide inputs for any other items to be included in the Agenda, though they have right to bring the matters for discussion in the meetings with the permission of the Chairman. The Company Secretary in consultation with the Chairman of the Company prepares the required agenda and supporting papers required for the Board and Committee meetings and circulates the agenda papers and supporting documents well in advance before the respective Board and Committee Meetings.

The Board and Audit Committee meet at least four times on quarterly basis in a year to review inter alia the quarterly financial statements other agenda matters. Additional board meeting are held on need basis to conduct required business matters. The Nomination & Remuneration Committee and Stakeholder's Relationship Committee of the Board meets twice a year and also, as and when required.

The members of the Board and Committees, always attempt to make themselves available to attend meeting either, in-person or through video-conference, as per circumstance prevailing at time of such 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 in which he/ she is director. All the directors have made necessary disclosure regarding committees positions held by them in other listed entities. None of the directors is having any relation with other directors of the Board.

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:-

**i) Composition of Board of Directors:**

<b>Name of Director</b>	<b>Title</b>
Mr. Vikram Negi	Chairman & Executive Director
Mr. Sunil Rajadhyaksha	Executive Director & Promoter
Mr. Surinder Rametra	Executive Director & Promoter
Mr. B R Gupta	Non-Executive Independent
Mr. Harjit Singh Anand	Non-Executive Independent
Mrs. Lakshmi Kumar	Non-Executive Independent

**ii) Attendance of the Directors at the Board meetings & AGM:**

Name of the Director	Date of Board Meetings			Date of AGM	
	July 21, 2020	September 11, 2020	November 6, 2020	February 12, 2021	September 22, 2020
Mr. Vikram Negi	P-VC	P-VC	P-VC	P-VC	P-VC
Mr. Sunil Rajadhyaksha	P-VC	P-VC	P-VC	P-VC	P-VC
Mr. Surinder Rametra	P-VC	P-VC	P-VC	P-VC	P-VC
Mr. B R Gupta	P-VC	P-VC	P-VC	P-VC	P-VC
Mr. Harjit Singh Anand	P-VC	P-VC	P-VC	P-VC	P-VC
Mrs. Lakshmi Kumar	P-VC	P-VC	P-VC	P-VC	P-VC

*P-Present in person; A-Absent; P-VC- Present through video conferencing*

**iii) Shareholdings of Directors as of March 31, 2021**

Name of Director	Number of Shares
Mr. Vikram Negi, Chairman & Executive Director	63,556
Mr. Sunil Rajadhyaksha, Executive Director <sup>1</sup>	5,88,720
Mr. Surinder Rametra, Executive Director <sup>1</sup>	1,20,000
Mr. B R Gupta, Independent Director	9,000
Mr. Harjit Singh Anand, Independent Director	-
Mrs. Lakshmi Kumar, Independent Director	-

<sup>1</sup> Promoters-refer "General Shareholder Information section of Corporate Governance Report" for shareholdings of Promoters.

**(d) Details of Remuneration/sitting fees of all the Directors:**

Name of Director	Salary/ Perquisites Rs.	Bonus/Commission Rs.	Sitting Fees Rs.
Mr. Vikram Negi	Nil	Nil	Nil
Mr. Sunil Rajadhyaksha	Nil	Nil	Nil
Mr. Surinder Rametra	Nil	Nil	Nil
Mr. B R Gupta	Nil	Nil	5,10,000
Mr. Harjit Singh Anand	Nil	Nil	5,10,000
Mrs. Lakshmi Kumar	Nil	Nil	4,50,000

**(e) Details of directorship/committee membership/chairmanship in other companies:**

<b>Name of Director</b>	<b>Other company directorship</b>	<b>Committee chairmanship</b>	<b>Committee membership</b>
Mr. Vikram Negi	Nil	Nil	Nil
Mr. Sunil Rajadhyaksha	Nil	Nil	Nil
Mr. Surinder Rametra	Nil	Nil	Nil
Mr. B R Gupta	Aditya Birla Finance Ltd. (Debenture listed)	Stakeholder Relationship	Nil
Mr. Harjit Singh Anand	CAF India Pvt. Ltd.	Nil	
Mrs. Lakshmi Kumar	Nil	Nil	

**Notes:**

- i) Mr. Sunil Rajadhyaksha has been re-appointed as Whole time Director designated as Executive Director for further term of five years effective April 1, 2021 to March 31, 2026.
- ii) Mr. Surinder Rametra completed his term of five year on March 31, 2021. The Board of Directors appointed him as an Additional Director effective April 1, 2021 subject to shareholders' approval.
- iii) None of the Executive Directors are taking any remuneration from the Company.
- iv) There is no pecuniary relationship with non-executive directors except entitled for sitting fees for attending Board Meetings and its Committees Meetings.
- v) The remuneration payable to directors does not have performance linked incentives.
- vi) None of the Directors are eligible for severance fees.
- vii) Notice period, as mutually decided by the Board and Director.

**3. Audit Committee**

The Company had constituted Audit Committee of its Board of Directors in accordance with the provisions of Section 177 of the Companies Act, 2013 and Regulations 18 of the SEBI LODR, 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. The terms of reference of the Audit Committee are in accordance with the Companies Act, 2013 and the SEBI Listing Regulations. The detailed terms of reference of audit committee have been placed on the Company's website [www.hovsltd.com](http://www.hovsltd.com) under Investor Relations.

In compliance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations, more than half of the members are independent and are financially literate and have accounting or related financial management expertise. 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.



The Audit Committee, inter alia, discussed and deliberates on the financial results, appointment/re-appointment of Statutory Auditors, review of internal audit functions, review of internal audit report, review of related party transactions, provide omnibus approval, make deliberation with Statutory Auditors. Mr. BR Gupta, Chairman of Audit Committee attended 32<sup>nd</sup> Annual General Meeting held on September 22, 2020. He possess over +6 decades of rich & versatile experience in Insurance, Investment and Financial Services Sector.

**Composition of Audit Committee:**

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

**Audit Committee Meetings and its member's attendance:**

Meeting Date	July 21, 2020	September 11, 2020	November 6, 2020	February 12, 2021
Mr. B. R. Gupta	P-VC	P-VC	P-VC	P-VC
Mr. Harjit Singh Anand	P-VC	P-VC	P-VC	P-VC
Mrs. Lakshmi Kumar	P-VC	P-VC	P-VC	P-VC
Mr. Surinder Rametra	P-VC	P-VC	P-VC	P-VC

**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 to act in terms of the reference specified by the Board of Directors of the Company. The Company Secretary acted as the Secretary to the Nomination and Remuneration Committee.

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) Devising a policy on Board diversity;
- iii) Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- iv) Formulation of criteria for evaluation of performance of independent directors and the board of directors;

- v) 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.
- vi) Recommend to the board, all remuneration, in whatever form, payable to senior management.
- 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.
  - d) recommend to the board, all remuneration, in whatever form, payable to senior management

**Composition of Nomination and Remuneration Committee**

<b>Name</b>	<b>Designation/Category</b>
Mr. B R Gupta	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Vikram Negi	Member (Independent Director)

**Nomination & Remuneration Committee Meetings and its member's attendance:**

<b>Meeting Date</b>	<b>July 21, 2020</b>	<b>November 6, 2020</b>
Mr. B. R. Gupta	P-VC	P-VC
Mr. Harjit Singh Anand	P-VC	P-VC
Mrs. Lakshmi Kumar	P-VC	P-VC
Mr. Vikram Negi	P-VC	P-VC

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 senior employees of the Company. The salient features of the Policy is annexed to the Annexure [G] of the Board Report.

The Committee reviewed, for the year 2020-21, the implementation and compliance of effective evaluation of performance of Board, its committees, chairperson and individual directors.

## 5. Stakeholders Relationship Committee

The Company had constituted the Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR), 2015 to act in terms of the reference specified by the Board of Directors of the Company.

The Stakeholders Relationship Committee specifically looks into various aspects of interest of shareholders and inter-alia include the following:

- a) 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.
- b) Review of measures taken for effective exercise of voting rights by shareholders.
- c) 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.
- d) 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.

### Composition of Stakeholder Relationship Committee

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

### Stakeholders Relationship Committee Meetings and its member's attendance:

Meeting Date	July 21, 2020	November 6, 2020
Mr. B. R. Gupta	P-VC	P-VC
Mr. Harjit Singh Anand	P-VC	P-VC
Mr. Sunil Rajadhyaksha	P-VC	P-VC

### Details of shareholders complaints during the year:

Number of complaints filed	Nil
Number of complaints disposed	Nil
Number of complaints pending at end of year	Nil

Mr. BR Gupta, Chairman of Stakeholders Relationship Committee attended 32<sup>nd</sup> Annual General Meeting held on September 22, 2020.

The Company Secretary of the Company act as Compliance Officer and under authorization from the Committee 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.

## 6. General Body Meetings

### a) The details of last three previous Annual General Meetings:

The annual general meetings of the Company during the previous three years were held as detailed below:

Details of AGM/Year	Date & Time of AGM	Special Resolutions passed, if any
30th AGM/ 2018	September 10, 2018 11:00 AM	Approval for payment by shareholders for service of documents of the Company
31st AGM/ 2019	September 10, 2019 11:00 AM	Approval for continuation of directorship of Mr. B R Gupta as independent director until the expiry of his existing term upto July 25, 2021 though he was of 79 years.
32nd AGM/ 2020	September 22, 2020 9:00 AM <i>Through Video Conference</i>	i) Re-appointed Mrs. Lakshmi Kumar as Independent Director for 2 <sup>nd</sup> term of five years period from July 22, 2020 to July 21, 2025. ii) Re-appointed Mr. Sunil Rajadhyaksha as Whole time Director designated as Executive Director for another term of five years period from April 1, 2021 to March 31, 2026. iii) Re-appointed Mr. Surinder Rametra as Whole time Director designated as Executive Director for another term of five years period from April 1, 2021 to March 31, 2026.

### 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:

No postal ballot was conducted during the year.

## 7. Subsidiary Companies

The details of the Company's subsidiaries, are given in the Board Report. The HOVS LLC, wholly owned subsidiary of the Company is material subsidiary, as per the criteria laid down in Regulation 16 (c) of SEBI (LODR) Regulations, 2015, as amended from time to time.

The major updates about the 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**

- a) There was no material significant related party transactions during the year between the Company and its related parties having potential conflict with the interests of the Company.
- b) The Company was not subject to any non-compliance and no penalties or strictures were imposed on the Company by, SEBI or any statutory or other authority on any matters relating to capital markets, during the last three years.

However, in previous year 2019-20 Stock Exchanges had imposed penalty for non-fulfillment of the composition of Nomination and Remuneration Committee, details of which were disclosed in 2020 Annual Report. The Nation Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) had levied penalty of Rs 140,000, respectively for non-compliance with Regulation 19(1)/(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('listing regulations') for the quarter ended June 30, 2019 and September 30, 2019. The said regulations provides for the composition of Nomination and Remuneration Committee.

The Company made written submission for waiving off fine by both NSE and BSE keeping in view that the non-compliance occurred due to practical circumstances as explained in the submission made by the Company.

The NSE vide its letter dated February 5, 2020 had communicated its acceptance of Company's request for waiver of fine amount of Rs 1,40,000 and waived full amount of penalty imposed. The full amount was refunded by NSE on May 1, 2020. BSE vide its communication dated May 10, 2021 to the Company had also approved the request for waiver of fine amount of Rs 1,40,000.

- c) 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://www.hovsltd.com/docs/Policies/2019/HOVS%20Vigil%20WhistleBlower%20Policy%20April%202019.pdf>
- d) The Company had complied with mandatory requirements of disclosures under corporate governance report. The Company is complying of the non-mandatory requirements that the internal auditors of the Company reports to the Audit Committee of the Board of Directors.
- e) The details of the policy on determining "Material Subsidiaries" is available on <http://hovsltd.com/docs/Policies/2019/HOVS%20Policy%20for%20Material%20Subsidiary%20April%202019.pdf>
- f) The Company has formulated policy on Related Party Transactions available on <http://www.hovsltd.com/docs/Policies/2021/HOVS%20RPTs%20Policy-April%202021.pdf>
- g) There was no matters related to commodity price risk and commodity hedging activities during the year.
- h) The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

- i) All the Directors of the Company 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 and a certificate from the Secretarial Auditor of the Company was obtained in this regard.
- j) The Board of Directors generally accepts recommendations of its Committees, and there are no such matters during the financial year required to be disclosed in terms of the non-acceptance of recommendations of the Audit & NRC Committee to the Board.
- k) 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:

(Amounts in Lakhs)	
Payment to Statutory Auditors	FY 2020-21
Audit Fees	5.00
Limited Review & Certification	3.00
Other Certification Services	1.20
Reimbursement of expenses	0.00
<b>Total</b>	<b>9.20</b>

- l) 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 2020-21 – Nil
  - b. number of complaints disposed of during the financial year 2020-21 – Nil
  - c. number of complaints pending as on end of the financial year 2020-21– Nil
- m) During the year, no employee was denied access to Audit Committee.
- n) No dividend was declared for the financial year ended March 31, 2021.
- o) The details of the familiarization program disclose on the Company’s website <https://www.hovsltd.com/docs/ir/HOVS%20FAMILIRIZATION%20PROG%20FOR%20IDS%202021.pdf>

## 9. 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 envisage 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, act as the Compliance Officer for the purpose of prevention of insider trading regulations.

**10. Skills / Expertise / Competencies of the Board of Directors**

- i) The Board of Directors have identified the following set of matrix of the skills/expertise required in the context of its business for it to function effectively.

**Required in the context**

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

- ii) The below table highlights the expertise of individual Board members. However, in case a member name is not mark for the specific skill, does not necessarily mean the Member does not possesses the corresponding skill or expertise to that specific area.

<b>Core Skills/Expertise Competencies</b>	<b>Mr. Vikram Negi</b>	<b>Mr. Sunil Rajadhyaksha</b>	<b>Mr. Surinder Rametra</b>	<b>Mr. B R Gupta</b>	<b>Mr. Harjit S Anand</b>	<b>Mrs. Lakshmi Kumar</b>
Corporate Governance & Ethics	✓	✓	✓	✓	✓	✓
Management and Strategy	✓	✓	✓	✓	✓	✓
Global Business Leadership	✓	✓	✓	-	-	✓
International business	✓	✓	✓	-	-	-
Information Technology, Systems/Computers	-	✓	✓	-	✓	-
Human Resources and Employee Relations	-	✓	✓	-	-	✓
Finance & Taxation	✓	✓	✓	✓	-	-
Investment & Treasury Management	✓	✓	✓	✓	-	-
Audit and Risk Management	-	✓	✓	✓	-	-
Academics, Education, Authorship	-	✓	✓	-	-	✓
Regulatory and Government matters	-	✓	✓	✓	-	-
Leadership in work force development and support	-	✓	✓	-	-	✓
Leadership & Strategy Building	✓	✓	✓	-	-	✓
Financial Literacy	✓	✓	✓	✓	✓	✓
Commercial and Businessacumen/experience	✓	✓	✓	-	-	-
Critical Decision Making	✓	✓	✓	-	-	✓
Commitment to the Role Assigned	✓	✓	✓	✓	-	✓
Risk Compliance Management	✓	✓	✓	✓	✓	-

**11. Board Confirmation on Director Independence**

All the Independent Directors are non-executive directors and based on the declarations received from them, the Board of the Company confirms that all the independent directors meet the conditions specified in the SEBI Listing Regulations and they are independent of the management.

**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, all the unclaimed dividend amounts were transferred to IEPF until previous FY 2018-19 in due time as applicable along with unclaimed shares. During the FY 2020-21 there was no unclaimed dividend amounts lying with the account of the Company.

**13. Unclaimed shares**

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as under and the voting rights on the shares outstanding in the suspense account as on March 31, 2021 shall remain frozen till the rightful owner of such shares claims the shares.

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

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 (April 1, 2020):	4	341
Shareholders who approached the Company for transfer of shares from suspense account during the year:	0	0
Shareholders to whom shares were transferred from suspense account during the year:	0	0
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act:	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (March 31, 2021):	4	341

The Company in due time until previous FY 2018-19 have transferred all such shares to IEPF Account by following the due process, 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.

The Company had also uploaded on its website [www.hovsltd.com](http://www.hovsltd.com) full details of concerned shareholders whose shares are 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 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 KFin Technologies Private Limited, Mr. Mohd Mohsin Uddin, Senior Manager at Unit: HOV Services Limited, Selenium Tower B, Plot no 31-32, Financial district, Nanakramguda, Serilingampally, Hyderabad Rangareddi 500 032. Tel: +91 40-67161562; email [IDmohsin.mohd@kfintech.com](mailto:IDmohsin.mohd@kfintech.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/shares have been transferred to IEPF Authority and who have a claim on such dividends/shares may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividends / shares so transferred.

#### **16. Nomination Facility**

The provisions of Section 72 of the Companies Act, 2013, provides facility for making nominations by Members in respect shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13 prescribed for making nomination. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to the Company's R&T agent in case the shares are held in physical form. The individual shareholders holding shares in physical form either singly or jointly can nominate a person in whose name the shares shall be transferable in the case of death of the registered shareholder(s).

#### **17. Means of Communications**

The Company's quarterly, half yearly and annual financial results are published in Financial Express (all editions) and Loksatta, Pune (regional newspaper). The Company maintained its website where 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](http://www.hovsltd.com). All the information about the Company is promptly filed/communicated 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 service delivery of document such as notice of meetings, annual report and 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](mailto:hov.cs@karvy.com) created for the purpose. Shareholders, who desires to receive the said documents in physical form could make request for the same to the R&T or the Company.

## 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), 2015, a duly signed certificate was placed at the meeting of Board of Directors of the Company held on June 29, 2021. The same is annexed to the Board's Report.

## 19. General Shareholder Information

### a) Details of ensuing 33<sup>rd</sup>AGM:

Day and Date	Time	Venue
Wednesday, September 22, 2021	10:00 A.M.	Since this AGM is held through VC/OAVM as per the MCA Circulars, therefore there is no venue.

### b) Financial Year: April 1 to March 31

### c) Dividend payment date: No dividend was declared for the financial year ended March 31, 2021.

### d) Listing on Stock Exchanges:

Shares of the Company are currently listed on following exchanges:

Name	Stock Code	Address
National Stock Exchange of India Limited (NSE)	HOVS	Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051
BSE Limited (BSE)	532761	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400 001

### e) Market price data:

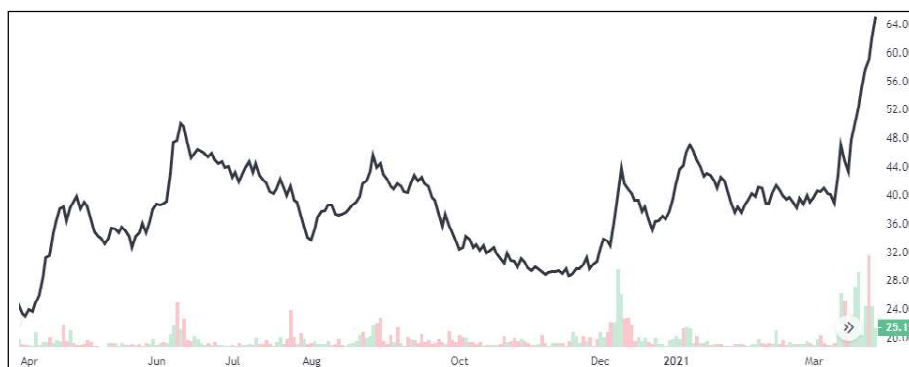
Monthly highs, lows and trading volume for FY ended March 31, 2021 is as below:

Month	BSE			NSE		
	High (₹)	Low (₹)	Trade Quantity	High (₹)	Low (₹)	Trade Quantity
Apr-20	40.80	22.25	19500	41.40	22.40	30523
May-20	39.10	33.35	922	39.50	31.50	10812
Jun-20	52.80	37.25	10005	52.50	37.00	61536
Jul-20	44.95	34.10	18097	45.15	33.75	50426
Aug-20	47.50	33.10	10635	47.50	33.25	40677
Sep-20	46.00	33.20	5744	45.60	33.30	26611
Oct-20	34.30	29.55	9080	34.90	29.40	15287
Nov-20	31.25	28.05	4546	31.75	28.10	19427
Dec-20	45.45	30.90	20643	45.00	30.35	108786
Jan-21	47.65	37.00	13113	48.00	36.60	26687
Feb-21	45.80	37.05	6306	43.50	36.30	21752
Mar-21	66.30	37.55	45832	67.90	38.05	127930

**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 01-04-2020 to 31-03-2021

**HOVS vis-à-vis BSE Sensex:**



**HOVS vis-à-vis NSE Nifty:**



**g) Registrar and Share Transfer Agent**

The Company has appointed Karvy Computershare Private Limited as its share transfer agent, which effective December 5, 2019 changed its name to i.e. KFin Technologies Private Limited.

KFin Technologies Private Limited  
Selenium, Tower B, Plot 31 & 32,  
Financial District, Nanakramguda Serilingampally Mandal,  
Hyderabad 500 032.

**h) Share Transfer System**

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. The work related to transfer, transmission, transposition, as well as requests for dematerialization/rematerialisation are being carried out by the Company’s Registrar and Share Transfer agent. Shareholders/Investors are requested to send transmission/transposition related documents directly to Registrar and Share Transfer Agent. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

**i) Financial Calendar for the Financial Year 2021-22:**

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

Quarter End	Date
1 <sup>st</sup> Quarter Results	On or before August 14, 2021
2 <sup>nd</sup> Quarter Results	On or before November 14, 2021
3 <sup>rd</sup> Quarter Results	On or before February 14, 2022
4 <sup>th</sup> Quarter Results (Audited)	On or before May 30, 2022

**j) Date of Book Closure:** September 19, 2021 to September 22, 2021 (both days inclusive).

**k) Distribution of Shareholding as of March 31, 2021**
**(i) Distribution of Shares according to size of holding:**

Sr. No	Category (Shares)	No. of Holders	%To Holders	No. of Shares	% To Equity
1	1 - 5000	7537	97.78	2014996	16.01
2	5001 - 10000	92	1.19	638716	5.07
3	10001 - 20000	38	0.49	559738	4.45
4	20001 - 30000	10	0.13	240179	1.91
5	30001 - 40000	2	0.03	74643	0.59
6	40001 - 50000	4	0.05	188514	1.50
7	50001 - 100000	13	0.17	889048	7.06
8	100001 and above	12	0.16	7983138	63.41
	<b>TOTAL:</b>	<b>7708</b>	<b>100.00</b>	<b>12588972</b>	<b>100.00</b>

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

Sr. No.	Description	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	7378	3833816	30.45	7225	3833816	30.45
3	Bodies Corporate	1	786224	6.25	1	786224	6.25
4	Promoters	8	6349829	50.44	8	6349829	50.44
5	Employees	5	27392	0.22	5	27392	0.22
6	Non Resident Indians	50	111451	0.89	50	111451	0.89
7	Clearing Members	63	59984	0.48	51	59984	0.48
8	Banks	1	61	0.00	1	61	0.00
9	Non Resident Indian Non Repatriable	17	229700	1.82	17	229700	1.82
10	Bodies Corporates	73	500349	3.97	71	500349	3.97
11	IEPF	1	816	0.01	1	816	0.01
12	HUF	277	310934	2.47	274	310934	2.47
13	Foreign Nationals	3	377416	3.00	3	377416	3.00
	<b>Total:</b>	<b>7878</b>	<b>12588972</b>	<b>100.00</b>	<b>7708</b>	<b>12588972</b>	<b>100.00</b>

## (iii) Top Shareholders as of March 31, 2021

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	786224	6.25	LT1
4	Stern Capital Partners LLC	694246	5.51	PRO
5	Sunil Vasant Rajadhyaksha	588720	4.68	PRO
6	Elndia Venture Holding Company Ltd	232786	1.85	LTD
7	Xin Cheng	223950	1.78	FN
8	General Pacific LLC	214273	1.70	PRO
9	Purvi Prabhatchandra Jain	205061	1.63	PUB
10	Karan Negi	148817	1.18	NRN
11	Surinder Rametra	120000	0.95	PRO

## l) Dematerialization of shares and liquidity

As of March 31, 2021, 99.47% of the total issued capital of the Company was held in electronic form with National Securities Depository Limited and Central Depository Services (India) Limited. Shares held in physical and electronic mode as on 31 March 2021 are as under:-

Particulars	As on March 31, 2021		As on March 31, 2020		Net Change during 2020-21	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	67,592	0.54	67,592	0.54	0	0
Demat						
NSDL	97,86,039	77.74	1,01,83,607	80.89	0	0
CDSL	27,35,341	21.73	23,37,773	18.57	0	0
Total	1,25,88,972	100.00	1,25,88,972	100.00	0	0

## 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, hence requirement of taking any rating from such agencies does not apply.

**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:

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

**p) Address for communication**

Investors and shareholders can communicate with the share transfer agent or the registered office of the Company at the following address:

<b>Share transfer Agent</b>	<b>Contact person</b>
<b>KFin Technologies Private Limited</b> (Former name was Karvy Computershare Pvt Ltd.) <b>Unit: HOV Services Limited</b> Selenium Tower B, Plot No. 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032	Mohd. Mohsinuddin, Sr. Manager Tel. No: (040) 6716 2222/1562 Toll free No: 1800 309 4001 Email: <a href="mailto:mohsin.mohd@kfintech.com">mohsin.mohd@kfintech.com</a> Website: <a href="http://www.kfintech.com">www.kfintech.com</a>
<b>Company</b>	<b>Contact person</b>
<b>HOV Services Limited</b> 3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Maharashtra, Pune 411037	Bhuvanesh Sharma VP – Corporate Affairs & Company Secretary & Compliance Officer Tel: (91 20) 2423 1623 Fax: (91 20) 2422 1460 E-mail: <a href="mailto:investor.relations@hovsltd.com">investor.relations@hovsltd.com</a> Website: <a href="http://www.hovsltd.com">www.hovsltd.com</a>

**Annexure – A to the Director’s Report**
**Details of Employees Stock Options as on March 31, 2021.**

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
<b>Approved Options</b>	<b>400,000</b>	<b>700,000</b>	<b>1,100,000</b>
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
<b>Total Grant</b>	<b>337,150</b>	<b>753,900</b>	<b>1,091,050</b>
<b>Options Lapsed</b>	<b>281,200</b>	<b>747,900</b>	<b>966,100</b>
<b>Equity shares issued and allotted</b>	<b>97,950</b>	<b>-</b>	<b>97,950</b>
<b>Options in force</b>	<b>21,000</b>	<b>6,000</b>	<b>27,000</b>
<b>Balance options available</b>	<b>281,050</b>	<b>694,000</b>	<b>975,050</b>

\*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 various below grants	Employees of the Company	Employees of the subsidiary Companies	Total
Grant in 2007	-	-	-
Grant in 2008	-	-	-
Grant in 2011	12,000	6,000	18,000
Grant in 2013	9,000	-	9,000
<b>Total options vested</b>	<b>21,000</b>	<b>6,000</b>	<b>27,000</b>

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

Date of Options grant	Directors (A)	Other than Directors (B)	Total (A+B)
July 21, 2007	7,500	640,000	647,500
October 25, 2007	0	20,000	20,000
July 30, 2008	7,500	183,550	191,050
October 8, 2008	0	55,000	55,000
May 27, 2011	30,000	32,500	62,500
February 27, 2013	75,000	40,000	115,000
<b>Total Granted</b>	<b>120,000</b>	<b>971,050</b>	<b>1,091,050</b>
<b>Options lapsed</b>	<b>42,500</b>	<b>923,600</b>	<b>966,100</b>
<b>Equity shares Issued on exercise of options</b>	<b>62,500</b>	<b>35,450</b>	<b>97,950</b>
<b>Options outstanding</b>	<b>15,000</b>	<b>12,000</b>	<b>27,000</b>

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

**As of March 31, 2021**

		<b>HOVS ESOP Plan 2007</b>
<b>a.</b>	Options Granted:	1,091,050
<b>b.</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 Nomination & Remuneration Committee in which options are granted.
<b>c.</b>	Options Vested:	27,000
<b>d.</b>	Options Exercised:	97,950
<b>e.</b>	Total number of shares would be arising as a result of exercise of options:	27,000
<b>f.</b>	Options lapsed:	966,100
<b>g.</b>	Variation of terms of option:	NA
<b>h.</b>	Money realized by exercise of options:	₹ 43,23,008
<b>i.</b>	Total number of options in force:	27,000
<b>j.</b>	Employee wise details of Options granted to :  Senior Management personnel:  Employee receiving 5% or more of the total number of options granted during the year:  Employee granted 1% or more of the issued capital:	Nil  Nil  Nil
<b>k.</b>	Diluted EPS on issue of shares on exercise calculated in accordance with AS 20.	₹ 1.53/-

**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 Nomination & 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;



**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 operations require minimal energy in form of electricity for its activities which primarily requires computers/servers. The Company always strives to ensure optimal utilization of energy and avoid wastage on continuous basis by using efficient software's and hardware's and energy saving LED equipment'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 and 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, 2021 is ₹ 965.51 Lakh.

**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, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 are as under:

<b>Sr. No.</b>	<b>Name of Director/KMP and Designation</b>	<b>% increase in Remuneration</b>	<b>Ratio of remuneration of each Director/ to median remuneration of employees</b>
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

- i) The percentage increase in the median remuneration of employees in the financial year was 2%
- ii) As on March 31, 2021 the total numbers of employees on the rolls of the Company were 122.
- iii) 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.
- iv) 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)	Nature of employment whether contractual or otherwise	Qualification of the Employee	Experience of the Employee	Date of commencement of the employee	Age of the Employee	Last employment held before joining of Company	Percentage of equity shares held by the employee in the Company
1	Bhuvanesh Sharma	Vice President-Corporate Affairs & Company Secretary & Compliance Officer	₹ 30,71,616	Permanent	B.Sc. Maths, MFA, CS,	21+ Years	1-Jan-15	49	VBancTec TPS India Pvt. Ltd	0.00
2	Balbir Singh Batra	Vice President	₹ 30,00,000	Permanent	Under Graduate	33+ Years	7-Jan-06	62	Oceans Connect	0.04
3	Nilesh Bafna	Chief Financial Officer	₹ 28,69,476	Permanent	B.Com., CA	18+ Years	21-Apr-06	44	Own Practice	0.05
4	Shriang Chitnis	Director, Applications Development	₹ 26,25,012	Permanent	B.Sc. Microbiology	24+ Years	1-Jan-05	54	Codec Communications Pvt. Ltd.	0
5	Dhananjay Sawant	Project Manager-Web&Content	₹ 20,11,872	Permanent	Diplomain Mechanical Engineering	20+ Years	12-Jul-07	45	Fulcrum Logic	0
6	Vijay Kumar Pawar	Project Manager, applications/ SW Developer	₹ 17,46,924	Permanent	MCM.	23+ Years	1-Jan-05	45	Codec Communications Pvt. Ltd.	0
7	Santosh Pawar	Manager-Systems & IT Security	₹ 14,55,900	Permanent	Bachelor Of Arts	17+ Years	8-Aug-03	44	Creative Computers	0
8	Madhukar Mazire	Senior Manager - IT	₹ 14,55,900	Permanent	Bachelor Of Commerce	23+ Years	1-Oct-04	44	Creative Computers	0
9	Omprakash Swami	Senior Software Engineer	₹ 12,96,600	Permanent	Bachelor Of Engineering	16+ Years	30-Sep-10	41	Advance Computer Serv. Ltd.	0
10	Kishor Jadhav	Senior Manager	₹ 12,71,136	Permanent	Bachelor Of Commerce	28+ Years	1-Apr-05	59	Daewoo Andhor Electronics Ltd	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, 2021 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:-**

	<b>Name(s) of the related party</b>	<b>SourceHOV LLC</b>	<b>HOVG LLC (dba Bay Area Credit Services LLC)</b>
(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 12, 2021)	NA (Approved by Audit Committee on February 12, 2021)
(f)	Amount paid as advances, if any:	Nil	Nil

*\* An entity of Investee Company*

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

Vikram Negi  
**Chairman & Executive Director**  
 (DIN: 01639441)

**Annexure- Fto the Director's Report**

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021**

[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**

Sharda Arcade, 3<sup>rd</sup> Floor, Pune-Satara Road,  
Bibwewadi, Pune 411037

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 2020-21, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and for 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, the explanations and clarifications given to me and representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities And Exchange Board of India warranted due to spread of the COVID-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2021 ("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 conducted online verification and examination of records, as facilitated by the Company from time to time, due to Covid-19 pandemic and lockdown situation in the State of Maharashtra for the purpose of issuing this report.

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, 2021 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 **[Not applicable during the Audit Period]**
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **[Not applicable 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: there are no specific laws applicable to the company as informed by the management.

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 Committee and 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. All the decisions of the board are passed with unanimous consent of all the directors and are recorded as part of the minutes.

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

I further report that during the audit period –

1. Mr. Harjit Singh Anand resigned from the board of HOVS LLC, USA, wholly owned and material subsidiary, effective from April 1, 2019. Mrs. Lakshmi Kumar, Independent Director of the Company was appointed on the board of HOVS LLC, USA with effective November 1, 2020 pursuant to Regulation 24(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
2. The existing term of Mr. Surinder Rametra as the Whole Time Director was getting complete on 31<sup>st</sup> March 2021 and as required, the members in its 32<sup>nd</sup> AGM held on 22<sup>nd</sup> September 2020 had passed the special resolution for his appointment as Whole Time Director for further period of 5 years with effect from April 1, 2021 to March 31, 2026.

Subsequently, the Board of Directors in its meeting held on November 6, 2020 adopted the HOVS Policy for Age Limit of Directors effective April 1, 2021 due to which Mr. Rametra ought to retire on March 31, 2021. Accordingly, the Company had not processed the necessary application in MR 2 Form for approval from Central Government. However, subsequently the Board on March 23, 2021 deferred the Policy for Age Limit and appointed Mr. Surinder Rametra as an Additional Director effective April 1, 2021 subject to the approval of members at the next general meeting.

3. Pursuant to Clause (e) of Part I of Schedule V of the Companies Act 2013, the Company has obtained Central Government approval for appointment of Mr. Sunil Vasant Rajadhyaksha as Whole Time Director for a period of 5 years with effect from April 1, 2021 to March 31, 2026. The same is also approved by shareholders in the 32<sup>nd</sup> Annual General Meeting by passing special resolution.
4. De-classification /re-classification for removal of name of Sun Investment Partners LLC (the Entity), from the Promoter Group shareholding of the Company was approved in the 32<sup>nd</sup> Annual General Meeting of the Company. Since the said entity does not continue to satisfy the criteria mentioned in Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the same was kept in abeyance until the retirement of Mr. Surinder Rametra, Whole time Director of the Company.

**For J. B. Bhave & Co.**  
**Company Secretaries**

**Sd/-**

**Jayavant B. Bhave**

**Proprietor; FCS: 4266 CP: 3068**

**PR No. 1238 / 2021**

**UDIN: F004266C000522366**

**Place: Pune**

**Date: 29<sup>th</sup> June, 2021**



**ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF HOV SERVICES LIMITED (2020-21)**  
**AUDITORS' RESPONSIBILITY**

My Report of even date is to be read along with this letter.

In accordance with the ICSI Auditing Standards (CSA1 to CSA4) I wish to state as under-

- a. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
- b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- c. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- d. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
- g. Due to COVID-19 pandemic and subsequent lockdown declared by the Central, State and Local governments, physical verification of documents/ registers/ papers was not possible and hence, I have relied on the scanned copies / emails/ digitally accessible data, information, registers, documents and papers provided by the Company for carrying out the Secretarial Audit and to that extent my verification of documents and records might have been impacted.

**For J. B. Bhavé & Co.**

**Company Secretaries**

**Sd/-**

**Jayavant B. Bhavé**

**Proprietor; FCS: 4266 CP: 3068**

**PR No. 1238 / 2021**

**UDIN: F004266C000522366**

**Place: Pune**

**Date: 29<sup>th</sup> June, 2021**

**Annexure- G 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 Holding Company") and its subsidiaries (collectively referred to as 'the Group') which comprises of Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss, Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then 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, 2021, its consolidated profit, 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.

### **Emphasis of Matter :**

We draw your attention to note no 33(E) of the consolidated financial statements with regard to Management's assessment of, inter-alia, realisability of financial investments of Rs. 918,896 thousands and recoverability of trade receivables measured at amortised cost of Rs.49,497 thousands due to re-surge in COVID 19 pandemic outbreak. The Management does not anticipate any material financial or operational issues in the short term as well as on a long term basis.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial statements. Considering the uncertainties, the management will continue to closely monitor any material changes to future economic conditions and does not anticipate any material financial or operational issues in the short term as well as on a long term basis

Our Opinion is not modified in respect of this matter

### 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><b><u>Valuation and Impairment of quoted equity instruments :</u></b></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. ("Exela"-Listed on NASDAQ) .We focused on the valuation of quoted equity instruments due to its materiality. As disclosed in note 6, as at March 31, 2021 the Group has invested in quoted equity instruments having carrying value of Rs. 918,896 thousands. These instruments have been classified and measured at fair value through other comprehensive income (FVOCI).</p> <p>In view of investments being material, we have considered its valuation/impairment to be a significant matter.</p>	<p><b><u>Principal Audit Procedures:</u></b></p> <p>We observed the publicly available quoted prices of the underlying equity instrument-representing holding in Exela Technologies Inc. which are listed on the NASDAQ and also obtained external evidence of existence of investment by getting holding statement from the custodian as well through publicly available filings on NASDAQ from time to time and those have been valued at closing quoted prices as at the close of the year.</p>

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

The Holding 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 Holding 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 any 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 Rs 19,364 thousands as at March 31, 2021 and total revenues of Rs. 1844 thousands and net profit after other comprehensive income of Rs. 1781 thousands for the year ended March 31, 2021, disclosed as discontinued operations. 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**

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, the Group has kept proper books of account as required by law so far as it appears from our examination of those books and records.
- (c) The Consolidated Balance sheet, the Consolidated Statement of Profit & Loss, 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 Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and its subsidiaries incorporated in India, none of the directors of the Holding Company and its subsidiaries incorporated in India is disqualified as on March 31, 2021 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) The Group has not paid remuneration to its directors during the year. Therefore, provisions of Section 197(16) of the Act are not applicable.
- (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.37)
  - 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 Group.

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

Place : Mumbai  
Date : June 29, 2021

Vinay Somani  
**Partner**  
Membership No: 143503  
UDIN:21143503AAAAKM4648

**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, 2021, we have audited the internal financial controls over financial reporting of HOV Services Limited ("the Holding Company") and its subsidiaries incorporated in India (collectively referred to as 'the Group').

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding 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 Holding 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; (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 and (4) also provide us reasonable assurance by the internal auditors through their internal audit reports given to the Group from time to time

**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, 2021, 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 : Mumbai  
Date : June 29, 2021

Vinay Somani  
**Partner**  
Membership No: 143503  
UDIN :21143503AAAAKM4648

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021**  
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2021	As At March 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	2,075	3,119
Investment property	3	87,633	89,514
Intangible assets	4	35	-
Right of Use -Lease	5	8,488	10,463
Financial assets			
Investments	6	9,18,896	2,65,864
Other financial assets	7	11,823	24,519
Income tax assets	8	456	1,502
Deferred tax assets	9	12,578	16,388
Other non-current assets	10	98	225
<b>Current assets</b>			
Financial assets			
Trade receivables	11	49,497	58,186
Cash & cash equivalents	12	23,436	19,125
Other bank balances	13	46,698	17,652
Other financial assets	14	4,129	1,748
Other current assets	15	4,013	8,341
<b>Total assets</b>		<b>11,69,855</b>	<b>5,16,646</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	16	1,25,890	1,25,890
Other equity		8,33,484	2,11,454
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	17	6,921	20,523
Other financial liabilities	18	4,176	7,241
Deferred Tax Liabilities	19	59,025	-
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	20		
Micro, Small and Medium Enterprises		148	555
Others		7,646	9,701
Other financial liabilities	21	1,26,211	1,30,941
Other current liabilities	22	839	1,004
Provisions	23	4,044	5,641
Current tax liabilities	24	1,471	3,696
<b>Total equity and liabilities</b>		<b>11,69,855</b>	<b>5,16,646</b>
Significant accounting policies	1		

The accompanying notes 2 to 45 are an integral part of the consolidated financial statements

As per our report of even date

For and on behalf of the Board

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

**Vikram Negi**  
Chairman & Executive Director  
(DIN:01639441)  
Place : California, USA  
Date : June 29, 2021

**Sunil Rajadhyaksha**  
Executive Director  
(DIN:00011683)  
Place : San Diego, USA  
Date : June 29, 2021

**Vinay Somani**  
Partner  
M. No. 143503  
Place : Mumbai  
Date : June 29, 2021

**Bhuvanesh Sharma**  
VP-Corporate Affairs  
& Company Secretary  
Place : Pune  
Date : June 29, 2021

**Nilesh Bafna**  
Chief Financial Officer  
Place : Pune  
Date : June 29, 2021

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Income</b>			
Revenue from operations	25	96,551	1,09,716
Other income	26	15,424	12,411
<b>Total Income</b>		<b>1,11,975</b>	<b>1,22,127</b>
<b>Expenditure</b>			
Employee benefits expense	27	58,115	67,829
Finance Cost	28	1,176	7,175
Depreciation and amortisation expenses	2,4,5	6,237	5,543
Other expenses	29	15,001	18,939
<b>Total Expenditure</b>		<b>80,529</b>	<b>99,486</b>
<b>Profit/(loss) before tax</b>		<b>31,446</b>	<b>22,641</b>
Tax expense	30		
Current tax		(7,100)	(8,070)
Deferred tax		(262)	(74)
Relating to earlier years		(141)	-
<b>Profit/(loss) for the year from continuing operations</b>		<b>23,943</b>	<b>14,497</b>
<b>Discontinued Operations</b>	31		
Profit/(Loss) before tax for the year from discontinued operations		1,781	(7,793)
Tax expense of discontinued operations		-	-
<b>Profit/(loss) from Discontinued operations (after tax)</b>		<b>1,781</b>	<b>(7,793)</b>
<b>Profit/(loss) for the year</b>		<b>25,724</b>	<b>6,704</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Gain/(Loss) on Remeasurement of net defined benefit plans		328	(652)
Changes in fair value of FVOCI equity instruments		6,59,666	(56,97,504)
Tax impact on above		(59,116)	15,87,996
<b>Total other comprehensive income</b>		<b>6,00,878</b>	<b>(41,10,160)</b>
<b>Total comprehensive income</b>		<b>6,26,602</b>	<b>(41,03,456)</b>
<b>Basic &amp; diluted Earnings Per Share (Face value of Rs. 10 each) :</b>	<b>36</b>		
Continuing Operations		1.90	1.15
Discontinued Operations		0.14	(0.62)
Continuing and Discontinued Operations		2.04	0.53
Significant accounting policies	1		
The accompanying notes 2 to 45 are an integral part of the consolidated financial statements			

As per our report of even date

For and on behalf of the Board

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

**Vikram Negi**  
 Chairman & Executive Director  
 (DIN:01639441)  
 Place : California, USA  
 Date : June 29, 2021

**Sunil Rajadhyaksha**  
 Executive Director  
 (DIN:00011683)  
 Place : San Diego, USA  
 Date : June 29, 2021

**Vinay Somani**  
 Partner  
 M. No. 143503  
 Place : Mumbai  
 Date : June 29, 2021

**Bhuvanesh Sharma**  
 VP-Corporate Affairs  
 & Company Secretary  
 Place : Pune  
 Date : June 29, 2021

**Nilesh Bafna**  
 Chief Financial Officer  
 Place : Pune  
 Date : June 29, 2021

**Consolidated Statement of Changes in Equity for the year ended March 31, 2021**  
(All amounts in INR Thousands, unless otherwise stated)

Particular	EQUITY SHARE CAPITAL :		OTHER EQUITY :		Reserve and Surplus				Other Comprehensive Income		Total
	Balance as at March 31, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020	Changes in equity share capital during the year	Capital Redemption Reserve- created on Buyback of equity shares	General Reserve transferred from retained earnings	Retained earnings	Foreign Exchange Translation Reserve- arising on translation of foreign operations	Remeasurements- net defined benefit plans	Equity Instruments	
<b>EQUITY SHARE CAPITAL</b>	<b>1,25,890</b>	-	<b>1,25,890</b>	-							
<b>OTHER EQUITY :</b>											
<b>Particulars</b>											
Balance as at March 31, 2019	6,26,189	630	19,541	2,84,041	630	19,541	2,84,041	4,967	829	33,74,107	<b>43,10,304</b>
Add :Profit for the year	-	-	-	6,704	-	-	6,704	-	-	-	6,704
Add/(Less) :Loss transferred to retained earnings on sale of Investments (Refer note 6.1)	-	-	-	(2,48,206)	-	-	(2,48,206)	-	-	2,48,206	-
Add :Interest booked by the subsidiary reversed	-	-	-	5,465	-	-	5,465	-	-	-	5,465
Less : Variation in foreign exchange	-	-	-	-	-	-	-	(859)	-	-	(859)
Less: Impact of actuarial Gain/(Loss)	-	-	-	-	-	-	-	-	(471)	-	(471)
Less: Changes in fair value of FVOCI equity instruments	-	-	-	-	-	-	-	-	-	(41,09,689)	(41,09,689)
<b>Balance as at March 31, 2020</b>	<b>6,26,189</b>	<b>630</b>	<b>19,541</b>	<b>48,004</b>	<b>630</b>	<b>19,541</b>	<b>48,004</b>	<b>4,108</b>	<b>358</b>	<b>(4,87,376)</b>	<b>2,11,454</b>
<b>Balance as at March 31, 2020</b>	<b>6,26,189</b>	<b>630</b>	<b>19,541</b>	<b>48,004</b>	<b>630</b>	<b>19,541</b>	<b>48,004</b>	<b>4,108</b>	<b>358</b>	<b>(4,87,376)</b>	<b>2,11,454</b>
Add :Profit for the year	-	-	-	25,724	-	-	25,724	-	-	-	25,724
Less : Variation in foreign exchange	-	-	-	-	-	-	-	(16,734)	-	-	(16,734)
Add: Impact of actuarial Gain/(Loss)	-	-	-	-	-	-	-	-	237	-	237
Add :Changes in fair value of FVOCI equity instruments (Refer note 6.1)	-	-	-	-	-	-	-	-	-	6,12,803	6,12,803
<b>Balance as at March 31, 2021</b>	<b>6,26,189</b>	<b>630</b>	<b>19,541</b>	<b>73,728</b>	<b>630</b>	<b>19,541</b>	<b>73,728</b>	<b>(12,626)</b>	<b>595</b>	<b>1,25,427</b>	<b>8,33,484</b>
Significant accounting policies	1										
The accompanying notes 2 to 45 are an integral part of the consolidated financial statements											

**As per our report of even date**

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

**Vinay Somani**  
Partner  
M. No. 143503  
Place : Mumbai  
Date : June 29, 2021

**For and on behalf of the Board**

**Vikram Negi**  
Chairman & Executive Director  
(DIN:01639441)  
Place : California, USA  
Date : June 29, 2021

**Bhuvanesh Sharma**  
VP-Corporate Affairs  
& Company Secretary  
Place : Pune  
Date : June 29, 2021

**Sunil Rajadhyaksha**  
Executive Director  
(DIN:00011683)  
Place : San Diego, USA  
Date : June 29, 2021

**Nilesh Bafna**  
Chief Financial Officer  
Place : Pune  
Date : June 29, 2021

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A Cash flow from Operating Activities:</b>		
Net profit/(loss) before tax & before exceptional items	33,227	14,848
Add: Net profit/(loss) before tax from discontinued operations	(1,781)	7,793
<b>Net profit/(loss) before tax &amp; exceptional items from continuing operations</b>	<b>31,446</b>	<b>22,641</b>
<b>Add: Adjustments for :</b>		
Depreciation & amortisation	8,118	7,424
(Profit)/Loss on sale of Property, plant and equipment	(7)	-
Interest income	(2,979)	(2,819)
Rent income (net)	(6,532)	(4,839)
Finance cost	4,047	11,553
Provisions no longer required written back	(5,906)	-
Foreign exchange (gain)/loss, net	1,283	(4,383)
<b>Operating profit before working capital changes</b>	<b>29,470</b>	<b>29,577</b>
<b>Adjustments for changes in working capital :</b>		
(Increase)/decrease in trade receivable	7,382	(25,589)
(Increase)/decrease in other receivables	(11,659)	(26,227)
Increase/(decrease) in trade and other payable	(2,503)	1,091
<b>Cash generated from operations</b>	<b>22,690</b>	<b>(21,148)</b>
Taxes paid (including TDS) (net of refund)	(6,007)	(5,001)
<b>Net cash from/(used in) operating activities - A</b>	<b>16,683</b>	<b>(26,149)</b>
<b>B Cash flow from investing activities:</b>		
Purchase of property, plant and equipment	(53)	(23)
Sale of property, plant and equipment	7	-
Rent income received (net)	6,532	4,839
Payment towards acquisition of investment	-	(1,03,656)
Interest income	2,979	2,819
<b>Net cash from/(used in) investing activities - B</b>	<b>9,465</b>	<b>(96,021)</b>
<b>C Cash flow from financing activities:</b>		
Finance cost	(2,871)	(4,378)
Payment of lease liabilities	(6,344)	(5,226)
Advance from a related party	-	1,03,656
Proceeds/(repayments) of borrowings- net	(11,968)	(10,480)
<b>Net cash from/(used in) financing activities - C</b>	<b>(21,183)</b>	<b>83,572</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>4,965</b>	<b>(38,598)</b>
<b>Net (decrease) in cash and cash equivalents from discontinued operations</b>	<b>(654)</b>	<b>(12,348)</b>
Opening cash and cash equivalents	19,125	70,071
<b>Closing cash and cash equivalents</b>	<b>23,436</b>	<b>19,125</b>
Cash and cash equivalents at the end (Continuing Operations)	21,987	17,022
Cash and cash equivalents at the end (Discontinuing operations)	1,449	2,103

**1 Cash Flow from financing activities**

Long Term borrowings	March 31, 2021	March 31, 2020
Opening Balance	32,344	42,824
Loan taken / (repaid)	(11,968)	(10,480)
Closing Balance	20,376	32,344

Significant accounting policies

1

The accompanying notes 2 to 45 are an integral part of the consolidated financial statements

**As per our report of even date**
**For and on behalf of the Board**

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

**Vikram Negi**  
 Chairman & Executive Director  
 (DIN:01639441)  
 Place : California, USA  
 Date : June 29, 2021

**Sunil Rajadhyaksha**  
 Executive Director  
 (DIN:00011683)  
 Place : San Diego, USA  
 Date : June 29, 2021

**Vinay Somani**  
 Partner  
 M. No. 143503  
 Place : Mumbai  
 Date : June 29, 2021

**Bhuvanesh Sharma**  
 VP-Corporate Affairs  
 & Company Secretary  
 Place : Pune  
 Date : June 29, 2021

**Nilesh Bafna**  
 Chief Financial Officer  
 Place : Pune  
 Date : June 29, 2021

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**
**1. SIGNIFICANT ACCOUNTING POLICIES**
**Group Overview:**

HOV Services Limited ("Holding Company") and 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. The Holding Company organize its portfolio companies by industry /by sector with forward-looking goals based on the ultimate benefit to the target customer base and to us as the owners. Environment business of the Group has been discontinued (Refer note 31).The Consolidated financial statements are approved for issue by the Holding Company's Board of Directors on June 29, 2021

The Consolidated Financial Statements relate to HOV Services Limited, (Holding Company) 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, 2021	As at March 31, 2020
<b>Subsidiaries :</b>			
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 Holding Company and its subsidiaries. The Holding 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 Holding Company 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 Holding Company's investment in each subsidiary and the Holding Company'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 Holding company, i.e., year ended on 31 March. When the end of the reporting period of the Holding Company 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 Holding Company to enable the it to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

#### **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 software meant for in-house consumption are capitalized at the acquisition price.:



**Depreciation/amortisation:**

Holding Company 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:**

Revenue from Software and IT Enabled services are recognized when the services are rendered.

The Company derives revenue primarily from Software and IT Enabled Services, 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.

#### **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 de-recognises 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:**

- (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.

**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**

### **LESSEE:**

The Group, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the

use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate. For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term

**LESSOR :**

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

**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 (Refer note 43).

**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.

**1.20 Recent Accounting pronouncements:**

There is no such notification which would have been applicable from April 1, 2021

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**  
 (All amounts in INR Thousands, unless otherwise stated)

2	Property, Plant and Equipment	Plant & Equipment	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
	<b>Gross carrying amount</b>						
	Balance as at March 31, 2019	20,103	1,272	153	2,571	399	24,498
	Additions	-	-	-	-	23	23
	Deductions/ Adjustment	(20,103)	1,847	(146)	(25)	(10)	(18,437)
	<b>Balance as at March 31, 2020</b>	-	<b>3,119</b>	<b>7</b>	<b>2,546</b>	<b>412</b>	<b>6,084</b>
	<b>Accumulated Depreciation</b>						
	Balance as at March 31, 2019	12,020	1,010	69	580	346	14,026
	Additions	2,599	715	16	306	21	3,657
	Deductions/ Adjustment	(14,619)	-	(79)	(11)	(9)	(14,718)
	<b>Balance as at March 31, 2020</b>	-	<b>1,725</b>	<b>6</b>	<b>875</b>	<b>358</b>	<b>2,965</b>
	<b>Net carrying amount as at March 31, 2019</b>	<b>8,083</b>	<b>262</b>	<b>84</b>	<b>1,991</b>	<b>53</b>	<b>10,472</b>
	<b>Net carrying amount as at March 31, 2020</b>	-	<b>1,394</b>	<b>1</b>	<b>1,671</b>	<b>54</b>	<b>3,119</b>
	<b>Gross carrying amount</b>						
	Balance as at March 31, 2020	-	3,119	7	2,546	412	6,084
	Additions	-	-	-	-	-	-
	Deductions/ Adjustment	-	(230)	-	-	(3)	(233)
	<b>Balance as at March 31, 2021</b>	-	<b>2,889</b>	<b>7</b>	<b>2,546</b>	<b>409</b>	<b>5,851</b>
	<b>Accumulated Depreciation</b>						
	Balance as at March 31, 2020	-	1,725	6	875	358	2,965
	Additions	-	715	1	305	23	1,044
	Deductions/ Adjustment	-	(230)	-	-	(3)	(233)
	<b>Balance as at March 31, 2021</b>	-	<b>2,210</b>	<b>7</b>	<b>1,180</b>	<b>378</b>	<b>3,776</b>
	Net carrying amount as at March 31, 2020	-	1,394	1	1,671	54	3,119
	Net carrying amount as at March 31, 2021	-	679	-	1,366	31	2,075

3	Particulars	As at March 31, 2021	As at March 31, 2020
	<b>Investment property</b>		
	Investment property (at cost)		
	Leasehold office premises*	1,03,466	1,03,466
	Less : Accumulated amortisation :		
	Opening balance	(13,952)	(12,071)
	Add : Amortisation for the year	(1,881)	(1,881)
	Total Accumulated amortisation	(15,833)	(13,952)
	<b>Total</b>	<b>87,633</b>	<b>89,514</b>

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

Also refer note no 41 for assets provided as security

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**  
 (All amounts in INR Thousands, unless otherwise stated)

<b>4. Intangible Assets</b>			<b>5 Right of Use-Lease</b>		
Software Product*	Other Softwares	Total	Particular	Right to Use-Lease**	Total
			<b>Gross carrying amount</b>		
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2019</b>	-	-
-	-	-	Additions: Reclassified as per IND AS 116	14,947	<b>14,947</b>
-	-	-	Deductions/ Adjustment	-	-
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2020</b>	<b>14,947</b>	<b>14,947</b>
			<b>Accumulated Depreciation</b>		
<b>400</b>	<b>1,107</b>	<b>1,507</b>	<b>Balance as at March 31, 2019</b>	-	-
-	16	16	Additions	4,484	4,484
-	-	-	Deductions/ Adjustment	-	-
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2020</b>	<b>4,484</b>	<b>4,484</b>
-	<b>16</b>	<b>16</b>	<b>Net carrying amount as at March 31, 2019</b>	-	-
-	-	-	<b>Net carrying amount as at March 31, 2020</b>	<b>10,463</b>	<b>10,463</b>
			<b>Gross carrying amount</b>		
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2020</b>	<b>14,947</b>	<b>14,947</b>
-	53	53	Additions for the year	3,497	3,497
-	(237)	(237)	Deductions/ Adjustment	(297)	(297)
<b>400</b>	<b>939</b>	<b>1,339</b>	<b>Balance as at March 31, 2021</b>	<b>18,147</b>	<b>18,147</b>
			<b>Accumulated Depreciation</b>		
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2020</b>	<b>4,484</b>	<b>4,484</b>
-	18	18	Additions	5,175	5,175
-	(237)	(237)	Deductions/ Adjustment	-	-
<b>400</b>	<b>904</b>	<b>1,304</b>	<b>Balance as at March 31, 2021</b>	<b>9,659</b>	<b>9,659</b>
-	-	-	<b>Net carrying amount as at March 31, 2020</b>	-	-
-	<b>35</b>	<b>35</b>	<b>Net carrying amount as at March 31, 2021</b>	<b>8,488</b>	<b>8,488</b>

\*meant for license sale or otherwise

\*Refer note 40

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>6 Investments -non current</b>		
<b>Other Investment (FVOCI)</b>		
<b>Trade - Quoted ( listed on Nasdaq)</b>		
<b>In Equity instruments</b>		
- Exela Technologies, Inc - USA (Refer note 6.1 below)		
No of Shares	57,34,490	1,72,03,471
% of Holding	9.90%	11.35%
<b>Opening balance</b>	2,65,864	58,62,250
Add: Further shares acquired	-	1,01,118
Add :Fair value Gain recognised through OCI	6,59,666	-
Less: Sale/Fair value loss recognised through OCI	-	(56,97,504)
Add/(Less): Foregin exchange variation	(6,634)	-
<b>Total</b>	<b>9,18,896</b>	<b>2,65,864</b>
Aggregate market value of quoted investments	9,18,896	2,65,864
<b>6.1</b> On January 25, 2021 Exela Technologies, Inc. (Exela) has done a reverse split of its common stock in the ratio 1:3. Although, it does not change the Group holding in the investee company, the number of shares held has been reduced from 17,203,471 to 5,734,490 in the ratio of reverse split without any change in the amount of investments. The said investment in Equity is a financial instrument designated as Fair Value through Other Comprehensive Income (FVOCI),however, is not to be reclassified to profit and loss subsequently and accordingly the change in fair value is recognised net off deferred tax liability in Other Comprehensive Income. Besides, Exela has issued the additional shares to others in March 2021 resulting in Group's percentage holding coming down from 11.35% as on March 31, 2020 to 9.9% as on March 31, 2021		
<b>7 Other financial assets - Non current</b>		
Deposits for premises and others	1,461	1,461
Loans to employees	246	558
Fixed deposits with maturity more than one year	10,116	22,500
<b>Total</b>	<b>11,823</b>	<b>24,519</b>
<b>8 Income tax assets</b>		
Advance Tax and TDS	456	1,502
<b>Total</b>	<b>456</b>	<b>1,502</b>
<b>9 Deferred tax assets</b>		
Deferred tax asset (Refer Note 30)	1,215	1,568
MAT credit receivable	11,363	14,820
<b>Total</b>	<b>12,578</b>	<b>16,388</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>10 Other non current assets</b>		
Prepaid expenses	98	225
<b>Total</b>	<b>98</b>	<b>225</b>

<b>11 Trade receivables*</b>		
Trade Receivables-Unsecured-considered good	49,497	58,186
Trade Receivables which have significant increase in Credit Risk	-	-
Trade Receivables - credit impaired	-	-
<b>Total</b>	<b>49,497</b>	<b>58,186</b>

\*Refer note no: 39 for Due from related parties

<b>12 Cash and cash equivalents</b>		
Balance with banks in current accounts	1,563	10,007
Cash on hand	23	18
Fixed deposits with Banks	21,850	9,100
<b>Total</b>	<b>23,436</b>	<b>19,125</b>

<b>13 Other bank balances</b>		
Fixed Deposit with banks (earmarked)*	1,069	1,174
Fixed deposits with banks (Others)	45,600	16,450
Employee benefits Trust accounts	29	28
<b>Total</b>	<b>46,698</b>	<b>17,652</b>

\* Pledged with banks against guarantees issued and credit facilities taken by a step down subsidiary and refer note no 41 for assets provided as security.

<b>14 Other financial assets - Current</b>		
Loans to Employees	562	312
Interest accrued but not due on fixed deposits	3,567	1,436
<b>Total</b>	<b>4,129</b>	<b>1,748</b>

<b>15 Other current assets</b>		
Advances to suppliers	337	45
Goods and Service tax receivable	2,946	7,540
Prepaid expenses	730	756
<b>Total</b>	<b>4,013</b>	<b>8,341</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>16 Equity Share Capital</b>		
<b>Authorised</b>		
30000000 Equity Shares of Rs.10 each	3,00,000	3,00,000
<b>Total</b>	<b>3,00,000</b>	<b>3,00,000</b>
<b>Issued, subscribed and paid up</b>		
Equity Shares of Rs. 10 each fully paid up	1,25,890	1,25,890
<b>Total</b>	<b>1,25,890</b>	<b>1,25,890</b>
<b>The reconciliation of the number of equity shares outstanding</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
	<b>Numbers</b>	<b>Amount</b>
	<b>Numbers</b>	<b>Amount</b>
Equity Shares at the beginning of the year	1,25,88,972	1,25,890
Add: Equity shares issued during the year	-	-
<b>Equity Shares at the end of the year</b>	<b>1,25,88,972</b>	<b>1,25,890</b>

**Terms/rights attached to Equity shares :**

The Holding Company has only one class of equity shares having a par value of Rs. 10 each. Each shareholder has right to vote in respect of such share, on every resolution placed before the Holding Company and his voting right on a poll shall be in proportion to his share of the paid-up equity capital of the Holding Company. In the event of liquidation, the equity shareholders are entitled to receive the remaining assets of the Holding 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, 2021		As At March 31, 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
ADESI 234, LLC	30,00,985	23.84%	30,00,985	23.84%
HOF 2 LLC	16,67,933	13.25%	16,67,933	13.25%
Chitale LLC	7,86,224	6.25%	7,86,224	6.25%
Stern Capital Partners LLC	6,94,246	5.51%	6,94,246	5.51%

**In the Period of five years immediately preceding March, 2021:**

The Holding 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 Rs. 10 each with each such option conferring a right upon the employee to opt for one equity share of the Holding Company, in terms of HOVS ESOP Plan 2007. Under the plan, 400,000 options were reserved for employees of the Holding 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, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As At March 31, 2021		As At March 31, 2020	
	Directors	Others	Directors	Others
<b>Options outstanding at the beginning of the year</b>	15000	14000	15000	15000
Add: Options Granted during the year	-	-	-	-
Less: Options Lapsed/forfeited	-	-	-	(1000)
Less: Shares allotted on option exercised during the year	-	-	-	-
<b>Options outstanding at the end of the year</b>	<b>15000</b>	<b>14000</b>	<b>15000</b>	<b>14000</b>

**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, 2021	As At March 31, 2020
Share price Rs	59.60	22.90
Range of Exercise Price	Rs. 25.40-85.35	Rs. 25.40-85.35
Expected volatility %	54.25	4.01
Expected life of the options (years)	1 year	1-2 years
Expected Dividend %	Not applicable	Not applicable
Risk Free Interest Rate %	6.37	6.14
Range of call option value as on date of Grant	Rs. 55.16-109.49	Rs. 55.16-109.49



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

	<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>17</b>	<b>Borrowings</b>		
	<b>Secured</b>		
	Term loan from a bank (Presently having floating interest rate of 10.30% per annum and to be payable in remaining 18 monthly installment of Rs 1,244 thousands and Secured by way of deposit of title deeds of investment property)	6,921	20,523
	<b>Total</b>	<b>6,921</b>	<b>20,523</b>
<b>18</b>	<b>Other Financial Liabilities- Non current</b>		
	Lease liabilities (Refer note 40)	4,176	7,241
	<b>Total</b>	<b>4,176</b>	<b>7,241</b>
<b>19</b>	<b>Deferred Tax liabilities</b>		
	Deferred Tax Liabilities	59,025	-
	<b>Total</b>	<b>59,025</b>	<b>-</b>
<b>20</b>	<b>Trade payables</b>		
	Micro, small and medium enterprises*	148	555
	Others	7,646	9,701
	<b>Total</b>	<b>7,794</b>	<b>10,256</b>

Note:

1. Refer note: 39 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:

<b>Particulars</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	148	555
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, 2021**

(All amounts in INR Thousands, unless otherwise stated)

	<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>21</b>	<b>Other financial liabilities</b>		
	Current maturities of long term borrowings	13,455	11,821
	Current maturities of lease liabilities (Refer note 40)	5,195	4,119
	Unearned revenue	1,171	-
	Interest accrued but not due on borrowings	119	6,098
	Security deposits towards office premises	2,636	2,341
	Advance from related parties	1,03,635	1,06,287
	Other payables	-	275
	<b>Total</b>	<b>1,26,211</b>	<b>1,30,941</b>
<b>22</b>	<b>Other current liabilities</b>		
	Statutory dues payable	839	1,004
	<b>Total</b>	<b>839</b>	<b>1,004</b>
<b>23</b>	<b>Provisions</b>		
	<b>Provision for employee benefits:</b>		
	Compensated Absences	1,805	1,987
	Gratuity (Refer note 35)	2,239	3,654
	<b>Total</b>	<b>4,044</b>	<b>5,641</b>
<b>24</b>	<b>Current tax liabilities</b>		
	Provision for Income tax (Net of advance tax paid of Rs 5,629 Thousands; Previous year Rs 4,374 Thousands)	1,471	3,696
	<b>Total</b>	<b>1,471</b>	<b>3,696</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>25 Revenue from operations</b>		
Software and IT enabled services	96,551	1,09,716
<b>Total</b>	<b>96,551</b>	<b>1,09,716</b>
<b>26 Other income</b>		
Interest income	2,979	2,819
Provisions no longer required written back	5,906	84
Gain on Variation in Foreign Exchange Rates (Net)	-	4,457
Profit on sale of Property, Plant and Equipment	7	-
Miscellaneous Income	-	212
Rent received	11,284	11,098
Less: expenses attributed to rental income :		
Finance cost	(2,871)	(4,378)
Amortisation	(1,881)	(1,881)
Net rental income	6,532	4,839
<b>Total</b>	<b>15,424</b>	<b>12,411</b>
<b>27 Employee benefits expense</b>		
Salaries and wages	51,556	58,646
Contributions to provident and other funds	5,906	5,552
Staff welfare expenses	653	3,631
<b>Total</b>	<b>58,115</b>	<b>67,829</b>
<b>28 Finance Cost</b>		
Interest component of interest free advance from related party	-	5,536
Interest component of lease liabilities (Refer note 40)	1,176	1,639
<b>Total</b>	<b>1,176</b>	<b>7,175</b>
<b>29 Other expenses</b>		
Rent	-	958
Repairs & maintenance - building	1,290	1,118
Repairs & maintenance - computers	82	203
Repairs & maintenance - others	245	326
Insurance	127	81
Rates and taxes	431	861
Power & fuel expenses	1,330	3,649
Membership & subscription fees	579	579
Travelling & conveyance expenses	23	1,026
Communication cost	1,378	1,374
Advertising & publicity expenses	250	193
Office upkeep & maintenance expenses	3,290	3,440
Legal & professional charges	1,322	1,075
Directors sitting fees	1,470	1,260
Loss on Variation in Foreign Exchange (Net)	1,307	-
Auditors Remuneration (refer note 42)	920	1,507
Listing Fees	694	696
Office, Administrative & Other Expenses	263	593
<b>Total</b>	<b>15,001</b>	<b>18,939</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	2020-21	2019-20
<b>30 Income Taxes</b>		
Tax expense recognised in the statement of profit and loss:		
Current tax	7,100	8,070
Deferred Tax	262	74
<b>Total tax expense</b>	<b>7,362</b>	<b>8,144</b>

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

Enacted income tax rate in India	27.82%	27.82%
Profit /(loss) before tax and OCI	31,446	22,641
Income tax as per above rate	8,748	6,299
Adjustments:		
Income of a foreign subsidiary not liable for tax	(1,612)	-
Unabsorbed losses on which deferred tax asset not recognised	-	1,845
Other reconciling items	226	-
<b>Income tax as per statement of profit and loss</b>	<b>7,362</b>	<b>8,144</b>

**The following movement is in deferred tax assets and liabilities during the year ended March 31, 2020 and March 31, 2021 is as under:**

Particulars	As at March 31, 2019	(Credit)/ charge for the year	As at March 31, 2020
<b>Deferred tax assets</b>			
Amount allowable on payment basis-employee Benefits	1,459	110	1,569
MAT credit Entitlement	18,189	(3,369)	14,820
<b>Total deferred tax asset</b>	<b>19,648</b>	<b>(3,259)</b>	<b>16,389</b>
<b>Deferred tax liability</b>			
Differences in written down value of property plant & equipments	2	(3)	(1)
<b>Total deferred tax liability</b>	<b>2</b>	<b>(3)</b>	<b>(1)</b>
<b>Net Deferred tax asset recognised in the Balance Sheet</b>	<b>19,650</b>	<b>(3,262)</b>	<b>16,388</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2020	(Credit)/charge for the year	As at March 31, 2021
<b>Deferred tax assets</b>			
Amount allowable on payment basis-employee benefits	1,569	(444)	1,125
Differences in written down value of Property, Plant and Equipment	-	90	90
MAT credit Entitlement	14,820	(3,457)	11,363
<b>Total deferred tax asset</b>	<b>16,389</b>	<b>(3,811)</b>	<b>12,578</b>
<b>Deferred tax liability :</b>	-		
Differences in written down value of property plant & equipments	(1)	1	-
<b>Total deferred tax liability</b>	<b>(1)</b>	<b>1</b>	<b>-</b>
<b>Net Deferred tax asset recognised in the Balance Sheet</b>	<b>16,388</b>	<b>(3,810)</b>	<b>12,578</b>

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

Particulars	As at March 31, 2019	(Credit)/charge for the year	As at March 31, 2020
<b>Deferred tax liabilities</b>			
Profit on divestment of stake in associate in Business Combination	43,24,677	(43,24,677)	-
<b>Total deferred tax liability</b>	<b>43,24,677</b>	<b>(43,24,677)</b>	<b>-</b>
<b>Deferred tax assets</b>			
Fair valuation of financial assets -Equity instruments	(14,53,605)	14,53,605	-
<b>Total deferred tax asset</b>	<b>(14,53,605)</b>	<b>14,53,605</b>	<b>-</b>
<b>Net Deferred tax liability recognised in Balance Sheet</b>	<b>28,71,072</b>	<b>(28,71,072)</b>	<b>-</b>

Particulars	As at March 31, 2020	(Credit)/charge for the year	As at March 31, 2021
<b>Deferred tax liabilities</b>			
Fair valuation of financial assets -Equity instruments	-	59,025	59,025
<b>Total deferred tax liability</b>	<b>-</b>	<b>59,025</b>	<b>59,025</b>
Deferred tax assets :	-	-	-
<b>Total deferred tax asset</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Deferred tax liability recognised in Balance Sheet</b>	<b>-</b>	<b>59,025</b>	<b>59,025</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**31 Discontinued operations**

The Group's Environment business is disclosed as discontinued operations in terms of IND AS 105- "Non-current Assets Held for Sale and Discontinued Operations". The details thereof are as under :

Particulars	For The Year Ended March 31, 2021	For The Year Ended March 31, 2020
Total Income	1,844	3,940
Total Expenses	63	11,733
Profit/(Loss) before tax	1,781	(7,793)
Tax Expenses	-	-
Profit/(Loss) after tax	1,781	(7,793)

**32 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.	In struments carried at fair value		Instruments carried at amortised cost		Total fair value
		At cost	FVOCI Level 1	Carrying amount	Total carrying amount	
<b>As at March 31, 2020</b>						
Investment	6	-	2,65,864	-	2,65,864	2,65,864
Trade receivables	11	-	-	58,186	58,186	58,186
Cash & cash equivalents	12	-	-	19,125	19,125	19,125
Other bank balances	13	-	-	17,652	17,652	17,652
Other financial assets	7, 14	-	-	26,267	26,267	26,267
<b>Total</b>		-	<b>2,65,864</b>	<b>1,21,230</b>	<b>3,87,094</b>	<b>3,87,094</b>
<b>As at March 31, 2021</b>						
Investment	6	-	9,18,896	-	9,18,896	9,18,896
Trade receivables	11	-	-	49,497	49,497	49,497
Cash & cash equivalents	12	-	-	23,436	23,436	23,436
Other bank balances	13	-	-	46,698	46,698	46,698
Other financial assets	7, 14	-	-	15,952	15,952	15,952
<b>Total</b>		-	<b>9,18,896</b>	<b>1,35,583</b>	<b>10,54,479</b>	<b>10,54,479</b>

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**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	
<b>As at March 31, 2020</b>						
Current Borrowings	17	-	-	20,523	20,523	20,523
Trade payables	20					
Micro, Small and Medium Enterprises		-	-	555	555	555
Others		-	-	9,701	9,701	9,701
Other financial liabilities	18, 21	-	-	1,38,182	1,38,182	1,38,182
<b>Total</b>		-	-	<b>1,68,961</b>	<b>1,68,961</b>	<b>1,68,961</b>
<b>As at March 31, 2021</b>						
Non Current Borrowings	17	-	-	20,376	20,376	20,376
Trade payables	20					
Micro, Small and Medium Enterprises		-	-	148	148	148
Others		-	-	7,646	7,646	7,646
Other financial liabilities	18, 21	-	-	1,30,387	1,30,387	1,30,387
<b>Total</b>		-	-	<b>1,58,557</b>	<b>1,58,557</b>	<b>1,58,557</b>

**33 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	Investments	Value of investment	Management of the Group keeps constant liaison and necessary information on timely basis.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**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
- 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, 2021	As At March 31, 2020
0-12 months	49,497	58,186
beyond 12 months	-	-
<b>Total</b>	<b>49,497</b>	<b>58,186</b>

**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, 2021		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt) As at March 31, 2021	13,455	6,921	20,376
As at March 31, 2020	11,821	20,523	32,344



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**  
(All amounts in INR Thousands, unless otherwise stated)

**Contractual maturity patterns of Financial Liabilities**

Particulars	As At March 31,	As At March 31,
	2021	2020
	0-12 Months	0-12 Months
Trade Payable	7,794	10,256
Other financial liabilities	1,30,387	1,30,941
<b>Total</b>	<b>1,38,181</b>	<b>1,41,197</b>

**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,	As At March 31,
	2021	2020
Borrowings bearing variable rate of interest	20,376	32,344

**Interest rate sensitivity**

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

Particulars	2020-21	2019-20
50 bp increase- decrease in profits	(132)	(188)
50 bp decrease- Increase in profits	132	188

**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	
	2020-21	2019-20	2020-21	2019-20
Open Foreign Exchange Exposures - Receivable	\$673	\$772	₹ 49,497	₹ 58,186

**Foreign currency risk sensitivity**

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

Particulars	2020-21		2019-20	
	1% Increase	1% decrease	1% Increase	1% decrease
US\$ to Indian ₹	495	(495)	582	(582)
<b>Increase / (decrease) in profit or loss</b>	<b>495</b>	<b>(495)</b>	<b>582</b>	<b>(582)</b>

**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, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**E. Covid Risk:**

"Due to re-surge in global outbreak of Covid -19, a pandemic, operations of the Group were impacted. The Group is "providing work from home facility to its employees in compliance with guidelines issued by the respective authorities. "The Group has assessed the recoverability of financial investments of Rs. 918,896 Thousands "and trade receivables measured at amortised cost of Rs. 49,497 Thousands, the Group does not anticipate any material financial or operational issues in the short term as well as on a long term basis. The impact of the global health pandemic may be different from that estimated as at the date of approval of these Consolidated financial statements. Considering the continuing uncertainties, the Group will continue to closely monitor any material changes to future economic conditions."

**34 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, 2021	As At March 31, 2020
Debt including interest free advance from a related party	1,24,011	1,36,068
Total Equity	9,59,374	3,37,344
Debt to Total Equity	0.13	0.40

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.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**35 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 :**

<b>A. Balance sheet</b>	<b>Defined benefit plans</b>	
<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Present value of plan liabilities	6,688	6,062
Less Fair value of plan assets	4,448	2,408
Asset/(Liability) recognised	(2,239)	(3,654)
<b>B. Movements in plan assets and plan liabilities</b>		
	<b>Present value of obligations</b>	<b>Fair Value of Plan assets</b>
<b>As at March 31, 2020</b>	<b>6,062</b>	<b>2,408</b>
Current service cost	763	-
Past service cost	-	-
Interest cost	413	-
Interest income	-	164
Return on plan assets excluding amounts included in net finance income/cost	-	25
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	(96)	-
Actuarial (gain)/loss arising from experience adjustments	(206)	-
Employer contributions	-	2,100
Benefit payments	(249)	(249)
<b>As at March 31, 2021</b>	<b>6,688</b>	<b>4,448</b>
<b>Particulars</b>	<b>Present value of obligations</b>	<b>Fair Value of Plan assets</b>
<b>As at March 31, 2019</b>	<b>5,065</b>	<b>1,411</b>
Current service cost	627	-
Past service cost	-	-
Interest cost	395	-
Interest income	-	110

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Present value of obligations	Fair Value of Plan assets
Return on plan assets excluding amounts included in net finance income/cost	-	(61)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	615	-
Actuarial (gain)/loss arising from experience adjustments	(24)	-
Employer contributions	-	1,564
Benefit payments	(616)	(616)
<b>As at March 31, 2020</b>	<b>6,062</b>	<b>2,408</b>

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

- active members - 122 (2019-20: 151)

**C. Statement of profit and loss**

<b>Employee benefit expenses:</b>		
Current service cost	763	627
Interest cost/(income)	249	285
<b>Total amount recognised in Statement of profit &amp; loss</b>	<b>1,013</b>	<b>912</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Actuarial (Gains)/Losses on Obligation For the Period	(303)	591
Return on Plan Assets, Excluding Interest Income	(25)	61
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(328)</b>	<b>652</b>

**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, 2021	As at March 31, 2020
<b>Financial Assumptions</b>		
Discount rate	6.82%	6.82%
Expected rate of return on plan assets	6.82%	6.82%
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 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(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, 2021	As at March 31, 2020
<b>Particulars</b>		
<b>Projected benefit obligation on current assumptions</b>	<b>6,688</b>	<b>6,062</b>
+1% Change in rate of discounting	(671)	(632)
-1% Change in rate of discounting	804	761
+1% Change in rate of Salary increase	812	767
-1% Change in rate of Salary increase	(688)	(648)
+1% Change in Attrition Rate	132	114
-1% Change in Attrition Rate	(155)	(134)

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,	
	2021	2020
<b>Projected Benefits Payable in Future Years From the Date of Reporting</b>		
1st Following Year	1,023	714
2nd Following Year	163	392
3rd Following Year	175	152
4th Following Year	192	164
5th Following Year	200	178
Sum of Years 6 To 10	1,802	1,665
Sum of Years 11 and above	14,306	13,103

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

- ii) Compensated Absences: The Group permits encashment of compensated absence accumulated by their employees on retirement or separation from service. The liability in respect of the Group, for outstanding balance of leave at the balance sheet date as determined and provided on the basis of actuarial valuation as at the balance sheet date performed by an independent actuary.
- iii) "The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment" benefits has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code and recognise the same when the Code becomes "effective."

36 Earnings per share (EPS)	2020-21	2019-20
<b>Net profit/(loss) as per statement of profit and loss after tax :</b>		
Continuing operations	23,943	14,497
Discontinued operations	1,781	(7,793)
Continuing operations and Discontinued operations	25,724	6,704
Weighted average number of equity shares	1,25,88,972	1,25,88,972
Add : effect of dilutive issue of options	3,083	4,143
Diluted weighted average number of equity shares	1,25,92,055	1,25,88,972
Nominal value of equity shares (in nos.)	10	10
<b>Basic and Diluted earnings per share :</b>		
Continuing Operations	1.90	1.15
Discontinued Operations	0.14	(0.62)
Continuing and Discontinued Operations	2.04	0.53

**37 Contingent liabilities not provided for :**

The Group does not have any pending litigations which would impact its financial positions.

Particulars	2020-21	2019-20
Fixed deposit pledged against guarantee issued for custom bond	-	216
Fixed deposit pledged against credit facilities	1,069	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.

**38 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 Group is committed to make in respect of these are :

Particulars	2020-21	2019-20
- within one year	6,052	6,515
- later than one year and not later than five years	4,536	11,401

- 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	2020-21	2019-20
- within one year	6,582	11,284
- later than one year and not later than five years	-	6,582

- c) Bonds aggregating Rs. 4,310 Thousands (Previous year Rs. 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 Rs. Nil (Previous year Rs. 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, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**39 Disclosure on related party transactions**
**Name of related parties and description of relationship:**
**Associates /Entities in which KMPs are interested /Key Managerial Personnels (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  
 Rule14 LLC  
 BancTec TPS India Private Limited  
 TransCentra FTS Private Limited  
 (Effective July 16, 2020 merged with BancTec TPS India Private Limited)

Key Managerial Personnel (KMP) :

Directors/Key Managerial Personnels (KMP) :  
 Mr. Vikram Negi (Chairman and Executive Director)  
 Mr. Sunil Rajadhyaksha (Executive Director)  
 Mr. Surinder Rametra (Executive Director)  
 Mr. Nilesh Bafna (Chief Financial Officer)  
 Mr. Bhuvanesh Sharma (VP-Corporate Affairs and Company Secretary)

Relatives of KMP :

Mrs. Rekha Sharma  
 Mrs. Deepali Bafna

Non Executive Directors

Mr. Baldev Raj Gupta  
 Mr. Harish Bhasin (upto September 10, 2018)  
 Mrs. Lakshmi Kumar

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, 2021	March 31, 2020
SourceHOV, LLC	Services provided	80553	94366
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	15,998	15,350
BancTec TPS India Private Limited	Rent received	11,284	11,098
	Reimbursement of expenses	1,841	2,223
HGM Fund	Advance taken	-	1,03,656
	Other advance received	-	68
Mr. Sunil Rajadhyaksha	Managerial remuneration	-	800
Mr. Baldev Raj Gupta	Sitting fees	510	510
Mrs. Lakshmi Kumar	Sitting fees	450	360
Mr. Harjit Singh Anand	Sitting fees	510	390
Mr. Nilesh Bafna	Salary (including perquisites)	2,521	2,550
Mr. Bhuvanesh Sharma	Salary (including perquisites)	2,716	2,731
Mrs. Rekha Sharma	Car rental	288	288
Mrs. Deepali Bafna	Car rental	288	288

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Name of the Party	Nature of Balances	As at March 31, 2021	As at March 31, 2020
SourceHOV, LLC	Trade receivables	41,559	50,044
HOVG, LLC dba Bay Area Credit Service, LLC	Trade receivables	7,939	8,142
	Unearned revenue	1,171	-
HGM Fund	Advance refundable	1,01,135	1,03,724
Rule 14 LLC	Advance refundable	2,499	2,563
BancTec TPS India Private Limited	Deposit refundable	2,650	2,650
	Advance recoverable	-	158
Mr. Sunil Rajadhyaksha	Remuneration payable	239	239
Mrs. Rekha Sharma	Car rental payable	24	24
Mrs. Deepali Bafna	Car rental payable	24	47

**Notes:**

- a) Related party relationship is as identified by the management and relied upon by the auditors.
  - b) 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.
- 40** Effective April 1, 2019, the Group has adopted IND AS 116 "Leases" using modified retrospective approach. The Group's lease assets classes primarily consist of leases for buildings and vehicles. These leases were classified as "Operating Leases" under IND AS 17. On transition to IND AS 116 'Leases', for these leases, lease liabilities were measured at the present value of remaining lease payments, discounted at the Group's incremental borrowing rate. Right to Use is measured either at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Due to transition, the nature of expenses in respect of operating leases has changed from 'Lease Rent' to depreciation cost and finance cost for the right to use assets and for interest accrued on lease liability respectively.

The Group has used following practical expedient when applying IND AS 116 to leases previously classified as operating leases under IND AS 17 :

- (a) the Group did not recognize Right to Use and lease liabilities for lease for which the lease terms ends within 12 months on the date of initial transition and low value assets.
- (b) the Group excluded initial cost from measurement of the Right to Use assets at the date of initial application.



**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

- (c) the Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 12% On transition to the IND As 116, the impact thereof is as follows :

Particulars	As at March 31, 2021	As at March 31, 2020
Right of Use - assets	8,488	14,947
Lease Liabilities	9,371	14,947

**Following is the movement in lease liabilities**

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	11,360	14,947
Additions	3,497	-
Interest accrued during the year	1,176	1,639
Deletions	(318)	-
Payment of Lease liabilities	(6,344)	(5,226)
Closing Balance	9,371	11,360
- Current lease liabilities	5,195	4,119
- Non Current lease liabilities	4,176	7,241

**Breakup of the contractual maturities of lease liabilities on an undiscounted basis:**

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	6,052	5,762
One to five years	4,536	1,984
More than five years	-	-

**Short term lease expense incurred :**

Particulars	As at March 31, 2021	As at March 31, 2020
Rental expense	-	958
Vehicle Expense	1,332	1,352

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**41 Assets provided as security**

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

Particulars	As At March 31, 2021	As At March 31, 2020
Investment property	87,633	89,514
<b>Financial Assets :</b>		
Fixed deposit with banks	1,069	1,174
<b>Total</b>	<b>88,702</b>	<b>90,688</b>

<b>42 Payment to auditors of Holding Company</b>	<b>2020-21</b>	<b>2019-20</b>
<i>(Excluding Taxes)</i>		
Audit fees	500	800
Limited review fees	300	450
Certification fees	120	190
Reimbursement of expenses	-	67
<b>Total payment to auditors</b>	<b>920</b>	<b>1,507</b>

**43 Segment Reporting :**

The Group has disclosed its Environment Business as discontinued operations (Refer note 31). Hence it has only one reportable segment in terms of requirement of IND AS 108 i.e. 'Software and IT Enabled services' in Operating Segments.

**44** Certain financial assets and financial liabilities are subject to formal confirmations and reconciliations, if any. The Management, however, is confident that the impact whereof for the year on the financial statements will not be material.

**45** Previous years' figures have been regrouped/reclassified wherever necessary to conform the current year's classification.

Signature to Notes 1 - 45

**For and on behalf of the Board**

Vikram Negi  
**Chairman & Executive Director**  
 (DIN:01639441)  
 Place : California, USA  
 Date : June 29, 2021

Sunil Rajadhyaksha  
**Executive Director**  
 (DIN:00020066)  
 Place : San Diego, USA  
 Date : June 29, 2021

Bhuvanesh Sharma  
**VP-Corporate Affairs &  
 Company Secretary**  
 Place : Pune  
 Date : June 29, 2021

Nilesh Bafna  
**Chief Financial Officer**  
 Place : Pune  
 Date : June 29, 2021

Place : Pune  
 Date : June 29, 2021

**Notes to Consolidated Financial Statements for the year ended March 31 2021**

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 Amount	Amount in Lakhs
<b>Parent:</b>				
HOV Services Limited	31.91%	3,061.73	(0.60%)	(37.51)
<b>Indian Subsidiaries:</b>				
HOV Environment Solutions Pvt. Ltd.	(11.62%)	(1,114.86)	0.29%	17.81
<b>Foreign Subsidiaries:</b>				
HOVS LLC	70.99%	6,810.75	100.31%	6,285.72
HOVS Holding Limited	10.25%	983.06	0.00%	-
HOV Environment LLC	(1.53%)	(146.94)	0.00%	-

## **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, 2021, the Statement of Profit and Loss, Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the standalone 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 2021, 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.

#### **Emphasis of Matter:**

We draw your attention to note no 31(E) of the standalone financial statements with regard to Management assessment of, inter-alia, realisability of financial investments in subsidiaries of Rs. 660,777 thousands and recoverability of Trade receivables measured at amortised cost of Rs.49,497 thousands due to re-surge in COVID 19 pandemic outbreak. The Management does not anticipate any material financial or operational issues in the short term as well as on a long term basis.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements. Considering the uncertainties, the management will continue to closely monitor any material changes to future economic conditions and does not anticipate any material financial or operational issues in the short term as well as on a long term basis

Our Opinion is not modified in respect of this matter.

#### **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><b><u>Valuation and Impairment of unquoted equity instruments in subsidiary:</u></b></p> <p>The Company had made investment in a wholly owned subsidiary namely HOVS LLC Rs.660,770 Thousands (being carrying value as on March 31, 2021), HOVS LLC in turn has acquired stake in Exela Technologies Inc. through Business Combination Agreement entered on July 12, 2017 and received equity stake in Exela Technologies, Inc. ("Exela"-Listed on NASDAQ) This investment is measured at cost and provision is made for any diminution other than temporary if required in standalone financial statements.</p> <p>In view of investments being material, we have considered its valuation/impairment to be a significant matter.</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 on NASDAQ from time to time and obtaining holding statement from the custodian.</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, 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 any 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, 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a Directors 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) The Company has not paid remuneration to its directors during the year. Therefore, provisions of Section 197(16) of the Act are not applicable
- (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 35]
  - 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

UDIN:: 21143503AAAAKL3688

Place: Mumbai

Date: June 29, 2021



**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 generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Sales Tax, Cess and other material statutory dues applicable to the Company with the appropriate authorities. 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, Duty of Customs, Duty of Excise, Value Added Tax and Goods and Service 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 financial institutions, 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. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any material instance of fraud by or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.
11. The Company the Company has not paid or provided any managerial remuneration. Therefore, Para 3 (xi) of the Companies (Auditor's Report) Order 2016 is not applicable to the Company.
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 37).
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: Mumbai  
Date: June 29,2021

Vinay Somani  
**Partner**  
M. No. 143503  
UDIN : 21143503AAAAKL3688

**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, 2021 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;

- (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 and
- (4) also provide us reasonable assurance by the internal auditors through their internal audit reports given to the Company from time to time

**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, 2021, 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: Mumbai  
Date : June 29,2021

Vinay Somani  
**Partner**  
M. No. 143503  
UDIN : 21143503AAAAKL3688

**BALANCE SHEET AS AT MARCH 31, 2021**  
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2021	As At March 31, 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	2,075	3,119
Investment property	3	87,633	89,514
Intangible assets	4	35	-
Right of Use -Lease	5	8,488	10,463
Financial assets			
Investments in subsidiaries	6	6,60,777	53,911
Loans to a step down subsidiary	7	-	-
Other financial assets	8	11,823	18,519
Deferred tax assets	9	12,578	16,388
Other non-current assets	10	98	225
<b>Current assets</b>			
Financial assets			
Trade receivables	11	49,497	58,186
Cash & cash equivalents	12	21,043	16,054
Other bank balances	13	30,429	9,644
Other financial assets	14	3,213	1,143
Other current assets	15	3,874	8,247
<b>Total assets</b>		<b>8,91,563</b>	<b>2,85,413</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	16	1,25,890	1,25,890
Other equity		7,18,286	93,036
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	17	6,921	20,523
Other financial liabilities	18	4,176	7,241
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	19		
Micro, Small and Medium Enterprises		148	555
Others		7,212	9,094
Other financial liabilities	20	22,576	18,766
Other current liabilities	21	839	971
Provisions	22	4,044	5,641
Current tax liabilities	23	1,471	3,696
<b>Total equity and liabilities</b>		<b>8,91,563</b>	<b>2,85,413</b>
Significant accounting policies	1		

The accompanying notes 2 to 43 are an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board

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

**Vikram Negi**  
Chairman & Executive Director  
(DIN:01639441)  
Place : California, USA  
Date : June 29, 2021

**Sunil Rajadhyaksha**  
Executive Director  
(DIN:00011683)  
Place : San Diego, USA  
Date : June 29, 2021

**Vinay Somani**  
Partner  
M. No. 143503  
Place : Mumbai  
Date : June 29, 2021

**Bhuvanesh Sharma**  
VP-Corporate Affairs  
& Company Secretary  
Place : Pune  
Date : June 29, 2021

**Nilesh Bafna**  
Chief Financial Officer  
Place : Pune  
Date : June 29, 2021

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	For the year Ended March 31, 2021	For the year Ended March 31, 2020
<b>Income</b>			
Revenue from operations	24	96,551	1,09,716
Other income	25	9,628	12,199
<b>Total Income</b>		<b>1,06,179</b>	<b>1,21,915</b>
<b>Expenditure</b>			
Employee benefits expenses	26	58,115	67,829
Finance cost	27	1,176	1,639
Depreciation and amortisation expenses	2,4,5	6,237	5,543
Other expenses	28	15,001	18,937
<b>Total Expenditure</b>		<b>80,529</b>	<b>93,948</b>
<b>Profit before exceptional items</b>		<b>25,650</b>	<b>27,967</b>
Exceptional items	37	6,06,866	(6,06,866)
<b>Profit/(loss) before tax</b>		<b>6,32,516</b>	<b>(5,78,899)</b>
Tax expense	29		
Current tax		(7,100)	(8,070)
Deferred tax		(262)	(74)
Relating to earlier years		(141)	-
<b>Profit/(loss) after tax for the year</b>		<b>6,25,013</b>	<b>(5,87,043)</b>
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Gain/(Loss) on Remeasurement of net defined benefit plans		328	(652)
Tax impact on above		(91)	181
<b>Total other comprehensive income</b>		<b>237</b>	<b>(471)</b>
<b>Total comprehensive income</b>		<b>6,25,250</b>	<b>(5,87,514)</b>
<b>Earnings per share</b>	<b>34</b>		
Basic & diluted Earning Per Share (Face value of Rs. 10 each) :			
Before exceptional items		1.44	1.57
After exceptional items		49.65	(46.63)
Significant accounting policies	1		

The accompanying notes 2 to 43 are an integral part of the standalone financial statements

As per our report of even date

For and on behalf of the Board

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

**Vikram Negi**  
Chairman & Executive Director  
(DIN:01639441)  
Place : California, USA  
Date : June 29, 2021

**Sunil Rajadhyaksha**  
Executive Director  
(DIN:00011683)  
Place : San Diego, USA  
Date : June 29, 2021

**Vinay Somani**  
Partner  
M. No. 143503  
Place : Mumbai  
Date : June 29, 2021

**Bhuvanesh Sharma**  
VP-Corporate Affairs  
& Company Secretary  
Place : Pune  
Date : June 29, 2021

**Nilesh Bafna**  
Chief Financial Officer  
Place : Pune  
Date : June 29, 2021

**Statement of Changes in Equity for the year ended March 31, 2021**  
(All amounts in INR Thousands, unless otherwise stated)

**EQUITY SHARE CAPITAL :**

Particular	Balance as at March 31, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020	Changes in equity share capital during the year	Balance as at March 31, 2021
<b>EQUITY SHARE CAPITAL</b>	<b>1,25,890</b>	<b>-</b>	<b>1,25,890</b>	<b>-</b>	<b>1,25,890</b>

**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			
<b>Balance as at March 31, 2019</b>	<b>6,26,189</b>	<b>630</b>	<b>19,541</b>	<b>33,361</b>	<b>829</b>	<b>6,80,550</b>
Less : (Loss) for the year	-	-	-	(5,87,043)	-	(5,87,043)
Less: Imapct of actuarial Gain/(Loss)	-	-	-	-	(471)	(471)
<b>Balance as at March 31, 2020</b>	<b>6,26,189</b>	<b>630</b>	<b>19,541</b>	<b>(5,53,682)</b>	<b>358</b>	<b>93,036</b>
<b>Balance as at March 31, 2020</b>	<b>6,26,189</b>	<b>630</b>	<b>19,541</b>	<b>(5,53,682)</b>	<b>358</b>	<b>93,036</b>
Add :Profit for the year	-	-	-	6,25,013	-	6,25,013
Less: Imapct of actuarial Gain/(Loss)	-	-	-	-	237	237
<b>Balance as at March 31, 2021</b>	<b>6,26,189</b>	<b>630</b>	<b>19,541</b>	<b>71,331</b>	<b>595</b>	<b>7,18,286</b>

Significant accounting policies 1

The accompanying notes 2 to 43 are an integral part of the standalone financial statements

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

**Vikram Negi**  
Chairman & Executive Director  
(DIN:01639441)  
Place : California, USA  
Date : June 29, 2021

**Vinay Somani**  
Partner  
M. No. 143503  
Place : Mumbai  
Date : June 29, 2021

**Bhuvanesh Sharma**  
VP-Corporate Affairs  
& Company Secretary  
Place : Pune  
Date : June 29, 2021

**For and on behalf of the Board**
**Sunil Rajadhyaksha**  
Executive Director  
(DIN:00011683)  
Place : San Diego, USA  
Date : June 29, 2021

**Nilesh Bafna**  
Chief Financial Officer  
Place : Pune  
Date : June 29, 2021

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	For the year Ended March 31, 2021	For the year Ended March 31, 2020
<b>A Cash flow from Operating Activities:</b>		
Net profit/(loss) before tax and exceptional items	25,650	27,967
<b>Add: Adjustments for</b>		
Depreciation & amortisation	8,118	7,424
Interest income	(2,979)	(2,819)
Rent income (net)	(6,532)	(4,839)
Finance cost	4,047	6,017
Provisions no longer required written back	(110)	-
(Profit)/Loss on sale of Property, plant and equipment	(7)	-
Foreign exchange (gain)/loss, net	1,307	(4,457)
<b>Operating profit before working capital changes</b>	<b>29,494</b>	<b>29,293</b>
<b>Adjustments for changes in working capital :</b>		
(Increase)/decrease in trade receivable	7,382	(25,589)
(Increase)/decrease in other receivables	(11,659)	(26,227)
Increase/(decrease) in trade and other payable	(2,503)	1,091
<b>Cash generated from operations</b>	<b>22,714</b>	<b>(21,432)</b>
Taxes paid (net of refund)	(6,007)	(5,001)
Net cash from/(used in) operating activities - A	16,707	(26,433)
<b>B Cash flow from investing activities:</b>		
Purchase of Property, plant and equipment	(53)	(23)
Sale of Property plant and equipment	7	-
Rent income received (net)	6,532	4,839
Interest income	2,979	2,819
<b>Net cash from/(used in) investing activities - B</b>	<b>9,465</b>	<b>7,635</b>
<b>C Cash flow from financing activities:</b>		
Finance cost	(2,871)	(4,378)
Payment of lease liabilities	(6,344)	(5,226)
Proceeds/(repayments) of borrowings- net	(11,968)	(10,480)
Net cash from/(used in) financing activities - C	(21,183)	(20,084)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	4,989	(38,882)
Opening cash and cash equivalents	16,054	54,936
Closing cash and cash equivalents	21,043	16,054
Significant accounting policies : 1		

The accompanying notes 2 to 43 are an integral part of the standalone financial statements

**Cash Flow from financing activities**

Particulars	Current borrowings	Long Term borrowings
<b>Balance as at March 31, 2019</b>	-	<b>42,824</b>
Loan Taken / (repaid)	-	(10,480)
<b>Balance as at March 31, 2020</b>	-	<b>32,344</b>
Loan Taken / (repaid)	-	(11,968)
<b>Balance as at March 31, 2021</b>	-	<b>20,376</b>

As per our report of even date

For and on behalf of the Board

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

**Vikram Negi**  
 Chairman & Executive Director  
 (DIN:01639441)  
 Place : California, USA  
 Date : June 29, 2021

**Sunil Rajadhyaksha**  
 Executive Director  
 (DIN:00011683)  
 Place : San Diego, USA  
 Date : June 29, 2021

**Vinay Somani**  
 Partner  
 M. No. 143503  
 Place : Mumbai  
 Date : June 29, 2021

**Bhuvanesh Sharma**  
 VP-Corporate Affairs  
 & Company Secretary  
 Place : Pune  
 Date : June 29, 2021

**Nilesh Bafna**  
 Chief Financial Officer  
 Place : Pune  
 Date : June 29, 2021



**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021****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 Software 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 June 29, 2021

**1. SIGNIFICANT ACCOUNTING POLICIES****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.

**1.4 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.

**1.5 REVENUE RECOGNITION**

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be measured reliably.

**Rendering of services:**

Revenue from Software and IT Enabled services are recognized when the services are rendered.

**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.

**1.6 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

**1.7 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 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 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.

**1.8 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.

**1.9 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.

### **1.10 LEASES**

As a lessee : The Company's lease asset classes primarily consist of leases for Land and Buildings. The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- (iii) the Company has the right to direct the use of the asset. At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short term leases) and leases of low value assets. For these short term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows

#### **LESSOR :**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

### **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 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.

**1.12 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 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.

**1.13 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.

**1.14 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 company 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 Company has identified its Executive Director as CODM which assesses the operational performance and position of the Company 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 Company for the year, the nature and amount of such items is disclosed as exceptional items.

**1.20 RECENT ACCOUNTING PRONOUNCEMENTS:**

There is no such notification which would have been applicable from April 01, 2021

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**2 Property, Plant and Equipment**

Particulars	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
<b>Gross carrying amount</b>					
Balance as at March 31, 2019	3,119	7	2,545	389	6,060
Additions	-	-	-	23	23
Deductions/ Adjustment	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>3,119</b>	<b>7</b>	<b>2,545</b>	<b>412</b>	<b>6,083</b>
<b>Accumulated Depreciation</b>					
Balance as at March 31, 2019	1,010	4	570	337	1,921
Additions	716	2	304	21	1,043
Deductions/ Adjustment	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>1,726</b>	<b>6</b>	<b>874</b>	<b>358</b>	<b>2,964</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>2,109</b>	<b>3</b>	<b>1,975</b>	<b>52</b>	<b>4,139</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>1,393</b>	<b>1</b>	<b>1,671</b>	<b>54</b>	<b>3,119</b>
<b>Gross carrying amount</b>					
Balance as at March 31, 2020	3,119	7	2,545	412	6,083
Additions	-	-	-	-	-
Deductions/ Adjustment	(230)	-	-	(3)	(233)
<b>Balance as at March 31, 2021</b>	<b>2,889</b>	<b>7</b>	<b>2,545</b>	<b>409</b>	<b>5,850</b>
<b>Accumulated Depreciation</b>					
Balance as at March 31, 2020	1,726	6	874	358	2,964
Additions	715	1	305	23	1,044
Deductions/ Adjustment	(230)	-	-	(3)	(233)
<b>Balance as at March 31, 2021</b>	<b>2,211</b>	<b>7</b>	<b>1,179</b>	<b>378</b>	<b>3,775</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>1,393</b>	<b>1</b>	<b>1,671</b>	<b>54</b>	<b>3,119</b>
<b>Net carrying amount as at March 31, 2021</b>	<b>678</b>	<b>-</b>	<b>1,366</b>	<b>31</b>	<b>2,075</b>

3 Particulars	As at March 31, 2021	As at March 31, 2020
<b>Investment property</b>		
Investment property (at cost)		
Leasehold office premises*	1,03,467	1,03,467
Less : accumulated amortisation		
Opening balance	13,952	12,071
Add : Amortisation for the year	1,881	1,881
Total Accumulated amortisation	15,833	13,952
<b>Total</b>	<b>87,633</b>	<b>89,514</b>

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

Also Refer note 40 for assets provided as security

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

<b>4. Intangible Assets</b>			<b>5 Right of Use-Lease</b>		
<b>Software Product*</b>	<b>Other Softwares</b>	<b>Total</b>	<b>Particular</b>	<b>Right to Use-Lease**</b>	<b>Total</b>
			<b>Gross carrying amount</b>		
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2019</b>	-	-
-	-	-	Additions :Reclassified as per IND AS 116	14,947	14,947
-	-	-	Deductions/ Adjustment	-	-
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2020</b>	<b>14,947</b>	<b>14,947</b>
			<b>Accumulated Depreciation</b>		
<b>400</b>	<b>1,107</b>	<b>1,507</b>	<b>Balance as at March 31, 2019</b>	-	-
-	16	16	Additions	4,484	4,484
-	-	-	Deductions/ Adjustment	-	-
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2020</b>	<b>4,484</b>	<b>4,484</b>
-	<b>16</b>	<b>16</b>	<b>Net carrying amount as at March 31, 2019</b>	-	-
-	-	-	<b>Net carrying amount as at March 31, 2020</b>	<b>10,463</b>	<b>10,463</b>
			<b>Gross carrying amount</b>		
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2020</b>	<b>14,947</b>	<b>14,947</b>
-	53	53	Additions for the year	3,497	3,497
-	(237)	(237)	Deductions/ Adjustment	(297)	(297)
<b>400</b>	<b>939</b>	<b>1,339</b>	<b>Balance as at March 31, 2021</b>	<b>18,147</b>	<b>18,147</b>
			<b>Accumulated Depreciation</b>		
<b>400</b>	<b>1,123</b>	<b>1,523</b>	<b>Balance as at March 31, 2020</b>	<b>4,484</b>	<b>4,484</b>
-	18	18	Additions	5,175	5,175
-	(237)	(237)	Deductions/ Adjustment	-	-
<b>400</b>	<b>904</b>	<b>1,304</b>	<b>Balance as at March 31, 2021</b>	<b>9,659</b>	<b>9,659</b>
-	-	-	<b>Net carrying amount as at March 31, 2020</b>	<b>10,463</b>	<b>10,463</b>
-	<b>35</b>	<b>35</b>	<b>Net carrying amount as at March 31, 2021</b>	<b>8,488</b>	<b>8,488</b>

\*meant for license sale or otherwise

\*\*Refer note 39

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
<b>6 Investments - non current</b>		
<b>Unquoted</b>		
<b>In subsidiaries</b>		
HOVS LLC, USA		
No of Shares	1000	1000
% of Holding	100%	100%
Common stock (Face value of US \$ 1)	45	45
Add: Further invested as additional paid in capital	660725	660725
<b>Total investment in HOVS LLC</b>	<b>6,60,770</b>	<b>6,60,770</b>
Less : Provision for diminution in value of Investments (Refer note: 37 )	-	(6,06,866)
<b>Total investment in HOVS LLC</b>	<b>6,60,770</b>	<b>53,904</b>
HOVS Holdings Limited, Hongkong		
No of Shares	1001	1001
% of Holding	100%	100%
Common stock (Face value of HKD 1)	7	7
<b>Total investment in HOVS Holdings Limited</b>	<b>7</b>	<b>7</b>
<b>Total</b>	<b>6,60,777</b>	<b>53,911</b>
Aggregate value of quoted investments (cost)	-	-
Aggregate value of unquoted investments (cost)	6,60,777	6,60,777
Aggregate provision for diminution in value of unquoted investments	-	6,06,866
<b>7 Loans - Non Current</b>		
<b>Unsecured - to related party*</b>		
Loan receivable - credit impaired	99,089	99,089
Less: provision for doubtful debts	(99,089)	(99,089)
<b>Total</b>	<b>-</b>	<b>-</b>
* Due from HOV Environment Solutions Private Limited (step down subsidiary) (Refer note 37)		
<b>8 Other financial assets - Non current</b>		
Deposits for premises and others	1,461	1,461
Loans to employees	246	558
Fixed deposits with maturity more than one year	10,116	16,500
<b>Total</b>	<b>11,823</b>	<b>18,519</b>
<b>9 Deferred tax assets</b>		
Deferred tax asset (refer note no 29)	1,215	1,568
MAT credit receivable	11,363	14,820
<b>Total</b>	<b>12,578</b>	<b>16,388</b>
<b>10 Other non current assets</b>		
Prepaid expenses	98	225
<b>Total</b>	<b>98</b>	<b>225</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

	<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>11</b>	<b>Trade receivables*</b>		
	Trade Receivables-Unsecured-considered good	49,497	58,186
	Trade Receivables which have significant increase in Credit Risk	-	-
	Trade Receivables - credit impaired	-	-
	<b>Total</b>	<b>49,497</b>	<b>58,186</b>
	*Refer note no: 37 for Due from related parties		
<b>12</b>	<b>Cash and cash equivalents</b>		
	Balance with banks in current accounts	422	8,439
	Cash on hand	21	15
	Fixed deposits with banks (with maturity less than one year)	20,600	7,600
	<b>Total</b>	<b>21,043</b>	<b>16,054</b>
<b>13</b>	<b>Other bank balances</b>		
	Deposit with banks (earmarked)*	-	216
	Fixed deposits with banks ( Others)	30,400	9,400
	Employee benefits Trust accounts	29	28
	<b>Total</b>	<b>30,429</b>	<b>9,644</b>
	* Pledged with banks against bank guarantees		
<b>14</b>	<b>Other financial assets - Current</b>		
	Loans to Employees	562	312
	Interest accrued but not due on fixed deposits	2,651	831
	<b>Total</b>	<b>3,213</b>	<b>1,143</b>
<b>15</b>	<b>Other current assets</b>		
	Advances to suppliers	337	45
	Goods and Service tax receivable	2,807	7,446
	Prepaid expenses	730	756
	<b>Total</b>	<b>3,874</b>	<b>8,247</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

16 Equity Share Capital	As at March 31, 2021	As at March 31, 2020
<b>Authorised</b>		
3,00,00,000 Equity Shares of Rs.10 each	3,00,000	3,00,000
<b>Total</b>	<b>3,00,000</b>	<b>3,00,000</b>
<b>Issued, subscribed and paid up</b>		
Equity Shares of Rs. 10 each fully paid up	1,25,890	1,25,890
<b>Total</b>	<b>1,25,890</b>	<b>1,25,890</b>

The reconciliation of the number of equity shares outstanding	As At March 31, 2021		As At March 31, 2020	
	Numbers	Amount	Numbers	Amount
Equity Shares at the beginning of the year	1,25,88,972	1,25,890	1,25,88,972	1,25,890
Add: Equity shares issued during the year		-		-
<b>Equity Shares at the end of the year</b>	<b>1,25,88,972</b>	<b>1,25,890</b>	<b>1,25,88,972</b>	<b>1,25,890</b>

**Terms/rights attached to Equity shares :**

The Company has only one class of equity shares having a par value of Rs. 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, 2021		As At March 31, 2020	
	No. of Shares	% of Holding	No. of Shares	% of Holding
ADESI 234, LLC	30,00,985	23.84%	30,00,985	23.84%
HOF 2 LLC	16,67,933	13.25%	16,67,933	13.25%
Chitale LLC	7,86,224	6.25%	7,86,224	6.25%
Stern Capital Partners LLC	6,94,246	5.51%	6,94,246	5.51%

**In the Period of five years immediately preceding March, 2021:**

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 Rs.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 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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

(In Number)

Particulars	As At March 31, 2021		As At March 31, 2020	
	Directors	Others	Directors	Others
<b>Options outstanding at the beginning of the year</b>	<b>15,000</b>	<b>14,000</b>	<b>15,000</b>	<b>15,000</b>
Add: Options Granted during the year	-	-	-	-
Less: Options Lapsed/Forfeited	-	-	-	(1,000)
Less: Shares allotted on option exercised during the year	-	-	-	-
<b>Options outstanding at the end of the year</b>	<b>15,000</b>	<b>14,000</b>	<b>15,000</b>	<b>14,000</b>

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, 2021	As At March 31, 2020
Share price Rs	59.60	22.90
Range of Exercise Price	Rs. 25.40-85.35	Rs. 25.40-85.35
Expected volatility %	54.25	4.01
Expected life of the options (years)	1 year	1-2 years
Expected Dividend %	Not applicable	Not applicable
Risk Free Interest Rate %	6.37	6.14
Range of call option value as on date of Grant	Rs. 55.16-109.49	Rs. 55.16-109.49

	Particulars	As at March 31, 2021	As at March 31, 2020
<b>17</b>	<b>Borrowings Secured</b>		
	Term loan from a bank (Presently having floating interest rate of 10.30% per annum and to be payable in remaining 18 monthly installment of Rs 1,244 thousands and Secured by way of deposit of title deeds of investment property)	6,921	20,523
	<b>Total</b>	<b>6,921</b>	<b>20,523</b>
<b>18</b>	<b>Other financial liabilities</b>		
	Lease liabilities (Refer note 39)	4,176	7,241
	<b>Total</b>	<b>4,176</b>	<b>7,241</b>
<b>19</b>	<b>Trade payables</b>		
	Micro, small and medium enterprises	148	555
	Others	7,212	9,094
	<b>Total</b>	<b>7,360</b>	<b>9,649</b>

Note:

1. Refer note 37 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, 2021**

(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, 2021	As at March 31, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	148	555
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	-	-
<b>20 Other financial liabilities</b>		
Current maturities of long term borrowings	13,455	11,821
Current maturities of lease liabilities (Refer note 39)	5,195	4,119
Interest accrued but not due on borrowings	119	210
Security deposits towards office premises	2,535	2,341
Unearned Revenue	1,171	-
Other payables	101	275
<b>Total</b>	<b>22,576</b>	<b>18,766</b>
<b>21 Other current liabilities</b>		
Statutory dues payable	839	971
<b>Total</b>	<b>839</b>	<b>971</b>
<b>22 Provisions</b>		
<b>Provision for employee benefits:</b>		
Compensated Absences	1,805	1,987
Gratuity (Refer note 33)	2,239	3,654
<b>Total</b>	<b>4,044</b>	<b>5,641</b>
<b>23 Current tax liabilities</b>		
Provision for Income tax (Net of advance tax paid of Rs 5,629 Thousands; Previous Year Rs 4,374 Thousands)	1,471	3,696
<b>Total</b>	<b>1,471</b>	<b>3,696</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

	<b>Particulars</b>	<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>24</b>	<b>Revenue from operations</b>		
	Software and IT enabled services	96,551	1,09,716
	<b>Total</b>	<b>96,551</b>	<b>1,09,716</b>
<b>25</b>	<b>Other income</b>		
	Interest income	2,979	2,819
	Provisions no longer required written back	110	84
	Gain on variation in foreign exchange rates (net)	-	4,457
	Profit on Sale of Property, Plant and Equipment (net)	7	-
	Rent received	11,284	11,098
	Less: expenses attributed to rental income :		
	Finance cost	(2,871)	(4,378)
	Amortisation	(1,881)	(1,881)
	Net rental income	6,532	4,839
	<b>Total</b>	<b>9,628</b>	<b>12,199</b>
<b>26</b>	<b>Employee benefits expense</b>		
	Salaries and wages	51,556	59,448
	Contributions to provident and other funds	5,906	5,552
	Staff welfare expenses	653	2,829
	<b>Total</b>	<b>58,115</b>	<b>67,829</b>
<b>27</b>	<b>Finance cost</b>		
	Interest component of lease liabilities (Refer note 39)	1,176	1,639
	<b>Total</b>	<b>1,176</b>	<b>1,639</b>
<b>28</b>	<b>Other expenses</b>		
	Rent	-	958
	Repairs & maintenance - building	1,290	1,118
	Repairs & maintenance - computers	82	203
	Repairs & maintenance - others	245	326
	Insurance	127	81
	Rates and taxes	431	861
	Power & fuel expenses	1,330	3,649
	Membership & subscription fees	579	579
	Travelling & conveyance expenses	23	1,026
	Communication cost	1,378	1,374
	Advertising & publicity expenses	250	193
	Office upkeep & maintenance expenses	3,290	3,440
	Auditors' remuneration (refer note 41)	920	1,507
	Legal & professional charges	1,322	1,075
	Director's sitting fees	1,470	1,260
	Listing fees	694	696
	Loss on variation in foreign exchange rates (net)	1,307	-
	Miscellaneous expenses	263	591
	<b>Total</b>	<b>15,001</b>	<b>18,937</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	2020-21	2019-20
<b>29 Income Taxes</b>		
Tax expense recognised in the statement of profit and loss:		
Current tax	7,100	8,070
Deferred Tax	262	74
<b>Total tax expense</b>	<b>7,362</b>	<b>8,144</b>

**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%	27.82%
Profit /(loss) before tax and OCI	6,32,516	(5,78,899)
Income tax as per above rate	1,75,966	(1,61,050)
Adjustments:		
Unrecognised deferred tax asset reversed on Provision for diminution in value of Investments	(1,68,830)	
Deferred Tax assets not recognised on Provision for diminution in value of Investments	-	1,68,830
Impact of IND AS 116 - Lease rent classified as Right to Use assets	-	364
Other reconciling itmes	226	-
<b>Income tax as per statement of profit and loss</b>	<b>7,362</b>	<b>8,144</b>

**The following movement is in deferred tax assets and liabilities during the year ended March 31, 2020 and March 31, 2021 is as under:**

Particulars	As at March 31, 2019	(Credit)/ charge for the year	As at March 31, 2020
<b>Deferred tax assets</b>			
Amount allowable on payment basis-employee Benefits	1,459	110	1,569
Provision for diminution in value of Investments and doubtful debts allowable on write-off	27,567	1,68,830	1,96,397
MAT credit Entitlement	18,189	(3,369)	14,820
<b>Total deferred tax asset</b>	<b>47,215</b>	<b>1,65,571</b>	<b>2,12,786</b>
<b>Deferred tax liability</b>			
Differences in written down value of Property, Plant and Equipment	2	(3)	(1)
<b>Total deferred tax liability</b>	<b>2</b>	<b>(3)</b>	<b>(1)</b>
Deferred Tax assets not recognised as a matter of prudence	(27,567)	(1,68,830)	(1,96,397)
<b>Net Deferred tax asset recognised in the Balance Sheet</b>	<b>19,650</b>	<b>(3,262)</b>	<b>16,388</b>

Particulars	As at March 31, 2020	(Credit)/ charge for the year	As at March 31, 2021
<b>Deferred tax assets</b>			
Amount allowable on payment basis-employee benefits	1,569	(444)	1,125
Provision for diminution in value of Investments and doubtful debts allowable on write-off	1,96,397	(1,68,830)	27,567
Differences in written down value of Property, Plant and Equipment	-	90	90
MAT credit Entitlement	14,820	(3,457)	11,363
<b>Total deferred tax asset</b>	<b>2,12,786</b>	<b>(1,72,641)</b>	<b>40,145</b>
<b>Deferred tax liability</b>			
Differences in written down value of Property, Plant and Equipment	(1)	1	-
<b>Total deferred tax liability</b>	<b>(1)</b>	<b>1</b>	<b>-</b>
Deferred Tax assets not recognised as a matter of prudence	(1,96,397)	1,68,830	(27,567)
<b>Net Deferred tax asset recognised in the Balance Sheet</b>	<b>16,388</b>	<b>(3,810)</b>	<b>12,578</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**30 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	
<b>As at March 31, 2020</b>						
Investment in subsidiaries	6	53,911	-	-	53,911	53,911
Trade receivables	11	-	-	58,186	58,186	58,186
Cash & cash equivalents	12	-	-	16,054	16,054	16,054
Other bank balances	13	-	-	9,644	9,644	9,644
Other financial assets	8 , 14	-	-	19,662	19,662	19,662
<b>Total</b>		<b>53,911</b>	<b>-</b>	<b>1,03,546</b>	<b>1,57,457</b>	<b>1,57,457</b>
<b>As at March 31, 2021</b>						
Investment in subsidiaries	6	6,60,777	-	-	6,60,777	6,60,777
Trade receivables	11	-	-	49,497	49,497	49,497
Cash & cash equivalents	12	-	-	21,043	21,043	21,043
Other bank balances	13	-	-	30,429	30,429	30,429
Other financial assets	8 , 14	-	-	15,036	15,036	15,036
<b>Total</b>		<b>6,60,777</b>	<b>-</b>	<b>1,16,005</b>	<b>7,76,782</b>	<b>7,76,782</b>

**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	
<b>As at March 31, 2020</b>						
Borrowings	17	-	-	20,523	20,523	20,523
Trade payables	19	-	-	-	-	-
Micro, Small and Medium Enterprises		-	-	555	555	555
Others		-	-	9,094	9,094	9,094
Other financial liabilities	18 , 20	-	-	26,007	26,007	26,007
<b>Total</b>		<b>-</b>	<b>-</b>	<b>56,179</b>	<b>56,179</b>	<b>56,179</b>
<b>As at March 31, 2021</b>						
Borrowings	17	-	-	6,921	6,921	6,921
Trade payables	19	-	-	-	-	-
Micro, Small and Medium Enterprises		-	-	148	148	148
Others		-	-	7,212	7,212	7,212
Other financial liabilities	18 , 20	-	-	26,752	26,752	26,752
<b>Total</b>		<b>-</b>	<b>-</b>	<b>41,033</b>	<b>41,033</b>	<b>41,033</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**31 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, 2021**

(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, 2021	As At March 31, 2020
0-12 months	49,497	58,186
beyond 12 months	-	-
<b>Total</b>	<b>49,497</b>	<b>58,186</b>

**Information about Major Customers**

Revenue from Software and IT enabled services to largest customers (greater than 10% of total services) is Rs. 96,551 Thousands (Previous year Rs. 109,716 Thousands).

**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, 2021	13,455	6,921	<b>20,376</b>
As at March 31, 2020	11,821	20,523	<b>32,344</b>

**Contractual maturity patterns of Financial Liabilities**

Particulars	As At March 31, 2021 0-12 Months	As At March 31, 2020 0-12 Months
Trade Payable	7,360	9,649
Other financial liabilities	26,752	18,766
<b>Total</b>	<b>34,112</b>	<b>28,415</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(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,
		2021	2020
Borrowings bearing variable rate of interest		20,376	32,344

**Interest rate sensitivity**

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

Particulars	2020-21	2019-20
50 bp increase- decrease in profits	(132)	(188)
50 bp decrease- Increase in profits	132	188

**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	
	2020-21	2019-20	2020-21	2019-20
Open Foreign Exchange Exposures - Receivable	\$673	\$772	49,497	58,186

**Foreign currency risk sensitivity**

**A change of 1% in foreign currency exchange rate would have following impact on profit before tax for the year:**

Particulars	2020-21		2019-20	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	495	(495)	582	(582)
Increase / (decrease) in profit or loss	495	(495)	582	(582)

**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, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**E. COVID Risk**

Due to re-surge in global outbreak of Covid -19, a pandemic, operations of the Company were impacted. The Company is "providing work from home facility to its employees in compliance with guidelines issued by the respective authorities." The Company has assessed the recoverability of financial investments in subsidiaries of Rs. 660,777 Thousands and trade receivables measured at amortised cost of Rs. 49,497 Thousands, the Company does not anticipate any material financial or operational issues in the short term as well as on a long term basis. The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.

**32 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:

<b>Particulars</b>	<b>As At March 31, 2021</b>	<b>As At March 31, 2020</b>
Debt	20,376	32,344
Total Equity	8,44,176	2,18,926
Debt to Total Equity	0.02	0.15

The 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.

**33 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.



**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**The disclosure in respect of the defined gratuity plan are given below :**
**A. Balance sheet**
**Defined benefit plans**

Particulars	As at March 31,	As at March 31,
	2021	2020
Present value of plan liabilities	6,688	6,062
Less Fair value of plan assets	4,448	2,408
Asset/(Liability) recognised	(2,239)	(3,654)

B. Movements in plan assets and plan liabilities	Present value	Fair Value of
	of obligations	Plan assets
As at March 31, 2020	6,062	2,408
Current service cost	763	-
Past service cost	-	-
Interest cost	413	-
Interest income	-	164
Return on plan assets excluding amounts included in net finance income/cost	-	25
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	(96)	-
Actuarial (gain)/loss arising from experience adjustments	(206)	-
Employer contributions	-	2,100
Benefit payments	(249)	(249)
As at March 31, 2021	6,688	4,448

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Present value of obligations	Fair Value of Plan assets
<b>As at March 31, 2019</b>	<b>5,065</b>	<b>1,411</b>
Current service cost	627	-
Past service cost	-	-
Interest cost	395	-
Interest income	-	110
Return on plan assets excluding amounts included in net finance income/cost	-	(61)
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	615	-
Actuarial (gain)/loss arising from experience adjustments	(24)	-
Employer contributions	-	1,564
Benefit payments	(616)	(616)
<b>As at March 31, 2020</b>	<b>6,062</b>	<b>2,408</b>

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

- active members - 122 (2019-20: 151)

**C. Statement of profit and loss**

<b>Employee benefit expenses:</b>		
Current service cost	763	627
Interest cost/(income)	249	285
<b>Total amount recognised in Statement of profit &amp; loss</b>	<b>1,013</b>	<b>912</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Actuarial (gains)/losses on Obligation For the Period	(303)	591
Return on Plan Assets, Excluding Interest Income	(25)	61
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(328)</b>	<b>652</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**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, 2021	As at March 31, 2020
<b>Financial Assumptions</b>		
Discount rate	6.82%	6.82%
Expected rate of return on plan assets	6.82%	6.82%
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)

**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, 2021	As at March 31, 2020
<b>Projected benefit obligation on current assumptions</b>	<b>6,688</b>	<b>6,062</b>
+1% Change in rate of discounting	(671)	(632)
-1% Change in rate of discounting	804	761
+1% Change in rate of Salary increase	812	767
-1% Change in rate of Salary increase	(688)	(648)
+1% Change in Attrition Rate	132	114
-1% Change in Attrition Rate	(155)	(134)

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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Projected Benefits Payable in Future Years From the Date of Reporting</b>		
1st Following Year	1,023	714
2nd Following Year	163	392
3rd Following Year	175	152
4th Following Year	192	164
5th Following Year	200	178
Sum of Years 6 To 10	1,802	1,665
Sum of Years 11 and above	14,306	13,103

- ii) Compensated Absences: The company permits encashment of compensated absence accumulated by their employees on retirement or separation from 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.
- iii) "The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment" benefits has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code and recognise the same when the Code becomes effective."

34 Earnings per share (EPS)	2020-21	2019-20
Net profit/(loss) as per statement of profit and loss before exceptional items but after tax	18,147	19,823
Net profit/(loss) as per statement of profit and loss after exceptional items and tax	6,25,013	(5,87,043)
Weighted average number of equity shares	1,25,88,972	1,25,88,972
Add : effect of dilutive issue of options	3,083	4,143
Diluted weighted average number of equity shares	1,25,92,055	1,25,93,115
Nominal value of equity shares (in Rs)	10.00	10.00
Basic and diluted earning per equity share - before exceptional items	1.44	1.57
Basic and diluted earning per equity share - after exceptional items	49.65	(46.63)

**35 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

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**36 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	2020-21	2019-20
- within one year	6,052	6,515
- later than one year and not later than five years	4,536	11,401

- 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	2020-21	2019-20
- within one year	6,582	11,284
- later than one year and not later than five years	-	6,582

- c) Bonds aggregating Rs. 4,310 Thousands (Previous year Rs. 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 Rs. Nil (Previous year Rs. 216 Thousands) was issued by a bank on behalf of the Company.

**37 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

**Entities in which KMPs are interested /Key Managerial Personnels (KMP) and their relatives with whom transactions have been entered during the year in the ordinary course of Business:**

HGM Fund

HOVG, LLC dba Bay Area Credit Service, LLC

SourceHOV, LLC

BancTec TPS India Private Limited

TransCentra FTS Private Limited

(Effective July 16, 2020 merged with BancTec

TPS India Private Limited)

**Relatives of KMP :**

Mrs. Rekha Sharma

Mrs. Deepali Bafna

**Directors/Key Managerial Personnels (KMP) :**

Mr. Vikram Negi (Chairman and Executive Director)

Mr. Sunil Rajadhyaksha (Executive Director)

Mr. Surinder Rametra (Executive Director)

Mr. Nilesh Bafna (Chief Financial Officer)

Mr. Bhuvanesh Sharma

(VP-Corporate Affairs and Company Secretary)

**Non Executive Directors :**

Mr. Baldev Raj Gupta

Mrs. Lakshmi Kumar

Mr. Harjit Singh Anand

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

During the year, the following transactions were carried out with the above related parties :

Name of Party	Nature of Transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
SourceHOV, LLC	Services provided	80,553	94,366
HOVS LLC	(Write-back)/ Provision for Investments	(6,06,866)	6,06,866
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	15,998	15,350
BancTec TPS India Private Limited	Rent received	11,284	11,098
	Reimbursement of expenses	1,841	2,223
Mr. Sunil Rajadhyaksha	Managerial remuneration	-	800
Mr. Baldev Raj Gupta	Sitting fees	510	510
Mrs. Lakshmi Kumar	Sitting fees	450	360
Mr. Harjit Singh Anand	Sitting fees	510	390
Mr. Nilesh Bafna	Salary (including perquisites)	2,521	2,550
Mr. Bhuvanesh Sharma	Salary (including perquisites)	2,716	2,731
Mrs. Rekha Sharma	Car rental	288	288
Mrs. Deepali Bafna	Car rental	288	288

Name of the Party	Nature of Balances	As at March 31, 2021	As at March 31, 2020
HOVS ,LLC	Investments	6,60,770	6,60,770
HOVS ,LLC	Provision for Investments*	-	6,06,866
HOVS Holdings Limited	Investments	7	7
SourceHOV, LLC	Trade receivables	41,559	50,044
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	7,939	8,142
	Unearned revenue	1,171	-
BancTec TPS India Private Limited	Deposit Refundable	2,650	2,650
Mr. Sunil Rajadhyaksha	Remuneration payable	239	239
Mrs. Rekha Sharma	Car rental payable	24	24
Mrs. Deepali Bafna	Car rental payable	24	47

**Notes:**

- Related party relationship is as identified by the management and relied upon by the auditors.
- \*During the year , the fair value of investments in a subsidiary i.e. HOVS LLC has increased (due to increase in quoted prices of underlying investment held by the aforesaid subsidiary) and accordingly, provision of Rs. 606,866 thousands for diminution in its value earlier recognised has been reversed fully - Refer Exceptional item.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

- c) # During the financial year 2017-18 the Company has made provision of Rs.99,089 thousands towards loan receivable including interest receivable thereon from a subsidiary (HOV Environment Solutions Private Limited) in view of the substantial slow down in its business activities.
- d) 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

**38** It has only one reportable segment i.e. 'IT and IT Enabled services' in terms of requirement of IND AS 108.

**39** Effective April 1, 2019, the Company has adopted IND AS 116 "Leases" using modified retrospective approach. The Company's lease assets classes primarily consist of leases for buildings and vehicles. These leases were classified as "Operating Leases" under IND AS 17. On transition to IND AS 116 'Leases', for these leases, lease liabilities were measured at the present value of remaining lease payments, discounted at the Company's incremental borrowing rate. Right to Use if measured either at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Due to transition, the nature of expenses in respect of operating leases has changed from 'Lease Rent' to depreciation cost and finance cost for the right to use assets and for interest accrued on lease liability respectively.

The Company has used following practical expedient when applying IND AS 116 to leases previously classified as operating leases under IND AS 17 :

- (a) the Company did not recognize Right to Use and lease liabilities for lease for which the lease terms ends within 12 months on the date of initial transition and low value assets
- (b) the Company excluded initial cost from measurement of the Right to Use assets at the date of initial application
- (c) the Company uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease. The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 12% On transition to the IND As 116, the impact thereof is as follows :

Particulars	As At March 31,	As At March 31,
	2021	2020
Right of Use - assets	8,488	14,947
Lease Liabilities	9,371	14,947
Following is the movement in lease liabilities		
Opening Balance	11,360	14,947
Additions	3,497	-
Interest accrued during the year	1,176	1,639
Deletions	(318)	-
Payment of Lease liabilities	(6,344)	(5,226)
Closing Balance	9,371	11,360
- Current lease liabilities	5,195	4,119
- Non Current lease liabilities	4,176	7,241
Breakup of the contractual maturities of lease liabilities on an undiscounted basis:		
Less than one year	6,052	5,762
One to five years	4,536	1,984
More than five years	-	-
Short term lease expense incurred :		
Rental expense	-	958
Vehicle Expense	1,332	1352

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

(All amounts in INR Thousands, unless otherwise stated)

**40 Assets provided as security**

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

Particulars	As At March 31, 2021	As At March 31, 2020
Investment Property	87,633	89,514
<b>Financial Assets :</b>		
Fixed deposit with banks	-	216
<b>Total</b>	<b>87,633</b>	<b>89,730</b>

<b>41 Payment to auditors</b>	<b>2020-21</b>	<b>2019-20</b>
<i>(Excluding Taxes)</i>		
Audit fees	500	800
Limited review fees	300	450
Certification fees	120	190
Reimbursement of expenses	-	67
<b>Total payment to auditors</b>	<b>920</b>	<b>1,507</b>

**42** Certain financial assets and financial liabilities are subject to formal confirmations and reconciliations, if any. The Management, however, is confident that the impact whereof for the year on the financial statements will not be material.

**43** Previous years' figures have been regrouped/reclassified wherever necessary to conform the current year's classification.

Signature to Notes 1 - 43

**For and on behalf of the Board**

Vikram Negi  
**Chairman & Executive Director**  
 (DIN:01639441)

Place : California, USA  
 Date : June 29, 2021

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

Place : Pune  
 Date : June 29, 2021

Sunil Rajadhyaksha  
**Executive Director**  
 (DIN:00011683)

Place : San Diego, USA  
 Date : June 29, 2021

Nilesh Bafna  
**Chief Financial Officer**

Place : Pune  
 Date : June 29, 2021



**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 Rs. Lakhs)**

Sr. No.	Name of the subsidiary company	HOVS LLC	HOV Environment LLC	HOVS Holdings Limited	HOV Environment Solutions Private Ltd
		Amounts in Lakhs			
	Financial year ending on	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
	Currency	US\$	US\$	US\$	INR
	Exchange rate on last day of financial year	73.5047	73.5047	73.5047	1.00
1	Share Capital	10,822.68	661.54	0.09	1.00
2	Reserves & Surplus	(4,011.93)	(808.48)	982.97	(1,115.86)
3	Total Assets	9,198.40	1.34	983.06	192.29
4	Total Liabilities	9,198.40	1.34	983.06	192.29
5	Details of Investment (Except Investment in subsidiary)	-	-	-	-
6	Turnover			-	
7	Profit before taxation	57.96	-	-	17.81
8	Provision for taxation	-		-	
9	Profit after taxation	57.96	-	-	17.81
10	Proposed dividend	-		-	
11	Percentage of share holding	100%	61.10%	100%	100%
			(By HOVS LLC)		(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**

Vikram Negi  
Chairman & Executive Director  
(DIN: 01639441)  
Date: June 29, 2021

**Notice of 33<sup>rd</sup> Annual General Meeting**

NOTICE is hereby given that the Thirty-Third (33<sup>rd</sup>) Annual General Meeting (the "AGM") of the Members of HOV Services Limited will be held on **September 22, 2021, the Wednesday at 10:00 AM IST** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

**ORDINARY BUSINESS:**

- 1. To consider and adopt the a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021, together with the Reports of the Board of Directors and the Auditors' thereon; and b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the Report of the Auditors thereon.**

To consider and if thought fit to pass the following resolution as an **Ordinary Resolutions**.

- a) **"RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon, as circulated to the members, be and are hereby considered and adopted."
- b) **"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 and the report of the Auditors thereon, as circulated to the members, be and are hereby considered and adopted."

- 2. Appointment of Director**

**To re-appoint Mr. Vikram Negi (DIN: 01639441), Director, who retires by rotation and, being eligible, seeks re-appointment.**

To consider and if thought fit to pass the following resolution as an **Ordinary Resolution**.

**"RESOLVED THAT** pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vikram Negi, Director, 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. Appointment/Re-appointment of Mr. Surinder Rametra (DIN 00019714) as a Whole Time Director, of the Company for a further term of five years from April 1, 2021 till March 31, 2026**

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

**"RESOLVED THAT** as recommended by Nomination and Remuneration Committee, pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) amendment Rules, 2018 (including any amendment or statutory modification thereto for the time being in force) and subject to such approval of the Central Government, as may be necessary, Mr. Surinder Rametra (DIN 00019714), who was appointed as an Additional Director effective April 1, 2021 by the Board of Directors on March 23, 2021, the approval of the shareholders of the Company be and is hereby accorded for the appointment/re-appointment of Mr. Surinder Rametra (DIN 00019714) as a Whole-time Director, with the designation as Executive Director of the Company, for a five year term commencing from April 1, 2021 till March 31, 2026 on terms and conditions, including remuneration and minimum remuneration in the event of absence or inadequacy of profits within the ceiling limits as prescribed in Schedule V of the Act, with liberty to the Board of Directors, to alter or vary the terms and conditions and remuneration including minimum remuneration in such manner as the Board may deem fit and is acceptable to Mr. Surinder Rametra."

**"RESOLVED FURTHER THAT** the approval of the shareholders of the Company be and is hereby accorded for the appointment/re-appointment of Mr. Surinder Rametra as Whole-time Director of the Company on account of his crossing the age of 70 years.

**“RESOLVED FURTHER THAT** in the event of any statutory modification by the Central Government to schedule V to the Act, the Board of Directors be and is hereby authorised to vary or increase the remuneration including salary, commission, perquisites, allowances etc. within such prescribed limits/ceiling and the agreement between the Company and Mr. Surinder Rametra be suitably amended to give effect to such modification without any further reference to the members of the Company in general meeting.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, matters, deeds and things, as may be necessary, to amend the terms and conditions of appointment, if necessary, and to act in its own discretion, including the power to delegate, to give effect to this resolution.”

**“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 and as recommended by the Audit Committee, the approval of the shareholders 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 the financial year 2021-2022 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.”

**5. Appointment of Mr. Ajay Puri (DIN:09231339) as an Independent Director of the Company**

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

**“RESOLVED THAT** pursuant to provisions of Section 149, 152 and other applicable provisions, if any, and rules framed there under, read with Schedule IV of the Companies Act, 2013 (the Act) and provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 Mr. Ajay Puri (DIN: 09231339), who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 26, 2021 and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act 2013, be and is hereby appointed as an Independent Director of the Company for a period of five years with effect from September 22, 2021 up to September 21, 2026”.

**“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.”

**EXPLANATORY STATEMENT Pursuant to Section 102 of the Companies Act, 2013 is annexed to this Notice.**

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

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

Registered Office:

3<sup>rd</sup> Floor, Sharda Arcade,  
Pune Satara Road, Bibwewadi,  
Pune – 411037, Maharashtra  
CIN: L72200PN1989PLC014448

Email: [investor.relations@hovsltd.com](mailto:investor.relations@hovsltd.com) [www.hovsltd.com](http://www.hovsltd.com)

Place: Pune

Date: July 21, 2021

**NOTES TO THE NOTICE OF THE AGM:**

1. In view of the prevailing COVID-19 pandemic and restrictions on the movements apart from social distancing norms, the Ministry of Corporate Affairs (“MCA”) vide circular Nos. Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020, (collectively referred to as the “MCA Circulars”) permitted the holding of Annual General Meeting (“AGM”) through Video Conference (“VC”) or Other Audio Visuals Means (“OAVM”), without the physical presence of the Members at a common venue.

Further, the MCA vide its General Circular No. 22/2020 dated June 15, 2020 and General Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 and SEBI vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 extended the above exemptions till December 31, 2021.

2. Accordingly, in accordance the MCA Circulars, provisions of the Companies Act, 2013 (“Act”), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the 33<sup>rd</sup> AGM of the Company is being held through VC / OAVM. The Registered office of the Company situated at 3<sup>rd</sup> Floor Sharda Arcade, Bibwewadi, Pune Satara Road, Pune -411037 shall be deemed as the venue for the Meeting and the proceedings of the AGM shall be deemed to be made thereat.
3. **The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3 to 5 of the Notice, is annexed hereto.**
4. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and a proxy need not be a Member of the company.** Since, this AGM is being held through VC/OAVM under the framework of the provisions of the MCA Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facilities for appointment of proxies by the Members is not available for the AGM and hence the Proxy Form and Attendance Slip are not provided with this Notice.
5. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
6. The details of the Directors seeking appointment/re-appointment at this AGM, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Annexure to the Notice.
7. **DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE**

In accordance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.

The Notice and Annual Report 2020-21 will also be available on the Company’s website [www.hovsltd.com](http://www.hovsltd.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and also available on the website of Company’s Registrar and TransferAgent, KFin Technologies PrivateLimited (“KFinTech”) at <https://evoting.kfintech.com>

**8. GUIDELINE FOR RECEIVING ALL COMMUNICATION (INCLUDING ANNUAL REPORT) FROM THE COMPANY ELECTRONICALLY**

- a) Those Members holding shares in physical mode and who have not registered / updated their email address with the Company are requested to register/update the same by writing to the Company with details of folio number and attaching a self-attested copy of PAN card at [investor.relations@hovsltd.com](mailto:investor.relations@hovsltd.com) or to KFinTech at [hov.cs@kfintech.com](mailto:hov.cs@kfintech.com)
- b) Those Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

**9. PROCEDURE FOR JOINING/ATTENDING THE AGM THROUGH VC/ OAVM**

The Company has appointed M/s KFin Technologies Private Limited, Registrars and Transfer Agents, to provide VC/OAVM to enable the Members to attend and participate in the AGM.

- a) **Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials. Members are requested to follow the procedure given below:**
  - i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
  - ii. Enter the login credentials (i.e., User ID and password for e-voting).
  - iii. After logging in, click on "VideoConference" option.
  - iv. Then click on camera icon appearing against AGM event of HOV Services Limited, to attend the Meeting.
- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
- c) Members who would like to express their views or ask questions during the AGM may register themselves by logging on <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. **The Speaker Registration will be open during September 18, 2021 to September 20, 2021.** Only those members who are registered will be allowed to express their views or ask questions. The Company reserves the right to restrict the number of questions and number of speakers, depending upon availability of time as appropriate for smooth conduct of the AGM.
- d) Those Members who have registered themselves as a speaker will only be allowed to ask questions /express their views during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- e) Due to limitations of transmission and coordination during the Q&A session, the Company may dispense with the "Speaker Registration" during the AGM.
- f) Members will be allowed to attend the AGM through VC / OAVM on first come, first served basis. No restrictions on account of first come first served basis entry into AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional

Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee; Stakeholders Relationship Committee, and Auditors.

- g) Facility to join the AGM through VC / OAVM **shall be open 30 minutes before** the scheduled time of the AGM and **shall be closed after 15 minutes** after the scheduled time of AGM.
10. Members who need assistance before or during the AGM, can contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Private Limited at Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally Mandal, Hyderabad, 500032, Telangana or send an email to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call on tollfree number 1800-309-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
  11. 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.
  12. Members (members login) attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.
  13. Corporate/ Institutional Members are required to send a scanned copy (PDF/JPG Format) of its board or governing body Resolution/Authorization etc., authorising its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/ Authorization shall be sent to the Scrutinizer by email through its registered email address to [prajot@prajottungarecs.com](mailto:prajot@prajottungarecs.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com)

**PROCEDURE FOR REMOTE E-VOTING AND VOTING AT THE AGM**

14. Remote e-Voting: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended) and the MCA Circulars, the Company is providing facility to its Members to exercise their right to vote on resolutions resolutions proposed to be passed at AGM by electronic means (“e-voting”). Members may cast their votes remotely, using an electronic voting system on the dates mentioned herein below (“remote e-voting”).
15. Voting at the AGM: Members who could not vote through remote e-voting may avail the e-voting facility provided by M/s KFin Technologies Private Limited to vote during AGM.
16. The Company has engaged the services of KFin Technologies Private Limited as the agency to provide e-voting facility.
17. The remote e-voting facility will be available during the following voting period:

<b>Commencement of remote e-voting</b>	<b>Sunday, September 19, 2021 at 9:00 AM IST</b>
<b>End of remote e-voting</b>	<b>Tuesday, September 21, 2021 at 5:00 PM IST</b>

The remote e-voting will not be allowed beyond the aforesaid date and time and the remote e-voting module shall be forthwith disabled by the agency upon expiry of the aforesaid period. 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.

18. **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 15, 2021.**
19. The Board of Directors has appointed **Mr. Prajot Tungare, Practicing Company Secretary, Pune as a Scrutinizer** to scrutinize the remote e-voting and voting during AGM in a fair and transparent manner.
20. The scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than 48 hours of 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.
21. 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 22, 2021.

**The Results declared along with the Scrutinizer's Report shall be placed at the Company's website [www.hovsltd.com](http://www.hovsltd.com) and on the website of Kfintech i.e. <https://evoting.kfintech.com> and shall be filed simultaneously with the stock exchanges.**

22. The Register of Members and Transfer Books of the Company will be closed from **September 19, 2021, to September 22, 2021 both days inclusive.**
23. 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- KFin Technologies Private Limited, Selenium, Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad 500 032, Telangana:
  - a. Change, if any in their address;
  - b. Request for nominations form as per the provisions of the Companies Act, 2013.
  - c. Members holding share in dematerialized form are requested to contact their Depository Participant for any change in their particulars.
24. At the 29<sup>th</sup> AGM held on September 1, 2017 the Members approved appointment of M/s BAGARIA & Co., Chartered Accountants, (Firm Registration Number 113447W/W-100019) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that 29<sup>th</sup> AGM till the conclusion of the 34<sup>th</sup> AGM in year 2022, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 33<sup>rd</sup>AGM.

## **25. INSPECTION OF DOCUMENTS**

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, and the relevant documents referred to in the Notice will be available electronically for inspection by the members during the AGM.

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 electronically for inspection by the members during the AGM.

**26. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<p><b>Individual Shareholders holding securities in demat mode with NSDL</b></p>	<ol style="list-style-type: none"> <li>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>



Type of shareholders	Login Method
<p><b>Individual Shareholders holding securities in demat mode with CDSL</b></p>	<ol style="list-style-type: none"> <li>Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider name to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi./Registration/EasiRegistration">https://web.cdslindia.com/myeasi./Registration/EasiRegistration</a> Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ol>
<p><b>Individual Shareholders (holding securities in demat mode) login through their depository participants</b></p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.</p>

**Instructions for remote e-voting are as under- For Physical cases (Shares held in Physical Mode)**

- I. Launch internet browser by typing the URL: <https://evoting.kfintech.com>
- II. Enter the login credentials provided in the email and click on Login.
- III. Password change menu appears when you login for the first time with default password. You will be required to mandatorily change the default password.
- IV. The new password should 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.,).
- V. Update your contact details like mobile number, email address, etc. if prompted. 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 not to share your password with any other person and take utmost care to keep it confidential.
- VI. Login again with the new credentials.
- VII. On successful login, the system will prompt you to select the “EVENT” i.e. **“HOV SERVICES LIMITED”**.
- VIII. 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 “AGAINST” but the total number in “FOR / AGAINST” taken together shall not exceed your total shareholding as mentioned above. If the member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
- IX. Members holding multiple folios may choose to vote differently for each folio / demat account.
- X. You may then cast your vote by selecting an appropriate option and click on “Submit. A confirmation box will be displayed. Click “OK” to confirm or “CANCEL” to modify. Once you confirm the voting on the resolution, you will not be allowed to modify your vote thereafter. During the voting period, members can login multiple times and vote until they confirm the voting on the resolution by clicking “SUBMIT”.
- XI. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/ JPG format) of certified true copy of relevant board resolution/ authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutiniser through email at and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format ‘ HOV SERVICES LIMITED \_EVENT No’
- XII. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members at <https://evoting.kfintech.com/public/Faq.aspx> or call KFin on 1-800-309-4001 (toll free).

**Those members who have not yet registered their email addresses are requested to get their email addresses registered with KFin, by following the procedure mentioned below:**

**Visit the link:** AGM/EGM – Mobile & Email Registration

- I. <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>
- II. Select the company name i.e. HOV SERVICES LIMITED
- III. Select the Holding type from the drop down i.e. - NSDL / CDSL / Physical
- IV. Enter DPID – Client ID (in case shares are held in electronic form) / Physical Folio No. (in case shares are held in physical form) and PAN.
- V. If PAN details are not available in the system, the system will prompt to upload a self-attested copy of the PAN card for updating records.
- VI. In case shares are held in physical form and PAN is not available in the records, please enter any one of the Share Certificate No. in respect of the shares held by you.
- VII. Enter the email address and mobile number.
- VIII. System will validate DP ID – Client ID/ Physical Folio No. and PAN / Share certificate No., as the case may be, and send the OTP at the registered Mobile number as well as email address for validation.
- IX. Enter the OTPs received by SMS and email to complete the validation process. OTPs validity will be for 5 minutes only.
- X. The Notice and e-voting instructions along with the User ID and Password will be sent on the email address updated by the member.
- XI. Alternatively, members may send an email request addressed to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with scanned copy of the request letter duly signed by the first shareholder, providing the email address, mobile number, self-attested copy of PAN and Client Master copy in case shares are held in electronic form or copy of the share certificate in case shares are held in physical form, to enable KFin to register their email address and to provide them the Notice and the e-voting instructions along with the User ID and Password.
- XII. Please note that in case the shares are held in electronic form, the above facility is only for temporary registration of email address for receipt of the Notice and the e-voting instructions along with the User ID and Password. Such members will have to register their email address with their DPs permanently, so that all communications are received by them in electronic form.
- XIII. In case of queries, members are requested to write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) or call at the toll free number 1-800- 309-4001

## **27. INFORMATION AND INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM**

- a) Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

- b) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

In case of any query pertaining to remote e-voting, joining AGM through VC and related matters, may refer to the “Help” and “FAQs” sections / E-voting user manual available through a dropdown menu in the “Downloads” section of KFinTech’s website for e-voting: <https://evoting.kfintech.com> or contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Private Limited at Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally Mandal, Hyderabad 500 032 or send an email to [evoting@kfintech.com](mailto:evoting@kfintech.com) or call Toll-free No. 1800-309-4001.

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

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

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Website : [www.hovsltd.com](http://www.hovsltd.com)

Place: Pune  
Date: July 21, 2021

**ANNEXURE TO THE NOTICE OF 33<sup>RD</sup> AGM****EXPLANATORY STATEMENT PURSUANT TO 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 to 5** of the accompanying Notice of 33<sup>rd</sup> Annual General Meeting:-

**Item No. 3 Appointment/ Re-appointment of Mr. Surinder Rametra, Whole Time Director for a further term of five years from April 1, 2021 till March 31, 2026**

Mr. Surinder Rametra, existing term of five years, as Whole Time Director was getting complete on March 31, 2021. As required, the shareholders in its 32<sup>nd</sup> Annual General Meeting held on September 22, 2020 had passed the special resolution for his appointment as Whole Time Director for further period of 5 years with effect from April 1, 2021 to March 31, 2026.

Subsequently, the Board of Directors in its meeting held on November 6, 2020 adopted the HOVS Policy for Age Limit of Directors, effective April 1, 2021. In terms of the said Policy, **a)** the Board will not appoint/reappoint any person(s) as a Director of an age more than 75 years and **b)** the Company will not make application to Central Government for re-appointment of Mr. Surinder Rametra, as Whole Time Director who, ought to retire on March 31, 2021 in view of Age Limit Policy. Accordingly, the Company had not processed the necessary application in Form MR-2 for seeking approval from Central Government for his appointment.

Subsequently, the Management felt that Mr. Surinder Rametra, considering his maturity and expertise, should continue working with Company to help in its growth. The Nomination and Remuneration Committee on March 22, 2021 recommended for Mr. Surinder Rametra to continue. Therefore, the Board on March 23, 2021 resolved **a)** to defer the HOVS Policy for Age Limit of Directors; and **b)** to appoint Mr. Surinder Rametra as an Additional Director effective April 1, 2021 subject to your approval in this 33<sup>rd</sup> Annual General Meeting. The Board have full faith in Mr. Surinder Rametra that his continued association with the Company will be of immense help for Company's growth.

The Shareholders' of the Company in their 27<sup>th</sup> Annual General Meeting held on July 22, 2015 had re-appointed Mr. Surinder Rametra, Executive Director as whole-time director of the Company for a term of five years from April 1, 2016 to March 31, 2021. His appointments for the same period of five years was also approved by the Central Government vide its letter dated July 8, 2016.

The Nomination and Remuneration Committee in its meeting held on June 29, 2021 made recommendations for the appointment of Mr. Surinder Rametra and to continue him on the Board of Directors of your Company. Accordingly, the Board of Directors in its Meeting held on June 29, 2021, had considered appointment/re-appointment of Mr. Surinder Rametra, Promoter Director as Whole-time Director for a further term of five years from April 1, 2021 to March 31, 2026.

Further, Section 196, read with Part I of Schedule V, of the Companies Act 2013, provides that no company shall continue the employment of a person who has attained the age of 70 years, as managing director, whole-time director or manager unless it is approved by the Shareholders by passing a special resolution.

Mr. Surinder Rametra has crossed age of 75 years in year 2015 and the Company had taken approval of Shareholders' by a special resolution as required for his attaining age of 75 years, in 27<sup>th</sup> Annual General Meeting held on July 22, 2015 for continuation of his Whole-time directorship.

As a good corporate governance the Company again seeks your approval for his re-appointment for a further term of five years April 1, 2021 till March 31, 2026, as he is over the age of 70 years, attaining 80 years of his age in this 2021 year.

Mr. Surinder Rametra has been associated with your Company since 2006 as among one of the promoter and executive director. He possesses +6 decades of leadership qualities and has rich and varied experience in the industry and has been actively involved in overseeing the overall governance of the Company. The Company will be immensely benefited by continuation of his office as a Whole-time Director designated as an Executive Director and his association will be in the best interest of the Company.

Except Mr. Surinder Rametra, Executive Director no other Directors or Key Managerial Personnel or their relatives are directly or indirectly, concerned or interested, financial or otherwise in the proposed resolutions.

The Board recommends the resolution set forth in Item No. 3 for approval of the Shareholders.

**Item No. 4 Contract of services for revenue in ordinary course of business of the Company**

The Company (the "HOVS") 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 (Promoter); Sunil Rajadhyaksha; Surinder Rametra (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 Rs. 10 Crore per annum.
e) Any other information relevant or important for the members to take a decision on the proposed resolution:	The service was been provided before coming in force he Companies Act, 2013 and the contracts generates trevenue 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 Promoter / 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.

**Item No. 5 Appointment of Mr. Ajay Puri as an Independent Director for 1<sup>st</sup> term of five years**

The Nomination and Remuneration Committee on July 4, 2021 approved and recommended the candidature of Mr. Ajay Puri for appointment to the Board of your Company. Accordingly, Mr. Ajay Puri was appointed as an Additional Director effective July 26, 2021, by the Board of Directors by circular resolutions passed on July 21, 2021, and he shall hold office up to the date of this 33<sup>rd</sup> Annual General Meeting.

Mr. Ajay Puri being eligible and offer his candidature for appointment, is proposed to be appointed as an Independent Director for his 1<sup>st</sup> term of five consecutive years from September 22, 2021 to September 21, 2026. A notice proposing his candidature for appointment for the office of Director of the Company has been received to the Company. In the opinion of the Board, Mr. Ajay Puri fulfils the conditions as specified in the Companies Act, 2013 and rules madethereunder for his appointment as an Independent Director and the Board considered that his association will be of immense benefit to the Company.

Except for Mr. Ajay Puri, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the proposed Resolution, except to the extent of their shareholding, if any, in HOVS.

Accordingly, the Board recommends the resolution set forth in the Item No. 5 in relation to appointment of Mr. Ajay Puri as an Independent Director, for the approval by the shareholders of the Company.

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

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

Registered Office:  
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Place: Pune  
Date: July 21, 2021

**ANNEXURE TO THE NOTICE OF 33<sup>rd</sup> AGM**
**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. Vikram Negi	Mr. Surinder Rametra	Mr. Ajay Puri
DIN	01639441	00019714	09231339
Date of Birth and Age	January 24, 1976; 45 years	November 01, 1940; 80 years	August 28, 1955; 66 years
Date of first Appointment on the Board	February 13, 2017	January 3, 2006	July 26, 2021
Qualifications	MBA (Finance and IT) from Kogod School of Business, American University, Washington DC, USA and B. Com (Hons) from St. Xavier's College, Kolkata, India	Mechanical Engineering from Punjab Engineering College, India; Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University.	BE-Electrical Engineering with Master Works in power systems and possess experience with several Management programs including at Tata, UTC, Harvard, Wharton- Insead, ASB-Sloan-MIT
Experience	+21 Years	+ 6 decades	+28 years
Expertise	Expertise in successfully managing large deals, cross boarder teams and operational and financial processes and strong background in M&A, Finance, Treasury and Operations and possess a broad range of interpersonal and advisory skills	Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics.	Hands on experience in innovation, strategic marketing, product, systems, projects, brand positioning, new architecture co- creation transforming start-ups and MNCs to global leaderships. Shouldered global responsibilities in B2B and B2C domains.
Number of Meetings of the Board attended during the Year	4	4	NA
Shareholding in Company	63,556	1,20,000	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil	Nil	Nil



Name of the Director	Mr. Vikram Negi	Mr. Surinder Rametra	Mr. Ajay Puri
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.	As per Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. Noremuneration drawn.
Public/Listed Companies Directorship	Nil	Nil	Nil
Private Companies Directorship	Nil	Nil	Nil
Membership/Chairmanship of Committees	Nil	Nil	Nil

**Justification for individual appointed as Independent Director:**

“Mr. Ajay Puri had served as 28 years as board member and group President and CEO. Blessed with hands on team roles and opportunity to co- create 10 Global first innovations delivering unique value to customers, employers, shareholders, and society. Hands on experience in innovation, strategic marketing, product, systems, projects, brand positioning, new architecture co- creation transforming start-ups and MNCs to global leaderships. Shouldered global responsibilities in B2B and B2C domains. He had served different Industries: HVACR, consumer durables, mega projects, passenger and material transportation, power, energy, metals.

Mr. Ajay Puri is an esteemed industry veteran and his experience and expertise will provide invaluable benefits to the Company.”

**Brief profile of directors getting appointed/re-appointed:**

**1. Mr. Vikram Negi:**

Expertise in successfully managing large deals, cross border teams and operational and financial processes and strong background in M&A, Finance, Treasury and Operations and possess abroad range of interpersonal and advisory skills.

Mr. Vikram Negi has 21 plus years of invaluable expertise in successfully managing large deals, cross border teams; operational and financial processes and have strong background in M&A, Finance, Treasury and Operations and possess abroad range of interpersonal and advisory skills.

**2. 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’ career encompasses leadership of private and public enterprises. He is also a founding 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.

**Justification for re-appointment of Mr. Surinder Rametra as Whole-time Director:-**

Mr. Surinder Rametra has been associated with the Company from the time of its IPO, since 2006 as Promoter & Executive Director and possessed hands full of +6 decades of industry experience and possess expertise in fields of Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics. He is been one of the promoter of the Company. The Management have full believe in his maturity and expertise and feel that he should continue working with the Company to help in its growth.

The Management considering his maturity and expertise felt that Mr. Rametra should continue working with Company to help in its growth.

**3. Mr. Ajay Puri:**

Mr. Ajay Puri had served as 28 years as board member and group President and CEO. Blessed with hands on team roles and opportunity to co- create 10 Global first innovations delivering unique value to customers, employers, shareholders, and society. Hands on experience in innovation, strategic marketing, product, systems, projects, brand positioning, new architecture co- creation transforming start-ups and MNCs to global leaderships. Shouldered global responsibilities in B2B and B2C domains.

He had served different Industries: HVACR, consumer durables, mega projects, passenger and material transportation, power, energy, metals.

He Believes innovation is key to move companies from typical red oceans to transformation and unrivalled value. Proven operational board skills in business innovation, growth, transformation, value creation and inspiring teamwork. Key expertise: Inspiring teams, Innovation, transformation, globalization. Integrating technologies and talent.

He is Chairman of innovation and transformation council for MICCI (est. 1837.1000 own, 20000 affiliate companies); Member Institute of corporate directors, Malaysia (ICDM); and possess expert professional residence visa from Talent Corp. under Prime Minister Office.

Awarded with UTC's rare achievement Award 1990; UTC Outstanding Manager Award 1992; Rajiv Gandhi Excellence Award 1996; "International Who's who" by Who's Who historical society based in USA 2000; CEO today London, UK inclusion in Global CEO 2019; BritishPedia London, UK biography inclusion in successful people 2021.

Mr. Ajay Puri is BE-Electrical Engineering with Master Works in power systems and possess experience with several Management programs including at Tata, UTC, Harvard, Wharton- Insead, ASB-Sloan-MIT.

The Management considering his diversified expertise felt that Mr. Ajay be appointed.

**The statement containing additional information as required in schedule V of Companies Act, 2013:-**

**I. GENERAL INFORMATION:**

- (i) **Nature of industry:** IT & ITES
- (ii) **Date or expected date of commencement of commercial production:** Not applicable.
- (iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable.

- (iv) **Financial performance based on given indicators:** The total revenue on standalone basis during the financial year 2020-21 stood Rs. 106.18 million as compared to total revenue of Rs. 121.91 million for financial year 2019-20. The profit before tax (PBT) is Rs. 632.52 million and profit after tax (PAT) was Rs. 625.01 million in FY 2020-21 as compared to PBT Rs. (578.90) million and PAT Rs. (587.04) million in FY 2019-20.
- (v) **Foreign investments or collaborations:** The Company does not have any foreign collaborations. The composite foreign investment is 11.07 % in the Company as per shareholding pattern as of March 31, 2021.

## II. INFORMATION ABOUT THE APPOINTEE:

- (i) **Background details:** Mr. Surinder Rametra has +6decades of invaluable expertise of industry experience and possess expertise in fields of Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics.
- (ii) **Past remuneration:** No remuneration drawn in past tenure of his directorship as a Whole-time Director of the Company.
- (iii) **Recognition or awards:** Not Applicable.
- (iv) **Job profile and his suitability:** Mr. Surinder Rametra is been one of the promoter of the Company. The Management have full believe in his maturity and expertise and feel that he should continue working with the Company to help in its growth.His continuation with the Company will bring immense value to the Board and Company. Pursuant to recommendation of the Nomination and Remuneration Committee, he was appointed as an Additional Director effective April, 2021, subject to approval of Member(s).
- (v) **Remuneration proposed:** The remuneration will be subject to the recommendation from Nomination & Remuneration Committee and will be decided by the Board, on terms and conditions as acceptable between the Board and Mr. Surinder Rametra. The remuneration shall not exceed the limits specified under Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.
- (vi) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** Not Applicable.
- (vii) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Mr. Surinder Rametra does not have any pecuniary relationship directly or indirectly with the Company or any relationship with the managerial personnel, except holding 1,20,000 equity shares in the Company.

## III. OTHER INFORMATION / DISCLOSURES: The other information and disclosures as required is provided under Corporate Governance Report annexed to the Board's Report.

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

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

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Place: Pune  
Date: July 21, 2021