



July 3, 2023

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 35th Annual Report for FY 2022-23

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

Dear Sir/Madam,

This is to inform that the Company on July 3, 2023 had dispatched to the eligible shareholder/s the Notice of 35th AGM along with the copy of Annual Report of FY 2022-23 in electronic mode and the same is available on the website www.hovsltd.com of the Company. The 35th AGM is scheduled to be held on Friday, the July 28, 2023 at 10:30 AM (IST) through Video Conferencing (VC) or Other Audio Video Means (OAVM).

The aforesaid 35th Annual Report for FY 2022-23 is enclosed herewith for submission to the Exchange.

Kindly take the above on record.

Thanking you,

Yours faithfully,
For **HOV Services Limited**


Bhuvanesh Sharma

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

Encls: 35th Annual Report FY 2022-23

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

HOVS

HOV SERVICES LIMITED

35th ANNUAL REPORT 2022-23

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HOVS request the shareholders to attend its 35th Annual General Meeting to be held on July 28, 2023 through online mode.

The 35th AGM will be held in video-conference mode in accordance with regulatory guidelines. Shareholders are requested to follow the instructions in the Notice of 35th AGM to attend the meeting.

CORPORATE INFORMATION

Registered Office & Head office	3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune -411 037 Tel: (91 20) 24221460
Registrar & Share Transfer Agent	KFin Technologies Ltd., Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032 Tel: (91 40)- 67161562
Statutory Auditors¹	Lodha& Co, Chartered Accountants, 6, Karim Chambers, 40, A, Doshi Marg, (Hamam Street), Mumbai-400 001 Tel: (91 22)- 2269 1414
Secretarial Auditor	J. B. Bhawe & 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- 411058 Tel: (91 20)- 25204357/59
Internal Auditors	Arth & Associates, Chartered Accountants, Flat No. 102/103, Beena Apartments, Behind Chrysallis Institute, Opp. SBI Bank, S. B. Road, Pune- 411016 Tel: (91 20)- 2565 3300
VP- Corporate Affairs & Company Secretary & Compliance Officer	Mr. Bhuvanesh Sharma investor.relations@hovsltd.com
Chief Financial Officer	Mr. Nilesh Bafna investor.relations@hovsltd.com
Website	www.hovsltd.com

¹ Appointed in 34th AGM held on July 20, 2022

THE BOARD OF DIRECTORS

Mr. Parvinder S Chadha ¹	Chairman & Executive Director&Promoter
Mr. Vikram Negi ²	Executive Director
Mr. Surinder Rametra ³	Executive Director & Promoter
Mr. Sunil Rajadhyaksha	Executive Director & Promoter
Mr. Harjit Singh Anand	Independent Director
Mr. Ajay Puri	Independent Director
Mrs. Lakshmi Kumar	Independent Director

¹ Effective November 11, 2022 appointed as the Chairman & Executive Director

² Effective November 11, 2022 ceases to be the Chairman

³ Effective November 11, 2022 retired from the office of Executive Director

THE EXECUTIVE MANAGEMENT

Mr. Parvinder S Chadha	Executive Chairman
Mr. Vikram Negi	Executive Director
Mr. Bhuvanesh Sharma	VP-Corporate Affairs & Company Secretary & Compliance Officer
Mr. Nilesh Bafna	Chief Financial Officer

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

Name	Designation/Category
Mr. Harjit Singh Anand	Chairman (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Ajay Puri	Member (Independent Director)
Mr. Surinder Rametra ¹	Member (Executive Director)
Mr. Parvinder S Chadha ¹	Member (Executive Director)

¹ Effective November 11, 2022 Mr. Rametra ceases to be member of the Committee and Mr. Chadha became member thereof.

NOMINATION & REMUNERATION COMMITTEE

Name	Designation/Category
Mrs. Lakshmi Kumar	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mr. Ajay Puri	Member (Independent Director)
Mr. Vikram Negi ¹	Member (Executive Director)
Mr. Parvinder S Chadha	Member (Chairman & Executive Director)

¹ Effective November 11, 2022 Mr. Negi ceases to be member of the Committee and Mr. Chadha became member thereof.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Name	Designation/Category
Mr. Ajay Puri	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)

Chairman Message:

Dear Shareholders:

I am full of optimism as we plot our strategy for the future. Although we are small, in a very large high growth India economy, we benefit from our experiences, and we are energized. My mantra “act small, think big, deliver big” does not require any introduction. It has served us well in the past and we are beginning to take small steps towards growth.

My relationship started back in 2003 with the Company and I have seen many ups and downs in our company and our country. The global macro uncertainties, in my experience, benefit companies like us. We are a business process outsourcing company at heart and our customers business models include outsourcing more of their work to their partners during uncertainty.

I am a change agent, and we thrive in change. The ride is not always smooth, but we are focused on getting over these bumps and putting sustainable growth back in our business. We will add new initiatives to our portfolio including generative artificial intelligence, services, and robotics automation. Our strategy will continue to add new pieces and expand our business teams along our journey. Our mission and objective is to participate both in growth at home and rest of the world. However, we will be very selective in the choices we make as we execute our strategy.

I am proud of our team as they weathered big challenges during pandemic and used our small resources wisely. We will make structural changes to prepare for what lies ahead to better manage our long-term vision at the expense of our short-term earnings. We will ask the type of questions for example, risk and reward, return on investment, could be it big and sustainable, is our approach advantageous. May be most important, do we have the knowledge, right leverage and competence as we consider our next leg of growth opportunities.

I am pleased to welcome you to the 35th Annual General Meeting (AGM) of your Company and share with you its 35th Annual Report for FY 2022-23. This AGM, is being held virtually to enable larger participation while maintaining quality of life that our stakeholders deserve.

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 strongly believe that our best days are ahead and look forward to providing updates through shareholder communication channels, for example SpeakUp.

Best regards and wishing you and your families a great 2023.

Parvinder S Chadha

Chairman & Executive Director

Directors' Report

The Board of Directors present the 35th Annual Report of HOV Services Limited (the "Company" or "HOVS") along with audited Financial Statements for the financial year ended March 31, 2023.

FINANCIAL RESULTS AND OPERATIONS:

Particulars	₹ in Lakhs			
	Consolidated Year Ended		Standalone Year Ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
INCOME				
Revenue from operations	1,205.51	1,005.81	1,205.51	1,005.81
Other income	381.41	134.33	194.44	134.33
Total Income	1,586.92	1,140.14	1,399.95	1,140.14
Expenses				
Employee Benefits Expense	815.90	626.35	815.90	626.35
Finance Costs	15.95	9.07	15.95	9.07
Depreciation and Amortisation Expense	60.48	62.30	60.48	62.30
Other Expenses	149.48	141.41	149.48	141.41
Total Expenses	1,041.81	839.13	1,041.81	839.13
Profit before exceptional items from continuing operations	545.11	301.01	358.14	301.01
Exceptional items: Reversal / (Provision) for Diminution in Value of Investment in subsidiary	-	-	-	(6,607.70)
Profit/(Loss) after exceptional items from continuing operations	545.11	301.01	358.14	(6,306.69)
Tax Expense :				
Current Tax	(99.80)	(82.80)	(99.80)	(82.80)
Deferred Tax	3.01	(4.03)	3.01	(4.03)
Relating to earlier years	-	-	-	-
Profit/(Loss) after tax for the period from continuing operations	448.32	214.18	261.35	(6,393.52)
Discontinued Operations				
Profit/(Loss) from discontinued operations before tax	8.62	1.53	-	-
Tax expense of discontinued operations	(0.01)	(0.81)	-	-
Profit/(Loss) after tax from continuing & discontinued operations	456.93	214.90	261.35	(6,393.52)
Other Comprehensive Income / (Loss) Items that will not be reclassified subsequently to Profit or loss :				
Remeasurement of net defined benefit plans	(4.32)	(2.14)	(4.32)	(2.14)
Changes in fair value of FVOCI equity instruments	(1,262.48)	(7,667.51)	-	-
Tax impact of Items that will not be reclassified subsequently to Profit or loss	1.20	609.33	1.20	0.59
Total Other Comprehensive Income / (Loss)	(1,265.60)	(7,060.32)	(3.12)	(1.55)
Total Comprehensive Income / (Loss) For The Period	(808.67)	(6,845.42)	258.23	(6,395.07)

1. Results of Operations

For the financial year ended March 31, 2023 as follows: -

Consolidated Financial Performance:

- Consolidated total Income for the current year was ₹ 1586.92 Lakhs.
- Profit from continuing operations was ₹ 448.32 Lakhs.
- Profit from discontinued operations was ₹ 8.61 Lakhs.
- Profit from continuing & discontinued operations was ₹ 456.93 Lakhs.
- Total Comprehensive Income/(Loss) for the current year was ₹ (1265.60) Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the current year from :
Continued Operations was ₹ 3.56
Discontinued Operations was ₹ 0.07
Continued and Discontinued Operations was ₹ 3.63

Standalone Financial Performance:

- Total Income for the current year was ₹ 1399.95 Lakhs.
- Net Profit for the current year was ₹ 261.35 Lakhs.
- Total Comprehensive Income/(Loss) for the current year was ₹ 258.23 Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the current year was ₹ 2.08

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

Keeping in view the performance of the Company during the year underreview 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 2022-23.

(ii) Transfer to Reserve:

No amount was transferred to Reserve during the financial year ended on March 31, 2023.

3. Subsidiary companies

The Company has below subsidiaries as on March 31, 2023 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 March 31, 2023, 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 Unites 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 <https://hovsltd.com/policies-other-disclosures/>

5. Investment

The Company’s wholly owned subsidiary HOVS LLC holds 285,606 Series B1 Preferred Stock of Exela Technologies, Inc., NASDAQ listed, with cumulative dividends @ 6.00% per annum.

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, 2023 has 12,594,972 equity shares of Rs. 10/- each aggregating to Rs. 125,949,720/-.

8. Employee Stock Option Plan (ESOP)

The Company in year 2007 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

There are no employees of subsidiaries eligible for ESOP during the reporting year. 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 reported financial year, the Company had maintained cordial relations with the employees doing work from home and there was no complaint received to the Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. 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.

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.

11. Particular of Employees and Related Disclosures

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. 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.

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

The maximum interval between any two meetings did not exceed 120 days as prescribed under the Companies Act, 2013 and as per relaxation provided from time to time during the year by the regulators. During the financial year 5 (Five) 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. 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. Sunil Rajadhyaksha, Executive Director being liable to retire by rotation at the 35th Annual General Meeting. Mr. Sunil has confirmed his eligibility and willingness for re-appointment.

The Board in its meeting held on November 11, 2022 accepted the willingness of Mr. Surinder Rametra to relinquish his office of Executive Directorship. The Board of Directors placed on record its deep sense of appreciation for Mr. Surinder Rametra as a member of the Board and for his strong leadership, valuable contribution and support extended to the Company at all times during his tenure. He continues to be the Promoter of the Company.

The Board in its meeting held on November 11, 2022 appointed Mr. Parvinder S Chadha, as the Chairman and Executive Director of the Company. The approval of the shareholders of the Company was availed through postal ballot process concluded on December 16, 2022 for the appointment of Mr. Parvinder S Chadha as a Whole-time Director, designated as Chairman & Executive Director of the

Company for a term of five years commencing from December 1, 2022 till November 30, 2027. The shareholders have approved his appointment by 99.99% votes in favor. Mr. Chadha is one of the Promoter of the Company. The Central Government approval for appointment of Mr. Chadha as Whole Time Director for his term from December 1, 2022 till November 30, 2027 was duly obtained by the Company.

Mr. Harjit Singh Anand, Independent Director will complete his first term as an independent director on September 9, 2023. The Board of Directors recommends to the shareholders in ensuing 35th Annual General Meeting for his re-appointment as an Independent Director for his 2nd term of five years from September 10, 2023 to September 9, 2028.

Mr. Vikram Negi, Executive Director term as the Whole-time Director got over on August 31, 2022. The shareholders in their 34th Annual General Meeting held on July 20, 2022 had appointed him for a further term of five years from September 1, 2022 until August 22, 2027. The Central Government approval for appointment of Mr. Vikram Negi as Whole Time Director for his term from September 1, 2022 till August 22, 2027 is duly obtained by the Company.

Key Managerial Personnel

In accordance with the provisions of Section 203 of the Act, Mr. Parvinder S Chadha, Whole-time Director; Mr. Vikram Negi, Whole-time Director; Mr. Sunil Rajadhyaksha, Whole-time Director; Mr. Nilesh Bafna, Chief Financial Officer; and Mr. Bhuvanesh Sharma, Company Secretary are the Key Managerial Personnel of the Company as on March 31, 2023. There were no changes in Company Secretary and Chief Financial Officer of the Company during the year.

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, 2023 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, 2023 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.

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. 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.

19. Internal Financial Controls

The Management of the Company has established 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 financial controls are tested by Internal Auditors of the Company and no reportable material weaknesses were observed therein for the reportable year. 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.

20. Related Party Transactions

The transactions entered 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 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: <https://hovsltd.com/docs/Policies/2022/HOVS%20RPTs%20Policy-April%202022.pdf>

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.

21. Corporate Governance Report

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

22. Management Discussion and Analysis

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

23. Code of Conduct for Board and Senior Management

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

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

M/s Lodha & Co., Chartered Accountants were appointed as Statutory Auditors for a period of 5 years, in 34th Annual General Meeting held on July 20, 2022, till the conclusion of the 39th AGM to be held in year 2027.

The Statutory Auditors' Report of M/s Lodha & Co., Chartered Accountants for FY 2022-23 does not contain any qualification, reservation or adverse remark. The Statutory Auditors of the Company have given their Unmodified Opinion(s) on the Audited Standalone Financial Results for the 4th Quarter and Year ended March 31, 2023 and on the Audited Consolidated Financial Results of the Company for financial Year ended March 31, 2023.

Secretarial Audit Report:

M/s. J B Bhavé & Co., Practicing Company Secretaries, Pune were appointed to conduct secretarial audit for FY 2022-23. The report does not contain any qualification, reservation or adverse remark. The Secretarial Auditors' Report is annexed herewith as "ANNEXURE- F" to this report.

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, 2023.

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, 2023 is available on the Company's website and can be accessed at <https://hovsltd.com/wp-content/uploads/2023/06/AR-2023.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 Boards 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 have been covered in the Management Discussion and Analysis and Notes to the Financial Statements, which forms part of this report.

29. Committees of the Board

The Board of Directors have constituted the i) Audit Committee; ii) Nomination and Remuneration Committee; & iii) Stakeholders Relationship Committee. 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, if any 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.

The details of the share capital are provided are as below.

Particulars	As on March 31, 2023		As on March 31, 2022	
	No. of shares	% to total shareholding	No. of shares	% to total shareholding
Physical	67,592	0.54	67,592	0.54
Demat				
NSDL	97,41,301	77.34	97,61,610	77.5
CDSL	27,86,079	22.12	27,65,770	21.96
Total	1,25,94,972	100	1,25,94,972	100

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, 2023 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) There were no 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, 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.

For and on behalf of the Board of Directors

Parvinder S Chadha

Chairman & Executive Director
(DIN:00018468)

Date: May 27, 2023

DECLARATION REGARDING CODE OF CONDUCT

We hereby confirmed that for the financial year ended March 31, 2023, the Directors and Senior Management Personnel have complied with the Code of Conduct of the Company as applicable to them.

Parvinder S Chadha
Chairman & Executive Director
(DIN: 00018468)

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, 2023 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 were no changes in internal control over financial reporting during the year;
 - ii. there were no significant changes in accounting policies during the year required to be disclosed in the notes to the financial statements; and
 - iii. there were 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

Parvinder S Chadha
Chairman & Executive Director
(DIN: 00018468)

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, 2023 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 representations 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, 2023.

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 Lodha & Company
Firm Registration No. – 301051E
Chartered Accountants

R.P. Baradiya
Partner
Membership No. **044101UDIN :**
23044101BGTSJE1762

Place: Mumbai
Date : May 27,2023

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.

During the year FY 2022-23 the Covid-19 pandemic continued disruption in supply chain and impacted business. Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. A slower growth in economic output coupled with increased uncertainty will dampen trade growth. This is seen in the lower forecast for growth in global trade by the World Trade Organization, from 3.5 per cent in 2022 to 1.0 per cent in 2023. However, India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment.

The situation was closely monitored keeping the guidelines issued by the various authorities. Our team has been in constant communication with customers and employees keeping the physical safety on priority. The Management is keeping close vigil and being optimistic to review all business opportunities.

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.

Revenue from operations:

Revenue from operations aggregated to ₹ 1,205.51 Lakhs in current year from ₹ 1,005.81 Lakhs in the previous year.

Other income:

Other income on consolidated basis were at ₹ 381.41 Lakhs for year ended March 31, 2023 compared to ₹ 134.33 Lakhs for the year ended March 31, 2022. The increase of ₹ 247.08 lakhs compared to last year is mainly on account of dividend income received on investment of ₹ 186.97 lakhs during the current year.

Total Income:

Total income on standalone basis, in current year increased to ₹1,399.95 Lakhs from ₹1,140.14 Lakhs in the previous year.

Total income on consolidated basis, in current year increased to ₹1586.92 Lakhs from ₹1,140.14 Lakhs in the previous year.

Expenses**Employee Benefit Expenses:**

Employee Benefit Expenses were at ₹815.90 Lakhs for year ended March 31, 2023 compared to ₹626.35 Lakhs for the year ended March 31, 2022. The increase of ₹35.52 lakhs compared to last year is mainly on account of managerial remuneration and increase in average no of employees.

Total expenses:

Total expenses were at ₹ 1041.81 Lakhs for year ended March 31, 2023 compared to ₹ 839.13 Lakhs for the year ended March 31, 2022. The net increase in total expenses is ₹ 202.68 Lakhs compared to last year.

Exceptional items:

On standalone basis provision for diminution in value of Investment in subsidiary is provided under exceptional items was ₹ (6,607.70) Lakhs in the previous year.

Discontinued Operations:

On Consolidated basis the profit from discontinued operations ₹ 8.61 Lakhs for the year ended March 31, 2023 and were at ₹ 0.72 Lakhs for the year ended March 31, 2022.

Profit/(Loss) after tax:

Profit/(loss) after tax on standalone basis is ₹ 261.35 Lakhs for the year ended March 31, 2023 and were at ₹ (6,393.52) Lakhs for the year ended March 31, 2022.

Profit after tax on consolidated basis is ₹ 456.93 Lakhs for the year ended March 31, 2023 and were at ₹ 214.90 Lakhs for the year ended March 31, 2022.

Other Comprehensive Income / (Loss):

On standalone basis, other comprehensive income/(Loss) is ₹ (3.12) Lakhs for the year ended March 31, 2023 and were at ₹ (1.55) Lakhs for the year ended March 31, 2022. It is due to re-measurement of the net defined benefits.

On consolidated basis, other comprehensive income/(Loss) is ₹ (808.67) Lakhs for the year ended March 31, 2023 and were at ₹ (6,845.42) Lakhs for the year ended March 31, 2022. It is due to re-measurement of the net defined benefits and due to fair value changes on investments.

Total Comprehensive Income / (Loss) For the Year:

On standalone basis, total comprehensive income/(Loss) is ₹ 258.23 Lakhs for the year ended March 31, 2023 and were at ₹ (6,395.07) Lakhs for the year ended March 31, 2022.

On consolidated basis, other comprehensive income /(Loss) stood at ₹ (808.67) Lakhs for the year ended March 31, 2023 and were at ₹ (6845.42) Lakhs for the year ended March 31, 2022.

Property, plant and equipment

Is ₹ 64.65 Lakhs for the year ended March 31, 2023 and were at ₹ 11.16 Lakhs for the year ended March 31, 2022. The additions to gross block were on account of additions of computer equipment's during the year.

Other Investments:

In consolidated financial statements the fair value of other investment as on March 31, 2023 is ₹ 699.79 lakhs compared to March 31, 2022 is ₹ 1,809.28 Lakhs. In consolidated financial statements, the said investment is considered as equity 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 has been recognized net off deferred tax liability in Other Comprehensive Income.

Trade Receivables:

Trade Receivables including unbilled revenue as at March 31, 2023 amounted to ₹ 609.73 Lakhs as compared to ₹ 519.81 lakhs as at end of previous year on March 31, 2022. Trade receivables as a percentage of revenue from operations is 50.6 % as at March 31, 2023 as against 51.6 % as at March 31, 2022.

Cash and cash equivalents

On a standalone basis, as at March 31, 2023 the company had cash and cash equivalents of ₹ 250.14 lakhs as compared to ₹ 107.68 as at March 31, 2022. The cash and cash equivalents increased by ₹ 142.46 lakhs during the current year.

On a consolidated basis, as at March 31, 2023 the company had cash and cash equivalents of ₹ 485.25 lakhs as compared to ₹ 133.81 as at March 31, 2022. The cash and cash equivalents increased by ₹ 351.44 lakhs during the current year.

Equity Share Capital

12594972 Equity Shares of ₹ 10 each fully paid up amounting to ₹ 1,259.90 lakhs.

Other Equity

On a standalone basis, as at March 31, 2023 other equity stood at ₹ 1046.94 lakhs as compared to ₹ 788.72 as at March 31, 2022.

On a consolidated basis, as at March 31, 2023 other equity stood at ₹ 999.47 lakhs as compared to ₹ 1,735.60 as at March 31, 2022.

The movement in retained earnings was on account of profit earned during the year.

On a standalone basis, other components of equity decreased due to re-measurement of the net defined benefit liability/asset.

On consolidated basis, other components of equity decreased mainly due to fair value changes on investments and re-measurement of the net defined benefit liability/asset.

Total Current Liabilities:

On a standalone basis, as at March 31, 2023 total current liabilities stood at ₹ 242.52 lakhs as compared to ₹ 270.10 as at March 31, 2022.

On a consolidated basis, as at March 31, 2023 total current liabilities stood at ₹ 1,402.89 lakhs as compared to ₹ 1,339.90 as at March 31, 2022.

Human Resources & Prevention of Sexual Harassment

During the year 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, covering not only, financial transactions but other department functions as well. The Company's Internal Control framework is commensurate with the size and the nature of its operations. The internal control framework is essentially based on various policies, procedures and process of different functional departments of the Company to achieve efficiency and effectiveness in operations and compliance with laws and regulations.

The Company has appointed reputed firms of Chartered Accountants to carry out internal audits. The audit is based on focused and risk based internal audit plan, which is reviewed each year after consulting the Audit Committee. The conduct of internal audit is aimed towards the review of internal controls and risks, accounting and finance, and human resources, and as per scope decided by the Audit Committee. The Internal Auditor periodically do testing of the internal controls and 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 Company has an appropriate risk management framework comprising risk governance structure and defined risk management processes. The risk management is a mechanism to identify risk, if any to business of the Company, which in the opinion of the Management need mitigation. The Audit Committee has oversight in the area of financial risks and controls. The Management has identified the following key risks considering the operations relating to the businesses of the Company and continuously monitor and review to mitigate the key risks in manner stated herein below:-

- a) **Covid-19 Pandemic risk:**-The business operations got impacted on account of restriction measures implemented by local and central government authorities to implement social distancing norms and to prevent spread of Covid-19 Pandemic. 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 appraised 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 being 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 disclosure 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	Numerator	Denominator	FY 2022-23	FY 2021-22	Variance (in %)	Detail explanation for change (where the change is 25% or more as compared to the immediately previous financial year)
(a)	Current Ratio	Total of Current Assets	Total of Current liabilities	1.11	0.78	42.3	Current assets increased due to receipt of dividend on investment and current liabilities reduced due to repayment of borrowings during the year.
(b)	Debt Service Coverage Ratio	Profit/(Loss) before tax from continuing operations	Debt Service (Current Borrowings+ Interest payable)	NA	4.34	-	Due to repayment and closer of loan during the year as per the terms. There is no current repayment of borrowings payable.
(c)	Return on Equity Ratio	Profit/(Loss) after tax	Total Equity	0.20	0.07	185.7	Due to repayment and closer of loan during the year as per the terms. There is no current repayment of borrowings payable.
(d)	Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivables	2.14	1.98	8.1	-
(e)	Trade Payable Turnover Ratio	Purchase of services and other expenses	Average trade payable	11.91	10.97	8.6	-
(f)	Net Capital Turnover Ratio	Revenue from Operations	Working capital	7.49	(3.42)	(319.0)	Working capital is improved due to receipt of dividend on investment and liabilities reduced due to repayment of borrowings during the year.
(g)	Net Profit Ratio	Net profit after tax	Revenue from Operations	0.29	0.19	52.6	Net profit increase mainly due to receipt of dividend income on investment during the year
(h)	Return on Capital Employed	Profit/(Loss) before interest and tax	Capital employed (total assets less current liabilities)	0.24	0.10	140.0	Net profit increase mainly due to receipt of dividend income on investment during the year
(i)	Return on Investment	Dividend Income	Cost of Investments	0.27	NA	-	Dividend received in current year

Opportunities, Outlook & Threats

Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. A slower growth in economic output coupled with increased uncertainty will dampen trade growth. This is seen in the lower forecast for growth in global trade by the World Trade Organisation, from 3.5 per cent in 2022 to 1.0 per cent in 2023.

Global economic growth much affected from previous year and continued for reporting year 2022-23 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 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 Directors present the Company's Report on Corporate Governance for the year ended March 31, 2023.

1. Company's Philosophy on Corporate Governance

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

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

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

2. Board of Directors

The Board of Directors of your Company 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 reports on 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. Additionally, Audit Committee & 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 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. 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.

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 are given as hereunder: -

i) Composition of Board of Directors:

Name of Director	Title
Mr. Parvinder S Chadha ¹	Chairman & Executive Director & Promoter
Mr. Sunil Rajadhyaksha	Executive Director & Promoter
Mr. Vikram Negi ²	Executive Director
Mr. Surinder Rametra ³	Executive Director & Promoter
Mr. Harjit Singh Anand	Non-Executive Independent
Mrs. Lakshmi Kumar	Non-Executive Independent
Mr. Ajay Puri	Non-Executive Independent

¹ Effective November 11, 2022 appointed as the Chairman & Executive Director

² Effective November 11, 2022 ceases to be the Chairman

³ Effective November 11, 2022 retired from the office of Executive Director

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

Name of the Director	Date of Board Meetings				Date of AGM	
	July 26, 2022	May 27, 2022	August 13, 2022	November 11, 2022	February 13, 2023	July 20, 2022
Mr. Vikram Negi	P-VC	P-VC	P-VC	P-VC	A	P-VC
Mr. Sunil Rajadhyaksha	P-VC	P-VC	P-VC	P-VC	P-VC	P-VC
Mr. Surinder Rametra	P-VC	A	A	P-VC	NA	A
Mr. Parvinder S Chadha	NA	NA	NA	NA	P-VC	NA
Mr. Harjit Singh Anand	P-VC	P-VC	P-VC	P-VC	P-VC	P-VC
Mrs. Lakshmi Kumar	P-VC	P-VC	P-VC	A	P-VC	P-VC
Mr. Ajay Puri	P-VC	P-VC	A	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, 2023

Name of Director	Number of Shares
Mr. Parvinder S Chadha, Chairman & Executive Director ¹	38,250
Mr. Vikram Negi, Executive Director	63,556
Mr. Sunil Rajadhyaksha, Executive Director ¹	5,88,720
Mr. Ajay Puri, Independent Director	-
Mr. Harjit Singh Anand, Independent Director	-
Mrs. Lakshmi Kumar, Independent Director	-

¹ 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. Parvinder S Chadha ²	28,00,000	Nil	Nil
Mr. Harjit Singh Anand	Nil	Nil	6,00,000
Mrs. Lakshmi Kumar	Nil	Nil	5,10,000
Mr. Ajay Puri	Nil	Nil	5,10,000

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

Name of Director	Other company directorship	Committee chairmanship	Committee membership
Mr. Vikram Negi	Nil	Nil	Nil
Mr. Sunil Rajadhyaksha	Nil	Nil	Nil
Mr. Surinder Rametra	Nil	Nil	Nil
Mr. Parvinder S Chadha	Exela Technologies Inc.	Nil	Nil
Mr. Harjit Singh Anand	CAF India Pvt. Ltd.	Nil	Nil
Mrs. Lakshmi Kumar	Nil	Nil	Nil
Mr. Ajay Puri	Mettube Sdn. Bhd.	Nil	Nil

Notes:

- i) Mr. Surinder Rametra retired as an Executive Director of the Company w.e.f. November 11, 2022.
- ii) Mr. Parvinder S Chadha was appointed as Chairman & Executive Director of the Company w.e.f. November 11, 2022.
- iii) None of the Executive Directors received remuneration from the Company during the year, except as stated above.
- iv) There is no pecuniary relationship with non-executive directors except entitled for sitting fees for attending Board Meetings and its Committees Meetings.
- v) None of the Directors are eligible for severance fees.
- vi) Notice period, as mutually decided by the Board and Director.

3. Audit Committee

The Company had 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 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, and review of related party transactions, provide omnibus approval, make deliberation with Statutory Auditors. Mr. Harjit Singh Anand, Chairman of Audit Committee attended 34th Annual General Meeting held on July 20, 2022.

Composition of Audit Committee:

Name	Designation/Category
Mr. Harjit Singh Anand	Chairman (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Ajay Puri	Member (Independent Director)
Mr. Surinder Rametra	Member (Executive Director)
Mr. Parvinder S Chadha	Member (Executive Director)

Audit Committee Meetings and its member's attendance:

Meeting Date	April 26, 2022	May 27, 2022	August 13, 2022	November 11, 2022	February 13, 2023
Mr. Harjit Singh Anand	P-VC	P-VC	P-VC	P-VC	P-VC
Mrs. Lakshmi Kumar	P-VC	P-VC	P-VC	A	P-VC
Mr. Surinder Rametra	P	A	A	P-VC	NA
Mr. Ajay Puri	P-VC	P-VC	A	P-VC	P-VC
Mr. Parvinder S Chadha	NA	NA	NA	NA	P-VC

During the reporting year Mr. Surinder Rametra ceased to be member of Audit Committee w.e.f November 11, 2022 and Mr. Parvinder S Chadha became member of thereof.

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 & Remuneration Committee

Name	Designation/Category
Mrs. Lakshmi Kumar	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mr. Ajay Puri	Member (Independent Director)
Mr. Vikram Negi	Member (Executive Director)
Mr. Parvinder S Chadha	Member (Chairman & Executive Director)

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

Meeting Date	May 27, 2022	November 11, 2022
Mr. Harjit Singh Anand	P-VC	P-VC
Mrs. Lakshmi Kumar	P-VC	A
Mr. Vikram Negi	A	P-VC
Mr. Ajay Puri	P-VC	P-VC
Mr. Parvinder S Chadha	NA	NA

During the reporting year Mr. Vikram Negi ceased to be member of Nomination & Remuneration Committee effective, November 11, 2022 and Mr. Parvinder S Chadha become member thereof.

The Committee reviewed, for the year 2022-23, the implementation and compliance of effective evaluation of performance of Board, its committees, chairperson and individual directors.

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 are annexed to the **Annexure [G]** of the Board Report.

5. Stakeholders Relationship Committee

The Company had constituted the Stakeholders Relationship 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. Ajay Puri	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	May 27, 2022	November 11, 2022
Mr. Harjit Singh Anand	P-VC	P-VC
Mr. Sunil Rajadhyaksha	P-VC	A
Mr. Ajay Puri	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. Ajay Puri, Chairman of Stakeholders Relationship Committee attended 34th Annual General Meeting held on July 20, 2022.

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
32 nd AGM/ 2020	September 22, 2020 9:00 AM <i>Through Video Conference</i>	i) Re-appointed Mrs. Lakshmi Kumar as Independent Director for 2 nd 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
33 rd AGM/ 2021	September 22, 2021 10:00 AM <i>Through Video Conference</i>	i) 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.
34 th AGM/ 2022	July 20, 2022 10:00 AM <i>Through Video Conference</i>	i) Re-appointed Mr. Vikram Negi as Whole time Director designated as Executive Director for another term of five years period from September 1, 2022 till August 31, 2027.

b) Extra Ordinary General Meeting:

No Extra Ordinary General Meeting was held during the year.

c) Resolutions passed through Postal Ballot & details of voting pattern:

During the Financial Year, in pursuance of Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 the Company had conducted Postal Ballot vide its Notice of Postal Ballot Dated November 11, 2022.

- i) The Notice of Postal Ballot was sent on November 16, 2022 to all shareholders for seeking their approval and newspaper advertisement for the Notice of Postal Ballot was published in Financial Express and Pune Loksatta on November 17, 2022.
- ii) Mr. Prajot Tungare, of M/s. Prajot Tungare & Associates, the practicing Company Secretaries, was appointed as Scrutinizer for conducting postal ballot process. The Company had provided e-voting facility to shareholders to exercise their voting rights. The voting period commenced from November 17, 2022 (10:00 AM) till December 16, 2022 (5:00 PM).
- iii) After the completion of the scrutiny of all the e-voting votes cast up to closing of the hours on December 16, 2022, were scrutinized. The Scrutinizer, on completion of scrutinizing process, submitted his report and the result of voting's was announced on December 16, 2022 by the Company.
- iv) Results of the Postal Ballot are as follows: -

Particulars of Resolutions	No. of votes polled	No. of votes in favor	No. of votes against	No. of invalid votes	% of votes in favor	% of votes against
Passed as below.	61,88,933	61,88,873	60	0.00	99.9990	0.0010

“RESOLVED THAT as recommended by Nomination and Remuneration Committee and pursuant to the provisions of Regulation 17 (1C) of SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, 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. Parvinder S Chadha (DIN 00018468), who was appointed as Additional Director effective November 11, 2022 by the Board of Directors, the approval of the shareholders of the Company be and is hereby accorded for the appointment of Mr. Parvinder S Chadha (DIN 00018468) as a Whole-time Director, designated as Chairman & Executive Director of the Company for a term of five years commencing from December 1, 2022 till November 30, 2027 upon the terms and conditions, including remuneration and minimum remuneration in the event of absence or inadequacy of profits within the ceiling limits of INR 84,00,000 (INR Eighty Four Lakhs) per year 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 deem fit by the Board of Directors.”

“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 the remuneration including salary, commission, perquisites, allowances etc., within such prescribed limits/ceiling as per the statutory modification and the agreement between the Company and Mr. Parvinder S Chadha, be suitably amended to give effect to such modification without any further reference to the shareholders’ of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are 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.”

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 were no significant related party transactions during the year between the Company and its related parties having any 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.
- 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 <https://hovsltd.com/docs/Policies/2019/HOVS%20Vigil%20WhistleBlower%20Policy%20April%201%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 <https://hovsltd.com/docs/Policies/2019HOVS%20Policy%20for%20Material%20Subsidiary%20April%201%202019.pdf>
- f) The Company has formulated policy on Related Party Transactions available on <https://hovsltd.com/docs/Policies/2022/HOVS%20RPTs%20Policy-April%202022.pdf>
- g) There were 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, is annexed with in "ANNEXURE- F" to the report.
- 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 2022-23
Audit Fees (standalone & Consolidated)	5.00
LimitedReview Reports (standalone & Consolidated)	3.00
Other Certification Services	1.20
Total	9.20

- 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 2022-23 – Nil
 - b. number of complaints disposed of during the financial year 2022-23 – Nil
 - c. number of complaints pending as on end of the financial year 2022-23– 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, 2023.
- o) The details of the familiarization program disclose on the Company's website <https://hovsltd.com/wp-content/uploads/2023/04/HOVS-Familirization-ID-2023.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

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

- 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 possess the corresponding skill or expertise to that specific area.

Core Skills/Expertise Competencies	Name of the Director					
	Mr. Parvinder S Chadha	Mr. Sunil Rajadhyaksha	Mr. Vikram Negi	Mr. Harijit S Anand	Mr. Ajay Puri	Mrs. Lakshmi Kumar
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 workforce development and support	✓	✓	-	-	✓	✓
Leadership & Strategy Building	✓	✓	✓	-	✓	✓
Financial Literacy	✓	✓	✓	✓	✓	✓
Commercial and Business acumen/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. From the year 2019-20 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, 2023 shall remain frozen till the rightful owner of such shares claims the shares.

Description	No. of Cases	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year:	4	341
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 :	4	341

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

The Company had in due course of time until previous FY 2018-19 have transferred all such shares to IPF 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 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 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 ID mohsin.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 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. 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 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 May 27, 2023. The same is annexed to the Board's Report.

19. General Shareholder Information**a) Details of ensuing 35th AGM:**

Date & Day	Time	Venue
July 28, 2023 & Friday	10:30 A.M.	As the AGM being 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, 2023.**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:

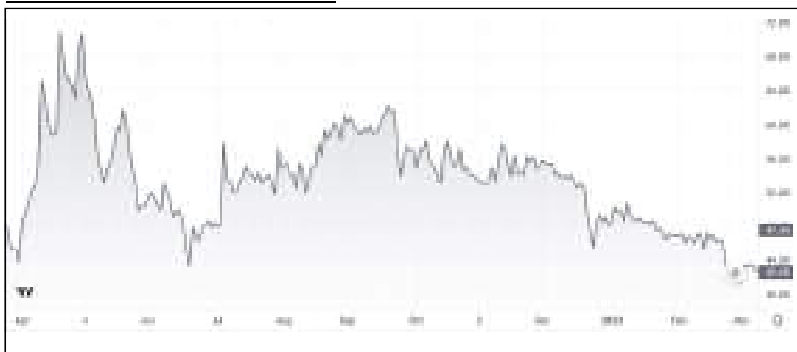
Monthly highs, lows and trading volume for FY ended March 31, 2023 is as below:

Month	NSE			BSE		
	High (₹)	Low (₹)	Trade Quantity	High (₹)	Low (₹)	Trade Quantity
Apr-22	74.50	66.90	48,225	74.55	66.15	5,06,831
May-22	73.40	65.35	16,420	74.00	66.35	82,773
Jun-22	54.10	51.60	7,750	55.90	50.80	55,479
Jul-22	61.10	54.55	79,137	61.50	54.40	4,37,628
Aug-22	63.25	59.70	10,499	63.00	59.75	1,30,486
Sep-22	66.00	62.20	11,302	65.60	62.05	1,28,980
Oct-22	59.80	56.50	10,599	58.80	56.90	25,345
Nov-22	59.20	56.30	9,534	62.95	56.15	55,775
Dec-22	56.35	55.35	11,398	56.50	55.35	37,474
Jan-23	54.00	49.10	6,176	53.60	48.95	28,605
Feb-23	51.65	46.75	15,487	48.70	46.60	34,516
Mar-23	45.50	43.20	61,483	45.95	43.00	5,36,261

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 01-04-2022 to 31-03-2023

HOVS vis-à-vis BSE Sensex:



HOVS vis-à-vis NSE Nifty:



g) Registrar and Share Transfer Agent

The Company has appointed KFin Technologies Limited as its share transfer agent.

KFin Technologies 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 2023-24:

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

Quarter End	Date
1 st Quarter Results	On or before August 14, 2023
2 nd Quarter Results	On or before November 14, 2023
3 rd Quarter Results	On or before February 14, 2024
4 th Quarter Results (Audited)	On or before May 30, 2024

j) Date of Book Closure: July 25, 2023 to July 28, 2023 (both days inclusive).**k) Distribution of Shareholding as of March 31, 2023****(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	8554	98.31	22,86,144	18.15
2	5001 - 10000	75	0.86	5,31,779	4.22
3	10001 - 20000	31	0.36	4,33,937	3.45
4	20001 - 30000	8	0.09	1,88,181	1.49
5	30001 - 40000	6	0.07	2,16,959	1.72
6	40001 - 50000	3	0.03	1,42,584	1.13
7	50001 - 100000	12	0.14	8,22,250	6.53
8	100001 and above	12	0.14	79,73,138	63.30
	Total	8,352	100.00	1,25,94,972	100.00

(ii) Distribution of Shares by Shareholders Category:

Sr. No.	Description	No. of Cases	Total Shares	% Equity
1	PROMOTERS	8	63,49,829	50.42
2	DIRECTORS AND THEIR RELATIVES	1	63,556	0.50
3	KEY MANAGEMENT PERSONNEL	2	7,000	0.06
4	I E P F	1	816	0.01
5	RESIDENT INDIVIDUALS	8,071	38,08,929	30.24
6	EMPLOYEES	3	15,892	0.13
7	NON RESIDENT INDIAN NON REPATRIABLE	28	2,21,768	1.76
8	FOREIGN NATIONALS	1	88,978	0.71
9	NON RESIDENT INDIANS	63	1,10,078	0.87
10	FOREIGN NATIONALS	2	2,88,438	2.29
11	BODIES CORPORATES	61	13,10,411	10.40
12	H U F	269	3,09,155	2.45
13	TRUSTS	1	1,000	0.01
14	CLEARING MEMBERS	12	19,122	0.15
	Total	8,523	1,25,94,972	100

(iii) Promoters & Top 10 Shareholders as of March 31, 2023
Promoters & Promoters Group Shareholdings:

Sr.No.	HOLDER	TOTAL SHARES	% TO EQUITY	CATEGORY
1	ADESI 234 LLC	30,00,985	23.83	PRO
2	HOF2 LLC	16,67,933	13.24	PRO
3	STERN CAPITAL PARTNERS LLC	6,94,246	5.51	PRO
4	Sunil Vasant Rajadhyaksha	5,88,720	4.67	PRO
5	GENERAL PACIFIC LLC	2,14,273	1.70	PRO
6	Surinder Rametra	1,20,000	0.95	PRO
7	Parvinder S Chadha	38,250	0.30	PRO
8	Rajadhyaksha Anil Vasant	25,422	0.20	PRO

Top Ten shareholders other than Promoters:

1	CHITALE LLC	7,86,224	6.24	LTD
2	EIndia Venture Holding Company Ltd	2,32,786	1.85	LTD
3	Xin Cheng	2,23,950	1.78	FN
4	Purvi Prabhatchandra Jain	2,05,061	1.63	PUB
5	Karan Negi	1,48,817	1.18	NRN
6	Nilesh Chandrakant Shah	1,00,143	0.80	PUB
7	Ronald Cogburn	88,978	0.71	FN
8	Rishi Rajendra Shah	88,613	0.70	PUB
9	Isha Securities Limited	87,179	0.69	LTD
10	Bhuvaneshwari S	73,800	0.59	PUB

I) Dematerialization of shares and liquidity

As of March 31, 2023, 99.46% of the total issued capital of the Company was held in electronic form with National Securities Depository Limited and Central Depository Services (India) Limited. Shares held in physical and electronic mode as on 31 March 2023 are as under: -

Particulars	As on March 31, 2023		As on March 31, 2022		Net Change during 2022-23	
	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	97,41,301	77.34	97,61,610	77.50	-20,309	-0.16%
CDSL	27,86,079	22.12	27,65,770	21.96	20,309	0.16%
Total	1,25,94,972	100.00	1,25,94,972	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:

India Office:

3rd Floor, Sharda Arcade, Pune Satara Road,
Bibwewadi, Pune 411037

Global office:

8550 W Desert Inn Rd Suite 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:

Share transfer Agent

KFin Technologies Limited
Unit: HOV Services Limited
Selenium Tower B, Plot No. 31-32,
Financial District, Nanakramguda,

Contact person

Mohd. Mohsinuddin, Sr. Manager
Tel. No: (040) 6716 2222/1562
Toll free No: 1800 309 4001
Email: mohsin.mohd@kfintech.com

Company

HOV Services Limited
3rd Floor, Sharda Arcade,
Pune Satara Road,
Bibwewadi, Maharashtra,
Pune 411037

Contact person

Bhuvanesh Sharma
VP – Corporate Affairs &
Company Secretary & Compliance Officer
Tel: (91 20) 2422 1460
E-mail: investor.relations@hovsltd.com
Website: www.hovsltd.com

Annexure – A to the Director’s Report
Details of Employees Stock Options as on March 31, 2023.

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

HOVS ESOP Plan 2007	Employees of the Company	Erstwhile subsidiary Companies	Grand Total
Total Approved Options	4,00,000	7,00,000	11,00,000
Options granted	3,37,150	7,00,000	10,37,150
Options lapsed	2,33,200	7,00,000	9,33,200
Equity shares allotted post exercise	1,03,950	-	1,03,950
Balance Options available	2,96,050	7,00,000	9,96,050

- 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	-	-	-
Grant in 2013	-	-	-
Total options vested	-	-	-

During the year ended March 31, 2023 there were no grants made, no options in force and no options exercised.

- iii) Information of grant made to directors and employees under **Plan 2007**: No grants of options were made during the year.
- iv) The details of **HOVS Plan 2007** are given in the table.

HOVS ESOP Plan 2007	
a. Options Granted:	10,37,150
b. The Pricing formula:	Closing price of the stock exchange where there is highest trading volume, prior to the date of the meeting of the Compensation & Remuneration Committee in which options are granted.
c. Options Vested:	0
d. Options Exercised:	0
e. Total number of shares would be arising as a result of exercise of options:	0

f. Options lapsed:	933,200
g. Variation of terms of option:	NA
h. Money realized by exercise of options:	
i. Total number of options in force:	0
j. Employee wise details of Options granted to:	
Senior Management personnel:	Nil
Employee receiving 5% or more of the total Number of options granted during the year:	Nil
Employee granted 1% or more of the issued capital:	Nil
k. Diluted EPS on issue of shares on exercise calculated in accordance with AS 20.	Rs. 2.08 (before exceptional items)

Notes:

- i) During the year ended March 31, 2023 there were no grants made, no options in force and no options exercised.
- ii) Independent directors are not entitled for any grant of options.
- iii) Options issued to employees at an exercise price not less than closing price of the stock exchange where there is highest trading volume, prior to the date of meeting of the Compensation & Remuneration Committee in which options were granted. The options will vest in a phased manner within five years as 10% in each first to four years and balance 60% at the end of fifth year.
- iv) As per ESOP Plan 2007, options granted shall be capable of being exercised within a period of five years from the date of vesting of the respective employee stock options. The un-exercised vested options will lapse upon the expiry of five years from the respective date of their vesting.
- v) As of March 31, 2023 there are no options in force for further exercise.

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, 2023 is 1205.51 Lakhs.

Annexure- C to the Director's Report

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

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23 are as under:

Sr. No.	Name of Director/ KMP and Designation	% increase in Remuneration	Ratio of remuneration of each Director/ to median remuneration of employees
1	Mr. Parvinder S Chadha ¹	Nil	Nil
2	Mr. Sunil Rajadhyaksha, Whole-time Director	NIL	NIL
3	Mr. Surinder Rametra, Whole-time Director	NIL	NIL
4	Mr. Vikram Negi, Whole-time Director	NIL	NIL
5	Mr. Nilesh Bafna, Chief Financial Officer	20%	NIL
6	Mr. Bhuvanesh Sharma, VP-Corporate Affairs, Company Secretary & Compliance Officer	20%	NIL

¹ Effective November 11, 2022 appointed as the Chairman & Executive Director.

- ii) The percentage increase in the median remuneration of employees in the financial year was 2%.
- iii) As on March 31, 2023 the total numbers of employees on the rolls of the Company were 183.
- iv) Average percentile increased in the salaries of the employees other than Managerial Personnel was 5% during the year and there was no change in the salary of Managerial Personnel.
- v) It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

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

Sr. No.	Name of the Employee	Designation of the employee	Remuneration received (CTC)	Nature of employment, whether contractual or otherwise	Qualification of the Employee	Experience of the Employee	Date of commencement of the employment	Age of the Employee	Last employment held before joining of Company	Percentage of equity shares held by the employee in the Company
1	Nillesh Bafra	Chief Financial Officer	₹ 39,59,868	Permanent	B.Com., CA	20+ Years	21-Apr-06	46	Own Practice	0.05
2	Balbir Singh Batra	Vice President-Administration	₹ 37,80,000	Permanent	Under Graduate	35+ Years	7-Jan-06	64	Oceans Connect	0.04
3	Bhuvanesh Sharma	"Vice President-Corporate Affairs & "Company Secretary and Compliance Officer"	₹ 36,85,944	Permanent	B.Sc. Maths, MFA, CS, JP	23+ Years	1-Jan-15	51	Banc'lec TPS India Pvt. Ltd.	0.00
4	Shrirang Chitnis	Director, Applications Development	₹ 30,41,520	Permanent	B.Sc. Microbiology	26+ Years	1-Jan-05	55	Codec Communications Pvt. Ltd.	0.05
5	Dhananjay Sawant	Director, Technology	₹ 29,90,004	Permanent	Diploma in Mechanical Engineering	22+ Years	12-Jul-07	47	Fulcrum Logic	0.00
6	Santosh Pawar	Director-IT Systems, Azure	₹ 23,25,372	Permanent	Bachelor Of Arts	19+ Years	8-Aug-03	44	Bay Area Credit Services Pvt. Ltd.	0.00
7	Madhukar Mazire	Director - IT Network, EUNE Support	₹ 22,90,128	Permanent	Bachelor Of Commerce	25+ Years	1-Oct-04	46	Creative Computers	0.00
8	Udayan Pitke	Product Lead	₹ 18,46,008	Permanent	PGDBM	18+ Years	1-Jan-05	39	WNS Global Services	0.00
9	Vijay Kumar Pawar	Project Manager, Applications / SW Developer	₹ 17,46,924	Permanent	M.C.M.	25+ Years	24-Dec-07	47	Codec Communications Pvt. Ltd.	0.00
10	Vishal Agarwal	Manager	₹ 17,25,000	Permanent	B.Sc.	16+ Years	25-Nov-10	43	VCustomer	0.00

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, 2022 and of the profit and loss account of the Company for that period; and
- c) That the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) That the directors have prepared the annual accounts on a going concern basis; and
- e) That the directors had laid down internal financial controls to be followed by the Company and that such system were adequate and were operating effectively; and
- f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws that such systems were adequate and operating effectively.

Annexure- E to the Director's Report

FORM NO. AOC- 2

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

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

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

	Name(s) of the related party	SourceHOV LLC	HOVG LLC (dba Bay Area Credit Services LLC)
(a)	Nature of relationship:	Part of Exela group Companies*	Part of Exela group Companies*
(b)	Nature of contracts/ arrangements/transactions:	Sale of Services	Sale of Services
(c)	Duration of the contracts / arrangements/transactions:	Month on Month ongoing basis	Month on Month ongoing basis
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	Software and IT enabled services & Data entry / Conversion services	Software and IT enabled services
(e)	Date(s) of approval by the Board, if any:	NA (Approved by Audit Committee on February 13, 2023 for FY 2023-24)	NA (Approved by Audit Committee on February 13, 2023) FY 2023-24)
(f)	Amount paid as advances, if any:	Nil	Nil

** An entity of Investee Company*

For and on behalf of the Board of Directors

Parvinder S Chadha
Chairman & Executive Director
 (DIN: 00018468)

Annexure- F to the Director's Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023
[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, 3rd 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 financial year 2022-23, 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, during the audit period covering the financial year ended on March 31, 2023 ("Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and legal compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 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'), to the extent applicable:
 - a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

- c. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - d. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
 - e. Securities and Exchange Board of India SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021;
 - f. Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - g. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - h. 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
 - i. SEBI (Delisting of Equity Shares) Regulations, 2009;
 - j. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
- (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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the committee and Board Meetings, agenda and detailed notes on agenda are sent 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 meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period –

1. Mr. Surinder Rametra (DIN: 00019714) resigned as whole Time Director of the Company with effect from November 11, 2022.
2. Mr. Parvinder Chadha (DIN: 00018468) was appointed as an additional director and chairman with effect from November 11, 2022 by the board of directors and as an Executive Director/ Whole-time director by the members of the Company vide special resolution through postal ballot on December 16, 2022 for a period of five years with effect from December 1, 2022 till November 30, 2027.
3. Mr. Vikram Negi (DIN 01639441) was re-appointed as a Whole Time Director of the Company for a further term of five years from September 1, 2022 till August 31, 2027 by the members of the Company vide special resolution in the Annual General Meeting held on July 20, 2022.
4. The Company in the Annual General Meeting held on July 20, 2022 have taken approval of the shareholders of the Company for the following material related party transactions pursuant to the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and pursuant to Section 188 the Companies Act, 2013:
 - 1) Contract of services for revenue of the Company with Source HOV LLC & HOVG LLC
 - 2) Contract of lease agreement of the Company Premises with Exela Technologies India Private Limited
 - 3) Sale of Company Premises to Exela Technologies India Private Limited

For J. B. Bhavé & Co.
Company Secretaries

Jayavant Bhavé
Proprietor
FCS: 4266 CP: 3068
PR No. 1238/2021
UDIN: F004266E000347928

Place: Pune
Date: May 22, 2023

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF HOV SERVICES LIMITED (2022-23)**AUDITORS' RESPONSIBILITY**

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

In accordance with the ICSI Auditing Standards (CSAS1 to CSAS4) I wish to state as under-

- i) Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility as the Auditor is to express the opinion on the compliance with the applicable laws and maintenance of Records based on Secretarial Audit conducted by me.
- ii) The Secretarial Audit needs to be conducted in accordance with applicable Auditing Standards. These Standards require that the Auditor should comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of Records.
- iii) *I am also responsible to perform procedures to identify, assess and respond to the risks of material misstatement or non-compliance arising from the Company's failure appropriately to account for or disclose an event or transaction.* However, due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit was properly planned and performed in accordance with the Standards.

Accordingly, 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 are 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.

For J. B. Bhave & Co.
Company Secretaries
Jayavant Bhave
Proprietor
FCS: 4266 CP: 3068

Place: Pune
Date: May 22, 2023

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members of
HOV SERVICES LIMITED
3rd Floor Sharda Arcade, Pune Satara Road,
Bibwewadi Pune - 411 037, Maharashtra

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HOV Services Limited** having CIN: L72200PN1989PLC014448 and having registered office at 3rd Floor Sharda Arcade, Pune Satara Road, Bibwewadi, Pune - 411 037, Maharashtra (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	Designation	DIN	Date of appointment (DD/MM/YYYY)
1	Sunil Vasant Rajadhyaksha	Executive Director/ Whole time Director	00011683	10/01/1989
2	Surinder Rametra*	Executive Director/ Whole time Director	00019714	03/01/2006
3	Vikram Negi	Executive Director/Whole time Director	01639441	13/02/2017
4	Harjit Singh Anand	Non-Executive - Independent Director	01549385	05/07/2018
5	Lakshmi Kumar	Non-Executive - Independent Director	06780272	24/10/2014
6	Ajay Puri	Non-Executive - Independent Director	09231339	26/07/2021
7	Parvinder Chadha	Executive Director/ Whole time Director	00018468	11/11/2022

* Resigned with effect from November 11, 2022

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on our verification. This certificate is specifically being issued in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For J. B. Bhavé & Co.
Company Secretaries
Jayavant B. Bhavé
Proprietor
FCS: 4266 CP: 3068
PR No. 1238/2021
UDIN: F004266E000347983

Place: Pune
Date: May 22, 2023

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, 2023, 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 (Refer “Other Matters” section below), 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, 2023, its consolidated profit, other comprehensive income/(loss), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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>Valuation and Impairment of quoted equity instruments :</p> <p>The Group had made investment in Exela Technologies Inc. (“Exela”-Listed on NASDAQ). We focused on the valuation of quoted preferred instruments due to its materiality. As disclosed in note 6, the Group has invested in quoted equity instruments having carrying value i.e. fair value of Rs. 69,979 thousands as at March 31, 2023. These instruments have been classified and measured at fair value through other comprehensive income (FVOCI) and not to be reclassified to profit or loss subsequently. In view of investments being material, we have considered its valuation/impairment to be a significant matter.</p>	<p>Principal Audit Procedures:</p> <p>We observed the publicly available quoted prices of the underlying preferred 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 are 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 Matters:

- (a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs20,805thousands as at March 31, 2023 and total income of Rs.Nil thousands and net profit/(loss) after other comprehensive income of Rs. 861thousands for the year ended March 31, 2023, disclosed as discontinued operations – Refer note 32of the Consolidated Financial Statements.These financial statements / financial information of subsidiarieshave not been audited by us. These financial statements / financial information have been audited by other auditor 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 auditor.
- (b) The opening balances and comparative consolidated financial information of the Group for the year ended March 31, 2022 has been audited by the predecessor auditor who has expressed an unmodified opinion on those financial statements vide their report dated May 27, 2022 and opening balances have been considered based on such audited consolidated financial statements

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

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 lawso 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 inagreement 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 and its subsidiary incorporated in India as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and its subsidiary incorporated in India, none of the directors of the Holding Company and its subsidiary incorporated in India is disqualified as on March 31, 2023 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) In our opinion and to the best of our information and according to the explanations given to us, during the year, managerial remuneration provided for by the holding Company is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Group does not have any pending litigations which would impact its financial position in the consolidated financial statements. (Refer Note 40)
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There are no amounts which is required to be transferred to the Investor Education and Protection Fund by the Group.
 - iv.(a) The respective Managements of the Holding Company and its subsidiary incorporated in India, whose financial statements have been audited under the Act, has represented to us that, to the best of their knowledge and belief, other than as disclosed in the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or by any of the such subsidiary to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.[Refer Note 49(f)]
 - (b) The respective Managements of the Holding Company and its subsidiary incorporated in India whose financial statements have been audited under the Act, has represented that to the best of their knowledge and belief, other than as disclosed in the consolidated financial statements, no funds have been received by the Holding Company and by any of

the such subsidiary from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; [Refer Note 49(g)]

- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and its subsidiary incorporated in India whose financial statements have been audited under the Act, nothing has come to the notice that has caused to believe that the representations under sub-clause (a) and (b) above contain any material misstatement.
- v. The Holding Company has not declared or paid dividend during the financial year 2022-23 and hence reporting under Rule 11 (f) of Companies (Audit and Auditors) Rules, 2014 is not applicable.
- vi. According to the information and explanations given to us and based on the Companies (Auditor’s Report) Order, 2020 (“CARO”) issued of holding company and one of the Indian subsidiary included in the consolidated financial statements to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in the respective CARO reports of Holding Company and such Indian subsidiary.

Annexure “A” referred to in “Report on Other Legal and Regulatory Requirements” section of our report to the Members of HOV Services Limited for the year ended March 31, 2023:

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, 2023, we have audited the internal financial controls over financial reporting of **HOV Services Limited (“the Holding Company”)** and its subsidiary 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 subsidiary 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 subsidiary 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 Act.

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 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 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, 2023, 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 ICAI.

Place: Mumbai
Date : May 27,2023

For **Lodha & Company**
Firm Registration No. – 301051E
Chartered Accountants

R.P. Baradiya
Partner
Membership No. **044101**
UDIN : 23044101BGTSIV7314

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2023	As At March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	2	6,465	1,116
Investment property	3	83,871	85,752
Intangible assets	4	-	18
Right to Use - Assets	5	13,551	22,985
Financial assets			
Investments	6	69,979	180,928
Other financial assets	7	39,261	47,357
Income tax assets	8	93	138
Deferred tax assets	9	6,636	9,786
Other non-current assets	10	427	92
Current assets			
Financial assets			
Trade receivables	11	60,973	51,981
Cash & cash equivalents	12	48,525	13,381
Other bank balances	13	40,535	34,002
Other financial assets	14	3,858	3,345
Other current assets	15	2,488	1,846
Total assets		376,662	452,727
Equity and liabilities			
Equity			
Equity share capital	16	125,950	125,950
Other equity		99,947	173,560
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	-	-
Lease liabilities	18	10,476	19,227
Current liabilities			
Financial liabilities			
Borrowings	19	-	6,898
Lease liabilities	20	3,716	4,513
Trade payables	21		
Total outstanding dues of micro enterprise and small enterprises		998	835
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,385	5,997
Other financial liabilities	22	118,568	109,569
Other current liabilities	23	1,515	1,221
Provisions	24	4,327	2,333
Current tax liabilities	25	2,780	2,624
Total equity and liabilities		376,662	452,727
Significant accounting policies	1		
The accompanying notes 2 to 50 are an integral part of the consolidated financial statements			

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

For Lodha & Company
Firm Registration No. 301051E
Chartered Accountants

Parvinder S Chadha
Chairman & Executive Director
(DIN: 00018468)
Place : Pune
Date : May 27, 2023

Sunil Rajadhyaksha
Executive Director
(DIN:00011683)
Place : Pune
Date : May 27, 2023

R. P. Baradiya
Partner

Place : Mumbai
Date : May 27, 2023

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary
Place : Pune
Date : May 27, 2023

Nilesh Bafna
Chief Financial Officer
Place : Pune
Date : May 27, 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Income			
Revenue from operations	26	120,551	100,581
Other income	27	38,141	13,433
Total Income		158,692	114,014
Expenditure			
Employee benefits expense	28	81,590	62,635
Finance Cost	29	1,595	907
Depreciation and amortisation expenses	2,4,5	6,048	6,230
Other expenses	30	14,948	14,141
Total Expenditure		104,181	83,913
Profit/(loss) before tax		54,511	30,101
Tax expense	31		
Current tax		(9,980)	(8,280)
Deferred tax		301	(403)
Profit/(loss) for the year from continuing operations		44,832	21,418
Discontinued Operations	32		
Profit/(Loss) before tax for the year from discontinued operations		862	153
Tax expense of discontinued operations		(1)	(81)
Profit/(loss) from Discontinued operations (after tax)		861	72
Profit/(loss) for the year		45,693	21,490
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Gain/(Loss) on Remeasurement of net defined benefit plans		(432)	(214)
Changes in fair value of FVOCI equity instruments		(126,248)	(766,751)
Tax impact on above		120	60,933
Total other comprehensive income		(126,560)	(706,032)
Total comprehensive income		(80,867)	(684,542)
Basic & diluted Earnings Per Share (Face value of Rs. 10 each) :	39		
Continuing Operations		3.56	1.70
Discontinued Operations		0.07	0.01
Continuing and Discontinued Operations		3.63	1.71
Significant accounting policies	1		
The accompanying notes 2 to 50 are an integral part of the consolidated financial statements			

As per our report of even date

For and on behalf of the Board

 For **Lodha & Company**
 Firm Registration No. 301051E
 Chartered Accountants

Parvinder S Chadha
 Chairman & Executive Director
 (DIN: 00018468)
 Place : Pune
 Date : May 27, 2023

Sunil Rajadhyaksha
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 Place : Pune
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 Place : Mumbai
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Bhuvanesh Sharma
 VP-Corporate Affairs
 & Company Secretary
 Place : Pune
 Date : May 27, 2023

Nilesh Bafna
 Chief Financial Officer
 Place : Pune
 Date : May 27, 2023

Consolidated Statement of Changes in Equity for the year ended March 31, 2023
(All amounts in INR Thousands, unless otherwise stated)

EQUITY SHARE CAPITAL :

Particulars	Opening Balance	Changes in equity share capital due to prior period errors	Restated balance	Changes in equity share capital during the year	Closing Balance
Balance as at March 31, 2022	125,950	-	125,950	60	125,950
Balance as at March 31, 2023	125,950	-	125,950	-	125,950

OTHER EQUITY :

Particulars	Reserve and Surplus				Other Comprehensive Income			Total
	Securities Premium on issue of equity shares	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	Re-measurements of net defined benefit plans	Equity Instruments	
Balance as at March 31, 2021	626,189	630	19,541	73,728	(12,626)	595	125,427	833,484
On allotment of equity shares under ESOP	93	-	-	-	-	-	-	93
Profit/(Loss) for the year	-	-	-	21,490	-	-	-	21,490
Less: Variation in foreign exchange	-	-	-	-	19,902	-	-	19,902
Add: Impact of actuarial Gain/(Loss)	-	-	-	-	-	(155)	-	(155)
Add: Changes in fair value of FVOCI equity instruments (Refer note 6.1)	-	-	-	-	-	-	(701,254)	(701,254)
Balance as at March 31, 2022	626,282	630	19,541	95,218	7,276	440	(575,827)	173,560
Balance as at March 31, 2022	626,282	630	19,541	95,218	7,276	440	(575,827)	173,560
On allotment of equity shares under ESOP	-	-	-	45,693	-	-	-	45,693
Profit/(Loss) for the year	-	-	-	-	56,693	-	(49,440)	7,253
Add/(Less): Variation in foreign exchange	-	-	-	-	-	(312)	-	(312)
Add: Impact of actuarial Gain/(Loss)	-	-	-	-	-	-	-	-
Add: Changes in fair value of FVOCI equity instruments (Refer note 6.1)	-	-	-	-	-	-	(126,248)	(126,248)
Balance as at March 31, 2023	626,282	630	19,541	140,911	63,969	129	(751,515)	99,947

Significant accounting policies

The accompanying notes 2 to 50 are an integral part of the consolidated financial statements

As per our report of even date

For Lodha & Company
Firm Registration No. 301051E
Chartered Accountants

R. P. Baradiya
Partner

Place : Mumbai
Date : May 27, 2023

For and on behalf of the Board

Parvinder S Chadha
Chairman & Executive Director
(DIN: 00018468)
Place : Pune
Date : May 27, 2023

Bhuvanesh Sharma
VP-Corporate Affairs
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Executive Director
(DIN:00011683)
Place : Pune
Date : May 27, 2023

Nilesh Bafna
Chief Financial Officer
Place : Pune
Date : May 27, 2023

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

	For the year ended March 31, 2023	For the year ended March 31, 2022
A Cash flow from Operating Activities:		
Net profit/(loss) before tax & before exceptional items	55,373	30,254
Add: Net profit/(loss) before tax from discontinued operations	(862)	(153)
Net profit/(loss) before tax & exceptional items from continuing operations	54,511	30,101
Add: Adjustments for :		
Depreciation & amortisation	7,930	8,111
Dividend Income	(18,697)	-
Interest income	(3,422)	(3,660)
Rent income (net)	(9,248)	(8,030)
Finance cost	1,749	2,280
Provisions no longer required written back	(1,873)	(198)
Foreign exchange (gain)/loss, net	(3,991)	(1,546)
Operating profit before working capital changes	26,959	27,058
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivable	(4,091)	(938)
(Increase)/decrease in other receivables	(211)	(19,839)
Increase/(decrease) in trade and other payable	5,537	(2,717)
Cash generated from operations	28,194	3,564
Taxes paid (including TDS) (net of refund)	(6,253)	(4,679)
Net cash from/(used in) operating activities - A	21,941	(1,115)
B Cash flow from investing activities:		
Purchase of property, plant and equipment	(6,546)	-
Dividend Income	18,697	-
Rent income received (net)	9,248	8,030
Interest income	3,422	3,660
Net cash from/(used in) investing activities - B	24,821	11,690
C Cash flow from financing activities:		
Finance cost	(154)	(1,373)
Proceeds from issue of equity shares under ESOP	-	152
Payment of lease liabilities	(5,857)	(6,151)
Proceeds/(repayments) of borrowings- net	(6,898)	(13,478)
Net cash from/(used in) financing activities - C	(12,909)	(20,850)
Net increase/(decrease) in cash and cash equivalents from continuing operations (A+B+C)	33,853	(10,275)
Net increase/(decrease) in cash and cash equivalents from discontinued operations	1,209	190
Effect of exchange rate changes on cash and cash equivalents	82	30
Opening cash and cash equivalents	13,381	23,436
Closing cash and cash equivalents at the end of the year	48,525	13,381
- from continuing operations	45,677	11,742
- from discontinuing operations	2,848	1,639
1 Cash Flow from financing activities		
Long Term borrowings	March 31, 2023	March 31, 2022
Opening Balance	6,898	20,376
Loan taken / (repaid)	(6,898)	(13,478)
Closing Balance	-	6,898

Significant accounting policies Note no 1.

The accompanying notes 2 to 50 are an integral part of the consolidated financial statements

As per our report of even date
For and on behalf of the Board
For Lodha & Company
 Firm Registration No. 301051E
 Chartered Accountants

Parvinder S Chadha
 Chairman & Executive Director
 (DIN: 00018468)
 Place : Pune
 Date : May 27, 2023

Sunil Rajadhyaksha
 Executive Director
 (DIN:00011683)
 Place : Pune
 Date : May 27, 2023

R. P. Baradiya
 Partner
 Place : Mumbai
 Date : May 27, 2023

Bhuvanesh Sharma
 VP-Corporate Affairs
 & Company Secretary
 Place : Pune
 Date : May 27, 2023

Nilesh Bafna
 Chief Financial Officer
 Place : Pune
 Date : May 27, 2023

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
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 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 the Group. Environment business of the Group has been discontinued (Refer note 32). The Consolidated financial statements are approved for issue by the Holding Company’s Board of Directors on May27, 2023

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, 2023	As at March 31, 2022
Subsidiaries :			
HOVS Holdings Limited	Hong Kong	100	100
HOVS, LLC	USA	100	100
HOV Environment LLC (Subsidiary of HOVS LLC)	USA	61.10	61.10
HOV Environment Solutions Private Limited (Wholly owned Subsidiary of HOV Environment LLC)	India	61.10	61.10

1. 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 1.8 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 Group 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 licence: Revenue from licence is recognized at the time the license is made available to the customer as “right to access” during the period of access.

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.

Dividend

Dividend Income is recognized when right to receive the same is established.

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:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the Initial recognition exemption of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The definition of a "change in accounting estimates" has been replaced with a definition of "accounting estimates". Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

2	Property, Plant and Equipment	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
	Gross carrying amount					
	Balance as at March 31, 2021	2,889	7	2,545	409	5,850
	Additions	-	-	-	-	-
	Deductions/ Adjustment	(79)	-	-	(130)	(209)
	Balance as at March 31, 2022	2,810	7	2,545	279	5,641
	Additions					
	Accumulated Depreciation					
	Balance as at March 31, 2021	2,210	7	1,179	378	3,775
	Additions	636	-	305	18	959
	Deductions/ Adjustment	(79)	-	-	(130)	(209)
	Balance as at March 31, 2022	2,767	7	1,484	266	4,525
	Net carrying amount as at March 31, 2021	679	-	1,366	31	2,075
	Net carrying amount as at March 31, 2022	43	-	1,061	13	1,116
	Gross carrying amount					
	Balance as at March 31, 2022	2,810	7	2,545	279	5,641
	Additions	6,546	-	-	-	6,546
	Deductions/ Adjustment	-	-	-	-	-
	Balance as at March 31, 2023	9,356	7	2,545	279	12,187
	Additions					
	Accumulated Depreciation					
	Balance as at March 31, 2022	2,767	7	1,484	266	4,525
	Additions					
	Deductions/ Adjustment	885	-	305	7	1,197
	Balance as at March 31, 2023	3,652	7	1,789	273	5,722
	Net carrying amount as at March 31, 2022	43	-	1,061	13	1,116
	Net carrying amount as at March 31, 2023	5,704	-	756	6	6,465

3	Particulars	As at March 31, 2023	As at March 31, 2022
	Investment property		
	Investment property (at cost)		
	Leasehold office premises*	103,466	103,466
	Less : Accumulated amortisation :		
	Opening balance	(17,714)	(15,833)
	Add : Amortisation for the year	(1,881)	(1,881)
	Total Accumulated amortisation	(19,595)	(17,714)
	Total	83,871	85,752

* Lease period is 60 years beginning from November 22, 2007 and also refer note no 44 for assets provided as security.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023
(All amounts in INR Thousands, unless otherwise stated)

4. Intangible Assets			5 Right to Use-Assets		
Software Product*	Other Softwares	Total	Particular	Right to Use-Lease*	Total
			Gross carrying amount		
400	939	1,339	Balance as at March 31, 2021	18,147	18,147
-	-	-	Additions: Reclassified as per IND AS 116	20,249	20,249
-	-	-	Deductions/ Adjustment	(499)	(499)
400	939	1,339	Balance as at March 31, 2022	37,897	37,897
			Accumulated Depreciation		
400	904	1,304	Balance as at March 31, 2021	9,659	9,659
-	18	18	Additions	5,253	5,253
-	-	-	Deductions/ Adjustment	-	-
400	922	1,322	Balance as at March 31, 2022	14,912	14,912
-	35	35	Net carrying amount as at March 31, 2021	8,488	8,488
-	18	18	Net carrying amount as at March 31, 2022	22,985	22,985
			Gross carrying amount		
400	939	1,339	Balance as at March 31, 2022	37,897	37,897
-	-	-	Additions for the year	-	-
-	-	-	Deductions/ Adjustment	(4,600)	(4,600)
400	939	1,339	Balance as at March 31, 2023	33,297	33,297
			Additions		
			Accumulated Depreciation		
400	922	1,322	Balance as at March 31, 2022	14,912	14,912
-	17	17	Additions	4,834	4,834
-	-	-	Deductions/ Adjustment	-	-
400	939	1,339	Balance as at March 31, 2023	19,746	19,746
-	17	17	Net carrying amount as at March 31, 2022	22,985	22,985
-	-	-	Net carrying amount as at March 31, 2023	13,551	13,551

*meant for license sale or otherwise

*Refer note 44

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
6 Investments -non current		
Other Investment (FVOCI)		
Trade - Quoted (listed on Nasdaq)		
In Equity instruments		
- Exela Technologies, Inc - USA (Refer note 6.1 below)		
No of Shares of Common Stock	-	5,712,123
No of Convertible preferred stock	54,886	54,886
No of Shares of Class B preferred stock	285,606	-
Opening balance	180,928	918,896
Add/(Less):Fair value Gain recognised through OCI	(126,248)	(766,751)
Add/(Less): Foreign exchange variation	15,299	28,783
Total	69,979	180,928
Aggregate market value of quoted investments	69,979	180,928

6.1 The Group holds 285,606 Series B1 Preferred Stock and 54,886 convertible Preferred Stock. Investment having quoted fair value of Rs. 69,979 thousands as on March 31, 2023 (Rs. 180,928 thousands as on March 31, 2022) of Exela Technologies, Inc. (Listed on NASDAQ, "XELA" & "XELAP").

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 of deferred tax in Other Comprehensive Income.

On April 18, 2022 Exela has offered to exchange, for each 20 shares of Common Stock tendered, stock holder will receive one share of Series B1 Cumulative Convertible Perpetual Preferred Stock ("B1 Preferred Stock"), with liquidation preference of US \$ 25.

B1 Preferred stock will have the following terms:

- The holders of Series B1 Preferred Stock on all matters submitted to a vote of the stockholders of the Exela will vote with the Common Stock as a single class.
- Holders of shares the Series B1 Preferred Stock will be entitled to receive, dividends, cumulative dividends at the rate of 6.00% per annum of the \$25.00 liquidation amount per share, if authorized by board of directors of Exela.
- The B1 Preferred Stock will rank senior to the Series B Preferred Stock upon liquidation and in the right to receive. dividends.
- B1 Preferred Stock holder will have the option to convert some or all of the outstanding shares into shares of Common Stock as per the terms mentioned in the offer document

During the year, the Company had tendered 5,712,123 Shares of Common stock and received in exchange 285,606 nos Series B1 Preferred Stock. Now the Company holds 285,606 Series B1 preferred stock.

On July 25, 2022 Exela Technologies, Inc. has done a reverse split of its common stock in the ratio 1:20.

Subsequent to year end, on May 12, 2023 Exela Technologies, Inc. has done a reverse split of its common stock in the ratio 1:200. Although it does not change the Company's holding in the investee company, the number of shares held will be reduced in proportion of ratio of reverse splits.

7 Other financial assets - Non current		
Deposits for premises and others	1,461	1,461
Fixed deposits with banks having maturity more than one year	37,800	45,896
Total	39,261	47,357

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

	As at March 31, 2023	As at March 31, 2022
8	Income tax assets	
	93	138
	93	138
9	Deferred tax assets	
	1,292	871
	5,344	8,915
	6,636	9,786
10	Other non current assets	
	427	92
	427	92
11	Trade receivables*	
	60,973	51,981
	-	-
	-	-
	60,973	51,981
	*Refer note no: 35 for trade receivables aging and refer note no: 42 for Due from related parties	
12	Cash and cash equivalents	
	21,242	1,766
	15	15
	1,480	-
	25,788	11,600
	48,525	13,381
13	Other bank balances	
	1,201	1,069
	39,300	32,900
	34	33
	40,535	34,002
	* Pledged with banks against credit card facilities taken by a step down subsidiary and refer note no 44 for assets provided as security	
14	Other financial assets - Current	
	204	338
	3,654	3,007
	3,858	3,345
15	Other current assets	
	86	236
	1,750	1,003
	652	607
	2,488	1,846

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars		As at March 31, 2023	As at March 31, 2022		
16	Equity Share Capital				
	Authorised				
	30000000 Equity Shares of Rs.10 each	3,00,000	3,00,000		
	Total	3,00,000	3,00,000		
	Issued, subscribed and paid up				
	12594972 Equity Shares of Rs. 10 each fully paid up	1,25,950	1,25,950		
Total	1,25,950	1,25,950			
The reconciliation of the number of equity shares outstanding		As At		As At	
		March 31, 2023		March 31, 2022	
		Numbers	Amount	Numbers	Amount
Equity Shares at the beginning of the year		12594972	1,25,950	12588972	1,25,890
Add: Equity shares issued during the year		-	-	6000	60
Equity Shares at the end of the year		12594972	1,25,950	12594972	1,25,950

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, 2023		As At March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Adesi 234, LLC	3000985	23.83%	3000985	23.83%
HOF 2 LLC 1667933	13.24%	1667933	13.24%	
Chitale LLC 786224	6.24%	786224	6.25%	
Stern Capital Partners LLC	694246	5.51%	694246	5.51%

The details of promoters holding :

Name of the Promoters	As At March 31, 2023		As At March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Adesi 234, LLC	3000985	23.83%	3000985	23.83%
HOF2 LLC	1667933	13.24%	1667933	13.24%
Stern Capital Partners LLC	694246	5.51%	694246	5.51%
Sunil Vasant Rajyadhyaksha	588720	4.67%	588720	4.67%
General Pacific LLC	214273	1.70%	214273	1.70%
Surinder Rametra	120000	0.95%	120000	0.95%
Anil Vasant Rajyadhyaksha	25422	0.20%	25422	0.20%
Parvinder S Chadha	38250	0.30%	38250	0.30%
	6349829	50.42%	6349829	50.42%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise state.)

In the Period of five years immediately preceding March, 2023:

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 had vested in a phased manner within five years as 10% in each first to four years and balance 60% at the end of fifth year.

Particulars	As At March 31, 2023		As At March 31, 2022	
	Directors	Others	Directors	Others
Options outstanding at the beginning of the year	-	-	15,000	14,000
Add: Options Granted during the year Less: Options Lapsed/forfeited	-	-	-	-
Less: Options Lapsed/forfeited	-	-	9,000	14,000
Less: Shares allotted on option exercised during	-	-	6,000	-
Options outstanding at the end of the year	-	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2023	As at March 31, 2022
17	Borrowings-Non current		
	Secured		
	Term loan from a bank	-	6,898
	Less : Current maturities of long term loans	-	(6,898)
	Total	-	-
	Had the floating interest rate of 10% p.a. and paid in 6 equal installments of Rs 1,244 thousands and secured by way of deposit of title deeds of investment property.		
18	Other Financial Liabilities- Non current		
	Lease liabilities (Refer note 43)	10,476	19,227
	Total	10,476	19,227
19	Borrowings-current		
	Current maturities of long term borrowings	-	6,898
	Total	-	6,898
20	Lease Liabilities-current		
	Current maturities of lease liabilities (Refer note 43)	3,716	4,513
	Total	3,716	4,513
21	Trade payables		
	Total outstanding dues of micro enterprise and small enterprises	998	835
	Total outstanding dues of creditors other than micro enterprises and small enterprises	8,385	5,997
	Total	9,383	6,832

Note:

- 1 *Refer note no: 34 for trade payable ageing & Refer note no: 42 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:

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As At March 31, 2023	As At March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	998	835
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	-	-
22 Other financial liabilities		
Interest accrued but not due on borrowings	-	39
Security deposits towards office premises	2,650	2,650
Advance from related parties (Refer Note No. 42 for related parties balances)	115,918	106,880
Total	118,568	109,569
23 Other current liabilities		
Statutory dues payable	1,515	1,221
Total	1,515	1,221

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As At March 31, 2023	As At March 31, 2022
24	Provisions		
	Provision for employee benefits:		
	Compensated Absences	2,025	1,234
	Gratuity (Refer note 38)	2,302	1,099
	Total	4,327	2,333
25	Current tax liabilities		
	Provision for Income tax (Net of advance tax paid of Rs 7,200 Thousands; Previous Year Rs 5,971 Thousands)	2,780	2,624
	Total	2,780	2,624
	Particular	For the year ended March 31, 2023	For the year ended March 31, 2022
26	Revenue from operations		
	Software and IT enabled services	120,551	100,581
	Total	120,551	100,581
27	Other income		
	Interest income	3,422	3,660
	Dividend income on investment (FVOCI)	18,697	-
	Provisions no longer required written back	1,188	198
	Gain on Variation in Foreign Exchange Rates (Net)	4,901	1,546
	Gain on change in terms of right to use assets	685	-
	Rent received		
	Less: expenses attributed to rental income :	11,284	11,284
	Finance cost	(154)	(1,373)
	Amortisation	(1,881)	(1,881)
	Net rental income	9,248	8,030
	Total	38,141	13,433
28	Employee benefits expense		
	Salaries and wages	72,183	55,663
	Contributions to provident and other funds	8,377	5,951
	Staff welfare expenses	1,030	1,021
	Total	81,590	62,635
29	Finance Cost		
	Interest component of lease liabilities (Refer note 43)	1,595	907
	Total	1,595	907

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particular	For the year ended March 31, 2023	For the year ended March 31, 2022
30 Other expenses		
Repairs & maintenance - building	1,575	1,459
Repairs & maintenance - computers	102	136
Repairs & maintenance - others	257	253
Insurance	91	119
Rates and taxes	419	300
Power & fuel expenses	2,053	1,334
Membership & subscription fees	531	461
Travelling & conveyance expenses	408	311
Communication cost	1,519	1,716
Advertising & publicity expenses	237	213
Office upkeep & maintenance expenses	2,097	2,696
Auditors Remuneration (refer note 45)	982	920
Legal & professional charges	1,658	1,543
Directors sitting fees	1,620	1,560
Listing Fees	715	693
Office, Administrative & Other Expenses	684	427
Total	14,948	14,141

Particulars	2022-23	2021-22
31 Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	9,980	8,280
Deferred Tax	(301)	403
Total tax expense	9,679	8,683

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	54,511	30,101
Income tax as per above rate	15,165	8,374
Adjustments:		
Income of a foreign subsidiary not liable for tax	(5,202)	-
Other reconciling items	(284)	309
Income tax as per statement of profit and loss	9,679	8,683

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

The following movement is in deferred tax assets and liabilities during the year ended March 31, 2022 and March 31, 2023 is as under:

Particulars	As at March 31, 2021	(Credit)/ charge for the year	As at March 31, 2022
Deferred tax assets			
Amount allowable on payment basis-employee Benefits	1,125	(476)	649
Differences in written down value of Property, Plant and Equipment	90	132	222
MAT credit Entitlement	11,363	(2,448)	8,915
Total deferred tax asset	12,578	(2,792)	9,786
Deferred tax liability :			
Differences in written down value of property plant & equipments	-	-	-
Total deferred tax liability	-	-	-
Net Deferred tax asset recognised in the Balance Sheet	12,578	(2,792)	9,786

Particulars	As at March 31, 2022	(Credit)/charge for the year	As at March 31, 2023
Deferred tax assets :			
Amount allowable on payment basis-employee benefits	649	(476)	173
Differences in written down value of Property, Plant and Equipment	-	-	-
MAT credit Entitlement	-	-	-
Total deferred tax asset	649	(476)	173
Deferred tax liability :			
Differences in written down value of Property, Plant and Equipment	-	-	-
Total deferred tax liability	-	-	-
Net Deferred tax asset recognised in the Balance Sheet	649	(476)	173

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

Particulars	As at March 31, 2021	(Credit)/charge for the year	As at March 31, 2022
Deferred tax liabilities			
Fair valuation of financial assets -Equity instruments	59,025	(59,025)	-
Total deferred tax liability	59,025	(59,025)	-
Deferred tax assets	-	-	-
Total deferred tax asset	-	-	-
Net Deferred tax liability recognised in Balance Sheet	59,025	(59,025)	-

Particulars	As at March 31, 2022	(Credit)/charge for the year	As at March 31, 2023
Deferred tax liabilities :			
Fair valuation of financial assets -Equity instruments	-	-	-
Total deferred tax liability	-	-	-
Deferred tax assets :			
Total deferred tax asset	-	-	-
Net Deferred tax liability recognised in Balance Sheet	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

32 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, 2023	For The Year Ended March 31, 2022
Total Income	942	1,045
Total Expenses	80	892
Profit/(Loss) before tax	862	153
Tax Expenses	(1)	(81)
Profit/(Loss) after tax	861	72

33 Financial Instruments

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

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

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

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

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

A Financial assets

Particulars	Note No.	Instruments carried at			Total Carrying amount	Total fair value
		fair value		amortised cost carrying Amount		
		At cost	FVOCI Level 1			
As at March 31, 2022						
Investment	6	-	180,928	-	180,928	180,928
Trade receivables	11	-	-	51,981	51,981	51,981
Cash & cash equivalents	12	-	-	13,381	13,381	13,381
Other bank balances	13	-	-	34,002	34,002	34,002
Other financial assets	7, 14	-	-	50,702	50,702	50,702
Total		-	180,928	150,066	330,994	330,994
As at March 31, 2023						
Investment	6	-	69,979	-	69,979	69,979
Trade receivables	11	-	-	60,973	60,973	60,973
Cash & cash equivalents	12	-	-	48,525	48,525	48,525
Other bank balances	13	-	-	40,535	40,535	40,535
Other financial assets	7, 14	-	-	43,119	43,119	43,119
Total		-	69,979	193,152	263,131	263,131

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

B Financial liabilities

Particulars	Note No.	Instruments carried at			Total Carrying amount	Total fair value
		fair value		amortised cost carrying Amount		
		At cost	FVOCI Level 1			
As at March 31, 2022						
Non-current liabilities-Financial liabilities						
Borrowings	17	-	-	-	-	-
Lease liabilities	18	-	-	19,227	19,227	19,227
Current liabilities-Financial liabilities						
Borrowings	19	-	-	6,898	6,898	6,898
Lease liabilities	20	-	-	4,513	4,513	4,513
Trade payables	21	-	-	-	-	-
Total outstanding dues of micro enterprise and small enterprises		-	-	835	835	835
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	5,997	5,997	5,997
Other financial liabilities	22	-	-	109,569	109,569	109,569
Total		-	-	127,812	127,812	127,812

B Financial liabilities

Particulars	Note No.	Instruments carried at			Total Carrying amount	Total fair value
		fair value		amortised cost carrying Amount		
		At cost	FVOCI Level 1			
As at March 31, 2023						
Non-current liabilities-Financial liabilities						
Borrowings	17	-	-	-	-	-
Lease liabilities	18	-	-	10,476	10,476	10,476
Current liabilities-Financial liabilities						
Borrowings	19	-	-	-	-	-
Lease liabilities	20	-	-	3,716	3,716	3,716
Trade payables	21	-	-	-	-	-
Total outstanding dues of micro enterprise and small enterprises		-	-	998	998	998
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	8,385	8,385	8,385	8,385
Other financial liabilities	22	-	-	118,568	118,568	118,568
Total		-	-	131,667	131,667	131,667

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

34 Trade Receivables ageing

Particulars	As at March 31, 2023					
	Outstanding for following periods from due date of transactions					
	"Less than "6 months"	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	59,616	-	-	-	-	59,616
(ii) Undisputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables -credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables-consideredgood	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Total	59,616	-	-	-	-	59,616
Add : Unbilled revenue	1,357	-	-	-	-	1,357
	60,973	-	-	-	-	60,973

Particulars	As at March 31, 2022					
	Outstanding for following periods from due date of transactions					
	"Less than "6 months"	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	51,884	-	-	-	-	51,884
(ii) Undisputed Trade Receivables -which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables -credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables-considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Total	51,884	-	-	-	-	51,884
Add : Unbilled revenue	97	-	-	-	-	97
	51,981	-	-	-	-	51,981

35 Trade payable ageing schedule :

Particulars	As at March 31, 2023				
	Outstanding for following periods from due date of transactions				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	835	-	-	-	835
(ii) Others	5,997	-	-	-	5,997
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Total	6,832	-	-	-	6,832

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2022				
	Outstanding for following periods from due date of transactions				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	835	-	-	-	835
(ii) Others	5,997	-	-	-	5,997
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Total	6,832	-	-	-	6,832

36 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.

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:

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

- 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, 2023	As At March 31, 2022
0-12 months	60,973	51,981
beyond 12 months	-	-
Total	60,973	51,981

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	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt)			
As at March 31, 2023	-	-	-
As at March 31, 2022	6,898	-	6,898

Contractual maturity patterns of Financial Liabilities

Particulars	As At March 31, 2023 0-12 Months	As At March 31, 2022 0-12 Months
Trade Payable	9,383	6,832
Other financial liabilities	118,568	109,569
Total	127,951	116,401

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

C. Market risk-interest rate risk

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

Exposure to interest rate risk

Particulars	As At March 31, 2023	As At March 31, 2022
Borrowings bearing variable rate of interest	-	6,898

Interest rate sensitivity

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

Particulars	2022-23	2021-22
50 bp increase- decrease in profits	(17)	(68)
50 bp decrease- Increase in profits	17	68

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	
	2022-23	2021-22	2022-23	2021-22
Open Foreign Exchange Exposures - Receivable	\$742	\$686	₹ 60,973	₹ 51,981

Foreign currency risk sensitivity

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

Particulars	2022-23		2021-22	
	1% Increase	1% decrease	1% Increase	1% decrease
US\$ to Indian ₹	610	(610)	520	(520)
Increase / (decrease) in profit or loss	610	(610)	520	(520)

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, 2022

(All amounts in INR Thousands, unless otherwise stated)

37 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	0-12 Months As At	
	March 31, 2023	March 31, 2022
Debt including interest free advance from a related party	115,918	113,778
Total Equity	225,897	299,510
Debt to Total Equity	0.51	0.38

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 has become debt free Group during the year.

- 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.

38 Disclosure pursuant to Ind AS - 19 "employee benefits"

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
A. Balance Sheet		
Defined benefit plans		
Present value of plan liabilities	8,678	7,009
Less Fair value of plan assets	6,376	5,910
Asset/(Liability) recognised	(2,302)	(1,099)

	As at March 31, 2023	As at March 31, 2022
B. Movements in plan liabilities & assets		
i) Present value of obligations		
Opening Balance	7,009	6,688
Current service cost	851	683
Past service cost	-	-
Interest cost	515	465
Actuarial (gain)/loss arising from changes in demographic assumptions	(278)	(7)
Actuarial (gain)/loss arising from changes in financial assumptions	(93)	(311)
Actuarial (gain)/loss arising from experience adjustments	711	480
Benefit payments	(37)	(989)
Closing balance	8,678	7,009
ii) Fair Value of Plan assets		
Opening Balance	5,910	4,448
Current service cost	-	-
Interest income	434	309
Return on plan assets excluding amounts included in net finance income/cost	(92)	(51)
Employer contributions	161	2,192
Benefit payments	(37)	(989)
Closing balance	6,376	5,910

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

- active members - 183 (2021-22 : 178)

	As at March 31, 2023	As at March 31, 2022
C. Statement of profit and loss		
i) Employee benefit expenses:		
Current service cost	851	683
Interest cost/(income)	81	156
Total amount recognised in Statement of profit & loss	932	838
ii) Remeasurement of the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	340	163
Return on Plan Assets, Excluding Interest Income	92	51
Total amount recognised in Other Comprehensive Income	432	214

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, 2023	As at March 31, 2022
Financial Assumptions		
Discount rate	7.46%	7.35%
Expected rate of return on plan assets	7.46%	7.35%
Salary escalation rate	5.00%	5.00%
Rate of Employee Turnover		
- For service 4 years and below	40.00%	8.00%
- For service 5 years and above	2.00%	2.00%
Mortality Rate During Employment : Indian Assured Lives	2012-14	2012-14
Mortality	(Urban)	(Urban)

E. Sensitivity

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

Particulars	Increase / (Decrease) in liability	
	As at March 31, 2023	As at March 31, 2022
Projected benefit obligation on current assumptions	8,678	7,009
+1% Change in rate of discounting	(779)	(689)
-1% Change in rate of discounting	914	820
+1% Change in rate of Salary increase	928	832
-1% Change in rate of Salary increase	(803)	(709)
+1% Change in Attrition Rate	196	170
-1% Change in Attrition Rate	(223)	(197)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

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, 2023	As at March 31, 2022
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	1,114	835
2nd Following Year	246	188
3rd Following Year	255	206
4th Following Year	266	215
5th Following Year	1,230	225
Sum of Years 6 To 10	2,153	2,196
Sum of Years 11 and above	16,613	15,519

- 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 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 Group will assess the impact of the Code and recognise the same when the Code becomes effective.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

39 Earnings per share (EPS)	2022-23	2021-22
Net profit/(loss) as per statement of profit and loss after tax :		
Continuing operations	44,832	21,418
Discontinued operations	861	72
Continuing operations and Discontinued operations	45,693	21,490
Weighted average number of equity shares	12,594,972	12,590,139
Nominal value of equity shares (in nos.)	10	10
Basic and Diluted earnings per share :		
Continuing Operations	3.56	1.70
Discontinued Operations	0.07	0.01
Continuing and Discontinued Operations	3.63	1.71

40 Contingent liabilities not provided for :

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

Particulars	2022-23	2021-22
Fixed deposit pledged against credit card facilities	1,201	1,069

The Company does not have any pending litigations as at March 31, 2023 and as at March 31, 2022.

41 Commitments

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

Particulars	2022-23	2021-22
- within one year	11,519	11,284
- later than one year and not later than five years	46,129	45,134

42 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:

Parties in which KMP/relatives of KMP exercise significant influence:

HGM Fund
HOVG, LLC dba Bay Area Credit Service, LLC
SourceHOV, LLC
Exela Technologies India Private Limited
Rule 14 LLC
Exela Technologies, Inc (USA)

Directors/Key Managerial Personnels (KMP) :

Mr. Parvinder S Chadha¹
Mr. Sunil Rajadhyaksha
Mr. Vikram Negi²
Mr. Surinder Rametra³
Mr. Nilesh Bafna
Mr. Bhuvanesh Sharma

¹ Effective November 11, 2022 appointed as the Chairman & Executive Director

² Effective November 11, 2022 ceases to be the Chairman

³ Effective November 11, 2022 step down from the office of Executive Director

Non Executive Directors :

Mrs. Lakshmi Kumar
Mr. Ajay Puri (from July 26, 2021)
Mr. Baldev Raj Gupta (upto July 25, 2021)

Mr. Harjit Singh Anand

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

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 March 31, 2023	For the year ended March 31, 2022
SourceHOV, LLC	Services provided	103,142	84,504
HOVG, LLC dba Bay Area Credit Service,	Services provided	17,408	16,076
LLC HOVS LLC	Provision for Investments	-	660,770
Exela Technologies India Private Limited	Rent received	11,284	11,284
	Reimbursement of expenses	2,052	1,945
Exela Technologies, Inc (USA)	Dividened income	18,697	-
Mr. Parvinder S Chadha	Managerial remuneration	2,800	-
Mr. Baldev Raj Gupta	Sitting fees & ESOP perquisite	-	360
Mrs. Lakshmi Kumar	Sitting fees	510	540
Mr. Harjit Singh Anand	Sitting fees	600	510
Mr. Ajay Puri	Sitting fees	510	360
Mr. Nilesh Bafna	Salary (including perquisites)	3,738	3,160
Mr. Bhuvanesh Sharma	Salary (including perquisites)	3,215	2,712
Mrs. Rekha Sharma	Car rental	180	288
Mr. Dinesh Bafna	Car rental	180	288

Name of the Party	Nature of Balances	As at March 31, 2023	As at March 31, 2022
SourceHOV, LLC	Trade receivables	50,737	43,697
	Unbilled revenue	1,357	97
HOVG, LLC dba Bay Area Credit Service, LLC	Trade receivables	8879	8187
HGM Fund	Advance refundable	113,122	104,303
Rule 14 LLC	Advance refundable	2,795	2,577
Exela Technologies India Private Limited	Deposit refundable	2,650	2,650
Mr. Parvinder S Chadha	Remuneration payable	-	-
Mr. Sunil Rajadhyaksha	Remuneration payable	178	193
Mrs. Rekha Sharma	Car rental payable	15	24
Mr. Dinesh Bafna	Car rental payable	15	24

Notes:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

43 The Company's lease assets classes primarily consist of leases for buildings.

The Company has used following practical expedient when applying IND AS 116 to leases :

- (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 transaction and low value assets
- (b) The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 10%
On transition to the IND As 116, the impact thereof is as follows :

Particulars	As at March 31, 2023	As at March 31, 2022
Right of Use - assets	13,551	13,551
Lease Liabilities	14,192	23,740
Following is the movement in lease liabilities		
Opening Balance	23,740	9,371
Additions	-	20,249
Interest accrued during the year	1,595	907
Deletions	(5,286)	(636)
Payment of Lease liabilities	(5,857)	(6,151)
Closing Balance	14,192	23,740
- Current lease liabilities	3,716	4,513
- Non Current lease liabilities	10,476	19,227
Breakup of the contractual maturities of lease liabilities on an undiscounted basis:		
Less than one year	5,004	6,211
One to five years More than five years	12,064	23,189
Short term lease expense incurred :		
Rental expense	-	-
Vehicle Expense	1,100	1,196

44 Assets provided as security

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

Particulars	As At March 31, 2023	As At March 31, 2022
Investment property	-	85,752
Financial Assets :		
Fixed deposit with banks	1,201	1,069
Total	1,201	86,821

45	Payment to auditors of Holding Company	2022-23	2021-22
	<i>(Excluding Taxes)</i>		
	Audit fees	500	500
	Limited review fees	300	300
	Certification fees	165	120
	Reimbursement of expenses	17	-
	Total payment to auditors	982	920

46 Segment Reporting :

The Group has disclosed its Environment Business as discontinued operations (Refer note 32). 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.

47 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.

48 Ratios

The ratios for the years ended March 31, 2023 and March 31, 2022 are as follows:

Particular	Numerator /Denominator		2022-23	2021-22 Variance
(a) Current Ratio	Total of Current Assets/ Total of Current liabilities	1.11	0.78	42.9 (in %)
(b) Debt Service Coverage Ratio	Profit/(Loss) before exceptional items and tax/ Debt Service (Borrowings+ Interest payable)	-	4.34	(100.0)
(c) Return on Equity Ratio	Profit/(Loss) after tax/ Total Equity	0.20	0.07	177.5
(d) Trade Receivables Turnover Ratio	Revenue from Operations/ Average Trade Receivables	2.13	1.98	7.7
(e) Trade Payable Turnover Ratio	Purchase of services and other expenses/ Average trade payable	11.91	10.97	8.5
(f) Net Capital Turnover Ratio	Revenue from Operations/ Working capital	7.49	(3.42)	(319.3)
(g) Net Profit Ratio	Net profit after tax but before exceptional item/ Revenue from Operations	0.37	0.21	74.6
(h) Return on Capital Employed	Profit/(Loss) before interest, tax and exceptional item/ Capital employed (total assets less current liabilities)	0.24	0.10	144.0
(i) Return on Investment	Income from investments/ Cost of investments	0.27	-	NA

Note :- Detail explanations for the ratios with significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in the above mentioned ratios

- (a) due to receipt of dividend on investment and repayment of borrowings during the year.
- (b) due to closer of loan during the year. Repayment is done as per the terms.
- (c) due to additional dividend income received on investment during the year

- (f) due to receipt of dividend on investment and liabilities reduced due to repayment of borrowings during the year.
- (g) net profit increased mainly due to receipt of dividend income on investment during the year
- (h) due to increase in profit during the year compared to last year.
- (i) dividend received during the year on investment
- 49 a) There are no transactions or balance with struck off companies
- b) No proceeding has been initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder.
- c) The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- d) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year
- e) There were no transactions relating to previously unrecorded income that have been surrendered and disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- f) The Group has not advanced or loaned to or invested in funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (i) directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- g) The Group has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall
- (i) directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- 50 Previous years' figures have been regrouped/reclassified wherever necessary to conform the current year's classification.

Signature to Notes 1 - 50

For and on behalf of the Board

Parvinder S Chadha
Chairman & Executive Director
(DIN: 00018468)
Place : Pune
Date : May 27, 2023

Sunil Rajadhyaksha
Executive Director
(DIN:00011683)
Place : Pune
Date : May 27, 2023

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary
Place : Pune
Date : May 27, 2023

Nilesh Bafna
Chief Financial Officer
Place : Pune
Date : May 27, 2023

Notes to Consolidated Financial Statements for the year ended March 31 2023

Amounts in Lakhs

Name of Entity	Net Assets, i.e Total Assets minus total liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
Parent:				
HOV Services Limited	217.04%	4,902.87	-133.18%	1,076.98
Indian Subsidiaries:				
HOV Environment Solutions Pvt. Ltd.	-49.93%	(1,127.95)	-1.71%	-13.8
Foreign Subsidiaries:				
HOVS LLC	-59.83%	(1,351.59)	133.00%	(1,075.51)
HOVS Holding Limited	0.00%	-	98.48%	(796.34)
HOV Environment LLC	-7.28%	(164.35)	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, 2023, 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 March 31, 2023, its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

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 are 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 standalone 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 these standalone 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.

Other Matter:

The opening balances and comparative standalone financial information of the Company for the year ended March 31, 2022 has been audited by the predecessor auditor who has expressed an unmodified opinion on those financial statements vide their report dated May 27, 2022 and opening balances have been considered based on such audited standalone financial statements.

Our opinion on the standalone financial statement and our report on the other legal and regulatory requirements below is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. Pursuant to the Companies (Auditor's Report) Order, 2020 ("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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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) In our opinion and to the best of our information and according to the explanations given to us, during the year, managerial remuneration provided for by the Company is in accordance with the provisions of Section 197 of the Act.
 - (h) With respect to the matters to be included in the Auditor's report in accordance with the Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our

information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position in its standalone financial statements. [Refer Note 39]
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There are no amounts which is required to be transferred to the Investor Education and Protection Fund by the Company.
- iv.
 - a) The management has represented that, to the best of their knowledge and belief, other than as disclosed in the standalone financial statements, no funds, (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. [Refer Note 48 (f)]
 - b) The management has represented, that, to the best of their knowledge and belief other than as disclosed in the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. [Refer Note 48 (g)]
 - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representation under sub clause (i) and (ii) of Rule 11(e) of The Companies (Audit and Auditors) Rules, 2014, as provided under (a) and (b) above, contains any material misstatement.
- v. The Company has not declared or paid dividend during the financial year 2022-23 and hence reporting under Rule 11 (f) of Companies (Audit and Auditors) Rules, 2014 is not applicable.

For Lodha & Company
Firm Registration No. - 301051E
Chartered Accountants

R.P. Baradiya
Partner
Membership No. **044101**
UDIN : 23044101BGTSIU1818

Place: Mumbai
Date : May 27, 2023

Annexure "A" referred to in "Report on Other Legal and Regulatory Requirements" section of our report to the Members of HOV Services Limited for the year ended March 31, 2023:

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:

- i. a. In respect of Company's Property, Plant and Equipment (PPE), Investment Property and Intangible Assets:
 - A. The Company has maintained proper records, showing full particulars, including quantitative details and situation of PPE, Investment Property, and relevant details of right-to-use assets.
 - B. The Company has maintained proper records showing full particulars of intangible assets.
- b. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has physically verified all its PPE and Investment Property. In our opinion, the frequency of verification is reasonable considering the size of the Company and nature of its PPE and Investment Property. According to the information and explanations given to us, 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, the title deeds of leasehold immovable property, included under investment property in the financial statements (other than properties where the Company is lessee and lease agreements are duly executed in favour of the Company), are held in the name of the Company.
- d. The Company has not revalued any of its PPE (including right- of-use assets and Investment Property) and intangible assets during the year and hence reporting under clause 3(i)(d) of the Order is not applicable to the Company.
- e. According to the information and explanations given to us and on the basis of our examination of the books and records of the Company, neither any proceedings have been initiated during the year nor are pending as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder and hence reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- ii. a. The Company does not hold any inventory and hence reporting under clause 3 (ii) (a) of the Order is not applicable to the Company.
- b. According to the information and explanations given to us, the Company has not been sanctioned working capital limit in excess of Rs. 5 crores on the basis of security of current assets, in aggregate, at any point of time during the year from banks and financial institutions and hence reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- iii. In respect of Investment in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties:
 - (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year and hence reporting under clause 3(iii)(a) is not applicable to the Company.
 - (b) According to the information and explanations given to us, during the year, the Company has not made any investment and hence reporting under clause 3(iii)(b) of the Order is not applicable to the Company.
 - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, the Company has not given any loans or advances in the nature of loans to any party and hence reporting under clause 3(iii)(c) of the Order is not applicable to the Company.

- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year and hence reporting under clause 3(iii)(d) of the Order is not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties and hence reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, during the year, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment and hence reporting under clause 3(iii)(f) of the Order is not applicable to the Company.
- iv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of Section 185 and 186 of the Act, to the extent applicable with respect to the investments made and loans given. The Company has not provided any guarantee and security.
- v. In our opinion and according to the information and explanations given to us, no deposits or amounts which are deemed to be deposits within the meaning of Section 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014 have been accepted by the Company and hence reporting under clause 3(v) of the Order is not applicable to the Company.
- vi. 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 and hence reporting under clause 3(vi) of the Order is not applicable to the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is regular in depositing undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income tax, sales tax, custom duty, duty of excise, value added tax, cess and other statutory dues during the year with the appropriate authorities. No undisputed amounts payable 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, there are no statutory dues mentioned in clause vii (a) above which have not been deposited on account of any dispute.
- viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) and hence reporting under clause 3(viii) of the order is not applicable to the Company.
- ix. (a) Based on our audit procedures and on the basis of information and explanations given to us, we are of the opinion that the Company has not defaulted in the repayment of loans or other borrowings or in the repayment of interest thereon to the lender and hence reporting under clause 3(ix) (a) of the Order is not applicable to the Company.
(b) On the basis of information and explanations given to us, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not taken any term loan during the year and hence reporting under clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not raised any short-term funds and hence reporting under clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) Based on our audit procedures and on the basis of information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries and hence reporting under clause 3(ix)(e) of the Order is not applicable to the Company.
- (f) Based on our audit procedures and on the basis of information and explanations given to us, during the year the Company has not raised any funds on the pledge of securities held in its subsidiaries and hence reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) The Company has not raised any money by way of Initial public offer or further public offer (including debt instrument) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment, private placement of shares or fully or partly convertible debentures during the year or in the recent past and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud by or on the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- (b) During the year, no report under sub section 12 of Section 143 of the Act has been filed in Form ADT-4 as prescribed in Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) Based on our audit procedures performed and according to the information and explanations given to us, no whistle blower complaints were received by the Company during the year and hence reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all the transactions with related parties are in compliance with Section 177 and 188 of the Act and all the details have been disclosed in the standalone financial statements as required by the applicable Accounting Standard. (Refer Note 41)
- xiv. (a) According to the information and explanations given to us and on the basis of our examination of the records, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports for the year under audit issued to the Company during the year and till date, in determining nature, timing and extent of our audit procedure.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions prescribed under Section 192 of the Act with directors or persons connected with them during the year.

- xvi. (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause 3(xvi) (a), (b) and (c) of the Order is not applicable to the Company.
- (b) In our opinion, there is no core investment company within the "Companies in the Group" as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and hence reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year and hence reporting under clause 3(xviii) of the Order is not applicable to the Company.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us, the provisions of second proviso to sub-section (5) of Section 135 of the Act in respect of transfer of unspent amount to a Fund specified in Schedule VII to the Act is not applicable and hence reporting under clause 3 (xx) of the Order is not applicable to the Company.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of the audit of Standalone Financial Statements and hence no comment in respect of the said clause has been included in this report.

For Lodha & Company
Firm Registration No. - 301051E
Chartered Accountants

R.P. Baradiya
Partner
Membership No. **044101**
UDIN : 23044101BGTSIU1818

Place: Mumbai
Date : May 27, 2023

Annexure "B" referred to in "Report on Other Legal and Regulatory Requirements" section of our report to the Members of HOV Services Limited for the year ended March 31, 2023:

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, 2023 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, 2023, 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 ICAI.

For Lodha & Company
Firm Registration No. - 301051E
Chartered Accountants

Place: Mumbai
Date : May 27,2023

R.P. Baradiya
Partner
Membership No. **044101**
UDIN : 23044101BGTSIU1818

BALANCE SHEET AS AT MARCH 31, 2023
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2023	As At March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	2	6,465	1,116
Investment property	3	83,871	85,752
Intangible assets	4	-	18
Right to Use - Assets	5	13,551	22,985
Financial assets			
Investments in subsidiaries	6	7	7
Loans to a step down subsidiary	7	-	-
Other financial assets	8	39,261	46,157
Deferred tax assets	9	6,636	9,786
Other non-current assets	10	427	92
Current assets			
Financial assets			
Trade receivables	11	60,973	51,981
Cash & cash equivalents	12	25,014	10,768
Other bank balances	13	23,134	17,733
Other financial assets	14	3,545	2,818
Other current assets	15	2,488	1,846
Total assets		265,372	251,059
Equity and liabilities			
Equity share capital	16	125,950	125,950
Other equity		104,694	78,872
Liabilities			
Non-current liabilities			
Financial liabilities	17	-	-
Borrowings			
Lease Liabilities	18	10,476	19,227
Current liabilities			
Financial liabilities			
Borrowings	19	-	6,898
Lease Liabilities	20	3,716	4,513
Trade payables	21		
Total outstanding dues of micro enterprise and small enterprises		998	835
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,266	5,912
Other financial liabilities	22	2,650	2,689
Other current liabilities	23	1,515	1,206
Provisions	24	4,327	2,333
Current tax liabilities	25	2,780	2,624
Total equity and liabilities		265,372	251,059
Significant accounting policies	1		
The accompanying notes 2 to 49 are an integral part of the standalone financial statements			

As per our report of even date

For and on behalf of the Board

 For **Lodha & Company**
Firm Registration No. 301051E
Chartered Accountants

Parvinder S Chadha
Chairman & Executive Director
(DIN: 00018468)
Place : Pune
Date : May 27, 2023

Sunil Rajadhyaksha
Executive Director
(DIN:00011683)
Place : Pune
Date : May 27, 2023

R. P. Baradiya
Partner

Place : Mumbai
Date : May 27, 2023

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary
Place : Pune
Date : May 27, 2023

Nilesh Bafna
Chief Financial Officer
Place : Pune
Date : May 27, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	For the year Ended March 31, 2023	For the year Ended March 31, 2022
Income			
Revenue from operations	26	120,551	100,581
Other income	27	19,444	13,433
Total Income		139,995	114,014
Expenditure			
Employee benefits expenses	28	81,590	62,635
Finance cost	29	1,595	907
Depreciation and amortisation expenses	2,4,5	6,048	6,230
Other expenses	30	14,948	14,141
Total Expenditure		104,181	83,913
Profit before exceptional items		35,814	30,101
Exceptional items	41	-	(660,770)
Profit/(loss) before tax		35,814	(630,669)
Tax expense	31		
Current tax		(9,980)	(8,280)
Deferred tax		301	(403)
Profit/(loss) after tax for the year		26,135	(639,352)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Gain/(Loss) on Remeasurement of net defined benefit plans		(432)	(214)
Tax impact on above		120	59
Total other comprehensive income		(312)	(155)
Total comprehensive income		25,823	(639,507)
Earnings per share	38		
Basic & diluted Earning Per Share (Face value of Rs. 10 each) :			
Before exceptional items		2.08	1.70
After exceptional items		2.08	(50.78)
Significant accounting policies	1		
The accompanying notes 2 to 49 are an integral part of the standalone financial statements			

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

 For **Lodha & Company**
 Firm Registration No. 301051E
 Chartered Accountants

Parvinder S Chadha
 Chairman & Executive Director
 (DIN: 00018468)
 Place : Pune
 Date : May 27, 2023

Sunil Rajadhyaksha
 Executive Director
 (DIN:00011683)
 Place : Pune
 Date : May 27, 2023

R. P. Baradiya
 Partner
 Place : Mumbai
 Date : May 27, 2023

Bhuvanesh Sharma
 VP-Corporate Affairs
 & Company Secretary
 Place : Pune
 Date : May 27, 2023

Nilesh Bafna
 Chief Financial Officer
 Place : Pune
 Date : May 27, 2023

Standalone Statement of Changes in Equity for the year ended March 31, 2023
(All amounts in INR Thousands, unless otherwise stated)

EQUITY SHARE CAPITAL :

Particulars	Opening Balance	Changes in equity share capital due to prior period errors	Restated balance	Changes in equity share capital during the year	Closing Balance
Balance as at March 31, 2022	125,890	-	125,890	60	125,950
Balance as at March 31, 2023	125,950	-	125,950	-	125,950

OTHER EQUITY :

Particulars	Reserve and Surplus			Retained	Other Comprehensive	Total
	Securities	Capital	General Reserve-			
Balance as at March 31, 2021	626,189	630	19,541	71,331	595	718,286
under ESOP	93	-	-	-	-	93
Profit/(Loss) for the year	-	-	-	(639,352)	-	(639,352)
Impact of actuarial Gain/(Loss)	-	-	-	-	(155)	(155)
Balance as at March 31, 2022	626,282	630	19,541	(568,021)	440	78,872
Balance as at March 31, 2022	626,282	630	19,541	(568,021)	440	78,872
Profit/(Loss) for the year	-	-	-	26,135	-	26,135
Impact of actuarial Gain/(Loss)	-	-	-	-	(312)	(312)
Balance as at March 31, 2023	626,282	630	19,541	(541,887)	129	104,694

Significant accounting policies

The accompanying notes 2 to 49 are an integral part of the standalone financial statements

1

As per our report of even date

For Lodha & Company
Firm Registration No. 301051E
Chartered Accountants

Parvinder S Chadha
Chairman & Executive Director
(DIN: 00018468)
Place : Pune
Date : May 27, 2023

R. P. Baradiya
Partner

Place : Mumbai
Date : May 27, 2023

For and on behalf of the Board

Sunil Rajadhyaksha
Executive Director
(DIN:00011683)
Place : Pune
Date : May 27, 2023

Nilesh Bafna
Chief Financial Officer
Place : Pune
Date : May 27, 2023

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary
Place : Pune
Date : May 27, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	For the year Ended March 31, 2023	For the year Ended March 31, 2022
A Cash flow from Operating Activities:		
Net profit/(loss) before tax and exceptional items	35,814	30,101
Add: Adjustments for		
Depreciation & amortisation	7,930	8,111
Interest income	(3,422)	(3,660)
Rent income (net)	(9,248)	(8,030)
Finance cost	1,749	2,280
Provisions no longer required written back	(1,873)	(198)
Foreign exchange (gain)/loss, net	(4,901)	(1,546)
Operating profit before working capital changes	26,049	27,058
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivable	(4,091)	(938)
(Increase)/decrease in other receivables	(211)	(19,839)
Increase/(decrease) in trade and other payable	5,537	(2,717)
Cash generated from operations	27,284	3,564
Taxes paid (net of refund)	(6,253)	(4,679)
Net cash from/(used in) operating activities - A	21,031	(1,115)
B Cash flow from investing activities:		
Purchase of Property, plant and equipment	(6,546)	-
Rent income received (net)	9,248	8,030
Interest income	3,422	3,660
Net cash from/(used in) investing activities - B	6,124	11,690
C Cash flow from financing activities:		
Finance cost	(154)	(1,373)
Proceeds from issue of equity shares under ESOP	-	152
Payment of lease liabilities	(5,857)	(6,151)
Proceeds/(repayments) of borrowings- net	(6,898)	(13,478)
Net cash from/(used in) financing activities - C	(12,909)	(20,850)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	14,246	(10,275)
Opening cash and cash equivalents	10,768	21,043
Closing cash and cash equivalents	25,014	10,768
Significant accounting policies Note no	1	
The accompanying notes 2 to 49 are an integral part of the standalone financial statements		

Cash Flow from financing activities

Particulars	Current borrowings	Long Term borrowings
Balance as at March 31, 2021	-	20,376
Loan Taken / (repaid)	-	(13,478)
Balance as at March 31, 2022	-	6,898
Loan Taken / (repaid)	-	(6,898)
Balance as at March 31, 2023	-	-

As per our report of even date

For and on behalf of the Board

 For **Lodha & Company**
 Firm Registration No. 301051E
 Chartered Accountants

Parvinder S Chadha
 Chairman & Executive Director
 (DIN: 00018468)
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 & Company Secretary
 Place : Pune
 Date : May 27, 2023

Nilesh Bafna
 Chief Financial Officer
 Place : Pune
 Date : May 27, 2023

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**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 May 27, 2023

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**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 Use of software licenses. 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.

Sale of licence: Revenue from licence is recognized at the time the license is made available to the customer as "right to access" during the period of access.

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.

Dividend

Dividend Income is recognized when right to receive the same is established.

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:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 - Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements.

Ind AS 12 - Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the Initial recognition exemption of Ind AS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Accordingly, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on transactions such as initial recognition of a lease and a decommissioning provision.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The definition of a "change in accounting estimates" has been replaced with a definition of "accounting estimates". Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

2 Property, Plant and Equipment

Particulars	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross carrying amount					
Balance as at March 31, 2021	2,889	7	2,545	409	5,850
Additions	-	-	-	-	-
Deductions/ Adjustment	(79)	-	-	(130)	(209)
Balance as at March 31, 2022	2,810	7	2,545	279	5,641
Accumulated Depreciation					
Balance as at March 31, 2021	2,211	7	1,179	378	3,775
Additions	636	-	305	18	959
Deductions/ Adjustment	(79)	-	-	(130)	(209)
Balance as at March 31, 2022	2,768	7	1,484	266	4,525
Net carrying amount as at March 31, 2021	678	-	1,366	31	2,075
Net carrying amount as at March 31, 2022	42	-	1,061	13	1,116
Gross carrying amount					
Balance as at March 31, 2022	2,810	7	2,545	279	5,641
Additions	6,546	-	-	-	6,546
Deductions/ Adjustment	-	-	-	-	-
Balance as at March 31, 2023	9,356	7	2,545	279	12,187
Accumulated Depreciation					
Balance as at March 31, 2022	2,768	7	1,484	266	4,525
Additions	885	-	305	7	1,197
Deductions/ Adjustment	-	-	-	-	-
Balance as at March 31, 2023	3,653	7	1,789	273	5,722
Net carrying amount as at March 31, 2022	42	-	1,061	13	1,116
Net carrying amount as at March 31, 2023	5,703	-	756	6	6,465

3 Particulars	As at March 31, 2023	As at March 31, 2022
Investment property		
Investment property (at cost)		
Leasehold office premises*	103,467	103,467
Less : accumulated amortisation		
Opening balance	17,714	15,833
Add : Amortisation for the year	1,881	1,881
Total Accumulated amortisation	19,595	17,714
Total	83,871	85,752

* Lease is for 60 years beginning from November 22, 2007 and also refer note 44 for assets provided as security

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

4. Intangible Assets				5 Right to Use-Assets	
Software Product*	Other Softwares	Total	Particular	Right to Use-Lease**	Total
			Gross carrying amount		
400	939	1,339	Balance as at March 31, 2021	18,147	18,147
-	-	-	Additions :Reclassified as per IND AS 116	20,249	20,249
-	-	-	Deductions/ Adjustment	(499)	(499)
400	939	1,339	Balance as at March 31, 2022	37,897	37,897
			Accumulated Depreciation		
400	904	1,304	Balance as at March 31, 2021	9,659	9,659
-	18	18	Additions	5,253	5,253
-	-	-	Deductions/ Adjustment	-	-
400	922	1,322	Balance as at March 31, 2022	14,912	14,912
-	35	35	Net carrying amount as at March 31, 2021	8,488	8,488
-	18	18	Net carrying amount as at March 31, 2022	22,985	22,985
			Gross carrying amount		
400	939	1,339	Balance as at March 31, 2022	37,897	37,897
-	-	-	Additions for the year	-	-
-	-	-	Deductions/ Adjustment	(4,600)	(4,600)
400	939	1,339	Balance as at March 31, 2023	33,297	33,297
			Accumulated Depreciation		
400	922	1,322	Balance as at March 31, 2022	14,912	14,912
-	17	17	Additions	4,834	4,834
-	-	-	Deductions/ Adjustment	-	-
400	939	1,339	Balance as at March 31, 2023	19,746	19,746
-	18	18	Net carrying amount as at March 31, 2022	22,985	22,985
-	-	-	Net carrying amount as at March 31, 2023	13,551	13,551

*meant for license sale or otherwise

*Refer note 43

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
6 Investments - non current		
Unquoted		
In subsidiaries		
HOVS LLC, USA		
No of Shares	1000	1000
% of Holding	100%	100%
Common stock (Face value of US \$ 1)	45	45
Add: Further invested as additional paid in capital	660,725	660,725
Total investment in HOVS LLC	660,770	660,770
Less : Provision for diminution in value of Investments (Refer note 41)	(660,770)	(660,770)
Total investment in HOVS LLC (net of diminution)	-	-
HOVS Holdings Limited, Hongkong		
No of Shares	1001	1001
% of Holding	100%	100%
Common stock (Face value of HKD 1)	7	7
Total investment in HOVS Holdings Limited	7	7
Total	7	7
Aggregate value of quoted investments (cost)	-	-
Aggregate value of unquoted investments (cost)	660,777	660,777
Aggregate provision for diminution in value of unquoted investments	(660,770)	(660,770)
7 Loans - Non Current		
Unsecured loan to a related party*		
Loan receivable - credit impaired	99,089	99,089
Less: provision for doubtful debts	(99,089)	(99,089)
Total	-	-
* Due from HOV Environment Solutions Private Limited (step down subsidiary) (Refer note 41)		
8 Other financial assets - Non current		
Deposits for premises and others	1,461	1,461
Fixed deposits with banks having maturity more than one year	37,800	44,696
Total	39,261	46,157
9 Deferred tax assets		
Deferred tax asset (Refer note no 31)	1,292	871
MAT credit receivable	5,344	8,915
Total	6,636	9,786
10 Other non current assets		
Prepaid expenses	427	92
Total	427	92

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars		As at March 31, 2023	As at March 31, 2022
11	Trade receivables*		
	Trade Receivables-Unsecured-considered good	60,973	51,981
	Trade Receivables which have significant increase in Credit Risk	-	-
	Trade Receivables - credit impaired	-	-
	Total	60,973	51,981
*Refer note no: 33 for trade receivables ageing and refer note no: 41 for Due from related parties			
12	Cash and cash equivalents		
	Balance with banks in current accounts	431	653
	Cash on hand	15	15
	Remittance in transit	1,480	-
	Fixed deposits with banks (with maturity less than three months)	23,088	10,100
	Total	25,014	10,768
13	Other bank balances		
	Fixed deposits with banks	23,100	17,700
	Employee benefits Trust accounts	34	33
	Total	23,134	17,733
14	Other financial assets - Current		
	Advances to employees	197	338
	Interest accrued but not due on fixed deposits	3,348	2,480
	Total	3,545	2,818
15	Other current assets		
	Advances to suppliers	86	236
	Goods and Service tax receivable	1,750	1,003
	Prepaid expenses	652	607
	Total	2,488	1,846

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

16 Equity Share Capital	As at March 31, 2023	As at March 31, 2022
Authorised		
3,00,00,000 Equity Shares of Rs.10 each	3,00,000	3,00,000
Total	3,00,000	3,00,000
Issued, subscribed and paid up		
12594972 Equity Shares of Rs. 10 each fully paid up	1,25,950	1,25,950
Total	1,25,950	1,25,950

The reconciliation of the number of equity shares outstanding	As At March 31, 2023		As At March 31, 2022	
	Numbers	Amount	Numbers	Amount
Equity Shares at the beginning of the year	12,594,972	12,588,972	125,950	125,890
Add: Equity shares issued during the year	-	6,000	-	60
Equity Shares at the end of the year	12,594,972	12,594,972	125,950	125,950

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, 2023		As At March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Adesi 234, LLC	3000985	23.83%	3000985	23.83%
HOF 2 LLC	1667933	13.24%	1667933	13.24%
Chitale LLC	786224	6.24%	786224	6.24%
Stern Capital Partners LLC	694246	5.51%	694246	5.51%

The details of promoter holding :

Name of the Promoters	As At March 31, 2023		As At March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Adesi 234, LLC	3000985	23.83%	3000985	23.83%
HOF2 LLC	1667933	13.24%	1667933	13.24%
Stern Capital Partners LLC	694246	5.51%	694246	5.51%
Sunil Vasant Rajyadhyaksha	588720	4.67%	588720	4.67%
General Pacific LLC	214273	1.70%	214273	1.70%
Surinder Rametra	120000	0.95%	120000	0.95%
Anil Vasant Rajyadhyaksha	25422	0.20%	25422	0.20%
Parvinder S Chadha	38250	0.30%	38250	0.30%
	6349829	50.42%	6349829	50.42%

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

In the Period of five years immediately preceding March, 2023:

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 had vested in a phased manner within five years as 10% in each first to four years and balance 60% at the end of fifth year.

(in numbers)

Particulars	As At March 31, 2023		As At March 31, 2022	
	Directors	Others	Directors	Others
Options outstanding at the beginning of the year	-	-	15000	14000
Add: Options Granted during the year	-	-	-	-
Less: Options Lapsed/Forfeited	-	-	9000	14000
Less: Shares allotted on option exercised during the year	-	-	6000	-
Options outstanding at the end of the year	-	-	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2023	As at March 31, 2022
17	Borrowings-non current		
	Secured		
	Term loan from a bank*	-	6,898
	Less : Current maturities of long term loans	-	(6,898)
	Total	-	-
18	Lease liabilities - non current		
	Lease liabilities (Refer note 43)	10,476	19,227
	Total	10,476	19,227
19	Borrowings-current		
	Current maturities of long term borrowings	-	6,898
	Total	-	6,898
20	Lease liabilities-current		
	Current maturities of lease liabilities (Refer note 43)	3,716	4,513
	Total	3,716	4,513
21	Trade payables		
	Total outstanding dues of micro enterprise and small enterprises	998	835
	Total outstanding dues of creditors other than micro enterprises and small enterprises	8,266	5,912
	Total	9,264	6,747

Note:

- *Refer note no: 33 for trade payable aging & Refer note no: 41 for related party balances
- The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	998	835
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 FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2023	As at March 31, 2022
22	Other financial liabilities		
	Interest accrued but not due on borrowings	-	39
	Security deposits towards office premises	2,650	2,650
	Total	2,650	2,689
23	Other current liabilities		
	Statutory dues payable	1,515	1,206
	Total	1,515	1,206
24	Provisions		
	Provision for employee benefits:		
	Compensated absences	2,025	1,234
	Gratuity (Refer note 37)	2,302	1,099
	Total	4,327	2,333
25	Current tax liabilities		
	Provision for Income tax (Net of advance tax paid of Rs 7,200 Thousands; Previous Year Rs 5,971 Thousands)	2,780	2,624
	Total	2,780	2,624

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
26 Revenue from operations		
Software and IT enabled services	1,20,551	1,00,581
Total	1,20,551	1,00,581
27 Other income		
Interest income	3,422	3,660
Provisions no longer required written back	1,188	198
Gain on variation in foreign exchange rates (net)	4,901	1,546
Gain on change in terms of right to use assets	685	-
Rent received	11,284	11,284
Less: expenses attributed to rental income : Finance cost	(154)	(1,373)
Amortisation	(1,881)	(1,881)
Net rental income	9,248	8,030
Total	19,444	13,433
28 Employee benefits expense		
Salaries and wages	72,183	55,663
Contributions to provident and other funds	8,377	5,951
Staff welfare expenses	1,030	1,021
Total	81,590	62,635
29 Finance cost		
Interest component of lease liabilities (Refer note 43)	1,595	907
Total	1,595	907
30 Other expenses		
Repairs & maintenance - building	1,575	1,459
Repairs & maintenance - computers	102	136
Repairs & maintenance - others	257	253
Insurance	91	119
Rates and taxes	419	300
Power & fuel expenses	2,053	1,334
Membership & subscription fees	531	461
Travelling & conveyance expenses	408	311
Communication cost	1,519	1,716
Advertising & publicity expenses	237	213
Office upkeep & maintenance expenses	2,097	2,696
Auditors' remuneration (Refer note 45)	982	920
Legal & professional charges	1,658	1,543
Director's sitting fees	1,620	1,560
Listing fees	715	693
Office, Administrative & Other Expenses	684	427
Total	14,948	14,141

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	2022-23	2021-22
31 Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	9,980	8,280
Deferred Tax	(301)	403
Total tax expense	9,679	8,683

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	35,814	(6,30,669)
Income tax as per above rate	9,963	(1,75,452)
Adjustments:		
Deferred tax asset not recognised on Provision for diminution in value of Investments	-	
Other reconciling items	(284)	309
Income tax as per statement of profit and loss	9,679	8,683

The following movement is in deferred tax assets and liabilities during the year ended March 31, 2022 and March 31, 2023 is as under:

Particulars	As at March 31, 2021	(Credit)/ charge for the year	As at March 31, 2022
Deferred tax assets			
Amount allowable on payment basis-employee Benefits	1,125	(476)	649
Provision for diminution in value of Investments and doubtful debts allowable on write-off	27,567	183,826	211,393
Differences in written down value of Property, Plant and Equipment	90	132	222
MAT credit Entitlement	11,363	(2,449)	8,914
Total deferred tax asset	40,145	181,034	221,179
Deferred tax liability			
Differences in written down value of Property, Plant and Equipment	-	-	-
Total deferred tax liability	-	-	-
Valuation allowance	(27,567)	(183,826)	(211,393)
Net Deferred tax asset recognised in the Balance Sheet	12,578	(2,792)	9,786
Particulars	As at March 31, 2022	(Credit)/ charge for the year	As at March 31, 2023
Deferred tax assets			
Amount allowable on payment basis-employee benefits	649	555	1,204
Provision for diminution in value of Investments and doubtful debts allowable on write-off	211,393	-	211,393
Differences in written down value of Property, Plant and Equipment	222	(134)	89
MAT credit Entitlement	8,914	(3,571)	5,344
Total deferred tax asset	221,179	(3,149)	218,030
Deferred tax liability			
Differences in written down value of Property, Plant and Equipment	-	-	-
Total deferred tax liability	-	-	-
Valuation allowance	(211,393)	-	(211,393)
Net Deferred tax asset recognised in the Balance Sheet	9,786	(3,149)	6,636

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

32 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			Total Carrying amount	Total fair value
		fair value		amortised cost carrying Amount		
		At cost	FVOCI Level 1			
As at March 31, 2022						
Investment in subsidiaries	6	7	-	-	7	7
Trade receivables	11	-	-	51,981	51,981	51,981
Cash & cash equivalents	12	-	-	10,768	10,768	10,768
Other bank balances	13	-	-	17,733	17,733	17,733
Other financial assets	8, 14	-	-	48,975	48,975	48,975
Total		7	-	129,457	129,464	129,464
As at March 31, 2023						
Investment in subsidiaries	6	7	-	-	7	7
Trade receivables	11	-	-	60,973	60,973	60,973
Cash & cash equivalents	12	-	-	25,014	25,014	25,014
Other bank balances	13	-	-	23,134	23,134	23,134
Other financial assets	8, 14	-	-	42,806	42,806	42,806
Total		7	-	151,927	151,934	151,934

B Financial liabilities

Particulars	Note No.	Instruments carried at			Total Carrying amount	Total fair value
		fair value		amortised cost carrying Amount		
		At cost	FVOCI Level 1			
As at March 31, 2022						
Non-current liabilities-Financial liabilities						
Borrowings	17	-	-	-	-	-
Lease liabilities	18			19,227	19,227	19,227
Current liabilities-Financial liabilities						
Borrowings	19	-	-	6,898	6,898	6,898
Lease liabilities	20	-	-	4,513	4,513	4,513
Trade payables	21					
Total outstanding dues of micro enterprise and small enterprises		-	-	835	835	835
Total outstanding dues of creditors other than micro enterprises and small enterprises		-	-	5,912	5,912	5,912
Other financial liabilities	22	-	-	2,689	2,689	2,689
Total		-	-	40,074	40,074	40,074

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	Instruments carried at			Total Carrying amount	Total fair value
		fair value		amortised cost carrying Amount		
		At cost	FVOCI Level 1			
As at March 31, 2023						
Non-current liabilities-Financial liabilities						
Borrowings	17	-	-	-	-	-
Lease liabilities	18	-	-	10,476	10,476	10,476
Current liabilities-Financial liabilities						
Borrowings	19	-	-	-	-	-
Lease liabilities	20	-	-	3,716	3,716	3,716
Trade payables						
Total outstanding dues of micro enterprise and small enterprises	21	-	-	998	998	998
Total outstanding dues of creditors other than micro enterprises and small enterprises						
Other financial liabilities	22	-	-	8,266	8,266	8,266
Total		-	-	26,106	26,106	26,106

33 Trade Receivables ageing

Outstanding for following periods from due date of transactions As at March 31, 2023						
Particulars	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables –considered good	59,616	-	-	-	-	59,616
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables –credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables –considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	59,616	-	-	-	-	59,616
Add : Unbilled revenue	1,357	-	-	-	-	1,357
	60,973	-	-	-	-	60,973

Outstanding for following periods from due date of transactions As at March 31, 2022						
Particulars	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables –considered good	51,884	-	-	-	-	51,884
(ii) Undisputed Trade Receivables –which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables –credit impaired	-	-	-	-	-	-
(iv) Disputed Trade Receivables –considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Total	51,884	-	-	-	-	51,884
Add : Unbilled revenue	97	-	-	-	-	97
	51,981	-	-	-	-	51,981

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

34 Trade payable ageing schedule :

Particulars	As at March 31, 2023				
	Outstanding for following periods from due date of transactions				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	998	-	-	-	998
(ii) Others	8,266	-	-	-	8,266
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Total	9,264	-	-	-	9,264

Particulars	As at March 31, 2022				
	Outstanding for following periods from due date of transactions				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	835	-	-	-	835
(ii) Others	5,912	-	-	-	5,912
(iii) Disputed Dues-MSME	-	-	-	-	-
(iv) Disputed Dues-Others	-	-	-	-	-
Total	6,747	-	-	-	6,747

35 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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 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.

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, 2023	As At March 31, 2022
0-12 months	60,973	51,981
beyond 12 months	-	-
Total	60,973	51,981

Information about Major Customers

Revenue from Software and IT enabled services to largest customers (greater than 10% of total services) is Rs. 120,551 Thousands (Previous Year Rs. 100,581 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, 2023	-	-	-
As at March 31, 2022	6,898	-	6,898

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

Contractual maturity patterns of Financial Liabilities

Particulars	As At March 31,	As At March 31,
	2023	2022
	0-12 Months	0-12 Months
Trade Payable	9,264	6,747
Other financial liabilities	2,650	2,689
Total	11,914	9,436

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 regard 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,
	2023	2022
Borrowings bearing variable rate of interest	-	6,898

Interest rate sensitivity

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

Particulars	2021-23	2020-22
50 bp increase- decrease in profits	(17)	(68)
50 bp decrease- Increase in profits	17	68

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	
	2022-23	2021-22	2022-23	2021-22
Open Foreign Exchange Exposures - Receivable	\$742	\$686	60,973	51,981

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	2022-23		2021-22	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	610	(610)	520	(520)
Increase / (decrease) in profit or loss	610	(610)	520	(520)

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, 2023

(All amounts in INR Thousands, unless otherwise stated)

36 Capital risk management

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

Particulars	As At March 31, 2023	As At March 31, 2022
Debt	-	6,898
Total Equity	230,644	204,822
Debt to Total Equity	-	0.03

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 has become debt free company during the year.

- 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.

37 Disclosure pursuant to ind AS - 19 "employee benefits"

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

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

Particulars	As at March 31, 2023	As at March 31, 2022
A. Balance Sheet		
Defined benefit plans		
Present value of plan liabilities	8,678	7,009
Less Fair value of plan assets	6,376	5,910
Asset/(Liability) recognised	(2,302)	(1,099)

	As at March 31, 2023	As at March 31, 2022
B. Movements in plan liabilities & assets		
i) Present value of obligations		
Opening Balance	7,009	6,688
Current service cost	851	683
Past service cost	-	-
Interest cost	515	465
Actuarial (gain)/loss arising from changes in demographic assumptions	(278)	(7)
Actuarial (gain)/loss arising from changes in financial assumptions	(93)	(311)
Actuarial (gain)/loss arising from experience adjustments	711	480
Benefit payments	(37)	(989)
Closing balance	8,678	7,009
ii) Fair Value of Plan assets		
Opening Balance	5,910	4,448
Current service cost	-	-
Interest income	434	309
Return on plan assets excluding amounts included in net finance income/cost	(92)	(51)
Employer contributions	161	2,192
Benefit payments	(37)	(989)
Closing balance	6,376	5,910

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

- active members - 183 (2021-22 : 178)

As at March 31, 2023

C. Statement of profit and loss		
i) Employee benefit expenses:		
Current service cost	851	683
Interest cost/(income)	81	156
Total amount recognised in Statement of profit & loss	932	838
ii) Remeasurement of the net defined benefit liability:		
Actuarial (Gains)/Losses on Obligation For the Period	340	163
Return on Plan Assets, Excluding Interest Income	92	51
Total amount recognised in Other Comprehensive Income	432	214

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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, 2023	As at March 31, 2022
Financial Assumptions		
Discount rate	7.46%	7.35%
Expected rate of return on plan assets	7.46%	7.35%
Salary escalation rate	5.00%	5.00%
Rate of Employee Turnover		
- For service 4 years and below	40.00%	8.00%
- For service 5 years and above	2.00%	2.00%
Mortality Rate During Employment : Indian Assured Lives Mortality	2012-14 (Urban)	2012-14 (Urban)

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, 2023	As at March 31, 2022
Projected benefit obligation on current assumptions	8,678	7,009
+1% Change in rate of discounting	(779)	(689)
-1% Change in rate of discounting	914	820
+1% Change in rate of Salary increase	928	832
-1% Change in rate of Salary increase	(803)	(709)
+1% Change in Attrition Rate	196	170
-1% Change in Attrition Rate	(223)	(197)

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

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

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

Particulars	As at March 31, 2023	As at March 31, 2022
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	1,114	835
2nd Following Year	246	188
3rd Following Year	255	206
4th Following Year	266	215
5th Following Year	1,230	225
Sum of Years 6 To 10	2,153	2,196
Sum of Years 11 and above	16,613	15,519

- 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.

38 Earnings per share (EPS)	2022-23	2021-22
Net profit/(loss) as per statement of profit and loss before exceptional items but after tax	26,135	21,418
Net profit/(loss) as per statement of profit and loss after exceptional items and tax	26,135	(639,352)
Weighted average number of equity shares	12,594,972	12,590,139
Nominal value of equity shares (in Rs)	10.00	10.00
Basic and diluted earning per equity share - before exceptional items	2.08	1.70
Basic and diluted earning per equity share - after exceptional items	2.08	50.78

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

The Company does not have any pending litigations as at March 31, 2023 and as at March 31, 2022

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

40 Commitments

The Company has given leasehold building on rent. The future rental income receivables as per the terms of the agreement are:

Particulars	2022-23	2021-22
- within one year	11,519	11,284
- later than one year and not later than five years	46,129	45,134

41 Disclosure on related party transactions
Names of related parties and description of relationship:
Parties where controls exists: subsidiaries/step down subsidiaries

HOVS Holdings Limited	HOV Environment Solutions Private Limited
HOVS LLC	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:
Parties where controls exists:
Directors/Key Managerial Personnels (KMP) :

HOVS Holdings Limited	Mr. Parvinder S Chadha ¹	(Chairman & Executive Director)
HOVS, LLC	Mr. Sunil Rajadhyaksha	(Executive Director)
HOV Environment Solutions Private Limited	Mr. Vikram Negi ²	(Executive Director)
HOV Environment, LLC	Mr. Surinder Rametra ³	(Executive Director)

Parties in which KMP/relatives of KMP exercise significant influence:

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

HOVG, LLC dba Bay Area Credit Service, LLC ¹ Effective November 11, 2022 appointed as the Chairman & Executive Director

SourceHOV, LLC ² Effective November 11, 2022 ceases to be the Chairman

Exela Technologies India Private ³Effective November 11, 2022 step down from the office of Executive Director

Relatives of KMP : Non Executive Directors :

Mrs. Rekha Sharma	Mrs. Lakshmi Kumar
Mr. Dinesh Bafna	Mr. Harjit Singh Anand
	Mr. Ajay Puri (from July 26, 2021)
	Mr. Baldev Raj Gupta (upto July 25, 2021)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(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, 2023	For the year ended March 31, 2022
SourceHOV, LLC	Services provided	103,143	84,504
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	17,408	16,076
HOVS LLC	Provision for Investments	-	660,770
Exela Technologies India Private Limited	Rent received	11,284	11,284
Mr. Parvinder S Chadha	Reimbursement of expenses	2,052	1,945
Mr. Baldev Raj Gupta	Managerial remuneration	2,800	-
Mrs. Lakshmi Kumar	Sitting fees & ESOP perquisite	-	360
Mr. Harjit Singh Anand	Sitting fees	510	540
Mr. Ajay Puri Sitting fees	Sitting fees	600	510
Mr. Nilesh Bafna	510	360	
Mr. Bhuvanesh Sharma	Salary (including perquisites)	3,738	3,160
Mrs. Rekha Sharma	Salary (including perquisites)	3,215	2,712
Mr. Dinesh Bafna	Car rental	180	288
	Car rental	180	288

Name of the Party	Nature of Balances	As at March 31, 2023	As at March 31, 2022
HOVS ,LLC	Investments	660,770	660,770
HOVS ,LLC	Provision for Investments*	660,770	(660,770)
HOVS Holdings Limited SourceHOV, LLC	Investments	7	7
	Trade receivables	50,737	43,697
HOV Environment Solutions Private Limited	Unbilled revenue	1,357	97
	Loan receivables	99,089	99,089
	Provision for doubtful debts #	99,089	99,089
HOVG, LLC dba Bay Area Credit Service, LLC	Trade receivables	8,879	8,187
Exela Technologies India Private Limited	Deposit Refundable	2,650	2,650
Mr. Parvinder S Chadha	Remuneration payable	2,800	-
Mr. Sunil Rajadhyaksha	Remuneration payable	178	193
Mrs. Rekha Sharma	Car rental payable	15	24
Mr. Dinesh Bafna	Car rental payable	15	24

Notes:

- Related party relationship is as identified by the management and relied upon by the auditors.
- *During last year, the fair value of investments in a subsidiary i.e. HOVS LLC has decreased (due to decrease in quoted prices of underlying investment held by the aforesaid subsidiary) and accordingly, provision of Rs. 660,770 thousands for diminution in its value have been made - Refer Exceptional item.
- # 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.
- No amounts in respect of related parties have been written off/ written back during the year or has not made any provision for doubtful debts/ receivable except as disclosed above

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

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

43 The Company's lease assets classes primarily consist of leases for buildings.

The Company has used following practical expedient when applying IND AS 116 to leases :

- (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 transaction and low value assets
- (b) The weighted average lessee's incremental borrowing rate applied to the lease liabilities is 10% On transition to the IND As 116, the impact thereof is as follows :

Particulars	As At March 31, 2023	As At March 31, 2022
Right of Use - assets	13,551	22,985
Lease Liabilities	14,192	23,740
Following is the movement in lease liabilities		
Opening Balance	23,740	9,371
Additions	-	20,249
Interest accrued during the year	1,595	907
Deletions	(5,286)	(636)
Payment of Lease liabilities	(5,857)	(6,151)
Closing Balance	14,192	23,740
- Current lease liabilities	3,716	4,513
- Non Current lease liabilities	10,476	19,227
Breakup of the contractual maturities of lease liabilities on an undiscounted basis:		
Less than one year	5,004	6,211
One to five years	12,064	23,189
More than five years	-	-
Short term lease expense incurred :		
Rental expense	-	-
Vehicle Expense	1,100	1,196

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

(All amounts in INR Thousands, unless otherwise stated)

44 Assets provided as security

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

Particulars	As At March 31, 2023	As At March 31, 2022
Investment Property	-	85,752
Total	-	85,752

45 Payment to auditors	2022-23	2021-22
Audit fees	500	500
Limited review fees	300	300
Certification fees	165	120
Reimbursement of expenses	17	-
Total payment to auditors (Excluding Taxes)	982	920

46 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.

47 Ratios

The ratios for the years ended March 31, 2023 and March 31, 2022 are as follows:

Particular	Numerator	Denominator	2022-23	2021-22	Variance (in %)
(a) Current Ratio	Total of Current Assets	Total of Current liabilities	4.75	3.15	50.6
(b) Debt Service Coverage Ratio	Profit/(Loss) before exceptional items and tax	Debt Service (Borrowings+ Interest payable)	NA	4.34	NA
(c) Return on Equity Ratio	Profit/(Loss) after tax	Total Equity	0.11	3.12	(103.6)
(d) Trade Receivables Turnover Ratio	Revenue from Operations	Average Trade Receivables	2.13	1.98	7.7
(e) Trade Payable Turnover Ratio	Purchase of services and other expenses	Average trade payable	12.06	11.39	5.8
(f) Net Capital Turnover Ratio	Revenue from Operations	Working capital	1.33	1.73	(23.3)
(g) Net Profit Ratio	Net profit after tax but before exceptional item	Revenue from Operations	0.22	0.21	1.8
(h) Return on Capital Employed	Profit/(Loss) before interest, tax and exceptional item	Capital employed (total assets less current liabilities)	0.16	0.14	12.1
(j) Return on Investment	Income from investments	Cost of investments	NA	NA	NA

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

(All amounts in INR Thousands, unless otherwise stated)

- Note :- Detail explanations for the ratios with significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in the above mentioned ratios
- (a) Due to repayment of borrowings and increase in financial assets as cash generation from operating activities during the year.
- (b) Due to repayment of borrowings as per the terms.
- (c) Return on Equity improved as there is no provision required to be made for diminution in value of investment in subsidiary which is done during last year as exceptional item.
- 48** a) There are no transactions or balance with struck off companies
- b) No proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988, as amended, and rules made thereunder.
- c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year
- e) There were no transactions relating to previously unrecorded income that have been surrendered and disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- f) The Company has not advanced or loaned to or invested in funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (i) directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- g) The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall
- (i) directly or indirectly lend to or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- 49** Previous year's figures have been regrouped/reclassified wherever necessary to conform the current year's classification.

Signature to Notes 1 - 49

For and on behalf of the Board

Parvinder S Chadha
Chairman & Executive Director
 (DIN:00018468)
 Place : Pune
 Date : May 27, 2023

Sunil Rajadhyaksha
Executive Director
 (DIN:00011683)
 Place : Pune
 Date : May 27, 2023

Bhuvanesh Sharma
**VP-Corporate Affairs &
 Company Secretary**
 Place : Pune
 Date : May 27, 2023

Nilesh Bafna
Chief Financial Officer
 Place : Pune
 Date : May 27, 2023

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, 2023	March 31, 2023	March 31, 2023	March 31, 2023
	Currency	US\$	US\$	US\$	INR
	Exchange rate on last day of financial year	82.2169	82.2169	82.2169	1.00
1	Share Capital	12,105.45	739.95	0.10	1.00
2	Reserves & Surplus	(13,457.04)	(904.30)	(0.10)	(1,128.96)
3	Total Assets	906.42	1.50	-	206.55
4	Total Liabilities	906.42	1.50	-	206.55
5	Details of Investment (Except Investment in subsidiary)	-	-	-	-
6	Turnover			-	
7	Profit before taxation	-	-	-	(13.81)
8	Provision for taxation	-	-	-	0.01
9	Profit after taxation	-	-	-	(13.82)
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

Parvinder S Chadha
Chairman & Executive Director
(DIN: 00018468)
Date: May 27, 2023

Notice of 35th Annual General Meeting

NOTICE is hereby given that the Thirty-Fifth (35th) Annual General Meeting (the "AGM") of the Members of HOV Services Limited will be held on **July 28, 2023, the Friday at 10:30 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, 2023, 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, 2023 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, 2023 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, 2023 and the report of the Auditors thereon, as circulated to the members, be and are hereby considered and adopted."

- 2. Re-appointment of Director**

To re-appoint Mr. Sunil Rajadhyaksha (DIN: 00011683), 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. Sunil Rajadhyaksha, Director, who retires by rotation at this 35th AGM and being eligible has provided his assent for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

- 3. Re-Appointment of Mr. Harjit Singh Anand (DIN: 01549385) as an Independent Director of the Company for 2nd term of five years' period from September 10, 2023 to September 9, 2028.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, and rules framed there under, read with Schedule IV to the Companies Act, 2013, Mr. Harjit Singh Anand (DIN-01549385), who was appointed by the shareholders in 30th Annual General Meeting held on September 10, 2018 as Independent Director of the Company for his first term effective from September 10, 2018 up to September 9, 2023, be and is hereby re-appointed as an Independent Director of the Company for 2nd term of five years period from September 10, 2023 to September 9, 2028."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any powers conferred herein to any executives / officers of the Company to do all such acts, deeds, matters and things and also to execute such documents, writings, as may be necessary in this regard."

4. Contract of services for revenue in ordinary course of business of the Company with SourceHOV LLC & HOVG LLC, related party/ies transactions.

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

“RESOLVED THAT pursuant to the Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and pursuant to Section 188 the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), the Rules thereunder and as recommended by the Audit Committee, the approval of the shareholders of the Company be and is hereby accorded for services contract of value of 17 Crore by the Company with SourceHOV LLC and HOVG LLC for rendering the services by the Company for the financial year 2023-2024 on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and SourceHOV LLC and HOVG LLC, being the related parties of the Company.”

“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.”

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:
3rd Floor, Sharda Arcade,
Pune Satara Road, Bibwewadi,
Pune – 411037, Maharashtra
CIN: L72200PN1989PLC014448
Email: investor.relations@hovsltd.com
www.hovsltd.com

Place: Pune
Date: May 27, 2023

NOTES TO THE NOTICE OF THE AGM:

1. 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 General Circulars No.2/2022 dated May 5, 2022 and further the MCA vide its Circular No. 10/2022 & No. 11/2022 dated December 28, 2022 and SEBI vide its Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 extended the above exemptions till September 30, 2023.

2. Accordingly, in accordance with the MCA Circulars, provisions of the Companies Act, 2013 (“Act”), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), the 35thAGM of the Company is being held through VC / OAVM. The Registered office of the Company situated at 3rd 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 Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3 & 4 of the Notice, is annexed hereto.**
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 above mentioned MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories.

The Notice and Annual Report 2022-23 will also be available on the Company’s website www.hovsltd.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and also available on the website of Company’s Registrar and TransferAgent, KFin Technologies Limited (“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 or to KFinTech at inward.ris@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 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 July 24, 2023 to July 26, 2023.** 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 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 or call on toll free number 1800-309-4001 or at +91-9177401094. 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 (member's 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., authorizing 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 or jayesh@prajottungarecs.com with a copy marked to 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 Limited to vote during AGM.
16. The Company has engaged the services of KFin Technologies Limited as the agency to provide e-voting facility.
17. The remote e-voting facility will be available during the following voting period:

Commencement of remote e-voting	Tuesday, July 25, 2023 at 9:00 AM IST
End of remote e-voting	Thursday, July 27, 2023 at 5:00 PM IST

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. July 21, 2023.**
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. **July 28, 2023.**

The Results declared along with the Scrutinizer's Report shall be placed at the Company's website www.hovsltd.com and on the website of KFinTech i.e. <https://evoting.kfintech.com> and shall be field simultaneously with the stock exchanges.

22. The Register of Members and Transfer Books of the Company will be closed from **July 25, 2023, to July 28, 2023 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 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 34th AGM held on July 20, 2022 the members had appointed M/s Lodha & Company, Chartered Accountant as the Statutory Auditors of the Company to hold office for a five-year period from the conclusion of 34th AGM till the conclusion of 39th AGM to be held in year 2027. 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 35thAGM.
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. Procedure for Login for E-voting and Attending AGM through VC/OAVM for Individual Shareholders holding securities in Demat mode.

In terms of SEBI circular dated December 09, 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 to access e-Voting facility.

I) Login method for Individual shareholders holding securities in Demat mode is given below:

<p>Individual shareholders holding securities in Demat mode with National Securities Depository Limited (“NSDL”)</p>	<p>A. User already registered for IDeAS facility:</p> <ol style="list-style-type: none"> 1. Open https://eservices.nsdl.com 2. Click on the “Beneficial Owner” icon under ‘IDeAS’ section. 3. On the new page, enter User ID and Password. Post successful authentication, click on “Access to e-Voting” 4. Click on Bank Name or e-Voting service provider and you will be re-directed to e-voting service provider website for casting your vote during the remote e-Voting period. <p>B. User not registered for IDeAS e-Services:</p> <ol style="list-style-type: none"> 1. To register, open https://eservices.nsdl.com either on a Personal Computer or on a mobile. 2. Select “Register Online for IDeAS “Portal or click on https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3. Proceed with completing the required fields <p>C. By visiting the e-Voting website of NSDL:</p> <ol style="list-style-type: none"> 1. Open https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. 2. Click on the icon “Login” which is available under ‘Shareholder/Member’ section 3. 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. 4. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Bank 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.
<p>Individual Shareholders holding securities in Demat mode with Central Depository Services (India) Limited (“CDSL”)</p>	<p>A. Existing user who has opted for Easi/Easiest</p> <ol style="list-style-type: none"> 1. Click at https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com 2. Click on New System Myeasi. 3. Login with user ID and Password 4. After successful login of Easi / Easiest, Option will be made available to reach e-voting page 5. Click on e-voting service provider name to cast your vote

	<p>B. User not registered for Easi/Easiest</p> <ol style="list-style-type: none"> Option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration. Proceed with completing the required fields. <p>C. By visiting the e-Voting website of CDSL:</p> <ol style="list-style-type: none"> Visit at www.cdslindia.com Provide Demat Account Number and PAN No. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the Demat Account. <p>After successful authentication, user will be provided links for the respective e-voting service provider where the e-voting is in progress.</p>
<p>Individual Shareholders (holding securities in Demat mode) login through their depository participants</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.</p> <p>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 Bank 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.</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.

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

III) Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

- Initial password is provided in the body of the e-mail.
- Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- Enter the login credentials i.e. User ID and password mentioned in your e-mail. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.

- iv. After entering the correct details, click on LOGIN.
- v. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise 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.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi. You need to 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, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN', in which case, the shares held will not be counted under either head.
- ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- 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 Scrutinizer through email at prajot@prajottungarecs.com or jayesh@prajottungarecs.com 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 'BFL_EVENT No.'
- xii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free).

A. Voting at e-AGM

- i. Only those members/shareholders, who will be present in the e-AGM and who have not cast their vote through remote e-voting and are otherwise not barred from doing so are eligible to vote.
- ii. Members who have voted through remote e-voting will still be eligible to attend the e-AGM.
- iii. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.

- iv. Voting at e-AGM will be available at the end of the e-AGM and shall be kept open for 15 minutes. Members viewing the e-AGM, shall click on the 'e-voting' sign placed on the left-hand bottom corner of the video screen. Members will be required to use the credentials, to login on the e-Meeting webpage, and click on the 'Thumbs-up' icon against the unit to vote.

B. Instructions for members for attending the e-AGM

- i. Members will be able to attend the e-AGM through VC/OAVM or view the live webcast of e-AGM provided by KFin at <https://emeetings.kfintech.com> by using their remote e-voting login credentials and by clicking on the tab "video conference". The link for e-AGM will be available in members' login, where the EVENT and the name of the Company can be selected.
- ii. Members are encouraged to join the meeting through devices (Laptops, Desktops, Mobile devices) with Google Chrome for seamless experience.
- iii. Further, members registered as speakers will be required to allow camera during e-AGM and hence are requested to use internet with a good speed to avoid any disturbance during the meeting.
- iv. Members may join the meeting using headphones for better sound clarity.
- v. While all efforts would be made to make the meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- vi. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com/>, under the "How It Works" tab placed on top of the page.

III) Procedure for Registration of email and Mobile: securities in physical mode

Physical shareholders are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16th, 2023, All holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. Moreover, to avail online services, the security holders can register e-mail ID. Holder can register/update the contact details through submitting the requisite ISR 1 form along with the supporting documents.

ISR 1 Form can be obtained by following the link:

<https://ris.kfintech.com/clientservices/isc/default.aspx>

ISR Form(s) and the supporting documents can be provided by any one of the following modes.

- a) Through 'In Person Verification' (IPV): the authorized person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or

- b) Through hard copies which are self-attested, which can be shared on the address below; or

Name	KFIN Technologies Limited
Address	Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana India - 500 032.

- c) Through electronic mode with e-sign by following the link:

<https://ris.kfintech.com/clientservices/isc/default.aspx#>

- d) Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

27. 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 Limited at Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally Mandal, Hyderabad 500 032 or send an email to evoting@kfintech.com or call Toll-free No. 1800-309-4001 or +91 9177401094.

ANNEXURE TO THE NOTICE OF 35thAGM**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 4** of the accompanying Notice of 35th Annual General Meeting: -

Item No. 3 Re-Appointment of Mr. Harjit Singh Anand (DIN: 01549385) as an Independent Director of the Company for 2nd term of five years' period from September 10, 2023 to September 9, 2028

The Members' of the Company in their 30th Annual General Meeting held on September 10, 2018 had appointed Mr. Harjit S Anand as an Independent Director of your Company for a first term of five years commenced from September 10, 2018 up to September 9, 2023. His first term will get over by September 9, 2023. Based on the experience, skills and performance evaluation, with recommendations of Nomination and Remuneration Committee, the Board of Directors of the Company in its meeting held on May 27, 2023 approved his re-appointed as an Independent Director of the Company for 2nd term of five years' period from September 10, 2023 to September 9, 2028, subject to the shareholders' approval.

In accordance with Section 149 (10) of the Companies Act, 2013 an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. Mr. Harjit Singh Anand being non-executive director of the Company, have given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

The Board of Directors proposed that Mr. Harjit Singh Anand be re-appointed as an Independent Director for his 2nd term of five years from September 10, 2023 to September 9, 2028 for the office of independent director of the Company.

Hence, in accordance with the provisions of Section 149 read with Schedule IV of the Act, the re-appointment of Mr. Harjit Singh Anand for 2nd term as Independent Director been placed before the Members for their approval. The terms and conditions of appointment of Independent Director is available on the website of the Company.

As per SS-2- Para 1.2.5 Explanation-last para- In case of re-appointment of Independent Directors, performance evaluation report of such Director or summary thereof shall be included in the explanatory statement. The performance evaluation for FY 2022-23 was carried out including of independent directors in their meeting held on February 13, 2023 and the Board of the Company found the evaluation of Mr. Harjit being satisfactory being the independent director.

The resolution seeks the approval of Members' for the re-appointment of Mr. Harjit Singh Anand as an Independent Director of the Company pursuant to Section 149 read with Schedule IV of the Companies Act, 2013, the Rules made there under and SEBI LODR Regulations.

The Board of Directors recommends the special resolutions set forth in this Notice for the approval of the Members.

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

Item No.4 Contract of services for revenue of the Company with SourceHOV LLC & HOVG LLC, related party/ies transactions 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 and HOVG LLC. Both are “related party” pursuant to the applicable provisions of Section 188 of the Companies Act, 2013 and Regulation 2(zb) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The total contract value for the year ended March 31, 2023 taken together with SourceHOV LLC & HOVG LLC was Rs. 12.05 Crore which is exceeding the limits of Rs. 1.2 Crore (10% of consolidated turnover of Rs 12.05 crore). Accordingly, both contracts are material related party transactions in accordance with Regulation 23 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 and therefore, require approval of Shareholders of the Company. The Board of Directors of the Company at their meeting held on May 27, 2023 on the recommendations of the Audit Committee, have considered for the approval of the shareholders of the Company.

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:

Sr. No.	Description	Particulars
1	Name of the related party	SourceHOV LLC & HOVG LLC
2	Name of Promoter/Director/ KMP who is related, if any	Parvinder S Chadha; Adesi 234 LLC; HOF 2 LLC are Promoters of the Company, also holds beneficial ownership of Exela Technologies Inc. Parvinder S Chadha, Chairman & Executive Director of the Company. Sunil Rajadhyaksha, Promoter & Executive Director of the Company. Surinder Rametra; Stern Capital Partners LLC, Promoters of the Company. General Pacific LLC; Promoter Group entity. Vikram Negi, Executive Director of the Company. Nilesh Bafna, Chief Financial Officer and Bhuvanesh Sharma, Company Secretary are KPMs of the Company.
3	Nature of relationship	SourceHOV LLC & HOVG LLC, are entities of Exela Technologies, Inc. HOV Services Limited holds investments in Exela Technologies, Inc.
4	Type, material terms, tenure, monetary value and particulars of the transaction/contract/arrangements	IT support & Maintenance services and Data entry services contract with SourceHOV LLC and Services for developing applications, networking, software support and contract for maintenance services with HOVG LLC. The services are billable services for revenue of value approx. Rs. 17 Crore per annum budgeted with the parties for FY 2023-24.

Sr. No.	Description	Particulars
5	Justification of the proposed transaction beneficial to the Company	The Company have been providing the services on the cost plus mark-up and fixed fees basis and the contracts/ transactions generates revenue in the ordinary course of business for the Company receivables in US\$ every year.
6	Percentage of HOV Services Limited's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	70.91 % of the consolidated turnover of the Company per annum.
7	Details of the valuation report or external party report (if any) enclosed with the Notice	NA
8	Any other information relevant or important for the members to take a decision on the proposed resolution	All the contracts/arrangements and the transactions with "related parties" are reviewed and approved by the Audit Committee and the relevant information forming part of the statement setting out material facts which has been mentioned in the above paragraphs.
9	Following additional disclosures to be made in case loans, inter-corporate deposits, advances or investments made or given:	
	A. Source of funds in connection with proposed transaction- Not Applicable	
	B. In case any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investment: Not Applicable <ul style="list-style-type: none"> • Nature of indebtedness • cost of funds and • tenure of the indebtedness 	
	C. Terms of the loan, inter-corporate deposits, advances or investment made or given (including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security- Not Applicable	
	D. Purpose for which the funds will be utilised by the ultimate beneficiary of such funds pursuant to the RPT- Not Applicable	

The Promoters/Promoter Group Entity/Promoter Directors/KPM of the Company, as mentioned above shall not vote to approve on the shareholder resolution in annual general meeting as it is a 'material related party transaction' as per the SEBI (LODR), 2015.

The Board of Directors recommends the ordinary resolutions set forth in this Notice for the approval of the Members.

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.

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

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

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Email: investor.relations@hovsltd.com
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Place: Pune
Date: May 27, 2023

ANNEXURE TO THE NOTICE OF 35th 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. Sunil Rajadhyaksha	Mr. Harjit Singh Anand
DIN	00011683	01549385
Date of Birth and Age	December 12, 1953; Age 69 years	December 4, 1954; Age 68 Years
Date of first Appointment on the Board	January 10, 1989	September 10, 2018
Qualifications	MSEE, Illinois Institute of Technology, Chicago, USA; BE (Electronics and Telecommunications) University of Pune.	Completed Electrical Engineering degree from "Punjab Engineering College, Chandigarh (PEC)" in 1976.
Experience	+42 Years	+ 40 Years
Expertise	Management Strategy, Information Technology, International Business, Regulatory & Government matters.	Senior Executive management positions in Indian Railways, IRCON International Ltd. (IRCON) and Delhi Metro Rail Corporation Ltd. (DMRC) and in different fields including rolling stock operations, maintenance and commissioning
Number of Meetings of the Board attended during the Year	5	5
Shareholding in Company	5,88,720 Equity Shares	Nil
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Nil	Nil
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid/last drawn	As per the Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. No remuneration drawn in previous year.	As per the Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. No remuneration drawn in previous year.
Public/Listed Companies Directorship	Nil	Nil
Private Companies Directorship	Nil	CAF India Pvt Ltd.
Membership/ Chairmanship of Committees of other company	Nil	Nil

Brief profile of directors getting appointed/re-appointed:**1. Mr. Sunil Rajadhyaksha**

Mr. Rajadhyaksha co-founded Codec Pvt. Ltd. in 1989, an HOV acquisition and now a publicly traded company. With more than 42 years' executive leadership experience, Mr. Rajadhyaksha has served as COO or Global President of companies deployed in the US and India. Mr. Rajadhyaksha' achievements include launching international operations for Bay Area Credit Service and its 1000 plus seat call centre, and creating and deploying strategic and operational direction for Meret Optical Communications.

Mr. Rajadhyaksha holds a B.S. degree in telecommunications and electronics from University of Pune, India, and a M.S. degree in electrical engineering from Illinois Institute of Technology.

2. Mr. Harjit Singh Anand:

Mr. Harjit Singh Anand has over 40 years of experience of having worked in senior management positions in CAF India Pvt. Ltd., Delhi Metro Rail Corporation (DMRC), IRCON International Ltd. and Indian Railways. After superannuation as Director from DMRC in Dec'17, he is working as President of CAF India Private Ltd., a wholly owned subsidiary of CAF Spain. Harjit joined DMRC in May'06 as Executive Director and was elevated to Director (Rolling Stock) in Jun'07. He was on the Board of DMRC, Kolkatta Metro and Bangalore Metro till his superannuation in Dec'17. Under his leadership, procurement and commissioning of over 2,200 modern metro cars against International Competitive Bidding at a total cost of over 2.9 billion USD was achieved.

Harjit joined IRCON International Limited, a Public Sector Undertaking under the aegis of Ministry of Railways, Government of India in Dec'93. During his tenure in IRCON, he was instrumental in securing contracts in many countries (Turkey, UK, Ireland, Ethiopia, Bangladesh, Afghanistan and Syria) against International Competitive Bidding. He has extensive experience of execution of turnkey electrical infra construction contracts for Railway Traction, Power supply works for Metros, EHT substations (upto 400kV), Electrical works for Refineries etc. in India and overseas.

After a short stint as a Lecturer in Punjab Eng. College Chandigarh in 1977, Harjit joined Indian Railways Service of Electrical Engineers in 1977 and was a key member of the team that set up Rail Coach Factory at Kapurthala having capacity to manufacture more than 1,000 coaches annually. He was instrumental in installation and commissioning of over fifty Computerised Numerical Control (CNC) Machines.

Mr. Harjit Anand holds a B. Sc. degree in Electrical Engineering from Punjab Engineering College, Chandigarh, India

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: May 27, 2023