



August 26, 2020

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

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

BSE Scrip Code: 532761

NSE symbol: HOVS

Subject: Submission of Notice of 32nd Annual General Meeting ("AGM") & Annual Report for the FY 2019-20

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

Dear Sir/Madam,

Please find attached herewith the copy of Annual Report for FY 2019-20 along with Notice of 32nd Annual General Meeting convened on Tuesday, September 22, 2020 at 9:00 AM (IST) through Video Conferencing (VC) or Other Audio Video Means (OAVM). The Company had sent the Notice of 32nd AGM to eligible shareholders in electronic mode only, on August 26, 2020 and the Notice is available on the website www.hovsltd.com of the Company.

Kindly take the above on record.

Thanking you,

Yours faithfully,
For **HOV Services Limited**

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

Encls: Notice of 32nd AGM and Annual Report FY 2019-20.

HOV Services Limited

CIN:L72200PN1989PLC014448

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

Notice of 32nd Annual General Meeting

NOTICE is hereby given that the Thirty-Second (32nd) Annual General Meeting (the "AGM") of the Members of HOV Services Limited will be held on September 22, 2020, the Tuesday at 9:00 AM IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. **To consider and adopt the a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, 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, 2020 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, 2020 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, 2020 and the report of the Auditors thereon, as circulated to the members, be and are hereby considered and adopted."

2. **Appointment of Director**

To re-appoint Mr. 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 meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. **Re-Appointment of Mrs. Lakshmi Kumar (DIN: 06780272) as an Independent Director of the Company**

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

"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, Mrs. Lakshmi Kumar (DIN-06780272), who was appointed by the shareholders in 27th Annual General Meeting held on July 22, 2015 as an independent director of the Company for a term of five years ended on July 21, 2020, be and is hereby re-appointed as an independent director of the Company for 2nd term of five years period from July 22, 2020 to July 21, 2025 as an Independent Director of the Company."

"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, etc., as may be necessary in this regard."

4. Re-appointment of Mr. Sunil Rajadhyaksha (DIN 00011683) as a Whole Time Director, of the Company for a further term of five years from April 1, 2021 till March 31, 2026

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

"RESOLVED THAT as recommended by Nomination and Remuneration Committee, pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) amendment Rules, 2018 (including any amendment or statutory modification thereto for the time being in force) and subject to such approval of the Central Government, as may be necessary, the approval of the shareholders' of the Company be and is hereby accorded for the re-appointment of Mr. Sunil Rajadhyaksha (DIN 00011683) as a Whole-time Director, with the designation as Executive Director of the Company, for a five year term commencing from April 1, 2021 till March 31, 2026 on terms and conditions, including remuneration and minimum remuneration in the event of absence or inadequacy of profits within the ceiling limits as prescribed in Schedule V of the Act, with liberty to the Board of Directors, to alter or vary the terms and conditions and remuneration including minimum remuneration in such manner as the Board may deem fit and is acceptable to Mr. Sunil Rajadhyaksha."

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

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

5. Re-appointment of Mr. Surinder Rametra (DIN 00019714) as a Whole Time Director, of the Company for a further term of five years from April 1, 2021 till March 31, 2026

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

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

with liberty to the Board of Directors, to alter or vary the terms and conditions and remuneration including minimum remuneration in such manner as the Board may deem fit and is acceptable to Mr. Surinder Rametra.

"RESOLVED FURTHER THAT the approval of the shareholders of the Company be and is hereby accorded for the re-appointment of Mr. Surinder Rametra as Whole-time Director of the Company on account of his crossing the age of 75 years.

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

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

6. De-classification/re-classification & removal of name of Sun Investment Partners LLC (the "Entity") from the Promoter & Promoter Group shareholding of the Company

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

"RESOLVED THAT pursuant to applicable provisions of Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (the **SEBI LODR**), and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (the **SEBI ICDR**) including any amendments, for the time being in force or as may be relevant and subject to necessary approvals from the National Stock Exchange of India Limited and Bombay Stock Exchange Limited (the "**Exchanges**"), where the securities of HOV Services Limited (the "**Company**") are listed, the approval of the shareholders' of the Company be and is hereby accorded to de-classify/re-classify & remove the name of **Sun Investment Partners LLC** (the "**Entity**") from the Promoter & Promoter Group shareholding of the Company, since the Entity does not hold any shares in the Company and is neither involved in the management of the Company nor exercise control directly or indirectly over the affairs of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include its Committees thereof) and the Company Secretary on behalf of the Board, be and are hereby severally authorized to do all such acts, deeds and actions as they may, in their absolute discretion, consider necessary, expedient, usual, proper or incidental for giving effect to this Resolution and to settle questions, remove any difficulty or doubt that may arise from time to time and to take such actions or give such directions as may be necessary or desirable and to make applications, represent and sign necessary applications, documents, undertakings and obtain any approvals, permissions or sanctions which may be necessary or desirable, as deem fit."

"**RESOLVED FURTHER THAT** actions, deeds and decisions taken by the Board and/or Company Secretary of the Company in relation to any matters contemplated in this resolution or relating to de-classification/re-classification & removal of the name of the Entity be and are hereby approved."

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

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

"**RESOLVED THAT** pursuant to the Section 188 of the Companies Act, 2013 and rules framed there under and in terms the Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and as recommended by the Audit Committee, the approval of the shareholders' be and is hereby accorded for service contracts of the Company with SourceHOV LLC for rendering the services by the Company for the financial year 2020-2021 on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and SourceHOV LLC."

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

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
Website: www.hovsltd.com

Place: Pune
Date: July 21, 2020

NOTES TO THE NOTICE OF THE AGM:

1. In view of the prevailing COVID-19 pandemic and restrictions on the movements apart from social distancing norms, the Ministry of Corporate Affairs ("MCA") vide circular Nos. Circular No. 14 / 2020 dated April 08, 2020, Circular No.17 / 2020 dated April 13, 2020 read with Circular No. 20 / 2020 dated May 05, 2020, (collectively referred to as the "MCA Circulars") permitted the holding of Annual General Meeting ("AGM") through Video Conference ("VC") or Other Audio Visuals Means ("OVAM"), without the physical presence of the Members at a common venue.
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 32nd AGM of the Company is being held through VC / OAVM. The deemed Venue of the AGM shall be registered office of the Company.
3. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3 to 7 of the Notice, is annexed hereto.
4. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and a proxy need not be a Member of the company.** Since, this AGM is being held through VC/OAVM under the framework of the provisions of the MCA Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facilities for appointment of proxies by the Members is not available for the AGM and hence the Proxy Form and Attendance Slip are not provided with this Notice.
5. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
6. The details of the Directors seeking appointment/re-appointment at this AGM, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Annexure to the Notice.
7. **DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE**
In accordance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice and Annual Report 2019-20 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 Transfer Agent, KFin Technologies Private Limited ("KFinTech") at <https://evoting.karvy.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 hov.cs@karvy.com

- b) Those Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

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

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

- a) **Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials. Members are requested to follow the procedure given below:**
- i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
 - ii. Enter the login credentials (i.e., User ID and password for e-voting).
 - iii. After logging in, click on "Video Conference" option.
 - iv. Then click on camera icon appearing against AGM event of HOV Services Limited, to attend the Meeting.
- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
- c) Members who would like to express their views or ask questions during the AGM may register themselves by logging on <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. **The Speaker Registration will be open during September 18, 2020 to September 20, 2020.** 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 and Stakeholders Relationship Committee, Auditors etc.
- g) Facility to join the AGM through VC / OAVM **shall be open 30 minutes before** the scheduled time of the AGM and **shall be closed after 15 minutes** after the scheduled time of AGM.

10. Members who need assistance before or during the AGM, can contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Private Limited at Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally, Hyderabad Rangareddi 500 032 or send an email to evoting@karvy.com or call on +91-40-6716 1562 or on toll free number 1800-345-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Members (members login) attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.
13. Corporate/ Institutional Members are required to send a scanned copy (PDF/JPG Format) of its board or governing body Resolution/Authorization etc., 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 with a copy marked to evoting@karvy.com

PROCEDURE FOR REMOTE E-VOTING AND VOTING AT THE AGM

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

Commencement of remote e-voting	Saturday, September 19, 2020 at 9:00 AM IST
End of remote e-voting	Monday, September 21, 2020 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. September 17, 2020.**
19. The Board of Directors has appointed **Mr. Prajot Tungare, Practicing Company Secretary, Pune as a Scrutinizer** to scrutinize the remote e-voting and voting during AGM in a fair and transparent manner.

20. The scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than 48 hours of conclusion of the AGM to the Chairman of the Company or a person authorized by the Chairman. The Chairman or the person authorized by the Chairman, shall declare the result of the voting forthwith.
21. The Results on resolutions shall be declared after the AGM of the Company and subject to the requisite number of votes in favour the resolutions shall be deemed to be passed on the date of the Meeting i.e. September 22, 2020.

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 KARVY <https://evoting.karvy.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 **September 19, 2020, to September 22, 2020 both days inclusive.**
23. Members holding shares in physical form are requested to quote their folio number in all correspondence with the Company and to intimate the following directly to the Company's Registrar and Share Transfer Agent- KFin Technologies Private Limited, Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad Rangareddi 500 032:
- Change, if any in their address;
 - Request for nominations form as per the provisions of the Companies Act, 2013.
 - Members holding share in dematerlized form are requested to contact their Depository Participant for any change in their particulars.
24. At the 29th AGM held on September 1, 2017 the Members approved appointment of M/s BAGARIA & Co., Chartered Accountants, (Firm Registration Number 113447W/W-100019) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that 29th AGM till the conclusion of the 34th AGM in year 2022, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 32nd AGM.

25. INSPECTION OF DOCUMENTS

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

The certificate from the Auditors of the Company certifying that the Company's HOVS ESOP Plan 2007 is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 will be available electronically for inspection by the members during the AGM.

26. INFORMATION AND INSTRUCTIONS FOR REMOTE E-VOTING**A. In case a Member receiving an email from Company/KFinTech [for Members whose email IDs are registered with the Company/Depository Participant(s)]:**

- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- b) Enter the login credentials (i.e., User ID and password mentioned overleaf). The e-voting EVENT No. + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1800-345-4001 (from 9:00 am to 6:00 pm) for your existing password.
- c) After entering these details appropriately, click on "LOGIN".
- d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
- e) You need to login again with the new credentials.
- f) On successful login, the system will prompt you to select the E-Voting Event Number "EVENT" for HOV Services Limited. **SHAREHOLDERS TO SELECT THE RESPECTIVE EVENT AND VOTE DEPENDING UPON THEIR SHAREHOLDING -FULLY PAID-UP OR PARTLY PAID-UP OR BOTH.**
- g) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- h) Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
- i) Voting has to be done for each resolution of the Notice separately. In case you do not desire to cast your vote on any specific resolution it will be treated as ABSTAINED.
- j) You may then cast your vote by selecting an appropriate option and click on "Submit".
- k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify.
- l) Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).

- m) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: prajot@prajottungarecs.com with a copy marked to evoting@karvy.com and may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."

B. In case of a member whose e-mail address is not registered / updated with the Company / KFinTech / Depository Participant(s)

In accordance with provisions of the MCA Circulars and SEBI Circulars, the Company has sent the Annual Report, Notice of AGM and e-Voting instructions only in electronic form to the registered email addresses of the Members. Therefore, those Members who have not registered their email address are requested to please follow the following steps to generate your login credentials:

- a) Members holding shares in physical mode, who have not registered / updated their email addresses with the Company, are requested to register / update the same by clicking on <https://karisma.kfintech.com/emailreg/shareholders> or 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 hovs.cs@karvy.com.
- b) Those Members who have registered their e-mail address and mobile number including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited in case the shares held in physical form.
- c) Members who have not registered their e-mail address and in consequence the Annual Report, Notice of AGM and e-voting notice could not be serviced, may temporarily get their email address and mobile number registered with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: https://ris.kfintech.com/email_registration/
- d) Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, Member may write to einward.ris@kfintech.com.
- e) After due verification, the Company / KFinTech will forward your login credentials to your registered email address.
- f) Members may also requested to visit the website of the Company www.hovsltd.com or the website of the Registrar and Transfer Agent <https://evoting.karvy.com> for downloading the Annual Report and Notice of the AGM.
- g) Follow the instructions at 26(A) (a) to (m) to cast your vote.

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

- a) Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- b) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

28. 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.karvy.com> or contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Private Limited at Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally, Hyderabad Rangareddi 500 032 or send an email to evoting@karvy.com or call him on +91-40-6716 1562 or at Toll-free No. 1800-345-4001.

29. Any person who becomes member after the dispatch of the Notice of the Meeting and holding share as on the cut-off date i.e. **September 17, 2020** may obtain the User ID and password as mentioned below:

- a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+ Folio No. or DP ID Client ID to 9212993399
Example for NSDL : MYEPWD <SPACE> IN12345612345678
Example for CDSL : MYEPWD <SPACE> 1402345612345678
Example for Physical : MYEPWD <SPACE> XXX1234567
- b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c. Member may send an e-mail request to evoting@karvy.com.

If the member is already registered with Karvy e-voting platform then he/she/it can use their existing User ID and password for casting the vote through e-voting.

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
Website: www.hovsltd.com

Place: Pune

Date: July 21, 2020

**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 7** of the accompanying Notice of 32nd Annual General Meeting:

Item No. 3: Re-appointment of Mrs. Lakshmi Kumar as an Independent Director

The Members' in their 27th Annual General Meeting held on July 22, 2015 had appointed Mrs. Lakshmi Kumar, as Independent Director of your Company for a term of five years starting from July 22, 2015 up to July 21, 2020. Her term got over on July 21, 2020. 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 July 21, 2020 appointed Mrs. Lakshmi Kumar as an additional director effective July 22, 2020.

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. Mrs. Lakshmi Kumar being non-executive director of the Company, have given a declaration to the Board that she meet the criteria of independence as provided under Section 149(6) of the Act.

The Board of Directors proposed that Mrs. Lakshmi Kumar be re-appointed as an Independent Director for her 2nd term of five years from July 22, 2020 to July 21, 2025 for the office of director of the Company. The Board opined that Mrs. Lakshmi Kumar in her previous tenure have accustomed with the process of the Company and have supported the Board governance and therefore in the opinion of the Board of Directors her continuation with the Company for 2nd term will be helpful to the Company.

Hence, in compliance with the provisions of Section 149 read with Schedule IV of the Act, the re-appointment of Mrs. Lakshmi Kumar 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.

The resolution seeks the approval of Members' for the re-appointment of Mrs. Lakshmi Kumar 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 resolutions set forth in Item No. 3 in the accompanying Notice for 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 Re-appointment of Mr. Sunil Rajadhyaksha, Whole Time Director for a further term of five years from April 1, 2021 till March 31, 2026

The Shareholders' of the Company in their 27th Annual General Meeting held on July 22, 2015 re-appointed Mr. Sunil Rajadhyaksha, Executive Director as whole-time director of the Company for a term of five years from April 1, 2016 to March 31, 2021. His appointments for the same period of five years was also approved by the Central Government vide its letter dated October 5, 2016. The tenure of his office as Whole-time Director will end on March 31, 2021.

The Board of Directors in its Meeting held on July 21, 2020, as recommended by the Nomination and Remuneration Committee, had considered re-appointment of Mr. Sunil Rajadhyaksha, Promoter Director as Whole-time Director for a further term of five years from April 1, 2021 to March 31, 2026.

Pursuant to the provisions of the Sections 196, 197, read with Schedule V of the Companies Act, 2013 the approval of the Shareholders' of the Company is being sought for his re-appointment as a Whole-time director for a further term of five years from April 1, 2021 to March 31, 2026.

Mr. Sunil Rajadhyaksha has been associated with the Company since its incorporation as Promoter Director. He possess 35 years plus rich industry & technology experience and has been actively involved in all aspects of operations of the Company. The Company will be immensely benefited by continuation of his office as a Whole-time Director designated as an executive director and his association will be in the best interest of the Company.

The Board recommends the resolution set forth in Item No. 4 for approval of the Shareholders'.

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

Item No. 5 Re-appointment of Mr. Surinder Rametra, Whole Time Director for a further term of five years from April 1, 2021 till March 31, 2026

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

The Board of Directors in its Meeting held on July 21, 2020, as recommended by the Nomination and Remuneration Committee, had considered re-appointment of Mr. Surinder Rametra, Promoter Director as Whole-time Director for a further term of five years from April 1, 2021 to March 31, 2026.

Further, Section 196, read with Part I of Schedule V, of the Companies Act 2013, provides that no company shall continue the employment of a person who has attained the age of 75 years, as managing director, whole-time director or manager unless it is approved by the Shareholders' by passing a special resolution.

Mr. Surinder Rametra has crossed age of seventy years in year 2015 and the Company had taken approval of Shareholders' by a special resolution as required for his attaining age of 75 years, in 27th Annual General Meeting held on July 22, 2015 for continuation of his employment as a Whole-time director. His term of office, from April 1, 2016 till March 31, 2020 was approved by shareholders in 27th Annual General Meeting by passing as a special resolution. As a good corporate governance the Company again seeks your approval for his re-appointment for a further term of five years April 1, 2021 till March 31, 2026, as he is over the age of 75 years, attaining 80 years of his age.

Mr. Surinder Rametra has been associated with your Company since 2006 as among one of the promoter and executive director. He possesses 45 plus years of leadership qualities and has rich and varied experience in the industry and has been actively involved in overseeing the overall governance of the Company. The Company will be immensely benefited by continuation of his office as a Whole-time Director designated as an executive director and his association will be in the best interest of the Company.

The Board recommends the resolution set forth in Item No. 5 for approval of the Shareholders'.

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. 6 De-classification/re-classification & removal of name of Sun Investment Partners LLC (the "Entity") from the Promoter & Promoter Group

The Company received from Sun Investment Partners LLC (the Entity) its letter dated May 26, 2020, seeking removal of its name from the category of 'Promoter and Promoter Group'. The Company had disclosed the receipt of the request from the Entity to the Exchanges on May 27, 2020 in terms of regulation 31A of the SEBI LODR.

The important points are as follows:-

- i) The Sun Investment Partners LLC, one of the promoter was holding 91,773 shares (0.73%) and had filed its trade plan (to sale) with the Company on February 27, 2018. The trade plan received by the Company was duly filed/disclosed with the Exchanges on March 1, 2018. The effective period of trade plan was from September 1, 2018 until August 31, 2019.
- ii) The E India Venture Holding Co. Ltd, a public shareholder was interested to sale/transfer its 1,22,500 shares and approached to the General Pacific LLC, an entity of promoter group not holding any shares in the Company. The General Pacific LLC agreed to the proposal of the E India Venture Holding Co. Ltd.
- iii) The Sun Investment Partners LLC on January 8, 2019 had submitted the required disclosure in Form C for sale/transfer of 91,773 shares, off-market to General Pacific LLC, a promoter group entity not holding any shares in the Company. The Form C received by the Company was duly filed/disclosed with the Exchanges on January 9, 2019. The transfer of shares in the record of the Company was completed effective May 14, 2019.
- iv) The General Pacific LLC on January 16, 2019 had submitted the required disclosure Form C for purchase/transfer of 1,22,500 shares, off-market from E India Venture Holding Co. Ltd, public shareholder. The Form C received by the Company was duly filed/disclosed with the Exchanges on January 16, 2019. The transfer of shares in the record of the Company was completed effective April 4, 2019.
- v) Consequent upon the completion of both the above mentioned transfers, the Promoter & Promoter Group shareholding of 49.47% as of March 31, 2019 increased to 50.44% effective May 14, 2019. The Board of Directors in their meeting held on May 30, 2019 had noted the above sale/purchase/transfer(s).
- vi) The shareholding of Promoter & Promoter Group does not decreased post completion of above mentioned sale/purchase/transfer(s) and as of March 31, 2020 it is 50.44%.
- vii) The Sun Investment Partners LLC effective May 14, 2019 does not hold any shares in the Company thereafter.

The Board of Directors at their meeting held on July 21, 2020 considered the request of the Entity and based on satisfaction of the conditions set out in Regulation 31A of the SEBI LODR had approved the request for de-classification & removal of its name subject to approval of the shareholders' of the Company and the Exchanges.

Your Board of Directors confirms that after Members approvals the Company will make necessary applications to the Exchanges for completion of the process. Post completion of the process, the de-classification & removal of the name of the Entity will be effective from the shareholders' approval date or such other date as may be referred in the Exchange approval in this regard and appropriate disclosures will be made with the Exchanges and other records as may be relevant or necessary.

Mr. Surinder Rametra, Manager of the Entity seeking de-classification would be interested in the resolution as set out in the Notice. Mr. Surinder Rametra and his relatives and its affiliates may be deemed to be interested in the respective resolution to the extent of their shareholding interest, if any, in the Company.

The Board of Directors recommends the resolutions set forth in Item No. 6 in the accompanying Notice for 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. 7 Contract of services for revenue in ordinary course of business of the Company

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

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

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

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

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

The Board recommends the resolutions set forth in Item No. 7 for approval of the Members in the best interest of the Company.

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

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
Website: www.hovsltd.com

Place: Pune
Date: July 21, 2020

ANNEXURE TO THE NOTICE OF 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. Surinder Rametra	Mr. Sunil Rajadhyaksha	Mrs. Lakshmi Kumar
DIN	00019714	00011683	06780272
Date of Birth and Age	01/11/1940; 79 years	31/12/1953; 66 years	09/06/1962; 57 years
Date of first Appt. on the Board	03/01/2006	10/01/1989	24/10/2014
Qualifications	Mechanical Engineering from Punjab Engineering College, India; Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University.	MSEE, Illinois Institute of Technology, Chicago, USA; BE (Electronics and Telecommunications) University of Pune.	M.A. Degree in Social Work from Tata Institute of Social Sciences, Mumbai; Diploma in Teacher Training from Cambridge International Education; and Post graduate Diploma in Human Resource Management.
Experience	Around 6 decades	Around 4 decades	Around 3 decades
Expertise	Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics.	Management Strategy, Information Technology, International Business, Regulatory & Government matters.	Governance & ethics, Management, Business Leadership, HR, Education Authorship, Leadership Strategy.
Number of Meetings of the Board attended during the Year	3	4	3
Shareholding in Company	1,20,000	5,88,720	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL	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. w.e.f. June 1, 2019 relenquished his remuneration.	As per the Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company.
List of Directorship/ membership/ Chairmanship of Committees of other Board:			
Public/Listed Companies Directorship	NIL	NIL	NIL
Private Companies Directorship	NIL	NIL	NIL
Membership/ Chairmanship of Committees	NIL	NIL	NIL

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

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

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

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

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

Mr. Surinder Rametra has been associated with the Company since 2006 and possessed hands full of six decades of industry experience and possess expertise in fields of Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics. He is been one of the promoter of the Company. The Management of the Company look forward for his expertise guidance to be benefited in the coming years.

Mr. Sunil Rajadhyaksha

Mr. Rajadhyaksha co-founded Codec Pvt. Ltd. in 1989, an HOV acquisition and now a publicly traded company. With more than 30 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.

Mrs. Lakshmi Kumar

Dr. Lakshmi Kumar is the Founder Director of The Orchid School, Pune. PNES has under its umbrella NK. Orchid College of Engineering and Technology, Solapur. Her role is to impact institutions through leadership development, help develop administrative, academic and HR processes in professional management of the institutions and define ideological paths to education.

Mrs. Kumar is a Cross Cultural Training Consultant and coach specializing in cross cultural training for international assignees in new cultural settings. She is a certified Cross Cultural Training Consultant for Cartus Intercultural Services, Language Culture Worldwide and Global Excellence. She was a faculty member for J2I programme of Soft Bridge Solutions, training Japanese software technologists for cross cultural competence and communication. She has also trained International assignees from Europe, Americas, Australia, Japan and elsewhere on cross cultural competence and business processes.

Mrs. Kumar has specialized in training culture workers from Sweden - teachers, social workers, lawyers, nurses and doctors - to work with multicultural communities. She has been a coordinator and academic supervisor for the Sweden-India Project based in Orebro University for the last twenty five years. She has been visiting Sweden twice a year regularly and also lecturing on comparative family structures, ethnicity and migration and Trans cultural sensitivity for global social work.

She has set up the Orchid Learning and Development Centre, a training and development centre that provides a range of training services and consultation in the areas of intercultural work, education, curriculum development and other allied fields of education. She has also been a research consultant for scholars from U.S.A and U.K. doing research in India and her main focus was to help in cultural interpretation of participants' responses for the study. She has worked as an International coordinator for world famous Philosopher Roy Bhaskar and visited London to work with him.

Mrs. Kumar has M.A. Degree in Social Work from Tata Institute of Social Sciences, Mumbai & Diploma in Teacher Training and Educational Leadership from Cambridge International Education. She has also done her post graduate Diploma in Human Resource Management.

She is Board Member of SIETAR (Society for Inter-cultural Education and Research), India Chapter; an executive committee member for a youth organization Centre For Youth Development and Activities; Member, Education committee, Maratha Chamber of commerce, Industries and Agriculture (MCCIA, Pune); School Managing Council member for MIT Vishwashanti Gurukul Schools, Pune; Advisory Member for Saathi Haath Badhana, A Social Foundation for helping people communicate through listening post; Member, Committee for Prevention of Child Sexual Abuse, Shikshan Mandal, State Education Department, Pune.

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
Website : www.hovsltd.com

Place: Pune

Date: July 21, 2020

HOVS

HOV SERVICES LIMITED

32nd ANNUAL REPORT 2019 - 20

Table of Contents

Particulars	Page No.
Corporate Information	3
Chairman's Message to Shareholders	4
Directors' Report	6
Management Discussion & Analysis Report	19
Corporate Governance Report	26
Consolidated Financial Statements:	65-114
Auditors' Report	65-71
Financial Statements	72-75
Notes on Financial Statements	76-114
Standalone Financial Statements:	115-160
Auditors' Report	115-123
Financial Statements	124-127
Notes on Financial Statements	128-160
Salient features of the financial statements of the Subsidiaries	161
Notice of 32nd Annual General Meeting	162

CORPORATE INFORMATION

Registered Office & Head office	3 rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune -411 037 Tel: (91 20) -2422 1460; Fax: (91 20) -2422 1470
Registrar & Share Transfer Agent	KFin Technologies Pvt Ltd., Selenium Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500032; Tel: (91 40)- 67161562
Statutory Auditors	Bagaria & Co LLP, Chartered Accountants, 701, Stanford Building, A/o Mahindra Showroom, Junction of S.V. Road & Burfiwala Lane, Andheri (W), Mumbai 400058 Tel: (91 22)- 6250 5600
Secretarial Auditor	J. B. Bhavé & Co., Company Secretaries, Flat No. 9, Karan Aniket, Plot No. 37, Shri Varanasi Co-op Soc. Ltd, Off Banglore Mumbai Bangalore Bypass, Behind Atul Nagar, Warje, Pune- 411 058 Tel: (91 20)- 2520 4357/59
Internal Auditors	Arth & Associates, Chartered Accountants, Flat No. 102/103, Beena Apartments, Behind Chrysallis Institute, Opp. SBI Bank, S. B. Road, Pune- 411 016
VP- Corporate Affairs & Company Secretary & Compliance Officer	Mr. Bhuvanesh Sharma investor.relations@hovsltd.com
Website	www.hovsltd.com

THE BOARD OF DIRECTORS

Mr. Vikram Negi	Chairman & Executive Director
Mr. Surinder Rametra	Executive Director & Promoter
Mr. Sunil Rajadhyaksha	Executive Director & Promoter
Mr. Baldev Raj Gupta	Independent Director
Mr. Harjit Singh Anand	Independent Director
Mrs. Lakshmi Kumar	Independent Director

THE EXECUTIVE MANAGEMENT

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

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

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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

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

Chairman Message:

Dear Member,

I am pleased to welcome you to the 32nd Annual General Meeting (AGM) of your Company, and share with you its 32nd Annual Report for FY 2019-20. This AGM is being held virtually due to the prevailing COVID-19 pandemic and our effort to keep our stakeholders safe as per government mandated social distancing norms. I would have much rather interacted with you in person as we have in the past. Let's hope we can reverse this trend next year!!

This past year continues to be an eventful one.

As you are aware on March 25, 2020 the Government of India imposed a nationwide lockdown due to COVID-19 which significantly affected the ability of many organizations to maintain normal day to day operations. Your Company was no exception, but by using innovative technologies your Company was able to quickly bring majority of its workforce online by implementing Work From Home (WFH) measures. The management of your Company is closely monitoring the situation and with various phases of unlock, is fully prepared to regain pre-COVID operational status.

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

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

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

Vik Negi

Chairman & Executive Director

Directors' Report

The Board of Directors present the Thirty-Second Annual Report of HOV Services Limited (the "Company" or "HOVS") along with audited Financial Statements for the financial year ended March 31, 2020.

FINANCIAL RESULTS AND OPERATIONS:

Particulars	₹ In Lakhs			
	Consolidated Year Ended		Standalone Year Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
INCOME				
Revenue from operations	1,097.16	1,054.43	1,097.16	1,054.43
Other income	124.11	95.77	121.99	93.17
Total Income	1,221.27	1,150.20	1,219.15	1,147.60
Expenses				
Employee Benefits Expense	678.29	732.36	678.29	713.92
Finance Costs	71.75	-	16.39	-
Depreciation and Amortisation Expense	55.43	52.52	55.43	8.54
Other Expenses	189.39	296.28	189.37	245.23
Total Expenses	994.86	1,081.16	939.48	967.69
Profit before exceptional items from continuing operations	226.41	69.04	279.67	179.91
Exceptional items: Provision for Diminution in Value of Investment in subsidiary	-	-	(6,068.66)	-
Profit/(Loss) after exceptional items from continuing operations	226.41	69.04	(5,788.99)	179.91
Tax Expense :				
Current Tax	(80.70)	(50.90)	(80.70)	(50.90)
Deferred Tax	(0.74)	(0.58)	(0.74)	(0.58)
Profit/(Loss) for the period from continuing operations	144.97	17.56	(5,870.43)	128.43
Discontinued Operations				
Profit/(Loss) from discontinued operations before tax	(77.93)	-	-	-
Tax expense of discontinued operations	-	-	-	-
Profit/(Loss) after tax from continuing & discontinued operations	67.04	17.56	(5,870.43)	128.43
Other Comprehensive Income / (Loss) Items that will not be reclassified subsequently to Profit or loss :				
Remeasurement of net defined benefit plans	(6.52)	5.57	(6.52)	5.57
Changes in fair value of FVOCI equity instruments	(56,975.04)	(40,101.76)	-	-
Tax impact of Items that will not be reclassified subsequently to Profit or loss	15,879.96	12,831.01	1.81	(1.55)
Total Other Comprehensive Income / (Loss)	(41,101.60)	(27,265.18)	(4.71)	4.02
Total Comprehensive Income / (Loss) For The Period	(41,034.56)	(27,247.62)	(5,875.14)	132.45

On account of nationwide lockdown imposed by Government of India from March 25, 2020 there was interruption in logistics and ability to maintain normal operation of the Company. Uncertainties due to wide spread of pandemic during last month of FY 2019-20, forcing government to enforce lock down on all fronts of economic activities on global foot prints basis. The business operations impacted on account of lockdown measures implemented by local and central government authorities to implement social distancing norms and to prevent spread of Covid-19 Pandemic. 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.

1. Results of Operations

For the financial year ended March 31, 2020 are as follows:-

Consolidated Financial Performance:

- Consolidated total Income for the current year was ₹ 1,221.27 Lakhs.
- Profit/(Loss) from continuing operations was ₹ 144.97 Lakhs.
- Profit/(Loss) from discontinued operations was ₹ (77.93) Lakhs.
- Profit/(Loss) from continuing & discontinued operations was ₹ 67.04 Lakhs.
- Total Comprehensive Income/(Loss) for the current year was ₹ (41,034.56) Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the current year from :
Continued Operations was ₹ 1.15
Discontinued Operations was ₹ 0.62
Continued and Discontinued Operations was ₹ 0.53

Standalone Financial Performance:

- Total Income for the current year was ₹ 1,219.15 Lakhs.
- Provision for Diminution in Value of Investment in subsidiary provided under exceptional items was ₹ (6,068.66) Lakhs.
- Net Profit/ (Loss) for the current year was ₹ (5,870.43) Lakhs.
- Total Comprehensive Income/(Loss) for the current year was ₹ (5,875.14) Lakhs.
- The basic and diluted Earnings Per Share (EPS) for the current year from :
Before exceptional item was ₹ 1.57
After exceptional item was ₹ (46.63)

2. Appropriations

(i) **Dividend:**

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

(ii) **Transfer to Reserve:**

No amount was transferred to Reserve during the financial year ended on March 31, 2020.

3. Subsidiary companies

The Company has below subsidiaries as on March 31, 2020 and there has been no material change in these subsidiaries with respect to the nature and structure. A report on the performance and financial position of Subsidiaries as per the Companies Act, 2013 is annexed in the financial statements.

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

5. Investment

The Company's wholly owned subsidiary HOVS LLC holds 17,203,471 shares (representing 11.35% of Exela Technologies, Inc., NASDAQ listed) free from any encumbrances/lien and having fair value of Rs 2,658.64 lakhs as on March 31, 2020. During the quarter and year ended March 31, 2020, fair value of investment has fallen below the carrying cost of investment in standalone financial results and accordingly, provision for diminution in its value is recognised. The investment is a long term and strategic in nature and in the opinion of the Board, the fall in value is temporary, and expects better future performance from the investee.

6. ADR/GDR

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

7. Share Capital of the Company

The paid up share capital of the Company as on March 31, 2020 has 12,588,972 equity shares of ₹10 aggregating to ₹ 125,889,720/-.

8. Employee Stock Option Plan (ESOP)

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

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

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

9. Conservation of Energy, Technology Absorption and Foreign Exchange

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

10. Human Resources

The Company has well defined Human Resource policies, excellent training facilities and a well-established, healthy working environment. The Human Resource department of the Company maintains connect with employees on continual basis through various programs of employee engagements. It follows the philosophy to maintain cordial relations with all its employees and the Company value its human resources and takes utmost care of its employees deployed. It encourages all employees to strike a perfect work life balance. The Company organizes regular health check-up through recognized medical centres.

The Company adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act, 2013) and the Rules made thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year there was no complaint received to the Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

11. Particular of Employees and Related Disclosures

The information 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.

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

12. Directors Responsibility Statement

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

13. Financial Summary and Highlights

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

14. Number of Board Meetings

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

15. Directors and Key Managerial Personnel

Mr. Sunil Rajadhyaksha, Executive Director is liable to retire by rotation at the 32nd Annual General Meeting. Mr. Sunil has confirmed his eligibility and willingness for re-appointment. Mr. Sunil has requisite qualifications and experience and therefore, your Directors recommend that the proposed resolution relating to the re-appointment of Mr. Sunil, be passed.

Mrs. Lakshmi Kumar's first term as a woman independent director got over on July 21, 2020. With recommendation from Nomination & Remuneration Committee, the Board of Directors in its meeting held on July 21, 2020 appointed her as an Additional Director effective July 22, 2020 which will be effective until the ensuing 32nd Annual General Meeting. Mrs. Lakshmi Kumar in her previous tenure is accustomed with the processes of the Company and had supported the Board governance and therefore in the opinion of the Board of Directors her continuation with the Company for 2nd term will be helpful to the Company.

Mr. Surinder Rametra, Executive Director and Mr. Sunil Rajadhyaksha, Executive Director, term of five years for both, being Whole time Directors will complete on March 31, 2021. The Board considered to re-appoint both the Whole time Directors for a further term of five years and recommends for shareholders' approval in ensuing 32nd Annual General Meeting.

None of the directors of the Company had been debarred or disqualified from being appointed or continuing as directors of the Company, 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.

In accordance with the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are: Vikram Negi, Whole-time Director; Surinder Rametra, Whole-time Director; Sunil Rajadhyaksha, Whole-time Director; Nilesh Bafna, Chief Financial Officer; and Bhuvanesh Sharma, Company Secretary. There is no change in Company Secretary and Chief Financial Officer of the Company.

16. Declarations from Independent Directors

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

The independent directors play a crucial role in the independent functioning of the Board. They bring external perspective for decision making and keeps checks on corporate governance of the Company. In the opinion of the Board the independent directors so appointed/re-appointed are of integrity and possess the requisite expertise and experience (including the proficiency to be complied with as applicable).

17. Meeting of Independent Directors

A separate meeting of Independent Directors was held on February 13, 2019 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.

18. Familiarisation Programme

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

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

19. Internal Financial Controls

The Company has adequate procedures for ensuring the internal financial controls and the same are in place with reference to financial statements.

The Management of the Company reviews the internal control systems with periodic overview of the Audit Committee. The internal financial controls are tested by Internal Auditors of the Company and no reportable material weaknesses in the design or operation were observed for the reportable year.

20. Related Party Transactions

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. All transactions entered into by the Company with related parties are at arm's length and are in the ordinary course of business. The disclosure of Related Party Transactions as per Ind AS 24 with related parties have been provided in Note No. 37 & 39 of the Standalone & Consolidated Financial Statements respectively, forming part of this Annual Report.

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

21. Corporate Governance Report

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

22. Management Discussion and Analysis

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

23. Code of Conduct for Board and Senior Management

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

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

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

to be held in year 2022, subject to ratification of their appointment by Members at every AGM. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM.

The Statutory Auditors' Report for FY 2019-20 does not contain any qualification, reservation or adverse remark.

Secretarial Audit Report:

M/s. J B Bhawe & Co., Practicing Company Secretaries, Pune were appointed for conducting secretarial audit. The Secretarial Audit Report for FY 2019-20 is provided herewith as "**ANNEXURE- F**" to this report. The Secretarial Auditors' Report for FY 2019-20 does not contain any qualification, reservation or adverse remark.

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

Annual Secretarial Compliance Report:

Pursuant to requirements of Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 the Secretarial Auditors of the Company were engaged to issue the Annual Secretarial Compliance Report for year ended March 31, 2020.

25. Cost Accounts and Records

The maintenance of cost records under section 148 of the Companies Act, 2013, is not applicable hence cost accounts and records are not made and maintained by the Company.

26. Extract of Annual Return

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return in the prescribed Form No. MGT-9 for FY 2020 is provided herewith as "**ANNEXURE- G**" to this report.

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

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

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

28. Policy on directors and senior management appointment and remuneration

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

29. 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 functions are addressed through mitigating actions on a continuing basis. The details of risk management have been covered in the Management Discussion and Analysis, which forms part of this report.

30. Committees of the Board

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

31. Particulars of Loans, Advances and Investments

The particulars of loans, guarantees and investments as per Section 186 of the Act by the Company, have been disclosed in the financial statements.

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 in the Annual Report.

32. 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.

33. 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. 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 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. The details of the policy have been disclosed in the Corporate Governance Report, which is a part of this report.

34. 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.

35. 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, 2020 which may affect the financial position of the Company or may require disclosure.
- c) On following points no reporting or disclosure is required as there were no transactions on these items during the financial year under review:
 - (i) There were no loans, guarantees and investments made;
 - (ii) Details relating to deposits covered under Chapter V of the Companies Act, 2013;
 - (iii) No significant and material orders passed by the regulators or courts or tribunals which impacted the going concern status and operation of the Company;
 - (iv) Issue of equity shares with differential rights as to dividend, voting or otherwise;
 - (v) Issue of sweat equity shares; and
 - (vi) None of the whole-time directors of the Company received any remuneration or commission from the subsidiaries of the Company.

36. Acknowledgement

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

Your Directors would like to convey thanks to executives, officers, and staff of the Company for their hard work, co-operation, and support and also have sincere respect for everyone who risked their life and safety to fight COVID-19 pandemic.

For and on behalf of the Board of Directors

Vikram Negi

Chairman & Executive Director

(DIN: 01639441)

Date: July 21, 2020

DECLARATION REGARDING CODE OF CONDUCT

We hereby confirmed that for the financial year ended March 31, 2020, the Directors and Senior Management Personnel have complied with the Code of Conduct of the Company as applicable to them.

Vikram Negi

Chairman & Executive Director

(DIN: 01639441)

FINANCIAL STATEMENTS CERTIFICATIONS

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

- a) We have reviewed financial statements and the cash flow statement of the Company for the financial year ended on March 31, 2020 and that:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that;
 - i. there was no changes in internal control over financial reporting during the year;
 - ii. there was no significant changes in accounting policies during the year required to be disclosed in the notes to the financial statements; and
 - iii. there was no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For HOV Services Limited

Nilesh Bafna
Chief Financial Officer

Vikram Negi
Chairman & Executive Director
(DIN: 01639441)

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

We have examined the compliance of conditions of corporate governance by **HOV Services Limited** ('the Company') for the year ended March 31, 2020 as stipulated in Regulations 17-27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

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

Auditor's Responsibility

Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Opinion

Based on the procedures performed by us and to the best of our information and according to explanations given to us and representation made by the Management, in our opinion, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Restriction on Use

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

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

Place: Mumbai
Date: July 21, 2020

Vinay Somani
Partner
Mem. No. : 143503

ANNEXURE TO THE DIRECTORS' REPORT
Management Discussion and Analysis Report

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

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

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

Financial Performance

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

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
1	Property, Plant and Equipment	Net carrying amount as at March 31, 2020 stood at ₹ 31.19 lakhs as compared to ₹ 41.39 lakhs as at March 31, 2019.	Net carrying amount as at March 31, 2020 stood at ₹ 31.19 lakhs as compared to ₹ 104.72 lakhs as at March 31, 2019.
2	Intangible Assets	Net carrying amount as at March 31, 2020 stood at ₹ Nil as compared to ₹ 0.16 lakhs as at March 31, 2019.	Net carrying amount as at March 31, 2020 stood at ₹ Nil as compared to ₹ 0.16 lakhs as at March 31, 2019.
3	Investments in subsidiaries and Other investments	Investment in subsidiaries stood at ₹ 539.11 for the year March 31, 2020 as compared to ₹ 6,607.77 Lakhs as at March 31, 2019.	Other fair value of investment as on March 31, 2020 is ₹ 2,658.64 lakhs compared to March 31, 2019 is ₹ 58,622.50 Lakhs.
4	Trades Receivables	Net Trade Receivables as at March 31, 2020 amounted to ₹ 581.86 lakhs as compared to ₹ 281.40 lakhs as at end of previous year March 31, 2019. Trade receivables as a percentage of revenue from operations was 53% as at March 31, 2020 as against 27% as at March 31, 2019.	Net Trade Receivables as at March 31, 2020 amounted to ₹ 581.86 lakhs as compared to ₹ 281.40 lakhs as at end of previous year March 31, 2019. Trade receivables as a percentage of revenue from operations was 53% as at March 31, 2020 as against 27% as at March 31, 2019.

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
5	Cash and cash equivalents	Cash and cash equivalents stood at ₹ 160.54 lakhs as on March 31, 2020 compared to ₹ 549.36 Lakhs as on March 31, 2019 which is less than ₹ (388.83) lakhs compare to last year.	Cash and cash equivalents stood at ₹ 195.25 lakhs as on March 31, 2020 compared to ₹ 700.71 Lakhs as on March 31, 2019 which is less than ₹ (509.46) lakhs compare to last year.
6	Total Current Assets	Total current assets as at March 31, 2020 total current assets amounted to ₹ 932.74 lakhs as compared to ₹ 927.16 lakhs as at March 31, 2019.	Total current assets as at March 31, 2020 total current assets amounted to ₹ 1,050.52 lakhs as compared to ₹ 1,100.83 lakhs as at March 31, 2019.
7	Total Equity	Total equity stood at ₹ 2,189.26 lakhs as at March 31, 2020 as compared to ₹ 8,064.41 lakhs as at March 31, 2019.	Total equity stood at ₹ 3,373.44 lakhs as at March 31, 2020 as compared to ₹ 44,361.94 lakhs as at March 31, 2019.
8	Equity share capital & Securities premium reserve:	During the year, Share Capital and Securities Premium were ₹ 1258.90 lakhs and ₹ 6,261.89 lakhs respectively.	During the year, Share Capital and Securities Premium were ₹ 1258.90 lakhs and ₹ 6,261.89 lakhs respectively.
9	Retained earnings	Retained earnings as at March 31, 2020 amounting to ₹ (5,536.82) lakhs.	Retained earnings as at March 31, 2020 amounting to ₹ 480.04 lakhs.
10	General Reserves	During the year there is no change in amount of general reserve from the previous year ended on March 31, 2019 which was ₹ 195.41 lakhs.	General Reserves stood at ₹ 195.41 Lakhs as on March 31, 2020 which is same as per last year ended on March 31, 2019.
11	Capital Redemption Reserve	During the year there is no change in CRR amount of ₹ 6.30 lakhs which was created on account of buy-back of equity share capital in year 2009.	During the year there is no change in CRR amount of ₹ 6.30 lakhs which was created on account of buy-back of equity share capital in year 2009.
12	Total Other comprehensive income	Total other comprehensive income stood at ₹ 3.58 lakhs for the current year compared to ₹ 8.29 lakhs last year.	Total other comprehensive income stood at ₹ 4,870.18 lakhs for the current year compared to ₹ 33749.37 lakhs last year.
13	Trades payable	Trades payable stood at ₹ 96.49 lakhs current year compared to ₹ 77.80 lakhs last year ended on March 31, 2019.	Trades payable stood at ₹ 102.56 lakhs current year compared to ₹ 94.43 lakhs last year ended on March 31, 2019.
14	Total Current Liabilities	Total current liabilities as at March 31, 2020 current liabilities amount to ₹ 387.23 lakhs as compared to ₹ 318.09 lakhs as at March 31, 2019.	Total current liabilities as at March 31, 2020 current liabilities amount to ₹ 1,515.38 lakhs as compared to ₹ 413.62 lakhs as at March 31, 2019.
15	Revenue from Operations	For the year ended March 31, 2020, Revenue from Operations was ₹ 1,097.16 lakhs as against ₹ 1054.43 lakhs as at March 31, 2019.	For the year ended March 31, 2020, Revenue from Operations was ₹ 1097.16 lakhs as against ₹ 1054.43 lakhs as at March 31, 2019.
16	Operating Profit	Reported Profit/ (Loss) before exceptional items and tax was of ₹ 279.67 lakhs for the year ended March 31, 2020 as against ₹ 179.91 lakhs as at March 31, 2019.	Reported Profit/ (Loss) before exceptional items and tax was of ₹ 226.41 for the year ended March 31, 2020 as against ₹ 69.04 lakhs as at March 31, 2019.
17	Exceptional items	Exceptional expenses stood at ₹ (6,068.66) for the year March 31, 2020 compared to ₹ Nil for previous year ended March 31, 2019.	Exceptional expenses stood at ₹ Nil for the year March 31, 2020 compared to ₹ Nil for previous year ended March 31, 2019.

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
18	Profit/(Loss) from discontinuing operations	Profit/(Loss) from discontinued operations stood at ₹ Nil.	Profit/(Loss) from discontinued operations stood at ₹ (77.93) for the year March 31, 2020 compared to ₹ Nil for previous year ended on March 31, 2019.
19	Net Profit/ (Loss) for the year	Recorded a net loss of ₹ (5,870.43) lakhs for the current year ended on March 31, 2020 as against previous year ₹ 128.43 lakhs as at March 31, 2019.	On consolidated basis recorded a net profit of ₹ 144.97 lakhs for the current year ended on March 31, 2020 as against previous year ₹ 17.56 lakhs as at March 31, 2019..
20	Total Comprehensive Income/(Loss)	Recorded a total comprehensive loss of ₹ (5875.14) lakhs for the year ended March 31, 2020.	Recorded a total comprehensive Loss of ₹ (41,034.56) akhs for the year ended March 31, 2020.

Revenues – Standalone

"Our total revenue in current year on a standalone basis increased to ₹ 1,219.15 Lakhs from ₹ 1,147.60 Lakhs in the previous year. "Our software export revenues aggregated to ₹ 1,097.16 Lakhs, from ₹ 1,054.43 Lakhs in the previous year."

Revenues - Consolidated

Our total revenue in current year on a consolidated basis Increased to ₹ 1,221.27 Lakhs from ₹ 1,150.20 Lakhs in the previous year. Our Income from operations aggregated to ₹ 1,097.16 Lakhs, from ₹ 1,054.43 Lakhs in the previous year.

Profits - Standalone

- Employee Benefit Expenses were at ₹ 678.29 Lakhs for year ended March 31, 2020 and were at ₹ 713.92 Lakhs for the year ended March 31, 2019.
- Other expenses were at ₹ 189.37 Lakhs for year ended March 31, 2020 and were at ₹ 245.23 Lakhs for the year ended March 31, 2019.
- Profit before exceptional items ₹ 279.67 Lakhs for the year ended March 31, 2020 and were at ₹ 179.91 for the year ended March 31,2019
- The exceptional expenses amounted to ₹ (6,068.66) compared to ₹ Nil for the previous year.
- The Profit/(Loss) for the year was ₹ (5,870.43) Lakhs, as against profit of ₹ 128.43 Lakhs in the previous year.
- Total Comprehensive Income/(Loss) for the year ₹ (5,875.14) Lakhs as against total comprehensive income ₹ 132.45 Lakhs in the previous year.

Profits - Consolidated

- Employee Benefit Expenses were at ₹ 678.29 Lakhs for year ended March 31, 2020 and were at ₹ 732.36 Lakhs for the year ended March 31, 2019.
- Other expenses were at ₹ 189.39 Lakhs for year ended March 31, 2020 and were at ₹ 296.28 Lakhs for the year ended March 31, 2019.
- The Profit/(Loss) from discontinued operations ₹ (77.93) Lakhs for the year ended March 31, 2020 and were at ₹ Nil for the year ended March 31,2019
- The Profit/(Loss) from continuing & discontinued operations ₹ 67.04 Lakhs, as against ₹ 17.56 Lakhs in the previous year.
- Total Comprehensive Loss for the year ₹ (41,034.56) Lakhs as against total comprehensive Loss of ₹ (27,247.62) Lakhs in the previous year.

Human Resources & Prevention of Sexual Harassment

Human Resources play a vital role for organisation's competitive advantage and performance, influenced by effective HR practices and value system. The workforce planning to retain/hire talent is challenging in the job markets. The continuous learning and talent development programs for the workforce provide diverse work environment. 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. The Company has constituted Internal Complaints Committee pursuant to the Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for protection against sexual harassment of women at work place. During the year there were no complaints of such manner.

Internal Control Systems and their adequacy

The Company has a well-defined internal control systems with adequate checks and balances at all levels. The mandate goes beyond financial transactions to even review all other functions of various departments, viz Purchase, Sales and Operations, Payroll, HR and others as mandated by the Audit Committee. The Company's Internal Control framework is commensurate with the size and the nature of its operations.

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

The Company has appointed reputed external firm of Chartered Accountants to oversee and carry out internal audits of its activities. 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 audit procedure is based on an internal audit plan, which is reviewed each year in consultation with the Statutory Auditors and approved by the Audit Committee. The Audit Committee based on need basis review the audit plan on half yearly period. The Internal Auditors periodically do testing of the internal controls and monitor 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.

The Audit Committee reviews the reports submitted by the Internal Auditors and seeks views of the Statutory Auditors on the adequacy of internal control system in quarterly meetings. The Management assessed the effectiveness of the Company's internal control over financial reporting as of March 31, 2020.

Risks and its mitigation

Risk Management, being ongoing process to identify, monitor assess the risk and taking adequate steps to mitigate the negative effect at an acceptable level. The main objective of risk management is to minimize the impact of potential risk on organization. The Company has an appropriate risk management framework comprising risk governance structure and defined risk management processes. The Audit Committee oversees 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 monitors and reviews to mitigate the key risks in manner stated herein below:-

a) Covid-19 Pandemic risk:

On account of nationwide lockdown imposed by Government of India from March 25, 2020 there was interruption in logistics and ability to maintain normal operation of the Company. The business operations got impacted on account of lockdown measures implemented by local and central

government authorities to implement social distancing norms and to prevent spread of COVID-19 Pandemic. Reduced productivity due to employees' emotional stress under lockdown and inability to provide desktops/system to employees due to security or logistic reasons and vendors' inability to provide their services on account of similar situation at their end. The demand-supply across all segments all over the worlds' economies got disrupted and might affect Company's earning in medium term. The overall impact of COVID-19 on the businesses of the Company may vary depending on future conditions and socio-economic factors and measures taken at the Government levels and hence cannot be predicted at this time of juncture.

The Management of the Company took quick measures and actions for safeguarding the workforce by providing laptops/desktops infrastructure enabling them to work from home. The HR department provided continuous support, through online system, to employees to address Covid-19 related issue and provided guidance for appropriate social distancing measures and advisories on work from home to service the business requirement and had kept morale of employees positive during these COVID situations.

The Company's customers are mostly long term costumers and therefore the Company 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 continues to endeavour keep apprised 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: - The Company is exposed to risk of delay in collection of dues from customers and to mitigate such risk pre-defined credit period is mentioned in contract entered and regular follow up process for receiving its 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 has proper MIS in place. The rising inflation and salaries along with high attrition is a threat. This is planned to be offset with increased productivity and increased use of technology to reduce the dependence on manpower.
- g) Investment risk: - The Company through its wholly owned subsidiary HOVS LLC holds investments in quoted shares. The Company is exposed to the risk of value of investment getting effected due to performance of the investee company and related market risks. To mitigate such risk the Management of the Company keeps constant liaison with investee company and the Board of the Company is been kept informed about necessary information on timely basis.
- h) Information Technology risk: - The evolving technologies throw challenges. The business operations are mostly dependent on systems involving computers/ servers which are prone to hacking due to advancement in technology. In order to mitigate the hacking risk, appropriate anti-hacking multi layered systems are installed, education of all employees at all levels and periodic strengthening of IT security are done.

- 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 poses risk for business in all aspects, right from phishing emails; vulnerable to hacking of IT systems; and clicking on links or downloading documents that turn out to be malware. Key steps to mitigate such risk is educating employees to be aware of unwanted mails, implementation of antivirus software and proper patch management along with strong monitoring from IT Department on continuous 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 as given below

Sr.no	particulars	FY 2019-20	FY 2018-19	% Change	Details explanation for change (where the change is 25% or more as compared to immediately previous financial year)
i	Debtors Turnover	2.540	2.960	-14%	-
ii	Interest Coverage	4.160	NA	NA	Interest provision done as per IND AS applicability during the year
iii	Current Ratio	0.690	2.660	-74%	Advance received for repayment of loan for investment
iv	Debt Equity Ratio	0.060	0.007	757%	Equity is reduced mainly due to change in fair value of investment during the year
v	Operating Profit Margin	1.110	1.090	2%	-
vi	Net Profit Margin	0.050	0.015	233%	Due to reduction in other expenses & Employee Benefits Expense
vii	Return on Net Worth	0.008	0.002	300%	Return on net worth increased during the year due to reduction in total expenses and higher net profit

Opportunities, Outlook & Threats

Global economic growth was very much affected from November month of FY 2019-20 because of several lockdown phases 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 it is difficult to predict any scenario. In such situation the resources are to be conserved to keep going with business needs and sustain impact of circumstances.

Report On Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2020.

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is to conduct the business in a fair, transparent and ethical manner fulfilling its corporate responsibilities 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 are being managed in a manner which ensures accountability, transparency in all corporate affairs.

The Company believes that combining the highest levels of ethical practices with experience and expertise, will ensure the Company's philosophy on Corporate Governance and the Company is committed to follow it as on continuous basis.

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

2. Board of Directors

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

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

(a) Composition of Board of Directors

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

(b) Directors' Compensation and Disclosures

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

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

(c) Other provisions related to Board and Committees

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

The members of the Board and Committees, always attempt to make themselves available to attend meeting either, in-person or through video-conference, as per circumstance prevailing at time of such meetings.

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

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

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

i) Composition of Board of Directors:

Name of Director	Title
Mr. Vikram Negi	Chairman & Executive Director
Mr. Sunil Rajadhyaksha	Executive Director & Promoter
Mr. Surinder Rametra	Executive Director & Promoter
Mr. Baldev Raj Gupta	Non-Executive Independent Director
Mr. Harjit Singh Anand	Non-Executive Independent Director
Mrs. Lakshmi Kumar	Non-Executive Independent Director

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

Name of the Director	Date of Board Meetings			Date of AGM	
	May 30, 2019	Aug. 8, 2019	Nov. 14, 2019	Feb. 14, 2020	Sep. 10, 2019
Mr. Vikram Negi	P-VC	P-VC	P-VC	P-VC	P
Mr. Sunil Rajadhyaksha	P-VC	P-VC	P	P-VC	P
Mr. Surinder Rametra	A	P-VC	P	P	A
Mr. B R Gupta	P	P-VC	P-VC	P	A
Mr. Harjit Singh Anand	P	P-VC	P	P-VC	A
Mrs. Lakshmi Kumar	P	P	P	A	P

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

iii) Shareholdings of Directors as of March 31, 2020

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

¹ Promoters-refer page no 59 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	8,00,000	Nil	Nil
Mr. Surinder Rametra	Nil	Nil	Nil
Mr. B R Gupta	Nil	Nil	5,10,000
Mr. Harjit Singh Anand	Nil	Nil	3,90,000
Mrs. Lakshmi Kumar	Nil	Nil	3,60,000

(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. B R Gupta	Vodafone Idea Manpower Services Ltd. (Unlisted)	Nil	Audit Committee
	Aditya Birla Finance Ltd. (Unlisted)	Nil	Nil
Mr. Harjit Singh Anand	CAF India Pvt. Ltd.	Nil	Nil
Mrs. Lakshmi Kumar	Nil	Nil	Nil

Notes:

- i) Mr. Sunil Rajadhyaksha has, effective June 1, 2019 relinquished his remuneration.
- ii) There is no pecuniary relationship with non-executive directors except entitled for sitting fees for attending Board Meetings and its Committees Meetings.
- iii) The remuneration payable to directors does not have performance linked incentives.
- iv) None of the Directors are eligible for severance fees.
- v) Notice period, as mutually decided by the Board and Director.

3. Audit Committee

The Company has 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 reports, review of related party transactions, provide omnibus approval, make deliberation with Statutory Auditors. Mr. BR Gupta, Chairman of Audit Committee was unable to attend 31st Annual General Meeting held on September 10, 2019 because of his personal commitments. He possesses over five decades of rich & versatile experience in Insurance, Investment and Financial Services Sector.

Composition of Audit Committee:

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

**Appointed member effective January 24, 2020.*

Audit Committee Meetings and its member's attendance:

Meeting Date	May 30, 2019	August 8, 2019	November 14, 2019	February 14, 2020
Mr. B. R. Gupta	P	P-VC	P-VC	P
Mr. Harjit Singh Anand	NA	NA	NA	P-VC
Mrs. Lakshmi Kumar	P	P	P	A
Mr. Surinder Rametra	A	P-VC	P	P

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 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
Mr. B R Gupta	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Vikram Negi*	Member (Chairman & Executive Director)

**Appointed effective August 8, 2019 in place of Mr. Sunil Rajadhyaksha.*

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

Meeting Date	May 30, 2019	November 14, 2019
Mr. B. R. Gupta	P	P-VC
Mr. Harjit Singh Anand	P	P-VC
Mrs. Lakshmi Kumar	P	P
Mr. Sunil Rajadhyaksha*	P-VC	NA
Mr. Vikram Negi	NA	A

**Mr. Sunil Rajadhyaksha ceased to be member effective August 8, 2019.*

The Company Secretary acts as the Secretary to the Nomination and Remuneration Committee.

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 H" of the Board Report.

The Committee reviewed, for the year 2019-20, the implementation and compliance of effective evaluation of performance of Board, its committees, chairperson and individual directors.

5. Stakeholders Relationship Committee

The Company had constituted the 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. B R Gupta	Chairman (Independent Director)
Mr. Harjit Singh Anand	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)

Stakeholders Relationship Committee Meetings and its member's attendance:

Meeting Date	May 30, 2019	November 14, 2019
Mr. B. R. Gupta	P	P-VC
Mr. Harjit Singh Anand	P	P-VC
Mr. Sunil Rajadhyaksha	P-VC	P

Details of shareholders complaints during the year:

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

Mr. BR Gupta, Chairman of Stakeholders Relationship Committee was unable to attend 31st Annual General Meeting held on September 10, 2019 because of his personal commitments.

The Company Secretary of the Company acts as Compliance Officer and under authorization from the Committee overview the task of investor's servicing and redresses their grievances relating to 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 at The Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune -411001 as detailed below:

Details of AGM/Year	Date & Time of AGM	Special Resolutions passed, if any
29th AGM/ 2017	September 1, 2017 10:30 AM	NIL
30th AGM/ 2018	September 10, 2018 11:00 AM	Approval for payment by shareholders for service of documents of the Company.
31st AGM/ 2019	September 10, 2019 11:00 AM	Approval for continuation of directorship of Mr. B R Gupta as independent director until the expiry of his existing term upto July 25, 2021 though he was of 79 years.

b) Extra Ordinary General Meeting:

No Extra Ordinary General Meeting was held during the year.

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

No postal ballot was conducted during the year.

7. Subsidiary Companies

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

The HOVS LCC, 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

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

However, during the reporting year Stock Exchanges had imposed penalty for non-fulfillment of the composition of Nomination and Remuneration Committee, details of which are provided as below.

The Nation Stock Exchange of India Limited (NSE) and the BSE Limited (BSE) had levied penalty of Rs 140,000, respectively for non-compliance with Regulation 19(1)/(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('listing regulations') for the quarter ended June 30, 2019 and September 30, 2019. The said regulations provides for the composition of Nomination and Remuneration Committee. The details are as below.

Quarter	June 30, 2019 and September 30, 2019
Regulation of LODR	Reg.19(1)/(2) (Composition of Nomination and Remuneration committee)
Details of non-compliance	Company was not having all members of Nomination and Remuneration committee as non-executive directors.
Days of non-compliance	For quarter ended June 30, 2019 - 32 days For quarter ended September 30, 2019 - 38 days
Fine levied	For quarter ended June 30, 2019 - Rs. 64,000/- For quarter ended September 30, 2019 - Rs. 76,000/-

The Company made written submission, both to NSE and BSE that as the non-compliance was triggered due to practical circumstances and therefore the fine levied shall be waived off by both the Exchanges. It was submitted to Exchanges that;

- a) Mr. Sunil Rajadhyaksha was Chairman and Executive director till May 30, 2019 and was also member of Nomination and Remuneration Committee as per provision of Regulation 19(2) of SEBI (LODR) Regulations, 2015;
- b) The non-compliance triggered on appointment of Mr. Vikram Negi as Chairman effective May 30, 2019 as Mr. Sunil Rajadhyaksha continued as member of Nomination and Remuneration Committee;
- c) The Management took measures to reconstitute the composition and accordingly, in the Board meeting held on August 8, 2019 Mr. Vikram Negi as Chairman and Executive Director was appointed as member of Nomination and Remuneration Committee in place of Mr. Sunil Rajadhyaksha; and

- d) The due compliance was achieved by the Company by fixing the composition of the Committee. The NSE vide its letter dated February 5, 2020 had communicated its acceptance of Company's request for waiver of fine amount of Rs 1,40,000 and waived full amount of penalty imposed. The full amount was refunded by NSE on May 1, 2020. Decision of BSE is awaited.
- iii) The Company has formulated a Whistle Blower Policy to establish a vigil mechanism for Directors and employees of the Company to report concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The whistle Blower Policy is available on
<http://www.hovsltd.com/docs/Policies/2019HOVS%20Vigil%20WhistleBlower%20Policy%20April%201%202019.pdf>
- iv) The Company had complied with mandatory requirements of disclosures under corporate governance report. The Company is complying with the non-mandatory requirements that the internal auditors of the Company reports to the Audit Committee of the Board of Directors.
- v) The details of the policy on determining "Material Subsidiaries" is available on
<http://hovsltd.com/docs/Policies/2019/HOVS%20Policy%20for%20Material%20Subsidiary%20April%201%202019.pdf>
- vi) The Company has formulated policy on Related Party Transactions available on
<http://hovsltd.com/docs/Policies/2019/HOVS%20RPTs%20PolicyApril%201%202019.pdf>
- vii) There was no matters related to commodity price risk and commodity hedging activities during the year.
- viii) The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).
- ix) None of the Directors of the Company is 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.
- x) 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 Committee & NRC Committee to the Board.
- xi) 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 2019-20
Audit Fees	8.00
Limited Review & Certification	4.50
Other Certification Services	1.90
Reimbursement of expenses	0.67
Total	15.07

- xii) 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 2019-20 - Nil
 - b. number of complaints disposed of during the financial year 2019-20 - Nil
 - c. number of complaints pending as on end of the financial year 2019-20 - Nil
- xiii) During the year, no employee was denied access to Audit Committee.
- xiv) No dividend was declared for the financial year ended March 31, 2020.
- xv) The details of the familiarization program disclose on the Company's website <http://www.hovsltd.com/docs/ir/HOVS%20FAMILIRIZATION%20PROG%20FOR%20IDS.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 ("UPSI"). 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, is 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 Board of Directors
• Corporate Governance	Yes
• Strategy Building	Yes
• Financial Literacy	Yes
• Risk and Compliance Management	Yes
Expertise	
• Leadership in workforce development and support	Yes
• Financial and Investment management	Yes
• Commercial and Business acumen/experience	Yes
Competencies	
• Leadership	Yes
• Critical Decision Making	Yes
• Commitment to the Role Assigned	Yes

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

Core Skills/Expertise Competencies	Mr. Vikram Negi	Mr. Sunil Rajadhyaksha	Mr. Surinder Rametra	Mr. B R Gupta	Mr. Harjit S Anand	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 work force development and support	-	✓	✓	-	-	✓
Leadership & Strategy Building	✓	✓	✓	-	-	✓
Financial Literacy	✓	✓	✓	✓	✓	✓
Commercial and Businessacumen/ experience	✓	✓	✓	-	-	-
Critical Decision Making	✓	✓	✓	-	-	✓
Commitment to the Role Assigned	✓	✓	✓	✓	-	✓

11. Board Confirmation on independence of Independent Directors

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

12. Unclaimed /unpaid Dividends

In accordance with applicable provisions of Section 124 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 of Companies Act, 2013, as amended from time to time, all the unclaimed dividend amounts were transferred to IEPF until previous FY 2018-19 in due time as applicable along with unclaimed shares. During the FY 2019-20 there was nil 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:

Description	No. of Cases	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year (April 1, 2019):	4	341
Shareholders who approached the Company for transfer of shares from suspense account during the year:	0	0
Shareholders to whom shares were transferred from suspense account during the year:	0	0
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act:	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year (March 31, 2020):	4	341

The voting rights on the shares outstanding in the suspense account as on March 31, 2020 shall remain frozen till the rightful owner of such shares claims the shares.

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

The Company has until previous FY 2018-19 in due time 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 Private Limited, Mr. Mohd Mohsin Uddin, Senior Manager at Unit: HOV Services Limited, Karvy Selenium Tower B, Plot no 31-32, Financial district, Nanakramguda, Serilingampally, Hyderabad Rangareddi 500 032. Tel: +91 40-67161562; email IDmohsin.mohd@kfintech.com

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

The shareholders whose unpaid dividends/shares have been transferred to IEPF Authority and who have a claim on such dividends/shares may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website www.iepf.gov.in 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 of 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 maintains 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 only due to COVID-19 situation to the e-mail address provided by member and made available to Company and R&T agent of the Company by the Depositories. Therefore, it is requested to register/ provide/update your e-mail address with Depositories and with the R&T Agent of the Company on the email id hov.cs@karvy.com created for the purpose.

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

As per the requirement of Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements), 2015, a duly signed certificate was placed at the meeting of Board of Directors of the Company held on July 21, 2020. The same is annexed to the Board's Report.

19. General Shareholder Information
a) Details of ensuing 32nd AGM:

Day and Date	Time	Venue
Tuesday, September 22, 2020	9:00 A.M. IST	Since this AGM is held through VC/OAVM as per the MCA Circulars, therefore there is no venue.

b) Financial Year: April 1 to March 31

c) Dividend payment date: No dividend was declared for the financial year ended March 31, 2020.

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	PhirozeJeejeebhoy Towers, Dalal Street, Mumbai- 400 001

e) Market price data:

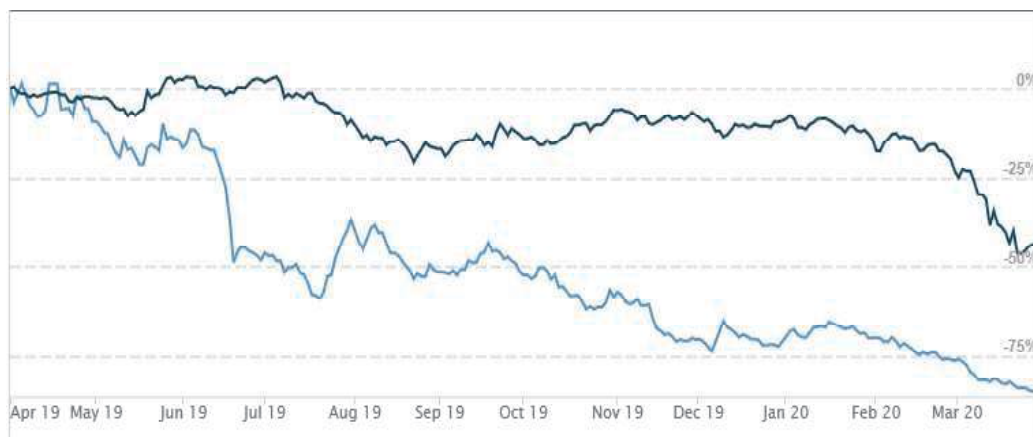
Monthly highs, lows and trading volume for FY ended March 31, 2020 is as below:

Month	BSE			NSE		
	High (₹)	Low (₹)	Trade Quantity	High (₹)	Low (₹)	Trade Quantity
Apr-19	171.70	132.00	106916	171.90	129.60	465357
May-19	143.95	114.10	17910	144.00	112.45	123200
Jun-19	142.60	70.10	34309	142.90	71.25	178839
Jul-19	96.30	58.85	21054	95.95	58.05	49241
Aug-19	98.60	70.50	5600	98.00	70.00	12095
Sep-19	90.60	71.00	13847	90.15	69.00	18784
Oct-19	79.75	54.00	7409	79.00	56.60	66597
Nov-19	68.90	43.05	9262	68.65	43.05	72099
Dec-19	54.10	39.95	25621	54.00	40.15	151027
Jan-20	54.80	43.65	12147	54.80	44.05	26066
Feb-20	47.80	34.75	2360	48.00	34.10	17518
Mar-20	38.55	22.25	7974	38.40	22.15	11467

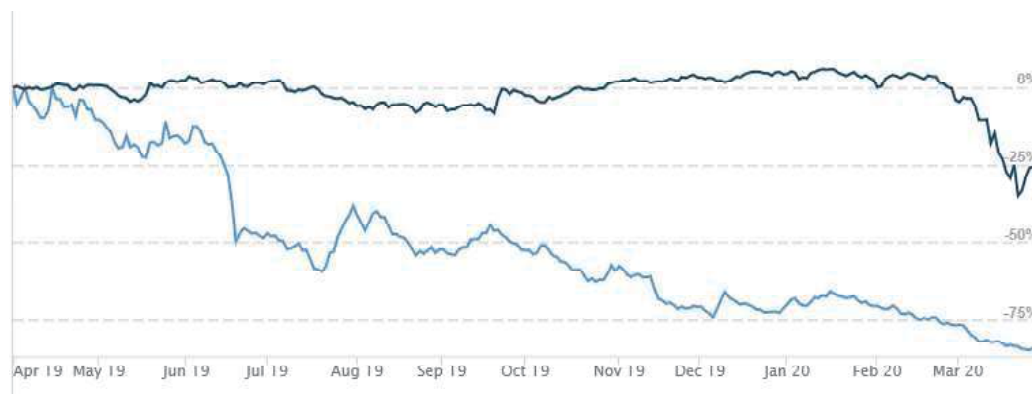
f) HOV Services Limited’s Share prices versus the NSE Nifty

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 01-04-2019 to 31-03-2020

HOVS vis-à-vis BSE Sensex:



HOVS vis-à-vis NSE Nifty:



g) Registrar and Share Transfer Agent

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

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

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 2020-21:

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, 2020
2 nd Quarter Results	On or before November 14, 2020
3 rd Quarter Results	On or before February 14, 2021
4 th Quarter Results (Audited)	On or before May 30, 2021

j) Date of Book Closure: September 19, 2020 to September 22, 2020 (both days inclusive).

k) Distribution of Shareholding as of March 30, 2020
(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	7506	97.67	1869460	14.85
2	5001 - 10000	94	1.22	658785	5.23
3	10001 - 20000	42	0.55	601135	4.78
4	20001 - 30000	10	0.13	232754	1.85
5	30001 - 40000	2	0.03	69040	0.55
6	40001 - 50000	5	0.07	230514	1.83
7	50001 - 100000	14	0.18	944146	7.50
8	100001 and above	12	0.16	7983138	63.41
	TOTAL:	7685	100.00	12588972	100.00

(ii) Distribution of Shares by Shareholders Category:

Sr. No.	Description	Without Grouping			With Grouping		
		No. of Cases	Total Shares	% Equity	No. of Cases	Total Shares	% Equity
1	TRUSTS	1	1000	0.01	1	1000	0.01
2	RESIDENT INDIVIDUALS	7367	3762377	29.89	7185	3762377	29.89
3	BODIES CORPORATE	1	786224	6.25	1	786224	6.25
4	PROMOTERS	8	6349829	50.44	8	6349829	50.44
5	EMPLOYEES	5	27392	0.22	5	27392	0.22
6	NON RESIDENT INDIANS	47	105899	0.84	47	105899	0.84
7	CLEARING MEMBERS	23	6463	0.05	17	6463	0.05
8	BANKS	1	206	0.00	1	206	0.00
9	NON RESIDENT INDIAN NON REPATRIABLE	15	217388	1.73	15	217388	1.73
10	BODIES CORPORATES	112	604025	4.80	99	604025	4.80
11	NBFC	1	300	0.00	1	300	0.00
12	I E P F	1	851	0.01	1	851	0.01
13	H U F	305	349602	2.78	301	349602	2.78
14	FOREIGN NATIONALS	3	377416	3.00	3	377416	3.00
	Total:	7890	12588972	100.00	7685	12588972	100.00

(iii) Top Ten Shareholders as of March 31, 2020

Sr. No.	HOLDER	TOTAL SHARES	% TO EQUITY	CATEGORY
1	ADESI 234 LLC	3000985	23.84	PRO
2	HOF2 LLC	1667933	13.25	PRO
3	CHITALE LLC	786224	6.25	LT1
4	STERN CAPITAL PARTNERS LLC	694246	5.51	PRO
5	SUNIL VASANT RAJYADHYAKSHA	588720	4.68	PRO
6	EINDIA VENTURE HOLDING COMPANY LTD	232786	1.85	LTD
7	XIN CHENG	223950	1.78	FN
8	GENERAL PACIFIC LLC	214273	1.70	PRO
9	PURVI PRABHATCHANDRA JAIN	205061	1.63	PUB
10	KARAN NEGI	148817	1.18	NRN
11	SURINDER RAMETRA	120000	0.95	PRO

l) Dematerialization of shares and liquidity

As of March 31, 2020, 99.47% of the total issued capital of the Company was held in electronic form with National Securities Depository Limited and Central Depository Services (India) Limited.

Shares held in physical and electronic mode as on 31 March 2020:-

Particulars	As on March 31, 2020		As on March 31, 2019		Net Change during 2019-20	
	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	1,01,83,607	80.89	1,00,99,614	80.23	0	0
CDSL	23,37,773	18.57	24,21,766	19.24	0	0
Total	1,25,88,972	100.00	1,25,88,972	100.00	0	0

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

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

n) Credit Ratings

The Company has not issued any debt instruments or fixed deposit or any proposal involving mobilization of funds, either in India or abroad, hence requirement of taking any rating from such agencies does not apply.

o) Plant/Office Locations

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

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

p) 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	Contact person
KFin Technologies Private Limited (Former name was Karvy Computershare Pvt Ltd.) Unit: HOV Services Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032	Mohd. Mohsinuddin, Sr. Manager Tel. No: (040) 6716 2222/1562 Fax No: (040) 2300 1153 Toll free No: 1800 345 4001 Email: mohsin.mohd@kfintech.com Website: www.kfintech.com
Company	Contact person
HOV Services Limited 3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Maharashtra, Pune 411037	Bhuvanesh Sharma VP - Corporate Affairs & Company Secretary & Compliance Officer Tel: (91 20) 2423 1623 Fax: (91 20) 2422 1460 E-mail: investor.relations@hovsltd.com Website: www.hovsltd.com

Annexure – A to the Director’s Report
Details of Employees Stock Options as on March 31, 2020.

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

	Plan 2007		
	Employees of the Company	Employees of the erstwhile subsidiary Companies	Total
Approved Options	400,000	700,000	1,100,000
Grant in 2007	141,500	526,000	667,500
Grant in 2008	28,150	217,900	246,050
Grant in 2011	52,500	10,000	62,500
Grant in 2013	115,000	-	115,000
Total Grant	337,150	753,900	1,091,050
Options Lapsed	217,200	746,900	964,100
Equity shares issued and allotted	97,950	-	97,950
Options in force	22,000	7,000	29,000
Balance options available	280,050	693,000	973,050

*Includes lapsed options eligible for further grants and granted.

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

Details of Options vested from:	Employees of the Company	Employees of the subsidiary Companies	Total
Grant in 2007	-	-	-
Grant in 2008	-	-	-
Grant in 2011	13,000	7,000	20,000
Grant in 2013	9,000	-	9,000
Total options vested	22,000	7,000	29,000

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

Options granted date	Directors (A)	Other than Directors (B)	Total (A+B)
July 21, 2007	7,500	640,000	647,500
October 25, 2007	0	20,000	20,000
July 30, 2008	7,500	183,550	191,050
October 8, 2008	0	55,000	55,000
May 27, 2011	30,000	32,500	62,500
February 27, 2013	75,000	40,000	115,000
Total Granted	120,000	971,050	1,091,050
Options lapsed	42,500	921,600	964,100
Equity shares Issued on exercise of options	62,500	35,450	97,950
Options outstanding	15,000	14,000	29,000

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

As of March 31, 2020

		HOVS ESOP Plan 2007
a.	Options Granted:	1,091,050
b.	The Pricing formula:	Closing price of the stock exchange where there is highest trading volume, prior to the date of the meeting of the Compensation & Remuneration Committee in which options are granted.
c.	Options Vested:	29,000
d.	Options Exercised:	97,950
e.	Total number of shares would be arising as a result of exercise of options:	29,000
f.	Options lapsed:	964,100
g.	Variation of terms of option:	NA
h.	Money realized by exercise of options:	₹ 43,23,008
i.	Total number of options in force:	29,000
j.	Employee wise details of Options granted to :	
	i. Senior Management personnel:	Nil
	ii. Employee receiving 5% or more of the total number of options granted during the year:	Nil
	iii. Employee granted 1% or more of the issued capital:	Nil
k.	Diluted EPS on issue of shares on exercise calculated in accordance with AS 20.	₹ 1.15/-

Notes:

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

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

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

Conservation of Energy:

The Company require minimal energy in form of electricity for its activities and always strives to ensure optimal utilization of energy and avoid wastage on continuous basis by using efficient software's and hardware's 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, 2020 is ₹ 1,097.16 Lakhs.

Annexure- C to the Director's Report

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

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

Sr. No.	Name of Director/KMP and Designation	% increase in Remuneration in the Financial Year 2019-20	Ratio of remuneration of each Director/ to median remuneration of employees
1	Sunil Rajadhyaksha, Whole-time Director	NIL	NIL
2	Surinder Rametra, Whole-time Director	NIL	NIL
3	Vikram Negi, Whole-time Director	NIL	NIL
4	Nilesh Bafna Chief Financial Officer	NIL	NIL
5	Bhuvanesh Sharma VP-Corporate Affairs, Company Secretary & Compliance Officer	NIL	NIL

- ii) The percentage increase in the median remuneration of employees in the financial year was 17%.
- iii) As on March 31, 2020 the total numbers of employees on the rolls of the Company were 152.
- iv) Average percentile increased in the salaries of the employees other than Managerial Personnel remain same as of previous year and there was no change in the salary of Managerial Personnel.
- v) It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees.

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

Sr. No.	Name of the Employee	Designation of the employee	Remuneration received (CTC)	Qualification of the Employee	Experience of the Employee	Percentage of equity shares held by the employee in the Company
1	Bhuvanesh Sharma	Vice President-Corporate Affairs	₹ 30,71,616	B.Sc. Maths, MFA, CS, Insolvency Professional	20+ Years	0.00%
2	Balbirsingh Batra	Vice President	₹ 30,00,000	Under Graduate	32+ Years	0.04%
3	Nilesh Bafna	Chief Financial Officer	₹ 28,69,476	B.Com., CA	17+ Years	0.05%
4	Shrirang Chitnis	Director, Applications Development	₹ 26,25,012	B.Sc. Microbiology	23+ Years	0.05%
5	Dhananjay Sawant	Associate Director-Web & Content	₹ 20,11,872	Diploma in Mechanical Engineering	19+ Years	0.00%
6	Vijaykumar Pawar	Project Manager	₹ 17,46,924	M.C.M.	22+ Years	0.00%
7	Santosh Pawar	Manager-Systems	₹ 14,55,900	Bachelor Of Arts	16+ Years	0.00%
8	Madhukar Mazire	Senior Manager -IT	₹ 14,55,900	Bachelor Of Commerce	22+ Years	0.00%
9	Omprakash Swami	Senior Software Engineer	₹ 12,96,600	Bachelor Of Engineering	15+ Years	0.00%
10	Kishor Jadhav	Senior Manager	₹ 12,71,136	Bachelor Of Commerce	27+ Years	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 confirm 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, 2020 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 14, 2020)	NA (Approved by Audit Committee on February 14, 2020)
(f)	Amount paid as advances, if any:	Nil	Nil

** An entity of Investee Company*

For and on behalf of the Board of Directors

Vikram Negi
Chairman & Executive Director
 (DIN: 01639441)

Annexure- F to the Director's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020****[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
M/S. 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 year from April 1, 2019 to March 31, 2020, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities And Exchange Board of India warranted due to spread of the COVID-19 pandemic, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2020 ("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, 2020 according to the provisions of the following list of laws and regulations:

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

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

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

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

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

I further report that:-

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. All the decisions of the board are passed with unanimous consent of all the directors and are recorded as part of the minutes.

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

I further report that during the audit period -

1. Mr. Vikram Negi was appointed as the Chairman of the Board of Directors and of the Company w.e.f. May 30, 2019.
2. Mr. Harjit Singh Anand was appointed as one of the board member of HOVS LLC, USA, wholly owned subsidiary, effective from April 1, 2019, as per the requirement of SEBI Regulations. It was approved by majority of directors on June 24, 2019 by circular resolution.
3. Special resolution was passed by the members of the Company in the 31st Annual General Meeting for approval for continuation of Directorship of Mr. Baldev Raj Gupta (DIN: 00020066) as Independent Director until the expiry of his existing term i.e. up to July 25, 2021, notwithstanding that he has crossed the age of 75 years.

For J. B. Bhavé & Co.
Company Secretaries
Sd/-
Jayavant Bhavé
Proprietor
FCS: 4266 CP: 3068

PR No. 486 / 2016
UDIN:F004266B000372326
Place: Pune
Date: 24th June 2020

ANNEXURE TO THE SECRETARIAL AUDIT REPORT OF HOV SERVICES LIMITED (2019-2020)**AUDITORS' RESPONSIBILITY**

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

In accordance with the ICSI Auditing Standards (CSA1 to CSA4) -

- 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.
- 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.
- *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-

1. The Secretarial Audit for the financial year 2019-2020 has been conducted as per the applicable Auditing Standards.
2. 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 the secretarial records. I believe that the process and practices that I followed provide a reasonable basis for my opinion that the statements prepared, documents or Records maintained by the Company are free from misstatement.
3. My responsibility is limited to only express my opinion on the basis of evidences collected, information received and Records maintained by the Company or given by the Management. I have not verified the correctness and appropriateness of the financial records and books of accounts maintained by the Company.
4. Wherever required, I have obtained the Management Representation about compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of the Corporate Laws, other applicable laws, rules, regulations and standards is the responsibility of the management. My examination is limited to verification of procedure on test basis.
6. Due to COVID-19 pandemic and subsequent lockdown declared by the Central, State and Local governments, physical verification of documents/ registers/ papers was not possible and hence, we have relied on the scanned copies / emails/ digitally accessible data, information, registers, documents and papers provided by the Company for carrying out the Secretarial Audit and to that extent our verification of documents and records might have been impacted.
7. 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. Bhavé & Co.
Company Secretaries
Sd/-
Jayavant Bhavé
Proprietor
FCS: 4266 CP: 3068

PR No. 486 / 2016
UDIN:F004266B000372326
Place: Pune
Date: 24th June 2020

Annexure- G to the Director’s Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

*As per NIC code 2008.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

Cate- gory Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2019				No. of Shares held at the end of the year 31/03/2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
A.	Promoters and Promoter Group									
(1)	Indian									
(a)	Individual /HUF	25,422	0	25,422	0.20	25,422	0	25,422	0.20	0.00
(b)	Central Govern- ment/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Insti- tutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	25,422	0	25,422	0.20	25,422	0	25,422	0.20	0.00

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2019				No. of Shares held at the end of the year 31/03/2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	746970	0	746970	5.93	746970	0	746970	5.93	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	5454937	0	5454937	43.33	5577437	0	5577437	44.30	0.97
	Sub-Total A(2) :	6201907	0	6201907	49.26	6324407	0	6324407	50.24	0.97
	Total A=A(1)+A(2)	6227329	0	6227329	49.47	6349829	0	6349829	50.44	0.97
(B)	PUBLIC SHAREHOLDING									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions /Banks	9775	0	9775	0.08	206	0	206	0.00	-0.08
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1) :	9775	0	9775	0.08	206	0	206	0.00	-0.08
(2)	NON-INSTITUTIONS									
(a)	Bodies Corporate	841061	0	841061	6.68	604075	0	604025	4.80	-1.88
(b)	Individuals									
(i)	Individuals holding nominal share capital upto ₹1 lakh	2258205	4	2258209	17.94	2462166	4	2462170	19.56	1.62

Category Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2019				No. of Shares held at the end of the year 31/03/2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(ii)	Individuals holding nominal share capital in excess of ₹ 1 lakh	1679107	0	1679107	13.34	1677201	0	1677201	13.32	-0.02
(c)	Others									
	CLEARING MEMBERS	10698	0	10698	0.08	6463	0	6463	0.05	-0.03
	FOREIGN NATIONALS	377416	0	377416	3.00	377416	0	377416	3.00	0.00
	I E P F	851	0	851	0.01	851	0	851	0.01	0.00
	BODIES CORPORATE	811224	0	811224	6.44	786224	0	786224	6.25	-0.20
	NBFC	30300	0	30300	0.24	300	0	300	0.00	-0.24
	NON RESIDENT INDIANS	40560	67588	108148	0.86	38311	67588	105899	0.84	-0.02
	NRI NON-REPATRIATION	233854	0	233854	1.86	217388	0	217388	1.73	-0.13
	TRUSTS	1000	0	1000	0.01	1000	0	1000	0.01	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2) :	6284276	67592	6351868	50.46	6171345	67592	6238937	49.56	-0.90
	Total B=B(1)+B(2) :	6294051	67592	6361643	50.53	6171551	67592	6239143	49.56	-0.97
	Total (A+B) :	12521380	67592	12588972	100.00	12521380	67592	12588972	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C) :	12521380	67592	12588972	100.00	12521380	67592	12588972	100.00	

ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	ADESI 234 LLC	3000985	23.84	0	3000985	23.84	0	0.00
2	HOF2 LLC	1667933	13.25	0	1667933	13.25	0	0.00
3	STERN CAPITAL PARTNERS LLC	694246	5.51	0	694246	5.51	0	0.00
4	SUNIL VASANT RAJADHYAKSHA	588720	4.68	0	588720	4.68	0	0.00
5	SURINDER RAMETRA	120000	0.95	0	120000	0.95	0	0.00
6	PARVINDER S CHADHA	38250	0.30	0	38250	0.30	0	0.00
7	RAJADHYAKSHA ANIL VASANT	25422	0.20	0	25422	0.20	0	0.0
8	GENERAL PACIFIC LLC	0	0	0	214217	1.70	0	1.70
9	SUN INVESTMENT PARTNERS LLC	91773	0.73	0	0	0	0	0.0

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

During the year Sun Investment Partners LLC transfer/sold its shares to General Pacific LLC, a promoter entity and General Pacific LLC acquired shares from public shareholder in off market transactions. The details are as below:

Name of the Share Holder	Descerptions	No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
GENERAL PACIFIC LLC	Opening Balance	0	0.00	30/03/2019			0	0.00
	Purchase			05/04/2019	122500	Transfer	122500	0.97
	Purchase			17/05/2019	91773	Transfer	214273	1.70
	Closing Balance			31/03/2020			214273	1.70
SUN INVESTMENT PARTNERS LLC	Opening Balance	91773	0.73	30/03/2019			91773	0.73
	Sale			17/05/2019	-91773	Transfer	0	0.00
	Closing Balance			31/03/2020			0	0.00

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

Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
	No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
CHITALE LLC	811224	6.44	30/03/2019			811224	6.44393
			19/04/2019	-250000	Transfer	561224	4.45806
			28/06/2019	225000	Transfer	786224	6.24534
			31/03/2020			786224	6.24534
EINDIA VENTURE HOLDING COMPANY LTD.	355286	2.82	30/03/2019			355286	2.8222
			05/04/2019	-122500	Transfer	232786	1.84913
			31/03/2020			232786	1.84913
XIN CHENG	223950	1.78	30/03/2019			223950	1.77894
			31/03/2020			223950	1.77894
PURVI PRABHATCHANDRA JAIN	205061	1.63	30/03/2019			205061	1.62889
			31/03/2020			205061	1.62889
KARAN NEGI	148817	1.18	30/03/2019			148817	1.18212
			31/03/2020			148817	1.18212
NILESH CHANDRAKANT SHAH	100143	0.80	30/03/2019			100143	0.79548
			31/03/2020			100143	0.79548
RONALD C COGBURN	88978	0.71	30/03/2019			88978	0.70679
			31/03/2020			88978	0.70679
RISHI RAJENDRA SHAH	88613	0.70	30/03/2019			88613	0.70389
			31/03/2020			88613	0.70389
N SUCIL KUMAR	81685	0.64	30/03/2019			81685	0.64886
			10/01/2020	-73800	Transfer	7885	0.06263
			31/03/2020			7885	0.06263
PUSHPA SODHANI	25000	0.20	30/03/2019			25000	0.19859
			26/07/2019	12971	Transfer	37971	0.30162
			02/08/2019	23042	Transfer	61013	0.48465
			09/08/2019	11598	Transfer	72611	0.57678
			16/08/2019	5000	Transfer	77611	0.6165
31/03/2020			77611	0.6165			
BHUVANESWARI S	0	0	30/03/2019			0	0
			10/01/2020	73800	Transfer	73800	0.58623
			31/03/2020			73800	0.58623
REYNOLDS JAMES GREGORY	64488	0.51	30/03/2019			64488	0.51226
			31/03/2020			64488	0.51226

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Share Holder	Shareholding at the beginning of the Year		Changes during the year			Cumulative Shareholding during the Year	
		No of Shares	% of total shares of the company	Date	Increase/Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	Baldev Raj Gupta	11000	0.09	31-03-2019			11000	0.09
				07-06-2019	-500	Transfer	10500	0.08
				14-06-2019	-500	Transfer	10000	0.08
				21-06-2019	-1000	Transfer	9000	0.07
				31-03-2020	9000		9000	0.07
2	Sunil Rajadhyaksha	588720	4.68	31-03-2019	No Change during the year		588720	
				31-03-2020			588720	4.68
3	Surinder Rametra	120000	0.95	31-03-2019	No Change during the year		120000	
				31-03-2020			120000	0.95
4	Vikram Negi	63556	0.51	31-03-2019	No Change during the year		63556	
				31-03-2020			63556	0.51
5	Lakshmi Kumar	0	0		No share holding		0	0
6	Harjit Singh Anand	0	0		No share holding		0	0
7	Nilesh Suwalal Bafna	6500	0.05	31-03-2019	No Change during the year		6500	
				31-03-2020			6500	0.05
8	Bhuvanesh Sharma	500	0	31-03-2019	No Change during the year		500	0
				31-03-2020			500	0

V. INDEBTEDNESS

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

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year as at April 1, 2019				
i) Principal Amount*	428.24	-	-	428.24
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.83	-	-	2.83
Total (i+ii+iii)	431.07	-	-	431.07
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	104.8	-	-	104.8
Net Change	104.8	-	-	104.8
Indebtedness at the end of the financial year as at March 31, 2020				
i) Principal Amount*	323.44	-	-	323.44
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.1	-	-	2.1
Total (i+ii+iii)	325.54	-	-	325.54

* Secured loans against property lease

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Sunil Rajadhyaksha WTD	Mr. Vikram Negi WTD	Mr. Surinder Rametra WTD	
1	Gross salary	8	-	-	8
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission -as % of profit -others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	8	-	-	8
	Ceiling as per the Act	5% of net profits			Overall limit 10% of net profits

B. Remuneration to other directors (₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Baldev Raj Gupta	Harjit Singh Anand	Lakshmi Kumar	
1	Independent Directors Fee for attending board committee meetings	5.10	3.90	3.60	12.60
	Commission	-	-	-	-
	Others, please specify; -ESOP Perquisite	-	-	-	-
	Total (1)	5.10	3.90	3.60	12.60
2	Other Non-Executive Directors	NA	NA	NA	NA
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	5.10	3.90	3.60	12.60
Total Managerial Remuneration		NIL	NIL	NIL	NIL
Overall Ceiling as per the Act					

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Bhuvanesh Sharma Company Secretary	Mr. Nilesh Bafna Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26.99	25.17	52.16
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.32	0.64
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	27.31	25.49	52.80

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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

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

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

Remuneration-

- vi) 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.
- vii) 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.
- viii) The independent directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company.
- ix) 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.
- x) 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, 2020, 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 than ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ("hereinafter referred to as the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2020, its consolidated profit, other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

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

Emphasis of Matter :

We draw your attention to note no 33(E) of the consolidated financial statements with regard to Management's assessment of, inter-alia, realisability of financial investments of Rs. 265,864 thousands and recoverability of trade receivables measured at amortised cost of Rs.58,186 thousands due to COVID 19 pandemic outbreak. It has, apart from considering the internal and external information upto the date of approval of this consolidated financial statements, also performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions and it expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial statements. Considering the continuing uncertainties, the management will continue to closely monitor any material changes to future economic conditions.

Our Opinion is not modified in respect of this matter

Key Audit Matters

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

Sr. No	Key Audit Matters	Auditor's response
1.	<p><u>Valuation and Impairment of quoted equity instruments :</u></p> <p>The Group had made investment in Exela Technologies Inc. through Business Combination Agreement entered on July 12, 2017 and received equity stake in Exela Technologies, Inc. ("Exela"-Listed on NASDAQ) through Ex-Sigma LLC a special purpose vehicle formed for this transaction. We focused on the valuation of quoted equity instruments due to its materiality. As disclosed in note 6, as at March 31, 2020 the Group has quoted equity instruments of Rs. 265,864 thousands. These instruments are classified and measured at fair value through OCI.</p> <p>In view of investments being material, we have considered its valuation/impairment to be a significant matter.</p>	<p><u>Principal Audit Procedures:</u></p> <p>We observed the publicly available quoted prices of the underlying equity instrument-representing holding in Exela Technologies Inc. which are listed on the NASDAQ and also obtained external evidence of existence of investment through publicly available filings on NASDAQ from time to time and those have been valued at market value.</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Other Matter

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 18,932 thousands as at March 31, 2020 and total revenues of Rs. 3,940 thousands and net loss after other comprehensive income of Rs. 7,793 thousands for the year ended March 31, 2020, disclosed as discontinued operations. These financial statements / financial information of subsidiaries have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, the Group has kept proper books of account as required by law so far as it appears from our examination of those books and records.
- (c) The Consolidated Balance sheet, the Consolidated Statement of Profit & Loss, Consolidated Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and its subsidiaries incorporated in India, none of the directors of the Holding Company and its subsidiaries incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure "A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Group during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Group does not have any pending litigations which would impact its financial position in the consolidated financial statements. (Refer Note No.37)
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

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

Place : Mumbai
Date : July 21, 2020

Vinay Somani
Partner
M. No. : 143503
UDIN : 20143503AAAAHU4789

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HOV SERVICES LIMITED**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of HOV Services Limited ("the Holding Company") and its subsidiaries incorporated in India (collectively referred to as 'the Group').

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Group's assets that could have a material effect on the consolidated financial statements and (4) also provide us reasonable assurance by the internal auditors through their internal audit reports given to the Group from time to time

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Group has broadly, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Vinay Somani
Partner
M. No. : 143503
UDIN : 20143503AAAAHU4789

Place : Mumbai
Date : July 21, 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2020	As At March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	2	3,119	10,472
Investment property	3	89,514	91,395
Intangible assets	4	-	16
Right of Use -Lease	5	10,463	-
Financial assets			
Investments	6	2,65,864	58,62,250
Other financial assets	7	24,519	1,462
Income tax assets	8	1,502	1,947
Deferred tax assets	9	16,388	19,650
Other non-current assets	10	225	450
Current assets			
Financial assets			
Trade receivables	11	58,186	28,140
Cash & cash equivalents	12	19,125	70,071
Other bank balances	13	17,652	1,200
Other financial assets	14	1,748	2,452
Other current assets	15	8,341	8,220
Total assets		5,16,646	60,97,725
Equity and liabilities			
Equity	16		
Equity share capital		1,25,890	1,25,890
Other equity		2,11,454	43,10,304
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	20,523	32,354
Other financial liabilities	18	7,241	-
Deferred Tax Liabilities	19	-	15,87,815
Current liabilities			
Financial liabilities			
Trade payables	20		
Micro, Small and Medium Enterprises		555	318
Others		9,701	9,125
Other financial liabilities	21	1,30,941	21,214
Other current liabilities	22	1,004	1,464
Provisions	23	5,641	5,246
Current tax liabilities	24	3,696	3,995
Total equity and liabilities		5,16,646	60,97,725
Significant accounting policies	1		

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

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

For and on behalf of the Board

Vikram Negi
Chairman & Executive Director
(DIN:01639441)

Sunil Rajadhyaksha
Executive Director
(DIN:00011683)

Vinay Somani
Partner
M. No. 143503

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary

Nilesh Bafna
Chief Financial Officer

Place : Mumbai
Date : July 21, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Income			
Revenue from operations	25	1,09,716	1,05,443
Other income	26	12,411	9,577
Total Income		1,22,127	1,15,020
Expenditure			
Employee benefits expense	27	67,829	73,236
Finance Cost	28	7,175	-
Depreciation and amortisation expenses	2,4,5	5,543	5,252
Other expenses	29	18,939	29,628
Total Expenditure		99,486	1,08,116
Profit/(loss) before tax		22,641	6,904
Tax expense	30		
Current tax		(8,070)	(5,090)
Deferred tax		(74)	(58)
Profit/(loss) for the year from continuing operations		14,497	1,756
Discontinued Operations	31		
Loss before tax for the year from discontinued operations		(7,793)	-
Tax expense of discontinued operations		-	-
Profit/(loss) from Discontinued operations (after tax)		(7,793)	-
Profit/(loss) for the year		6,704	1,756
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Gain/(Loss) on Remeasurement of net defined benefit plans		(652)	557
Changes in fair value of FVOCI equity instruments		(56,97,504)	(40,10,176)
Tax impact on above		15,87,996	12,83,101
Total other comprehensive income		(41,10,160)	(27,26,518)
Total comprehensive income		(41,03,456)	(27,24,762)
Basic & diluted Earnings Per Share (Face value of Rs. 10 each) :	36		
Continuing Operations		1.15	0.14
Discontinued Operations		(0.62)	-
Continuing and Discontinued Operations		0.53	0.14
Significant accounting policies	1		
The accompanying notes 2 to 45 are an integral part of the consolidated financial statements			

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

For and on behalf of the Board

Vikram Negi
Chairman & Executive Director
(DIN:01639441)

Sunil Rajadhyaksha
Executive Director
(DIN:00011683)

Vinay Somani
Partner
M. No. 143503
Place : Mumbai
Date : July 21, 2020

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary

Nilesh Bafna
Chief Financial Officer

Consolidated Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in INR Thousands, unless otherwise stated)

EQUITY SHARE CAPITAL :

Particular	Balance as at April 1st, 2018	Changes in equity share capital during the year	Balance as at March 31st, 2019	Changes in equity share capital during the year	Balance as at March 31st, 2020
EQUITY SHARE CAPITAL	1,25,357	533	1,25,890	-	1,25,890

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 arising on translation of foreign operations	Remeasurements of net defined benefit plans	
Balances as at April 1, 2018	6,24,648	630	19,541	2,82,285	9,046	427	70,37,604
On allotment of equity shares under ESOP	1,541	-	-	-	-	-	1,541
Profit for the year	-	-	-	1,756	-	-	1,756
Addition/(deletion) during the year	-	-	-	-	(4,079)	-	(4,079)
Actuarial Gain for the year	-	-	-	-	-	402	402
Changes in fair value of FVOCI equity instruments	-	-	-	-	-	-	(27,26,920)
Balance as at March 31, 2019	6,26,189	630	19,541	2,84,041	4,967	829	43,10,304
Balance as at April 1, 2019	6,26,189	630	19,541	2,84,041	4,967	829	43,10,304
On allotment of equity shares under ESOP	-	-	-	-	-	-	-
Profit for the year	-	-	-	6,704	-	-	6,704
Loss transferred to retained earnings on sale of Investments (Refer note :6.1)	-	-	-	(2,48,206)	-	-	-
Interest booked by the subsidiary reserved in Consol	-	-	-	5,465	-	-	5,465
Addition/(deletion) during the year	-	-	-	-	(859)	-	(859)
Actuarial Gain for the year	-	-	-	-	-	(471)	(471)
Changes in fair value of FVOCI equity instruments	-	-	-	-	-	-	(41,09,689)
Balance as at March 31, 2020	6,26,189	630	19,541	48,004	4,108	358	2,11,454

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

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

For and on behalf of the Board

Vikram Negi
Chairman & Executive Director
(DIN:01639441)

Sunil Rajadhyaksha
Executive Director
(DIN:00011683)

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary

Nilesh Bafna
Chief Financial Officer

Vinay Somani
Partner
M. No. 143503
Place : Mumbai
Date : July 21, 2020

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

	For the year ended March 31, 2020	For the year ended March 31, 2019
A Cash flow from Operating Activities:		
Net profit/(loss) before tax & before exceptional items	14,848	6,904
Add Net loss before tax from discontinued operations	7,793	-
Net profit/(loss) before tax & exceptional items from continuing operations	22,641	6,904
Add: Adjustments for :		
Depreciation & amortisation	7,424	7,133
Loss on sale of Property, plant and equipment	-	(50)
Interest income	(2,819)	(4,360)
Rent income (net)	(4,839)	(3,585)
Finance cost	11,553	5,500
Foreign exchange (gain)/loss, net	(4,383)	(1,078)
Operating profit before working capital changes	29,577	10,464
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivable	(25,589)	17,529
(Increase)/decrease in other receivables	(26,227)	5,617
Increase/(decrease) in trade and other payable	1,091	(2,060)
Cash generated from operations	(21,148)	31,550
Taxes paid (including TDS) (net of refund)	(5,001)	(4,773)
Net cash from/(used in) operating activities - A	(26,149)	26,777
B Cash flow from investing activities:		
Purchase of property, plant and equipment	(23)	(1,869)
Sale of property, plant and equipment	-	360
Rent income received (net)	4,839	3,585
Payment towards acquisition of investment	(1,03,656)	-
Interest income	2,819	4,360
Net cash from/(used in) investing activities - B	(96,021)	6,436
C Cash flow from financing activities:		
Finance cost	(4,378)	(5,500)
Proceeds from issue of equity shares under ESOP	-	2,073
Payment of lease liabilities	(5,226)	-
Advance from a related party	1,03,656	-
Proceeds/(repayments) of borrowings- net	(10,480)	(9,371)
Net cash from/(used in) financing activities - C	83,572	(12,798)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(38,598)	20,415
Net (decrease) in cash and cash equivalents from discontinued operations	(12,348)	-
Opening cash and cash equivalents	70,071	49,656
Closing cash and cash equivalents	19,125	70,071
Cash and cash equivalents at the end (Continuing Operations)	17,022	70,071
Cash and cash equivalents at the end (Discontinuing operations)	2,103	-

1 Cash Flow from financing activities

	March 31, 2020	March 31, 2019
Long Term borrowings		
Opening Balance	42,824	52,195
Loan taken / (repaid)	(10,480)	(9,371)
Closing Balance	32,344	42,824

Significant accounting policies

1

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

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

For and on behalf of the Board

Vikram Negi
Chairman & Executive Director
(DIN:01639441)

Sunil Rajadhyaksha
Executive Director
(DIN:00011683)

Vinay Somani
Partner
M. No. 143503

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary

Nilesh Bafna
Chief Financial Officer

 Place : Mumbai
Date : July 21, 2020

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
1. SIGNIFICANT ACCOUNTING POLICIES
Group Overview:

HOV Services Limited ("Holding Company") and its subsidiaries collectively referred to as "the Group" is head quartered in Pune, India and operate as a hybrid between investment portfolios and a diversified services entity including data entry services, software development, support services. The Holding Company organize its portfolio companies by industry/by sector with forward-looking goals based on the ultimate benefit to the target customer base and to us as the owners. Environment business of the Group has been discontinued (Refer note 31). The Consolidated financial statements are approved for issue by the Holding Company's Board of Directors on July 21, 2020.

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, 2020	As at March 31, 2019
Subsidiaries :			
HOVS Holdings Limited	Hong Kong	100	100
HOVS, LLC	USA	100	100
HOV Environment LLC (Subsidiary of HOVS LLC)	USA	61.10	61.10
HOV Environment Solutions Private Limited (Wholly owned Subsidiary of HOV Environment LLC)	India	61.10	61.10

1.1 BASIS OF ACCOUNTING

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

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

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

1.2 USE OF ESTIMATES AND JUDGEMENTS

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

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

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

1.3 BASIS OF PREPARATION OF CONSOLIDATION FINANCIAL STATEMENTS

The consolidated financial statements comprise the financial statements of the 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 softwares meant for in-house consumption are capitalized at the acquisition price.:

Depreciation/amortisation:

Holding Company and Indian Subsidiaries

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

Investment in property is amortized over the period of lease.

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

Foreign Subsidiaries

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

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

1.5 IMPAIRMENT OF NON FINANCIAL ASSETS

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

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

1.6 REVENUE RECOGNITION
Rendering of services:

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

The Company derives revenue primarily from Software and IT Enabled Services, maintenance of software/hardware and related services and sale of software licenses. Revenue is recognized to the

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

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

Other Income

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

1.7 FINANCIAL INSTRUMENTS

Financial assets - Initial recognition

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

Subsequent measurement

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

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

(a) Measured at amortised cost:

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

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

A financial asset is measured at FVOCI, if it is held under the hold to collect and sell business model i.e. held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognised in the OCI, except for interest income which recognised using EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in the OCI is reclassified from the equity to Statement of Profit and Loss.

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

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

Equity Instruments:

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

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

Impairment

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

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

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

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

For financial assets other than trade receivables, the Group recognises 12-month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument

improves such that there is no longer significant increase in credit risks since initial recognition, then the Group reverts to recognizing impairment loss allowance based on 12 months ECL.

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

De-recognition

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

Financial Liabilities

Initial Recognition and measurement

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

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

Subsequent measurement

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

Loans & Borrowings:

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

Financial Guarantee Contracts

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

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on

substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Derivative financial instruments & hedge accounting

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

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

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

Cash flows hedge that qualify for the hedge accounting

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

Offsetting of financial instruments

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

1.8 FAIR VALUE MEASUREMENT:

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

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

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

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

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

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

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

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

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

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

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

1.9 EMPLOYEE BENEFITS

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

- (i) Defined benefit plans such a gratuity and
- (ii) 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:

- (i) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and
- (ii) 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

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

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

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

b) Defined-contribution plan:

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

c) Other employee benefits:

- (i) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.
- (ii) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

d) Expenses incurred towards voluntary retirement scheme are charged to the statement of profit and loss as and when incurred.

e) Other benefits comprising of discretionary long service awards are recognized as and when determined.

1.10 LEASES

Lessee:

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

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

Lessor :

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

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

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

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

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

c) Foreign currency translation

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

1.12 TAXES ON INCOME

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

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax provisions are included in current liabilities. Interest and penalties

on tax liabilities are provided for in the tax charge. The Group offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

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

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

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

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

1.13 PROVISIONS AND CONTINGENCIES

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

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

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

1.14 CASH AND CASH EQUIVALENTS

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

1.15 CASH FLOW STATEMENT

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

1.16 BORROWING COST

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

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

1.17 EARNINGS PER SHARE

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

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

1.18 SEGMENT REPORTING

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

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

The Group has identified its Executive Director as CODM which assesses the operational performance and position of the Group and makes strategic decisions (Refer note 43).

1.19 EXCEPTIONAL ITEMS

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

1.20 RECENT ACCOUNTING PRONOUNCEMENTS

There is no such notification which would have been applicable from April 01, 2020.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

2	Property, Plant and Equipment	Plant & Equipment	Computers	Furniture and Fixtures	Vehicles	Office Equipment	Total
	Gross carrying amount						
	Balance as at April 1, 2018	18,256	1,272	153	3,129	377	23,187
	Additions	1,847	-	-	-	22	1,869
	Deductions/ Adjustment	-	-	-	(558)	-	(558)
	Balance as at March 31, 2019	20,103	1,272	153	2,571	399	24,498
	Accumulated Depreciation						
	Balance as at April 1, 2018	7,743	817	46	485	214	9,305
	Additions	4,338	193	23	344	132	5,030
	Deductions/ Adjustment	(61)	-	-	(249)	-	(309)
	Balance as at March 31, 2019	12,020	1,010	69	580	346	14,026
	Net carrying amount as at April 1, 2018	10,513	455	107	2,644	163	13,882
	Net carrying amount as at March 31, 2019	8,083	262	84	1,991	53	10,472
	Gross carrying amount						
	Balance as at March 31, 2019	18,360	3,119	153	2,571	399	24,498
	Additions	-	-	-	-	23	23
	Deductions/ Adjustment	(18,360)	-	(146)	(25)	(10)	(18,541)
	Balance as at March 31, 2020	-	3,119	7	2,546	412	5,980
	Additions						
	Accumulated Depreciation						
	Balance as at March 31, 2019	12,124	1,010	69	580	346	14,026
	Additions	2,599	715	16	306	21	3,657
	Deductions/ Adjustment	(14,723)	-	(79)	(11)	(9)	(14,822)
	Balance as at March 31, 2020	-	1,725	6	875	358	2,861
	Net carrying amount as at March 31, 2019	6,236	2,109	84	1,991	53	10,472
	Net carrying amount as at March 31, 2020	-	1,394	1	1,671	54	3,119

3	Particulars	As at March 31, 2020	As at March 31, 2019
	Investment property		
	Investment property (at cost)		
	Leasehold office premises*	1,03,466	1,03,466
	Less : Accumulated amortisation :		
	Opening balance	(12,071)	(10,190)
	Add : Amortisation for the year	(1,881)	(1,881)
	Total Accumulated amortisation	(13,952)	(12,071)
	Total	89,514	91,395

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

Also refer note no: 41 for assets provided as security

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020
(All amounts in INR Thousands, unless otherwise stated)

4. Intangible Assets			5 Right of Use-Lease		
Software Product*	Other Softwares	Total	Particular	Right to Use-Lease**	Total
			Gross carrying amount		
400	1,123	1,523	Balance as at April 1, 2018	-	-
-	-	-	Additions	-	-
-	-	-	Deductions/ Adjustment	-	-
400	1,123	1,523	Balance as at March 31, 2019	-	-
			Accumulated Depreciation		
400	885	1,285	Balance as at April 1, 2018	-	-
-	222	222	Additions	-	-
-	-	-	Deductions/ Adjustment	-	-
400	1,107	1,507	Balance as at March 31, 2019	-	-
-	238	238	Net carrying amount as at April 1, 2018	-	-
-	16	16	Net carrying amount as at March 31, 2019	-	-
			Gross carrying amount		
400	1,123	1,523	Balance as at March 31, 2019	-	-
-	-	-	Additions: Reclassified as per IND AS 116**	14,947	14,947
-	-	-	Deductions/ Adjustment	-	-
400	1,123	1,523	Balance as at March 31, 2020	14,947	14,947
			Additions		
			Accumulated Depreciation		
400	1,107	1,507	Balance as at March 31, 2019	-	-
-	16	16	Additions	4,484	4,484
-	-	-	Deductions/ Adjustment	-	-
400	1,123	1,523	Balance as at March 31, 2020	4,484	4,484
-	16	16	Net carrying amount as at March 31, 2019	-	-
-	-	-	Net carrying amount as at March 31, 2020	10,463	10,463

*meant for license sale or otherwise

**Refer note: 40

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
6 Investments -non current		
Other Investment (FVOCI)		
Trade - Quoted (listed on Nasdaq)		
In Equity instruments		
- Exela Technologies, Inc - USA*		
No of Shares	1,72,03,471	2,89,08,987
% of Holding	11.35%	18.68%
Opening balance	58,62,250	98,72,426
Add: Acquisition of investment	1,01,118	-
Less: Sale/fair value loss recognised through OCI	(56,97,504)	(40,10,176)
Total	2,65,864	58,62,250
Aggregate market value of quoted investments	2,65,864	58,62,250
6.1	<p>The Group had entered into a Business Combination Agreement on July 12, 2017, and received equity stake in Exela Technologies, Inc. (Listed on NASDAQ) through Ex-Sigma LLC a special purpose vehicle formed for Exela Technologies, Inc.business combination transaction. The Ex Sigma LLC had acquired this stake through debt and hence this stake carry lien against aforesaid debt. During the year, Ex-Sigma sold part of group's share of stake in Exela to fully repay the debt associated with the business combination. As a result, the Group now holds 17,203,471 shares (representing 11.35% of Exela Technologies, Inc.) free from any encumbrances/lien as on March 31, 2020 (as against 28,908,987 shares i.e. 18.68% as on March 31,2019). The fair value of aforesaid investments is net of Company's share of debt is Rs. Nil (as aganist Rs. 816,656 Thousands as on March 31, 2019). This investment in Equity is a financial instrument designated as Fair Value through other Comprehensive Income (FVOCI) i.e. not to be reclassified to profit and loss subsequently. The investment is a long term and strategic in nature and in the opinion of the management, the fall in value is temporary, and expects better future performance from the investee.</p>	
7 Other financial assets - Non current		
Deposits for premises and others	1,461	1,462
Loans to employees	558	-
Fixed deposits with maturity more than one year	22,500	-
Total	24,519	1,462
8 Income tax assets		
Advance Tax and TDS	1,502	1,947
Total	1,502	1,947
9 Deferred tax assets		
Deferred tax asset (Refer Note 30)	1,568	1,461
MAT credit receivable	14,820	18,189
Total	16,388	19,650

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2020	As at March 31, 2019
10	Other non current assets		
	Prepaid expenses	225	450
	Total	225	450
11	Trade receivables*		
	Trade Receivables-Unsecured-considered good	58,186	28,140
	Trade Receivables which have significant increase in Credit Risk	-	-
	Trade Receivables - credit impaired	-	-
	Total	58,186	28,140
	*Refer note no: 39 for Due from related parties		
12	Cash and cash equivalents		
	Balance with banks in current accounts	10,007	1,424
	Cash on hand	18	4
	Fixed deposits with Banks	9,100	67,400
	Remittances in transit (subsequently realised)	-	1,243
	Total	19,125	70,071
13	Other bank balances		
	Fixed Deposit with banks (earmarked)*	1,174	1,174
	Fixed deposits with banks (Others)	16,450	-
	Trust account	28	26
	Total	17,652	1,200
	* Pledged with banks against guarantees issued and credit facilities taken by a step down subsidiary.		
14	Other financial assets - Current		
	Deposits	-	527
	Loans to Employees	312	-
	Interest accrued but not due on fixed deposits	1,436	1,925
	Total	1,748	2,452
15	Other current assets		
	Advances to suppliers	45	264
	Balance with Government Authorities	7,540	7,366
	Prepaid expenses	756	590
	Total	8,341	8,220

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

16	Particulars	As at March 31,	
		2020	2019
	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		
	Equity Shares of Rs. 10 each fully paid up	1,25,890	1,25,890
	Total	1,25,890	1,25,890
	The reconciliation of the number of equity shares outstanding	As At	
		March 31, 2020	
		As At	
		March 31, 2019	
		Numbers	Amount
	Equity Shares at the beginning of the year	1,25,88,972	1,25,890
	Add: Equity shares issued during the year	-	-
	Equity Shares at the end of the year	1,25,88,972	1,25,890

Terms/rights attached to Equity shares :

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

The details of Shareholders holding more than 5% shares:

Name of the Shareholders	As At		As At	
	March 31, 2020		March 31, 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
ADESI 234, LLC	30,00,985	23.84%	30,00,985	23.84%
HOF 2 LLC	16,67,933	13.25%	16,67,933	13.25%
Chitale LLC	7,86,224	6.25%	8,11,224	6.44%
Stern Capital Partners LLC	6,94,246	5.51%	6,94,246	5.51%

In the Period of five years immediately preceding March, 2020:

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

Shares reserved for issue under options:
Employees Stock Option Plan (Plan 2007):

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As At March 31, 2020		As At March 31, 2019	
	Directors	Others	Directors	Others
Options outstanding at the beginning of the year	15,000	15,000	50,500	34,950
Add: Options Granted during the year	-	-	-	-
Less: Options Lapsed/Forfeited	-	(1,000)	-	(2,200)
Less: Shares allotted on option exercised during the year	-	-	(35,500)	(17,750)
Options outstanding at the end of the year	15,000	14,000	15,000	15,000

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

Particulars	As At March 31, 2020	As At March 31, 2019
Share price Rs	22.90	129.05
Range of Exercise Price	Rs. 25.40-85.35	Rs. 25.40-85.35
Expected volatility %	4.01	13.97
Expected life of the options (years)	1-2 years	1-4 years
Expected Dividend %	Not applicable	Not applicable
Risk Free Interest Rate %	6.14	6.69
Range of call option value as on date of Grant	Rs. 55.16-109.49	Rs. 55.16-109.49

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2020	As at March 31, 2019
17	Borrowings Secured*		
	Term loans from banks	20,523	32,354
	Total	20,523	32,354
	*(Secured by way of deposit of title deeds of investment property)		
18	Other Financial Liabilities- Non current		
	Lease liabilities (Refer note: 40)	7,241	-
	Total	7,241	-
19	Deferred Tax liabilities		
	Deferred Tax Liabilities	-	15,87,815
	Total	-	15,87,815
20	Trade payables		
	Micro, small and medium enterprises*	555	318
	Others	9,701	9,125
	Total	10,256	9,443

Note:

1. Refer note 39 for related party balances.
2. The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

Particulars	As At March 31, 2020	As At March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	555	318
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2020	As at March 31, 2019
21	Other financial liabilities		
	Current maturities of long term borrowings	11,821	10,470
	Current maturities of lease liabilities	4,119	-
	Interest accrued but not due on borrowings	6,098	5,748
	Security deposits towards office premises	2,341	2,162
	Advance from related parties	1,06,287	2,352
	Other payables	275	482
	Total	1,30,941	21,214
22	Other current liabilities		
	Statutory dues payable	1,004	1,464
	Total	1,004	1,464
23	Provisions		
	Provision for employee benefits:		
	Compensated Absences	1,987	1,592
	Gratuity (Refer note 35)	3,654	3,654
	Total	5,641	5,246
24	Current tax liabilities		
	Provision for Income tax (Net of advance tax paid of Rs 4,374 Thousands; Previous year Rs 6,805 Thousands)	3,696	3,995
	Total	3,696	3,995

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
25	Revenue from operations		
	Software and IT enabled services	1,09,716	1,05,443
	Total	1,09,716	1,05,443
26	Other income		
	Interest income	2,819	4,360
	Provisions no longer payable written back	84	63
	Gain on Variation in Foreign Exchange Rates (Net)	4,457	1,100
	Profit on sale of Property, Plant and Equipment	-	50
	Other Income	212	419
	Rent received	11,098	10,966
	Less: expenses attributed to rental income :		
	Finance cost	(4,378)	(5,500)
	Amortisation	(1,881)	(1,881)
	Net rental income	4,839	3,585
	Total	12,411	9,577
27	Employee benefits expense		
	Salaries and wages	58,646	67,034
	Contributions to provident and other funds	5,552	3,553
	Staff welfare expenses	3,631	2,649
	Total	67,829	73,236
28	Finance Cost		
	Interest component of interest free advance from related party	5,536	-
	Interest component of lease liabilities (Refer note: 40)	1,639	-
	Total	7,175	-
29	Other expenses		
	Rent	958	6,975
	Repairs & maintenance - building	1,118	920
	Repairs & maintenance - computers	203	75
	Repairs & maintenance - others	326	383
	Insurance	81	94
	Rates and taxes	861	2,002
	Power & fuel expenses	3,649	3,115
	Membership & subscription fees	579	579
	Travelling & conveyance expenses	1,026	1,816
	Communication cost	1,374	1,324
	Advertising & publicity expenses	193	178
	Office upkeep & maintenance expenses	3,440	3,247
	Legal & professional charges	1,075	2,071
	Directors sitting fees	1,260	1,240
	Auditors Remuneration (refer note 42)	1,507	1,208
	Listing Fees	696	637
	Office, Administrative & Other Expenses	593	972
	Environment Project Expenses	-	2,792
	Total	18,939	29,628

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	2019-20	2018-19
30 Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	8,070	5,090
Deferred Tax	74	58
Total tax expense	8,144	5,148

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	22,641	6,904
Income tax as per above rate	6,299	1,921
Adjustments:		
Change in tax rates	-	143
Unabsorbed losses on which deferred tax asset not recognised	1,845	3,084
Income tax as per statement of profit and loss	8,144	5,148

The following movement is in deferred tax assets and liabilities during the year ended March 31, 2019 and March 31, 2020 is as under:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at April 1, 2019	(Credit)/charge for the year	As at March 31, 2020
Deferred tax assets			
Amount allowable on payment basis-employee benefits	1,459	110	1,569
MAT credit Entitlement	18,189	(3,369)	14,820
Total deferred tax asset	19,648	(3,259)	16,389
Deferred tax liability			
Differences in written down value of fixed assets	2	(3)	(1)
Total deferred tax liability	2	(3)	(1)
Total Deferred tax asset (net)	19,650	(3,262)	16,388

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

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

Particulars	As at April 1, 2019	(Credit)/charge for the year	As at March 31, 2020
Deferred tax liabilities			
Profit on divestment of stake in associate in Business Combination	43,24,677	(43,24,677)	-
Total deferred tax liability	43,24,677	(43,24,677)	-
Deferred tax assets			
Changes in fair value of FVOCI equity instruments	(14,53,605)	14,53,605	-
Total deferred tax asset	(14,53,605)	14,53,605	-
Total Deferred tax liability (net)	28,71,072	(28,71,072)	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

31 Discontinued operations

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

Particulars	For The Year Ended March 31, 2020	For The Year Ended March 31, 2019
Total Income	3,940	-
Total Expenses	11,733	-
Profit/(Loss) before tax	(7,793)	-
Tax Expenses	-	-
Profit/(Loss) after tax	(7,793)	-

32 Financial Instruments

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

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

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

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

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

A Financial assets

Particulars	Note No.	In struments carried at fair value		Instruments carried at amortised cost		Total fair value
		At cost	FVOCI Level 1	Carrying amount	Total carrying amount	
As at March 31, 2019						
Investment	6	-	58,62,250	-	58,62,250	58,62,250
Trade receivables	11	-	-	28,140	28,140	28,140
Cash & cash equivalents	12	-	-	70,071	70,071	70,071
Other bank balances	13	-	-	1,200	1,200	1,200
Other financial assets	14, 7	-	-	3,914	3,914	3,914
Total		-	58,62,250	1,03,325	59,65,575	59,65,575
As at March 31, 2020						
Investment	6	-	2,65,864	-	2,65,864	2,65,864
Trade receivables	11	-	-	58,186	58,186	58,186
Cash & cash equivalents	12	-	-	19,125	19,125	19,125
Other bank balances	13	-	-	17,652	17,652	17,652
Other financial assets	14, 7	-	-	26,267	26,267	26,267
Total		-	2,65,864	1,21,230	3,87,094	3,87,094

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

B Financial liabilities

Particulars	Note No.	Instruments carried at fair value		Instruments carried at amortized cost		Fair value
		FVTPL	Total carrying amount and fair value	Carrying amount	Total carrying amount	
As at March 31, 2019						
Non Current Borrowings	17	-	-	32,354	32,354	32,354
Trade payables	20					
Micro, Small and Medium Enterprises		-	-	318	318	318
Others		-	-	9,125	9,125	9,125
Other financial liabilities	18,21	-	-	21,214	21,214	21,214
Total		-	-	63,011	63,011	63,011
As at March 31, 2020						
Non Current Borrowings	17	-	-	20,523	20,523	20,523
Trade payables	20					
Micro, Small and Medium Enterprises		-	-	555	555	555
Others		-	-	9,701	9,701	9,701
Other financial liabilities	18,21	-	-	1,38,182	1,38,182	1,38,182
Total		-	-	1,68,961	1,68,961	1,68,961

33 Risk Management
Financial risk management objectives and policies

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

A. Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Individual credit period and limits are set accordingly. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information to decide on this such as:

- i) Actual or expected significant adverse changes in business
- ii) Actual or expected significant changes in the operating results of the counterparty
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- iv) Significant increase in credit risk on other financial instruments of the same counterparty.

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

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

Trade receivables under simplified approach is as under :

Due from the date of invoice	As At March 31, 2020	As At March 31, 2019
0-12 months	58,186	28,140
beyond 12 months	-	-
Total	58,186	28,140

B. Liquidity risk

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

Financing arrangements
Contractual maturity patterns of borrowings

Particulars	As At March 31, 2020		
	0-1 years	1-5 years	Total
Long term borrowings (Including current maturity of long term debt) As at March 31, 2020	11,821	20,523	32,344
As at March 31, 2019	10,470	32,354	42,824

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Contractual maturity patterns of Financial Liabilities

Particulars	As At March 31,	As At March 31,
	2020	2019
	0-12 Months	0-12 Months
Trade Payable	10,256	9,443
Other financial liabilities	1,30,941	21,214
Total	1,41,197	30,657

C. Market risk-interest rate risk

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

Exposure to interest rate risk

Particulars	As At March 31,	As At March 31,
	2020	2019
Borrowings bearing variable rate of interest	32,344	42,824

Interest rate sensitivity

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

Particulars	2019-20	2018-19
50 bp increase- decrease in profits	(188)	(238)
50 bp decrease- Increase in profits	188	238

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	
	2019-20	2018-19	2019-20	2018-19
Open Foreign Exchange Exposures - Receivable	\$772	\$407	₹ 58,186	₹ 28,140

Foreign currency risk sensitivity

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

Particulars	2019-20		2018-19	
	1% Increase	1% decrease	1% Increase	1% decrease
US\$ to Indian ₹	582	(582)	281	(281)
Increase / (decrease) in profit or loss	582	(582)	281	(281)

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, 2020

(All amounts in INR Thousands, unless otherwise stated)

E. Covid Risk:

In March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic which continues to spread across the country. On March 25, 2020, the Government of India has declared this pandemic as infectious disease / health emergency, ordered temporarily close all non-essential businesses, imposed restrictions on movement of goods/material, travel, etc. The nature of services provided by the Group majorly fell under non-essential category. However, the Group has provided work from home facility to its employees and hence the Group does not expect major fall in revenue and profitability during such restrictions. In assessing, inter-alia, the recoverability of financial investments of Rs.265,864 thousands and trade receivables measured at amortised cost of Rs.58,186 thousands apart from considering the internal and external information up to the date of approval of these financial statement, the Group has also performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial statements. Considering the continuing uncertainties, the Group will continue to closely monitor any material changes to future re economic conditions.

34 Capital risk management

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

Particulars	As At March 31, 2020	As At March 31, 2019
Debt including interest free advance from a related party	1,36,068	42,824
Total Equity	3,37,344	44,36,194
Debt to Total Equity	0.40	0.01

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

Group's moderate capex plan over the medium term shall be largely funded through internal accruals and suppliers credit.

The Group is committed to become virtual debt free Group in couple of years which shall further improve its capital structure.

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

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

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

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

Particulars	Defined benefit plans	
	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	6,062	5,065
Less Fair value of plan assets	2,408	1,411
Asset/(Liability) recognised	(3,654)	(3,654)

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

Particulars	Present value of obligations	Fair Value of Plan assets
	As at April 1, 2018	5,573
Current service cost	640	-
Past service cost	-	-
Interest cost	439	-
Interest income	-	76

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Present value of obligations	Fair Value of Plan assets
Return on plan assets excluding amounts included in net finance income/cost	-	-
Actuarial (gain)/loss arising from changes in demographic assumptions	-	(80)
Actuarial (gain)/loss arising from changes in financial assumptions	43	-
Actuarial (gain)/loss arising from experience adjustments	(680)	-
Employer contributions	-	1,400
Benefit payments	(950)	(950)
As at March 31, 2019	5,065	1,411

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

- active members - 151 (2018-19 : 155)

C. Statement of profit and loss

Employee benefit expenses:		
Current service cost	627	640
Interest cost/(income)	285	363
Total amount recognised in Statement of profit & loss	912	1,003
Actuarial gains/(losses) on obligations for the period	591	(637)
Written on Plan assets excluding interest income	61	80
Total amount recognised in Other Comprehensive Income	652	(557)

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, 2020	As at March 31, 2019
Financial Assumptions		
Discount rate	6.82%	7.79%
Expected rate of return on plan assets	6.82%	7.79%
Salary escalation rate	5.00%	5.00%
Rate of Employee Turnover		
- For service 4 years and below	8.00%	8.00%
- For service 5 years and above	2.00%	2.00%
Demographic assumptions		
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

E. Sensitivity

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

Impact on defined benefit obligation	Increase / (Decrease) in liability	
	As at March 31, 2020	As at March 31, 2019
Particulars		
Projected benefit obligation on current assumptions	6,062	5,065
+1% Change in rate of discounting	(632)	(495)
-1% Change in rate of discounting	761	593
+1% Change in rate of Salary increase	767	604
-1% Change in rate of Salary increase	(648)	(512)
+1% Change in Attrition Rate	114	154
-1% Change in Attrition Rate	(134)	(179)

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,	As at March 31,
	2020	2019
Projected Benefits Payable in Future Years From the Date of Reporting		
1st Following Year	714	659
2nd Following Year	392	145
3rd Following Year	152	539
4th Following Year	164	149
5th Following Year	178	160
Sum of Years 6 To 10	1665	1540
Sum of Years 11 and above	13103	12032

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

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

36 Earnings per share (EPS)	2019-20	2018-19
Net profit/(loss) as per statement of profit and loss after tax :		
Continuing operations	14,497	1,756
Discontinued operations	(7,793)	-
Continuing operations and Discontinued operations	6,704	1,756
Weighted average number of equity shares	1,25,88,972	1,25,79,024
Add : effect of dilutive issue of options	4,143	18,865
Diluted weighted average number of equity shares	1,25,88,972	1,25,97,889
Nominal value of equity shares (in nos.)	10	10
Basic and Diluted earnings per share :		
Continuing Operations	1.15	0.14
Discontinued Operations	(0.62)	-
Continuing and Discontinued Operations	0.53	0.14

37 Contingent liabilities not provided for :

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

Particulars	2019-20	2018-19
Fixed deposit pledged against guarantees issued for custom bond	216	216
Fixed deposit pledged against credit facilities	958	958

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

38 Commitments

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

Particulars	2019-20	2018-19
- within one year	6,515	5,522
- later than one year and not later than five years	11,401	13,233

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

Particulars	2019-20	2018-19
- within one year	11,284	11,098
- later than one year and not later	6,582	17,866

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

39 Disclosure on related party transactions
Name of related parties and description of relationship:
Associates /Entities in which KMPs are interested /Key Managerial Personnel (KMP) and their relatives with whom transactions have been entered during the year in the ordinary course of Business:
Associates :

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

Key Managerial Personnel (KMP) :

Mr. Vikram Negi (Chairman and Executive Director)
 Mr. Surinder Rametra (Executive Director)
 Mr. Sunil Rajadhyaksha (Executive Director)
 Mr. Nilesh Bafna (Chief Financial Officer)
 Mr. Bhuvanesh Sharma (VP-Corporate Affairs and Company Secretary)

Relatives of KMP :

Mrs. Rekha Sharma
 Mrs. Deepali Bafna

Non Executive Director

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

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

Name of the Party	Nature of Transactions	For the year ended	For the year ended
		March 31, 2020	March 31, 2019
SourceHOV, LLC	Services provided	94,366	90,328
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	15,350	15,115
Transcentra FTS Private Limited	Rent received	11,098	10,966
	Reimbursement of expenses	2,223	2,126
HGM Fund	Advance taken	1,03,656	-
	Other advance received	68	-
Mr. Sunil Rajadhyaksha	Managerial remuneration	800	4,800
Mr. Baldev Raj Gupta	Sitting fees & ESOP Perquisite	510	2,381
Mr. Harish Bhasin	Sitting fees & ESOP Perquisite	-	4,557
Mrs. Lakshmi Kumar	Sitting fees	360	420
Mr. Rohit Jain	Sitting fees	-	50
Mr. Harjit Singh Anand	Sitting fees	390	50
Mr. Nilesh Bafna	Salary (including ESOP & other perquisites)	2,550	3,179
Mr. Bhuvanesh Sharma	Salary (including perquisites)	2,731	2,698
Mrs. Rekha Sharma	Car rental	288	288
Mrs. Deepali Bafna	Car rental	288	288

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Name of the Party	Nature of Balances	As at March 31, 2020	As at March 31, 2019
SourceHOV, LLC	Trade receivables	50,044	21,915
HOVG, LLC dba Bay Area			
Credit Service, LLC	Trade receivables	8,142	6,225
HGM Fund	Advance payable	1,03,724	-
Rule 14 LLC	Other payable	2,563	2,352
Transcentra FTS Private Limited	Deposit payable	2,650	2,650
	Reimbursement of expenses	158	-
Mr. Sunil Rajadhyaksha	Remuneration payable	239	197
Mrs. Rekha Sharma	Car rental payable	24	24
Mrs. Deepali Bafna	Car rental payable	37	24

Notes:

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

40 Ministry of Corporate Affairs through Companies (Indian Accounting Standards) Amendments Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules has notified IND AS 116 Leases which replaces the existing lease standard, IND AS 17 leases and other interpretations. IND AS 116 sets out the principles for the recognition, measurements, presentation and disclosure of leases for both lessee and lessors. It introduces a single, on balance sheet lease accounting model for leases.

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

Due to transition, the nature of expenses in respect of operating leases has changed from 'Lease Rent' to depreciation cost and finance cost for the right to use assets and for interest accrued on lease liability respectively and therefore, these expenses for the current year are not comparable to the previous year to that extent.

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

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

Particulars	Amount Rs in Thousands
Right of use-lease	14,947
Lease liabilities	14,947

Following is the movement in lease liabilities during the year ended March 31, 2020 :

Particulars	Amount Rs in Thousands
Balance as at April 1, 2019 (inception date)	14,947
Additions	-
Interest accrued during the year	1,639
Deletions	-
Payment of Lease liabilities	(5,226)
Balance as at March 31, 2020	11,360
- Current lease liabilities	4,119
- Non Current lease liabilities	7,241

Breakup of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount Rs in Thousands
Less than one year	5,762
One to five years	1,984
More than five years	-

Short term lease expense incurred for the year ended March 31, 2020 :

Particulars	Amount Rs in Thousands
Rental expense	958
Vehicle Expense	1,352

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

41 Assets provided as security

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

Particulars	As At March 31, 2020	As At March 31, 2019
Investment property	89,514	91,395
Financial Assets :		
Fixed deposit with banks	1,174	1,174
Investments	-	58,62,250
Total	90,688	59,54,819

42 Payment to auditors of Holding Company

	2019-20	2018-19
<i>(Excluding Taxes)</i>		
Audit fees	800	800
Limited review fees	450	225
Certification fees	190	150
Reimbursement of expenses	67	33
Total payment to auditors	1,507	1,208

43 Segment Reporting:

Particulars	As at March 31, 2019
Segment Revenue :	
(a) Software and IT Enabled Services	1,05,443
(b) Environment Solutions Business*	-
Revenue from operations	1,05,443
Segment Results Profit/(Loss) before tax and interest from segment :	
(a) Software and IT Enabled Services*	7,464
(b) Environment Solutions Business	(10,137)
(c) Unallocable (Net of Expenses)	9,577
Total	6,904
Less : Finance Cost	-
Provision for Tax	(5,148)
Total Profit/(Loss) after taxation	1,756
Add: Other Comprehensive Income	(2,72,26,518)
Total Comprehensive Income	(2,72,24,762)
Segment Assets :	
(a) Software and IT Enabled Services	1,19,115
(b) Environment Solutions Business	24,965
(c) Unallocable	59,53,645
Total Assets	60,97,725

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	As at March 31, 2020	As at March 31, 2019
Segment Liabilities :		
(a) Software and IT Enabled Services	-	23,690
(b) Environment Solutions Business	-	7,202
(c) Unallocable	-	16,30,639
Total Liabilities	-	16,61,531
Capital Employed :		
(a) Software and IT Enabled Services	-	95,425
(b) Environment Solutions Business	-	17,763
(c) Unallocable	-	43,23,006
Total Capital Employed	-	44,36,194

*During the year, the Group has disclosed its Environment Business as discontinued operations (Refer note 31). Hence it has only one reportable segment i.e. 'Software and IT Enabled services' in Operating Segments.

- 44** Certain financial assets and financial liabilities are subject to formal confirmations and reconciliations, if any. The Management, however, is confident that the impact whereof for the year on the financial statements will not be material.
- 45** Previous years' figures have been regrouped/reclassified wherever necessary to conform the current year's classification.

Signature to Notes 1 - 45

For and on behalf of the Board

Vikram Negi
Chairman & Executive Director
 (DIN:01639441)

Sunil Rajadhyaksha
Executive Director
 (DIN:00020066)

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

Nilesh Bafna
Chief Financial Officer

Place : Pune
 Date : July 21, 2020

Notes to Consolidated Financial Statements for the year ended March 31 2020

Name of Entity	Net Assets, i.e Total Assets minus total liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount in Lakhs	As % of Consolidated Profit or Loss	Amount in Lakhs
Parent				
HOV Services Limited	92.18%	3,109.57	(26.70%)	10,956.58
Indian Subsidiaries				
HOV Environment Solutions Private Limited	(33.58%)	(1,132.67)	0.19%	(77.66)
Foreign Subsidiaries				
HOVS LLC	15.98%	539.04	126.51%	(51,913.21)
HOVS Holding Limited	29.89%	1,008.22	0.00%	0
HOV Environment LLC	(4.47%)	(150.70)	0.00%	-0.27

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, 2020, the Statement of Profit and Loss, Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, its loss, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Emphasis of Matter :

We draw your attention to note no 31(E) of the standalone financial statements with regards to Management's assessment of, inter-alia, realisability of Financial investments in subsidiaries of Rs. 53,911 thousands and recoverability of Trade receivables measured at amortised cost of Rs.58,186 thousands due to COVID 19 pandemic outbreak. It has, apart from considering the internal and external information upto the date of approval of these standalone financial statements, also performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions and it expects to recover the carrying amount of these assets.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these standalone financial statements. Considering the continuing uncertainties, the management will continue to closely monitor any material changes to future economic conditions.

Our Opinion is not modified in respect of this matter

Key Audit Matters

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

Sr. No	Key Audit Matters	Auditor's response
1.	<p><u>Valuation and Impairment of unquoted equity instruments in subsidiary:</u></p> <p>The Company had made investment in a wholly owned subsidiary namely HOVS, LLC Rs.53,904 Thousands (being carrying value as on March 31, 2020, Net of provision of diminution of Rs. 606,866 Thousands). HOVS, LLC in turn has acquired stake in Exela Technologies Inc. through Business Combination Agreement entered on July 12, 2017 and received equity stake in Exela Technologies, Inc. ("Exela"-Listed on NASDAQ) through Ex-Sigma LLC a special purpose vehicle formed for this transaction. These investment is classified and measured at fair value through OCI.</p> <p>In view of investments being material, we have considered its valuation/impairment to be a significant matter.</p>	<p>We observed the publicly available quoted prices of the underlying equity instrument representing holding in i.e. Exela Technologies Inc. which is listed on the NASDAQ and also obtained external evidence of existence of investment through publicly available filings on NASDAQ from time to time and obtaining holding statement from the custodian . We analyzed the possible indications of impairment and the forecasted results of the subsidiary i.e HOVS, LLC. Based on these tests which reveals impairment and therefore necessary provision for diminution in value of Investment in HOVS, LLC has been made. As explained by the management no further impairment is expected in this investment.</p>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. Pursuant to the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and records.
 - (c) The Balance sheet, the Statement of Profit & Loss, Other Comprehensive Income, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Account) Rules, 2014.
 - (e) On the basis of the written representation received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Company during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the matters to be included in the Auditor's report in accordance with the rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its standalone financial statements. [Refer Note 35]
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place : Mumbai
Date : July 21, 2020

Vinay Somani
Partner
M. No. : 143503
UDIN:20143503AAAAHT2515

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

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

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment (Fixed Assets).
b) Due to COVID -19, physical verification of fixed assets have not been carried out during the year by the management. However, as explained by the management, there will not be any material discrepancies as and when such verification will be carried out.
c) According to the information and explanations given to us and on the basis of our examination of the records of the Company title deeds of the immovable property are held in the name of the Company.
2. The Company does not hold any inventory. Therefore, Para 3 (ii) of the Order is not applicable to the Company.
3. During the year, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnership or other parties covered in the register maintained under section 189 of the Act. Therefore, Para 3 (iii) of the Order is not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions referred in Section 185 of the Act. The Company has complied with the provisions of 186 of the Act with respect to the loans and investments made.
5. No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder have been accepted by the Company.
6. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under Section 148 (1) of the Act for any of the activities of the Company.
7. a) According to the information and explanations given to us and on the basis of our examination of the records, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Sales Tax, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income Tax and Goods and Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Sales Tax, Cess which have not been deposited on account of any dispute.
8. In our opinion and according to the information and explanations given to us, during the year, the Company has not defaulted in repayment of dues to banks. Further the Company has not taken any loan or borrowings from financial institutions, government or debenture holders.
9. The Company has utilised the term loan taken from a bank for the purposes for which it was raised. Further the Company has not raised any money by way of initial public offer or further public offer in the recent past.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information

and explanations given to us, we have neither come across any material instance of fraud by or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.

11. According to the information and explanations given to us and based on our examination of the books and records of the Company, it has paid / provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion the Company is not a Nidhi Company. Therefore, Para 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us, the provision of Section 177 and 188 of Act, to the extent applicable, in respect of transactions with the related parties have been complied by the Company and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards (Refer Note 37).
14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Therefore, Para 3 (xiv) of the Order is not applicable to the Company.
15. According to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him under Section 192 of the Act.
16. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

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

Place: Mumbai
Date: July 21, 2020

Vinay Somani
Partner
M. No. : 143503
UDIN:20143503AAAAHT2515

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

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

We have audited the internal financial controls over financial reporting of HOV SERVICES LIMITED ("the Company") as of March 31, 2020 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

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

Place: Mumbai
Date: July 21, 2020

Vinay Somani
Partner
M. No. : 143503
UDIN:20143503AAAAHT2515

BALANCE SHEET AS AT MARCH 31, 2020
(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No	As At March 31, 2020	As At March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	2	3,119	4,139
Investment property	3	89,514	91,396
Intangible assets	4	-	16
Right of Use -lease	5	10,463	-
Financial assets			
Investments in subsidiaries	6	53,911	6,60,777
Loans to a step down subsidiary	7	-	-
Other financial assets	8	18,519	1,461
Deferred tax assets	9	16,388	19,650
Other non-current assets	10	225	449
Current assets			
Financial assets			
Trade receivables	11	58,186	28,140
Cash & cash equivalents	12	16,054	54,936
Other bank balances	13	9,644	242
Other financial assets	14	1,143	1,405
Other current assets	15	8,247	7,993
Total assets		2,85,413	8,70,604
Equity and liabilities			
Equity	16		
Equity share capital		1,25,890	1,25,890
Other equity		93,036	6,80,551
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	20,523	32,354
Other financial liabilities	18	7,241	-
Current liabilities			
Financial liabilities			
Trade payables	19		
Micro, Small and Medium Enterprises		555	318
Others		9,094	7,462
Other financial liabilities	20	18,766	13,363
Other current liabilities	21	971	1,425
Provisions	22	5,641	5,246
Current tax liabilities	23	3,696	3,995
Total equity and liabilities		2,85,413	8,70,604
Significant accounting policies	1		

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

As per our report of even date

For **Bagaria & Co. LLP**

Chartered Accountants

FRN - 113447W/W-100019

For and on behalf of the Board

Vikram Negi

Chairman & Executive Director
(DIN:01639441)

Sunil Rajadhyaksha

Executive Director
(DIN:00011683)

Vinay Somani

Partner

M. No. 143503

Place : Mumbai

Date : July 21, 2020

Bhuvanesh Sharma

VP-Corporate Affairs
& Company Secretary

Nilesh Bafna

Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	Note No.	For the year Ended March 31, 2020	For the year Ended March 31, 2019
Income			
Revenue from operations	24	1,09,716	1,05,443
Other income	25	12,199	9,317
Total Income		1,21,915	1,14,760
Expenditure			
Employee benefits expenses	26	67,829	71,392
Finance cost	27	1,639	-
Depreciation and amortisation expenses	2,4,5	5,543	854
Other expenses	28	18,937	24,523
Total Expenditure		93,948	96,769
Profit before exceptional items		27,967	17,991
Exceptional items	37	(6,06,866)	-
Profit/(loss) before tax		(5,78,899)	17,991
Tax expense	29		
Current tax		(8,070)	(5,090)
Deferred tax		(74)	(58)
Profit/(loss) after tax for the year		(5,87,043)	12,843
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Gain/(loss) on Remeasurement of net defined benefit plans		(652)	557
Tax impact on above		181	(155)
Total other comprehensive income		(471)	402
Total comprehensive income		(5,87,514)	13,245
Earnings per share	34		
Basic & diluted Earning Per Share (Face value of Rs. 10 each) :			
Before exceptional items		1.57	1.02
After exceptional items		(46.63)	1.02
Significant accounting policies	1		

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

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

For and on behalf of the Board

Vikram Negi
 Chairman & Executive Director
 (DIN:01639441)

Sunil Rajadhyaksha
 Executive Director
 (DIN:00011683)

Vinay Somani
 Partner
 M. No. 143503
 Place : Mumbai
 Date : July 21, 2020

Bhuvanesh Sharma
 VP-Corporate Affairs
 & Company Secretary

Nilesh Bafna
 Chief Financial Officer

Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in INR Thousands, unless otherwise stated)

EQUITY SHARE CAPITAL :

Particular	Balance as at April 1, 2018	Changes in equity share capital during the year	Balance as at March 31, 2019	Changes in equity share capital during the year	Balance as at March 31, 2020
EQUITY SHARE CAPITAL	1,25,357	533	1,25,890	-	1,25,890

OTHER EQUITY :

Particulars	Reserve and Surplus			Retained earnings	Other Comprehensive Income- Remeasurements of net defined benefit plans	Total
	Securities Premium Reserve- on issue of equity shares	Capital Redemption Reserve -created on Buyback of equity shares	General Reserve- transferred from retained earnings			
Balance as at April 1, 2018	6,24,648	630	19,541	20,518	427	6,65,765
On allotment of equity shares under ESOP	1,541	-	-	-	-	1,541
Profit/(Loss) for the year	-	-	-	12,843	-	12,843
Actuarial Gain for the year	-	-	-	-	402	402
Balance as at March 31, 2019	6,26,189	630	19,541	33,361	829	6,80,551
Balance as at March 31, 2019	6,26,189	630	19,541	33,361	829	6,80,550
On allotment of equity shares under ESOP	-	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	(5,87,043)	-	(5,87,043)
Actuarial Gain/(loss) for the year	-	-	-	-	(471)	(471)
Balance as at March 31, 2020	6,26,189	630	19,541	(5,53,682)	358	93,036

Significant accounting policies 1

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

As per our report of even date

 For **Bagaria & Co. LLP**

Chartered Accountants

FRN - 113447W/W-100019

For and on behalf of the Board
Vikram Negi

 Chairman & Executive Director
(DIN:01639441)

Vinay Somani

Partner

M. No. 143503

Place : Mumbai

Date : July 21, 2020

Sunil Rajadhyaksha

 Executive Director
(DIN:00011683)

Nilesh Bafna

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	For the year Ended March 31, 2020	For the year Ended March 31, 2019
A Cash flow from Operating Activities:		
Net profit/(loss) before tax and exceptional items	27,967	17,991
Add: Adjustments for		
Depreciation & amortisation	7,424	2,735
Interest income	(2,819)	(3,125)
Rent income (net)	(4,839)	(3,585)
Finance cost	6,017	5,500
Foreign exchange (gain)/loss, net	(4,457)	(2,544)
Operating profit before working capital changes	29,293	16,972
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivable	(25,589)	15,568
(Increase)/decrease in other receivables	(26,227)	(2,120)
Increase/(decrease) in trade and other payable	1,091	(140)
Cash generated from operations	(21,432)	30,280
Taxes paid (net of refund)	(5,001)	(4,651)
Net cash from/(used in) operating activities - A	(26,433)	25,629
B Cash flow from investing activities:		
Purchase of Property, plant and equipment	(23)	(1,869)
Rent income received (net)	4,839	3,585
Interest income	2,819	3,125
Net cash from/(used in) investing activities - B	7,635	4,841
C Cash flow from financing activities:		
Finance cost	(4,378)	(5,500)
Payment of lease liabilities	(5,226)	-
Proceeds from issue of equity shares under ESOP	-	2,073
Repayments of borrowings	(10,480)	(9,371)
Net cash from/(used in) financing activities - C	(20,084)	(12,798)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(38,882)	17,672
Opening cash and cash equivalents	54,936	37,264
Closing cash and cash equivalents	16,054	54,936
Significant accounting policies : 1		

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

Notes :
Cash Flow from financing activities

Particulars	Current borrowings	Long Term borrowings
Balance as at March 31, 2018	-	52,195
Loan Taken / (repaid)	-	(9,371)
Balance as at March 31, 2019	-	42,824
Loan Taken / (repaid)	-	(10,480)
Balance as at March 31, 2020	-	32,344

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

For and on behalf of the Board

Vikram Negi
 Chairman & Executive Director
 (DIN:01639441)

Sunil Rajadhyaksha
 Executive Director
 (DIN:00011683)

Vinay Somani
 Partner
 M. No. 143503

Bhuvanesh Sharma
 VP-Corporate Affairs
 & Company Secretary

Nilesh Bafna
 Chief Financial Officer

 Place : Mumbai
 Date : July 21, 2020

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020**1. SIGNIFICANT ACCOUNTING POLICIES****Company Information:**

The Company was incorporated in 1989 under the Companies Act, 1956 as Codec Communication Pvt. Ltd with registration number 25-14448. The Company commenced its operations on January 10, 1989. In March, 2006 the Company changed its name to HOV Services Limited as a part of its plans to create brand recognition among its customers. The Company is engaged in providing 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 July 21, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1.1 BASIS OF ACCOUNTING**

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

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

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

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

1.2 USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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

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

Intangible Assets

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

Depreciation/amortisation:

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

Investment property is amortized over the period of lease.

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

1.4 IMPAIRMENT OF NON FINANCIAL ASSETS

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

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

1.5 REVENUE RECOGNITION

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

Rendering of services:

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

Other Income

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

1.6 CONTRACT BALANCES:**Trade Receivables:**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only a passage of time is required to before payment of the consideration is due).

Contract liabilities:

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfer goods and services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the company performs under the contract

1.7 FINANCIAL INSTRUMENTS**Financial assets - Initial recognition**

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

Subsequent measurement

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

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

(a) Measured at amortised cost:

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

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

A financial asset is measured at FVOCI, if it is held under the hold to collect and sell business model i.e. held with an objective to collect contractual cash flows and selling such financial asset and the contractual cash flows are solely payments of principal and interest on the principal outstanding. It is subsequently measured at fair value with fair value movements recognised in the OCI, except for interest income which recognised using EIR method. The losses arising from impairment are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in the OCI is reclassified from the equity to Statement of Profit and Loss.

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

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

Equity Instruments:

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

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

Impairment

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

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

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

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

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

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

Investments in subsidiaries:

The Company has accounted for its investment in subsidiaries at cost.

De-recognition

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

Financial Liabilities**Initial Recognition and measurement**

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

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

Subsequent measurement

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

Loans & Borrowings:

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

Financial Guarantee Contracts

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

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

De-recognition

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

Derivative financial instruments & hedge accounting

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

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

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

Cash flows hedge that qualify for the hedge accounting

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

Offsetting of financial instruments

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

1.8 FAIR VALUE MEASUREMENT:

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

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

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

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

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

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

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

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

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

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

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

1.9 EMPLOYEE BENEFITS

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

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

a) Defined-benefit plan:

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

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

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

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

Re-measurement comprising of actuarial gains and losses arising from

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

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

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

b) Defined-contribution plan:

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

c) Other employee benefits:

- (a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

- (b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

1.10 LEASES

Lessee :

The Company, 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 Company 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 Company 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 Company uses incremental borrowing rate. For short-term and low value leases, the Company 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 Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

1.11 FOREIGN CURRENCY TRANSACTIONS

a) Initial Recognition

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

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

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

1.12 TAXES ON INCOME

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

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

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

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

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

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

1.13 PROVISIONS AND CONTINGENCIES

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

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

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

1.14 CASH AND CASH EQUIVALENTS

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

1.15 CASH FLOW STATEMENT

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

1.16 BORROWING COST

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of Cost of that assets, during the period till all

the activities necessary to prepare the Qualifying assets for its intended use or sale are complete during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

1.17 EARNINGS PER SHARE

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

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

1.18 SEGMENT REPORTING

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

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

1.19 EXCEPTIONAL ITEMS

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

1.20 RECENT ACCOUNTING PRONOUNCEMENTS:

There is no such notification which would have been applicable from April 01, 2020

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(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 April 1, 2018	1,272	7	2,545	367	4,191
Additions	1,847	-	-	22	1,869
Deductions/ Adjustment	-	-	-	-	-
Balance as at March 31, 2019	3,119	7	2,545	389	6,060
Accumulated Depreciation					
Balance as at April 1, 2018	817	3	265	205	1,290
Additions	193	1	305	132	631
Deductions/ Adjustment	-	-	-	-	-
Balance as at March 31, 2019	1,010	4	570	337	1,921
Net carrying amount as at April 1, 2018	455	4	2,280	162	2,901
Net carrying amount as at March 31, 2019	2,109	3	1,975	52	4,139
Gross carrying amount					
Balance as at March 31, 2019	3,119	7	2,545	389	6,060
Additions	-	-	-	23	23
Deductions/ Adjustment	-	-	-	-	-
Balance as at March 31, 2020	3,119	7	2,545	412	6,083
Accumulated Depreciation					
Balance as at March 31, 2019	1,010	4	570	337	1,921
Additions	716	2	304	21	1,043
Deductions/ Adjustment	-	-	-	-	-
Balance as at March 31, 2020	1,726	6	874	358	2,964
Net carrying amount as at March 31, 2019	2,109	3	1,975	52	4,139
Net carrying amount as at March 31, 2020	1,393	1	1,671	54	3,119

3 Particulars	As at March 31, 2020	As at March 31, 2019
Investment property		
Investment property (at cost)		
Leasehold office premises*	1,03,467	1,03,467
Less : accumulated amortisation		
Opening balance	12,071	10,190
Add : Amortisation for the year	1,881	1,881
Total Accumulated amortisation	13,952	12,071
Total	89,514	91,396

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

Also refer Note 40 for assets provided as security.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

4. Intangible Assets			5 Right of Use-Lease		
Software Product*	Other Softwares	Total	Particular	Right to Use-Lease**	Total
			Gross carrying amount		
400	1,123	1,523	Balance as at April 1, 2018	-	-
-	-	-	Additions	-	-
-	-	-	Deductions/ Adjustment	-	-
400	1,123	1,523	Balance as at March 31, 2019	-	-
			Accumulated Depreciation		
400	885	1,285	Balance as at April 1, 2018	-	-
-	222	222	Additions	-	-
-	-	-	Deductions/ Adjustment	-	-
400	1,107	1,507	Balance as at March 31, 2019	-	-
-	238	238	Net carrying amount as at April 1, 2018	-	-
-	16	16	Net carrying amount as at March 31, 2019	-	-
			Gross carrying amount		
400	1,123	1,523	Balance as at March 31, 2019	-	-
-	-	-	Additions: Reclassified as per IND AS 116**	14,947	14,947
-	-	-	Deductions/ Adjustment	-	-
400	1,123	1,523	Balance as at March 31, 2020	14,947	14,947
			Accumulated Depreciation		
400	1,107	1,507	Balance as at March 31, 2019	-	-
-	16	16	Additions	4,484	4,484
-	-	-	Deductions/ Adjustment	-	-
400	1,123	1,523	Balance as at March 31, 2020	4,484	4,484
-	16	16	Net carrying amount as at March 31, 2019	-	-
-	-	-	Net carrying amount as at March 31, 2020	10,463	10,463

*meant for license sale or otherwise

**Refer note 39

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2020	As at March 31, 2019
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)	45000	45000
	Add: Further invested as additional paid in capital	615770	615770
	Total investment in HOVS, LLC	6,60,770	6,60,770
	Less : Provision for diminution in value of Investments (Refer note 37)	(6,06,866)	-
	Total investment in HOVS, LLC	53,904	6,60,770
	HOVS Holdings Limited, Hongkong		
	No of Shares	1001	1001
	% of Holding	100%	100%
	Common stock (Face value of HKD 1)	7	7
	Total investment in HOVS Holdings Limited	7	7
	Total	53,911	6,60,777
	Aggregate value of quoted investments (cost)	-	-
	Aggregate value of unquoted investments (cost)	6,60,777	6,60,777
	Aggregate provision for diminution in value of unquoted investments	6,06,866	-
7	Loans - Non Current		
	Unsecured - to related party*		
	Loan receivable - credit impaired	99,089	99,089
	Considered good	-	-
	Less: provision for doubtful debts	(99,089)	(99,089)
	Total	-	-
	* Due from HOV Environment Solutions Private Limited (step down subsidiary) (refer note no. 37)		
8	Other financial assets - Non current		
	Deposits for premises and others	1,461	1,461
	Loans to employees	558	-
	Fixed deposits with maturity more than one year	16,500	-
	Total	18,519	1,461
9	Deferred tax assets		
	Deferred tax asset (refer note no 29)	1,568	1,461
	MAT credit receivable	14,820	18,189
	Total	16,388	19,650
10	Other non current assets		
	Prepaid expenses	225	449
	Total	225	449

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	As at March 31, 2020	As at March 31, 2019
11	Trade receivables*		
	Trade Receivables-Unsecured-considered good	58,186	28,140
	Trade Receivables which have significant increase in Credit Risk	-	-
	Trade Receivables - credit impaired	-	-
	Total	58,186	28,140
	*Refer note no. 37 for Due from related parties		
12	Cash and cash equivalents		
	Balance with banks in current accounts	8,439	189
	Cash on hand	15	4
	Fixed deposits with banks (with maturity less than one year)	7,600	53,500
	Remittances in transit (subsequently realised)	-	1,243
	Total	16,054	54,936
13	Other bank balances		
	Deposit with banks (earmarked)*	216	216
	Fixed deposits with banks (Others)	9,400	-
	Trust account	28	26
	Total	9,644	242
	* Pledged with banks against bank guarantees		
14	Other financial assets - Current		
	Loans to Employees	312	-
	Interest accrued but not due on fixed deposits	831	1,405
	Total	1,143	1,405
15	Other current assets		
	Advances to suppliers	45	264
	GST and Service tax receivable	7,446	7,139
	Prepaid expenses	756	590
	Total	8,247	7,993

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

16 Equity Share Capital	As at March 31, 2020	As at March 31, 2019
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		
Equity Shares of Rs. 10 each fully paid up	1,25,890	1,25,890
Total	1,25,890	1,25,890

The reconciliation of the number of equity shares outstanding	As At March 31, 2020		As At March 31, 2019	
	Numbers	Amount	Numbers	Amount
Equity Shares at the beginning of the year	1,25,88,972	1,25,890	1,25,35,722	1,25,357
Add: Equity shares issued during the year	-	-	53,250	533
Equity Shares at the end of the year	1,25,88,972	1,25,890	1,25,88,972	1,25,890

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, 2020		As At March 31, 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
ADESI 234, LLC	30,00,985	23.84%	30,00,985	23.84%
HOF 2 LLC	16,67,933	13.25%	16,67,933	13.25%
Chitale LLC	7,86,224	6.25%	8,11,224	6.44%
Stern Capital Partners LLC	6,94,246	5.51%	6,94,246	5.51%

In the Period of five years immediately preceding March, 2020:

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

Shares reserved for issue under options:
Employees Stock Option Plan (Plan 2007):

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

(In Number)

Particulars	As At March 31, 2020		As At March 31, 2019	
	Directors	Others	Directors	Others
Options outstanding at the beginning of the year	15,000	15,000	50,500	34,950
Add: Options Granted during the year	-	-	-	-
Less: Options Lapsed/Forfeited	-	(1,000)	-	(2,200)
Less: Shares allotted on option exercised during the year	-	-	(35,500)	(17,750)
Options outstanding at the end of the year	15,000	14,000	15,000	15,000

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

Particulars	As At March 31, 2020	As At March 31, 2019
Share price Rs	22.90	129.05
Range of Exercise Price	Rs. 25.40-85.35	Rs. 25.40-85.35
Expected volatility %	4.01	13.97
Expected life of the options (years)	1-2 years	1-4 years
Expected Dividend %	Not applicable	Not applicable
Risk Free Interest Rate %	6.14	6.69
Range of call option value as on date of Grant	Rs. 55.16-109.49	Rs. 55.16-109.49

Particulars	As at March 31, 2020	As at March 31, 2019
17 Borrowings Secured		
Term loans from banks (Secured by way of deposit of title deeds of investment property)	20,523	32,354
Total	20,523	32,354
18 Other financial liabilities		
Lease liabilities (Refer note 39)	7,241	-
Total	7,241	-
19 Trade payables		
Micro, small and medium enterprises	555	318
Others	9,094	7,462
Total	9,649	7,780

Note:

1. Refer note 37 for related party balances.
2. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Development Act, 2006 ('MSMED Act'). The disclosure pursuant to the said MSMED Act are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	555	318
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-
20 Other financial liabilities		
Current maturities of long term borrowings	11,821	10,470
Current maturities of lease liabilities	4,119	-
Interest accrued but not due on borrowings	210	283
Security deposits towards office premises	2,341	2,162
Other payables	275	448
Total	18,766	13,363
21 Other current liabilities		
Statutory dues payable	971	1,425
Total	971	1,425
22 Provisions		
Provision for employee benefits:		
Compensated Absences	1,987	1,592
Gratuity (Refer note 33)	3,654	3,654
Total	5,641	5,246
23 Current tax liabilities		
Provision for Income tax (Net of advance tax paid of Rs 4374 Thousands; Previous year Rs 6805 Thousands)	3,696	3,995
Total	3,696	3,995

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
24	Revenue from operations		
	Software and IT enabled services	1,09,716	1,05,443
	Total	1,09,716	1,05,443
25	Other income		
	Interest income	2,819	3,125
	Provisions no longer required written back	84	63
	Gain on variation in foreign exchange rates (net)	4,457	2,544
	Rent received	11,098	10,966
	Less: expenses attributed to rental income :		
	Finance cost	(4,378)	(5,500)
	Amortisation	(1,881)	(1,881)
	Net rental income	4,839	3,585
	Total	12,199	9,317
26	Employee benefits expense		
	Salaries and wages	59,448	62,381
	Contributions to provident and other funds	5,552	5,380
	Staff welfare expenses	2,829	3,631
	Total	67,829	71,392
27	Finance cost		
	Interest component of lease liabilities (Refer note 39)	1,639	-
	Total	1,639	-
28	Other expenses		
	Rent	958	6,555
	Repairs & maintenance - building	1,118	919
	Repairs & maintenance - computers	203	57
	Repairs & maintenance - others	326	383
	Insurance	81	80
	Rates and taxes	861	1,087
	Power & fuel expenses	3,649	3,115
	Membership & subscription fees	579	579
	Travelling & conveyance expenses	1,026	1,559
	Communication cost	1,374	1,324
	Advertising & publicity expenses	193	178
	Office upkeep & maintenance expenses	3,440	3,247
	Auditor's remuneration (refer note 41)	1,507	1,208
	Legal & professional charges	1,075	1,621
	Director's sitting fees	1,260	1,240
	Listing fees	696	637
	Miscellaneous expenses	591	734
	Total	18,937	24,523

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Particulars	2019-20	2018-19
29 Income Taxes		
Tax expense recognised in the statement of profit and loss:		
Current tax	8,070	5,090
Deferred Tax	74	58
Total	8,144	5,148
Tax impact on items of OCI	(181)	155
Total tax expense	7,963	5,303

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	(5,78,899)	17,991
Income tax as per above rate	(1,61,050)	5,005
Adjustments:		
Change in tax rates	-	143
Deferred Tax assets not recognised on Provision for diminution in value of Investments	1,68,830	-
Impact of IND AS 116 - Lease rent classified as Right to Use assets	364	-
Income tax as per statement of profit and loss	8,144	5,148

The following movement is in deferred tax assets and liabilities during the year ended March 31, 2019 and March 31, 2020 is as under:

Particulars	As at March 31, 2018	(Credit)/ charge for the year	As at March 31, 2019
Deferred tax assets			
Amount allowable on payment basis-employee Benefits	1,645	(186)	1,459
Provision for Doubtful debts allowable on write-off	27,299	268	27,567
Total deferred tax asset	28,944	82	29,026
Deferred tax liability			
Differences in written down value of Property, Plant and Equipment	29	(27)	2
Total deferred tax liability	29	(27)	2
Deferred Tax assets not recognised as a of matter prudence	(27,299)	(268)	(27,567)
Deferred Tax asset (net)	1,674	(213)	1,461
MAT credit Entitlement	18,189	-	18,189
Total Deferred tax asset (net)	19,863	(213)	19,650

Particulars	As at March 31, 2019	(Credit)/ charge for the year	As at March 31, 2020
Deferred tax assets			
Amount allowable on payment basis-employee benefits	1,459	110	1,569
Provision for diminution in value of Investments and doubtful debts	27,567	1,68,830	1,96,397
Total deferred tax asset	29,026	1,68,941	1,97,967
Deferred tax liability			
Differences in written down value of Property, Plant and Equipment	2	(3)	(1)
Total deferred tax liability	2	(3)	(1)
Deferred Tax assets not recognised as a matter of prudence	(27,567)	(1,68,830)	(1,96,397)
Deferred Tax assets (net)	1,461	107	1,568
MAT credit Entitlement	18,189	(3,369)	14,820
Total Deferred tax asset (net)	19,650	(3,261)	16,388

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

30 Financial Instruments

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

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

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

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

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

A Financial assets

Particulars	Note No.	Instruments carried at fair value		Instruments carried at amortised cost		Total fair value
		At cost	FVTPL	Carrying amount	Total carrying amount	
As at March 31, 2019						
Investment in subsidiaries	6	6,60,777	-	-	6,60,777	6,60,777
Trade receivables	11	-	-	28,140	28,140	28,140
Cash & cash equivalents	12	-	-	54,936	54,936	54,936
Other bank balances	13	-	-	242	242	242
Other financial assets	14	-	-	2,866	2,866	2,866
Total		6,60,777	-	86,184	7,46,961	7,46,961
As at March 31, 2020						
Investment in subsidiaries	6	53,911	-	-	53,911	53,911
Trade receivables	11	-	-	58,186	58,186	58,186
Cash & cash equivalents	12	-	-	16,054	16,054	16,054
Other bank balances	13	-	-	9,644	9,644	9,644
Other financial assets	14	-	-	19,662	19,662	19,662
Total		53,911	-	1,03,546	1,57,457	1,57,457

B Financial liabilities

Particulars	Note No.	Instruments carried at fair value		Instruments carried at amortised cost		Total Fair value
		FVTPL	Total carrying amount and fair value	Carrying amount	Total carrying amount	
As at March 31, 2019						
Borrowings	17	-	-	32,354	32,354	32,354
Trade payables	19	-	-	-	-	-
Micro, Small and Medium Enterprises		-	-	318	318	318
Others		-	-	7,462	7,462	7,462
Other financial liabilities	20	-	-	13,363	13,363	13,363
Total		-	-	53,497	53,497	53,497
As at March 31, 2020						
Borrowings	17	-	-	20,523	20,523	20,523
Trade payables	19	-	-	-	-	-
Micro, Small and Medium Enterprises		-	-	555	555	555
Others		-	-	9,094	9,094	9,094
Other financial liabilities	20	-	-	26,007	26,007	26,007
Total		-	-	56,179	56,179	56,179

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

31 Risk Management
Financial risk management objectives and policies

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

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

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

A. Credit risk

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

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

- i) Actual or expected significant adverse changes in business.
- ii) Actual or expected significant changes in the operating results of the counterparty.
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- iv) Significant increase in credit risk on other financial instruments of the same counterparty.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

The company categorises financial assets based on the assumptions, inputs and factors specific to the class of financial assets into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit-impaired. Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Trade receivables under simplified approach is as under :

Due from the date of invoice	As At March 31, 2020	As At March 31, 2019
0-12 months	58,186	28,140
beyond 12 months	-	-
Total	58,186	28,140

Information about Major Customers

Revenue from Software and IT enabled services to largest customers (greater than 10% of total services) is Rs. 109,716 thousands (Previous year Rs. 105,443 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, 2020	11,821	20,523	32,344
As at March 31, 2019	10,470	32,354	42,824

Contractual maturity patterns of Financial Liabilities

Particulars	As At March 31, 2020 0-12 Months	As At March 31, 2019 0-12 Months
Trade Payable	9,649	7,780
Other financial liabilities	18,766	13,363
Total	28,415	21,143

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

C. Market risk-interest rate risk

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

Exposure to interest rate risk

Particulars		As At March 31,	As At March 31,
		2020	2019
Borrowings bearing variable rate of interest		32,344	42,824

Interest rate sensitivity

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

Particulars	2019-20	2018-19
50 bp increase- decrease in profits	(188)	(238)
50 bp decrease- Increase in profits	188	238

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	
	2019-20	2018-19	2019-20	2018-19
Open Foreign Exchange Exposures - Receivable	\$772	\$407	58,186	28,140

Foreign currency risk sensitivity

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

Particulars	2019-20		2018-19	
	1% Increase	1% decrease	1% Increase	1% decrease
USD	582	(582)	281	(281)
Increase / (decrease) in profit or loss	582	(582)	281	(281)

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, 2020

(All amounts in INR Thousands, unless otherwise stated)

E. COVID Risk

In March 2020, the WHO declared the COVID-19 outbreak as a pandemic which continues to spread across the country. On 25th March, 2020, the Government of India has declared this pandemic a health emergency, ordered temporarily close of all non-essential businesses, imposed restrictions on movement of goods/material, travel, etc. The nature of services provided by the Company majorly fell under non-essential category. However, the Company has provided work from home facility to its employees and hence the Company does not expect major fall in revenue and profitability during such restrictions. In assessing, inter-alia, the recoverability of financial investments in subsidiaries of Rs. 53,911 thousands and trade receivables measured at amortised cost of Rs. 58,186 thousands apart from considering the internal and external information up to the date of approval of these standalone financial statement, the Company has also performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements. Considering the continuing uncertainties, the Company will continue to closely monitor any material changes to future economic conditions.

32 Capital risk management

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

Particulars	As At March 31, 2020	As At March 31, 2019
Debt	32,344	42,824
Total Equity	2,18,926	8,06,441
Debt to Total Equity	0.15	0.05

The Company believes in conservative leverage policy. Its debt equity ratio is lower than the industry average. Company's moderate capex plan over the medium term shall be largely funded through internal accruals and suppliers credit. The Company is committed to become virtual debt free company in couple of years which shall further improve its capital structure.

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

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

- i) Gratuity: In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The gratuity plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the gratuity

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

plan are determined by actuarial valuation on the reporting date and the company makes annual contribution to the gratuity fund administered by life Insurance companies under their respective group gratuity schemes.

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

A. Balance sheet	Defined benefit plans	
	As at March 31, 2020	As at March 31, 2019
Particulars		
Present value of plan liabilities	6,062	5,065
Less Fair value of plan assets	2,408	1,411
Asset/(Liability) recognised	(3,654)	(3,654)

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

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

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

- active members - 151 (2018-19: 155)

C. Statement of profit and loss

Employee benefit expenses:		
Current service cost	627	640
Interest cost/(income)	285	363
Total amount recognised in Statement of profit & loss	912	1,003
Remeasurement of the net defined benefit liability:		
Actuarial (gains)/losses on Obligation For the Period	591	(637)
Return on Plan Assets, Excluding Interest Income	61	80
Total amount recognised in Other Comprehensive Income	652	(557)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(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, 2020	As at March 31, 2019
Financial Assumptions		
Discount rate	6.82%	7.79%
Expected rate of return on plan assets	6.82%	7.79%
Salary escalation rate	5.00%	5.00%
Rate of Employee Turnover		
- For service 4 years and below	8.00%	8.00%
- For service 5 years and above	2.00%	2.00%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

E. Sensitivity

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

Impact on defined benefit obligation	Increase / (Decrease) in liability	
	As at March 31, 2020	As at March 31, 2019
Projected benefit obligation on current assumptions	6,062	5,065
+1% Change in rate of discounting	(632)	(495)
-1% Change in rate of discounting	761	593
+1% Change in rate of Salary increase	767	604
-1% Change in rate of Salary increase	(648)	(512)
+1% Change in Attrition Rate	114	154
-1% Change in Attrition Rate	(134)	(179)

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, 2020

(All amounts in INR Thousands, unless otherwise stated)

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

i)	Particulars	As at March 31, 2020	As at March 31, 2019
	Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	714	659
	2nd Following Year	392	145
	3rd Following Year	152	539
	4th Following Year	164	149
	5th Following Year	178	160
	Sum of Years 6 To 10	1,665	1,540
	Sum of Years 11 and above	13,103	12,032

- 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.

34	Earnings per share (EPS)	2019-20	2018-19
	Net profit/(loss) as per statement of profit and loss before exceptional items but after tax	19,823	12,843
	Net profit/(loss) as per statement of profit and loss after exceptional items and tax	(5,87,043)	12,843
	Weighted average number of equity shares	1,25,88,972	1,25,79,024
	Add : effect of dilutive issue of options	4,143	18,865
	Diluted weighted average number of equity shares	1,25,93,115	1,25,97,889
	Nominal value of equity shares (in Rs)	10.00	10.00
	Basic and diluted earning per equity share - before exceptional items	1.57	1.02
	Basic and diluted earning per equity share - after exceptional items	(46.63)	1.02

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

36 Commitments

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

Particulars	2019-20	2018-19
- within one year	6,515	5,522
- later than one year and not later than five years	11,401	13,233

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

Particulars	2019-20	2018-19
- within one year	11,284	11,098
- later than one year and not later than five years	6,582	17,866

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

37 Disclosure on related party transactions

Names of related parties and description of relationship:

Parties where controls exists: subsidiaries/step down subsidiaries

HOVS Holdings Limited

HOVS LLC

HOV Environment Solutions Private Limited

HOV Environment, LLC

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

Associates :

HGM Fund

HOVG, LLC dba Bay Area Credit Service, LLC

SourceHOV, LLC

TransCentra FTS Private Limited

Key Managerial Personnel (KMP) :

Mr. Vikram Negi (Chairman and Executive Director)

Mr. Sunil Rajadhyaksha (Executive Director)

Mr. Surinder Rametra (Executive Director)

Mr. Nilesh Bafna (Chief Financial Officer)

Mr. Bhuvanesh Sharma (VP-Corporate Affairs and Company Secretary)

Relatives of KMP :

Mrs. Rekha Sharma

Mrs. Deepali Bafna

Non Executive Directors :

Mr. Baldev Raj Gupta

Mrs. Lakshmi Kumar

Mr. Harjit Singh Anand (from July 5, 2018)

Mr. Rohit Jain (from September 1, 2017 till 13 August 2018)

Mr. Harish Bhasin (upto September 10, 2018)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(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, 2020	For the year ended March 31, 2019
SourceHOV, LLC	Services provided	94,366	90,328
HOVS, LLC	Provision for diminution in value of Investments*	6,06,866	-
HOVG, LLC dba Bay Area Credit Service, LLC	Services provided	15,350	15,115
Transcentra FTS Private Limited	Rent received	11,098	10,966
	Reimbursement of expenses	2,223	2,126
Mr. Sunil Rajadhyaksha	Managerial remuneration	800	4,800
Mr. Baldev Raj Gupta	Sitting fees & ESOP Perquisite	510	2,381
Mr. Harish Bhasin	Sitting fees & ESOP Perquisite	-	4,557
Mrs. Lakshmi Kumar	Sitting fees	360	420
Mr. Rohit Jain	Sitting fees	-	50
Mr. Harjit Singh Anand	Sitting fees	390	50
Mr. Nilesh Bafna	Salary (including ESOP & other perquisites)	2,550	3,179
Mr. Bhuvanesh Sharma	Salary (including perquisites)	2,731	2,698
Mrs. Rekha Sharma	Car rental	288	288
Mrs. Deepali Bafna	Car rental	288	288

Name of the Party	Nature of Balances	As at March 31, 2020	As at March 31, 2019
HOVS, LLC	Investments	6,60,770	6,60,770
HOVS, LLC	Provision for diminution in value of Investments*	6,06,866	-
HOVS Holdings Limited	Investments	7	7
SourceHOV, LLC	Trade receivables	50,044	21,915
HOV Environment Solutions Private Limited	Loan receivables	99,089	99,089
	Provision for doubtful debts #	99,089	99,089
HOVG, LLC dba Bay Area Credit Service, LLC	Trade receivables	8,142	6,225
Transcentra FTS Private Limited	Deposit payable	2,650	2,650
Mr. Sunil Rajadhyaksha	Remuneration payable	239	197
Mrs. Rekha Sharma	Car rental payable	24	24
Mrs. Deepali Bafna	Car rental payable	47	24

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Notes:

- a) Related party relationship is as identified by the management and relied upon by the auditors.
- b) *During the year, the fair value of investments in a subsidiary has fallen below the carrying cost and accordingly, provision of Rs. 606,866 thousands for diminution in value of investment has been made - Refer Exceptional item. The investment is a long term and strategic in nature and management expects better future performance.
- c) # During the financial year 2017-18 the Company has made provision of Rs.99,089 thousands towards loan receivable including interest receivable thereon from a subsidiary (HOV Environment Solutions Private Limited) in view of the substantial slow down in its business activities.
- d) No amounts in respect of related parties have been written off/ written back during the year or has not made any provision been made for doubtful debts/ receivable except as disclosed above.

38 The segment information is not required to be given in the notes to Consolidated Financial Statements as it has only one reportable segment i.e. 'IT and IT Enabled services' in terms of requirement of IND AS 108.

39 Ministry of Corporate Affairs through Companies (Indian Accounting Standards) Amendments Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules has notified IND AS 116 Leases which replaces the existing lease standard, IND AS 17 leases and other interpretations. IND AS 116 sets out the principles for the recognition, measurements, presentation and disclosure of leases for both lessee and lessors. It introduces a single, on balance sheet lease accounting model for leases.

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

Due to transition, the nature of expenses in respect of operating leases has changed from 'Lease Rent' to depreciation cost and finance cost for the right to use assets and for interest accrued on lease liability respectively and therefore, these expenses for the current year are not comparable to the previous year to that extent.

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

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

Particulars	Amount in Rs Thousands
Right of Use - lease	14,947
Lease Liabilities	14,947

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

Following is the movement in lease liabilities during the year ended March 31, 2020 :

Particulars	Amount Rs in Thousands
Balance as at April 1, 2019 (inception date)	14,947
Additions	-
Interest accrued during the year	1,639
Deletions	-
Payment of Lease liabilities	(5,226)
Balance as at March 31, 2020	11,360
- Current lease liabilities	4,119
- Non Current lease liabilities	7,241

Breakup of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount Rs in Thousands
Less than one year	5,762
One to five years	1,984
More than five years	-

Short term lease expense incurred for the year ended March 31, 2020 :

Particulars	Amount Rs in Thousands
Rental expense	958
Vehicle Expense	1,352

40 Assets provided as security

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

Particulars	As At March 31, 2020	As At March 31, 2019
Investment Property	89,514	91,396
Financial Assets :		
Fixed deposit with banks	216	216
Total	89,730	91,612

41 Payment to auditors	2019-20	2018-19
<i>(Excluding Taxes)</i>		
Audit fees	800	800
Limited review fees	450	225
Certification fees	190	150
Reimbursement of expenses	67	33
Total payment to auditors	1,507	1,208

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(All amounts in INR Thousands, unless otherwise stated)

- 42** Certain financial assets and financial liabilities are subject to formal confirmations and reconciliations if any. The Management however, is confident that the impact where of for the year on the financial statements will not be material.
- 43** Previous years' figures have been regrouped/reclassified wherever necessary to conform the current year's classification.

Signature to Notes 1 - 43

For and on behalf of the Board

Vikram Negi
Chairman & Executive Director
(DIN:01639441)

Sunil Rajadhyaksha
Executive Director
(DIN:00020066)

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

Nilesh Bafna
Chief Financial Officer

Place : Pune

Date : July 21, 2020

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures

Part "A": Subsidiaries

Note: This form is to be certified in the manner in which the Balance Sheet is to be certified.

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

Sr. No.	Name of the subsidiary company	HOVS LLC	HOV Environment LLC	HOVS Holdings Limited	HOV Environment Solutions Private Limited
		Amounts in Lacs			
	Financial year ending on	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
	Currency	US\$	US\$	US\$	INR
	Exchange rate on last day of financial year	75.3859	75.3859	75.3859	-
1	Share Capital	11,099.66	678.47	0.10	1.00
2	Reserves & Surplus	(10,560.63)	(829.16)	1008.12	(1,133.67)
3	Total Assets	2,668.32	1.38	1008.22	183.12
4	Total Liabilities	2,668.32	1.38	1008.22	183.12
5	Details of Investment (Except Investment in subsidiary)	2,658.64	-	-	-
6	Turnover	-	-	-	-
7	Profit before taxation	(53.26)	(0.27)	-	(77.66)
8	Provision for taxation			-	
9	Profit after taxation	(53.26)	(0.27)	-	(77.66)
10	Proposed dividend	-	-	-	-
11	Percentage of share holding	100%	61.10% (By HOVS LLC)	100%	100% (By HOV Environment LLC)

Notes: The following information shall be furnished at the end of the statement

- Names of subsidiaries which are yet to commence operations: Nil
- Names of subsidiaries which have been liquidated or sold during the year: Nil

Part "B": Associates and Joint Ventures

Statement pursuant to section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: Not Applicable

For and on behalf of the Board of Directors

Vikram Negi
Chairman & Executive Director
 (DIN: 01639441)

Date: July 21, 2020

Notice of 32nd Annual General Meeting

NOTICE is hereby given that the Thirty-Second (32nd) Annual General Meeting (the "AGM") of the Members of HOV Services Limited will be held on September 22, 2020, the Tuesday at 9:00 AM IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS:

1. **To consider and adopt the a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, 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, 2020 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, 2020 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, 2020 and the report of the Auditors thereon, as circulated to the members, be and are hereby considered and adopted."

2. **Appointment of Director**

To re-appoint Mr. 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 meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS:

3. **Re-Appointment of Mrs. Lakshmi Kumar (DIN: 06780272) as an Independent Director of the Company**

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

"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, Mrs. Lakshmi Kumar (DIN-06780272), who was appointed by the shareholders in 27th Annual General Meeting held on July 22, 2015 as an independent director of the Company for a term of five years ended on July 21, 2020, be and is hereby re-appointed as an independent director of the Company for 2nd term of five years period from July 22, 2020 to July 21, 2025 as an Independent Director of the Company."

"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, etc., as may be necessary in this regard."

4. Re-appointment of Mr. Sunil Rajadhyaksha (DIN 00011683) as a Whole Time Director, of the Company for a further term of five years from April 1, 2021 till March 31, 2026

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

"RESOLVED THAT as recommended by Nomination and Remuneration Committee, pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), read with schedule V thereto and the Companies (Appointment and Remuneration of Managerial Personnel) amendment Rules, 2018 (including any amendment or statutory modification thereto for the time being in force) and subject to such approval of the Central Government, as may be necessary, the approval of the shareholders' of the Company be and is hereby accorded for the re-appointment of Mr. Sunil Rajadhyaksha (DIN 00011683) as a Whole-time Director, with the designation as Executive Director of the Company, for a five year term commencing from April 1, 2021 till March 31, 2026 on terms and conditions, including remuneration and minimum remuneration in the event of absence or inadequacy of profits within the ceiling limits as prescribed in Schedule V of the Act, with liberty to the Board of Directors, to alter or vary the terms and conditions and remuneration including minimum remuneration in such manner as the Board may deem fit and is acceptable to Mr. Sunil Rajadhyaksha."

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

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

5. Re-appointment of Mr. Surinder Rametra (DIN 00019714) as a Whole Time Director, of the Company for a further term of five years from April 1, 2021 till March 31, 2026

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

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

with liberty to the Board of Directors, to alter or vary the terms and conditions and remuneration including minimum remuneration in such manner as the Board may deem fit and is acceptable to Mr. Surinder Rametra.

"RESOLVED FURTHER THAT the approval of the shareholders of the Company be and is hereby accorded for the re-appointment of Mr. Surinder Rametra as Whole-time Director of the Company on account of his crossing the age of 75 years.

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

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

6. De-classification/re-classification & removal of name of Sun Investment Partners LLC (the "Entity") from the Promoter & Promoter Group shareholding of the Company

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

"RESOLVED THAT pursuant to applicable provisions of Regulation 31A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (the **SEBI LODR**), and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (the **SEBI ICDR**) including any amendments, for the time being in force or as may be relevant and subject to necessary approvals from the National Stock Exchange of India Limited and Bombay Stock Exchange Limited (the "**Exchanges**"), where the securities of HOV Services Limited (the "**Company**") are listed, the approval of the shareholders' of the Company be and is hereby accorded to de-classify/re-classify & remove the name of **Sun Investment Partners LLC** (the "**Entity**") from the Promoter & Promoter Group shareholding of the Company, since the Entity does not hold any shares in the Company and is neither involved in the management of the Company nor exercise control directly or indirectly over the affairs of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the Board which term shall be deemed to include its Committees thereof) and the Company Secretary on behalf of the Board, be and are hereby severally authorized to do all such acts, deeds and actions as they may, in their absolute discretion, consider necessary, expedient, usual, proper or incidental for giving effect to this Resolution and to settle questions, remove any difficulty or doubt that may arise from time to time and to take such actions or give such directions as may be necessary or desirable and to make applications, represent and sign necessary applications, documents, undertakings and obtain any approvals, permissions or sanctions which may be necessary or desirable, as deem fit."

"**RESOLVED FURTHER THAT** actions, deeds and decisions taken by the Board and/or Company Secretary of the Company in relation to any matters contemplated in this resolution or relating to de-classification/re-classification & removal of the name of the Entity be and are hereby approved."

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

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

"**RESOLVED THAT** pursuant to the Section 188 of the Companies Act, 2013 and rules framed there under and in terms the Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and as recommended by the Audit Committee, the approval of the shareholders' be and is hereby accorded for service contracts of the Company with SourceHOV LLC for rendering the services by the Company for the financial year 2020-2021 on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and SourceHOV LLC."

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

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
Website: www.hovsltd.com

Place: Pune
Date: July 21, 2020

NOTES TO THE NOTICE OF THE AGM:

1. In view of the prevailing COVID-19 pandemic and restrictions on the movements apart from social distancing norms, the Ministry of Corporate Affairs ("MCA") vide circular Nos. Circular No. 14 / 2020 dated April 08, 2020, Circular No.17 / 2020 dated April 13, 2020 read with Circular No. 20 / 2020 dated May 05, 2020, (collectively referred to as the "MCA Circulars") permitted the holding of Annual General Meeting ("AGM") through Video Conference ("VC") or Other Audio Visuals Means ("OVAM"), without the physical presence of the Members at a common venue.
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 32nd AGM of the Company is being held through VC / OAVM. The deemed Venue of the AGM shall be registered office of the Company.
3. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3 to 7 of the Notice, is annexed hereto.
4. **A Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and a proxy need not be a Member of the company.** Since, this AGM is being held through VC/OAVM under the framework of the provisions of the MCA Circulars, physical attendance of the Members has been dispensed with. Accordingly, the facilities for appointment of proxies by the Members is not available for the AGM and hence the Proxy Form and Attendance Slip are not provided with this Notice.
5. Since the AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.
6. The details of the Directors seeking appointment/re-appointment at this AGM, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Annexure to the Notice.
7. **DISPATCH OF ANNUAL REPORT THROUGH ELECTRONIC MODE**
In accordance with the MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice and Annual Report 2019-20 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 Transfer Agent, KFin Technologies Private Limited ("KFinTech") at <https://evoting.karvy.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 hov.cs@karvy.com

- b) Those Members holding shares in dematerialised mode are requested to register / update their email addresses with the relevant Depository Participant.

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

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

- a) **Members will be able to attend the AGM through VC / OAVM or view the live webcast at <https://emeetings.kfintech.com> by using their e-voting login credentials. Members are requested to follow the procedure given below:**
 - i. Launch internet browser (chrome/firefox/safari) by typing the URL: <https://emeetings.kfintech.com>
 - ii. Enter the login credentials (i.e., User ID and password for e-voting).
 - iii. After logging in, click on "Video Conference" option.
 - iv. Then click on camera icon appearing against AGM event of HOV Services Limited, to attend the Meeting.
- b) Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the procedure given in the E-voting instructions.
- c) Members who would like to express their views or ask questions during the AGM may register themselves by logging on <https://emeetings.kfintech.com> and clicking on the 'Speaker Registration' option available on the screen after log in. **The Speaker Registration will be open during September 18, 2020 to September 20, 2020.** 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 and Stakeholders Relationship Committee, Auditors etc.
- g) Facility to join the AGM through VC / OAVM **shall be open 30 minutes before** the scheduled time of the AGM and **shall be closed after 15 minutes** after the scheduled time of AGM.

10. Members who need assistance before or during the AGM, can contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Private Limited at Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally, Hyderabad Rangareddi 500 032 or send an email to evoting@karvy.com or call on +91-40-6716 1562 or on toll free number 1800-345-4001. Kindly quote your name, DP ID-Client ID / Folio no. and E-voting Event Number in all your communications.
11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Members (members login) attending the AGM through VC / OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act.
13. Corporate/ Institutional Members are required to send a scanned copy (PDF/JPG Format) of its board or governing body Resolution/Authorization etc., 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 with a copy marked to evoting@karvy.com

PROCEDURE FOR REMOTE E-VOTING AND VOTING AT THE AGM

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

Commencement of remote e-voting	Saturday, September 19, 2020 at 9:00 AM IST
End of remote e-voting	Monday, September 21, 2020 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. September 17, 2020.**
19. The Board of Directors has appointed **Mr. Prajot Tungare, Practicing Company Secretary, Pune as a Scrutinizer** to scrutinize the remote e-voting and voting during AGM in a fair and transparent manner.

20. The scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, not later than 48 hours of conclusion of the AGM to the Chairman of the Company or a person authorized by the Chairman. The Chairman or the person authorized by the Chairman, shall declare the result of the voting forthwith.
21. The Results on resolutions shall be declared after the AGM of the Company and subject to the requisite number of votes in favour the resolutions shall be deemed to be passed on the date of the Meeting i.e. September 22, 2020.

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 KARVY <https://evoting.karvy.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 **September 19, 2020, to September 22, 2020 both days inclusive.**
23. Members holding shares in physical form are requested to quote their folio number in all correspondence with the Company and to intimate the following directly to the Company's Registrar and Share Transfer Agent- KFin Technologies Private Limited, Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad Rangareddi 500 032:
- Change, if any in their address;
 - Request for nominations form as per the provisions of the Companies Act, 2013.
 - Members holding share in dematerlized form are requested to contact their Depository Participant for any change in their particulars.
24. At the 29th AGM held on September 1, 2017 the Members approved appointment of M/s BAGARIA & Co., Chartered Accountants, (Firm Registration Number 113447W/W-100019) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that 29th AGM till the conclusion of the 34th AGM in year 2022, subject to ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the 32nd AGM.

25. INSPECTION OF DOCUMENTS

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

The certificate from the Auditors of the Company certifying that the Company's HOVS ESOP Plan 2007 is being implemented in accordance with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 will be available electronically for inspection by the members during the AGM.

26. INFORMATION AND INSTRUCTIONS FOR REMOTE E-VOTING

- A. In case a Member receiving an email from Company/KFinTech [for Members whose email IDs are registered with the Company/Depository Participant(s)]:**
- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - b) Enter the login credentials (i.e., User ID and password mentioned overleaf). The e-voting EVENT No. + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit <https://evoting.karvy.com> or contact toll free number 1800-345-4001 (from 9:00 am to 6:00 pm) for your existing password.
 - c) After entering these details appropriately, click on "LOGIN".
 - d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**
 - e) You need to login again with the new credentials.
 - f) On successful login, the system will prompt you to select the E-Voting Event Number "EVENT" for HOV Services Limited. **SHAREHOLDERS TO SELECT THE RESPECTIVE EVENT AND VOTE DEPENDING UPON THEIR SHAREHOLDING -FULLY PAID-UP OR PARTLY PAID-UP OR BOTH.**
 - g) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut-off date. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - h) Members holding multiple folios/demat accounts shall choose the voting process separately for each of the folios/demat accounts.
 - i) Voting has to be done for each resolution of the Notice separately. In case you do not desire to cast your vote on any specific resolution it will be treated as ABSTAINED.
 - j) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify.
 - l) Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).

- m) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: prajot@prajottungarecs.com with a copy marked to evoting@karvy.com and may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."

B. In case of a member whose e-mail address is not registered / updated with the Company / KFinTech / Depository Participant(s)

In accordance with provisions of the MCA Circulars and SEBI Circulars, the Company has sent the Annual Report, Notice of AGM and e-Voting instructions only in electronic form to the registered email addresses of the Members. Therefore, those Members who have not registered their email address are requested to please follow the following steps to generate your login credentials:

- a) Members holding shares in physical mode, who have not registered / updated their email addresses with the Company, are requested to register / update the same by clicking on <https://karisma.kfintech.com/emailreg/shareholders> or 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 hovs.cs@karvy.com.
- b) Those Members who have registered their e-mail address and mobile number including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited in case the shares held in physical form.
- c) Members who have not registered their e-mail address and in consequence the Annual Report, Notice of AGM and e-voting notice could not be serviced, may temporarily get their email address and mobile number registered with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: https://ris.kfintech.com/email_registration/
- d) Members are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, Member may write to einward.ris@kfintech.com.
- e) After due verification, the Company / KFinTech will forward your login credentials to your registered email address.
- f) Members may also requested to visit the website of the Company www.hovsltd.com or the website of the Registrar and Transfer Agent <https://evoting.karvy.com> for downloading the Annual Report and Notice of the AGM.
- g) Follow the instructions at 26(A) (a) to (m) to cast your vote.

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

- a) Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- b) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

28. 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.karvy.com> or contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Private Limited at Karvy Selenium Tower B, Plot 31-32, Financial District, Nanakramguda Serilingampally, Hyderabad Rangareddi 500 032 or send an email to evoting@karvy.com or call him on +91-40-6716 1562 or at Toll-free No. 1800-345-4001.

29. Any person who becomes member after the dispatch of the Notice of the Meeting and holding share as on the cut-off date i.e. **September 17, 2020** may obtain the User ID and password as mentioned below:

- a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+ Folio No. or DP ID Client ID to 9212993399
Example for NSDL : MYEPWD <SPACE> IN12345612345678
Example for CDSL : MYEPWD <SPACE> 1402345612345678
Example for Physical : MYEPWD <SPACE> XXX1234567
- b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- c. Member may send an e-mail request to evoting@karvy.com.

If the member is already registered with Karvy e-voting platform then he/she/it can use their existing User ID and password for casting the vote through e-voting.

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
Website: www.hovsltd.com

Place: Pune

Date: July 21, 2020

**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 7** of the accompanying Notice of 32nd Annual General Meeting:

Item No. 3: Re-appointment of Mrs. Lakshmi Kumar as an Independent Director

The Members' in their 27th Annual General Meeting held on July 22, 2015 had appointed Mrs. Lakshmi Kumar, as Independent Director of your Company for a term of five years starting from July 22, 2015 up to July 21, 2020. Her term got over on July 21, 2020. 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 July 21, 2020 appointed Mrs. Lakshmi Kumar as an additional director effective July 22, 2020.

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. Mrs. Lakshmi Kumar being non-executive director of the Company, have given a declaration to the Board that she meet the criteria of independence as provided under Section 149(6) of the Act.

The Board of Directors proposed that Mrs. Lakshmi Kumar be re-appointed as an Independent Director for her 2nd term of five years from July 22, 2020 to July 21, 2025 for the office of director of the Company. The Board opined that Mrs. Lakshmi Kumar in her previous tenure have accustomed with the process of the Company and have supported the Board governance and therefore in the opinion of the Board of Directors her continuation with the Company for 2nd term will be helpful to the Company.

Hence, in compliance with the provisions of Section 149 read with Schedule IV of the Act, the re-appointment of Mrs. Lakshmi Kumar 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.

The resolution seeks the approval of Members' for the re-appointment of Mrs. Lakshmi Kumar 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 resolutions set forth in Item No. 3 in the accompanying Notice for 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 Re-appointment of Mr. Sunil Rajadhyaksha, Whole Time Director for a further term of five years from April 1, 2021 till March 31, 2026

The Shareholders' of the Company in their 27th Annual General Meeting held on July 22, 2015 re-appointed Mr. Sunil Rajadhyaksha, Executive Director as whole-time director of the Company for a term of five years from April 1, 2016 to March 31, 2021. His appointments for the same period of five years was also approved by the Central Government vide its letter dated October 5, 2016. The tenure of his office as Whole-time Director will end on March 31, 2021.

The Board of Directors in its Meeting held on July 21, 2020, as recommended by the Nomination and Remuneration Committee, had considered re-appointment of Mr. Sunil Rajadhyaksha, Promoter Director as Whole-time Director for a further term of five years from April 1, 2021 to March 31, 2026.

Pursuant to the provisions of the Sections 196, 197, read with Schedule V of the Companies Act, 2013 the approval of the Shareholders' of the Company is being sought for his re-appointment as a Whole-time director for a further term of five years from April 1, 2021 to March 31, 2026.

Mr. Sunil Rajadhyaksha has been associated with the Company since its incorporation as Promoter Director. He possess 35 years plus rich industry & technology experience and has been actively involved in all aspects of operations of the Company. The Company will be immensely benefited by continuation of his office as a Whole-time Director designated as an executive director and his association will be in the best interest of the Company.

The Board recommends the resolution set forth in Item No. 4 for approval of the Shareholders'.

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

Item No. 5 Re-appointment of Mr. Surinder Rametra, Whole Time Director for a further term of five years from April 1, 2021 till March 31, 2026

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

The Board of Directors in its Meeting held on July 21, 2020, as recommended by the Nomination and Remuneration Committee, had considered re-appointment of Mr. Surinder Rametra, Promoter Director as Whole-time Director for a further term of five years from April 1, 2021 to March 31, 2026.

Further, Section 196, read with Part I of Schedule V, of the Companies Act 2013, provides that no company shall continue the employment of a person who has attained the age of 75 years, as managing director, whole-time director or manager unless it is approved by the Shareholders' by passing a special resolution.

Mr. Surinder Rametra has crossed age of seventy years in year 2015 and the Company had taken approval of Shareholders' by a special resolution as required for his attaining age of 75 years, in 27th Annual General Meeting held on July 22, 2015 for continuation of his employment as a Whole-time director. His term of office, from April 1, 2016 till March 31, 2020 was approved by shareholders in 27th Annual General Meeting by passing as a special resolution. As a good corporate governance the Company again seeks your approval for his re-appointment for a further term of five years April 1, 2021 till March 31, 2026, as he is over the age of 75 years, attaining 80 years of his age.

Mr. Surinder Rametra has been associated with your Company since 2006 as among one of the promoter and executive director. He possesses 45 plus years of leadership qualities and has rich and varied experience in the industry and has been actively involved in overseeing the overall governance of the Company. The Company will be immensely benefited by continuation of his office as a Whole-time Director designated as an executive director and his association will be in the best interest of the Company.

The Board recommends the resolution set forth in Item No. 5 for approval of the Shareholders'.

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. 6 De-classification/re-classification & removal of name of Sun Investment Partners LLC (the "Entity") from the Promoter & Promoter Group

The Company received from Sun Investment Partners LLC (the Entity) its letter dated May 26, 2020, seeking removal of its name from the category of 'Promoter and Promoter Group'. The Company had disclosed the receipt of the request from the Entity to the Exchanges on May 27, 2020 in terms of regulation 31A of the SEBI LODR.

The important points are as follows:-

- i) The Sun Investment Partners LLC, one of the promoter was holding 91,773 shares (0.73%) and had filed its trade plan (to sale) with the Company on February 27, 2018. The trade plan received by the Company was duly filed/disclosed with the Exchanges on March 1, 2018. The effective period of trade plan was from September 1, 2018 until August 31, 2019.
- ii) The E India Venture Holding Co. Ltd, a public shareholder was interested to sale/transfer its 1,22,500 shares and approached to the General Pacific LLC, an entity of promoter group not holding any shares in the Company. The General Pacific LLC agreed to the proposal of the E India Venture Holding Co. Ltd.
- iii) The Sun Investment Partners LLC on January 8, 2019 had submitted the required disclosure in Form C for sale/transfer of 91,773 shares, off-market to General Pacific LLC, a promoter group entity not holding any shares in the Company. The Form C received by the Company was duly filed/disclosed with the Exchanges on January 9, 2019. The transfer of shares in the record of the Company was completed effective May 14, 2019.
- iv) The General Pacific LLC on January 16, 2019 had submitted the required disclosure Form C for purchase/transfer of 1,22,500 shares, off-market from E India Venture Holding Co. Ltd, public shareholder. The Form C received by the Company was duly filed/disclosed with the Exchanges on January 16, 2019. The transfer of shares in the record of the Company was completed effective April 4, 2019.
- v) Consequent upon the completion of both the above mentioned transfers, the Promoter & Promoter Group shareholding of 49.47% as of March 31, 2019 increased to 50.44% effective May 14, 2019. The Board of Directors in their meeting held on May 30, 2019 had noted the above sale/purchase/transfer(s).
- vi) The shareholding of Promoter & Promoter Group does not decreased post completion of above mentioned sale/purchase/transfer(s) and as of March 31, 2020 it is 50.44%.
- vii) The Sun Investment Partners LLC effective May 14, 2019 does not hold any shares in the Company thereafter.

The Board of Directors at their meeting held on July 21, 2020 considered the request of the Entity and based on satisfaction of the conditions set out in Regulation 31A of the SEBI LODR had approved the request for de-classification & removal of its name subject to approval of the shareholders' of the Company and the Exchanges.

Your Board of Directors confirms that after Members approvals the Company will make necessary applications to the Exchanges for completion of the process. Post completion of the process, the de-classification & removal of the name of the Entity will be effective from the shareholders' approval date or such other date as may be referred in the Exchange approval in this regard and appropriate disclosures will be made with the Exchanges and other records as may be relevant or necessary.

Mr. Surinder Rametra, Manager of the Entity seeking de-classification would be interested in the resolution as set out in the Notice. Mr. Surinder Rametra and his relatives and its affiliates may be deemed to be interested in the respective resolution to the extent of their shareholding interest, if any, in the Company.

The Board of Directors recommends the resolutions set forth in Item No. 6 in the accompanying Notice for 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. 7 Contract of services for revenue in ordinary course of business of the Company

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

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

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

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

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

The Board recommends the resolutions set forth in Item No. 7 for approval of the Members in the best interest of the Company.

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

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
Website: www.hovsltd.com

Place: Pune
Date: July 21, 2020

ANNEXURE TO THE NOTICE OF 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. Surinder Rametra	Mr. Sunil Rajadhyaksha	Mrs. Lakshmi Kumar
DIN	00019714	00011683	06780272
Date of Birth and Age	01/11/1940; 79 years	31/12/1953; 66 years	09/06/1962; 57 years
Date of first Appt. on the Board	03/01/2006	10/01/1989	24/10/2014
Qualifications	Mechanical Engineering from Punjab Engineering College, India; Master's degree in Industrial Engineering from the Indian Institute of Technology, India and an MBA in Finance from New York University.	MSEE, Illinois Institute of Technology, Chicago, USA; BE (Electronics and Telecommunications) University of Pune.	M.A. Degree in Social Work from Tata Institute of Social Sciences, Mumbai; Diploma in Teacher Training from Cambridge International Education; and Post graduate Diploma in Human Resource Management.
Experience	Around 6 decades	Around 4 decades	Around 3 decades
Expertise	Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics.	Management Strategy, Information Technology, International Business, Regulatory & Government matters.	Governance & ethics, Management, Business Leadership, HR, Education Authorship, Leadership Strategy.
Number of Meetings of the Board attended during the Year	3	4	3
Shareholding in Company	1,20,000	5,88,720	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	NIL	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. w.e.f. June 1, 2019 relenquished his remuneration.	As per the Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company.
List of Directorship/ membership/ Chairmanship of Committees of other Board:			
Public/Listed Companies Directorship	NIL	NIL	NIL
Private Companies Directorship	NIL	NIL	NIL
Membership/ Chairmanship of Committees	NIL	NIL	NIL

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

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

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

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

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

Mr. Surinder Rametra has been associated with the Company since 2006 and possessed hands full of six decades of industry experience and possess expertise in fields of Finance, Corporate Governance, Global Business Leadership, Finance Treasury Management and business ethics. He is been one of the promoter of the Company. The Management of the Company look forward for his expertise guidance to be benefited in the coming years.

Mr. Sunil Rajadhyaksha

Mr. Rajadhyaksha co-founded Codec Pvt. Ltd. in 1989, an HOV acquisition and now a publicly traded company. With more than 30 years executive leadership experience, Mr. Rajadhyaksha has served as COO or Global President of companies deployed in the US and India. Mr. Rajadhyaksha's 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.

Mrs. Lakshmi Kumar

Dr. Lakshmi Kumar is the Founder Director of The Orchid School, Pune. PNES has under its umbrella NK. Orchid College of Engineering and Technology, Solapur. Her role is to impact institutions through leadership development, help develop administrative, academic and HR processes in professional management of the institutions and define ideological paths to education.

Mrs. Kumar is a Cross Cultural Training Consultant and coach specializing in cross cultural training for international assignees in new cultural settings. She is a certified Cross Cultural Training Consultant for Cartus Intercultural Services, Language Culture Worldwide and Global Excellence. She was a faculty member for J2I programme of Soft Bridge Solutions, training Japanese software technologists for cross cultural competence and communication. She has also trained International assignees from Europe, Americas, Australia, Japan and elsewhere on cross cultural competence and business processes.

Mrs. Kumar has specialized in training culture workers from Sweden - teachers, social workers, lawyers, nurses and doctors - to work with multicultural communities. She has been a coordinator and academic supervisor for the Sweden-India Project based in Orebro University for the last twenty five years. She has been visiting Sweden twice a year regularly and also lecturing on comparative family structures, ethnicity and migration and Trans cultural sensitivity for global social work.

She has set up the Orchid Learning and Development Centre, a training and development centre that provides a range of training services and consultation in the areas of intercultural work, education, curriculum development and other allied fields of education. She has also been a research consultant for scholars from U.S.A and U.K. doing research in India and her main focus was to help in cultural interpretation of participants' responses for the study. She has worked as an International coordinator for world famous Philosopher Roy Bhaskar and visited London to work with him.

Mrs. Kumar has M.A. Degree in Social Work from Tata Institute of Social Sciences, Mumbai & Diploma in Teacher Training and Educational Leadership from Cambridge International Education. She has also done her post graduate Diploma in Human Resource Management.

She is Board Member of SIETAR (Society for Inter-cultural Education and Research), India Chapter; an executive committee member for a youth organization Centre For Youth Development and Activities; Member, Education committee, Maratha Chamber of commerce, Industries and Agriculture (MCCIA, Pune); School Managing Council member for MIT Vishwashanti Gurukul Schools, Pune; Advisory Member for Saathi Haath Badhana, A Social Foundation for helping people communicate through listening post; Member, Committee for Prevention of Child Sexual Abuse, Shikshan Mandal, State Education Department, Pune.

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

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

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Place: Pune

Date: July 21, 2020