



June 24, 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**

**Sub: Annual Secretarial Compliance Report for the Financial Year 2019-20**

Refr: SEBI Circular no. CIR/CFD/CMD/27/2019 dated February 8, 2019

Please find enclosed the Annual Secretarial Compliance Report for the year ended March 31, 2020, issued by J. B. Bhave & Co., Practising Company Secretaries, the Secretarial Auditor 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**

**HOV Services Limited**

CIN:L72200PN1989PLC014448

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

Office : Flat No. 9, Karan Aniket, Plot No. 37, Shri Varanasi Co-op Soc. Ltd  
Off Bangalore-Mumbai Bye Pass, Behind Atul Nagar, Warje, Pune 411 058.  
Ph. : +91 020 - 25204357/59, E-mail : jbbhave@gmail.com

**Annual Secretarial Compliance Report of  
HOV SERVICES LIMITED  
for the year ended 31<sup>st</sup> March 2020**

*[Pursuant to SEBI circular dated February 8, 2019 on annual secretarial audit report and annual secretarial compliance report for listed entities and their material subsidiaries]*

To  
Mr. Bhuvanesh Sharma  
VP-Corporate Affairs &  
Company Secretary & Compliance Officer  
**M/S. HOV SERVICES LIMITED**  
Sharda Arcade, 3<sup>rd</sup> Floor, Pune-Satara Road,  
Bibwewadi, Pune 411037

I have examined:

- All the documents and records made available to me and explanation provided by **HOV SERVICES LIMITED** ("the listed entity"),
- The filings/ submissions made by the listed entity to the stock exchanges,
- Website of the listed entity,
- Any other document/ filing, as may be relevant, which has been relied upon to make this certification

For the year ended 31<sup>st</sup> March 2020 ("Review Period") in respect of compliance with the provisions of:

- The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- The Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **[Not applicable during the Audit Period]**
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **[Not applicable during the Audit Period]**
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable during the Audit Period]**
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; **[Not applicable during the Audit Period]**
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder;



And 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, during the Review Period:

a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

| Sr. No. | Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)                            | Deviations   | Observations/ Remarks of the Practicing Company Secretary  |
|---------|--|--|--|
| 1.      | Reg. 33(3) of SEBI(LODR) 2015- Submission of consolidated financial results on quarterly basis w.e.f. 01.04.2019 | The Company had not submitted corresponding quarter's consolidated results for 2018-19   | Query from NSE post submission of Q1 results- Letter/ email dated 24.07.2019.<br>The Company submitted the response on 30.07.2019 stating practical difficulties in preparing consolidated financials for corresponding quarter's results for 2018-19. The Company had a call with NSE on September 16, 2019, explaining the difficulty and to provide them time for submission of the same along with Q2 financial results. The NSE officer accepted the request but they said that Company will be getting reminders from them until it is submitted. The same stands settled after the submission of the company for Q2 |
| 2.      | Reg. 17 and Reg. 17(1A) of SEBI (LODR) 2015 - Composition of Board of Directors the age of directors             | Mr. Baldev Raj Gupta, the non-executive director of the company, continued as director of the company after attaining age of 75 years without shareholders' approval | Letter from NSE dated 24.07.2019 stating non-compliance with provision of Reg. 17.<br>The Company submitted the reply on 30.07.2019 stating- Board recommendation and steps taken for seeking shareholders' approval in its upcoming 31 <sup>st</sup> Annual General Meeting.<br>The shareholders of company have approved the necessary special resolution at the Company's 31 <sup>st</sup> Annual General Meeting held on 10 <sup>th</sup> September 2019.  |
| 3.      | Contradictory affirmations in corporate governance report  | Composition of Nomination and Remuneration Committee was not complied, but same was mentioned as complied- in affirmation in corporate governance report             | Letter from NSE dated 24.07.2019 stating non-compliance.<br>The Company submitted the reply on 30.07.2019 stating- it was made through over-sight and not purposely.<br><br>The matter stands closed.  |
| 4.      | Reg. 19(1)/(2) of SEBI(LODR) 2015- Constitution of the Nomination and Remuneration Committee                     | All members are not Non-Executive Directors  | The Company received letters from NSE and BSE for payment of penalty for the non-compliance (details are mentioned in the Table – Point b below).  |



- b) During the reporting year Stock Exchanges had imposed penalty (under the Standard Operating Procedures issued by SEBI through various circulars) for non-fulfilment of the composition of Nomination and Remuneration Committee, details of which are provided herein below:-

| Action taken by   | Details of violation   | Details of action taken E.g. fines, warning letter, debarment, etc.  |
|---|--|--|
| The National Stock Exchange Limited and BSE Limited   | Non-compliance of composition of the Nomination and Remuneration Committee | <p>1. The Company vide letter August 23, 2019 paid the fine of Rs. 75,520 each to both BSE and NSE.</p> <p>2. The Company received another letter dated 31.10.2019 from BSE and dated 01.11.2019 from NSE for payment of penalty of Rs 76,000 to each exchange.</p> <p>3. All amount of penalty was paid by the Company.</p> |
| <b>Observations/ remarks of the Practicing Company Secretary, if any.</b>   |  |  |
| <p>A) Letter from NSE dated 24.07.2019 stating non-compliance with provision of Reg. 19. The Company submitted its reply on 30.07.2019 stating- Mr. Vikram Negi was appointed as Chairman effective from May 30, 2019, in place of Mr. Sunil Rajadhyaksha, but he continued as member of the Committee. The Management had considered re-constituting the composition of the Committee, by appointing Mr. Vikram Negi as member in place of Mr. Sunil Rajadhyaksha in the Board Meeting to be held before 14.08.2019.</p> <p>B) Letters from BSE and NSE dated 19.08.2019 for Non-compliance with the Constitution of the Nomination and Remuneration Committee stating- "all members are not Non-Executive Directors".</p> <p>1. The Company submitted its reply on 22.08.2019 stating- The Company had appointed Vikram Negi, Chairman &amp; Executive Director as the member of NRC replacing Mr. Sunil Rajadhyaksha. The same was intimated to the Exchanges through outcome of Board meeting on August 8, 2019.</p> <p>2. The NSE concerned officer was contacted by the Company in this regard to waive of the fine as per submission made as above and the Exchange officer recommended to pay the fine so as to avoid any action by Exchange.</p> <p>3. The Company vide letter August 23, 2019 paid the fine of Rs. 75,520 each to both BSE and NSE.</p> <p>C) Company received another letter dated 16.10.2019 from NSE seeking clarification on above matter. The Company submitted the reply on 18.10.2019 stating- the issue had been addressed and the same was intimated to the stock exchanges earlier.</p> <p>D) Company received another letter dated 31.10.2019 from BSE and dated 01.11.2019 from NSE for payment of penalty of Rs 76,000 to each exchange.</p> <p>The Company Secretary visited BSE and NSE in person on 06.11.2019 for clarification regarding the reasons for again sending the penalty notice. According to Stock Exchanges the company had reconstituted Nomination &amp; Remuneration Committee in compliance with regulatory requirements on August 8, 2019. So they have considered non-compliance until August 7, 2019. During the conversation in meeting with Stock Exchanges it was clarified that company had to be compliant on continuous basis. And therefore they had put fine until August 7, 2019 for September quarter end and were advised to pay the penalty amount.</p> <p>The Company was in the process follow up for waiver of the whole amount. The Company has received full amount of Rs 165,200 on 01.05.2020 from NSE in respect of waiver application and the response from BSE is awaited.</p> |  |  |

- c) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued there under in so far as it appears from my examination of those records.



d) The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sr. No. | Observations of the Practicing Company Secretary in the previous reports | Observations made in the secretarial compliance report for the year ended... (The years are to be mentioned) | Actions taken by the listed entity, if any | Comments of the Practicing Company Secretary on the actions taken by the listed entity |
|---------|--|--|--|--|
|         | NIL  | NIL  | NIL  | NIL  |

For J. B. Bhavé & Co.  
Company Secretaries



Jayavant Bhavé  
Proprietor  
FCS: 4266 CP: 3068



PR No.: 486/2016  
UDIN: F004266B000372260

Place: Pune  
Date: 24<sup>th</sup> June 2020

**ANNEXURE TO THE SECRETARIAL COMPLIANCE REPORT (SCR) 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 records 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 SCR Audit conducted by me.
- The SCR 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-

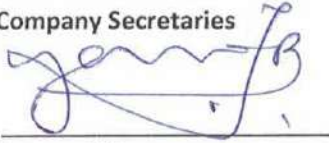
1. The SCR Audit for the financial year 2019-2020 has been conducted as per the applicable Auditing Standards.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was 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 SCR Audit and to that extent our verification of documents and records might have been impacted.

7. This Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For J. B. Bhave & Co.  
Company Secretaries



Jayavant Bhave  
Proprietor  
FCS: 4266 CP: 3068



PR No.: 486/2016  
UDIN: F004266B000372260

Place: Pune  
Date: 24<sup>th</sup> June 2020