September 7, 2017

To
The Manager- Compliance Department
Bombay Stock Exchange Limited
Floor 25, P. J. Tower, Dalal Street,
Mumbai -400 001
Email: corp.relations@bseindia.com
corp.compliances@bseindia.com

BSE Scrip Code: 532761

To
The Manager- Compliance Department
National Stock Exchange of India Limited
'Exchange Plaza', Bandra Kurla Complex,
Bandra (East), Mumbai-400 051
Email: cmlist@nse.co.in
neaps@nse.co.in

NSE symbol: HOVS

Subject: Annual Report for the Financial Year 2016-17

Dear Sir/Madam,

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 please find enclosed an Annual Report of the Company for the FY 2016-17.

Thanking you,

Yours faithfully,

For **HOV Services Limited**

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

Encl: As above

HOV SERVICES LIMITED

29th ANNUAL REPORT 2016 - 17

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CORPORATE INFORMATION

Registered Office & Head office	3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune -411 037 Tel: (91 20) -24231623; Fax: (91 20) -24221470
Registrar & Share Transfer Agent	Karvy Computershare Pvt Ltd., Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad- 500 032, Telangana; Tel: (91 40) - 23420815; Fax: (91 40) – 23420814
Statutory Auditors	Lodha & Co., Chartered Accountants, 6 Karim Chambers 40, Ambalal Doshi Marg, Mumbai – 400 023, Maharashtra, India; Tel: (91 22)- 2265 1140; Fax: (91 22)- 2269 1414
Secretarial Auditor	J. B. Bhave & Co., Company Secretaries, Flat No. 9, Karan Aniket, Shri Varanasi Co-op Soc. Ltd., Off Mumbai Bangalore Highway, Behind Atul Nagar, Warje, Pune- 411058; Tel: (91 20)- 25204357/59
Internal Auditors	Arth & Associates, Chartered Accountants, Flat No. 102/103, Beena Apartments, Behind Chrysallis Institute, Opp SBI Bank, S. B. Road, Pune- 411016
VP- Corporate Affairs & Company Secretary & Compliance Officer	Mr. Bhuvanesh Sharma investor.relations@hovsltd.com
Website	www.hovsltd.com

THE BOARD OF DIRECTORS

Mr. Sunil Rajadhyaksha	**Chairman & Executive Director**
Mr. Surinder Rametra	**Executive Director**
Mr. Parvinder S Chadha*	**Executive Director**
Mr. Vikram Negi	**Executive Director**
Mr. Baldev Raj Gupta	**Independent Director**
Mr. Harish Bhasin	**Independent Director**
Mrs. Lakshmi Kumar	**Independent Director**

** Up to May 29, 2017*

THE EXECUTIVE MANAGEMENT

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

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

Name	Designation/Category
Mr. Baldev Raj Gupta	Chairman (Independent Director)
Mr. Harish Bhasin	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)

Chairman Message:



Dear Member,

With great pleasure, I welcome you to the 29th Annual General Meeting of Your Company.

This past year have been both challenging and incredibly eventful for your Company.

On February 22, 2017 the Board of Directors' of your Company sought approval on business combination, through postal ballot by way of special resolutions, as stated in the Notice of Postal Ballot dated March 8, 2017. The voting results were declared on April 8, 2017, whereby the members' of the Company had approved the resolutions with requisite majority of 99.999%.

And on July 12, 2017, Exela Technologies, Inc. ("Exela") (NASDAQ:XELA) (NASDAQ:XELAW) (NASDAQ:XELAU), had closed the previously announced business combination with SourceHOV Holdings, Inc. ("SourceHOV") and Novitex Holdings, Inc. ("Novitex") to become one of the largest global providers of transaction processing and enterprise information management solutions serving over 3,500 clients including more than 60% of the Fortune® 100, across more than 50 countries, provide services at nearly 1,200 onsite client facilities and through approximately 150 delivery centers strategically located throughout the Americas, Europe, and Asia.

Above all, I am pleased to inform you that with the closure of above stated combination, your Company got more strengthened.

I am thankful to each one of you for showing trust and confidence in the management of the Company. By & large your Company's management is completely geared towards accomplishing new milestone, diversifying Company's growth and enhancing shareholders value.

I would like to acknowledge efforts made by each and every member of our HOVS family for their dedication towards work, relentless efforts, overcoming challenges, and support.

Lastly, on behalf of Company's Board of Directors, will place on record sincere thanks to each and applicable Authorities and Regulators.

We look forward for continued support of all our shareholders' of the Company. Together we can succeed!

Best regards and thank you all.

Sunil Rajadhyaksha

Chairman & Executive Director

Directors' Report

Your Directors are pleased to present the Twenty-Ninth Annual Report on the Business and Operations of HOV Services Limited (the "Company" or "HOVS") together with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANICAL RESULTS AND OPERATIONS:

Particulars	Rs. In Million			
	Consolidated		Standalone	
	For the year ended		For the year ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
INCOME				
Income from Operation	154.32	151.51	136.45	135.06
Other Income	9.57	11.16	10.61	13.35
	163.89	**162.67**	**147.06**	**148.41**
EXPENDITURE				
Staff Cost	100.15	104.45	99.15	102.16
General and Administrative Expenses	52.44	44.19	28.49	24.39
	152.59	**148.64**	**127.64**	**126.55**
Profit / (Loss) before Interest, Depreciation and Tax	11.30	14.03	19.42	21.86
Less: Interest	6.23	6.07	-	-
Less: Depreciation	8.54	9.75	1.79	3.55
Profit / (Loss) before Tax	**(3.46)**	**(1.79)**	**17.64**	**18.31**
Less: Provisions for taxes				
Current Tax	5.90	5.69	5.90	5.69
Deferred Tax	0.13	(1.30)	0.13	(1.30)
Profit / (Loss) after Tax	**(9.49)**	**(6.18)**	**11.61**	**13.92**
Less: Minority Interest	-	-	-	-
Profit/(Loss) after minority interest	**(9.49)**	**(6.18)**	**11.61**	**13.92**
Add: Share of (Loss) from an Associate	(1,445.79)	(2,750.19)	-	-
Net Profit / (Loss)	**(1,455.28)**	**(2,756.37)**	**11.61**	**13.92**

1. RESULTS OF OPERATIONS

For the financial year ended March 31, 2017 as follows:-

Consolidated Financial Performance :

- Consolidated total Income for the current year was Rs. 163.89 million.
- EBIDT for the current year was Rs. 11.30 million.
- Net Profit/ (Loss) was Rs. (1,455.28) million.
- The basic and diluted Earnings Per Share (EPS) was Rs. (116.12)for the year.

Standalone Financial Performance :

- Total Income for the current year was Rs. 147.06 million.
- EBIDT for the current year was Rs. 19.42 million.
- Net Profit/ (Loss) was Rs. 11.61 million.
- The basic and diluted Earnings Per Share (EPS) is Rs. 0.92 for the year under reporting.

2. Appropriations

(i) ***Dividend***:

Your Company intends to conserve available resources to invest in the growth of the business and pursue strategic growth opportunities, accordingly did not recommend any dividend for the year.

(ii) ***Transfer to Reserve:***

No amount was transferred to Reserve during the financial year ended on March 31, 2017.

3. Subsidiary companies and Associate company

A. **Subsidiary Companies :**

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.

B. **Associate Company :**

SourceHOV Holdings Inc., in which HOVS LLC, wholly owned subsidiary of the Company, has 44.8% stake holding.

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

4. Significant developments

The Board of Directors vide its meeting held on February 22, 2017 considered and approved the business combination. The Board of Directors of your Company had sought approval from its members through postal ballot by way of special resolutions, as stated in the Notice of Postal Ballot dated March 8, 2017. The voting results were declared on April 8, 2017, whereby the members' of the Company had approved the resolutions with requisite majority of 99.999%. The business combination is subject to such terms, conditions or modifications, if any, as may be prescribed by any authority (whether in India or United States of America).

5. 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.

6. Share Capital of the Company

During the financial year, there was no change in share capital, the share capital of the Company is 12,532,522 equity shares of Rs. 10/- aggregating to Rs. 125,325,220/-.

7. 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 annexed herewith as **"ANNEXURE- A"** to this report.

8. 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 annexed herewith as **"ANNEXURE- B"** to this report.

9. Human Resources

The Company periodically arranges Rewards and Recognitions programs at the right time for the right resource. During their tenure at the Company, employees are motivated through various skill development and volunteering programs.

All employees are aligned under our value system which propagates and practices being open, transparent and honest, collaborative, honoring commitments and demanding excellence among them. During the year the Company had maintained cordial relations with all its employees and has taken utmost care of its employees deployed.

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.

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

11. Directors Responsibility Statement

Information as per Section 134(5) of the Companies Act, 2013 is annexed herewith as **"ANNEXURE- D"** to this report**.**

12. Financial Summary and Highlights

The Company's current year financial summary and highlights are mentioned in the Management Discussion and Analysis Report.

13. Board Meetings

During the financial year 5 (Five) Board Meetings were held the details of which are given in the Corporate Governance Report.

14. Directors and Key Managerial Personnel

Mr. Sunil Rajadhyaksha, Chairman and Executive Director, retires by rotation and being eligible has offered himself for re-appointment.

Mr. Vikram Negi, with recommendation of the Nomination and Remuneration Committee, was appointed as an additional director by the Board of Directors on February 13, 2017 subject to the approval from shareholders at their ensuing Annual General Meeting.

Mr. Parvinder S Chadha resigned from his office of Executive Directorship and the Board accepted his decision effective May 29, 2017, placing on record its deep sense of appreciation for his unmatched business acumen, strategic vision, strong leadership, able guidance, outstanding contribution and valuable support extended to the Company at all times during his tenure as Executive Director of the Company.

Mr. Sriram Iyengar, Chief Financial Officer had held his office until February 3, 2017 and was relieved effective that date.

None of the Directors were materially interested in any contract & agreements existing or at the end of the financial year that was significant in relation to the business of the Company.

All the Independent Directors of the Company have given declaration for meeting the criteria of independence as required under Section 149(7) of the Companies Act, 2013.

15. Meeting of Independent Directors

Independent Directors of the Company met on February 13, 2017 to review the performance of the Board as a whole, its committees, non-independent directors, independent directors and the Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The familiarisation program was arranged by the Company on February 13, 2017 for Independent Directors with regard to their roles, rights, responsibilities with the Company, the nature of the industry in which the Company operates and business model of the Company. The details of the familiarisation program were disclosed under Investor Relations section of the Company's website www.hovsltd.com.

16. Performance Evaluation

During the year the evaluation of Board, its Committees, Independent Directors and other Non-independent directors including Chairman of the Board was carried out considering parameters as set by the members of the Board.

For Board and its Committees, the exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, meeting in legal frame work, time spent on agendas, receiving information from management 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. In case of the independent directors, the evaluation by whole board members was carried out based on the criteria of efforts undertaken for understanding the company, brings independent view point in discussion and awareness of roles and responsibilities.

17. Internal Financial Controls

The Company has adopted adequate procedures for ensuring the internal financial controls. The Company adheres to best practices for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable and accurate financial information.

18. Related Party Transactions

The transactions entered by the Company with related parties are in ordinary course of business and at arm's length basis. The particulars of transactions entered with related parties is annexed herewith as **"ANNEXURE- E"** to this report.

19. Corporate Governance Report

The Company believes in good corporate governance which are essential to enhance the value of the Company for the stakeholders and abide by the Corporate Governance norms as stipulated under Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Corporate Governance report is annexed as the part of the Directors' report.

20. 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 Directors' report.

21. Code of Conduct for Board and Senior Management

The Company has adopted Code of Conduct for the Directors and Senior Management and same 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 Directors' report.

22. Auditors and Auditors' Report

Statutory Auditors :

M/s. Lodha & Co, Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the Company at the Annual General Meeting held on July 26, 2014, in pursuance with the applicability of the new Companies Act, 2013. In terms of appointment, they will hold office till the conclusion of 29th Annual General Meeting and would retire thereat. Accordingly, the Board with recommendation from the Audit Committee, recommends the resolution to the shareholders, for appointment of M/s BAGARIA & Co., Chartered Accountants to be appointed as auditors for a period of 5 years, commencing from the conclusion of this 29th AGM till the conclusion of the 34th AGM to be held in year 2022.

The Statutory Auditors' Report does not contain any qualification, reservation or adverse remark.

Secretarial Audit Report:

The Board appointed M/s. J B Bhave & Co., Practicing Company Secretaries, Pune for conducting secretarial audit. The Secretarial Audit Report for FY 2016-17 is annexed herewith as **"ANNEXURE- F"** to this report**.** The Secretarial Auditors' Report does not contain any qualification, reservation or adverse remark.

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

23. Extract of Annual Return

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

24. Committees of the Board

Audit Committee:

The Company has constituted above Committee, the details of the same are disclosed in the Corporate Governance Report. The Board accepts all the recommendations of the Audit Committee.

Nomination & Remuneration Committee:

The Company has constituted above Committee, the details of the same are disclosed in the Corporate Governance Report. The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The nomination and remuneration policy has been annexed as **"Annexure H"** forming a part of this report.

Stakeholders Relationship Committee:

The Company has constituted the above committee to resolve the grievances of the shareholders the details of the same are disclosed in the Corporate Governance Report.

The details of the committees along with their charters are annexed as part of this Board's Report.

25. Particulars of Loans, Advances and Investments

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

The particulars of loans are mentioned in Note No. 20.6 & 22.6, respectively of Standalone and Consolidated Notes to Accounts; the particulars of Guarantees are mentioned in Note No. 20.2 & 22.2, respectively of Standalone and Consolidated Notes to Accounts; and the particulars of Investment are mentioned in Note No. 21.6 of Consolidated Notes to Accounts.

26. Whistle Blower Policy

The Board of Directors had adopted the Vigil Mechanism/Whistle Blower Policy in order to establish a mechanism for directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected frauds or violation of the Company's Code of Conduct. It provides necessary safeguards for protection of employees from reprisals or victimization, for whistle-blowing in good faith. In line with the commitment of Company to the highest possible standards of ethical, moral and legal business conduct and its commitment

to open communication and made provisions for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases. During the year there was no instances reported under the Policy.

27. General

a. The statement relating to risk management policy and identification of risk elements are covered under Management Discussion and Analysis Report as annexed with this Report.

b. On following points no reporting or disclosure is required as there were no transactionson these items during the financial year under review:

i. There was no loan, guarantees and investment 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.

28. Acknowledgement

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

Your Directors express their sincere appreciation for the efforts made by employees at all levels for their hard work, co-operation and support extended to your Company during the financial year.

For and on behalf of the Board of Directors

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Date: May 29, 2017

DECLARATION REGARDING CODE OF CONDUCT

We hereby confirm that for the financial year ended March 31, 2017, the Directors and Senior Management Personnel have complied with the Code of Conduct of the Company as applicable to them.

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN- 00011683)

Date- May 29, 2017

CEO AND CFO CERTIFICATION

The Board of Directors
HOV Services Limited

CERTIFICATE FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

We, 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, 2017 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) To the best of our knowledge and belief 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.

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN- 00011683)

Date- May 29, 2017

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 a) Software and IT Enabled Services and b) Environment Protection Solutions. The Company believes that this operational structure is fundamental to our value proposition for our future success.

The Board of Directors of your Company had sought approval from its members through postal ballot by way of special resolutions, as stated in the Notice of Postal Ballot dated March 8, 2017. The voting results were declared on April 8, 2017, whereby the members' of the Company had approved the resolutions with requisite majority of 99.999%. The business combination is subject to such terms, conditions or modifications, if any, as may be prescribed by any authority (whether in India or United States of America).

Our another subsidiary company, HOV Environment Solutions Private Limited ("**HOV ESPL**") has been involved in building artificial reefs to reduce erosion of beaches, thereby providing erosion protection solutions.

Financial Performance

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

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
1	**Shareholders' funds**	Shareholder's funds stood at Rs. 879.02 million as at March 31, 2017 as compared to Rs. 867.42 million as at March 31, 2016.	Shareholder's funds stood at Rs. 340.32 million as at March 31, 2017 as compared to Rs. 3374.50 million as at March 31, 2016.
2	**Equity & Security Premium:**	During the year, Share Capital and Securities Premium were Rs. 125.33 million and Rs.624.34 million respectively. Presently, HOVS has 12,532,522 equity shares of Rs. 10 each fully paid up.	During the year, Share Capital and Securities Premium were Rs. 125.33 million and Rs. 624.34 million respectively. Presently, HOVS has 12,532,522 equity shares of Rs. 10 each fully paid up.
3	**Profit and Loss Account**	Retained earnings as at March 31, 2017 amount to Rs. 109.19 million.As at March 31, 2017, HOVS's book value per share increased to Rs. 70.14 per share as compared to Rs. 69.21 per share as at March 31, 2016.	Retained earnings as at March 31, 2017 amount to Rs. (5987.89) million.As at March 31, 2017, HOVS's book value per share Rs. 27.15 per share as compared to Rs. 269.26 per share as at March 31, 2016
4	**General Reserve**	During the year there is no change in amount of reserve from the year ended of previous year ended March 31, 2016 which was Rs. 19.54 million.	No change same as previous year ended March 31, 2016 which was Rs. 19.54 million.
5	**Capital Redemption Reserve**	During the year there is no change in CRR amount of Rs. 0.63 million 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 Rs.0.63 million which was created on account of buy-back of equity share capital in year 2009.
6	**Investments**	Non-current investments as at March 31, 2017 amount to Rs. 755.93 million as compared to Rs. 757.82 million as at March 31, 2016.	Non-current investments as at March 31, 2017 amount to Rs. 298.36 million as compared to Rs. 3325.10 million as at March 31, 2016.
7	**Fixed Assets**	Gross Block as at March 31, 2017 stood at Rs. 31.54 million as compared to Rs. 35.45 million as at March 31, 2016. The Corresponding Net Block as at March 31, 2017 is Rs. 2.42 million as compared to Rs. 4.11 million as at March 31, 2016.	Gross Block as at March 31, 2017 stood at Rs. 78.81 million as compared to Rs. 83.15 million as at March 31, 2016. The Corresponding Net Block as at March 31, 2017 is Rs. 23.12 million as compared to Rs. 30.94 million as at March 31, 2016.

Sr. No.	Particulars	On Standalone basis	On Consolidated basis
8	**Goodwill**	Goodwill as at March 31, 2017 stood as Nil.	Goodwill as at March 31, 2017 stood at Rs. 0.038 million as compared to Rs. 0.038 million as at March 31, 2016.
9	**Trades Receivables**	Net Receivables as at March 31, 2017 amounted to Rs. 39.37 million as compared to Rs. 48.71 million as at end of previous year March 31, 2016. Trade receivables as a percentage of revenue from operations is 28.85% as at March 31, 2017 as against 36.07% as at March 31, 2016	Net Receivables as at March 31, 2017 amounted to Rs. 43.38 million as compared to Rs. 52.40 million as at end of previous year March 31, 2016. Trade receivables as a percentage of revenue from operations is 28.11% as at March 31, 2017 as against 34.58% as at March 31, 2016.
10	**Non-current Liabilities**	Non-current liabilities amount to Rs. 52.32 million as at March 31, 2017 as compared to Rs. 60.45 million as at March 31, 2016.	Non-current liabilities amount to Rs. 52.32 million as at March 31, 2017 as compared to Rs. 60.85 million as at March 31, 2016.
11	**Current Liabilities**	As at March 31, 2017 current liabilitiesamount to Rs. 28.36 million as compared to Rs. 34.68 million as at March 31, 2016.	As at March 31, 2017 current liabilities amount to Rs. 131.88 million as compared to Rs. 142.22 million as at March 31, 2016.
12	**Sale of services**	For the year ended March 31, 2017, Revenue from Operations was Rs. 136.45 million.	For the year ended March 31, 2017, Revenue from Operations was Rs. 154.32 million.
13	**Operating Profit/ (Loss)**	Reported Profit/ (Loss) before exceptional items and tax is of Rs. 17.63 million for the year ended March 31, 2017.	Reported Profit/ (Loss before exceptional items and tax is of Rs. (3.46) million for the year ended March 31, 2017.
14	**Net Profit/ (Loss) after Tax**	HOVS recorded a PAT of Rs. 11.61 million for the year ended March 31, 2017.	Recorded a PAT of Rs. (1,455.28) million for the year ended March 31, 2017.

Revenues – standalone

Our total revenue in current year on a standalone basis decreased to Rs.147.06 million from Rs. 148.41 million in the previous year. Our export revenues aggregated to Rs.136.45 million, from Rs. 135.06 million in the previous year.

Revenues – consolidated

Our total revenue in current year on a consolidated basis increased to Rs.163.89 million from Rs. 162.67 million in the previous year. Our Income from Operation aggregated to Rs.154.32 million, from Rs. 151.51 million in the previous year.

Profits – standalone

Staff Cost Expenses were at Rs.99.15 million for year ended March 31, 2017 and were at Rs. 102.16 million for the year ended March 31, 2016. Other expenses were at Rs.28.49 million for year ended March 31, 2017 and were at Rs. 24.39 million for the year ended March 31, 2016.

The EBITDA amounted to Rs.19.42 million as against Rs. 21.86 million in the previous year.

The Profit/(Loss) after tax was Rs.11.61 million, as against Rs. 13.92 million in the previous year.

Profits – consolidated

Staff Cost Expenses were at Rs.100.15 million for year ended March 31, 2017 and were at Rs. 104.45 million for the year ended March 31, 2016.

Other expenses were at Rs.52.44 million for year ended March 31, 2017 and were at Rs.44.19 million for the year ended March 31, 2016.

The EBITDA amounted to Rs.11.30 million as against Rs. 14.03 million in the previous year. The (Loss) after tax before minority interest and share of (Loss) from Associate is Rs.(9.49) million, as against Rs. (6.18) million in the previous year. Share of (Loss) from an associate is Rs. (1,445.79) million for current year as against Rs.(2,750.19) million in the previous year.

Our Net Profit/ (Loss) in current year on a consolidated basis amounted to Rs. (1,455.28) million, as against Rs. (2,756.37) million in the previous year.

Capital Reserve

Our capital reserve on a consolidated basis amounted to Rs.5,549.56 million, as against Rs. 7,268.17 million in the previous year.

Segment-wise performance

During the year the Software and IT Enabled business on consolidated basis fairly scaled with turnover of Rs.136.45 million and Environment Solutions Business with revenue of Rs. 17.86 million. Environment business have long gestation period and will take 5-7 years of period to scale up on project revenues and profitability.

Our Investment

The Board of Directors vide its meeting held on February 22, 2017 considered and approved the business combination of SourceHOV Holdings Inc., a Delaware (USA) based corporation ("SourceHOV") and Novitex Holdings, Inc. ("Novitex") with Quinpario Acquisition Corp. 2 ("QPAC"), publicly traded company listed on NASDAQ (NASDAQ: QPAC).

The business combination to Form EXELA Technologies Inc, a Public Company to be listed on the NASDAQ, create a leading industry-solutions provider for financial technology and business services, delivering mission critical, technology-enabled multichannel information services to over 3,500 blue-chip customers in 55 countries, supported by more than 23,500 employees across the Americas, Europe and Asia.

The Board of Directors of your Company had sought approval from its members through postal ballot by way of special resolutions, as stated in the Notice of Postal Ballot dated March 8, 2017. The voting results were declared on April 8, 2017, whereby the members' of the Company had approved the resolutions with requisite majority of 99.999%.

Human Resources

The Human Resource is important asset of the Company. For growth of employees Company organizes training sessions, various other programs to boost the morale of employees and appreciate them time to time for their performance. Management communicates with employees on regular basis through various modes and including internal portal. The Company has maintained cordial relationship with the employees. There were 234 employees during the year.

The Internal Complaints Committee had been constituted pursuant to the Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for protection against sexual harassment of women at work place.

Internal Control Systems and their adequacy

The internal control framework is essentially based on various policies, procedures and process of different functional departments of the Company to achieve efficiency and effectiveness in operations and compliance with laws and regulations. The Company has established adequate internal control systems with checks and balances observed at all levels, covering not only, financial transactions but other department functions as well. The internal controls for various processes are adequately and periodically tested by Internal Auditor.

The Internal audit team functions vigilantly on a continuous basis and monitors the effectiveness of internal controls and provides assurance of the adequacy and effectiveness of the internal controls to the Audit Committee and Board of Directors. The system of certification of the effectiveness and deficiencies of internal controls is in place and the same was placed before the Audit Committee.

Risks and concerns

The risk management framework includes identifications of element of risk, if any which in the opinion of the Management need mitigation.

The following are some of the key risks relating to the businesses of the Company, as identified by the management :

a) Business model related risk: - The revenue of the Company is based on cost plus mark up for contracts with customers. The wage cost is major risks which may not be acceptable to customers due to change in minimum wages requirements. In order to mitigate the risks management of the Company continuesly endeavours to keep apprised its customers about any change in cost factors well in advance.

b) Foreign currency fluctuation risk: - Revenue accrues 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 movements closely.

c) Financial risk:-The surplus funds of the Company are invested in fixed deposits with banks which is averse to risk related to volatility of interest rate. To mitigate the risk of interest rate the management closely tracks movement of rate change with banks.

d) Credit risk: - It is exposed to risk of delay in collection and to mitigate such risk pre-defined credit period is mentioned in contract entered and the same is followed for receiving payments from customers.

e) Operational risk: - The Company is exposed to risks of operational performance on account of costs. If the performance is lower than expected from the operators, it could have impact on profitability. So to mitigate such risks the Company had proper MIS in place.

f) Investment risk: - The Company through its wholly owned subsidiary HOVS LLC holds investments of 44.8% in SourceHOV Holdings Inc. The Company is exposed to the risk of value of investment getting effected due to performance of the investee company. To mitigate such risk the management of the Company keeps constant liaison with investee company and the Board of the Company is kept informed about necessary information on timely basis.

g) Information Technology risk: - The business operations are mostly dependent on systems involving computers/ servers which are prone to hacking due to advancement in technology. In order to mitigate the hacking risk, appropriate anti-hacking multi layered systems are installed.

h) Legal, Compliance risk: - There is a risk on account of inadvertent non-compliance with laws and in order to mitigate such risk the management had created a robust compliance framework for respective functional areas.

i) Social Media risk: -Being listed entity, the Company is exposed to risks of any inappropriate discloser made by any employee in social media. In order to mitigate such risk the employees and management including board members strictly adheres to the code of "Fair Disclosure Code" of the Company.

j) Business Continuity and Disaster Recovery risk:- To ensure continued delivery of services to customers irrespective of any disturbances the Company has implemented strong systems and processes across different locations so as to enabling it to take appropriate measures in respect of disaster recovery and business continuity.

k) The rising inflation and salaries along with high attrition among employees is a risk. The impact of this is hard to manage and to the extent possible, the management uses technology, automation, incentives and good work environment to reduce its impact.

l) In our environment business, the projects are often complex, face unknown hurdles, require substantial cash infusion to complete and typically the gestation period for such projects are around 5-7 years. All the efforts are taken to continually revisit the scope and objects of the project undertaken.

Opportunities, Outlook & Threats

The landscape of information technology has been continuously evolving and one has to keep pace with the changing trend in order to excel and tap significant growth opportunities. With recovery of developed economies like US and Europe where budgets for IT & ITES have increased enabling more contract been awarded, we look forward to capture those opportunities. We are also positive to capture opportunities in growing emerging markets for environment projects.

Company's management has strong domain knowledge and experience of successful leading business ventures in emerging sector. Our key strategy is to identify new opportunities that have the potential for growth. We are well poised to effectively capture growth opportunities in the IT & ITES domain. There is huge competition in industry, large number of players are available to provide IT & ITES related services at very competitive rates.

Report On Corporate Governance

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017.

1. Company's Philosophy on Corporate Governance

Corporate Governance implies to conduct the business in a fair, transparent and ethical manner, aimed at promoting sustainable business and enhancing shareholders' value in the long term. Your Company practices a culture that is built on core values and ethical governance practices and is committed to transparency in all its dealings. The Company is committed to good Corporate Governance practices and compliance with all applicable statutes. The Board believes that combining the highest levels of ethical practices with experience and expertise, will ensure the Company's philosophy on Corporate Governance.

The Company's affairs are being managed in a manner which ensures accountability, transparency in all transactions. Transparency in terms of business practices which is done in fair and ethical manner and Accountability in terms of responsibility towards environment in which it operates.

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

2. Board of Directors

The Board of Directors comprises of members having distinguished experience in various fields such as management, finance, technology and strategic planning, with considerable professional expertise and experience in business and industry. The Board functions either as a full Board or through various Committees constituted to oversee specific operational areas. The Board of Directors of your Company along with its Committees provides direction and guidance to the Company's Management and directs, supervises the functioning of the Company. The Board plays an important role in overseeing how the management safeguards the interests of all the stakeholders' interest and entrusted with the task of managing the Company directly or through delegation of authority to executive management which provides the Board detailed reports on its performance periodically.

(a) Size and 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 with one 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.

The Non-Executive Directors have been granted stock options under Employee Stock Option Plan 2007 of the Company.

During the financial year no stock options granted to the Non-Executive Directors and 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 circulates the agenda papers and supporting documents well in advance before the respective Board and Committee Meeting. The Board and Audit Committee meet at least four times on quarterly basis in a year to review the quarterly financial statements and meets on need basis on other matters. The Nomination & Remuneration Committee and Stakeholder's Relationship Committee of the Board meets as and when required.

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

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 per below table;

Composition of Board of Directors and details of meeting attended:

Name of Director	Category	Board Meetings		Attended Last AGM	Other Directorships/Board Committees (Number)		
		Held	Attended		Director ship	Committee Member ship	Committee Chairman ship
Mr. Surinder Rametra	Promoter Executive	5	3	Yes	-	-	-
Mr. Parvinder S Chadha	Promoter Executive	5	-	Yes	-	-	-
Mr. Sunil Rajadhyaksha	Promoter Executive	5	3	Yes	-	-	-
Mr. Vikram Negi	Executive	1	1	NA*	-	-	-
Mr. B R Gupta	Non-Executive Independent	5	4	Yes	10	5	3
Mr. Harish Bhasin	Non-Executive Independent	5	5	Yes	1	-	-
Mrs. Lakshmi Kumar	Non-Executive Independent	5	4	Yes	1	-	-

**Appointed w.e.f February13, 2017*

The details of Board Meetings held during the financial year ended March 31, 2017 are as under:

Sr. No.	Date of Board Meetings	Board Strength	No. of Directors Present
1	May 13, 2016	6	3
2	August 10, 2016	6	3
3	November 09, 2016	6	4
4	February 13, 2017	6	5
5	February 22, 2017	7	5

Shareholding of Directors as on March 31, 2017 is as below:

Sr. No.	Name of Director	Number of shares held
1	Mr. B R Gupta, Independent Director	8,000
2	Mr. Harish Bhasin, Independent Director	8,000
3	Mr. Surinder Rametra, Executive Director*	1,20,000
4	Mr. Sunil Rajadhyaksha, Chairman & Executive Director*	5,88,720
5	Mr. Parvinder Chadha, Executive Director*	38,250
6	Mr. Vikram Negi, Executive Director	63,556

**Promoters - refer page no. 55 for shareholdings of Promoters*

(d) Details of Remuneration of all the Directors:

Sr. No.	Name of Director	Salary & Perquisites Rs.	Bonus/ Commission Rs.	Sitting Fees Rs.
1	Mr. Surinder Rametra	Nil	Nil	Nil
2	Mr. Parvinder S Chadha	Nil	Nil	Nil
3	Mr. Sunil Rajadhyaksha	48,00,000	Nil	Nil
4	Mr. B R Gupta	Nil	Nil	4,80,000
5	Mr. Harish Bhasin	Nil	Nil	5,70,000
6	Mrs. Lakshmi Kumar	Nil	Nil	3,00,000

Notes:

i) The Company has not entered into any pecuniary relationship or transaction with the Non-Executive Directors.

ii) The remuneration and sitting fees amount in above table is for the financial year ended March 31, 2017.

iii) The shareholders in their 28th Annual General Meeting had re-appointed Mr. Baldev Raj Gupta and Mr. Harish Bhasin as an Independent Directors of the Company for 2nd term of five years period starting from July 26, 2016 to July 25, 2021.

iv) There is no pecuniary relationship with non-executive directors except entitled to get sitting fees for attending Board Meetings and its Committees Meetings.

v) The remuneration payable to directors does not have performance linked incentives.

vi) None of the Directors are eligible for severance fees.

vii) Notice period, as mutually decided by the Board and Director.

3. Audit Committee

The objective of the Audit Committee is 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.

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

i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;

ii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

iii) Examination of the financial statement and the auditors' report thereon;

iv) Approval or any subsequent modification of transactions of the company with related parties;

v) Scrutiny of inter-corporate loans and investments;

vi) Valuation of undertakings or assets of the company, wherever it is necessary;

vii) Evaluation of internal financial controls and risk management systems;

viii) Monitoring the end use of funds raised through public offers and related matters;

ix) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

x) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;

xi) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

xii) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

xiii) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

xiv) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

xv) Approval or any subsequent modification of transactions of the company with related parties;

xvi) Evaluation of internal financial controls and risk management systems;

xvii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

xviii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

xix) Discussion with internal auditors of any significant findings and follow up there on;

xx) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

xxi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

xxii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

xxiii) To review the functioning of the Whistle Blower mechanism;

xxiv) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

xxv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;

b. Changes, if any, in accounting policies and practices and reasons for the same;

c. Major accounting entries involving estimates based on the exercise of judgment by management;

d. Significant adjustments made in the financial statements arising out of audit findings;

e. Compliance with listing and other legal requirements relating to financial statements;

f. Disclosure of any related party transactions; and

g. Qualifications in the draft audit report;

xxvi) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

Majority of the Members of the Audit Committee, including the Chairman of the Committee have accounting and financial management expertise. Mr. B R Gupta, who was the Chairman of the Audit Committee at the time of previous Annual General Meeting, and has attended the 28th Annual General Meeting of the Company, held on June 30, 2016. Mr. B R Gupta has over five decades of rich & versatile experience in Insurance, Investment and Financial Services Sector.

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

The composition of Audit Committee is as follows:

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

The details of Audit Committee Meetings and its attendance during the financial year ended March 31, 2017 are as under:

Sr. No.	Meeting Date	May 13, 2016	August 10, 2016	November 09, 2016	February 13, 2017	February 21, 2017
1	Mr. B. R. Gupta	P	P	P	P	A
2	Mr. Harish Bhasin	P	P	P	P	P
3	Mrs. Lakshmi Kumar*	NA	NA	NA	NA	P
4	Mr. Surinder Rametra	P	A	A	P	P

**Appointed as member w.e.f. February 18, 2017*

4. Nomination & Remuneration Committee

The composition of Nomination & Remuneration Committee is as per Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR), 2015.

The N&R 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";

ii) Recommend to the Board for appointment and removal of senior management;

iii) Carry out evaluation of every director's performance;

iv) Devising a policy on Board diversity;

v) Formulate the criteria for determining qualifications, positive attributes and independence of a director;

vi) 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.

The composition of Nomination & Remuneration Committee is as follows:

Name	**Designation/Category**
Mr. Harish Bhasin	Chairman (Independent Director)
Mr. B. R. Gupta	Member (Independent Director)
Mrs. Lakshmi Kumar	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)

The details of Nomination & Remuneration CommitteeMeetings and its attendance during the financial year ended March 31, 2017 are as under:

Sr. No.	**Meeting Date**	**May 13, 2016**	**November 09, 2016**	**February 13, 2017**
1	Mr. B. R. Gupta	P	P	P
2	Mr. Harish Bhasin	P	P	P
3	Mrs. Lakshmi Kumar	A	P	P
4	Mr. Sunil Rajadhyaksha	A	P	P

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

The remuneration of the Executive Director(s) and KMPs of the Company is recommended by the Nomination and Remuneration Committee based on established criteria. The Company generally pays remuneration by way of salary, perquisites and allowances which is fixed.

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

5. Stakeholders Relationship Committee

The Stakeholders Relationship Committee constituted as per Section 178 and Regulation 20 of the SEBI (LODR), 2015.

The composition of Stakeholders Relationship Committee is as follows:

Name	Designation/Category
Mr. B. R. Gupta	Chairman (Independent Director)
Mr. Harish Bhasin	Member (Independent Director)
Mr. Sunil Rajadhyaksha	Member (Executive Director)

The details of Stakeholders Relationship Committee Meetings and its attendance during the financial year ended March 31, 2017 are as under:

Sr. No.	Meeting Date	May 13, 2016	November 09, 2016
1	Mr. B. R. Gupta	P	P
2	Mr. Harish Bhasin	P	P
3	Mr. Sunil Rajadhyaksha	A	P

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

i) To consider and resolve the grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non- receipt of declared dividends.

ii) To monitor and review the performance and service standards of the Registrar and Share Transfer Agents of the Company and provides continuous guidance to improve the service levels for investors;

iii) To monitor and review any investor complaints received by the Company or through SEBI, SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary and Compliance officer and RTA of the Company.

iv) To expedite the process of share transfers, the Board of the Company shall delegate the power of share transfer to an officer or a committee or to the registrar and share transfer agents. The delegated authority shall attend to share transfer formalities at least once in a fortnight.

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

During the financial year no complaints received from the shareholders of the Company.

6. General Body Meetings

a) The details of last three Annual General Meetings held areas under:

Year	Location of the Meeting	Date	Time	Special Resolutions passed
2014	Le Meridien, Raja Bahadur Mill Road, Pune - 411001	July 26, 2014	11.00 AM	No
2015	Le Meridien, Raja Bahadur Mill Road, Pune- 411001	July 22, 2015	10.30 AM	Yes
2016	Le Meridien, Raja Bahadur Mill Road, Pune- 411001	June 30, 2016	10.30 AM	Yes

b) Extra Ordinary General Meeting: No Extra Ordinary General Meeting was held during the year.

c) Resolutions passed through Postal Ballot & details of voting process are as under :

During the Financial Year, in pursuance of Section 110 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 the Company had conducted Postal Ballot vide its Notice of Postal Ballot Dated March 8, 2017.

- The Notice of Postal Ballot was sent on March 8, 2017 to all shareholders for seeking their approval and newspaper advertisement for the Notice was published in Financial Express and Pune Loksatta on March 9, 2017 and March 10, 2017 respectively.
- Mr. Prajot Tungare, of M/s. Prajot Tungare & Associates, the practicing Company Secretaries, was appointed as Scrutinizer for conducting postal ballot process. The Company had provided e-voting facility to shareholders to exercise their voting rights. The voting period commenced at 10:00 A.M. on March 9, 2017 and ended at 5:00 P.M. on April 7, 2017.
- After the completion of the scrutiny all the e-voting votes / postal ballot forms received up to closing of the hours on April 7, 2017, were scrutinized. The Scrutinizer, on completion of scrutinizing process, submitted the report to the Chairman and the result of voting's was announced on April 8, 2017 by the Company.
- Results of the Postal Ballot are as follows:-

Particulars of the Resolutions	Consolidated (e-voting & voting through Postal Ballot Forms)					
	No. of Votes Polled	No. of Votes in Favour	No. of Votes Against	No. of Invalid Votes	% of Votes in Favour	% of Votes Against
*Below Resolutions passed.	74,88,747	74,88,640	107	3,661	99.999	0.0014

* ***"RESOLVED THAT****, pursuant to the applicable provisions, if any, of the Companies Act, 2013 (including statutory modification or re-enactments thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the time being in force and as amended from time to time, and other rules, regulations, circulars, guidelines as may be applicable and subject to such terms, conditions or*

modifications, if any, as may be prescribed by any authority (whether in India or United States of America) while granting its approval, consent of the members of the Company be and is hereby granted to the proposed business combination of SourceHOV Holdings Inc., a Delaware (USA) based corporation ("SourceHOV") and Novitex Holdings, Inc. ("Novitex") with Quinpario Acquisition Corp. 2 ("QPAC"), publicly traded company listed on NASDAQ (NASDAQ:QPAC)."

***"RESOLVED FURTHER THAT**, pursuant to the approval by the members of the Company, the Board of Directors of the Company be and are hereby severally authorized to communicate the decision to the board of directors of HOVS LLC, a Nevada (USA) based Limited Liability Company and/ or SourceHOV Holdings Inc., a Delaware (USA) based corporation, as may be required for implementation of the proposed business combination."*

***"RESOLVED FURTHER THAT**, Board of Directors of the Company are severally authorized to do and perform all such acts, matters, deeds and things as may be necessary, without referring back to the members of the Company, including authorizing the board of directors of HOVS LLC, a Nevada (USA) based Limited Liability Company and/ or SourceHOV Holdings Inc., a Delaware (USA) based corporation to finalize the terms of the proposed business combination and undertake all and any steps, as may be required, in relation to the implementation of the proposed business combination."*

7. Subsidiary Companies

The Company does not have any material non-listed Indian Subsidiary companies, whose turnover or net worth (paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company.

The major updates about the unlisted subsidiary companies are regularly presented to the Audit Committee and the Board in addition to the key points which are taken up in the audit committee/ board meeting of subsidiaries. Minutes of all the meetings of board of directors of the Indian subsidiary company are placed before the Board of Directors of the Company.

8. Disclosures Requirements

i) There was no material significant related party transactions between the related parties having potential conflict with the interests of the Company at large during the year.

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

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://hovsltd.com/docs/Policies/HOVS%20Vigil%20WhistleBlower%20Policy.pdf. During the year, no employee was denied access to Audit Committee.

iv) The Company is complying with the non-mandatory requirements that the internal auditors of the Company reports to the Audit Committee of the Board of Directors.

v) The details of the policy on determining "Material Subsidiaries" are available on http://hovsltd.com/docs/Policies/HOVS%20Policy%20for%20Material%20Subsidiary.pdf.

vi) The Company has formulated policy on Related Party Transactions available on http://hovsltd.com/docs/Policies/HOVS%20RPTs%20Policy_Clean%20Version.pdf.

vii) The detailed Management Discussion and Analysis Report are given separately in the Annual Report.

viii) On November 2011, HOV Environment Solutions Private Limited (the "HOV ESPL") was set up as an indirect subsidiary of the Company, to design and develop advanced solutions for solving problems related to erosion control, soil stabilization, environment conservations and protection solutions.

ix) No dividend was declared for the financial year ended March 31, 2017.

x) Unclaimed Dividends

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

a) The details of unclaimed dividend:

Sr. No.	Type of Dividend	Year	Date of Declaration/ approval	Payment Date	Unclaimed Dividend as on March 31, 2017(Rs.)	Due for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)
1	Final Dividend	2009-10	21-Jul-2010	30-July 2010	42,360	July 30, 2017
2	Interim Dividend	2010-11	29-Jul-2010	27-Aug 2010	39,566	Aug 27, 2017
3	2nd Interim Dividend	2010-11	26-Oct-2010	18-Nov 2010	45,826	Nov 18, 2017
4	3rd Interim Dividend	2010-11	27-Jan-2011	21-Feb-2011	58,180	Feb 21, 2018
5	Final Dividend	2010-11	3-Aug-2011	22-Aug-2011	82,188	Aug 22, 2018

Shareholders who have not claimed their unclaimed dividend amount are requested to correspond with the Karvy Computershare Private Limited.

b) The details of the unclaimed dividend amount transferred during the year:

Sr. No.	Type of Dividend	Year	Date of Declaration/ approval	Payment Date	Amount transferred to unclaimed dividend to Investor Education and Protection Fund (IEPF)	Due date for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)	Date on which amount was transferred to Investor Education and Protection Fund (IEPF)
1	Interim Dividend	2009-10	28-Jan-2010	18-Feb-2010	Rs. 36,756	17-March-2017	6-March-2017

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

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

In accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2017, effective February 28, 2017, inter-alia had provided the due date of May 31, 2017 in order to transfer those shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, to account in the name IEPF Authority. The Company will follow the due process to comply with said rules during the FY 2017-18.

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

xi) The details of the familiarization program are disclose on the Company's website http://www.hovsltd.com/docs/ir/HOVS%20FAMILIRIZATION%20OF%20PROGRAMME%20FOR%20INDEPENDENT%20DIRECTORS%20FY%202016-17.pdf

xii) Nomination Facility

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

9. Means of Communications

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

The Company communicates through Quarterly Results, Press Releases. The financial results are generally published in local/ regional newspapers, financial and other national papers that include Financial Express (all editions) and Loksatta, Pune (regional newspaper).

The Company's periodic financial results as well as official news releases are made available to the shareholders by way of displaying under "Investor Relation" section on the web site of the Company at www.hovsltd.com.

The Company has taken up "Go Green Initiative in the Corporate Governance" for paperless compliances as per circular issued by the Ministry of Corporate Affairs ("MCA") on April 21, 2011, which provides for service of document by a company through electronic mode.

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

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

As per the requirement of Regulation 17 (8) of the SEBI (Listing Obligations and Disclosure Requirements), 2015, a duly signed certificate was placed at the meeting of Board of Directors of the Company held on May 29 2017. The same is annexed to the Board's Report.

11. General Shareholder Information

a) Details of ensuing AGM:

Day and Date	Time	Venue
Friday, September 1, 2017	10:30 A.M.	Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune-411001, Maharashtra

b) Financial Year: April 1 to March 31

c) Dividend payment date: No dividend was declared for the financial year ended March 31, 2017.

d) Listing on Stock Exchanges:

National Stock Exchange of India "Exchange Plaza" Bandra-Kurla Complex, Bandra (East), Mumbai- 400 051	Bombay Stock Exchange Limited PhirozeJeejeebhoy Towers, Dalal Street, Mumbai- 400 001
Stock Code	
HOVS	532761

e) Market price data:

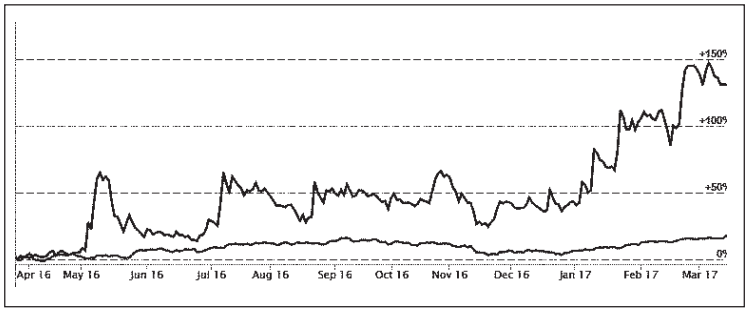
Monthly highs, lows and trading volume for FY ended March 31, 2017 is as below:

Month	NSE			BSE		
	High (Rs.)	Low (Rs.)	Trade Quantity	High (Rs.)	Low (Rs.)	Trade Quantity
Apr-16	83.85	75.45	43,255	84.00	75.20	66,856
May-16	130.80	79.55	25,79,119	130.90	80.10	32,70,037
Jun-16	101.80	81.70	4,33,188	102.10	82.10	3,05,313
Jul-16	131.80	93.15	11,89,899	132.20	94.60	16,54,490
Aug-16	124.00	94.20	4,94,554	124.25	94.00	8,18,246
Sep-16	124.00	97.05	3,02,749	124.00	100.05	4,17,891
Oct-16	131.00	105.70	4,99,756	131.35	105.00	4,61,228
Nov-16	126.45	92.90	47,060	126.25	91.10	1,87,437
Dec-16	120.00	102.30	6,42,001	118.65	101.00	2,66,065
Jan-17	164.80	105.35	22,68,636	164.70	106.15	27,79,679
Feb-17	205.00	133.20	49,52,355	204.30	133.70	32,13,420
Mar-17	192.70	163.30	5,93,635	192.80	163.00	16,33,028

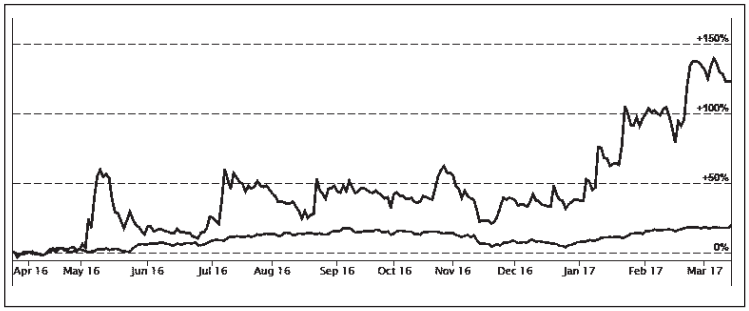
f) HOV Services Limited's Share prices versus the NSE Nifty

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 01-04-2016 to 31-03-2017

HOVS vis-à-vis BSE Sensex:



HOVS vis-à-vis NSE Nifty:



g) Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd.
Karvy Selenium, Tower B,
Plot number 31 & 32, Financial District,
Gachibowli, Hyderabad 500 032

h) Share Transfer System

Shareholders/Investors are requested to send share transfer related documents directly to Registrar and Share Transfer Agent. If the transfer documents are in order, the transfer of shares(s) will get registered within 15 days of receipt of transfer documents by our Registrar and Share Transfer Agent. The Company's R&T agent has expertise and effective systems for share transfers.

i) Financial Calendar for the Financial Year 2017-18:

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

Quarter End	Date
1st Quarter Results	On or before August 14, 2017
2nd Quarter Results	On or before November 14, 2017
3rd Quarter Results	On or before February 14, 2018
4th Quarter Results (Audited)	On or before May 30, 2018

j) Date of Book Closure: August 29, 2017 to September 1, 2017 (both days inclusive).

k) Distribution of Shareholding as of March 31, 2017

i) Distribution of Shares according to size of holding:

Sr. No.	Category	No. of Cases	% of Cases	Amount Rs.	% of Amount
1	1 - 5000	6,817	88.29	72,55,800	5.79
2	5001 - 10000	359	4.65	29,74,130	2.37
3	10001 - 20000	205	2.66	31,70,080	2.53
4	20001 - 30000	84	1.09	21,52,680	1.72
5	30001 - 40000	42	0.54	14,95,960	1.19
6	40001 - 50000	37	0.48	17,47,930	1.39
7	50001 - 100000	83	1.07	58,14,700	4.64
8	100001 And Above	94	1.22	10,07,13,940	80.36
	Total	**7,721**	**100.00**	**12,53,25,220**	**100.00**

ii) Distribution of Shares by Shareholders Category:

Sr.No.	Description	No. of Cases	Total Shares	% Equity
1	Banks	2	12,901	0.10
2	Clearing Members	61	32,618	0.26
3	Employees	8	27,761	0.22
4	Foreign Nationals	3	3,77,416	3.01
5	Foreign Portfolio Investors	1	5,800	0.05
6	H U F	287	3,97,058	3.17
7	Bodies Corporate	1	9,04,274	7.22
8	Bodies Corporates	288	11,16,668	8.91
9	Non Resident Indians	50	1,41,566	1.13
10	Non Resident Indian Non Repatriable	14	2,21,502	1.77
11	Promoters	8	62,27,329	49.69
12	Resident Individuals	6,998	30,67,629	24.48
	Total	**7,721**	**1,25,32,522**	**100.00**

iii) Top Ten Shareholders as of March 31, 2017

Sr. No	Holder	Total shares	% to equity	Category
1	ADESI 234 LLC	30,00,985	23.95	PRO
2	HOF2 LLC	16,67,933	13.31	PRO
3	Chitale LLC	9,04,274	7.22	LT1
4	Stern Capital Partners LLC	6,94,246	5.54	PRO
5	Sunil Vasant Rajadhyaksha	5,88,720	4.70	PRO
6	E India Venture Holding Company Ltd.	3,66,418	2.92	LTD
7	Xin Cheng	2,23,950	1.79	FN
8	Karan Negi	1,48,817	1.19	NRN
9	PurviPrabhatchandra Jain	1,21,080	0.97	PUB
10	Surinder Rametra	1,20,000	0.96	PRO

l) Dematerialization of shares and liquidity

The shares of the Company are tradable both in dematerialization (electronic) as well as physical form and are available for trading under both depository systems in India-CDSL & NSDL 99.46 % of the Company's shares are held in electronic form as on March 31, 2017.

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) 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

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

Bhuvanesh Sharma
VP – Corporate Affairs & Company Secretary & Compliance Officer
3rd Floor, Sharda Arcade,
Pune Satara Road,
Bibwewadi, Pune 411037
Maharashtra, India
Tel: (91 20) 2423 1623
Fax: (91 20) 2422 1460
E-mail: investor.relations@hovsltd.com
Website: www.hovsltd.com

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, 2017, as stipulated in Regulation 15(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to a review of the 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.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management and read together with para. 2.1 of the Corporate Governance Report, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the aforesaid regulations.

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

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

R P Baradiya
Partner
Membership No. 44101

Place: Vashi
Date: May 29, 2017

Annexure - A to the Director's Report

Details of Employees Stock Options as on March 31, 2017.

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

Particulars	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	**214,250**	**716,900**	**931,150**
Equity shares issued and allotted	**41,500**	**-**	**41,500**
Options in force	**81,400**	**37,000**	**118,400**
Balance options available	**277,100**	**663,000**	**940,100***

*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	3,000	27,000	30,000
Grant in 2008	3,150	-	3,150
Grant in 2011	22,750	10,000	32,750
Grant in 2013	7,500	-	7,500
Total options vested	**36,400**	**37,000**	**73,400**

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

Options granted date	Directors	Other than Directors	Total (A+B)
	(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	**40,750**	**890,400**	**931,150**
Equity shares Issued on exercise of options	**27,000**	**14,500**	**41,500**
Options outstanding	**52,250**	**66,150**	**118,400**

iv) The details of options granted under the **Plan 2007** and **Plan 2008** are given in the table.

As of March 31, 2017

		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:	73,400
d.	Options Exercised:	41,500
e.	Total number of shares would be arising as a result of exercise of options:	73,400
f.	Options lapsed:	931,150
g.	Variation of terms of option:	NA
h.	Money realized by exercise of options:	Rs. 19,08,900/-
i.	Total number of options in force:	118,400

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.	Rs. 0.92

Notes:

i) 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;

ii) 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;

iii) During the year no options were granted out of ESOP Plan 2007.

iv) Independent directors are not entitled for any grant of options.

v) The options of all employees of HOV Services LLC which now forms part of SourceHOV LLC whom the options were granted out of the HOVS ESOP Plan 2007 during the year 2007 and 2008 have expired and lapsed as per the ESOP Plan 2007. The Nomination & Remuneration Committee and the Board of Directors in their respective meetings held on February 28, 2014 took note of all such expired and lapsed options.

vi) Based on recommendation 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 is continuously determined for conservation of energy and always strives to conserve energy on continuous basis. The operations of your Company are not energy intensive and involves low energy consumption.

Technology Absorption, Adaptation and Innovation:

The Company is constantly developing and adopting modern technologies and standards to grow its competitive advantage, to serve better its clients, retain its employees and improve their productivity and performance. Technology deployment is strategic to growth and effective use of technology to improve operations efficiency will continue to lead to better, faster, and cheaper solutions for clients. The Company has embarked 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:

Almost the entire earnings of the Company are from the export of services since the Company has no domestic business. The foreign exchange earnings and outgo is contained in the Note number 20.11 of Notes to the Financial Statements of the Annual Report.

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 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17 are as under:

Sr. No.	Name of Director/KMP and Designation	% increase in Remuneration in the Financial Year 2015-16	Ratio of remuneration of each Director/ to median remuneration of employees
1	Sunil Rajadhyaksha Whole-time Director	NIL	NIL
2	Parvinder ChadhaWhole-time Director	NIL	NIL
3	Surinder Rametra Whole-time Director	NIL	NIL
4	Sriram Iyengar *Chief Financial Officer	5%	NA
5	Bhuvanesh Sharma VP-Corporate Affairs, Company Secretary & Compliance Officer	5%	NA

*Mr. Sriram Iyengar was in employment up to February 3, 2017.

ii) The percentage increase in the median remuneration of employees in the financial year was (0.30%).

iii) As on March 31, 2017 the total numbers of employees on the rolls of the Company were 234.

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]

The Names of top ten Employees in terms of Remuneration drawn.

Sr. No.	Name of the Employee	Designation of the employee	Remuneration received (CTC in Rs.)	Qualification of the Employee	Experience of the Employee	Date of commence-ment of the employment	Age of the Employee	Last employment held before joining the Company	Percentage of equity shares held by the employee in the Company
1	Sriram Iyengar	Chief Financial Officer	5,008,500	B.Com., CA	27+ Years	9-Apr-14	51 Years, 8 Months	LancoInfratech Limited	Nil
2	Bhuvanesh Sharma	Vice President-Corporate Affairs & Company Secretary and Compliance Officer	3,071,616	B.Sc. Maths, MFA, CS	17+ Years	1-Jan-15	45 Years, 5 Months	BancTec TPS India Pvt. Ltd.	0.0039%
3	Balbirsingh Batra	Vice President	3,000,000	Under Graduate	30+ Years	7-Jan-06	58 Years, 1 Months	Oceans Connect	0.0239%
4	Nilesh Bafna	Sr. Manager, Finance	2,869,476	B.Com., CA	10+ Years	21-Apr-06	40 Years, 11 Months	Own Practice	0.0239%
5	Sanjay Pawar	Sr. Manager, Technology	2,750,004	M.C.M., M.Com.	18 + Years	1-Apr-05	44 Years, 9 Months	Codec Communications Pvt. Ltd.	Nil
6	Shrirang Chitnis	Director, Applications Development	2,625,012	B.Sc. Microbiology	20+ Years	1-Jan-05	49 Years, 11 Months	Codec Communications Pvt. Ltd.	0.0119%
7	Mahesh Shah	Associate Vice President	2,484,000	BCE, Diploma in Ele. Contractor	20+ Years	1-Apr-05	40 Years	Codec Communications Pvt. Ltd.	0.0180%
8	Jayant Dhargawe	Sr. Technical Lead	2,025,000	B.E. Computer	12+ Years	1-Jan-05	38 Years, 6 Months	National Sales & Services	Nil
9	Saurabh Sudhir Jain	Technical Lead	2,023,008	BE Computer Science	10+ Years	2-Jul-12	34 Years, 7 Months	CreditPointe Services Pvt. Ltd.	Nil
10	Ravindra Vishwasrao	Technical Lead	2,012,508	B.C.A.	18 + Years	25-Sep-06	41 Years, 1 Months	NV Information Technology	Nil

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

Annexure- D to the Director's Report

Directors' Responsibility Statement

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

a) That in preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; and

b) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 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 arrangement 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	HOVS LLC	SourceHOV LLC	HOVG LLC (dba Bay Area Credit Services LLC)	BancTec TPS India Private Limited
(a)	Nature of relationship:	Wholly Owned Subsidiary	Associate- Wholly Owned Subsidiary of SourceHOV Holdings Inc.*	SourceHOV Holdings Inc. * entity	SourceHOV Holdings Inc. * entity
(b)	Nature of contracts/ arrangements/ transactions:	Sale of Services	Sale of Services	Sale of Services	Lease of Property**
(c)	Duration of the contracts / arrangements /transactions:	12 Months (Ongoing Basis)	12 Months (Ongoing Basis)	12 Months (Ongoing Basis)	Lease period ending on October 26, 2020
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any :	Software and IT enabled services	Software and IT enabled services	Software and IT enabled services	Lease rent of Rs. 9,13,815/- p m
(e)	Date(s) of approval by the Board, if any:	NA (Approved by Audit Committee on March 21,2016)	NA (Approved by Audit Committee on March 21,2016)	NA (Approved by Audit Committee on March 21,2016)	NA
(f)	Amount paid as advances, if any:	Nil	Nil	Nil	Refundable Security Deposit of Rs. 9,960,501/-

** HOVS LLC has 44.8% stake holding in SourceHOV Holdings Inc.*

***With approval of Audit Committee and Board of Directors on November 9, 2016, the Company entered into MOU agreement with TransCentra FTS Private Limited ("TC FTS"), a wholly owned subsidiary (WOS) company of BancTec TPS India Private Limited ("BT TPS")for using the lease property by TC FTS, wherein the MOU agreement is governed by terms and conditions of main lease agreement dated October 27, 2015 between BT TPS and the Company.*

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN- 00011683)

Annexure- F to the Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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
Sharada 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, 2016 to March 31, 2017, in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances of the Company and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 ("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, 2017 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;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014;

e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **[Not applicable during the Audit Period]**

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **[Not applicable during the Audit Period]**

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **[Not applicable during the Audit Period]**

(vi) OTHER APPLICABLE LAWS:

a) The Minimum Wages Act, 1948;

b) Employees' State Insurance Act, 1948;

c) Provident Fund Act 1952 & Employees' Pension Scheme 1995;

d) The Payment of Bonus Act, 1965;

e) Payment of Gratuity Act, 1972;

f) The Bombay Shops and Establishments Act, 1948;

g) The Maternity Benefit Act, 1961;

h) The Information Technology Act, 2000;

i) Policy relating to Software Technology Parks of India [STPI] and its regulations;

j) Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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

I further report that:-

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

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

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable

laws, rules, regulations and guidelines.

I further report that during the audit period –

(i) The Company has sought approval from its members through postal ballot by way of special resolutions, as stated in the Notice of Postal Ballot dated March 8, 2017. The voting results were declared on April 8, 2017, whereby the resolutions were duly passed with requisite majority.

(ii) The Company has obtained Central Government's approval during the year under report in respect of re-appointment and / or payment of managerial remuneration of, its Whole-Time Directors namely, Mr. Sunil Rajadhyaksha, Mr. Surinder Rametra, and Mr. Parvinder S Chadha, pursuant to Section 196, 197 and Schedule V of the Companies Act 2013.

For **J B BHAVE & CO.**
Company Secretaries

Jayavant Bhave
Proprietor
FCS No. 4266
CP No. 3068

Place: Pune
Date:May 25, 2017

Annexure- G to the Director's Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[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	3rd Floor Sharda Arcade, Pune Satara Road, Bibwewadi, Pune - 411 037, Maharashtra
vi)	Whether listed company Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Pvt Ltd Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad – 500 032, Telangana

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	Software Development and Support Services, BPO business and Data Entry Services	722 / 723 / 724	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr.No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	HOVS LLC 8550 West Desert Inn Rd, Suite 102-452, Las Vegas, NV 89117	US based	Subsidiary	100%	2(87)
2	HOVS Holdings Limited Room 2, Block 1/F, Sea View Estate, 2-8 Waston Road, North Point, Hong Kong	HK based	Subsidiary	100%	2(87)

Sr. No	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
3	HOV Environment LLC 8550 West Desert Inn Rd, Suite 102-452, Las Vegas, NV 89117	US based	Subsidiary	61.10%	2(87)
4	HOV Environment Solutions Private Limited 3rd Floor, Sharda Arcade, Pune Satara Road, Bibwewadi, Pune- 411037	U93000PN 2010PT C142608	Subsidiary	100% (by HOV Environ-ment LLC)	2(87)
5	SourceHOV Holdings Inc. 2701 E. Grauwyler Road, Irving 75061, TX, USA	US based	Associate	44.8%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Cat. Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2016				No. of Shares held at the end of the year 31/03/2017				% 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	-	25,422	0	25,422	-	25,422	0	-
(b)	Central Govern-ment/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Financial Insti-tutions / Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(1) :	**25,422**	**-**	**25,422**	**0**	**25,422**	**-**	**25,422**	**0**	**-**

Cat. Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2016				No. of Shares held at the end of the year 31/03/2017				% 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)	746,970	-	746,970	6	746,970	-	746,970	6	-
(b)	Bodies Corporate	5,454,937	-	5,454,937	44	5,454,937	-	5,454,937	44	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2) :	**6,201,907**	**-**	**6,201,907**	**49**	**6,201,907**	**-**	**6,201,907**	**49**	**-**
	Total A=A(1)+A(2)	**6,227,329**	**-**	**6,227,329**	**50**	**6,227,329**	**-**	**6,227,329**	**50**	**-**
(B)	**PUBLIC SHAREHOLDING**									
(1)	INSTITUTIONS									
(a)	Mutual Funds /UTI	-	-	-	-	-	-	-	-	-
(b)	Financial Institutions /Banks	-	-	-	-	12,901	-	12,901	0	(0)
(c)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	11,800	-	11,800	0	5,800	-	5,800	0	0
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total B(1) :	**11,800**	**-**	**11,800**	**0**	**18,701**	**-**	**18,701**	**0**	**(0)**

Cat. Code	Category of Shareholders	No. of Shares held at the beginning of the year 31/03/2016				No. of Shares held at the end of the year 31/03/2017				% 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)	NON-INSTITUTIONS									
(a)	Bodies Corporate	1,094,998	-	1,094,998	9	1,116,668	-	1,116,668	9	(0)
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.2 lakh	2,532,795	8,004	2,540,799	20	2,598,014	4	2,598,018	21	(0)
	(ii) Individuals holding nominal share capital in excess of Rs.2 lakh	935,658	-	935,658	7	894,430	-	894,430	7	0
(c)	Others									
	Clearing Members	7,635	-	7,635	0	32,618	-	32,618	0	(0)
	Foreign Nationals	153,466	223,950	377,416	3	377,416	-	377,416	3	-
	Bodies Corporate	904,274	-	904,274	7	904,274	-	904,274	7	-
	Non Resident Indians	365,025	67,588	432,613	3	73,978	67,588	141,566	1	2
	NRI Non-Repatriation	-	-	-	-	221,502	-	221,502	2	(2)
(d)	**Qualified Foreign Investor**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Sub-Total B(2) :	**5,993,851**	**299,542**	**6,293,393**	**50**	**6,218,900**	**67,592**	**6,286,492**	**50**	**0**
	Total B=B(1)+B(2):	6,005,651	299,542	6,305,193	50	6,237,601	67,592	6,305,193	50	0
	Total (A+B) :	12,232,980	299,542	12,532,522	100	12,464,930	67,592	12,532,522	100	0
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**12,232,980**	**299,542**	**12,532,522**	**100**	**12,464,930**	**67,592**	**12,532,522**	**100**	

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 / encum-bered to total shares	
1	Parvinder S Chadha	38,250	0.31	0	38,250	0.31	0	0
2	Surinder Rametra	1,20,000	0.96	0	1,20,000	0.96	0	0
3	Rajadhyaksha Anil Vasant	25,422	0.20	0	25,422	0.20	0	0
4	Sun Investment Partners LLC	91,773	0.73	0	91,773	0.73	0	0
5	Stern Capital Partners LLC	6,94,246	5.54	0	6,94,246	5.54	0	00
6	HOF2 LLC	16,67,933	13.31	0	16,67,933	13.31	0	00
7	Adesi 234 LLC	30,00,985	23.95	0	30,00,985	23.95	0	00
8	Sunil Vasant Rajadhyaksha	5,88,720	4.70	0	5,88,720	4.70	0	0

iii) Change in Promoters' Shareholding (please specify, if there is no change)

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

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

Sr. No.	For each of top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Chitale LLC	9,04,274	7.22	9,04,274	7.22
2	E-India Venture Holding Company Ltd	4,08,009	3.26	3,66,418	2.92
3	Xin Cheng	2,23,950	1.79	2,23,950	1.79
4	Karan Negi	1,48,817	1.19	1,48,817	1.19
5	PurviPrabhatchandra Jain	1,21,096	0.97	1,22,080	0.97
6	Ronald C Cogburn	88,978	0.71	88,978	0.71
7	Reliance Securities Limited	-	0.00	80,000	0.64
8	N Sucil Kumar	73,800	0.59	73,800	0.59
9	JitendraKantilal Shah (HUF)	27,000	0.22	72,000	0.57
10	Suresh Yannamani	67,588	0.54	67,588	0.54

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Shareholding of each Directors/KMP	Shareholding at the beginning of the year		Cumulative Share-holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	SUNIL VASANT RAJADHYAKSHA				
	At the beginning of the year	5,88,720	4.69	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-		-	-
	At the end of the year	5,88,720	4.69		
2	SURINDER RAMETRA				
	At the beginning of the year	1,20,000	0.95	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-		-	-
	At the end of the year	1,20,000	0.95	-	-

Sr. No.	Shareholding of each Directors/KMP	Shareholding at the beginning of the year		Cumulative Share-holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3	PARVINDER S CHADHA				
	At the beginning of the year	38,250	0.3	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year	38,250	0.3	-	-
4	BALDEV RAJ GUPTA				
	At the beginning of the year	8,000	0.06	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-
	At the end of the year	8,000	0.06	-	-
5	VIKRAM NEGI				
	At the beginning of the year	63,556	0.5	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-
	At the end of the year	63,556	0.5	-	-
6	HARISH PESHORILAL BHASIN				
	At the beginning of the year	8,000	0.06	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year	8,000	0.06	-	-
7	LAKSHMI KUMAR				
	At the beginning of the year	0	0	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-	-
	At the end of the year	0	0	0	0

Sr. No.	Shareholding of each Directors/KMP	Shareholding at the beginning of the year		Cumulative Share-holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	SRIRAM GOPALAN IYENGAR	0	0	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year	0	0	-	-
9	BHUVANESH SHARMA				
	At the beginning of the year	500	0	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year	500	0	-	-

V. INDEBTEDNESS

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

(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indeb-tedness
Indebtedness at the beginning of the financial year as at April 1, 2016				
i) Principal Amount*	6,75,93,659	-	-	6,75,93,659
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,53,382	-	-	4,53,382
Total (i+ii+iii)	6,80,47,041	**-**	**-**	6,80,47,041
Change in Indebtedness during the financial year				
* Addition	-	-	-	-
* Reduction	71,58,048	-	-	71,58,048
Net Change	71,58,048	**-**	**-**	71,58,048
Indebtedness at the end of the financial year as at March 31, 2017				
i) Principal Amount*	6,04,35,611	-	-	6,04,35,611
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,09,416	-	-	4,09,416
Total (i+ii+iii)	**6,08,45,027**	**-**	**-**	**6,08,45,027**

** Secured loans against property lease.*

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Mr. Sunil Rajadhyaksha WTD	Mr.Parvinder Chadha WTD	Mr.Surinder Rametra WTD	
1	Gross salary	4,800,000	-	-	4,800,000
	(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)	4,800,000	-	-	4,800,000
	Ceiling as per the Act				4,800,000

B. Remuneration to other Directors

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Baldev Raj Gupta	Harish Bhasin	Lakshmi Kumar	
1	Independent Directors				
	Fee for attending board committee meetings	4,80,000	5,70,000	3,00,000	13,50,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	4,80,000	5,70,000	3,00,000	13,50,000
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)	4,80,000	5,70,000	3,00,000	13,50,000
	Total Managerial Remuneration	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act				NA

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(Amount in Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Bhuvanesh Sharma CS	Mr. Sriram Iyengar CFO*	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,67,557	38,22,813	65,90,370
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	32,400	27,000	59,400
	(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	27,99,957	38,49,813	66,49,770

**Up to February 3, 2017.*

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	None
Punishment	
Compounding	

Annexure- H to the Board's Report

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

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

i) Identify persons who are qualified and have experience to become directors and who may be appointed as senior management personnel.

ii) In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of a director vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

iii) The N&R Committee shall ensure that the candidate identified for appointment as a director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

iv) The N&R Committee shall consider the following attributes/ criteria, whilst recommending to the Board the candidature for appointment as director:-

   a. Qualification, expertise and experience of the directors in their respective fields;

   b. Personal, Professional or business standing; and

   c. Diversity of the Board structure.

v) In case of re-appointment of any directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Remuneration-

i. The non-executive directors shall be entitled to receive remuneration by way of sitting fees as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and entitle to get reimbursement of expenses for attending and participation in the Board / Committee meetings.

ii. A non-executive director will be entitled to receive commission as may be approved by the Board on the recommendation of the N&R Committee subject to compliance of the Companies Act, 2013.

iii. The independent directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company.

iv. The executive directors at the time of appointment and re-appointment shall be paid such remuneration within the overall limits prescribed under the Companies Act, 2013.

v. In determining the remuneration of the key managerial personnel the N&R Committee shall ensure/ consider the following:

   a. the relationship of remuneration and performance benchmark is clear;

   b. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

   c. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

   d. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, industry benchmark and current compensation trends in the market.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Members of
HOV Services Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **HOV Services Limited** ("the Parent Company"), its subsidiaries and an associate (collectively referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible 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 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 (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the

accounting policies used and the reasonableness of the accounting estimates made by the Parent Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March, 2017 and its loss and its cash flows for the year ended on that date.

Other Matters:

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 59,649,071 as at March 31, 2017 (as at March 31, 2016 Rs. 84,493,777) and total revenues of Rs. 17,859,578 and net cash outflow of Rs. 118,882 for the year ended March 31, 2017 (total revenues of Rs. 17,897,786 and net cash out flow of Rs. 213,656 for the year ended March 31, 2016), as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net loss of Rs. 1,445,790,541 for the period from January 1, 2016 to December 31, 2016 (net loss of Rs. 2,750,187,344 for the period from January 1, 2015 to December 31, 2015 included in the year ended March 31, 2016) in respect of an associate. These financial statements / financial information of subsidiaries and an associate 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 an associate, 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 and an associate, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our 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, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant 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 (Accounts) Rules, 2014.

(e) As required by Section 143 (3) of the Act with respect to the adequacy of the internal financial controls over financial reporting of the Parent Company and a subsidiary incorporated in India and the operating effectiveness of such controls, we give in 'Annexure A' a separate report on the same.

(f) On the basis of the written representations received from the directors of the Parent Company and a subsidiary incorporated in India as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 has disclosed the impact of pending litigations on its consolidated financial position in the aforesaid consolidated financial statements. (Refer Note 22.2).

(ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

(iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Parent Company and a subsidiary incorporated in India.

(iv) The Parent Company and its subsidiary incorporated in India has disclosed in the financial statements as to holding as well as dealings in Specified Bank Notes (SBN) during the period from 8th November 2016 to 30th December 2016 and the same was in accordance with books of account maintained by the Parent Company and subsidiary incorporated in India (Refer Note 22.8).

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

R P Baradiya
Partner
Membership No. 44101

Place: Vashi
Date: May 29, 2017

'Annexure A'

Report on the Internal Financial Controls 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 Parent Company") and a subsidiary incorporated in India (collectively referred to as 'the Group') as of March 31, 2017 in conjunction with our audit for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Parent Company's management is responsible for establishing and maintaining internal financial controls 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 (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 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Other Matter

Our opinion in respect of adequate internal financial controls system over financial reporting of a subsidiary incorporated in India audited by other auditor is based solely on the reports of the other auditors.

Opinion

In our opinion, the Group has, 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, 2017, 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 **Lodha & Company**
Chartered Accountants
Firm Registration No: 301051E

R P Baradiya
Partner
Membership No. 44101

Place: Vashi
Date: May 29, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

Amount in Rs.

	Note No.	As at March 31, 2017	As at March 31, 2016
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
Share capital	1	125,325,220	125,325,220
Reserves and surplus	2	214,992,336	3,249,179,742
2 Non-current liabilities			
Long-term borrowings	3	52,321,081	60,580,598
3 Current liabilities			
Short term borrowings	4	68,140,172	65,770,697
Trade payables		10,328,289	11,366,679
Other current liabilities	5	47,626,320	59,939,759
Short-term provisions	6	5,788,840	5,144,034
TOTAL		**524,522,258**	**3,577,306,729**
II. ASSETS			
1 Non Current Assets			
Fixed Assets	7		
Tangible Assets		16,806,104	21,715,274
Intangible Assets		6,312,332	9,224,001
Goodwill on consolidation		38,000	38,000
Deferred Tax Assets (net)	8	3,016,632	3,143,656
Non-Current investments	9	298,355,059	3,325,101,812
Long-term Loans and Advances	10	1,475,700	1,280,700
Other Non-Current Assets	11	17,420,441	21,408,465
2 Current Assets			
Trade Receivables	12	43,381,095	52,396,025
Cash and Bank Balances	13	110,227,999	99,405,935
Short Term Loans and Advances	14	16,826,838	20,451,612
Other Current Assets	15	10,662,058	23,141,249
TOTAL		**524,522,258**	**3,577,306,729**
Significant accounting policies and Accompanying Notes form an integral part of consolidated financial statements	21 & 22		

As per our attached report of even date

For LODHA & CO.
Chartered Accountants
(Firm Regn. No:301051E)

R.P.Baradiya
Partner

Place: Vashi
Date: May 29, 2017

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN: 00019714)

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Amount in Rs.

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I Revenue from operations	16	154,321,010	151,506,313
II Other income	17	9,568,821	11,162,253
III Total Revenue (I + II)		163,889,831	162,668,566
IV Expenses			
Employee Benefits Expense	18	100,149,257	104,448,515
Finance Costs	19	6,226,517	6,066,335
Depreciation and Amortization Expense	7	8,539,859	9,749,189
Other Expenses	20	52,437,604	44,190,422
V Total Expenses		167,353,237	164,454,461
VI Loss before tax (III- V)		(3,463,406)	(1,785,895)
VII Tax Expense			
Current Tax		5,900,000	5,690,000
Deferred Tax		127,024	(1,299,018)
VIII Loss for the year		(9,490,430)	(6,176,877)
IX Share of Profit/(Loss) from an associate		(1,445,790,541)	(2,750,187,344)
X Loss for the year (VIII+IX)		(1,455,280,971)	(2,756,364,221)
XI Earnings per equity share of the face value of Rs.10 each :	22.5		
Basic and Diluted Earning Per Share		(116.12)	(220.08)
Significant accounting policies and Accompanying Notes form an integral part of consolidated financial statements	21 & 22		

As per our attached report of even date

For LODHA & CO.
Chartered Accountants
(Firm Regn. No:301051E)

For and on behalf of the Board

R.P.Baradiya
Partner

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN: 00019714)

Place: Vashi
Date: May 29, 2017

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Amount in Rs.

		For the year ended March 31, 2017	For the year ended March 31, 2016
A	**Cash flow from Operating Activities:**		
	Loss before Tax	(3,463,406)	(1,785,895)
	Add Adjustments for:		
	Depreciation & amortisation	10,421,063	11,630,393
	Interest Income	(8,212,595)	(8,015,171)
	Rent Income	(10,965,780)	(10,784,637)
	Finance Cost	13,954,867	14,917,946
	Provision for doubtful debts	1,899,000	-
	Provision no longer required written back	-	(3,095,261)
	Foreign Exchange Variation (Gain)/Loss	240,191	708,208
	Operating Profit before Working Capital changes	**3,873,340**	**3,575,583**
	Adjustments for changes in Working Capital :		
	(Increase)/Decrease in Trade Receivables	11,057,479	(21,971,660)
	(Increase)/Decrease in Other Receivables	14,373,775	10,677,187
	Increase/(Decrease) in Trade and Other Payables	(15,992,135)	(2,315,967)
	Cash generated from Operations	**13,312,459**	**(10,034,857)**
	Taxes Paid	(5,156,773)	(2,494,996)
	Net cash from/(used in) Operating Activities - A	**8,155,686**	**(12,529,853)**
B	**Cash flow from Investing Activities:**		
	Purchase of Fixed Assets	(95,977)	(1,932,187)
	Rent Income received	10,965,780	10,784,637
	Interest Income	8,212,595	8,015,170
	Net Cash from/(used in) Investing Activities - B	**19,082,398**	**16,867,620**
C	**Cash flow from Financing Activities:**		
	Finance Cost	(13,954,867)	(14,917,946)
	Proceeds from issue of equity shares	-	203,200
	Proceeds/(Repayments) of Borrowings (Net)	(4,914,347)	7,692,277
	Net cash from/(used in) Financing Activities - C	**(18,869,214)**	**(7,022,469)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	8,368,870	(2,684,702)
	Opening Cash and Cash Equivalents	9,705,408	12,390,110
	Closing Cash and Cash Equivalents	**18,074,278**	**9,705,408**

As per our attached report of even date

For LODHA & CO.
Chartered Accountants
(Firm Regn. No:301051E)

For and on behalf of the Board

R.P.Baradiya
Partner

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN: 00019714)

Place: Vashi
Date: May 29, 2017

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note 1- Share Capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rs.	Number	Amount in Rs.
Authorised				
Equity Shares of Rs. 10 each	30,000,000	300,000,000	30,000,000	300,000,000
Issued, Subscribed & Paid up				
Equity Shares of Rs. 10 each, fully paid up	12,532,522	125,325,220	12,532,522	125,325,220
Total	12,532,522	125,325,220	12,532,522	125,325,220

Note 2 - Reserves and Surplus

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Capital Redemption Reserve		
Balance as per last Balance sheet	630,230	630,230
Securities Premium Account		
Opening Balance	624,338,920	623,888,645
Add: On allotment of equity shares under ESOP Plan 2007	-	450,275
Closing Balance	624,338,920	624,338,920
General Reserve		
Balance as per last Balance sheet	19,541,409	19,541,409
Foreign Exchange Translation Reserve		
Opening Balance	(130,883,853)	(23,466,417)
Add :Addition/ (deletion) during the year	139,690,474	(107,417,436)
Closing Balance	8,806,621	(130,883,853)
Capital Reserve arising on consolidation		
Opening Balance	7,268,165,014	6,811,451,485
Add/(Less): Equity adjustments	(1,608,845,105)	48,828,744
Add/(Less): Foreign Exchange variations	(109,751,804)	407,884,785
Closing Balance	5,549,568,105	7,268,165,014
Surplus/(Deficit) : Statement of Profit & Loss		
Opening Balance	(4,532,611,978)	(1,776,247,757)
Profit/(Loss) for the year as per Statement of Profit & Loss	(1,455,280,971)	(2,756,364,221)
Closing Balance	(5,987,892,949)	(4,532,611,978)
Total	**214,992,336**	**3,249,179,742**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note 3 - Long Term Borrowings **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
Secured :		
Term loans from banks:		
Against Property	52,321,081	60,454,824
(Equated Monthly Installment of Rs. 1,244,197 each payable in 66 months @ 12.00% to 12.10% (Previous year 12.10% to 12.75%) floating rate of interest)		
(Secured by way of deposit of title deeds of property situated at Navi Mumbai)		
Against Vehicle	-	125,774
(Equated Monthly Installment of Rs. 13,191 each payable in 22 months)		
Total	**52,321,081**	**60,580,598**

Note 4 - Short Term Borrowings **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
Secured :		
Cash Credit facility from a bank	68,140,172	65,770,697
(Secured by way of pledge of Fixed deposit)		
Total	**68,140,172**	**65,770,697**

Note 5 - Other Current Liabilities **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
Unclaimed Dividend*	268,121	318,436
Current Maturities of long term borrowings	8,240,304	7,275,984
Advances from a customer towards services to be rendered	-	5,525,734
Statutory Dues Payable	2,295,334	2,226,082
Interest Accrued but not due on borrowings	409,416	453,382
Security Deposit towards office premises	2,649,981	9,960,501
Advances received towards reimbursement of expenses	33,708,153	34,156,035
Other Liabilities	55,011	23,605
Total	**47,626,320**	**59,939,759**

* Due to be transfer to Investor Education and Protection Fund

Note 6- Short-term Provisions **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits	5,788,840	5,144,034
Total	**5,788,840**	**5,144,034**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note 7 - Fixed Assets

Amount in Rs.

Sr. No.	Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block
		Balance as at April 1, 2016	Additions	Disposals / Adjustments	Balance as at March 31, 2017	Up to March 31, 2016	Depreciation for the year	On Disposals / Adjustments	Balance as at March 31, 2017	Balance as at March 31, 2017
a	**Tangible Assets**									
	Plant & Equipment	30,971,262	-	(74,715)	30,896,547	12,682,713	4,640,127	(807,258)	16,515,582	14,380,965
	Computers	8,527,913	-	(3,733,559)	4,794,354	7,256,368	560,579	(3,733,559)	4,083,388	710,966
	Office Equipments	2,875,491	-	(269,208)	2,606,283	2,552,247	114,607	(269,208)	2,397,646	208,637
	Furniture & Fixtures	218,000	-	-	218,000	64,641	22,860	-	87,501	130,499
	Vehicle	2,507,052	-	-	2,507,052	828,475	303,540	-	1,132,015	1,375,037
	Total (a)	45,099,718	-	(4,077,482)	41,022,236	23,384,444	5,641,713	(4,810,025)	24,216,132	16,806,104
b	**Intangible Assets**									
	Software Product*	17,451,289	-	-	17,451,289	17,051,572	399,715	-	17,451,287	2
	Other Softwares	5,000,006	95,977	-	5,095,983	3,973,022	526,802	-	4,499,824	596,159
	Goodwill	15,594,865	-	(351,310)	15,243,555	7,797,565	1,971,629	(241,810)	9,527,384	5,716,171
	Total (b)	38,046,160	95,977	(351,310)	37,790,827	28,822,159	2,898,146	(241,810)	31,478,495	6,312,332
	Total (a+b)	**83,145,878**	**95,977**	**(4,428,792)**	**78,813,063**	**52,206,603**	**8,539,859**	**(5,051,835)**	**55,694,627**	**23,118,436**

* Meant for License sale or otherwise

Amount in Rs.

As at March 31, 2016

Sr. No.	Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block
		Balance as at April 1, 2015	Additions	Disposals / Adjustments	Balance as at March 31, 2016	Up to March 31, 2015	Depreciation for the Period	On Disposals / Adjustments	Balance as at March 31, 2016	Balance as at March 31, 2016
a	**Tangible Assets**									
	Plant & Equipment	30,784,157	-	187,105	30,971,262	8,732,944	4,138,957	(189,188)	12,682,713	18,288,549
	Computers	7,865,789	836,561	(174,437)	8,527,913	6,634,466	796,339	(174,437)	7,256,368	1,271,545
	Office Equipments	2,757,590	117,901	-	2,875,491	2,404,891	147,356	-	2,552,247	323,244
	Furniture & Fixtures	218,000	-	-	218,000	41,781	22,860	-	64,641	153,359
	Vehicle	2,507,052	-	-	2,507,052	524,935	303,540	-	828,475	1,678,577
	Total (a)	44,132,588	954,462	12,668	45,099,718	18,339,017	5,409,052	(363,625)	23,384,444	21,715,274
b	**Intangible Assets**									
	Software Product*	17,451,289	-	-	17,451,289	15,132,940	1,918,632	-	17,051,572	399,717
	Other Softwares	4,022,280	977,725	-	5,000,006	3,475,288	497,734	-	3,973,022	1,026,984
	Goodwill	14,715,097	-	879,768	15,594,865	5,518,255	1,923,771	355,539	7,797,565	7,797,300
	Total (b)	36,188,666	977,725	879,768	38,046,160	24,126,483	4,340,137	355,539	28,822,159	9,224,001
	Total (a+b)	**80,321,254**	**1,932,187**	**892,436**	**83,145,878**	**42,465,500**	**9,749,189**	**(8,086)**	**52,206,603**	**30,939,275**

* Meant for License sale or otherwise

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note 8 - Deferred Tax Asset (Net) Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred Tax Liability on account of :		
Depreciation	(510,311)	(720,832)
Deferred Tax Asset on account of		
Provision for Employee Benefits	1,878,189	2,215,734
Unabsorbed business loss	1,648,754	1,648,754
Net Deferred Tax (Liability)/ Asset	**3,016,632**	**3,143,656**

Note : As a matter of prudence, deferred tax asset of Rs.Nil (Previous year Rs. 921,901) has not been recognised.

Note 9 - Non Current Investments (Long Term) Amount in Rs.

Sr.	Name of the Body Corporate	No. of Shares / Units		Extent of Holding (%)		Amount	
		As at March 31,		As at March 31,		As at March 31,	
		2017	2016	2017	2016	2017	2016
1	**Investment property (at cost)**						
	Leasehold office premises*	NA	NA	NA	NA	103,466,540	103,466,540
	(Less): Accumulated Amortisation					(8,308,651)	(6,427,447)
						95,157,889	97,039,093
	Investments in Equity Shares (Common/Preferred stock) -Trade (Unquoted , fully paid up)						
2	Total Value of Investment in Associate - Source HOV Holdings Inc , USA (Refer note no. 22.1)						
	Total Value of Investment in associate on the date of Investment	64,715	64,715	44.8%	44.8%	5,833,760,014	5,833,760,014
	Add/(Less): Share of Profit/(loss) from an associate					(4,227,707,604)	(2,781,917,063)
	Add/(Less): Equity adjustment in respect of actuarial losses etc					(1,844,797,491)	(235,952,386)
	Add/(Less): Foreign exchange variation					441,942,251	412,172,154
						203,197,170	3,228,062,719
	Total					**298,355,059**	**3,325,101,812**

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note 10 - Long term loans and advances **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
Deposits for premises and others	1,475,700	1,280,700
Total	**1,475,700**	**1,280,700**

Note 11 - Other Non -Current Assets **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
MAT credit Receivable	16,521,513	17,784,825
Fixed deposits with original maturity of more than twelve months	-	2,500,000
Prepaid Expense	898,928	1,123,640
Total	**17,420,441**	**21,408,465**

Note 12 - Trade Receivables **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured		
Outstanding for a period more than six months from the date they are due for payment		
- considered Good	1,899,000	-
- considered doubtful	3,397,617	1,498,617
Others - Considered good	41,482,095	52,396,025
	46,778,712	53,894,642
Less: Provision for doubtful debt	(3,397,617)	(1,498,617)
Total	**43,381,095**	**52,396,025**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Note 13 - Cash and Bank Balances **Amount in Rs.**

Particulars	As at March 31, 2017		As at March 31, 2016	
(I) Cash and Cash Equivalents :				
a. Balances with banks				
i) In Current Accounts	3,306,290		9,644,410	
ii) Fixed Deposits with maturities less than 3 months	14,750,000		-	
b. Cash on hand	17,988	18,074,278	60,998	9,705,408
(II) Other Bank balances :				-
Fixed Deposits with maturities more than 3 months and upto twelve months	5,000,000		2,500,000	
Other Fixed deposits having maturities more than twelve months (pledged with bank against guarantees issued/loan taken by a step down subsidiary)	86,869,813		86,869,813	
Unpaid Dividend Account	268,121		318,436	
In Trust Account	15,787	92,153,721	12,277	89,700,527
Total		**110,227,999**		**99,405,935**

Note 14 - Short term loans and advances **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good :		
Balances with Service Tax authorities	3,703,634	7,084,174
Deposits	592,000	1,038,200
Advance Income Tax (Net of provision Rs. 4,053,350; previous year Rs. 5,690,000)	4,145,371	4,681,757
MAT Credit Receivable	2,320,000	2,425,000
Expenses recoverable from associates	5,973,929	5,095,385
Other Loans & Advances recoverable in cash or in kind or for value to be received	91,904	127,096
Total	**16,826,838**	**20,451,612**

Note 15 - Other Current Assets **Amount in Rs.**

Particulars	As at March 31, 2017	As at March 31, 2016
Prepaid Expenses	522,356	543,882
Interest accrued but not due on Fixed Deposits	5,013,849	3,559,051
Work in Progress	3,733,266	17,307,935
Unbilled Revenue	1,392,587	1,730,381
Total	**10,662,058**	**23,141,249**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 16 - Revenue from operations **Amount in Rs.**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Software and IT enabled services	136,461,432	134,980,847
Environmental Solution Services	17,859,578	16,525,466
Total	**154,321,010**	**151,506,313**

Note 17 - Other Income **Amount in Rs.**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income	8,212,595	8,015,171
Provision no longer required written back	-	3,095,261
Rent Received	10,965,780	10,784,637
Less: Expenses attributed to rent income		
Finance Cost	(7,728,350)	(8,851,611)
Amortisation Expenses	(1,881,204)	(1,881,204)
Net Rental Income	1,356,226	51,822
Total	**9,568,821**	**11,162,253**

Note 18 - Employee Benefits Expense **Amount in Rs.**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and wages	92,877,329	96,962,212
Contributions to provident and other funds	5,731,669	5,602,148
Staff welfare expenses	1,540,259	1,884,155
Total	**100,149,257**	**104,448,515**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 19 - Finance Costs **Amount in Rs.**

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Expenses :		
Term Loan	21,143	34,764
Cash Credit	6,205,374	6,031,571
Total	**6,226,517**	**6,066,335**

Note 20 - Other Expenses Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	9,652,530	8,739,128
Project Expenses	14,034,150	8,979,413
Repairs & Maintenance - Building	779,788	780,672
Repairs & Maintenance-Computer	240,285	325,555
Repairs & Maintenance - Others	292,749	325,237
Insurance	419,890	380,623
Rates and taxes	770,913	582,064
Power & Fuel Expenses	2,653,028	2,495,623
Membership & Subscription Fees	524,712	476,622
Travelling & Conveyance Expenses	3,515,165	3,317,507
Communication Cost	1,321,049	1,642,723
Advertising & Publicity Expenses	154,720	341,960
Office upkeep & Maintenance Expenses	3,186,996	3,000,756
Legal & Professional charges	9,564,999	10,147,194
Director's sitting Fees	1,350,000	700,000
Loss on Variation in Foreign Exchange (Net)	354,872	475,992
Provision for doubtful debt	1,899,000	-
Miscellaneous Expenses	1,722,758	1,479,353
Total	**52,437,604**	**44,190,422**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

NOTE – 21:

SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

1. Overview of the Group

HOV Services Limited ("Parent"), its subsidiaries and an associate collectively referred to as "the Group" is headquartered in Pune, India and operate as a hybrid between various investment portfolios and a diversified services corporation including data entry services, software development, support services and environmental solutions. The Parent organize its portfolio companies by industry by sector with forward-looking goals for combination based on the ultimate benefit to the target customer base and to us as the owners.

2. Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements are prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') prescribed by the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India to the extent applicable.

3. Use of Estimates

The preparation of consolidated financial statements in conformity with AS and GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

4. Principles of consolidation

The consolidated financial statements include the financial statements of HOV Services Ltd and all it's subsidiaries, which are more than 50% owned or controlled have been prepared in accordance with the consolidation procedures under AS 21 – 'Consolidated Financial Statements and an associate consolidated as per AS 23 –'Accounting for Investments in associates in consolidated financial statement' prescribed by the Companies Act, 2013.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the parent and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting profits in full.
- The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent for its separate financial statements.
- The consolidated financial statements are prepared using uniform accounting policies across the Group.
- Goodwill arising on consolidation.

The excess of cost to the parent of its investment in subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in subsidiaries was made is recognized in the financial statements as goodwill. The parent's portion of equity in the subsidiaries is determined on the basis of the value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment.

5. Accounting Treatment for Investment in Associates

Equity accounted associate are entities in respect of which, the group has significant influence, but not control, over the financial and operating policies. Investments in such entities are accounted for using the equity method (equity accounted associate) and are initially recognized at cost. The excess of the parent's portion of equity of the associate over its cost its investment in the associate, at the date on which investment in the associate is made, is recognized in the consolidated financial statements as a capital reserve and the excess of cost to the parent of its investment in associate over its portion of equity in the associate is recognized in the consolidated financial statements as a Goodwill.

6. Members of the Group

HOV Service Ltd's subsidiaries, step down subsidiaries and associates are listed below:

Name	Country of incorporation	Percentage of ownership Interest	
		As at March 31, 2017	As at March 31, 2016
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 w.e.f September 1, 2013) (Wholly owned Subsidiary of HOVS Holdings upto August 31, 2013)	India	61.10	61.10
Associate :			
SourceHOV Holdings Inc.	USA	44.8	44.8

7. Revenue Recognition

a) Revenue from Software & IT enabled services are recognized as per the work orders/ agreements entered with the customers.

b) Rental and Interest income is recognized on time proportion basis and is disclosed under Other Income.

c) The revenue from supply of material is recognized on delivery and/or as per the agreements entered with the parties. In respect of revenue from installation and commissioning of Environmental projects are recognized on the basis of running/final invoices for the work completed. And in respect of consultancy services the income is recognized as and when the services are rendered or the invoices are raised.

8. Unbilled Revenue/Work In Progress

Revenue recognized over and above the billings is classified as Unbilled Revenue.

Work in Progress (Environment Segment) comprise of work done and will be billed to the customers as per the agreement and valued at cost.

9. Fixed Assets

Tangible: Fixed assets are stated at historical cost, which comprises of purchase consideration and other directly attributable cost of bringing an asset to its working condition for the intended use, less accumulated depreciation.

Intangible: 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.

10. Impairment of Assets

In accordance with AS 28 on 'Impairment of Assets' prescribed by the Companies Act, 2013 where there is an indication of impairment of the Group's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of such assets exceeds its recoverable amount. Impairment loss is recognized in the Statement of Profit and Loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to extent of the carrying value of the asset that would have been determined (net of amortization / depreciation) had no impairment loss been recognized.

11. Method of Depreciation / Amortization

I) Parent and Indian Subsidiaries

a) Tangible Assets - Depreciation on fixed assets is provided 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.

II) Foreign Subsidiaries

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

Fixed Asset	Useful life in years
Computers	2 – 5
Plant & Equipment	8 -10
Furniture and fixture	10-16
Software Product	3 – 8
Goodwill	8

12. Investments

Investments are classified into long-term investments and current investments. Long-term investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments. Current investments are carried at the lower of the cost and fair value and provision is made to recognize any decline in the value of investment.

13. Accounting of Employee Benefits

Employee Benefits to employees in India

a) Gratuity

The parent Company provides for gratuity, a defined benefit retirement plan, covering eligible employees. Liability under gratuity plan is determined on actuarial valuation done by the Life Insurance Corporation of India (LIC) at the beginning of the year, based upon which, the parent Company contributes to the Scheme with LIC. The parent Company also provides for the additional liability over the amount contributed to LIC based on the actuarial valuation done by an independent valuer using the Projected Unit Credit Method.

b) Provident Fund

Retirement benefits in the form of Provident Fund / Pension Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

c) Leave Entitlement

Liability for Leave entitlement for employees is provided on the basis of Actuarial Valuation done during the year.

14. Accounting for Taxes on Income

Provision for current income tax is made on the basis of the estimated taxable income for the year in accordance with the specific applicable laws.

MAT credit asset pertaining to the Parent and its Indian subsidiary company is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory year.

Deferred tax resulting from timing differences between book and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized and carried forward only if there is a reasonable / virtual certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

The deferred Tax Assets /Liabilities and tax expenses are determined separately for parent and each subsidiary company, as per their applicable laws and then aggregated.

15. Translation of Foreign Currency Items

(i) Initial Recognition

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets, current liabilities and borrowings denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet. The resultant gain/loss is recognized in the Statement of Profit & Loss.

(ii) Conversion

All the activities of the foreign subsidiaries are carried out with a significant degree of autonomy from those of the Parent. Accordingly, as per the provisions of AS – 11 "Effects of changes in foreign exchange rates", these operations have been classified as 'Non integral operations' and therefore, all assets and liabilities, both monetary and non-monetary, are translated at the closing rate while the income and expenses are translated at the average rate for the year. The resulting exchange differences are accumulated in the foreign currency translation reserve until the disposal of net investment.

16. Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are charged to the Statement of Profit & Loss.

17. Lease

Where the Group has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of the fair value or present value of minimum lease payment and liability is created for equivalent amount. Each lease rent paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

Where significant portion of risks and reward of ownership of assets acquired under lease are retained by lessor, leases are classified as Operating Lease. Lease rentals for such leases are charged to Statement of Profit & Loss.

18. Provisions, Contingent Liabilities and Contingent Assets

i) Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be outflow of resources.

ii) Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

iii) Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTE - 22: NOTES TO THE FINANCIAL STATEMENTS

22.1 Events occurring after Balance sheet date:

The Board of Directors vide its meeting held on February 22, 2017 considered and approved the business combination of its subsidiary's investment. The Parent Company had sought approval from its members through postal ballot by way of special resolutions, as stated in the Notice of Postal Ballot dated March 8, 2017. The voting results were declared on April 8, 2017, whereby the members' of the Company had approved the resolutions with requisite majority of 99.999%. The business combination is subject to such terms, conditions or modifications, if any, as may be prescribed by any authority in India or United States of America.

22.2 Commitment and Contingent liabilities:

a) Contingent Liabilities not provided for in respect of:

(i) Pending Litigations: (other than court of law) (Amount in Rs)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Disputed Income Tax Matters is in relation to the A.Y. 2009-10 and Group has paid Rs. Nil (Previous Year Rs.2,446,738) under protest (including interest upto the date of demand)	Nil	5,352,170

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 financial statements. The Group does not expect the outcome of these proceedings to have a material impact on its financial statements.

(ii) Other contingent liabilities: (Amount in Rs.)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Fixed Deposit pledged for issue of bank guarantee/loan on behalf of a step down subsidiary	85,820,439	85,820,439
(ii)	Fixed Deposit pledged against Credit Card facility	833,374	833,374
(iii)	Other bank guarantee	216,000	216,000

b) Other Commitment:

(i) Operating Lease: The Group has acquired certain premises under lease arrangements which are renewable /cancellable at the Company's and/or lessors' option as mutually agreed. The future lease rental payments that the Group is committed to make in respect of these are as follows:

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016
- within one year	5,383,869	7,121,288
- later than one year and not later than five years	1,302,352	1,708,036

(ii) Rental Income:

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

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016
- within one year	10,965,780	10,965,780
- later than one year and not later than five years	39,929,733	39,929,733

22.3 Employee Benefits:

Defined Benefit Plans (Gratuity) (Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016
I Assumptions		
Discount Rate	8.00%	8.00%
Expected Rate of Return on plan asset	8.50%	8.50%
Salary Escalation	5.00%	5.00%
II Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	5,936,834	4,691,250
Interest cost	474,947	375,300
Current Service Cost	1,171,016	953,427
Benefits Paid	(1,075,951)	(462,655)
Actuarial (gain)/Loss on obligations	(462,849)	379,512
Present value of obligations as at end of year	6,043,997	5,936,834
III Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	2,513,078	2,651,726
Expected return on plan assets	173,063	224,428
Contributions	293,752	99,580
Benefits paid	(1,075,951)	(462,655)
Actuarial Gain / (Loss) on Plan assets	Nil	Nil
Fair value of plan assets at the end of year	1,903,942	2,513,078
IV Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	2,513,078	2,651,726
Actual return on plan assets	173,063	224,428
Contributions	293,752	99,580
Benefits Paid	(1,075,951)	(462,655)
Fair value of plan assets at the end of year	1,903,942	2,513,078
Funding Status - Surplus/(deficit)	(4,140,055)	(3,423,756)
Excess of Actual over estimated return on plan assets	Nil	Nil
V Actuarial Gain/Loss recognized		
Actuarial gain/(Loss) for the year -Obligation	462,849	379,512
Actuarial (gain)/Loss for the year - plan assets	Nil	Nil
Total (gain)/Loss for the year	(462,849)	379,512
Actuarial (gain)/Loss recognized in the year	(462,849)	379,512
VI The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss		
Present value of obligations as at the end of year	6,043,997	5,936,834
Fair value of plan assets as at the end of the year	1,903,942	2,513,078
Funded status	(4,140,055)	(3,423,756)
Net Asset/(liability) recognized in balance sheet	(4,140,055)	(3,423,756)
VII Expenses Recognised in Statement of Profit & Loss		
Current Service cost	1,171,016	953,427
Interest Cost	474,947	375,300
Expected return on plan assets	(173,063)	(224,427)
Net Actuarial (gain)/Loss recognised during the year	(462,849)	379,512
Expenses recognised in statement of Profit & Loss	1,010,051	1,483,811

22.4 a) In the opinion of the management, assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

b) The accounts of certain Trade Receivables, Trade Payables, Loans & Advances and Banks are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

22.5 Earnings per Share (EPS):

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit/(Loss) as per Statement of Profit and Loss (Rs.)	(1,455,280,971)	(2,756,364,221)
Weighted average number of equity shares	12,532,522	12,524,217
Add: Effect of dilutive issue of options (Nos.)*	54,902	40,208
Diluted Weighted Average Number of Equity Shares (Nos.)	12,587,424	12,564,425
Basic and Diluted Earnings per Share	(116.12)	(220.08)
Nominal value per Equity Share (Rs.)	10	10

*Not considered in view of loss.

22.6 Related Party Transactions

a) Name of the related parties with whom transactions have been entered in the ordinary course of business:

i) Associates with whom transactions have been entered during the year:

Sr. No.	Name
1	HGM Fund
2	BancTec TPS India Private Limited
3	HOVG, LLC dba Bay Area Credit Service, LLC
4	Rule 14, LLC
5	SourceHOV, LLC
6	TransCentra FTS Private Limited

ii) Directors/Key Managerial Personnel (KMP) and their relatives:

Sr. No.	Name
1	Mr. Sunil Rajadhyaksha (Chairman and Executive Director)
2	Mr. Parvinder S Chadha (Executive Director)
3	Mr. Surinder Rametra (Executive Director)
4	Mr. Sriram Iyengar (Chief Financial Officer upto February 3, 2017)
5	Mr. Bhuvanesh Sharma (V.P Corporate Affairs and Company Secretary)
6	Mrs. Rekha Sharma (Relative of KMP)
7	Mrs. Latha Sriram (Relative of KMP upto February 3, 2017))

b) Following transactions carried out with related parties referred to in "i" and "ii", above:

(Amount in Rs.)

Name	Nature of Transactions	For the year ended March 31, 2017	For the year ended March 31, 2016
Rule 14, LLC	Services rendered	24,152,256	23,565,996
HOVG, LLC dba Bay Area Credit Service, LLC	Services rendered	14,485,288	14,190,067
BancTec TPS India Pvt. Ltd	Rent Income Rent Deposit Received	7,310,520 Nil	10,784,637 7,310,520
TransCentra FTS Private Limited	Rent Income	3,655,260	Nil
SourceHOV, LLC	Services rendered	97,823,888	97,224,784
HGM Fund	Reimbursement of expenses	1,886,352	2,813,186
Mr. Sunil Rajadhyaksha	Managerial Remuneration	4,800,000	4,800,000
Mr. Sriram Iyengar	Salary	3,849,813	4,462,704
Mr. Bhuvanesh Sharma	Salary	2,799,957	2,740,116
Mrs. Latha Sriram	Car Rental	150,000	180,000
Mrs. Rekha Sharma	Car Rental	165,000	120,000

c) Balances with the related parties referred in (a) and (b) above are as under:

(Amount in Rs.)

Name of the Related party	Nature of Balances	Balances as at	
		March 31, 2017	March 31, 2016
HOVG, LLC dba Bay Area Credit Service, LLC	Receivable	5,835,478	4,775,969
BancTec TPS India Private Limited	Deposit payable Receivable	2,649,981 Nil	9,960,501 954,936
SourceHOV, LLC	Receivable Unbilled Revenue	23,807,565 1,392,587	31,997,068 1,730,381
HGM Fund	Receivable	5,973,929	4,087,577
Rule 14, LLC	Receivable	11,939,922	11,939,922
Mr. Parvinder Chadha	Payable	47,180	83,590
Mr. Sunil Rajadhyaksha	Payable	134	595,677
Mrs. Latha Sriram	Car Rental Payable	Nil	15,000
Mrs. Rekha Sharma	Car Rental Payable	15,000	10,000

Note:-

a. Related party relationship is as identified by management relied upon by the auditors

b. No balance in respect of related parties has been provided for/ written back / written off during the year, nor has any provision been made for doubtful debts / receivables except Rs. Nil (Previous year Rs 4,800,000) written back in respect of managerial remuneration.

22.7 Segment Reporting:

a) Disclosures under Accounting Standards -17 "Segment Reporting" are as under :

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Segment Revenue :		
Software and IT Enabled Services	136,461,432	134,980,847
Environment Solutions Services	17,859,578	16,525,466
Income from operations	154,321,010	**151,506,313**
Add : Un-allocable Income	9,568,821	11,162,253
Total	**163,889,831**	**162,668,566**
Segment Results Profit/(Loss) before tax and interest from segment		
Software and IT Enabled Services	(1,438,360,442)	(2,744,486,114)
Environment Solutions Services	(14,235,809)	(12,583,043)
Un-allocable	9,568,821	11,162,253
Profit/ (Loss) before tax after share of profit/ (loss) from an associate	**(1,443,027,430)**	**(2,745,906,904)**
Finance Cost	(6,226,517)	(6,066,335)
Provision for Taxation	(6,027,024)	(4,390,982)
Profit/ (Loss) after taxation for the year	**(1,455,280,971)**	**(2,756,364,221)**
Segment Assets :		
Software and IT Enabled Services	392,527,174	3,419,111,469
Environment Solutions Services	36,837,194	61,156,167
Un-allocable	95,157,891	97,039,093
Total Assets	**524,522,259**	**3,577,306,729**
Segment Liabilities :		
Software and IT Enabled Services	53,951,048	61,693,794
Environment Solutions Services	69,818,044	73,514,314
Un-allocable	60,435,611	67,593,659
Total Liabilities	**184,204,703**	**202,801,767**
Capital Employed		
Software and IT Enabled Services	338,576,126	3,357,417,675
Environment Solutions Services	(32,980,850)	(12,358,147)
Unallocable	34,722,280	29,445,434
Total Capital Employed	**340,317,556**	**3,374,504,962**
Capital Expenditure :		
Software and IT Enabled Services	95,977	1,932,187
Environment Solutions Services	NIL	NIL
Total Capital Expenditure	**95,977**	**1,932,187**
Depreciation/Amortisation :		
Software and IT Enabled Services	1,791,675	3,550,033
Environment Solutions Services	6,748,184	6,199,156
Total Depreciation/Amortisation	**8,539,859**	**9,749,189**

b) The Group has its major operating activities mainly in India and most of its assets are located in India.

22.8 Specified Bank Notes :

Following the disclosures of Specified Bank Notes (SBN) in terms of notification issued by the Ministry of Corporate Affair dated 31 March, 2017 :

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	70,000	22,528	92,528
(+) Permitted receipts	Nil	N.A.	Nil
(-) Permitted payments	Nil	N.A.	Nil
(-) Amount deposited in Banks	(70,000)	N.A.	(70,000)
Closing cash in hand as on 30.12.2016	Nil	13,414	13,414

22.9 Figures of the previous year's have been regrouped / rearranged, wherever considered necessary to conform to the current year's presentation.

Signatures to Notes 1 to 22
For and on the behalf of the
Board of Directors of HOV Services Limited

Sunil Rajadhyaksha
Chairman &
Executive Director
(DIN:00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Place: Vashi
Date : May 29, 2017

Bhuvanesh Sharma
VP-Corporate Affairs &
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017.

Name of the entity	Net Assets, *i.e.*, Total Assets minus total liabilities		Share in profit or Loss	
	As % of consolidated Net Assets	Amount	As % of consolidated Profit or Loss	Amount
Parent				
HOV Services Limited	-245.94%	(8,369.30)	-0.80%	116.08
Indian Subsidiaries				
HOV Environment Solutions Private Limited	-22.07%	(751.12)	1.27%	(185.21)
Foreign Subsidiaries				
HOVS LLC	273.97%	9,323.59	0.00%	-
HOVS Holding Limited	29.38%	999.68	0.01%	(1.10)
HOV Environment LLC	4.95%	168.36	0.17%	(24.68)
Associates (Investments as per the equity method)				
Foreign				
SourceHOV Holdings Inc.	59.71%	2,031.97	99.35%	(14,457.91)

INDEPENDENT AUDITORS' REPORT

To the Members of
HOV Services Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **HOV Services Limited**("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("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 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 (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by 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.
   (c) The Balance Sheet, the Statement of Profit and Loss, 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 (Accounts) Rules, 2014.
   (e) As required by Section 143 (3) of the Act with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, we give in 'Annexure B' a separate report on the same
   (f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with 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 pending litigations which would impact its financial position. (Refer Note no 20.2);
      (ii) The Company did not have any long-term contracts including derivative contracts for which there are 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.
      (iv) The Company has disclosed the holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 in aforesaid financial statements (Refer Note 20.13) and the same was in accordance with the books of accounts maintained by the Company.

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

R P Baradiya
Partner
Membership No. 44101

Place: Vashi
Date: May 29, 2017

"Annexure A"

ANNEXURE REFERRED TO IN PARAGRAPH "REPORT ON OTHER LEGAL AND REGUALTORY REQUIREMENTS" OF OUR REPORT TO THE MEMBERS OF HOV SERVICES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017

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 fixed assets.
   b) The Company has carried out physical verification of all its fixed assets during the year. In our opinion, the frequency of verification is reasonable considering the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
   c) There are no immovable properties owned by the Company under Fixed Assets. Therefore, Para 3 (i) (c) of the Order is not applicable to the Company.
2. The Company does not have 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 complied with the provisions of section 185 and 186 of the Act with respect to the loans given and investments made and security provided.
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) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and any other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a year of more than six months from the date they became payable.
   b) According to the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.
8. During the year, the Company has not defaulted in repayment of dues to Banks. Further the Company has not taken any loan or borrowing from a financial institution, government or debenture holders.
9. The Company has utilised the term loan taken from a bank for the purposes for which it was raised. Further the Company has not raised any money by way of initial public offer or further public offer in the recent past.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud by officers or employees of the Company, 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, the Company has paid / provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion, the Company is not Nidhi Company. Therefore, Para 3 (xii) of the Order is not applicable to the Company.
13. All transactions with the related parties are in compliance with section 177 and 188 of Act and the details have been disclosed in the Financial Statements (Refer note No.20.6 to the standalone financial statements for the year ended March 31, 2017) as required by the applicable accounting standards.
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. The Company has not entered into any non-cash transactions with directors or persons connected with him under section 192 of the Act. Therefore, Para 3 (xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

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

R P Baradiya
Partner
Membership No. 44101

Place: Vashi
Date: May 29, 2017

Report on the Internal Financial Controls 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, 2017 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 Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, 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, 2017, 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 **Lodha& Company**
Chartered Accountants
Firm Registration No: 301051E

R P Baradiya
Partner
Membership No. 44101

Place: Vashi
Date: May 29, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Amount in Rs.

		Note No.	As at March 31, 2017	As at March 31, 2016
I.	**EQUITY AND LIABILITIES**			
1	**Shareholders' funds**			
	Share capital	1	125,325,220	125,325,220
	Reserves and surplus	2	753,699,371	742,091,432
2	**Non-current liabilities**			
	Long-term borrowings	3	52,321,081	60,454,824
3	**Current liabilities**			
	Trade payables		9,016,527	9,719,153
	Other current liabilities	4	13,552,058	19,813,407
	Short-term provisions	5	5,788,840	5,144,034
	TOTAL		**959,703,097**	**962,548,070**
II.	**ASSETS**			
1	**Non Current Assets**			
	Fixed Assets	6		
	Tangible Assets		1,822,076	2,687,234
	Intangible Assets		596,161	1,426,701
	Deferred Tax Asset	7	1,818,160	1,945,184
	Non-Current investments	8	755,934,540	757,815,744
	Long-term Loans and Advances	9	13,868,131	12,649,903
	Other Non-Current Assets	10	17,420,441	21,408,465
2	**Current Assets**			
	Trade Receivables	11	39,368,831	48,712,957
	Cash and Bank Balances	12	106,280,401	93,533,758
	Short Term Loans and Advances	13	15,760,627	16,683,624
	Other Current Assets	14	6,833,729	5,684,500
	TOTAL		**959,703,097**	**962,548,070**
	Significant accounting policies and accompanying notes form an integral part of financial statements	19 & 20		

As per our attached report of even date

For LODHA & CO.
Chartered Accountants
(Firm Regn. No:301051E)

For and on behalf of the Board

R.P.Baradiya
Partner

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN: 00019714)

Place: Vashi
Date: May 29, 2017

Bhuvanesh Sharma
VP-Corporate Affairs & Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Amount in Rs.

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	15	136,451,316	135,064,958
II	Other income	16	10,613,545	13,347,910
III	**Total Revenue (I + II)**		147,064,861	148,412,868
IV	Expenses			
	Employee Benefits Expense	17	99,150,352	102,162,502
	Depreciation and Amortization Expense	6	1,791,675	3,550,033
	Other Expenses	18	28,487,871	24,392,624
V	**Total Expenses**		129,429,898	130,105,158
VI	Profit before tax (III-V)		17,634,963	18,307,709
VII	**Tax Expense**			
	Current Tax		5,900,000	5,690,000
	Deferred Tax		127,024	(1,299,018)
VIII	Profit for the year (VI-VII)		11,607,939	13,916,727
IX	Earnings per equity share of the face value of Rs.10 each :	20.3		
	Basic & Diluted Earning Per Share		0.92	1.11
	Significant accounting policies and accompanying notes form an integral part of financial statements	19 & 20		

As per our attached report of even date

For LODHA & CO.
Chartered Accountants
(Firm Regn. No:301051E)

For and on behalf of the Board

R.P.Baradiya
Partner

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN: 00019714)

Place: Vashi
Date: May 29, 2017

Bhuvanesh Sharma
VP-Corporate Affairs & Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Amount in Rs.

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
A	**Cash flow from Operating Activities:**		
	Net Profit/(Loss) before tax	17,634,963	18,307,709
	Add: Adjustments for :		
	Depreciation & Amortisation	3,672,879	5,431,237
	Interest Income	(9,257,319)	(9,459,396)
	Rent Income	(10,965,780)	(10,784,637)
	Finance Cost	7,728,350	8,851,611
	Provision no longer required written back	-	(3,095,261)
	Foreign Exchange (Gain)/Loss, net	863,430	(741,431)
	Operating Profit before Working Capital changes	**9,676,523**	**8,509,833**
	Adjustments for changes in Working Capital :		
	(Increase)/Decrease in Trade Receivable	8,480,696	(21,760,565)
	(Increase)/Decrease in Other Receivables	90,370	4,470,784
	Increase/(Decrease) in Trade and Other Payable	(8,359,749)	1,882,693
	Cash generated from Operations	9,887,840	(6,897,255)
	Taxes Paid	(4,835,115)	(1,905,590)
	Net cash from/(used in) Operating Activities - A	**5,052,725**	**(8,802,845)**
B	**Cash flow from Investing Activities:**		
	Purchase of Fixed Assets	(95,977)	(1,932,187)
	Rent Income received	10,965,780	10,784,637
	Interest Income	9,257,319	9,459,396
	Net Cash from/(used in) Investing Activities - B	**20,127,122**	**18,311,846**
C	**Cash flow from Financing Activities:**		
	Finance Cost	(7,728,350)	(8,851,611)
	Proceeds from issue of equity shares/share application money	-	203,200
	Proceeds/ (Repayments) of Borrowings- net	(7,158,048)	(6,137,284)
	Net cash from/(used in) Financing Activities - C	**(14,886,398)**	**(14,785,695)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	10,293,449	(5,276,695)
	Opening Cash and Cash Equivalents	4,666,605	9,943,300
	Closing Cash and Cash Equivalents	**14,960,054**	**4,666,605**

As per our attached report of even date

For LODHA & CO.
Chartered Accountants
(Firm Regn. No:301051E)

For and on behalf of the Board

R.P.Baradiya
Partner

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN: 00019714)

Place: Vashi
Date: May 29, 2017

Bhuvanesh Sharma
VP-Corporate Affairs & Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT MARCH 31, 2017

Note 1- Share Capital

a)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rs.	Number	Amount in Rs.
Authorised				
Equity Shares of Rs. 10 each	30,000,000	300,000,000	30,000,000	300,000,000
Issued, Subscribed & Paid up				
Equity Shares of Rs. 10 each, fully paid up	12,532,522	125,325,220	12,532,522	125,325,220
Total	**12,532,522**	**125,325,220**	**12,532,522**	**125,325,220**

b) Rights of Equity Shareholders

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.

c) Reconciliation of numbers of equity shares

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	Amount in Rs.	Number	Amount in Rs.
Shares outstanding at the beginning of the year	12,532,522	125,325,220	12,514,022	125,140,220
Shares issued during the year	-	-	18,500	185,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**12,532,522**	**125,325,220**	**12,532,522**	**125,325,220**

d) Details of members holding equity shares more than 5%

Name of Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
ADESI 234, LLC	3,000,985	23.95%	3,000,985	23.95%
HOF 2 LLC	1,667,933	13.31%	1,667,933	13.31%
Chitale LLC	904,274	7.22%	904,274	7.22%
Stern Capital Partners LLC	694,246	5.54%	694,246	5.54%

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT MARCH 31, 2017

e) During the period of five years immediately preceding the date of Balance Sheet the Company has not issued any bonus shares, bought back and issued any shares pursuant to contract without payment being received in cash.

f) 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.

The details of grant made and lapsed under Plan 2007 are as below: **(In No.)**

Particulars	As at March 31, 2017		As at March 31, 2016	
	Directors	Other than Directors	Directors	Other than Directors
Options outstanding at the beginning of the year	52,500	76,350	65,250	87,300
Add: Options Granted during the year	-	-	-	-
Less: Options Lapsed	250	10,200	250	4,950
Less: Shares allotted on option exercised during the year	-	-	12,500	6,000
Options outstanding at the end of the year	**52,250**	**66,150**	**52,500**	**76,350**

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT MARCH 31, 2017

Note 2 - Reserves and Surplus

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Capital Redemption Reserve		
Balance as per last Balance Sheet	630,230	630,230
Securities Premium Account		
Opening Balance	624,338,920	623,888,645
Add: On allotment of equity shares under ESOP Plan 2007	-	450,275
Closing Balance	624,338,920	624,338,920
General Reserve		
Balance as per last Balance Sheet	19,541,409	19,541,409
Surplus		
Opening Balance	97,580,873	83,664,146
Add : Profit for the year	11,607,939	13,916,727
Closing Balance	109,188,812	97,580,873
Total	**753,699,371**	**742,091,432**

Note 3 - Long Term Borrowings

Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Secured :		
Term loan :		
from a bank	52,321,081	60,454,824
(Equated Monthly Installment of Rs. 1,244,197 each payable in 66 months @ 12.00% to 12.10% (Previous year 12.10% to 12.75%) floating rate of interest)		
(Secured by way of deposit of title deeds of property situated at Navi Mumbai)		
Total	**52,321,081**	**60,454,824**

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT MARCH 31, 2017

Note 4 - Other Current Liabilities Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Unclaimed Dividend*	268,121	318,436
Current Maturities of long term borrowings	8,114,530	7,138,835
Statutory Dues Payable	2,110,010	1,942,253
Interest accrued but not due on borrowings	409,416	453,382
Security Deposit towards office premises	2,649,981	9,960,501
Total	**13,552,058**	**19,813,407**

* Due to be transfer to Investor Education and Protection Fund

Note 5- Short-term Provisions Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits	5,788,840	5,144,034
Total	**5,788,840**	**5,144,034**

Note 7 - Deferred Tax (Liabilities)/Assets (Net) Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Deferred Tax Liability on account of :		
Depreciation	(60,029)	(270,550)
Deferred Tax Asset on account of		
Provision for Employee Benefits	1,878,189	2,215,734
Total	**1,818,160**	**1,945,184**

Note 9 - Long term loans and advances Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
Deposits for premises and others	1,475,700	1,280,700
Due from HOV Environment Solutions Private Limited		
(step down subsidiary) (Refer note no. 20.10)	12,392,431	11,369,203
Total	**13,868,131**	**12,649,903**

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR YEAR ENDED MARCH 31, 2017

Note 6 - Fixed Assets

Amount in Rs.

	Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block
		Balance as at April 1, 2016	Additions	Disposals/ Adjustments	Balance as at March 31, 2017	Up to March 31, 2016	Depreciation for the year	Disposals/ Adjustments	Balance as at March 31, 2017	Balance as at March 31, 2017
a	**Tangible Assets**									
	Computers	8,527,913	-	(3,733,559)	4,794,354	7,256,368	560,579	(3,733,559)	4,083,388	710,966
	Office Equipment	2,853,641	-	(269,208)	2,584,433	2,540,203	109,771	(269,208)	2,380,766	203,667
	Furniture & Fixtures	13,000	-	-	13,000	5,886	1,464	-	7,350	5,650
	Vehicles	1,601,003	-	-	1,601,003	505,866	193,344	-	699,210	901,793
	Total (a)	**12,995,557**	**-**	**(4,002,767)**	**8,992,790**	**10,308,323**	**865,158**	**(4,002,767)**	**7,170,714**	**1,822,076**
b	**Intangible Assets**									
	Software Product*	17,451,289	-	-	17,451,289	17,051,572	399,715	-	17,451,287	2
	Other Softwares	5,000,006	95,978	-	5,095,983	3,973,022	526,802	-	4,499,824	596,159
	Total (b)	**22,451,295**	**95,978**	**-**	**22,547,272**	**21,024,594**	**926,517**	**-**	**21,951,111**	**596,161**
	Total (a+b)	**35,446,852**	**95,978**	**(4,002,767)**	**31,540,062**	**31,332,917**	**1,791,675**	**(4,002,767)**	**29,121,825**	**2,418,237**

* Meant for License sale or otherwise

As at March 31, 2016

	Particulars	Gross Block				Accumulated Depreciation/Amortisation				Net Block
		Balance as at April 1, 2015	Additions	Disposals/ Adjustments	Balance as at March 31, 2016	Balance as at March 31, 2015	Depreciation for the period	Disposals/ Adjustments	Balance as at March 31, 2016	Balance as at March 31, 2016
a	**Tangible Assets**									
	Computers	7,865,789	836,561	(174,437)	8,527,913	6,634,466	796,339	(174,437)	7,256,368	1,271,545
	Office Equipment	2,735,740	117,901		2,853,641	2,397,683	142,520		2,540,203	313,438
	Furniture & Fixtures	13,000	-	-	13,000	4,422	1,464	-	5,886	7,114
	Vehicles	1,601,003		-	1,601,003	312,522	193,344	-	505,866	1,095,137
	Total (a)	**12,215,532**	**954,462**	**(174,437)**	**12,995,557**	**9,349,093**	**1,133,667**	**(174,437)**	**10,308,323**	**2,687,234**
b	**Intangible Assets**									
	Software Product*	17,451,289	-	-	17,451,289	15,132,940	1,918,632	-	17,051,572	399,717
	Other Softwares	4,022,281	977,725	-	5,000,006	3,475,288	497,734	-	3,973,022	1,026,984
	Total (b)	**21,473,570**	**977,725**	**-**	**22,451,295**	**18,608,228**	**2,416,366**	**-**	**21,024,594**	**1,426,701**
	Total (a+b)	**33,689,102**	**1,932,187**	**(174,437)**	**35,446,852**	**27,957,321**	**3,550,033**	**(174,437)**	**31,332,917**	**4,113,935**

* Meant for License sale or otherwise

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT MARCH 31, 2017

Note 8 - Non Current Investments (Long Term)

Sr. No.	Particulars	No. of Shares / Units		Face Value	Extent of Holding (%)		Amount (Rs.)	
		As at March 31, 2017	As at March 31, 2016		As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
A)	**Investment property**							
	(at cost)							
	Leasehold Office premises*	N.A.	N.A.	N.A.	N.A.	N.A.	103,466,540	103,466,540
	Less: Accumulated Amortisation						8,308,651	6,427,447
	Total						**95,157,889**	**97,039,093**
B)	**Investments in Body Corporate**							
	Investments in Equity Shares/Units - Trade (Unquoted, fully paid up and valued at cost)							
	1. HOVS LLC, USA - Subsidiary Company (Common Stock)	1000	1000	USD 1	100%	100%	45,180	45,180
	Add: Net amount further invested as additional paid in capital	N.A.	N.A.		100%	100%	660,725,014	660,725,014
	Total						**660,770,194**	**660,770,194**
	2. HOVS Holdings Limited, Hongkong - Subsidiary Company	1001	1001	Hong-kong Dollar 1	100%	100%	**6,457**	**6,457**
	Aggregate amount of unquoted investments						**755,934,540**	**757,815,744**

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

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT MARCH 31, 2017

Note 10 - Other Non -Current Assets Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
MAT credit Receivable	16,521,513	17,784,825
Prepaid Expenses	898,928	1,123,640
Fixed deposits with original maturity of more than twelve months	-	2,500,000
Total	**17,420,441**	**21,408,465**

Note 11 - Trade Receivables Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good *		
Trade receivables outstanding for a period more than six months from the date they are due for payment	-	-
Others	39,368,831	48,712,957
Total	**39,368,831**	**48,712,957**

*Refer note no. 20.6

Note 12 - Cash and Bank Balance Amount in Rs.

Particulars	As at March 31, 2017		As at March 31, 2016	
(I) Cash and Cash Equivalents :				
a. Balances with banks				
In Current Accounts	195,117		4,632,742	
b. Cash on hand	14,937	210,054	33,863	4,666,605
Fixed Deposits with maturities less than 3 months		14,750,000		-
		14,960,054		4,666,605
(II) Other Bank balances :				
Fixed Deposits with maturities more than 3 months and upto twelve months	5,000,000		2,500,000	
Other Fixed deposits having maturities upto twelve months (pledged with bank against guarantees issued/loan taken by a step down subsidiary)	86,036,439		86,036,439	
Unpaid Dividend Accounts	268,121		318,437	
In Trust Account	15,787	91,320,347	12,277	88,867,153
Total		**106,280,401**		**93,533,758**

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT MARCH 31, 2017

Note 13 - Short term loans and advances Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured, considered good		
Balances with Service Tax authorities	2,803,257	2,966,424
Advance Income Tax (Net of provision Rs. 4,053,350; previous year Rs. 5,690,000)	3,130,703	4,681,757
MAT Credit receivable	2,320,000	2,425,000
Expenses recoverable from subsidiaries and associates (Refer note no. 20.6)	7,414,763	5,528,411
Rent receivable from associate	-	954,936
Other Loans & Advances recoverable in cash or in kind or for value to be received	91,904	127,096
Total	**15,760,627**	**16,683,624**

Note 14 - Other Current Assets Amount in Rs.

Particulars	As at March 31, 2017	As at March 31, 2016
Prepaid Expenses	491,416	400,085
Unbilled Revenue	1,392,587	1,730,381
Interest accrued but not due on Fixed Deposits	4,949,726	3,554,034
Total	**6,833,729**	**5,684,500**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 15 - Revenue from operations

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Software and IT enabled services	136,451,316	135,064,958
Total	**136,451,316**	**135,064,958**

Note 16 - Other Income

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest Income	9,257,319	9,459,396
Gain on Variation in Foreign Exchange Rates (Net)	-	741,431
Provision no longer required written back	-	3,095,261
Rent received	10,965,780	10,784,637
Less: Expenses attributed to rent income		
Finance Cost	(7,728,350)	(8,851,611)
Amortisation Expenses	(1,881,204)	(1,881,204)
Net Rental Income	1,356,226	51,822
Total	**10,613,545**	**13,347,910**

Note 17 - Employee Benefits Expense

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and wages	91,914,545	94,774,561
Contributions to provident and other funds	5,731,669	5,602,148
Staff welfare expenses	1,504,138	1,785,793
Total	**99,150,352**	**102,162,502**

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 18 - Other Expenses

Amount in Rs.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	7,261,228	6,736,728
Repairs & Maintenance - Building	779,788	780,672
Repairs & Maintenance - Computer	181,465	284,570
Repairs & Maintenance - Others	292,749	325,237
Insurance	87,941	100,473
Rates and taxes	770,913	582,064
Power & Fuel Expenses	2,653,028	2,495,623
Membership & Subscription Fees	524,712	476,622
Travelling & Conveyance Expenses	3,069,895	2,053,722
Communication Cost	1,321,049	1,642,723
Advertising & Publicity Expenses	154,720	341,960
Office upkeep & Maintenance Expenses	3,077,003	3,000,756
Auditors Remuneration (Refer note 20.7)	1,721,790	1,724,320
Legal & Professional charges	2,840,955	1,877,181
Director's sitting Fees	1,350,000	700,000
Loss on Variation in Foreign Exchange Rates (Net)	863,430	-
Other Expenses	1,537,205	1,269,973
Total	**28,487,871**	**24,392,624**

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

NOTE 19: SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

1. Company Information:

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

2. Basis for Preparation of Financial Statements:

The Financial Statements are prepared in accordance with the Generally Accepted Accounting Principles (GAAP) applicable in India under the historical cost convention, on the accrual basis, in compliance with the Accounting Standards (AS) prescribed by the Companies Act, 2013 to the extent applicable and on the principles of a going concern. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

3. Use of Estimates:

The preparation of financial statements in conformity with AS and GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Actual result could differ from these estimates. Any revision to accounting estimates is recognized prospectively.

4. Revenue Recognition:

Revenue from Software & IT enabled services are recognized as per the work orders/agreements entered with the customers.

Rental and Interest income is recognized on time proportion basis and is disclosed under Other Income.

5. Fixed Assets:

Tangible: Fixed assets are stated at historical cost, which comprises of purchase consideration and other directly attributable cost of bringing an asset to its working condition for the intended use, less accumulated depreciation.

Intangible: 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 softwares meant for in-house consumption are capitalized at the acquisition price.

6. Impairment of Assets:

In accordance with AS 28 on 'Impairment of Assets' notified by the Companies Act, 2013 where there is an indication of impairment of the Company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognized in the

statement of Profit and Loss whenever the carrying amount of such assets exceeds its recoverable amount. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to extent of the carrying value of the asset that would have been determined (net of amortization / depreciation), had no impairment loss been recognized.

7. Depreciation / Amortization:

a) Tangible Assets - Depreciation on fixed assets is provided 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.

b) 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.

8. Investments:

Investments are classified into long term and current investments. Long-term investments are carried at cost and provision is made to recognize any decline in the value other than temporary in the value of such investments. Current investments are carried at the lower of the cost or fair value/market value and provision is made to recognize any decline in the carrying value of the investments. Investment in property is recognized at cost less amortization.

9. Employee Benefits:

a) Gratuity:

The Company provides for gratuity, a defined benefit retirement plan, covering eligible employees. Liability under gratuity plan is determined on actuarial valuation done by the Life Insurance Corporation of India (LIC) at the beginning of the year, based upon which, the Company contributes to the Scheme with LIC.

b) Provident Fund:

Retirement benefits in the form of Provident Fund / Pension Fund is a defined contribution scheme and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

c) Leave Entitlement:

Liability for Leave entitlement for employees is provided on the basis of Actuarial Valuation done at the year end.

10. Foreign Exchange Transactions:

Transactions in foreign currency are recorded at the rate of exchange in force on the date of the transactions. Current assets, current liabilities and borrowings denominated in foreign currency are translated at the exchange rate prevalent at the date of Balance Sheet. The resultant gain or loss is recognized in the Statement of Profit and Loss.

11. Accounting for Taxes on Income:

Provision for current income tax is made on the basis of the estimated taxable income for the year in accordance with the Income Tax Act, 1961.

MAT credit asset is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

Deferred tax resulting from timing differences between book profits and tax profits is accounted for under the liability method, at the current rate of tax, to the extent that the timing differences are expected to crystallise. Deferred tax assets are recognized and carried forward only if there is a virtual/ reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

12. Borrowing Costs:

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets up to the date when such asset is ready for its intended use. Other borrowing costs are charged to Statement of Profit and Loss.

13. Leases:

Where the Company has substantially acquired all risks and rewards of ownership of the assets, leases are classified as financial lease. Such assets are capitalized at the inception of the lease, at the lower of the fair value or present value of minimum lease payment and liability is created for equivalent amount. Each lease rent paid is allocated between liability and interest cost so as to obtain constant periodic rate of interest on the outstanding liability for each year.

Where significant portion of risks and reward of ownership of assets acquired under lease are retained by lessor, leases are classified as Operating Lease. Lease rentals for such leases are charged to Statement of Profit and Loss.

14. Earnings Per Share:

The earnings considered in ascertaining Earnings Per Share comprise the net profit after tax. The number of shares used in computing Basic EPS is weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average shares considered for deriving Basic EPS, and also weighted average number of equity shares which could have been issued on the conversion of all diluted potential equity shares. Diluted potential equity shares are deemed converted at the beginning of the year, unless they have been issued at later date.

15. Provisions, Contingent Liability and Contingent Assets:

i) Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be outflow of resources.

ii) Disclosures for a contingent liability is made, without a provision in books, when there is an obligation that may, but probably will not, require outflow of resources.

iii) Contingent Assets are neither recognized nor disclosed in the financial statement.

NOTE - 20: NOTES TO THE FINANCIAL STATEMENTS

20.1. Events occurring after Balance sheet date:

The Board of Directors vide its meeting held on February 22, 2017 considered and approved the business combination of its subsidiary's investment. The Company had sought approval from its members through postal ballot by way of special resolutions, as stated in the Notice of Postal Ballot dated March 8, 2017. The voting results were declared on April 8, 2017, whereby the members' of the Company had approved the resolutions with requisite majority of 99.999%. The business combination is subject to such terms, conditions or modifications, if any, as may be prescribed by any authority in India or United States of America.

20.2. Contingent Liabilities and Commitment:

a) Contingent Liabilities not provided for in respect of:

(i) Pending Litigations: (Amount in Rs)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Disputed Income Tax Matters is in relation to the A.Y. 2009-10 and company has paid Rs. Nil (Previous Year Rs.2,446,738) under protest (including interest up to the date of demand)	Nil	5,352,170

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 financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial statements.

(ii) Other contingent liabilities: (Amount in Rs.)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
(i)	Fixed Deposit pledged for issue of bank guarantee /loan on behalf of a step down subsidiary	85,820,439	85,820,439
(ii)	Other bank guarantee	216,000	216,000

b) Other Commitment:

(i) Operating Lease:

The Company has acquired certain premises under lease arrangements which are renewable /cancellable at the Company's and/or lessors' option as mutually agreed. The future lease rental payments that the Company is committed to make in respect of these are as follows: (Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016
- within one year	5,383,869	7,121,288
- later than one year and not later than five years	1,302,352	6,686,221

(ii) Rental Income:

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

(Amount in Rs.)

Particulars	As at March 31, 2017	As at March 31, 2016
- within one year	10,965,780	10,965,780
- later than one year and not later than five years	39,929,733	39,929,733

20.3. Earnings Per Share (EPS):

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Net Profit as per Statement of Profit and Loss (Rs.)	11,607,939	13,916,727
Weighted Average Number of Equity Shares (Nos.)	12,532,522	12,524,217
Add: Effect of dilutive issue of options (Nos.)	54,902	40,208
Diluted Weighted Average Number of Equity Shares (Nos.)	12,587,424	12,564,425
Basic Earning per Equity Share (Rs.)	0.92	1.11
Diluted Earning per Equity Share (Rs.)	0.92	1.11
Nominal value per Equity Share (Rs.)	10	10

20.4. Foreign Currency Exposure:

During the year, the Company has not entered into any derivative contract. Details of Foreign exchange currency exposure not covered by any derivative instruments are as under:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Amount in Foreign Currency (USD)	Amount (In Rs.)	Amount in Foreign Currency (USD)	Amount (In Rs.)
Trade Receivables	607,182	39,368,831	734,371	48,712,957

20.5. Employee Benefits:

Defined Benefit Plans (Gratuity) - As per Actuarial Valuations: (Amount in Rs.)

S.No.	Particulars	As at March 31, 2017	As at March 31, 2016
I	**Assumptions**		
	Discount Rate	8.00%	8.00%
	Expected Rate of Return on plan asset	8.50%	8.50%
	Salary Escalation	5.00%	5.00%
II	**Table showing changes in present value of obligations**		
	Present value of obligations as at beginning of year	5,936,834	4,691,250
	Interest cost	474,947	375,300
	Current Service Cost	1,171,016	953,427
	Benefits Paid	(1,075,951)	(462,655)
	Actuarial (gain)/Loss on obligations	(462,849)	379,512
	Present value of obligations as at end of year	6,043,997	5,936,834
III	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	2,513,078	2,651,726
	Expected return on plan assets	173,063	224,428
	Contributions	293,752	99,580
	Benefits paid	(1,075,951)	(462,655)
	Actuarial Gain / (Loss) on Plan assets	Nil	Nil
	Fair value of plan assets at the end of year	1,903,942	2,513,078
IV	**Table showing fair value of plan assets**		
	Fair value of plan assets at beginning of year	2,513,078	2,651,726
	Actual return on plan assets	173,063	224,428
	Contributions	293,752	99,580
	Benefits Paid	(1,075,951)	(462,655)
	Fair value of plan assets at the end of year	1,903,942	2,513,078
	Funding Status - Surplus/(deficit)	(4,140,055)	(3,423,756)
	Excess of Actual over estimated return on plan assets	Nil	Nil
V	**Actuarial Gain/Loss recognized**		
	Actuarial gain/(Loss) for the year -Obligation	462,849	379,512
	Actuarial (gain)/Loss for the year - plan assets	Nil	Nil
	Total (gain)/Loss for the year	(462,849)	379,512
	Actuarial (gain)/Loss recognized in the year	(462,849)	379,512
VI	**The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss**		
	Present value of obligations as at the end of year	6,043,997	5,936,834
	Fair value of plan assets as at the end of the year	1,903,942	2,513,078
	Funded status	(4,140,055)	(3,423,756)
	Net Asset/(liability) recognized in balance sheet	(4,140,055)	(3,423,756)
VII	**Expenses Recognised in Statement of Profit & Loss**		
	Current Service cost	1,171,016	953,427
	Interest Cost	474,947	375,300
	Expected return on plan assets	(173,063)	(224,427)
	Net Actuarial (gain)/Loss recognised during the year	(462,849)	379,512
	Expenses recognised in statement of Profit & Loss	1,010,051	1,483,811

20.6. Related Party Transactions

Related party disclosures as required by AS-18 "Related Party Disclosures" are given below:

A) Name of the related parties:

a) The Parties where Control exists:

(i) Subsidiaries

Sr. No.	Name
1	HOVS Holdings Limited
2	HOVS LLC

(ii) Step down Subsidiaries

Sr. No.	Name
1	HOV Environment, LLC
2	HOV Environment Solutions Private Limited

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

(i) Associates

Sr. No.	Name
1	HGM Fund
2	HOVG, LLC dba Bay Area Credit Service, LLC
3	BancTec TPS India Private Limited
4	SourceHOV, LLC
5	TransCentra FTS Private Limited

(ii) Key Managerial Personnel (KMP) and their relatives

Sr. No.	Name
1	Mr. Sunil Rajadhyaksha (Chairman and Executive Director)
2	Mr. Parvinder S Chadha (Executive Director)
3	Mr. Surinder Rametra (Executive Director)
4	Mr. Sriram Iyengar (Chief Financial Officer upto February 3, 2017)
5	Mr. Bhuvanesh Sharma (V.P. Corporate Affairs and Company Secretary)
6	Mrs. Rekha Sharma (Relative of KMP)
7	Mrs. Latha Sriram (Relative of KMP upto February 3, 2017)

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

(Amount in Rs.)

Name of the Party	Nature of Relationship	For the year ended March 31, 2017	For the year ended March 31, 2016
SourceHOV, LLC Services Provided	Associate	97,823,888	97,224,784
HOVG, LLC dba Bay Area Credit Service, LLC Services Provided	Associate	14,485,288	14,190,067
BancTec TPS India Private Limited Rent Income Rent Deposit Received	Associate	 7,310,520 Nil	 10,784,637 7,310,520
TransCentra FTS Private Limited Rent Income	Associate	 3,655,260	 Nil
HOV Environment Solutions Pvt Ltd Advances Repaid Interest Received Pledge of fixed deposits	Subsidiary	 Nil 1,136,920 Nil	 7,820,037 1,521,136 13,384,119
HOVS, LLC Services Provided Reimbursement of Expenses	Subsidiary	 24,142,140 Nil	 23,650,107 2,465,602
HGM Fund Reimbursement of Expenses	Associate	 1,886,352	 2,813,186
Mr. Sunil Rajadhyaksha Managerial Remuneration	KMP	4,800,000	4,800,000
Mr. Sriram Iyengar Salary	KMP	3,849,813	4,462,704
Mr. Bhuvanesh Sharma Salary	KMP	2,799,957	2,740,116
Mrs. Latha Sriram Car Rental	Relative of KMP	150,000	180,000
Mrs. Rekha Sharma Car Rental	Relative of KMP	165,000	120,000

Balances with the related parties as referred above: (Amount in Rs.)

Name of the Party	Nature of Relationship	Balance as at	
		March 31, 2017	March 31, 2016
HOVS ,LLC			
Investment	Subsidiary	660,770,194	660,770,194
Trade Receivables		9,725,788	11,939,920
Other Receivables		1,440,834	1,440,834
HOVS Holdings Limited			
Investment in Shares	Subsidiary	6,457	6,457
SourceHOV, LLC			
Trade Receivables		23,807,565	31,997,068
Unbilled Revenue	Associate	1392,587	1,730,381
HOV Environment Solutions Private Limited			
Loan Receivable		12,392,431	11,369,203
Guarantees outstanding	Subsidiary	85,820,439	85,820,439
HOVG, LLC dba Bay Area Credit Service, LLC			
Trade Receivables	Associate	5,835,478	4,775,969
HGM Fund			
Other Receivable	Associate	5,973,929	4,087,577
BancTec TPS India Private Limited			
Deposit Payable		2,649,981	9,960,501
Receivable	Associate	Nil	954,936
Mr. Parvinder S Chadha			
Remuneration payable	KMP	47,180	83,590
Mr. Sunil Rajadhyaksha			
Remuneration payable	KMP	134	595,677
Mrs. Rekha Sharma	Relative		
Car Rental Payable	of KMP	15,000	10,000
Mrs. Latha Sriram	Relative		
Car Rental Payable	of KMP	Nil	15,000

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, nor has any provision been made for doubtful debts/ receivable except Rs. Nil (Previous year Rs 4,800,000) written back in respect of managerial remuneration.

20.7. Auditors' Remuneration: (Amount in Rs.)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Payment to Statutory Auditors:		
Audit Fees	1,200,000	1,175,000
Limited Review Fees	225,000	225,000
Certification Fees	210,000	262,500
Reimbursement of Out of Pocket Expenses	86,790	61,820
(Excluding service tax of Rs.235,437; previous year Rs. 246,041)		
Total	**1,721,790**	**1,724,320**

20.8. There are no Micro, Small and Medium Enterprises as defined in the Micro, Small, and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly, no additional disclosures have been made.

20.9. As per Accounting Standard (AS) 17 "Segment Reporting", segment information has been provided in the notes to Consolidated Financial Statements.

20.10 a) The Company has given an advance of Rs. 12,392,431 (Previous Year Rs. 11,369,203) to and pledged Fixed Deposit of Rs. 85,820,439 (Previous Year Rs. 85,820,439) for issue of bank guarantee/loan taken by HOV Environment Solutions Private Limited (a step down subsidiary) , which has accumulated losses far in excess of its paid up capital and reserves & surplus. As explained, the management is hopeful of recovering the advance in due course of time in view of positive developments/restructuring in the said subsidiary and therefore, no provision has been considered necessary.

b) Loans given to and pledged fixed deposits as guarantee for loan taken by the subsidiary have been given/ utilized for business purposes

20.11 Earnings in Foreign Currency: (Amount in Rs.)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Earnings in Foreign Exchange		
Income from Operations	136,451,316	135,064,958

20.12 a) In the opinion of the management assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

b) The accounts of certain Trade Receivables, Trade Payables and Loans & Advances are however, subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current year's financial statements on such reconciliation/adjustments.

20.13 Specified Bank Notes :

Following is the disclosure of Specified Bank Notes (SBN) in terms of notification issued by the Ministry of Corporate Affairs dated 30th March 2017 :

(Amount in Rs.)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	65,500	9,368	74,868
(+) Permitted receipts	Nil	N.A.	Nil
(-) Permitted payments	Nil	N.A.	Nil
(-) Amount deposited in Banks	(65,500)	N.A.	(65,500)
Closing cash in hand as on 30.12.2016	Nil	8,298	8,298

20.14 Figures of the previous year have been regrouped / rearranged, wherever considered necessary to conform to the current year's presentation.

Signatures to Notes 1 to 20
For and on the behalf of the
Board of Directors of HOV Services Limited

Sunil Rajadhyaksha
Chairman & Executive Director
(DIN:00011683)

Surinder Rametra
Executive Director
(DIN:00019714)

Place: Vashi
Date: May 29 , 2017

Bhuvanesh Sharma
VP- Corporate Affairs &
Company Secretary

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies / joint ventures

Part "A": Subsidiaries

Note: This form is to be certified in the manner in which the Balance Sheet is to be certified.
(Information in respect of each subsidiary to be presented with amounts in Rs. Lakhs)

Sr. No.	Name of the subsidiary company	HOVS LLC	HOVS Holdings Limited	HOV Environment LLC	HOV Environment Solutions Private Limited
		Amounts in Lacs			
	Financial year ending on	**March 31, 2017**	**March 31, 2017**	**March 31, 2017**	**March 31, 2017**
	Currency	**US$**	**US$**	**US$**	**INR**
	Exchange rate on last day of financial year	64.8386	64.8386	64.8386	1
1	Share Capital	9,546.7	0.08	583.55	1.00
2	Reserves & Surplus	(223.11)	999.60	(415.18)	(752.13)
3	Total Assets	10,639.50	999.68	298.58	297.92
4	Total Liabilities	10,639.50	999.68	298.58	297.92
5	Investment* (*Except Investment in subsidiary)	-	-	-	-
6	Turnover	241.52	-	-	184.70
7	Profit/(Loss) before taxation	-	(1.10)	(24.68)	(185.21)
8	Provision for taxation				
9	Profit/(Loss) after taxation	-	(1.10)	(24.68)	(185.21)
10	Proposed dividend	-	-	-	-
11	Percentage of share holding	100%	100%	61.10%	100% (By HOV Environment LLC)

Notes: The following information shall be furnished at the end of the statement

1. *Names of subsidiaries which are yet to commence operations: Nil*
2. *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

	Name of Associates / Joint Ventures	SourceHOV Holding Inc.
1.	**Latest audited Balance Sheet Date**	**March 31, 2017**
2.	**Shares of Associate / Joint Ventures held by the Company on the year end**	
	Number	64,715
	Amount of Investment in Associates / Joint Venture	Rs. 20.32 Crores
	Extend of Holding %	44.80 %
3.	**Description of how there is significant influence**	As the stake holding is more than 20% hence the influence is considered as significant
4.	**Reason why the associate / joint venture is not consolidated**	N.A.
5.	**Net worth attributable to shareholding as per latest audited Balance Sheet**	Negative Net worth
6.	**Profit / Loss for the year**	
	i. Considered in Consolidation	Rs. (144.58) Crores
	ii. Not considered in Consolidation	N.A.

1. *Names of associates or joint ventures which yet to commence operations: Nil*
2. *Name of associates or joint ventures which have been liquidated or sold during the year: Nil*

For and on behalf of the Board

Sunil Rajadhyaksha
Chairman & Director
(DIN: 00011683)

Surinder Rametra
Executive Director
(DIN: 00019714)

Bhuvanesh Sharma
VP-Corporate Affairs
& Company Secretary

Place: Vashi
Date: May 29, 2017

Notice of 29th Annual General Meeting

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting (the "AGM") of the members of HOV Services Limited will be held on September 1, 2017, the Friday at 10:30 AM at the Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune -411001, Maharashtra to transact the following business:

ORDINARY BUSINESS:

1. Consider and adopt Financial Statements

a) the audited financial statements of the Company for the financial year ended March 31, 2017 and the Reports of the Directors' and the Auditors' thereon; and

b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2017.

2. Appointment of Director

To re-appoint Mr. Sunil Rajadhyaksha (DIN: 00011683), who retires by rotation and, being eligible, seeks re-appointment.

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Sunil Rajadhyaksha (DIN: 00011683), 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."

3. Appointment of Statutory Auditors

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

"RESOLVED THAT pursuant to the provisions of section 139, 142 and other applicable provisions, if any, of Companies Act, 2013, read with Rule 6 of Companies (Audit and Auditors) Rules, 2014 (Including any modification or re-enactment thereof, for the time being in force), and pursuant to the recommendation of the Audit Committee, M/s BAGARIA & Co., Chartered Accountants, (Firm Registration Number 113447W/W-100019), be and is hereby appointed as the Statutory Auditors of the Company for a term of 5 years in place of retiring auditors M/s Lodha & Company, Chartered Accountants (Firm Registration Number 301051E), to hold office from the conclusion of this 29th Annual General Meeting until the conclusion of the 34th Annual General Meeting to be held in year 2022, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses and other expenses as may be mutually agreed between the Board of Directors of the Company and M/s BAGARIA & Co., Chartered Accountants as the Statutory Auditors."

"RESOLVED FURTHER THAT to give effect to above resolution, the Board of Directors of the Company be and is hereby authorized for and on behalf of the Company to take all necessary steps and to do all such acts, deeds, matters and things which may deem necessary in this behalf."

SPECIAL BUSINESS:

4. Appointment of Mr. Vikram Negi (DIN-01639441) as a Whole-time Director of the Company for term of five years

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, subject to the approval of the Central Government, the consent of the members of the Company be and is hereby accorded for the appointment of Mr. Vikram Negi (DIN-01639441) as the Whole-time Director designated as Executive Director of the Company for a period of five years from conclusion of this 29th Annual general Meeting until 34th AGM to be held in year 2022, liable to retire by rotation, upon such terms and conditions of his appointment including remuneration payable, if any, as may be determine by the Board of Directors to be paid as deem fit by the Board".

"RESOLVED FURTHER THAT the Board of Directors, based on the recommendation of Nomination and Remuneration Committee, be authorised in its absolute discretion to fix the remuneration payable, during the tenure of Mr. Vikram Negi as the Executive Director, not exceeding the limits specified under Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration for a period not exceeding three years of the tenure of five years of his appointment."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized 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 as may be necessary or expedient in its own discretion, including the power to delegate, to give effect to this Resolution."

5. Convert the security/guarantee provided by Company to bank, into loan to HOVESPL

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

"RESOLVED THAT, pursuant to the Section 186 of the Companies Act, 2013, read with the Companies (Meetings of Board and its Powers) Rules, 2014 (including statutory modification or re-enactments thereof for the time being in force), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the time being in force and as amended from time to time, and other rules, regulations, circulars, guidelines as may be applicable, the consent of the members of the Company be and is hereby granted for conversion of security of fixed deposits provided to HDFC Bank Limited, into loans for a tenure of 10 years to HOVESPL, aggregating up to maximum limit of amount not exceeding ₹ 10,00,00,000/- (Rupees Ten Crore Only) at 9.1% interest PA, not lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loans and that such amount of loans to be given to HOVESPL is not in excess of the limits prescribed under Section 186 of the Companies Act, 2013."

"RESOLVED FURTHER THAT, Board of Directors of the Company are severally authorized to do and perform all such acts, matters, deeds and things as may be necessary, to finalize the terms of the conversion of said amount of security into loan to HOVESPL and undertake all and any steps, as may be required, in relation to the implementation of the aforesaid resolution."

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

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

"RESOLVED THAT pursuant to the Section 188 of the Companies Act, 2013 and rules framed there under and in terms the Regulation 23 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the approval of the Company be and is hereby accorded for service contracts of the Company with SourceHOV LLC for rendering the services by the Company for FY 2017-18 on such terms and conditions as may be mutually agreed upon between the Board of Directors of the Company and SourceHOV LLC."

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

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

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

Place: Vashi
Date: May 29, 2017

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 4 to 6 of the Notice, is annexed hereto. The profile of the Directors seeking appointment/re-appointment, as required in terms of Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed.
3. Corporate Members intending to send their authorized representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorizing their representatives to attend and vote at the AGM.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. The Register of Members and Transfer Books of the Company will be closed from August 29, 2017 to September 1, 2017 both days inclusive.
6. Members holding shares in physical form are requested to quote their folio number in all correspondence with the Company and to intimate the following directly to the Company's Registrar and Share Transfer Agent- Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad 500 032:

a. Change, if any in their address;

b. Request for nominations form as per the provisions of the Companies Act, 2013.

7. Members holding share in dematerlized form are requested to contact their Depository Participant for any change in their particulars.
8. The Notice of the AGM along with the Annual Report of FY 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with KARVY/Depositories.
9. Members are requested to send their queries, if any, at least 10 days in advance address to Company Secretary at the email address investor.relations@hovsltd.com of Company to facilitate the reply in the Meeting.

10. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

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

12. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and the Companies (Management and Administrations) Rules, 2014, as amended and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements), 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited ("KCPL"), on all the resolutions set forth in this Notice.

13. Information and other instructions relating to e-voting are as under:-

    a. The facility for voting through, postal ballot will also be made available at the AGM and the members attending the AGM who have not cast their votes by remote e voting shall be able to exercise their rights at AGM through ballot paper.

    b. Members can also exercise their voting rights through ballot form annexed with the Notice and the duly filled and signed ballot form be sent to the scrutinizer, Mr. Prajot Tungare, Practicing Company Secretary, Pune at the registered office of the Company or to his email id prajot@prajottungarecs.com, so as to reach by 5.00 P.M. on August 31, 2017.

    c. Members who have cast their votes through remote e-voting prior to the AGM may attend the AGM but shall not entitled to cast their votes again. The instructions for e-voting are annexed to the Notice.

14. Route Map showing directions to reach to the venue of the 29th AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meeting."

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

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

Place: Vashi
Date: May 29, 2017

EXPLANATORY STATEMENT

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

As required under provisions of Section 102 of the Companies Act, 2013 the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 4 to 6 of the accompanying Notice:

Item No. 3

Though not mandatory, this statement is provided for reference.

M/s. Lodha & Co., Chartered Accountants were first appointed as the statutory auditors at 18th AGM held on June 15, 2006 and thereafter, pursuant to the applicability of new Companies Act, 2013, were appointed at 26th AGM held on July 26, 2014.

In terms of their appointment made at the 26th AGM held on July 26, 2014, they are holding office of the auditors up to the conclusion of the forthcoming 29th AGM and hence, would retire at the conclusion of this 29th AGM. As per second proviso to Section 139(2) of the Companies Act, 2013 ('the Act'), a transition period of three years from the commencement of the Act is provided to appoint a new auditor when the existing auditor's firm has completed two terms of five consecutive years. Accordingly, as per the said requirements of the Act, M/s. BAGARIA & Co., Chartered Accountants are proposed to be appointed as auditors for a period of 5 years, commencing from the conclusion of this 29th AGM till the conclusion of the 34th AGM to be held in year 2022.

M/s. BAGARIA & Co., Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. It was further confirmed by them that they are not disqualified to be appointed as statutory auditors in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the directors, 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.

The Board recommends the resolutions set forth in Item No. 3 for approval of the Members in the best interest of the Company.

Item No. 4

Mr. Vikram Negi, who was appointed as an Additional Director of the Company w.e.f February 13, 2017, pursuant to the provisions of Section 161 of the Companies Act, 2013 can hold office up to the 29th AGM and is eligible for appointment. In terms of Section 160 the Companies Act, 2013 the Company has received a Notice for the candidature of Mr. Vikram Negi for the office of the Director of the Company. It is proposed to appoint Mr. Vikram Negi as Whole-time Director designated as Executive Director for a period of five years from conclusion of this 29th AGM until conclusion of the 34th annual general meeting to be held in year 2022. In the opinion of the Board of Directors Mr. Vikram Negi will bring immense value to the Board and the Company will be benefitted by his 17 plus years of invaluable expertise in successfully managing large deals, cross border teams; operational and financial processes and have strong background in M&A, Finance, Treasury and Operations and possess a broad range of interpersonal and advisory skills. Mr. Vikram Negi has given his consent and declared qualified for being appointed.

Except Mr. Vikram Negi, none of the directors, 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.

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

Item No. 5

The Board of Directors of the HOV Services Limited (the "HOVS") in accordance with the applicable provisions of Sections 179, 186 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules 2014 had on May 21, 2014 given security/guarantee on its fixed deposit (the "FDs") for a sum not exceeding ₹ 10,00,00,000/- (Rupees Ten Crore Only) to HDFC Bank Limited (the "Bank") on behalf of HOV Environment Solutions Private Limited (the "HOVESPL") for overdraft and fund facility (collectively the "Facilities") provided by the Bank to the HOVESPL for its business.

The Board in its meeting held on May 29, 2017 had considered and approved to liquidate the security/guarantee on FDs amount ₹ 10,00,00,000/- (Rupees Ten Crore Only) and to convert the security/guarantee into loan to HOVESPL for settlement of the Bank facilities taken by HOVESPL from the HDFC Bank from time to time for its operational business purpose, subject to the Members approval in their annual general meeting. Under the applicable provision of Sections 179, 186 of the Companies Act, 2013, the conversion of security/guarantee and use of such amount for settling Bank facilities by HOVESPL, will construe as a loan given to HOVESPL by the Company.

In accordance with the Regulation 2(1) (zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") and of the section 2(76) of the Companies Act, 2013 the HOVESPL being a subsidiary of HOVS, is a related party to the HOVS.

In accordance with the Regulation 23 (1) of SEBI LODR a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. As per audited consolidated financial statements for FY March 31, 2017 the consolidated turnover of HOVS was ₹15.43 Crore. Accordingly, the conversion of security/guarantee of FDs, aggregating to ₹ 10 crore into loan to HOVESPL will be a material transaction.

Further, Regulation 23 (4) of SEBI LODR requires the HOVS to obtain approval of its Members through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Therefore, in view of the above provisions the said Transaction between HOVS and HOVESPL will be a material related party transaction and require, approval of shareholders by way of ordinary resolution.

None of the directors, 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.

The Board recommends the resolutions set forth in Item No. 5 for approval of the Members in the best interest of the Company.

Item No. 6

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:-	Associate 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 have been provided before coming in force the Companies Act, 2013 and the contracts generates revenue for the Company receivables in US$ every year.

The Promoter / Promoter Directors of the Company, as mentioned above will abstain from voting on the resolution as it is a 'related party transaction' as per Companies Act, 2013 and the SEBI (LODR), 2015.

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.

The Board recommends the resolutions set forth in Item No. 6 for approval of the Members in the best interest of the Company.

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; Clause 1.2.5 of Secretarial Standards-2 on General Meetings and Schedule V of the Companies Act, 2013, for director seeking appointment/ re-appointment are as under.

Name of the Director	Mr. Sunil Rajadhyaksha	Mr. Vikram Negi
DIN	00011683	01639441
Date of Birth and Age	December 31, 1953 63 Years	January 24, 1976 41 Years
Date of first Appointment on the Board	10/01/1989	13/02/2017 (Appointed as an additional Director)
Qualifications	MSEE (Chicago), B.E. in Electronics and Telecommunication (Hons).	MBA (Finance and IT) from Kogod School of Business, American University,Washington DC, USA and B. Com (Hons) from St. Xavier's College, Kolkata, India
Experience	+32 Years	+17 Years
Expertise	Superior inter personal skills, technical skills, capable of resolving multiple and complex (sales, human resources, legal, financial, operational) issues.	Expertise in successfully managing large deals, cross boarder teams and operational and financial processes and strong background in M&A, Finance, Treasury and Operations and possess a broad range of interpersonal and advisory skills.
Number of Meetings of the Board attended during the Year	3 out of 5	1 out of 1
Shareholding in Company	5,88,720	63,556
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	No relation.	No relation.
Terms and conditions of appointment or re-appointment along with details of remuneration sought to be paid/last drawn	As per Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. The previous remuneration drawn is disclosed under Corporate Governance Report annexed to the Board's Report.	As per Nomination and Remuneration Policy of the Company and as determined by Board of Directors of the Company. No remuneration drawn in previous year.

List of Directorship/ Membership/ Chairmanship of Committees of other Board:		
Public/Listed Companies Directorship	NIL	NIL
Private Companies Directorship	NIL	NIL
Membership/ Chairmanship of Committees	NIL	NIL

Brief resume of directors getting appointed/re-appointed

1. Mr. Sunil Rajadhyaksha

Mr. Rajadhyaksha co-founded Codec Communications Private Limited in 1989, an HOV acquisition and now a publically traded Company. With more than 30 years of executive leadership experience, Mr. Rajadhyaksha has served as COO or Global President of Companies deployed in US and India. Mr. Rajadhyaksha' achievements includes launching international operations for Bay Area Credit Service and its 1000 plus seat call centre and creating and deploying strategic and operational directions for Meret Optical Communications.

2. Mr. Vikram Negi

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

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

I. GENERAL INFORMATION:

(i) **Nature of industry:** IT & ITES

(ii) **Date or expected date of commencement of commercial production:** Not applicable.

(iii) **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable.

(iv) **Financial performance based on given indicators:** The total revenue on standalone basis during the financial year 2016-17 stood Rs. 147.06 million as compared to total revenue of Rs. 148.41 million for financial year 2015-16. The profit before tax (PBT) is Rs. 17.63 million and profit after tax (PAT) was Rs. 11.61 million in FY 2016-17 as compared to PBT Rs. 18.31 million and PAT Rs. 13.92 million in FY 2015-16.

(v) **Foreign investments or collaborations:** The Company does not have any foreign collaborations. The composite foreign investment is 13.17 % in the Company as per shareholding pattern as of March 31, 2017.

II. INFORMATION ABOUT THE APPOINTEE:

(i) **Background details:** Mr. Vikram Negi has 17 plus years of invaluable expertise in successfully managing large deals, cross border teams; operational and financial processes and have strong background in M&A, Finance, Treasury and Operations and possess a broad range of interpersonal and advisory skills.

(ii) **Past remuneration:** No remuneration drawn in past, as getting first time appointment as a Whole-time Director of the Company.

(iii) **Recognition or awards:** Not Applicable.

(iv) **Job profile and his suitability:** Mr. Vikram Negi has 17 plus years of varied experience of managing large deals, cross boarder teams and operational and financial processes and strong background in M&A, Finance, Treasury and Operations and possess a broad range of interpersonal and advisory skills. His involvement will bring immense value to the Board and Company. Pursuant to recommendation of the Nomination and Remuneration Committee, he was appointed as an additional Director, subject to approval of Member(s).

(v) **Remuneration proposed:** Mr. Vikram Negi at the appointment by the Board had consented not to take any remuneration. However, the remuneration payable, if any, during the tenure of Mr. Vikram Negi as the Executive Director, will be subject to the recommendation from Nomination & Remuneration Committee and will be decided by the Board, on terms and conditions as acceptable between the Board and Mr. Vikram Negi. The remuneration shall not exceed the limits specified under Schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) or such other limits as may be prescribed by the Central Government from time to time as minimum remuneration.

(vi) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):** Not Applicable.

(vii) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:** Mr. Vikram Negi does not have any pecuniary relationship directly or indirectly with the Company or any relationship with the managerial personnel, except holding 63,556 equity shares in the Company.

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

HOVS

HOV Services Limited

PROXY FORM

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

HOV SERVICES LIMITED

CIN: L72200PN1989PLC014448

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

Tel:91 20 24231623, Fax: 91 20 24221470

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

29th Annual General Meeting – September 1, 2017

Name of the member(s)	
Registered address	
Email	
Folio no. / Client ID	
DP ID	

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

1. Name _____Address_____

   E-mail Id _____Signature_____, or failing him;

2. Name _____Address_____

   E-mail Id _____Signature_____, or failing him

3. Name _____Address_____

   E-mail Id_____Signature_____, or failing him

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 29th Annual General Meeting of the members of HOV Services Limited to be held on September 1, 2017 at 10.30 A.M. at Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune- 411001 and at any adjournment thereof in respect of such resolutions as are indicated below.

Resolution number	Resolution	Vote *(Optional see Note 2)* (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business				
1	To consider and adopt:			
	a) the audited financial statements for the financial year ended March 31, 2017 and the Reports of the Directors' and the Auditors' Report thereon; and b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2017.			
2	Re-appoint of Mr. Sunil Rajadhyaksha (DIN: 00011683), who retires by rotation and, being eligible, seeks re-appointment.			
3	Appointment of M/s. BAGARIA & Co., Chartered Accountants as the statutory Auditors of the Company.			
Special Business				
4	Appointment of Mr. Vikram Negi (DIN-01639441) as a Whole-time Director of the Company.			
5	Convert the security/guarantee provided by Company to HDFC Bank Ltd, into loan to HOVESPL			
6	Contact of services for revenue in ordinary course of business of the Company with SourceHOV LLC.			

Signed this ..... day of ..... 2017.

Affix revenue stamp of not less than ₹0.15

....

Signature of the member *Signature of the proxy holder(s)*

Notes:

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

HOVS

HOV Services Limited

ATTENDANCE SLIP

HOV SERVICES LIMITED

CIN: L72200PN1989PLC014448

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

Tel:91 20 24231623, Fax: 91 20 24221470

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

29th Annual General Meeting – September 1, 2017

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

Number of shares held

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

I hereby record my presence at the 29th Annual General Meeting of the Company at the Sheraton Grand Pune Bund Garden Hotel, Raja Bahadur Mill Road, Pune - 411001, India, September 1, 2017 at 10:30 A.M. IST.

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

……..……

Signature of the member / proxy

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

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

A. In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:

a) Launch internet browser by typing the URL: https://evoting.karvy.com.

b) Enter the login credentials (i.e., **User ID and password mentioned overleaf**). The e-voting EVENT No. + Folio No. or DP ID Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote. If required, please visit https://evoting.karvy.com or contact toll free number 1-800-3454-001 for your existing password.

c) After entering these details appropriately, Click on "LOGIN".

d) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. **It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.**

e) You need to login again with the new credentials.

f) On successful login, the system will prompt you to select the "EVENT" i.e., HOV Services Limited.

g) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as on the cut off date. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

h) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.

i) Voting has to be done for each resolution of the Notice separately. In case you do not desire to cast your vote on any specific resolution it will be treated as abstained.

j) You may then cast your vote by selecting an appropriate option and click on "Submit".

k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. **During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).**

l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/ Power of Attorney/ Authority Letter, etc. together with attested

specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at **e-mail ID:** prajot@prajottungarecs.com with a copy marked to evoting@karvy.com and may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."

B. In case a Member receiving physical copy of the Notice by Post [for Member whose email IDs are not registered with the Company/Depository Participant(s)]:

a) **User ID and initial password-** as provided overleaf.

b) Please follow all steps from Sr. No. (a) to (l) as mentioned in (A) above, to cast your vote.

2. **Once the vote on a resolution is caste by a member, the member shall not be allowed to change it subsequently or cast the vote again.**

3. The facility for voting through ballot will also be made available in the AGM and the members attending the AGM but who have not cast their vote by e-voting will be able to exercise their right in the AGM. Those shareholders, who have not cast their vote electronically, may only cast their vote in the AGM through ballot paper.

4. The members who have cast their votes by e-voting may also attend the Meeting but shall not be entitled to cast their votes again.

5. The Board of Directors has appointed **Mr. Prajot Tungare, Practicing Company Secretary, Pune as a Scrutinizer** to scrutinize the e-voting and ballot process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the said purpose.

6. **The voting rights of the Members shall be reckoned in proportion to their shares holding either in physical form or in dematerialized form as on the cut-off date i.e. August 25, 2017.**

7. Any person who becomes member after the dispatch of the Notice of the Meeting and holding share as on the cut-off date i.e. August 25, 2017 may obtain the User ID and password as mentioned below:

a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS : MYEPWD <space> Event number+ Folio No. or DP ID Client ID to 9212993399

Example for NSDL : MYEPWD <SPACE> IN12345612345678

Example for CDSL : MYEPWD <SPACE> 1402345612345678

Example for Physical : MYEPWD <SPACE> XXX1234567

b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c. In case of any queries, members may visit Help & FAQ's section available at Karvy's website download section on https://evoting.karvy.com or contact Mr. Mohd Mohsin Uddin, Senior Manager, Karvy Computershare Private Limited at Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 or send an email to evoting@karvy.com or call him on +91-40-6716 1562 or at Toll Free No. 1-800-34-54-001.

d. Member may send an e-mail request to evoting@karvy.com.

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

8.

Date and time of commencement of voting by electronic means	Tuesday, August 29, 2017 at 9.00 AM IST
Date and time of end of voting by electronic means	Thursday, August 31, 2017 at 5.00 PM IST

9. At the AGM at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, arrange voting through ballot paper for all those members who are present but have not cast their votes electronically using the e-voting facility.

10. The scrutinizer shall immediately after the conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company or a person authorized by the Chairman. The Chairman or the person authorized by the Chairman, shall declare the result of the voting forthwith.

11. The Results on resolutions shall be declared after the AGM of the Company and subject to the requisite number of votes in favor the resolutions shall be deemed to be passed on the date of the Meeting i.e. September 1, 2017.

12. The Results of the voting will be declared at the Registered office of the Company by placing the same along with the Scrutinizer Report on the Company's website www.hovsltd.com. The same shall also be placed on the website of KARVY https://evoting.karvy.com and shall be filed with the stock exchanges.

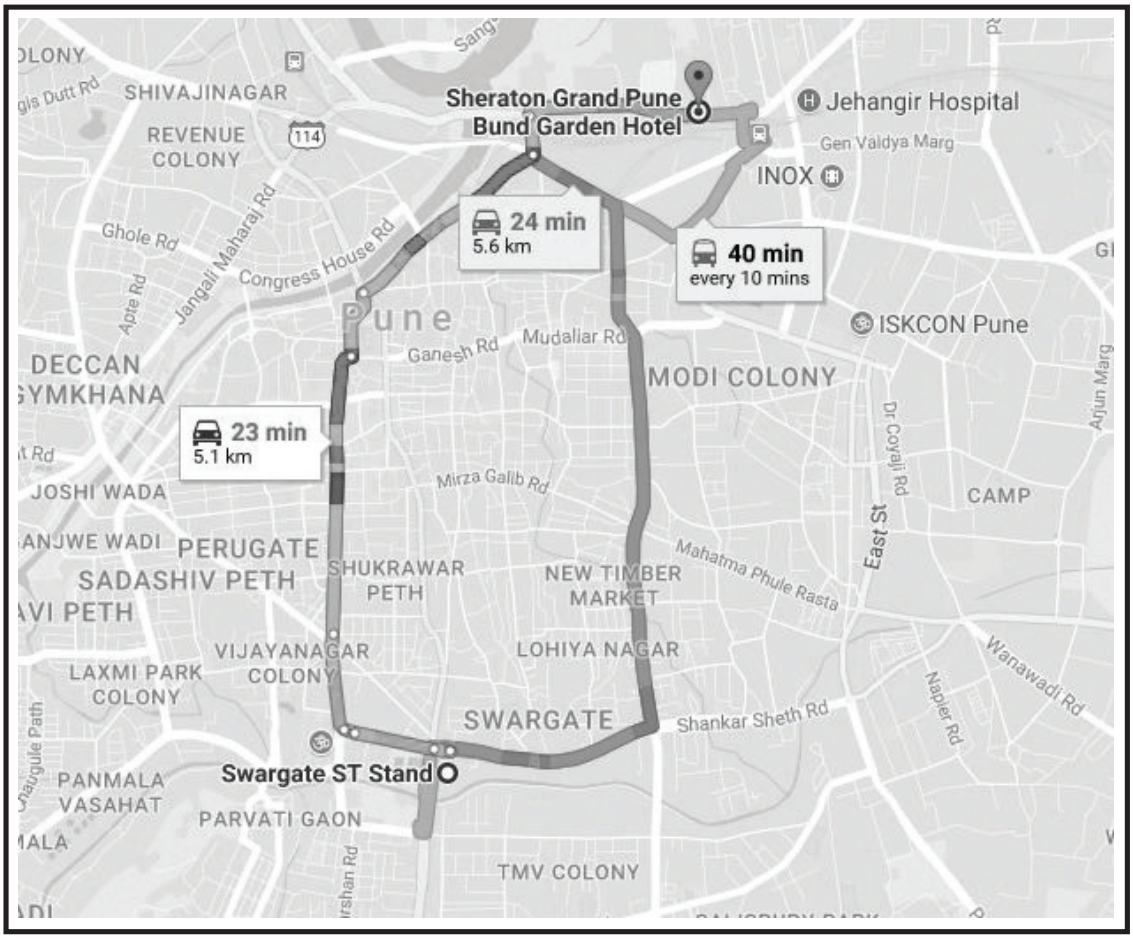
13. In case of any query pertaining to e-voting, please visit Help & FAQ's section of https://evoting.karvy.com (Karvy's website).

NOTE

NOTE

NOTE

ROUTE MAP


Sheraton Grand Pune
Bund Garden Hotel
Jehangir Hospital
Gen Vaidya Marg
INOX
24 min
5.6 km
40 min
every 10 mins
ISKCON Pune
SHIVAJINAGAR
REVENUE
COLONY
114
Ghole Rd
Jangali Maharaj Rd
Congress House Rd
Apte Rd
Pune
Ganesh Rd
Mudaliar Rd
MODI COLONY
DECCAN
GYMKHANA
23 min
5.1 km
JOSHI WADA
Mirza Galib Rd
CAMP
East St
Dr Coyaji Rd
Anjun Marg
PERUGATE
SADASHIV PETH
SHUKRAWAR
PETH
NEW TIMBER
MARKET
Mahatma Phule Rasta
VIJAYANAGAR
COLONY
LOHIYA NAGAR
LAXMI PARK
COLONY
SWARGATE
Shankar Sheth Rd
Wanawadi Rd
Napier Rd
Swargate ST Stand
PANMALA
VASAHAT
PARVATI GAON
TMV COLONY

HOV Services Limited

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

Day and Date	**:**	**Friday, September 1, 2017**
Time	**:**	**10:30 A.M.**
Venue	**:**	**Sheraton Grand Pune Bund Garden Hotel,** **Raja Bahadur Mill Road,** **Pune - 411001, Maharashtra**

If undelivered, please return to :

Karvy Computershare Private Limited
(Unit : HOV Services Limited)
Karvy Selenium Tower B,
Plot number 31 & 32, Financial District,
Gachibowli, Hyderabad – 500 032,
Telangana
Tel : (91 40) - 67162222
Fax: (91 40) - 23001153
Email : einward.ris@karvy.com